Draft Letter of Offer
March 1, 2012
For Equity Shareholders of the Company only

Network18 Media & Investments Limited

We were incorporated as SGA Finance and Management Services Private Limited, a private limited company, on February 16, 1996, under the Companies Act, 1956, as amended ("Companies Act"). We changed our name to Network 18 Fincap Private Limited on April 12, 2006 and we changed our name to Network18 Fincap Limited on October 20, 2006 pursuant to we becoming a public limited company. We subsequently changed our name to Network18 Media & Investments Limited on December 1, 2007. Our corporate identification number is L65910DL1996PLC076419.

Registered Office: 503, 504 & 507, 5th Floor, Mercantile House, 15, Kasturba Gandhi Marg, New Delhi 110 001, India
Corporate Office: Express Trade Towers, Plot No. 15 & 16, Sector 16A, Noida, Uttar Pradesh 201 301, India
Tel: +91 120 434 1818 **Fax**: +91 120 432 4110
Contact Person: Mr. Yug Samrat, Company Secretary and Compliance Officer
Email: network18rights@network18online.com **Website:** www.network18online.com

FOR PRIVATE CIRCULATION TO THE EQUITY SHAREHOLDERS OF NETWORK18 MEDIA & INVESTMENTS LIMITED (THE "COMPANY" OR THE "ISSUER") ONLY

ISSUE OF [●] EQUITY SHARES WITH A FACE VALUE OF ₹ 5 EACH ("EQUITY SHARES") FOR CASH AT A PREMIUM OF ₹ [●] PER EQUITY SHARE FOR AN AMOUNT NOT EXCEEDING ₹ 27,000 MILLION ON A RIGHTS BASIS TO THE EXISTING EQUITY SHAREHOLDERS OF THE COMPANY IN THE RATIO OF [●] EQUITY SHARE(S) FOR EVERY [●] FULLY PAID UP EQUITY SHARE(S) HELD BY THE EXISTING EQUITY SHAREHOLDERS ON THE RECORD DATE, THAT IS ON [●]("THE ISSUE"). THE ISSUE PRICE IS [●] TIMES THE FACE VALUE OF THE EQUITY SHARES. FOR FURTHER DETAILS, PLEASE REFER TO THE CHAPTER "TERMS OF THE ISSUE" ON PAGE 289.

GENERAL RISKS

Investments in equity and equity related securities involve a degree of risk and Investors should not invest any funds in the Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the Risk Factors carefully before taking an investment decision in the Issue. For taking an investment decision, Investors must rely on their own examination of the Company and the Issue including the risks involved. The securities being offered in the Issue have not been recommended or approved by the Securities and Exchange Board of India ("SEBI") nor does SEBI guarantee the accuracy or adequacy of this Draft Letter of Offer. **Investors are advised to refer to the chapter "Risk Factors" on page xvi before making an investment in this Issue.**

ISSUER'S ABSOLUTE RESPONSIBILITY

The Issuer, having made all reasonable inquiries, accepts responsibility for and confirms that this Draft Letter of Offer contains all information with regard to the Issuer and the Issue, which is material in the context of the Issue, that the information contained in this Draft Letter of Offer is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Draft Letter of Offer as a whole or any such information or the expression of any such opinions or intentions misleading in any material respect.

LISTING

The existing Equity Shares are listed on the BSE Limited ("BSE"), the National Stock Exchange of India Limited ("NSE") (collectively referred as the "Stock Exchanges"). We have received "in principle" approvals from the BSE and the NSE for listing the Equity Shares to be Allotted pursuant to the Issue through their letters dated [●] and [●], respectively. For the purposes of the Issue, the Designated Stock Exchange is [●].

LEAD MANAGERS TO THE ISSUE		REGISTRAR TO THE ISSUE
ICICI Securities Limited ICICI Centre, H. T. Parekh Marg Churchgate, Mumbai 400 020, India Tel: +91 22 2288 2460 Fax: +91 22 2282 6580 Email : network18.rights@icicisecurities.com Investor Grievance Email: customercare@icicisecurities.com Website: www.icicisecurities.com Contact Person: Mr. Amit Joshi SEBI Registration No.: INM000011179	**RBS Equities (India) Limited** 83/84, Sakhar Bhavan, 230, Nariman Point Mumbai 400 021, India Tel: +91 22 6632 5535 Fax: +91 22 6632 5541 Email: Network18.Rights2012@rbs.com Investor Grievance E-mail: customercareecm@rbs.com Website: www.rbs.in Contact Person: Ms. Shreya Kotak SEBI Registration No.: INM000011674	**Karvy Computershare Private Limited** Plot Nos.17-24, Vittal Rao Nagar Madhapur, Hyderabad 500 081, India Toll Free no.1-800-3454001 Tel : +91 40 4465 5000 Fax: +91 40 2343 1551 Investor Grievance Email: network18rights@karvy.com Contact Person: Mr. M. Murali Krishna Website: http://karisma.karvy.com SEBI Registration No.: INR000000221

ISSUE PROGRAMME		
ISSUE OPENS ON	**LAST DATE FOR REQUEST FOR SPLIT APPLICATION FORMS**	**ISSUE CLOSES ON**
[●]	[●]	[●]

TABLE OF CONTENTS

SECTION I – GENERAL ..... **I**
DEFINITIONS AND ABBREVIATIONS I
NOTICE TO OVERSEAS SHAREHOLDERS X
CERTAIN CONVENTIONS, USE OF FINANCIAL, INDUSTRY AND MARKET DATA AND CURRENCY OF PRESENTATION XIII
FORWARD LOOKING STATEMENTS XV

SECTION II - RISK FACTORS ..... **XVI**

SECTION III – INTRODUCTION **1**
THE ISSUE 1
SUMMARY FINANCIAL INFORMATION 2
GENERAL INFORMATION 12
CAPITAL STRUCTURE 17
OBJECTS OF THE ISSUE 26

SECTION IV - STATEMENT OF TAX BENEFITS **34**

SECTION V – ABOUT US **43**
INDUSTRY OVERVIEW 43
BUSINESS 48
MATERIAL AGREEMENTS PERTAINING TO ETV ACQUISITION 61
OUR MANAGEMENT 66

SECTION VI – FINANCIAL INFORMATION **71**
FINANCIAL STATEMENTS 71
LIMITED REVIEWED FINANCIAL RESULTS FOR THE QUARTER AND SIX MONTHS ENDED SEPTEMBER 30, 2011 209
SUMMARY FINANCIAL INFORMATION OF EQUATOR 218
SUMMARY FINANCIAL INFORMATION OF PANORAMA, PRISM AND EENADU 225
ACCOUNTING RATIOS AND CAPITALISATION STATEMENT 248
STOCK MARKET DATA FOR EQUITY SHARES 252
MATERIAL DEVELOPMENTS 254
FINANCIAL INDEBTEDNESS 264

SECTION VII – LEGAL AND OTHER INFORMATION **269**
OUTSTANDING LITIGATIONS 269
GOVERNMENT APPROVALS 278
OTHER REGULATORY AND STATUTORY DISCLOSURES 279

SECTION VIII – OFFERING INFORMATION **289**
TERMS OF THE ISSUE 289

SECTION IX – STATUTORY AND OTHER INFORMATION **317**
MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION 317
DECLARATION 319

SECTION I – GENERAL

DEFINITIONS AND ABBREVIATIONS

Unless the context otherwise indicates, the following terms have the meanings given below. References to statutes, rules, regulations, guidelines and policies will be deemed to include all amendments and modifications notified thereto.

In this Draft Letter of Offer, unless otherwise indicated or the context otherwise requires, all references to "Network 18 Media & Investments Limited", "Network18", the/our "Company", "we", "our" and "us" are to Network 18 Media & Investments Limited and references to "you" are to the prospective investors in the Equity Shares.

Conventional and General Terms / Abbreviations

Term	Description
Act/Companies Act	Companies Act, 1956
AGM	Annual General Meeting
AS	Accounting Standards issued by the Institute of Chartered Accountants of India
BSE	BSE Limited
CAGR	Compounded Annual Growth Rate
CBFC	Central Board for Film Certification
CCI	Competition Commission of India
CDSL	Central Depository Services (India) Limited
CFO	Chief Financial Officer
Cinematograph Rules	Cinematograph Film Rules, 1948
CNBC-AP	Business News (Asia) Private
CNN	Cable News Network LP
Depositories Act	Depositories Act, 1996
Depository	A depository registered with SEBI under the SEBI (Depositories and Participant) Regulations, 1996
Depository Participant/ DP	A depository participant as defined under the Depositories Act
DIN	Director Identification Number
DP ID	Depository Participant Identity
EBITDA	Earnings before Interest, Tax, Depreciation and Amortisation
EGM	Extra-Ordinary General Meeting
ESOP	Employees Stock Option Plan
EPS	Earnings per Share
FDI	Foreign Direct Investment
FEMA	Foreign Exchange Management Act, 1999 including the regulations framed thereunder
FII	Foreign Institutional Investor as defined under the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995, registered with SEBI under applicable laws in India
FIPB	Foreign Investment Promotion Board, Ministry of Finance, GoI
FVCI	Foreign Venture Capital Investors as defined under the Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000 registered with SEBI under applicable laws in India
GAAP	Generally Accepted Accounting Principles
GoI	Government of India

Term	Description
HUF	Hindu Undivided Family
ICAI	Institute of Chartered Accountants of India
IT Act	Income Tax Act, 1961
Indian GAAP	Generally accepted accounting principles followed in India
IVR	Interactive Voice Response
JV	Joint Venture
MCIT	Ministry of Communications and Information Technology, Government of India
MICR	Magnetic Ink Character Recognition
MIB	Ministry of Information and Broadcasting, Government of India
MoU	Memorandum of Understanding
Mutual Fund	A mutual fund registered with SEBI under the SEBI (Mutual Funds) Regulations, 1996
NCT	National Capital Territory
NECS	National Electronic Clearing Services
NEFT	National Electronic Funds Transfer
NR	Non-Resident
NRI	Non-Resident Indian
NRE Account	Non-Resident External Account
NRO Account	Non-Resident Ordinary Account
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
OCB	Overseas Corporate Body
p.a	Per annum
PAC	Persons Acting in Concert
PAN	Permanent Account Number under the IT Act
PLR	Prime Lending Rate
RBI	The Reserve Bank of India
Regulation S	Regulation S under the Securities Act
Rs. / Rupees / INR / ₹	Indian Rupees
RTGS	Real Time Gross Settlement
SCRA	Securities Contract (Regulation) Act, 1956
SCRR	Securities Contract (Regulation) Rules, 1957
SEBI	Securities and Exchange Board of India
SEBI ESOP Guidelines	SEBI (Employee Stock Option Scheme And Employee Stock Purchase Scheme) Guidelines, 1999
SEBI ICDR Regulations	Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009
Securities Act	U.S. Securities Act of 1933
STT	Securities Transaction Tax
Takeover Regulations	SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011
Trademark Act	Trademark Act, 1999
US/USA	United States of America

Issue Related Terms

Term	Description
Abridged Letter of Offer	The abridged letter of offer to be sent to Equity Shareholders with respect to the Issue in accordance with the SEBI ICDR Regulations
Allotment	The allotment of Equity Shares pursuant to the Issue
Allottees	Persons to whom Equity Shares will be issued pursuant to the Issue
Application Supported by Blocked Amount/ASBA	The application (whether physical or electronic) used by an ASBA Investor to make an application authorizing the SCSB to block the amount payable on application in ASBA Account
ASBA Account	Account maintained with a SCSB and specified in the CAF or plain paper application, as the case may be, for blocking the amount mentioned in the CAF, or the plain paper application, as the case may be
ASBA Investor	Equity Shareholders proposing to subscribe to the Issue through ASBA process and who: a. Are holding the Equity Shares in dematerialized form as on the Record Date and have applied for their Rights Entitlements and/or additional Equity Shares in dematerialized form; b. Have not renounced their Rights Entitlements in full or in part; c. Are not Renouncees; and d. Are applying through blocking of funds in a bank account maintained with SCSBs. All QIB applicants and other applicants whose application amounts exceeds ₹ 0.2 million must mandatorily participate in this Issue through the ASBA process only.
Bankers to the Issue	[●]
Composite Application Form/CAF	The form used by an Investor to make an application for the Allotment of Equity Shares in the Issue
Consolidated Certificate	In case of holding of Equity Shares in physical form, the certificate that we would issue for the Equity Shares Allotted to one folio
Controlling Branches of the SCSBs	Such branches of the SCSBs which coordinate with the Lead Managers, the Registrar to the Issue and the Stock Exchanges, a list of which is available on www.sebi.gov.in/cms/sebi_data/attachdocs/1329905803160.html
Designated Stock Exchange	[●]
Designated Branches	Such branches of the SCSBs which shall collect application forms used by ASBA Investors and a list of which is available on www.sebi.gov.in/cms/sebi_data/attachdocs/1329905803160.html
Draft Letter of Offer / DLOF	This Draft Letter of Offer dated [●] filed with SEBI for its observations and which does not contain complete particulars of the Issue
Equity Share(s) / Share(s)	Equity shares of Network18 of face value of ₹ 5 each
Equity Shareholder/ Shareholder	A holder of the Equity Shares
Investor(s)	Our Equity Shareholders(s) on the Record Date, applying in this Issue, and the Renouncees
Issue / Rights Issue / Rights Issue of Network18	This issue of [●] Equity Shares for cash at a premium of ₹ [●] per Equity Share for an amount not exceeding ₹ 27,000 million on a rights basis to the existing Equity Shareholders in the ratio of [●] Equity Shares for every [●] fully paid-up Equity Shares held on the Record Date (i.e. [●]). The Issue price is [●] times the face value of the Equity Shares.
Issue Closing Date	[●]
Issue Opening Date	[●]
Issue Price	₹ [●] as determined by our Board in compliance with regulation 10 (4) (b) (ii) of the

Term	Description
	Takeover Regulations, but not exceeding ₹ 60 per Equity Share
Issue Proceeds	The proceeds of the Issue that are available to us
Issue Size	The issue of [●] Equity Shares not exceeding ₹ 27,000 million
Lead Managers	ICICI Securities Limited and RBS Equities (India) Limited
Letter of Offer	The final letter of offer to be filed with the Stock Exchanges after incorporating the observations received from SEBI on this Draft Letter of Offer
Listing Agreement(s)	The listing agreements entered into between us and the Stock Exchanges
Monitoring Agency	IFCI Limited
Net Proceeds	The Issue Proceeds less the Issue related expenses. For further details, please refer to the chapter "***Objects of the Issue***" on page 26
Qualified Foreign Investors	A person resident in a country that is compliant with Financial Action Task Force standards and that is a signatory to the International Organization of Securities Commission's ("IOSCO") Multilateral Memorandum of Understanding or with which SEBI has signed MoUs under the IOSCO framework. Provided that such person is not resident in India, Provided further that such person meets the KYC requirements of SEBI and is not a Foreign Institutional Investor or Sub-account or FVCI.
QIBs or Qualified Institutional Buyers	Public financial institutions as specified in Section 4A of the Companies Act, scheduled commercial banks, mutual fund registered with SEBI, FIIs and sub-account registered with SEBI, other than a sub-account which is a foreign corporate or foreign individual, multilateral and bilateral development financial institution, venture capital fund registered with SEBI, foreign venture capital investor registered with SEBI, state industrial development corporation, insurance company registered with IRDA, provident fund with minimum corpus of ₹ 250 million, pension fund with minimum corpus of ₹ 250 million, National Investment Fund set up by the Government of India and insurance funds set up and managed by the army, navy or air force of the Union of India and insurance funds set up and managed by the Department of Posts, India
Record Date	[●]
Registrar of Companies	The Registrar of Companies, New Delhi and Haryana, 4th Floor, IFCI Tower, 61, Nehru Place, New Delhi 110 019, India
Registrar to the Issue	Karvy Computershare Private Limited
Renouncee(s)	Any person(s) who has/have acquired Rights Entitlements from Equity Shareholders
Retail Individual Investors	Individual Investors who have applied for Equity Shares for an amount not more than ₹ 0.2 million (including HUFs applying through their Karta)
Rights Entitlement	The number of Equity Shares that an Equity Shareholder is entitled to in proportion to the number of Equity Shares held by such Equity Shareholder on the Record Date
SAF(s)	Split Application Form(s)
SCSB(s)	Self Certified Syndicate Bank(s), registered with SEBI, which acts as a banker to the Issue and which offers the facility of ASBA. A list of all SCSBs is available at www.sebi.gov.in/cms/sebi_data/attachdocs/1329905803160.html
Share Certificate	The certificate in respect of the Equity Shares allotted to a folio
Stock Exchange(s)	The BSE and the NSE where our Equity Shares are presently listed

Company Related Terms

Term	Description
AETN18	AETN18 Media Private Limited, subsidiary of TV18, in which TV18 holds 51% equity interest and the rest 49% equity interest is held by A&E Television Networks LLC
Altitude	Altitude Mercantile Private Limited, a company incorporated under the laws of India, having its registered office at 3rd Floor, Maker Chambers IV, 222, Nariman Point, Mumbai 400 021, Maharashtra, India
Anu	Anu Trading Private Limited, a company incorporated under the laws of India, having its registered office at 582, MG Road, Indore 452 003, Madhya Pradesh, India
Anu Acquisition	Acquisition by us or any of our affiliates, of the following Option Securities of Anu in terms of the Option Agreement: a. 3,107 equity shares of ₹ 10 each and 1,251,660 OFCDs of ₹ 100 each representing approximately 50% Equity Securities of Prism; and b. 4,350 equity shares of ₹ 10 each and 608,984 OFCDs of ₹ 100 each representing 24.50% Equity Securities of Eenadu.
Articles / Articles of Association	Our articles of association, as amended
Auditors	Our statutory auditors, M/s. Walker, Chandiok & Co, Chartered Accountants
Board of Directors/Board	Our board of directors or any duly constituted committees thereof
CCD(s)	zero coupon compulsorily convertible debentures
Content License Agreement	Content License and Services Agreement dated February 27, 2012 between Network18, TV18 and Infotel Broadband Services Limited
Corporate Office	Our corporate office located at Express Trade Towers, Plot No. 15 & 16, Sector 16A, Noida, Uttar Pradesh 201 301, India
Devaki	Devaki Commercials Private Limited, a company incorporated under the laws of India, having its registered office at 84-A, Mittal Court, 8th Floor, 224, Nariman Point, Mumbai 400 021, Maharashtra, India
Eenadu	Eenadu Television Private Limited, a company incorporated under the laws of India having its registered office at 1-10-76, Fairfields, Begumpet, Hyderabad, Andhra Pradesh 500 016, India which owns ETV Telugu Channels
Eenadu SHA	Shareholders Agreement dated February 25, 2011 between Eenadu, Equator, Anu and Ushodaya Promoters
Equator	Equator Trading Enterprises Private Limited, a company incorporated under the laws of India, having its registered office at 3rd Floor, Maker Chambers IV, 222, Nariman Point, Mumbai 400 021, Maharashtra, India
Equator Securities	2,000,000,000 equity shares of ₹ 1 each of Equator held by Altitude and 125,700,000 CCDs of ₹ 100 each of Equator held by Kavindra, which together represents 100% of the Equity Securities of Equator.
Equity Securities	Equity Securities means equity shares and other securities convertible into or exercisable or exchangeable for equity share(s), on a fully diluted basis
ESOP 2007	Employees Stock Option Plan 2007 as approved by our shareholders on October 31, 2007, as amended
ETV Acquisition	In accordance with the SPA, the proposed acquisition by TV18 of 100% of the Equity Securities of Equator, which holds the following investments: a. 2,750 equity shares of ₹ 10 each and 2,494,688 OFCDs of ₹ 100 each representing approximately 100% Equity Securities of Panorama which owns ETV News Channels; b. 3,929 equity shares of ₹ 10 each and 1,251,660 OFCDs of ₹ 100 each representing approximately 50% Equity Securities of Prism which owns ETV Non-Telugu Channels; and c. 5,500 equity shares of ₹ 10 each and 608,869 OFCDs of ₹ 100 each representing

Term	Description
	24.50% Equity Securities of Eenadu which owns ETV Telugu Channels.
ETV Channels	ETV News Channels, ETV Non-Telugu Channels and ETV Telugu Channels
ETV Companies	Panorama, Prism and Eenadu, collectively
ETV News Channels	Television channels owned by Panorama namely *ETV Uttar Pradesh, ETV Madhya Pradesh, ETV Rajasthan, ETV Bihar* and *ETV Urdu*
ETV Non-Telugu Channels	Television channels owned by Prism namely *ETV Kannada, ETV Bangla, ETV Marathi, ETV Gujarati* and *ETV Oriya*
ETV Scheme of Arrangement	Scheme of arrangement under sections 391 to 394 and other applicable provisions of the Companies Act between UEPL, Panorama, Prism and Eenadu, sanctioned by the High Court of Andhra Pradesh at Hyderabad on December 15, 2010, whereby the television broadcast businesses (ETV Channels) of UEPL were demerged into Panorama, Prism and Eenadu, with April 1, 2010 being the appointed date. Certified copy of the order of High Court of Andhra Pradesh was also filed with the Registrar of Companies, Andhra Pradesh on February 28, 2011.
ETV Telugu Channels	Television channels owned by Eenadu namely *ETV Telugu* and *ETV 2*
Financial Year/ Fiscal/ Fiscal Year/ FY	Any period of twelve months ended March 31 of that particular year
Group Companies	Includes those companies, firms and ventures that are promoted by our Promoter, irrespective of whether these entities are covered under Section 370(1) (B) of the Companies Act.
IMT	Independent Media Trust, a trust represented by its Trustee, Nilrab Media Private Limited, having its registered office at Empire Complex, 1st Floor, 414, Senapati Bapat Marg, Lower Parel, Mumbai 400 013, Maharashtra, India
Infomedia18	Infomedia18 Limited
Infotel	Infotel Broadband Services Limited, a company incorporated under the laws of India, subsidiary of RIL, having its registered office at C-135, Industrial Area, Phase 8, Mohali, Punjab, India
Kavindra	Kavindra Commercials Private Limited, a company incorporated under the laws of India, having its registered office at 84-A, Mittal Court, 8th Floor, 224, Nariman Point, Mumbai 400 021, Maharashtra, India
Memorandum / Memorandum of Association	Our memorandum of association, as amended
Network18 Group	Network18, TV18 and each of their respective subsidiaries and affiliates
Non Compete Agreement	Non Compete Agreement dated February 25, 2012 between UEPL, Ushodaya Promoters and ETV Companies
OFCD(s)	Optionally Fully Convertible Debenture(s)
Option Agreement	Option Agreement dated February 27, 2012 between Devaki, Anu and TV18
Option Securities	10,000 equity shares of ₹ 10 each and 57,500,000 CCDs of ₹ 200 each of Anu
Panorama	Panorama Television Private Limited , a company incorporated under the laws of India, having its registered office at 1-10-76, Fairfield, Begumpet, Hyderabad, Andhra Pradesh 500 016, India which owns ETV News Channels
Panorama SHA	Shareholders Agreement dated February 25, 2012 between Panorama, Equator, Anu and Ushodaya Promoters
Prism	Prism TV Private Limited, a company incorporated under the laws of India, having its registered office at 1-10-76, Fairfield, Begumpet, Hyderabad, Andhra Pradesh 500 016, India which owns ETV Non-Telugu Channels
Prism SHA	Shareholders Agreement dated February 25, 2012 between Prism, Equator, Anu and

Term	Description
	Ushodaya Promoters
Preference Shares I	1,100,000 preference shares having a face value of ₹ 100 each
Preference Shares II	10,500,000 partly convertible cumulative preference shares having a face value of ₹ 200 each of which 10,296,451 partly convertible cumulative preference shares were issued and as on date of this Draft Letter of Offer the non-convertible portion of 10,284,379 preference shares of ₹ 150 each is outstanding
Preference Shares III	15,500,000 preference shares having a face value of ₹ 10 each
Promoters and Promoter Group	Promoters and Promoter Group shall mean the entities forming part of our promoter and promoter group in accordance with the SEBI ICDR Regulations and which are disclosed by us to the Stock Exchanges from time to time
Public Deposits	Public Deposits invited under section 58A of the Companies Act and in pursuance of the resolutions of Board of Directors passed on October 28, 2010 and February 9, 2012
Registered Office	Our registered office located at 503, 504 & 507, 5th Floor, Mercantile House, 15, Kasturba Gandhi Marg, New Delhi 110 001, India
RIL	Reliance Industries Limited, a company incorporated under the laws of India, having its registered office at Maker Chambers - IV, Nariman Point, Mumbai 400 021, Maharashtra, India
RIIHL	Reliance Industrial Investments and Holdings Limited, a company incorporated under the laws of India, having its registered office at Maker Chambers - IV, Nariman Point, Mumbai 400 021, Maharashtra, India
Rights Issue of TV18	The rights issue of equity shares of TV18 with a face value of ₹ 2 each for cash for an amount not exceeding ₹ 27,000 million as authorized vide board resolution dated January 3, 2012 and Equity Shareholders resolution passed by postal ballot dated February 24, 2012
Scheme of Arrangement	Scheme of Arrangement between Television Eighteen India Limited, Web18 Software Services Limited, IBN18 Media & Software Limited, iNews.com Limited, Television Eighteen Commoditiescontrol.com Limited, RVT Investments Private Limited, Network18 India Holdings Private Limited, Care Websites Private Limited, TV18 and us, which was approved by the High Court of Delhi on April 26, 2011 and came into effect on June 10, 2011 with April 1, 2010 being the appointed date
Scheme of Demerger	Scheme of arrangement between Infomedia18 Limited and us, which was approved by the High Court of Delhi on November 22, 2011.
Securities Purchase Agreement / SPA	Securities Purchase Agreement dated February 27, 2012 between Network18, TV18, Equator, Altitude and Kavindra
SOFCD(s)	10% Secured Optionally Fully Convertible Debenture(s)
Subscribing Companies	RB Mediasoft Private Limited, RRB Mediasoft Private Limited, RB Media Holdings Private Limited, Adventure Marketing Private Limited, Watermark Infratech Private Limited and Colorful Media Private Limited
Subsidiaries	1. Television Eighteen Mauritius Limited 2. BK Holdings Limited, Mauritius 3. Namono Investments Limited, Cyprus 4. TV18 UK Limited 5. Capital 18 Limited, Mauritius 6. Capital 18 Acquisition Corp 7. Webchutney Studio Private Limited 8. Blue Slate Media Private Limited 9. Nework Play Media Private Limited 10. Juxt Consult Research and Consulting Private Limited 11. Capital 18 Fincap Private Limited 12. RRK Finhold Private Limited 13. RVT Finhold Private Limited 14. Greycells 18 Media Limited

Term	Description
	15. Colosceum Media Private Limited 16. Stargaze Entertainment Private Limited 17. Television Eighteen Media & Investments Limited 18. Web18 Holdings Limited, Cayman Island 19. E-18 Limited, Cyprus 20. Web18 Software Services Limited 21. Big Tree Entertainment Private Limited 22. e-Eighteen.com Limited 23. Moneycontrol Dot Com India Limited 24. TV18 Broadcast Limited 25. ibn18 (Mauritius) Limited 26. RVT Media Private Limited 27. AETN18 Media Private Limited 28. Network18 Holdings Limited, Cayman Island 29. TV18 HSN Holdings Limited, Cyprus 30. TV18 Home Shopping Network Limited 31. Digital 18 Media Limited 32. Newswire 18 Limited 33. Infomedia 18 Limited 34. RRB Investments Limited 35. Setpro18 Distribution Limited
Sun18	A strategic alliance between us and Sun Network Limited whereby channels are aggregated through two companies i.e. Sun18 Media Services North Private Limited and Sun18 Media Services South Private Limited
Television Eighteen	Erstwhile Television Eighteen India Limited
TIFC	The Indian Film Company
Trademark License Agreement	Trademark License Agreement dated February 25, 2012 between UEPL, Ushodaya Promoters, Eenadu, Prism and Panorama
Turner	Turner Broadcasting System Asia Pacific, Inc.
TV18	One of our Subsidiaries, TV18 Broadcast Limited (earlier known as 'ibn18 Broadcast Limited' prior to the Scheme of Arrangement)
UEPL / Ushodaya	Ushodaya Enterprises Private Limited, a company incorporated under the laws of India and having its registered office at Eenadu Complex, Somajiguda, Hyderabad – 500 082, Andhra Pradesh, India
Ushodaya Promoters	Promoters of UEPL
Viacom18	Viacom18 Media Private Limited
Viacom Agreement	Shareholders' agreement dated May 22, 2007, as amended, entered into between Viacom Inc. (erstwhile MTV Asia Ventures (India) Pte. Limited) and Network18 for its investment into Viacom18
ZOCD(s)	Zero Coupon Optionally Convertible Debenture(s)
ZOCD Investment Agreement	ZOCD Investment Agreement dated February 27, 2012 between Subscribing Companies, Mr. Raghav Bahl, Ms. Ritu Kapur on one part and IMT on the other part.

Technical/ Industry Related Terms

Term	Description
DTH	Direct to Home Broadcasting
DVD	Digital Versatile Disc
Downlinking Guidelines	Policy Guidelines for downlinking of TV channels dated December 5, 2011 issued by the Ministry of Information and Broadcasting
FICCI	Federation of Indian Chambers of Commerce and Industry
TRAI	Telecom Regulatory Authority of India
TV	Television
Uplinking Guidelines	Policy Guidelines for uplinking of TV Channels from India dated December 5, 2011 issued by the MIB in supercession of all the earlier guidelines including the guidelines prescribed by MIB, December 2, 2005

The words and expressions used but not defined herein shall have the same meaning as is assigned to such terms under the Companies Act, the Securities Contracts (Regulation) Act, 1956, the Depositories Act, 1996 ("Depositories Act") and the rules and regulations made thereunder.

Notwithstanding the foregoing, terms in "***Statement of Tax Benefits***" and "***Financial Statements***" on pages 34 and 71, respectively shall have the meanings given to such terms in these respective sections.

NOTICE TO OVERSEAS SHAREHOLDERS

The distribution of this Draft Letter of Offer and the issue of Equity Shares on a rights basis to persons in certain jurisdictions outside India may be restricted by legal requirements prevailing in those jurisdictions. Persons into whose possession this Draft Letter of Offer, Letter of Offer or CAF may come are required to inform themselves about and observe such restrictions. We are making this Issue of Equity Shares on a rights basis to the Equity Shareholders and will dispatch the Letter of Offer/Abridged Letter of Offer and CAFs to such shareholders who have an Indian address registered with us.

No action has been or will be taken to permit this Issue in any jurisdiction where action would be required for that purpose, except that this Draft Letter of Offer has been filed with SEBI for observations. Accordingly, the rights or Equity Shares may not be offered or sold, directly or indirectly, and this Draft Letter of Offer may not be distributed in any jurisdiction, except in accordance with legal requirements applicable in such jurisdiction. Receipt of this Draft Letter of Offer will not constitute an offer in those jurisdictions in which it would be illegal to make such an offer and, under those circumstances, this Draft Letter of Offer must be treated as sent for information only and should not be copied or redistributed. Accordingly, persons receiving a copy of this Draft Letter of Offer should not, in connection with the issue of the rights or Equity Shares, distribute or send the same in or into the United States or any other jurisdiction where to do so would or might contravene local securities laws or regulations. If this Draft Letter of Offer is received by any person in any such territory, or by their agent or nominee, they must not seek to subscribe to the rights or Equity Shares referred to in this Draft Letter of Offer.

Neither the delivery of this Draft Letter of Offer nor any sale hereunder, shall under any circumstances create any implication that there has been no change in our affairs from the date hereof or that the information contained herein is correct as at any time subsequent to this date.

European Economic Area Restrictions

In relation to each member state of the European Economic Area which has implemented the Prospectus Directive (each, a "Relevant Member State"), with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "Relevant Implementation Date"), no offer may be made to the public of any rights or Equity Shares which are the subject of the offering contemplated by this Draft Letter of Offer in that Relevant Member State except that, with effect from and including the Relevant Implementation Date, an offer to the public of such rights or Equity Shares may be made in that Relevant Member State:

(a) to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;

(b) to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than €43,000,000 and (3) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts;

(c) to fewer than 100 natural or legal persons (other than qualified investors as defined in Article 2(1)(e) of the Prospectus Directive) subject to obtaining the prior consent of the underwriters for any such offer; or

(d) in any other circumstances falling within Article 3(2) of the Prospectus Directive, provided that no such offer of rights or Equity Shares shall require us or the Lead Managers to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this section, the expression an "offer to the public" in relation to any ordinary shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and any ordinary shares to be offered so as to enable an investor to decide to purchase any ordinary shares, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State and the expression "Prospectus Directive" means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

Each purchaser of the rights or Equity Shares described in this Draft Letter of Offer located within a Relevant Member State will be deemed to have represented, acknowledged and agreed that it is a "qualified investor" within the meaning of Article 2(1) (e) of the Prospectus Directive.

In the case of any rights or Equity Shares in this Issue being offered to a financial intermediary as that term is used in Article 3(2) of the Prospectus Directive, the Lead Managers will use their reasonable endeavours, by the inclusion of appropriate language in this Draft Letter of Offer, to procure that such financial intermediary will be deemed to have represented, acknowledged and agreed that the rights or Equity Shares acquired by it in the Issue have not been acquired on a non-discretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to, persons in circumstances which may give rise to an offer of any Equity Shares in this Issue to the public other than their offer or resale in a Relevant Member State to qualified investors as so defined who are not financial intermediaries or in circumstances in which the prior consent of the Lead Managers has been obtained to each such proposed offer or resale.

This European Economic Area selling restriction is in addition to any other selling restriction set out below.

United Kingdom

The Lead Managers:

(a) have not offered or sold, and prior to the expiry of a period of six months from the issue date of any rights or Equity Shares, will not offer or sell any of our securities to persons in the United Kingdom except to "qualified investors" as defined in section 86(7) of the Financial Services and Markets Act 2000 ("FSMA") or otherwise in circumstances which have not resulted in an offer to the public in the United Kingdom;

(b) have complied and will comply with an applicable provisions of FSMA with respect to anything done by it in relation to the rights or Equity Shares in, from or otherwise involving the United Kingdom; and

(c) in the United Kingdom, will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) to persons that are qualified investors within the meaning of Article 2(J)(e) of the Prospectus Directive who (i) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "Order"); and/or (ii) are high net worth entities falling within Article 49(2)(a) to (d) of the Order; and (iii) other persons to whom it may otherwise lawfully be communicated (all such persons together being referred to as "relevant persons"). This Draft Letter of Offer and its contents are confidential and should not be distributed, published or reproduced (in whole or in part) or disclosed by recipients to any other persons in the United Kingdom. Any person in the United Kingdom that is not a relevant person should not act or rely on this document or any of its contents.

NO OFFER IN THE UNITED STATES

The Issue and the Equity Shares have not been and will not be registered under the United States Securities Act of 1933, as amended ("Securities Act"), or any U.S. state securities laws and may not be offered, sold, resold or otherwise transferred within the United States of America or the territories or possessions thereof (the "United States" or "U.S.") , or to, or for the account or benefit of U.S. Persons (as defined in Regulation S of the Securities Act ("Regulation S")), except in a transaction exempt from the registration requirements of the Securities Act. The offering to which this Draft Letter of Offer relates is not, and under no circumstances is to be construed as, an offering of any Equity Shares or rights for sale in the United States or as a solicitation therein of an offer to buy any of the said Equity Shares or rights. Accordingly, this Draft Letter of Offer or Letter of Offer and the CAF should not be forwarded to or transmitted in or into the United States at any time.

Neither we nor any person acting on behalf of us will accept subscriptions or renunciation from any person, or the agent of any person, who appears to be, or who we or any person acting on behalf of us has reason to believe is in the United States when the buy order is made. Envelopes containing a CAF should not be postmarked, either a "U.S. Person" (as defined in Regulation S) or otherwise in the United States or otherwise dispatched from the United States or any other jurisdiction where it would be illegal to make an offer, and all persons subscribing for the Equity Shares in this Issue and wishing to hold such Equity Shares in registered form must provide an address for registration of the Equity Shares in India. We are making the Issue on a rights basis to Eligible Equity Shareholders and the Letter of Offer and CAF will be dispatched only to Equity Shareholders

who have an Indian address registered with us. Any person who acquires rights and the Equity Shares offered in this Issue will be deemed to have declared, represented, warranted and agreed, (i) that it is not and that at the time of subscribing for such Equity Shares or the Rights Entitlements, it will not be, in the United States when the buy order is made, (ii) it is not a U.S. Person (as defined in Regulation S), and does not have a registered address (and is not otherwise located) in the United States, and (iii) it is authorised to acquire the rights and the Equity Shares in compliance with all applicable laws and regulations.

We reserve the right to treat any CAF as invalid which: (i) does not include the certification set out in the CAF to the effect that the subscriber is not a U.S. Person (as defined in Regulation S), and does not have a registered address (and is not otherwise located) in the United States and is authorized to acquire the rights and the Equity Shares in compliance with all applicable laws and regulations; (ii) appears to us or our agents to have been executed in or dispatched from the United States; (iii) appears to us or our agents to have been executed by a U.S. Person (as defined in Regulation S) (iv) where a registered Indian address is not provided; or (v) where we believe that CAF is incomplete or acceptance of such CAF may infringe applicable legal or regulatory requirements; and we shall not be bound to allot or issue any Equity Shares or Rights Entitlement in respect of any such CAF.

CERTAIN CONVENTIONS, USE OF FINANCIAL, INDUSTRY AND MARKET DATA AND CURRENCY OF PRESENTATION

Certain Conventions

References in this Draft Letter of Offer to "India" are to the Republic of India and the "Government" or the "Central Government" is to the GoI. All references to the "US", or the "U.S.A." or the "United States" are to the United States of America and all references to "UK" or the "U.K." are to the United Kingdom.

Financial Data

Unless stated otherwise, the financial data with respect to our Company in this Draft Letter of Offer is derived from our audited consolidated financial statements and audited standalone financial statements. Our Financial Year commences on April 1 for a year and ends on March 31 of the next year. In this Draft Letter of Offer, the audited financial statements for the year ended March 31, 2011 and limited reviewed financial results for the quarter and six months ended September 30, 2011 have been included. For details of such financial statements, please see "***Financial Statements***" on page 71.

We have also included the limited reviewed financial results for the quarter and nine months ended December 31, 2011 as disclosed to the Stock Exchanges in accordance with the requirements under the Listing Agreements. For details of such financial statements, please refer to the chapter "***Material Developments***" on page 254.

In accordance with Clause 5(VII), Part E, Schedule VIII of SEBI ICDR Regulations, the report of M/s. A.K. Sabat & Co., Chartered Accountants on the summary financial information of Equator for Financial Year 2008-09, Financial Year 2009-10 and Financial Year 2010-11, prepared in accordance with the Indian GAAP, has been included in this Draft Letter of Offer. For details see "***Summary Financial Information of Equator***" on page 218. We have also included the report of the statutory auditors of Panorama, Prism and Eenadu, M/s. A.K. Sabat & Co., Chartered Accountants, on the summary financial information of Panorama, Prism and Eenadu based on carve-out financial information of the television broadcasting business division (comprising of ETV News Channels, ETV Non-Telugu Channels and ETV Telugu Channels, respectively) of UEPL for the Financial Year 2006-07, 2007-08, 2008-09, 2009-10 prepared in accordance with the Indian GAAP and Guidance Note on Audit Reports and Certificates for Special Purpose issued by the ICAI and summary financial information for Financial Year 2010-11 prepared in accordance with the Indian GAAP in this Draft Letter of Offer. Please see "***Summary Financial Information of Panorama, Prism and Eenadu***" on page 225.

We are a listed company and we prepare our financial statements in accordance with the generally accepted accounting principles in India ("Indian GAAP"), which differ in certain respects from generally accepted accounting principles in other countries. We publish our financial statements in Indian Rupees. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Draft Letter of Offer should accordingly be limited. We have not attempted to explain those differences or quantify their impact on the financial data included herein, and we urge you to consult your own advisors regarding such differences and their impact on our financial data.

In this Draft Letter of Offer, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding off, and unless otherwise specified, all financial numbers in parenthesis represent negative figures. All decimals have been rounded off to two decimal points.

Market and Industry Data

Unless stated otherwise, market, industry and demographic data used in this Draft Letter of Offer has been obtained from market research, publicly available information, industry publications and government sources. Industry publications generally state that the information that they contain has been obtained from sources believed to be reliable but that the accuracy and completeness of that information is not guaranteed. Similarly, internal surveys, industry forecasts and market research, while believed to be reliable, have not been independently verified and neither we nor the Lead Managers make any representation as to the accuracy of that information. Accordingly, Investors should not place undue reliance on this information.

Currency and Units of Presentation

All references in this Draft Letter of Offer to "Rupees", "₹", "Rs.", "Indian Rupees" and "INR" are to Indian Rupees, the official currency of India. All references to "U.S. $", "U.S. Dollar", "USD" or "$" are to United States Dollars, the official currency of the United States of America.

Please Note:

One million is equal to 1,000,000/10 Lacs;
One billion is equal to 1,000 million/100 crores; and
One crore is equal to 10 million/100 Lacs.

Exchange Rates

Fluctuations in the exchange rate between the Rupee and the U.S. Dollar will affect the U.S. Dollar equivalent of the Rupee price of the Equity Shares on the Stock Exchanges. These fluctuations will also affect the conversion into U.S. Dollars of any cash dividends paid in Rupees on the Equity Shares.

The following table sets forth, for the periods indicated, information with respect to the exchange rate between the Rupee and the U.S. Dollar (in Rupees per U.S. Dollar) based on the reference rates released by the RBI. No representation is made that the Rupee amounts actually represent such amounts in U.S. Dollars or could have been or could be converted into U.S. Dollars at the rates indicated, at any other rates or at all.

Year ended March 31	**Period End (in ₹)**	**Average* (in ₹)**	**High* (in ₹)**	**Low* (in ₹)**
2011	44.65	45.27	45.95	44.65
2010	45.14	47.42	50.53	44.94
2009	50.95	45.91	52.06	39.89
Month ended	**Period End**	**Average***	**High***	**Low***
February, 2012	48.94	49.16	49.64	48.68
January, 2012	49.68	51.35	53.30	49.50
December, 2011	53.26	52.67	54.24	51.35
November, 2011	52.17	50.84	52.70	49.08
October, 2011	48.87	49.26	50.07	48.82
September, 2011	48.93	47.64	49.67	45.90

Source: RBI website at www.rbi.org.in
**Note: High, low and average are based on the RBI reference rate*
The RBI reference rate on March 1, 2012 was U.S. $1.00 = ₹49.15

FORWARD LOOKING STATEMENTS

Certain statements in this Draft Letter of Offer are not historical facts but are "forward-looking" in nature. Forward looking statements appear throughout this Draft Letter of Offer, including, without limitation, under the headings "***Risk Factors***", "***Industry***" and "***Business***". Forward-looking statements include statements concerning our plans, objectives, goals, strategies, future events, future revenues or financial performance, capital expenditures, financing needs, plans or intentions relating to acquisitions, our competitive strengths and weaknesses, our business strategy and the trends we anticipate in the industry and the political and legal environment, and geographical locations, in which we operate, and other information that is not historical information.

Words such as "believe", "anticipate", "estimate", "seek", "expect", "continue", "intend", "predict", "project", "should", "goal", "future", "could", "may", "would", "targets", "aims", "is likely to", "plan" and similar expressions, or variations of such expressions, are intended to identify forward-looking statements but are not the exclusive means of identifying such statements.

By their nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and risks exist that the predictions, forecasts, projections and other forward-looking statements will not be achieved.

These risks, uncertainties and other factors include, among other things, those listed under "***Risk Factors***", as well as those included elsewhere in this Draft Letter of Offer. Prospective investors should be aware that a number of important factors could cause actual results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements. These factors include, but are not limited, to:

- decline in advertising revenue;
- decrease in the popularity of brands and contents;
- competition in the broadcasting industry;
- termination of joint venture agreements;
- technological failures and inability to keep pace with developments in technology;
- inability to generate sufficient cash flows to enable it to service its debt or to fund its other liquidity needs;
- increase in the interest rates with respect to our borrowings;
- financial instability in Indian financial markets;
- political and social instability in countries we operate our business;
- fluctuations in the exchange rate between the Rupee and foreign currencies;
- significant competition in markets could have a material adverse effect on our business, financial condition and results of operations;
- regional hostilities, terrorist attacks or social unrest in India; and
- adverse political, social and economic developments in India.

For a further discussion of factors that could cause our actual results to differ, please refer to the chapters "***Risk Factors***" and "***Business***" on pages xvi and 48, respectively. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated. Neither we nor the Lead Managers make any representation, warranty or prediction that the results anticipated by such forward-looking statements will be achieved, and such forward-looking statements represent, in each case, only one of many possible scenarios and should not be viewed as the most likely or standard scenario. Neither we nor the Lead Managers nor any of their respective affiliates or advisors have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with SEBI/Stock Exchanges requirements, we and Lead Managers will ensure that Investors in India are informed of material developments until the time of the grant of listing and trading permissions by the Stock Exchanges.

SECTION II - RISK FACTORS

An investment in equity and equity related securities involves a high degree of risk and Investors should not invest any funds in this Issue unless they can afford to take the risk of losing all or a part of their investment. You should carefully consider all of the information in this Draft Letter of Offer, including the risks and uncertainties described below, before making an investment. In making an investment decision, prospective Investors must rely on their own examination of us and terms of the Issue, including the merits and risk involved. If any of the following risks occur, our business, financial condition, results of operations and prospects could suffer, the trading price of our Equity Shares could decline and you may lose all or part of your investment. The risk and uncertainties described below are not the only risks that we currently face. Additional risk and uncertainties not presently known to us or that we currently believe to be immaterial may also have an adverse effect on results of operations and financial condition. You should also pay particular attention to the fact that we are governed in India by a legal and regulatory environment which in some material respects may be different from that which prevails in other countries.

This Draft Letter of Offer also contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the considerations described below and elsewhere in this Draft Letter of Offer. The financial and other implications of material impact of risks concerned, wherever quantifiable, have been disclosed in the risk factors mentioned below. However there are a few risk factors where the impact is not quantifiable and hence the same has not been disclosed in such risk factors.

INTERNAL RISK FACTORS

1. ***There are certain legal proceedings involving us, our Subsidiaries and joint ventures of our Subsidiaries that, if determined against us, our Subsidiaries and joint ventures, could have a material adverse impact on our financial condition and results of operations.***

There are outstanding material legal proceedings involving us, our Subsidiaries and joint ventures of our Subsidiaries, which may adversely affect our business and operations. These legal proceedings are pending at different levels of adjudication before various courts and tribunals. Should any new developments arise, such as a change in law or rulings against us by courts or tribunals, we may need to make provisions in our financial statements, which could adversely impact our reported financial condition and results of operations. Furthermore, if significant claims are determined against us and we are required to pay all or a portion of the disputed amounts, there could be a material adverse effect on our business and profitability.

We cannot provide any assurance that these matters will be decided in our favour. Further, there is no assurance that similar proceedings will not be initiated against us, our Subsidiaries and joint ventures of our Subsidiaries in the future. For further details of the cases mentioned above, please refer to the chapter "***Outstanding Litigations***" on page 269.

2. ***We are involved in certain legal and regulatory proceedings. Any adverse development in these cases could have an adverse effect on us.***

Our Promoter and Managing Director, Mr. Raghav Bahl, and certain group companies are involved as defendants in a derivative action instituted by minority shareholders of e-Eighteen.com Limited ("**EEL**"), on August 25, 2006 before the Bombay High Court. The plaintiffs have alleged that Mr. Raghav Bahl and TV18 have promoted and developed various businesses through various companies which should have under the subscription cum shareholders agreement dated September 12, 2000, rightfully been undertaken by EEL or its wholly owned subsidiaries. The plaintiffs have alleged that by not doing so Mr. Raghav Bahl and TV18 have caused monetary loss to EEL as well as to the plaintiffs. For the purposes of court fee and jurisdiction, the plaintiffs have valued their suit at ₹ 30,141.2 million and ₹ 999.4 million respectively and have *inter alia* prayed that Mr. Raghav Bahl, TV18 and others be ordered to transfer to EEL all their businesses, activities and ventures along with all assets and intellectual property. The plaintiffs on September 18, 2006 had filed a notice of motion (no. 3232 of 2006) seeking ad interim relief. The notice of motion was dismissed on August 8, 2008 against which the Plaintiff has filed an appeal before the division bench of the High Court. The appeal was dismissed by the High Court on September 21, 2011. The suit bearing number 2709 of 2006 is currently pending. An adverse judgment in this litigation may have a significant adverse effect on us. The Plaintiff, thereafter, has filed a complaint dated February 7, 2012 with the Chairman of SEBI alleging abuse of fiduciary responsibility and

breach of code of conduct on minority shareholders on the part of Mr. Raghav Bahl and TV18, us and EEL, by denial of opportunities to EEL. For further details see "***Outstanding Litigations***" on page 269.

3. A decline in advertising revenue could cause our revenue and operating results to decline significantly.

We primarily generate revenue through the sale of advertisements through our television channels, digital and mobile properties and print and publishing business. Our ability to generate and maintain significant advertising revenue will depend on a number of factors, many of which are beyond our control, including, but not limited to:

- overall economic and industry conditions;
- public policy and government regulation;
- market trends;
- budgeting and buying patterns of our advertisers;
- viewership of our channels and digital content; and
- readership of our magazines and directories.

In our news, entertainment, digital and e-commerce segments, our advertisers generally make commitments to purchase advertising time only a short period in advance. Additionally, they may terminate contracts before completion, choose not to renew contracts at short notice or fail to make payments on time or at all. We are also limited by a fixed amount of available advertising time and space constraints, and our rates are affected by the prices charged by our competitors, the ratings of other channels and the usage statistics of other digital properties. Thus, our ability to leverage any increase in viewership and user ratings to charge higher rates may be limited. A decline in the economic prospects of advertisers or the economy in general could also alter current or prospective advertisers' spending priorities. Advertising expenditures may also be affected by competition for the leisure time of audiences. Television advertisers may be less willing to purchase advertising from us if ratings for our programs decline, we are unable to retain the rights to or continue to deliver popular programming, audience fragmentation increases due to the proliferation of new media formats, including cable networks, the Internet and video-on-demand, or ownership of portable digital devices and new recording technologies which allow consumers to time shift programming, make and store digital copies and skip or fast-forward through advertisements, increases. Digital advertisers may decrease their advertising spending on our digital properties if Internet penetration does not increase in India, usage of our digital properties decreases or the popularity of our digital properties declines.

In our print and publishing business, which is a part of our allied businesses segment, advertising spending and our ability to attract new advertisers are influenced largely by the circulation and readership, geographical reach and readership demographics of our magazines and directories and the preference of advertisers for one form of media over another.

Any reduction in advertising expenditures by our advertisers could have an adverse effect on our revenues and results of operations.

4. If use of the Internet does not increase significantly in India, our ability to increase our digital and e-commerce revenue may be materially and adversely affected.

Internet and broadband penetration rates in India are relatively low compared to those in most developed countries. According to Internet World Stats, as of March 2011, Internet penetration in India was at 8.4%, making India the world's third largest population of Internet users after China and the United States, as compared to over 78.2% in the United States. Moreover, alternative methods of obtaining access to the Internet, such as through satellite and mobile phones, are not readily available at affordable rates in many parts of India. We cannot guarantee that the number of personal computers in India will increase rapidly, or at all, or that alternate means of accessing the Internet will develop and become widely available in India. If the number of Internet users does not increase significantly in India, we may not be able to expand our user and advertiser base, which may adversely affect our ability to increase the revenue generated from our digital and e-commerce business segment. If a significant percentage of India's population is not able to access the Internet at an affordable cost, use of the Internet in India may not increase significantly, which could adversely affect our ability to increase our digital and e-commerce revenue.

5. The popularity and recognition of our brands and content is difficult to predict and any decrease in this popularity of our brands and content could lead to fluctuations or a decline in our revenues.

Our success depends upon the popularity and recognition of our brands and our ability to deliver original and compelling content and services that attract and retain viewers, Internet and other digital users and readers. Our ability to successfully develop and produce popular content and services is subject to numerous uncertainties, including our ability to:

- anticipate and successfully respond to rapidly changing consumer tastes and preferences, as well as cater to varied audiences, including in terms of age groups, geography, cultural preferences and backgrounds;
- fund or source new content development efficiently;
- attract and retain qualified anchors, correspondents, editors, producers, writers, and technical personnel; and
- successfully expand our content offerings into new platforms and delivery mechanisms.

Brand recognition is also critical to the success of our businesses. We have conducted, and will continue to conduct, various marketing and brand promotion activities aimed at establishing, maintaining and protecting our recognized brand names. We cannot assure you, however, that our activities will be effective in attracting and growing user and client bases for our businesses or that such efforts will be cost-effective. If we fail to build and maintain our brand names, such as *CNBC-TV18* and *CNN-IBN*, or if we incur excessive expenses in our efforts to do so, we may not be able to conduct our existing or new businesses in a cost-effective manner and our business, financial condition and results of operations may be materially and adversely affected.

6. We have recorded losses in the past and may continue to experience losses in the future.

We recorded net losses on standalone basis of ₹ 698.03 million and ₹ 599.65 million in Financial Year 2010-11 and for the quarter and six months ended September 30, 2011, respectively. Further, we recorded net losses on consolidated basis of ₹ 366.84 million and ₹ 1,344.41 million in Financial Year 2010-11 and for the quarter and six months ended September 30, 2011, respectively. We cannot guarantee that we will be profitable in the future.

We also expect to incur future expenses as we develop and expand our business, which will make it harder for us to maintain future profitability. We may incur losses in the future for a number of reasons, including the other risks described in this Draft Letter of Offer, and we may encounter unforeseen expenses, difficulties, complications, delays and other unknown events. If we incur losses in the future, our financial condition and the market price of our Equity Shares could suffer.

7. During the Financial Year 2011-12 we have implemented the Scheme of Arrangement for reorganization of our business. Therefore, our historical financial statements will not provide a meaningful basis for evaluating our results of operations and financial condition.

As part of the Scheme of Arrangement, Television Eighteen transferred its stake in CNBC-TV18 and CNBC Awaaz to TV18 and merged its other existing businesses in digital and e-commerce and allied businesses segments into our business. For further details, please see "***Business***" on page 48. The Scheme of Arrangement has come into effect from June 10, 2011 with the appointed date being April 1, 2010. Accordingly, the financial statements for the Financial Year 2010-11 do not give effect to the Scheme of Arrangement. Consequently, historical financial statements for the Financial Year 2010-11 and limited reviewed financial results for the quarter and six months ended September 30, 2011 are not comparable and would not provide a meaningful basis for evaluation. Therefore, you will need to make your own assessment of our consolidated results of operations and financial condition.

8. We face competition for the leisure and entertainment time of consumers, which has intensified in part due to advances in technology and changes in consumer behavior.

Our different businesses compete with each other and other sources of information and entertainment for the leisure and recreation time of consumers. These competitors operate in various media segments, such as television broadcasting, films, the Internet, home video products, interactive video games, sports, magazines,

live events and radio broadcasts, including segments in which we do not yet operate or are a relatively new participant. Such competition may fragment or decrease our audience irrespective of the quality of our content.

Further, technology, particularly digital technology used in the entertainment and media industry, continues to evolve rapidly, and advances in that technology have led to alternative methods for the distribution, storage and consumption of digital content. These technology changes have driven and reinforced changes in consumer behavior as consumers increasingly seek control over when, where and how they consume digital content. For example, content owners are increasingly delivering their content directly to consumers over the Internet, often without charge, and consumer electronics innovations have enabled consumers to view such digital content on televisions and portable devices. These changes in technology and consumer behavior have resulted in a number of challenges and risks for content owners and aggregators. For example, the growing number of content aggregators increases competition for programming and the increased availability of programming online from content aggregators may diminish the perceived value of such programming in other distribution mediums and negatively affect consumers' decisions to purchase such programming. Our failure to adapt to emerging technologies and changes in consumer behavior could have a significant adverse effect on our competitive position, businesses and results of operations.

Technological developments also pose other challenges for us that could adversely affect our revenues and competitive position. For example, we may need to offer products or services in a digital format without charge or at lower prices than offered in other formats. Consumers or advertisers may not embrace new technologies or business initiatives supported by us, and therefore such technologies or business initiatives may not develop into profitable business models. Each of these outcomes could have a significant adverse effect on our competitive position and our business and results of operations. In addition, new delivery platforms could cause us to lose distribution control and direct relationships with our consumers and advertisers.

9. We have entered into a program and trademark license agreement and other arrangements with CNBC-AP. Termination or amendment of these agreements may adversely affect our business.

On August 13, 2003, through our subsidiary, TV18, we entered into a program and trademark license agreement with CNBC-AP, which enables us to use CNBC's name and logo for the production and broadcast of *CNBC-TV18* until March 31, 2018. This agreement also gives us a non-exclusive right to distribute, retransmit and exhibit, whether directly or through third party distributors, CNBC programming content within India. The agreement can be terminated upon the happening of certain events, including withdrawal of the uplinking approval by the MIB, or a breach of any material obligation that is not remedied within 45 days of notice of such default given by the non-defaulting party. We cannot assure you that this agreement will not be terminated or unfavorably amended. We have entered into a separate written agreement with CNBC-AP which applies these terms to *CNBC Awaaz* as well.

We believe that *CNBC-TV18* and *CNBC Awaaz* derive significant benefit from the use of, and association with, the CNBC's brand and content. If we are unable to retain the same brand identity, we may have to incur additional expenses for building new brand names for our business news channels. If CNBC were to choose a different partner in the future, the value of our business news channels currently associated with CNBC may be diluted. In addition, we would need prior consent from CNBC-AP to use the CNBC name and logo for any of our proposed regional channels. All of these factors may materially and adversely affect our business, operations and financial results.

10. We derive benefits from CNN's brand and extensive global news network pursuant to contractual arrangements. Termination or amendment of these agreements may adversely affect our business.

On October 27, 2005, through our subsidiary, TV18, we entered into a brand license agreement with CNN, which gives us the limited, exclusive non-transferable right to use the name and logo of CNN in India. Under this agreement, CNN may add or remove elements from its licensed material as it deems necessary. Further, we executed a news service agreement with Turner, which gives us a limited, exclusive license to receive and re-broadcast CNN programming content in India. Each of these agreements are valid until December 17, 2015 and will automatically be renewed for a period of 10 years on substantially the same terms, unless either party notifies its intention not to renew at least 180 days prior to the expiration of the then-current term. The agreement may also be immediately terminated by either party in certain circumstances.

We cannot assure you that these agreements will not be terminated or unfavorably amended by CNN or Turner. If we are unable to retain the CNN brand identity, we may have to incur additional expenses to rebrand our

English general news channel, *CNN IBN*, which may decrease our market share and adversely affect our results of operations.

11. TV18 is party to a shareholders' agreement relating to Viacom18 which could, under certain circumstances, lead to a reduction in its ownership / rights of Viacom18.

TV18 had entered into a shareholders' agreement dated May 22, 2007, as amended, with Viacom Inc. (erstwhile MTV Asia Ventures (India) Pte. Limited) for our investment in Viacom18 ("Viacom Agreement"). Pursuant to an option agreement dated November 7, 2007, our shareholding in Viacom18 was entirely transferred to TV18. Viacom Inc., has the right, after July 21, 2014, to purchase such number of Viacom18 shares from TV18 at fair market value, or appoint directors so as to establish management control or take any other action, such that Viacom Inc. can consolidate Viacom18's financial results under US GAAP. In the event Viacom Inc. exercises its call option, TV18 has a put option allowing it to cause Viacom Inc. to purchase its entire shareholding in Viacom18. Upon such exercise of Viacom Inc's call option, TV18 would have a less than 50% interest in Viacom18 and a reduced presence on the Viacom18 board of directors. Each of these consequences could have a material adverse effect on our business, results of operations and financial condition.

In addition to the put option that is triggered by Viacom Inc's exercise of its call option, TV18 also holds a partial put option that allows it to sell one-fifth of its shareholding in Viacom Inc. at fair market value on the date of exercising, to Viacom Inc. each year for five successive years beginning on July 1, 2012. If TV18 exercise its partial put option in a particular year, it is not obligated to exercise it in subsequent years. However, TV18's partial put option is cumulative and therefore if it chooses not to exercise its partial put option in any particular year, the unexercised partial put option shares may be exercised in subsequent years. In the event it exercises any portion of its partial put option, Viacom18 may choose to purchase such shares, nominate another party to purchase such shares or choose not to purchase such shares. In the event Viacom18 chooses not to purchase such shares, TV18 may trigger an initial public offering of Viacom18 through the issuance of new shares and/or existing shares, except the issuance of new shares may not reduce Viacom Inc's shareholding by more than five percent of the share capital immediately prior to the initial public offering. If, following an initial public offering of Viacom18, TV18 holds less than 20% of Viacom18's share capital, it would lose governance rights to jointly control Viacom18. As TV18's percentage ownership in Viacom18 decreases, its minority protection rights will continue to weaken. If TV18 choose to exercise any portion of its partial put option or if it triggers an initial public offering of Viacom18, it may lose control over Viacom18 and consequently our consolidated financial statements may be affected and holders of our Equity Shareholders will experience a decline in their proportionate stake of Viacom18.

12. If relationships with our joint venture partners or strategic relationships with third parties deteriorate or discontinue, our business, results of operations and financial condition could suffer.

Viacom18, TV18's joint venture with Viacom Inc., operates and broadcasts six entertainment channels. The Viacom Agreement sets out the rights and obligations concerning the participation of the parties in Viacom18 and the management thereof, including additional funding obligations.

Under the terms of TV18's shareholder agreement with Lokmat Media Limited ("Lokmat"), IBN Lokmat News Private Limited was incorporated to launch a 24-hour Marathi news channel called *IBN Lokmat*. *IBN Lokmat* was first broadcast on April 6, 2008. Lokmat's expertise and understanding of Marathi journalistic culture assists IBN Lokmat News Private Limited in developing its style and TV programs to appeal to Marathi viewers. The business and operations of *IBN Lokmat* are governed by the shareholder agreement which provides for detailed rights and obligations to us and Lokmat.

We entered into a strategic alliance with the Sun Group in July 2010 to aggregate our nine news and entertainment television channels as part of Sun18's pan-India offering of 33 television channels, which also includes the channels of the Sun Network and Disney India. Under this alliance, Sun18 North, aggregates these television channels in northern India, and Sun18 South, aggregates these television channels in southern India.

In October 2010, TV18 entered into a joint venture with A&E Television Networks LLC to launch television channels in the factual entertainment genre. During the calendar year 2011 we launched *History TV18* channel.

We cannot assure you that we can maintain relationships with our current joint venture partners. If our relationships with our joint venture partners deteriorate or are terminated, our business, results of operations and financial condition may be materially and adversely affected.

We may establish joint ventures and build strategic relationships with other third parties in the future. We cannot assure you, however, that we will be able to successfully establish joint ventures or strategic relationships with third parties that will prove to be beneficial for our business. Our inability in this regard could have a material adverse effect on our revenue growth and prospects. In addition, strategic relationships or joint ventures with third parties could subject us to a number of risks, including:

- our inability to integrate new operations, products, personnel, services or technologies; unforeseen or hidden liabilities;
- potential disagreements with our strategic relationship partners;
- our inability to generate sufficient revenues to offset the costs and expenses of strategic acquisitions or other strategic relationships; and
- potential loss of, or harm to, employees or customer relationships.

Any of these events could impair our ability to manage our business, which in turn could have a material adverse effect on our financial condition and results of operations. Such risks could also result in our failure to derive the intended benefits of the strategic acquisitions or strategic relationships and we may be unable to recover our investment in such initiatives.

13. We expect to record substantial losses due to our indemnification agreement with Roptonal Limited ("Roptonal"), which was entered into upon Roptonal's purchase of TIFC.

On September 30, 2010, in connection with our sale of shares in TIFC, we, through our subsidiary Network18 Holdings Limited, Cayman Islands, entered into an indemnity agreement with Roptonal, a subsidiary of Viacom18, to provide certain indemnities to Roptonal and its affiliates. Under the terms of this agreement, we agreed to indemnify Roptonal against the amount by which the net cash generated by TIFC's film library from October 22, 2010 to July 21, 2014 is less than GBP 46,017,000, which is the total net asset value of the TIFC film library and trade and other receivables as reflected in TIFC's financial statements for the Financial Year 2009-10. We also agreed to indemnify Roptonal and Viacom18 against certain Indian income tax liabilities that may arise due to Cyprus tax and structure related litigation and our sale of shares in TIFC to Roptonal.

In the event, TIFC's film library does not generate GBP 46,017,000 of net cash by July 21, 2014, we may be required to record a loss on our indemnification agreement with Roptonal. Based on our management's estimate of the shortfall in net cash generated and our current ownership interest in Viacom18, we expect to record a loss in connection with our indemnification agreement with Roptonal. As of September 30, 2011, we have provided for the potential loss amounting to ₹ 2,374.98 million in our financial statements. We will be required to pay the deficiency in cash to Roptonal or its nominated affiliate by August 20, 2014. If we incur such losses, our financial condition and results of operations will suffer.

14. One of the objects of the Issue is to invest in the proposed Rights Issue of TV18. One of the objects of the Rights Issue of TV18 is the ETV Acquisition. The completion of the proposed ETV Acquisition by TV18 is subject to various uncertainties and conditions and we cannot provide any assurance that the ETV Acquisition shall be successfully completed.

One of the objects of the Issue is to invest in the proposed Rights Issue of TV18, our Subsidiary. TV18 proposes to utilize a part of the proceeds of its rights issuance for ETV Acquisition. In connection with the ETV Acquisition, we and TV18 have entered into SPA with Altitude, Kavindra and Equator. The completion of the ETV Acquisition is uncertain since it is contingent upon the fulfilment of certain conditions precedent as contemplated in the SPA, including:

i. all necessary filings and approvals, if any, from relevant Government authorities having been obtained;
ii. completion of this Issue and Rights Issue of TV18;
iii. the ETV Acquisition to be funded by Issue and Rights Issue of TV18 only;
iv. the Subscribing Companies having utilized the proceeds from the issue of ZOCDs in applying to (a) their respective entitlements (b) additional Equity Shares, if any; and (c) the unsubscribed portion, if any in this Issue and Rights Issue of TV18; and
v. IMT subscribing to ZOCDs of the Subscribing Companies.

In terms of the ZOCD Investment Agreement, IMT has agreed to subscribe to such number of ZOCDs to be issued by the Subscribing Companies, as will enable the Subscribing Companies to further subscribe to the

equity shares offered as a part of this Issue and Rights Issue of TV18. Accordingly, unless this Issue and Rights Issue of TV18 are completed, there can be no assurance that we will complete the ETV Acquisition as planned, on schedule, or at all. Our inability to successfully complete the ETV Acquisition could impact our growth plans.

15. Subscription of ZOCDs by IMT is contingent upon the CCI having approved the subscription to the ZOCDs or the statutory period for deemed approval of the CCI having expired.

The Subscribing Companies, Mr. Raghav Bahl, Ms. Ritu Kapur and IMT have entered into the ZOCD Investment Agreement. Pursuant to the ZOCD Investment Agreement, IMT shall subscribe to such number of ZOCDs of face value ₹ 100 each of the Subscribing Companies which would enable the Subscribing Companies to subscribe to their respective entitlements and additional Equity Shares, if any, applied by them including the unsubscribed portion of this Issue and the Rights Issue of TV18. The subscription of ZOCDs by IMT is contingent on receipt of the approval from the CCI. Accordingly, approval from the CCI is being sought, unless the CCI believes that the transaction is exempt from notification. In the event the CCI does not allow the investment by IMT in the Subscribing Companies or in the event the approval of the CCI is delayed for any reason whatsoever, the investment by IMT in the Subscribing Companies may be delayed which may in turn delay the completion of this Issue and the Rights Issue of TV18 and consequently delay in consummation of the ETV Acquisition. Any such delay may affect our business, expansion plans and our expected future results of operations.

16. If our Subsidiary, TV18, is successful in completing the ETV Acquisition, we will be subject to a number of risks.

If the ETV Acquisition is completed, we will be subject to a number of additional risks that could adversely affect our business, financial condition and results of operations, which may in turn affect the value of the Equity Shares. These risks include the following:

- It is a substantial investment and we may be unable to successfully integrate the ETV Channels acquired pursuant to the completion of the ETV Acquisition with our existing facilities or achieve the synergies and other benefits we expect from the ETV Acquisition. We may be unsuccessful in integrating the assets and operations of the ETV Channels acquired pursuant to the ETV Acquisition with our own in an effective and efficient manner, which may result in our failure to achieve the anticipated benefits of the investment and harm our business. The difficulties of combining the two businesses potentially will include, among other things:

  i. the necessity of addressing possible differences in corporate cultures and management philosophies;
  ii. the integration of certain operations following the transaction will require the dedication of significant management resources, which may temporarily distract management's attention from the day-to-day business of our Company;
  iii. any inability in managing a much larger business;
  iv. any inability of our management to cause best practices to be applied to Panorama, Prism and Eenadu; and
  v. Any difficulties encountered in combining operations could result in higher integration costs and lower savings than expected.

- We may be unsuccessful in retaining the senior management team and other key employees of the companies acquired pursuant to the ETV Acquisition. The success of our investment will depend in part upon our ability to retain the senior management team and other key employees of the companies acquired pursuant to the ETV Acquisition. Competition for qualified personnel can be very intense. In addition, senior management and key employees may depart because of issues relating to the uncertainty or difficulty associated with the integration of the assets and operations acquired pursuant to the completion of the ETV Acquisition or a desire not to remain with us. Accordingly, there can be no assurance that we will be able to retain senior management and key employees to the extent necessary to successfully integrate the operations of Panorama, Prism and Eenadu with ours and consequesntly our business and expansion plans might be affected.

- We may be subject to unforeseen contingent risks or other liabilities relating to the investment that may become apparent in the future. There may be a risk that the information relied on by us with respect to the ETV Acquisition is incomplete or inaccurate and consequently, we may be subject to unforeseen liabilities and obligations relating to the ETV Acquisition. This may affect our business, financial condition, results of operations and the implementation of our business strategy.

- We may require additional capital to fund the expansion, development, operation and maintenance of the ETV Channels, pursuant to the completion of the ETV Acquisition. In the event we are unable to source such funds in time, on commercially viable terms from external sources or at all, our business growth shall be adversely affected.

- The ETV Channels may not be able to sustain its viewership base and growth. In the event the viewership of the ETV Channels declines, the revenues from advertisements shall correspondingly decline. Consequently, our business and expansion plans may be adversely affected.

- Pursuant to the ETV Acquisition, we would not control more than 75% of the voting power of Prism and Eenadu which may affect our ability to control the content of the ETV Channels operated by these companies or affect our ability to influence shareholders' decisions. Consequent to the ETV Acquisition, we would not control more than 75% of the voting power of Prism and Eenadu and consequently, we may not be able to successfully influence the content of the ETV Channels operated by these companies and also may not be able to successfully implement business strategies in these companies which we believe would be in our best interest. This may have an adverse effect our business and results of operations.

- We may not be able to continue to use ETV trademark and ETV brand names. Pursuant to the Trademark License Agreement, Eenadu has granted an irrevocable, exclusive and royalty free license on a worldwide basis to use the ETV trademarks and ETV brand names in relation to the ETV News Channels and ETV Non-Telugu Channels respectively upto February 28, 2015. Further, joint use of the marks is permissible to Prism and Panorama, but in the event of such joint use of the trademarks with trademarks of third party our license shall expire within six months from the date of commencement of such joint use of marks. We cannot assure you that we will be able to successfully rebrand in the event our trademark license is terminated and /or we are otherwise unable to extend the terms of Trademark License Agreement.

- We have very limited experience in regional broadcasting market. We are not currently present in the regional broadcasting market except for 50% stake in IBN Lokmat. We may not able to sustain or improve the performance of ETV Channels due to the complexities involved in the regional broadcasting market.

- We cannot be certain that ETV Companies will be able to obtain all such approvals and registrations, in a timely manner, or at all. Based on the due diligence conducted by our Company, we understand that certain approvals in relation to the ETV Channels have expired. In addition, applicable approvals and registrations may be dependent on the fulfillment of certain conditions and subject to review and renewal from time to time, as well as the risk of revocation or modification and may in certain cases require operational changes, which may involve significant costs or delays. Failure to obtain, maintain or renew such approvals and registrations, or a violation of the conditions of any approval or of other legal or regulatory requirements may result in substantial fines, sanctions, permit revocations, injunction, which may adversely affect our business, prospects, results of operation and financial condition.

- UEPL has been involved in certain legal proceedings, which, pursuant to the ETV Scheme of Arrangement, will be transferred to the ETV Companies which may adversely affect the business and operations of the ETV Companies. Furthermore, if significant claims are determined against the ETV Companies and are required to pay all or a portion of the disputed amounts, there could be a material adverse effect on their business and profitability.

For details of ETV Acquisition, please see "***Objects of the Issue***" and "***Material Agreements pertaining to ETV Acquisition***" on page 26 and 61 respectively.

17. Certain regulatory procedures / actions have not been completed with respect to ETV Scheme of Arrangement.

Pursuant to the ETV Scheme of Arrangement, the television division of UEPL was demerged into Panorama, Prism and Eenadu. Panorama, Prism and Eenadu have filed necessary applications and undertakings required under the Uplinking Guidelines with MIB for transfer of the licenses of ETV News Channels, ETV Non Telugu Channels and ETV Telugu Channels, respectively from UEPL. An application has also been made to MIB for transfer of teleport license from UEPL to Eenadu. As of the date of this Draft Letter of Offer, the transfer of such permissions and approvals are pending. We cannot provide any assurance that such transfer of licenses from governmental authorities would be obtained in a timely manner, or at all. Any delay or non-receipt of necessary transfers may have a material adverse effect on our business, prospects, results of operations, expansion plans and financial condition.

18. Conversion of the ZOCDs issued by the Subscribing Companies may result in change of our control. Such change in control may significantly influence our business, policies, and operations.

Pursuant to the ZOCD Investment Agreement, IMT shall subscribe to such number of ZOCDs of face value ₹ 100 each of the Subscribing Companies, which would enable the Subscribing Companies to subscribe to their respective entitlements, additional Equity Shares, if any, applied by them and subscription to the unsubscribed portion of the Rights Issue of Network18 and the Rights Issue of TV18. The ZOCD are freely transferable. The holder of the ZOCDs has the option to convert all or any of the ZOCDs into 10 equity shares (adjustable for the adjustment events provided in the ZOCD Investment Agreement) for each ZOCD held, of the relevant Subscribing Company at any time within a period of 10 years from the date of subscription of the ZOCDs by IMT. Further, the holder of the ZOCDs has the option to require all or any of the Subscribing Companies to redeem some or all of the ZOCDs at par at anytime within a period of 10 years from the date of subscription of the ZOCDs. The ZOCDs which have neither been converted into equity shares nor redeemed shall be automatically redeemed at par upon the expiry of 10 years from the date of subscription of the ZOCDs.

Conversion of significant number of the ZOCDs by the holder thereof may result in change of control of the Subscribing Companies. Such change of control of the Subscribing Companies may in turn result in a change of control of our Promoters, in us and TV18, which may significantly influence our business, policies, and operations.

19. The exercise of option by TV18 in terms of the Option Agreement for the Anu Acquisition may require additional funding of approximately ₹14,450.1 million. Our inability to raise/ provide financing for the Anu Acquisition may adversely affect our growth and business operations.

Pursuant to the Option Agreement, TV18 and its affiliates have an option of the Anu Acquisition, subject to completion of ETV Acquisition in terms of the SPA on or before March 31, 2013, for an aggregate consideration of ₹ 14,450.1 million as adjusted for the net debt of Anu ("Anu Net Debt"). For further details see "***Material Agreements Pertaining to ETV Acquisition***" on page 61. Completion of Anu Acquisition will entitle us to indirectly acquire additional approximately 50% Equity Securities of Prism and 24.50% Equity Securities of Eenadu. We need to raise additional funds for completing Anu Acquisition. We cannot assure you that we would be able to raise such additional funds within the in a timely manner or at all.

If we are not able to exercise the option on or before March 31, 2013, we may not be able to acquire such additional Equity Securities, which may in turn impact our ability to control, manage and operate the affairs of Prism and Eenadu.

20. The statutory auditors of each of Panorama, Prism and Eenadu had qualified their reports on financial statements for the Financial Year 2010-11.

The statutory auditors of Panorama, Prism and Eenadu had qualified their examination reports on financial statements for the Financial Year 2010-11. Brief details of the area of qualifications are set forth below.

Eenadu

"As more fully discussed in Note 6 on Schedule 20 to the financial statements, gross block of intangible Assets comprise ₹ 5,016.10 million for the purchase of film and programming content and ₹ 4,314.20 million of other intangibles. At present, the film and programming content is amortized over a period of 10

years and other intangible assets are amortized over a period of 5 years. The film and programming content and other intangibles have not been tested for impairment and the quantification of the future economic benefit to be derived from their use has also not been determined and accordingly we are unable to comment on the aggregated carrying value of such intangibles of ₹ 3,851.60 million as at March 31, 2011.

As at March 31, 2011 the company had certain overdue debtors aggregating to ₹ 40.60 million. Management is of the opinion that these are fully recoverable and accordingly no adjustments have been made to the accompanying financial statements in respect of these debtors. In the absence of sufficient evidence to demonstrate recoverability we are unable to comment on the recoverability of these debtors."

Prism

"As more fully discussed in Note 6 on Schedule 19 to the financial statements, gross block of intangible Assets comprise ₹ 2674.30 million for the purchase of film and programming content and ₹ 2282.20 million of other intangibles. At present, the film and programming content is amortized over a period of 10 years and other intangible assets tire amortized over a period of 5 years. The film and programming content and other intangibles have not been tested for impairment and the quantification of the future economic benefit to be derived from their use has also not been determined and accordingly we are unable to comment on the aggregated carrying value of such intangibles of ₹ 2,014.40 million as at March 31, 2011.

As at March 31, 2011 the company had certain overdue debtors aggregating to ₹ 118.02 million. Management is of the opinion that these are fully recoverable and accordingly no adjustments have been made to the accompanying financial statements in respect of these debtors. In the absence of sufficient evidence to demonstrate recoverability we are unable to comment on the recoverability of these debtors."

Panorama

"As more fully discussed in Note 6 on Schedule 19 to the financial statements, gross block of intangible Assets comprise ₹ 119,000 thousands for the purchase of film and programming content and ₹ 103,680 thousands of other intangibles. At present, the film and programming content is amortized over a period of 10 years and other intangible assets are-amortized over a period of 5 years. The film and programming content and other intangibles have not been tested for impairment and the quantification of the future economic benefit to be derived from their use has also not been determined and accordingly we are unable to comment on the aggregated carrying value of such intangibles of ₹31,640 thousands as at March 31,2011.

As at March 31, 2011 the company had certain overdue debtors aggregating to ₹ 36,616.37 thousand. Management is of the opinion that these are fully recoverable and accordingly no adjustments have been made to the accompanying financial statements in respect of these debtors. In the absence of sufficient evidence to demonstrate recoverability we are unable to comment on the recoverability of these debtors."

Such qualifications may make the financial statements of each of these companies less reliable than they would be, had these companies previously addressed the concerns raised by the statutory auditors in a satisfactory manner.

21. The objects of the Issue include the utilization of the Issue Proceeds to repay the SOFCDs and Preference Shares II held by certain Promoters and Promoter Group entities.

The objects of the Issue include the utilization of the Issue Proceeds to repay outstanding SOFCDs amounting to ₹ 2,999.99 million and Preference Shares II amounting to ₹ 1,542.70 million held by certain Promoters and Promoter Group entities and others. Since these proceeds are being used to discharge the SOFCDs and Preference Share II, the amount towards such repayment to the Promoters and Promoter Group entities will not be available for use in our business. For details on SOFCDs, see "***Financial Indebtedness***" and "***Objects of the Issue***" on page 264 and 26, respectively and for Preference Shares II, see "***Capital Structure***" and "***Objects of the Issue***" on page 17 and 26, respectively.

22. Certain regulatory and other approval/ actions are pending with respect to the Scheme of Demerger.

The Scheme of Demerger between us and Infomedia18 was approved by the board of directors on July 7, 2010, our equity shareholders on December 21, 2010 and our preference shareholders on December 22, 2010. The Scheme of Demerger was approved by the High Court of Delhi on November 22, 2011. Pursuant to this Scheme of Demerger, Infomedia18's publishing business and search business will be demerged and consolidated with our business and the printing press business will continue to remain with Infomedia18. For further details of the Scheme of Demerger, please see "***Business***" on page 48.

However:

a. the formal recording of the transfer to us in all relevant governmental and regulatory permits has not been completed as of date and the relevant authority may, levy penalties on us for not having obtained or maintained permits until such time as the transfer of these permits is completed;

b. approval of FIPB for inclusion of new business activity i.e. publishing business is pending; and

c. approval of the MIB for amendment and transfer of approval for publication of Indian editions of foreign magazines and transfer of Indian speciality magazine to us is pending.

These risks could have a material adverse effect on our business, prospects, results of operations and financial condition.

23. Our success in the film business is dependent upon audience acceptance of our content, which is difficult to predict. If our films are not accepted by the audience, our results of operation and financial condition could suffer.

The film business is inherently risky because the revenues derived from the production and distribution of a film, and the licensing of a film's intellectual property rights, depend primarily upon the film's acceptance by the public, which is difficult to predict. The commercial success of a film also depends upon the quality and acceptance of other films released into the marketplace at or near the same time, the availability of alternative forms of entertainment and leisure time activities, general economic conditions and other tangible and intangible factors, all of which are difficult to predict.

Through Viacom18 Motion Pictures, through which we undertake our film business, we are exposed to the uncertainties inherent in the film industry, including:

- perceived political, social, cultural and religious sensitivities in India, which can lead to reduced acceptability of films by audiences, censorship, low box office earnings and bans on the presentation of films in certain areas of India;
- significant lag time between the incurrence of costs and the realization of revenue during the production and distribution of a full-length feature film;
- a limited pool of popular and creative talent, which may lead to significant competition and increased costs to secure the services of certain actors, directors and producers;
- the relatively unorganized structure of the Indian film industry exposes us to substantial financial risks relating to the production, completion and release of films; and
- box office receipts from our films are not guaranteed and poor performance could have an adverse impact on our results of operations.

24. A decrease in the circulation and readership of our magazines and directories may adversely affect our business and results of operations.

Subscriptions to, and sales of, our magazines are important sources of revenue for our print and publishing business. Additionally, circulation and readership significantly influence advertising spending and the advertising rates for our magazines and business and consumer directories. Our circulation and readership is dependent on the quality of our publications, the reach of our magazines and directories, and the loyalty of our existing readers. Any failure to meet our readers' preferences and quality standards could adversely affect the circulation of our publications and readership over time. Circulation in the Indian market is also largely affected by price and, therefore, the circulation of our magazines may be adversely affected if we fail to match the prices of our competition. Revenues from our magazines and directories may also decline if readers move to

alternative forms of media consumption that may be free or cost a fraction of the prices we charge. A decline in the circulation or readership of one or more of our publications could adversely affect our business, results of operations and financial condition.

25. If we do not manage our new business ventures successfully, we may not be able to execute our growth strategy. We may also lose our investment in such new ventures which will adversely affect our financial results.

As part of our growth strategy, we anticipate launching new television channels, digital and mobile properties and publications, many of which could be in new segments or genres, such as radio. Each new business venture will involve substantial development costs and resources as well as the attention of our management. Moreover, we cannot assure you that we will have accurately estimated the relevant demand in India for the content and services offered by such new channels, digital and mobile properties and publications, or that we will be able to attain and retain the skills and resources necessary to effectively manage such new channels, digital and mobile properties and publications. In order to manage our new business ventures successfully, we must continuously improve our operational and financial systems, expand our network and system infrastructure, retain and hire qualified personnel, enhance the effectiveness of our financial controls and procedures and provide attractive and reliable products to consumers. If these new business segments fail to achieve our desired growth or generate sufficient revenue, our business, financial condition and results of operations may be materially and adversely affected.

26. Our businesses involve liability risks for television, digital and print content, which could result in significant costs.

We rely on editors, reporters and freelance journalists, as well as newswires, news agencies and other content providers, in our television, digital and print media businesses. We have established systems and protocols to help ensure that articles and news reports are duly vetted by editors before they are broadcasted, posted or published. However, any failure in our systems and protocols may lead to the broadcasting, posting or publishing of defamatory content or result in inaccurate reporting and may expose us and our employees to litigation for libel or defamation charges. In such situations, courts and regulatory authorities have the discretion to decide whether our news reports are based on incorrect or insufficient data or impose penalties based on content. An adverse decision by any such court or authority may adversely affect our business, financial results and reputation.

Although we regularly monitor our websites to remove objectionable content, due to the nature of the Internet and our role as a content aggregator in certain cases, it is not practical or cost-efficient to verify all content before it is uploaded to our websites. Any fraudulent postings may damage our reputation and make us vulnerable to legal claims such as defamation and invasion of privacy from the persons whose information is posted on our websites, which may negatively affect our business, financial condition and results of operations.

We also face the risk that the Government of India or members of Indian civil society in general will find the content of our television channels, websites and magazines objectionable or inappropriate and attempt to prevent such content from being aired, posted or published. Even if such content is allowed to be aired, posted or published, the Government of India may impose restrictions on its dissemination, which may adversely affect our business, financial condition and results of operations.

In addition, certain shows broadcast on our news and entertainment channels may negatively impact viewer perception regarding our channels. For instance, in July 2009, members of the Indian Parliament in the Lok Sabha raised objections to *Colors*' popular serial *Balika Vadhu* alleging that the show glorifies child marriage. Any negative publicity regarding our channels could result in reduced viewership, which would have a material adverse effect on our business, financial condition and results of operations.

27. Subscription revenues for our channels are affected by the under-reporting of analog cable television subscribers and our future revenue growth, to that extent, is dependent on the digitization of the Indian cable television market, which we cannot directly control.

Currently, we primarily deliver our television channels through an analog delivery mechanism consisting of multi-system operators and local cable operators that provide the "last mile" cable link to the homes of our subscribers, and through direct-to-home and internet protocol television service providers. The analog cable television market in India has historically been characterized by the under-reporting of subscribers by local

cable operators. Except for channels distributed in mandatory digital cable Conditional Access System areas by direct-to-home service providers or by cable operators using digital set-top boxes, subscription revenue for cable television pay channels is determined by negotiations with local cable operators. As a result, under-reporting of subscribers by local cable operators affects the subscription revenue from our channels. There is no assurance that this situation will change in the future and we may continue to be subjected to the under-reporting of subscribers by local cable operators, which would continue to adversely affect our revenues. Further, any dispute with multi-system operators or local cable operators that distribute our channels or inability to negotiate favorable terms with them through our recently formed aggregation alliance with the Sun Group, Sun18, or any other distribution arrangement could have an adverse effect on our market share, which may adversely affect our results of operations.

We believe that the digitization of the Indian television industry will help to reduce the under-reporting of subscribers by local cable operators and will enable us to further increase our subscription revenue. While the shift from analog cable services to digital cable services is mandatory in limited areas, there can be no assurance that the Indian digital cable television industry, including direct-to-home operators, will be able to successfully convert analog cable subscribers to digital cable. Additionally, television viewers in India are accustomed to receiving terrestrial broadcast television channels for free and analog cable transmission at a relatively low monthly price and may not be willing to pay higher prices for digital television services. If a significant proportion of analog cable subscribers do not convert to digital cable, our subscription revenues may not increase in line with our estimates, which may limit our future revenue growth.

28. We face significant competition. Any failure to compete effectively may have a material adverse effect on our business and operations.

We operate in highly competitive industries, and we expect that competition will continue to increase with the entry of new companies in these various industries. In addition, many of our competitors have access to considerable financial and technical resources with which they compete aggressively, including by funding future growth and expansion and investing in acquisitions and content programming.

Our news channels, *CNBC-TV18*, *CNBC Awaaz, CNN IBN, IBN7,* and *IBN Lokmat,* amongst other channels, primarily competes with *NDTV Profit*, *ET Now*, *Bloomberg UTV*, *Zee Business*, *Times Now, NDTV 24X7*. *IBN7*, *Aaj Tak*, *Star News*, *NDTV India*, *India TV*, *Zee News*, *Star Majha and Zee 24 Taas*. *Colors* and *History TV18* amongst other channels, primarily competes with *Star Plus*, *Zee TV, Sony Entertainment Television*, *Discovery*, and *Nat Geo*. Our film business, amongst other media platforms/ channels, primarily competes with UTV Motion Pictures, Eros and Reliance Big Pictures.

Our digital and e-commerce segment faces competition from other providers of both Internet-based and non-Internet based, traditional media companies offering services and products similar to those offered on our websites and other digital properties. Competition for visitors and online advertising revenue in India and overseas is likely to intensify due to low barriers to entry in the digital market. Homeshop18 faces competition from other television-based and online home shopping networks, including *Star CJ Alive* in the television business and *ebay.in*, *ebay.com*, *amazon.com, indiaplaza.in* and *flipkart.com* in the digital business. Our online ticketing service, *bookmyshow.com*, competes with other websites selling tickets to movies, plays, sporting events and other events, such as *kyazoonga.com* as well as web portals operated by cineplexes and theatres, such as pvrcinemas.com.

The publishing and print services business in India is highly fragmented and competitive. We expect that the competition will continue to increase due to the entry of new players and the consolidation of existing players. Our business directories face competition from companies offering similar services through the telephone and Internet, including Getit Infoservices Limited, Indiacom Limited and Just Dial Limited. Our special interest publications face competition from both domestic and international titles.

Our competitors may expend financial and other resources to improve their market share to compete more aggressively. Our inability to compete adequately may have a material adverse effect on our business prospects, financial condition and results of operations.

29. Increases in programming costs or the inability to obtain popular programming could adversely affect our operations, business or financial results.

Television programming costs represent a major component of our expenses, primarily due to the increasing cost of obtaining desirable programming, particularly movie rights and reality programming. Our television programming costs as a percentage of television revenues have increased in recent years and will continue to increase in the coming years and increases in television programming costs may outpace growth in television revenues. Furthermore, providers of desirable content may be unwilling to enter into distribution arrangements on acceptable terms with us and owners of non-broadcast television programming content may enter into exclusive distribution arrangements with our competitors. A failure to carry programming that is attractive to our subscribers could adversely impact our viewership and result in a decrease in our subscription and advertising revenues.

30. If we are unable to obtain the requisite approvals, licenses, registrations or permits to develop and operate our business or are unable to renew them in a timely manner, our business or results of operations may be adversely affected.

We require a number of approvals, licenses, registrations and permits for developing and operating our business. We have obtained a number of required approvals for our operations. However, certain approvals in relation to intellectual property rights including our logo "18," "Network18" under certain classes of the Trademark Act are currently pending. Further, in relation to the Scheme of Demerger, we have filed an application with the FIPB for amendment of earlier approval letter for inclusion of publishing business activity, and has also filed an application with the MIB for amendment and transfer of approval for publication of Indian editions of foreign magazines and transfer of Indian speciality magazines. For further details on such approvals pending, please see "***Government Approvals***" on page 278.

31. Our businesses are heavily regulated and changes in regulations or failure to obtain required regulatory approvals or comply with applicable legislations, could materially and adversely affect our business and our ability to operate.

We are subject to various regulatory requirements, which often restrict our ability to do business. The Uplinking Guidelines require companies to obtain licenses to uplink news channels from India, which gives the Government of India broad discretion to influence the conduct of our businesses. The Government of India has the right to modify, at any time, the terms and conditions of our licenses and take over our news channels or terminate or suspend our licenses in the interests of national security or in the event of a national emergency, war or similar situation. Further, in November 2005, the MIB formulated the Policy Guidelines for Downlinking of Television Channels, or the Downlinking Guidelines, which were amended by the notification dated December 5, 2011, for all channels downlinked, received or transmitted and re-transmitted in India for public viewing. No person or entity is permitted to downlink a channel which has not been registered with the MIB. The government may also impose certain penalties on us for failing to comply with these regulations, including the suspension, revocation or termination of a license. Under the terms of our license agreements with the MIB for setting up our teleports, the MIB may of terminate such a license with 30 days' notice in case of any breach by us of the terms of such licenses. Further, in case of such termination, we cannot, directly or indirectly, apply for such license in the future. Our business could suffer if there are adverse changes to the regulatory environment.

We are also currently subject to several data protection and privacy laws with respect to our digital business. As privacy and data protection become more sensitive issues in India, we may also become exposed to additional potential liabilities. For example, under the Information Technology Act, 2000, as amended, we are subject to civil liability for wrongful loss or gain arising from any negligence by us in the implementation and maintenance of reasonable security practices and procedures with respect to sensitive personal data or information on our computer systems, networks, databases and software. Further, MCIT has issued rules which require us to maintain adequate protection of sensitive personal data and information in relation to customer information and to implement reasonable security practices and procedures. The MCIT has also placed restrictions on certain types of content, such as information that is grossly harmful or infringes intellectual property rights, which would lead to civil and criminal liability in the event of non-compliance.

The print and publishing industry is also regulated by statutes and guidelines prescribed by the **GoI.** All newspaper and magazine titles published in India must be registered with the Registrar of Newspapers, India. Further, the government may warn, admonish or censure newspapers, news agencies, editors and journalists if it finds that a newspaper or a news agency has offended the standards of journalistic ethics or public taste or that an editor or a working journalist has committed any professional misconduct.

Pursuant to the Indian Cinematograph Act, 1952**,** Indian films must be certified by CBFC, which must consider factors such as the interest of sovereignty, integrity and security of India, friendly relations with foreign states, public order and morality. There can be no assurance that we will be able to obtain any of our desired certifications for each of our films in the future and we may have to modify the title, content, characters, storylines, themes or concepts of a given film in order to obtain such certifications or a desired certification that will facilitate distribution and exploitation of the film. Further, the Cinematograph Rules require a license to be obtained prior to storing any film, unless specifically exempted. In addition, we may require licenses or permits in relation to film shooting. Any such modification could reduce the appeal of any affected film to our target audience and reduce our revenues from that film, which could have a material adverse effect on our business, prospects, financial condition and results of operations.

Further, certain Indian laws regulate the dissemination and publication of various categories of information, and prescribe consequences for non-compliance including in relation to the advertisements aired on our television channels and published in our magazines.

The failure to maintain necessary licenses, approvals and permits and the introduction of new laws or regulations pertaining to licensing requirements, access requirements, programming transmission, uplinking and downlinking requirements, spectrum specifications, content restrictions and consumer protection might further restrict our ability to operate and increase our reporting requirements, which may adversely affect our results of operations.

32. We are exposed to risks normally associated with e-commerce businesses, including online security breaches, credit card fraud and supply chain disruptions. Any security breach or delay or disruptions in completion of orders of our customers could materially affect our business.

Our customers use credit and debit cards to pay for goods and services on our websites and therefore the secure transmission of confidential information over the Internet is essential in maintaining customer and supplier confidence in our digital and e-commerce businesses. Security breaches, whether instigated internally or externally on our system or other Internet-based systems, could significantly harm our business. We rely on licensed encryption and authentication technology to effect secure transmission of confidential customer information, including credit card numbers, over the Internet. We also rely on IVR, solutions which provide fast authorization for major credit and debit cards over telephone lines. However, advances in technology or other developments could result in a compromise or breach of the technology that we use to protect customer and transaction data. Identity theft and fraud using stolen credit card numbers or identities could result in losses to our e-commerce businesses. While we incur substantial expense to protect against and remedy such security breaches and their consequences, our security measures may not prevent security breaches and we may incur additional costs addressing these potential exposures.

We rely on certain third party distributors to deliver goods from the manufacturers to us and to transport completed orders to our customers. If we are not able to negotiate acceptable terms with these distributors or if these distributors experience performance problems or other difficulties, it could negatively impact our operating results and customer experience. In addition, our distributors' ability to receive inbound goods efficiently and ship completed orders to customers also may be negatively affected by inclement weather, fires, floods, power losses, earthquakes, labor disputes, acts of war or terrorism, acts of God and similar factors. Further, if orders received by customers are damaged or not of the quality promised, our reputation will be negatively affected.

33. Our processing, storage, use and disclosure of personal information of our customers or visitors to our websites could give rise to liabilities as a result of governmental regulation, conflicting legal requirements, differing views of personal privacy rights or data security breaches.

In processing customer transactions and registering users on our websites, we receive and store a large volume of customer information. Such customer information is increasingly subject to legislation and regulations in various jurisdictions and governments are increasingly acting to protect the privacy and security of personal information that is collected, processed and transmitted in or from the governing jurisdiction. We could be adversely affected if legislation or regulations are expanded or amended to require changes in our business practices or if governing jurisdictions interpret or implement their legislation or regulations in ways that negatively affect our business, financial condition and results of operations. As privacy and data protection become more sensitive issues in India, we may also become exposed to potential liabilities. For example, under the Information Technology Act, 2000, as amended, and rules made thereunder, we are subject to civil liability

for wrongful loss or gain arising from any negligence attributable to us in implementing and maintaining reasonable security practices and procedures with respect to sensitive personal data or information on our computer systems, networks, databases and software.

We cannot guarantee that our security measures will prevent data breaches. Companies that handle customer information have been subject to investigations, lawsuits and adverse publicity due to alleged improper disclosure of personally identifiable information. Security breaches could damage our reputation, cause interruptions in our operations, expose us to a risk of loss or litigation and possible liability, and could also cause customers and potential customers to lose confidence in the security of our transactions, which would have a negative effect on the demand for our services and products. Moreover, public perception concerning security and privacy on the Internet could adversely affect customers' willingness to use our websites. A publicized breach of security in India, even if it only affects other companies conducting business over the Internet, could inhibit the growth of the Internet as a means of conducting commercial transactions, and, therefore, the prospects of our business.

These and other privacy and security developments that are difficult to anticipate could adversely affect our business, financial condition and results of operations.

34. We are dependent on production and broadcast equipment, communications equipment, satellites for our broadcasting business and information technology for our digital and e-commerce segment. Any technological failures could adversely affect our business.

We rely on sophisticated production and broadcast equipment, communications equipment and other information technology to conduct our news and entertainment broadcasting business. We also use online and automatic backup equipment to ensure continuous broadcasting of our television channels.

Although we have backup equipment to protect us in case our primary broadcasting systems fail, if we were to experience significant damage to our primary and backup equipment or other technological breakdowns to equipment or systems, it could disrupt our ability to produce or broadcast our programming. Further, we uplink our broadcasts mainly through 1 satellite, Intelsat 10 and one channel through INSAT 4A. If either or both of these satellites ceases to be available to us for any reason (including signal blockage by any third party), we would have to secure access to an alternative satellite, and we cannot assure you that such access would be available on equally favorable terms or at all or the time frame within which such access would be available. Further, if we move to an alternative satellite, each cable or direct-to-home operator that receives our signal for distribution will need to make arrangements for downlinking from this alternative satellite. Though we do maintain insurance, inadequacy of such insurance for our assets and loss of profits, any equipment or technological failure or damage that results in a disruption of our programs could have a material adverse effect on our business, financial condition and results of operations.

Our digital and e-commerce segment is dependent on information technology for our operations. Our ability to collect, process and disseminate data using the Internet in a secure and efficient manner is dependent on our technology systems. Technical failure of our hardware or software, breakdowns in the services on which our websites are hosted, changes in our technical systems, difficulties in linkages with third party systems, any corruption or loss of our electronically stored data, presence of computer viruses or disruption in Internet infrastructure or Internet access or in the Internet generally could lead to interruptions in the functioning of our websites and could result in corruption of our data or security breaches. In addition, our digital and mobile properties are distributed globally through content delivery network providers and any disruption in their services could lead to further disruptions to the distribution of our digital and mobile properties. Our delivery model also includes delivery through mobile telephony. Disruptions in telecommunications and in the functioning of such network service providers for this aspect of our business could lead to client dissatisfaction. We are not insured against such losses. Also, our websites are hosted with a service provider with provisions for electronic back-ups and any breakdown at the service provider's level would interrupt our website-based services for indeterminate periods of time, which could create customer dissatisfaction and damage our reputation.

35. Technological developments may increase the threat of content piracy and limit our ability to protect or continue to use our intellectual property rights.

We seek to limit the threat of content piracy. However, policing unauthorized use of our products and services and related intellectual property is often difficult and the steps we have taken may not prevent the infringement

by unauthorized third parties. Technological developments, including digital copying, file compressing and the growing penetration of high-bandwidth Internet connections, increase the threat of content piracy by making it easier to duplicate and widely distribute pirated material. We have taken, and will continue to take, a variety of actions to combat piracy, both individually and, in some instances, together with industry associations. There can be no assurance that our efforts to enforce our rights and protect our products, services and intellectual property will be successful in preventing content piracy. Content piracy presents a threat to our revenue from products and services, including, but not limited to, television channels, digital and mobile properties, films and magazines, and if we fail to prevent content piracy, our businesses may be adversely affected.

36. We could be held liable to third parties for the products purchased or received from Homeshop18.

We could be subject to product liability claims if any of the products sold or offered on our Homeshop18 television channel and website are defective, fail to perform as expected or injure a customer. Although our agreements with manufacturers and distributors whose products are displayed on our Homeshop18 television channel and website typically contain provisions stating that any liability for such claims lies solely with such manufacturers and distributors, those provisions may not be sufficient to limit all of our potential liability. Product warranties are the responsibility of those who sell products on our Homeshop18 television channel and website, but our reputation could be adversely affected if a user is not satisfied with a purchase. Liability claims could require us to spend a considerable amount of resources, time and money in litigation and to pay significant damages. Poor service and defective products provided by manufacturers and distributors could damage our reputation and brand names, disrupt our ongoing business, distract our management and employees, reduce our revenues and increase our expenses, any of which could materially and adversely impact HomeShop18.

37. We may be liable for the information posted on our financial websites.

Although we do not provide investment advice and the majority of the information we post on our financial websites is sourced from third parties, we could be subject to liability claims or regulatory action if the information results in any violation of applicable securities laws or regulations or is inaccurate or misleading.

38. Our statutory auditors had qualified their reports on our financial statements for the Financial Year 2010-11.

Our statutory auditors had qualified their examination reports on our financial statements for the Financial Year 2010-11. Brief details of the area of qualifications are set forth below.

"a. Note 13(a) of Schedule 15 to the financial statements regarding payment of remuneration to the Managing Director in excess of the limits prescribed under Schedule XIII of the Companies Act,1956. The Central Government has partially approved the Company's application for payment of the remuneration and the Company has filed an application for reconsideration of the matter.

b. Notes 7(e), 7(f) and 8 of Schedule 15 to the financial statements regarding the non provision for other than temporary impairment in the value of Investments of Rs. 2,612.36 millions and non recoverability of advances of Rs 1276 million. We are unable to comment on the adjustments and impact, if any, on the financial statements in respect of the above matters."

Such qualifications may make our financial statements less reliable than they would be, had we previously addressed the concerns raised by our statutory auditors in a satisfactory manner. For details see "***Financial Statements"*** on page 71.

39. We do not own our registered office and other premises from which we operate.

We do not own the premises on which our registered office and our other premises. We operate from leased premises. The lease for our registered office expires on March 19, 2013. If any of the owners of these premises do not renew the agreements under which we occupy the premises or renew such agreements on terms and conditions unfavourable to us, we may suffer a disruption in our operations.

40. Grants of stock options under our employee stock option plans will result in a charge to our profit and loss account and our results of operations will be negatively affected to that extent.

We have an employee stock option plan, under which eligible employees and our Directors can participate. As on February 28, 2012, 771,644 options are outstanding under the ESOP 2007. As on February 28, 2012, 742,307

options are outstanding under the earlier ESOP schemes. As on December 31, 2011, 771,644 options were outstanding under the ESOP 2007. Further, as of December 31, 2011, 742,307 options were outstanding under the earlier ESOP schemes. Under Indian GAAP, the grant of stock options will result in a charge to our profit and loss account during the vesting period based on the difference between the fair value of shares determined at the date of grant and the exercise price.

41. Acquisitions and investments could result in operating difficulties, dilution and other harmful consequences that may adversely impact our business and results of operations.

We intend to evaluate potential acquisitions of companies that operate in the media and entertainment industry, whose resources, capabilities and strategic plans are complementary to our business operations. These transactions could be material to our financial condition and results of operations. We also expect to continue to evaluate and enter into discussions regarding a wide array of potential strategic transactions. The process of integrating an acquired company, business or technology has created, and will continue to create, unforeseen operating difficulties and expenditures. The areas where we face risks include:

- diversion of management time and focus from operating our business to acquisition integration challenges;
- implementation or remediation of controls, procedures, and policies at the acquired company;
- integration of the acquired company's accounting, human resources and other administrative systems, and coordination of product, engineering, sales and marketing functions;
- transition of operations, users and customers onto our existing platforms;
- cultural challenges associated with integrating employees from the acquired company into our organization, and retention of employees from the businesses we acquire;
- liability for activities of the acquired company before the acquisition, including patent and trademark infringement claims, violations of laws, commercial disputes, tax liabilities and other known and unknown liabilities;
- litigation or other claims in connection with the acquired company, including claims from terminated employees, customers, former stockholders or other third parties;
- failure to successfully further develop any acquired technology; and
- failure to obtain required approvals from governmental authorities on a timely basis, if it all, which could, among other things, delay or prevent us from completing a transaction, or otherwise restrict our ability to realize the expected financial or strategic goals of an acquisition.

Our failure to address these risks or other problems encountered in connection with our past or future acquisitions and investments could cause us to incur unanticipated liabilities and harm our business and results of operations. The anticipated benefit of many of our acquisitions may not materialize or we may acquire a business that is unsuitable for our current operations. Further, if we acquire a start-up company, we may endure an extended period of losses before we reach profitability.

Future acquisitions could also result in dilutive issuances of our equity securities, the incurrence of debt, contingent liabilities, amortization expenses or write-offs of goodwill, any of which could harm our financial condition.

42. The seasonal nature of advertisement trends and the occurrence of non-annual events may cause our income from operations to fluctuate significantly each quarter.

Advertisement trends are seasonal in nature based on overall economic conditions and buying patterns. For instance, our advertising sales are generally higher in the second half of our Financial Year because of the higher level of advertising during the holiday season and during announcements of the Union budget in India. Our advertising sales are also affected by independent or recurring non-annual events, such as the ICC Cricket World Cup and Indian Parliamentary elections. These factors may cause our income from operations to vary substantially by quarter, which will result in significant fluctuations in our quarterly results.

43. Our business and results of operations could be adversely affected by global economic conditions.

Consumer spending on discretionary items and general entertainment generally decline during recessionary periods and other periods in which disposable income is adversely affected. As a substantial portion of media and entertainment expenditure is discretionary, the industry tends to experience weak or reduced demand during economic downturns.

In the second half of calendar year 2011, there was a rapid deterioration of global economic conditions, including economic conditions in India, which impacted our business. The recovery of the global economic condition remains uncertain and there is no assurance of recovery of the media and entertainment industry.

Recently, the global economy has faced volatility in the financial markets, concerns about the S&P's downgrade of the United States' credit rating, the European debt crisis and fears of a new recession in Europe and United States', which together could negatively impact our business. The global macroeconomic downturn and economic uncertainty may negatively impact both corporate and consumer spending patterns and demand for our television channels and programs, digital and mobile properties, publications and other services and products.

As a media and entertainment company, a significant portion of our revenue is affected by the rates we can charge advertisers and the size of our subscription base. During periods of poor economic conditions, companies tend to reduce their advertising spending, thereby reducing our advertising-based revenue. A slowdown in economic conditions may also result in a decrease in subscriptions to our television channels, which will adversely affect our subscription revenue. It is difficult to predict the effects of the current global economic uncertainty, but if economic conditions worsen globally or in India, our growth plans, business, financial condition and results of operations could be adversely impacted.

44. Our historical growth rates may not continue into the future.

From Financial Year 2008-09 to Financial Year 2010-11, our revenues experienced a compounded annual growth rate of over 28%, which reflects our entry into new media and entertainment segments and genres, such as entertainment television and e-commerce. We anticipate growing our business by launching new television channels, digital and mobile properties and publications, many of which could be in new segments or genres, such as radio. However, if we fail to do so, we may not sustain our historical growth rates into the future. We cannot assure you that we will be successful in penetrating new segments or genres in a manner that achieves rapid revenue growth, or at all.

Given our leadership role in, and the increasing maturity of, the Indian media and entertainment industry, our revenue growth may slow in the future as it tracks more closely, and is constrained by, overall media and entertainment industry growth rates. If we are unable to maintain adequate revenue growth, we may not have sufficient resources to execute our business objectives and the market price of our Equity Shares may decline.

45. We engage in foreign currency transactions, which expose us to fluctuations in foreign exchange rates. Any depreciation to Rupee against foreign currencies may have an adverse effect on our results of operations.

From time to time we sell advertising time to foreign advertisers, the payment terms to which are denominated in US dollars. To the extent the Rupee appreciates against the US dollars, we will receive less Rupees when we convert the US dollar payments to Rupees.

Our minimum royalty payable to CNN is calculated in US dollars and payable in US dollars. Royalty liabilities are calculated quarterly. If the royalty payable is the minimum payable, the amount payable in US dollars is converted on our statement of assets and liabilities into Rupees at the prevailing exchange rate. We are exposed to the risk of the Rupee depreciating against the US dollar between the balance sheet date and the date of payment. In addition, there is one time fixed royalty payable to CNN after three years from date of the agreement, which became payable beginning in 2009. We have recorded the amounts due for the fixed payments as at each balance sheet date based on the prevailing exchange rate. To the extent that the Rupee depreciates/ appreciates against the US dollar compared with the prevailing exchange rate at each balance sheet date, we will need to restate the liability to reflect the change. To the extent that the Rupee depreciates/ appreciates against the US dollar compared with the prevailing exchange rate at each balance sheet date, we will need to restate the liability to reflect the change.

46. Our success depends substantially on our senior management and other skilled personnel, and we may be adversely affected if we lose their services and fail to find equally skilled replacements.

Our success depends largely on the efforts, expertise and abilities of our senior management, as well as other skilled personnel, including creative and programming personnel. Our senior management, some of whom have been with us since our inception, are especially important to our business because of their experience and

knowledge of the media industry both in India and internationally. In particular, our success depends upon the continued efforts of our Managing Director, Mr. Raghav Bahl, who has over 24 years of experience in the media and entertainment industries. Further, our employment agreements with these key personnel do not obligate them to work for us for any specified period, and do not contain non-compete or non-solicitation clauses in the event of termination of employment. If one or more of our key personnel are unwilling or unable to continue in their present positions, we may not be able to replace them with persons of comparable skill and expertise promptly or at all, which could have a material adverse effect on our business, operations and financial results. We do not maintain key-man insurance for any of our key personnel.

The labor market for skilled employees is extremely competitive, and the process of hiring employees with the necessary skills is time consuming and requires the diversion of significant resources. We may not be able to retain existing personnel or identify, hire and successfully integrate additional qualified personnel in the future. The loss of the services of key personnel or the inability to attract additional or replacement qualified personnel, could impair the growth of our business.

47. Increases in carriage and placement costs could adversely affect our operations, business and financial results.

Historically, television networks in India have paid substantial carriage fees to obtain the right to air a channel on a distribution network, and additional placement fees paid based on the channel's band frequency placement, to multi-system operators and local cable operators to ensure proper distribution of their channels. With limited bandwidth available to cable operators, these fees have sharply increased over the past two to three years. The number of new channels is growing and therefore carriage and placement fees may continue to increase. If carriage and placement fees continue to increase, this could adversely affect our operations, business and financial results.

48. We face competition for talent, which may increase our compensation costs.

We expect that our marketing and human resources costs may increase on account of competition for talent. Our success depends in part on our ability to attract and retain popular artists and journalists who have strong viewership ratings and devoted fan followings. However, due to intense competition for artistic talent among television channels, the compensation paid to such artists has increased in recent years, with no assurance that such compensation will translate into higher ratings or revenues in a sustainable manner or at all. Further, our competitors may expend greater financial and other resources to attract talent and improve their market share. Our inability to adequately compete may have a material adverse effect on our business prospects, financial condition and results of operations.

49. Employees of our Subsidiary, Infomedia18 are represented by labor unions and thus we may be subject to industrial unrest, strikes, slowdowns and increased wage costs.

The employees of our Subsidiary, Infomedia18, which is in the print and publishing business are members of labour unions. While none of our other employees are currently members of labour unions, there can be no assurance that they will not unionize in the future. India has stringent labor legislation that protects the interests of workers, including legislation that sets forth detailed procedures for the establishment of unions, dispute resolution and employee removal. India also has legislation that imposes certain financial obligations on employers upon termination of employment. We cannot guarantee that we will not experience any strikes, work stoppages or other industrial unrest, resulting from disputes with our employees. Any such industrial unrest, resulting from disputes with our employees, may adversely affect our business revenues, financial condition and results of operations.

50. We have entered into, and expect to continue to enter into, related party transactions.

We have entered into transactions with related parties that include our principal shareholders and entities affiliated with our principal shareholders. While we believe that all such transactions have been conducted on an arm's length basis, there can be no assurance that we could not have achieved more favorable terms had such transactions been entered into with un-related parties. Furthermore, it is likely that we may enter into related party transactions in the future. There can be no assurance that such transactions, individually or in the aggregate, will not have an adverse effect on our financial condition and results of operations. For details see "***Financial Statements***" on page 71.

51. Revenues in our niche businesses could be affected by new entrants, increases in competition and the impact of new technologies.

We have limited experience or expertise in our niche businesses, such as event management and sports marketing. Many of our competitors in these businesses have longer operating histories and may have significantly greater financial resources than we do. Our inexperience in these businesses exposes us to the risk of being unable to compete effectively with our competitors who are more established. Further, certain of these businesses have low barriers to entry and thus we are exposed to increased competition due to new entrants in these business segments. The impact of new technologies could substantially increase our competition and/or our costs, which in turn could reduce our revenues. No assurance can be given that we will be able to anticipate and implement measures in a timely manner so as to improve our market position and generate significant revenues in these businesses.

52. We rely on third party providers of rich media products to provide rich media content to our users, and any change in the licensing terms, costs, availability or user acceptance of these products could adversely affect our business.

We rely on providers of streaming media products to license the software necessary to deliver rich media content, which may include any combination of text, images, audio, video and animation, to our users. There can be no assurance that these providers will continue to license these products to us on reasonable terms, or at all. We also may not have the right, or be able to secure the right, to distribute content we license from others digitally or across new delivery platforms or devices that are developed. Our users are currently able to electronically download copies of the software to play rich media free of charge, but providers of rich media products may begin charging users for such software or change their software which may in turn adversely affect the acceptance of these products. For our rich media services to be successful, there must be sufficient demand for rich media products. We have limited or no control over the availability or acceptance of rich media software, and to the extent that any of these circumstances occur, our business may be adversely affected.

53. Our financial statements could be materially affected if actual results differ significantly from our management's estimates and judgments.

The preparation of our financial statements requires us to make estimates and judgments that affect the reported amounts of our assets, liabilities, revenues and expenses, and related disclosure of our contingent assets and liabilities. We continually evaluate these estimates and judgment based on our own historical experience, knowledge and assessment of current business and other conditions, our expectations regarding the future based on available information, and reasonable assumptions, which together form our basis for making judgments about matters that are not readily apparent from other sources. If actual results differ significantly from our management's estimates and judgments, there could be a material effect on our financial statements and we may be required to make adjustments in future financial statements.

54. Our indebtedness and the conditions and restrictions imposed on us by our financing agreements, or the interest rate fluctuations to which we are exposed, could adversely affect our ability to conduct our business.

As of September 30, 2011, we had consolidated outstanding indebtedness of ₹ 19,820.85 million. We may incur additional indebtedness in the future. Our indebtedness could have several important consequences, including but not limited to the following:

- a portion of our cash flow may be used toward repayment of our existing debt, which would reduce the availability of cash to fund working capital needs, capital expenditures, acquisitions and other general corporate requirements;
- our ability to obtain additional financing in the future at reasonable terms may be restricted;
- fluctuations in market interest rates may affect the cost of our borrowings, as some of our loans are at variable interest rates; and
- we may be more vulnerable to economic downturns, may be limited in our ability to withstand competitive pressures and may have reduced flexibility in responding to changing business, regulatory and economic conditions.

Most of our financing arrangements are secured by our current assets and a pledge of shares held by us. While we believe that our relationships with our lenders are good**,** compliance with the various terms of our loans is

subject to interpretation and, as a result, it is possible that a lender could assert that we have not complied with all the terms under our financing documents. Additionally, we have given guarantees to our subsidiaries. Our loan agreements contain requirements to maintain certain security margins, financial ratios and restrictive covenants, such as requiring lender consent for, among other things, issuance of new Equity Shares, making any material changes to our constitutional documents, incurring further indebtedness, creating further encumbrances on, or disposing of, our assets, undertaking guarantee obligations, acquiring another company, entering into joint ventures, declaring dividends and incurring capital expenditures beyond certain limits. Further, some of our lenders may convert all or part of the outstanding indebtedness into equity shares of the borrowing entity upon the occurrence of certain events, such as an event of default. Any failure to service our indebtedness, comply with any requirement to obtain a consent or perform any condition or covenant could lead to a termination of one or more of our credit facilities, acceleration of amounts due under such facilities and cross-defaults under certain of our other financing agreements, any of which may adversely affect our ability to conduct our business and have a material adverse effect on our financial condition and results of operations.

Further, an increase in prevailing interest rates would increase borrowing costs with respect to existing floating rate obligations or new loans, which may adversely affect results of operations.

55. Restrictions on foreign investment in our Company limits our ability to raise capital outside of India.

Foreign investment in the Indian broadcasting industry, especially the business and general news genres in which we operate through TV18, is subject to significant government regulation. For instance, the largest Indian shareholder is required to hold 51% of the total equity of TV18 in accordance with the Uplinking Guidelines, dated December 5, 2011, and the Consolidated FDI Policy of the Government of India. As a result, the aggregate foreign investment in our company cannot exceed 49% of our total paid up equity capital.

Further, pursuant to the Consolidated FDI Policy of the Government of India, foreign investment in companies operating news and current affairs channels, including our subsidiary, TV18, is permitted up to only 26% with prior approval from the Foreign Investment Promotion Board of the Government of India.

These regulations limit our ability to seek and obtain additional equity investments from foreign investors, which may adversely affect our ability to raise capital, ascertain the value of our listed equity shares and expand our business.

56. We conduct business activities with countries that are subject to sanctions administered or enforced by the U.S. Department of Treasury's Office of Foreign Assets Control ("OFAC"). Our business activities with these countries ('OFAC Countries") may subject us to business and reputational harm and adversely affect our ability to raise money in international capital markets.

One of our joint ventures, Viacom18, licenses the distribution of the programming channel "Colors" to a third party, which can make the channel "Colors" available in a number of countries, including Iran, Syria, and Sudan, which are OFAC Countries. One of our affiliates has licensed the distribution of theatrical releases to a party in Iran as well as parties in India for distribution in Iran. The OFAC sanctions apply to certain transactions from the United States or activities by a U.S. Person. For purposes of interpreting the sanctions, a "U.S. Person" means any US citizen, any US permanent resident alien, any entity organized under the laws of the United States, or any person in the United States. We are not a U.S. Person for purposes of the OFAC sanctions, and are not subject to the sanctions with respect to our activities outside of the United States. In addition, we believe that transactions relating to the provision of television programming and theatrical releases to OFAC Countries are exempt transactions under the OFAC sanctions. Nevertheless, we cannot assure you that OFAC would agree with our belief. If the OFAC sanctions were to expand further either in severity or in terms of the range of countries applying them, it could have an adverse impact on our ability to conduct business in or with any of these countries. In addition, as a result of our business activities with OFAC Countries, we may be subject to negative media or investor attention, which may distract management, consume internal resources and affect certain international investors' perceptions about us. Also due to our business activities in OFAC countries there may be reluctance on the part of some entities to conduct business with us. In addition, if we were to increase our business in or with any OFAC Country, particularly relative to our total business, this could have a negative impact on our ability to raise money in international capital markets and on the international marketability of our securities.

EXTERNAL RISK FACTORS

57. Political instability or changes in the Government could adversely affect economic conditions in India and consequently, our business.

The Government has traditionally exercised and continues to exercise a significant influence over many aspects of the economy. Since 1991, successive governments have pursued policies of economic and financial sector liberalisation and deregulation and encouraged infrastructure projects. The new Government, which came to power in May 2009, is headed by the Indian National Congress and is a coalition of several political parties. Although the previous Governments had announced policies and taken initiatives that supported the economic liberalisation programme pursued by previous governments, the policies of the subsequent Governments may change the pace of economic liberalisation.

Changes in exchange rates and controls, interest rates, Government policies, taxation, social and ethnic instability and other political and economic developments in and affecting India may have an adverse effect on our results of operations.

India has a mixed economy with a large public sector and an extensively regulated private sector. The role of the Government of India and that of the state governments in the Indian economy and their effect on producers, consumers, service providers and regulators has remained significant over the years. Both state and central governments have, in the past, among other things, imposed controls on the prices of a broad range of goods and services, restricted the ability of businesses to expand existing capacity and reduce the number of their employees and determined the allocation to businesses of raw materials and foreign exchange. Since 1991, successive Governments have pursued policies of economic liberalisation, including significantly relaxing restrictions in the private sector. Nevertheless, the role of the Government of India and state governments in the Indian economy as producers, consumers and regulators has remained significant. The current coalition-led Government came into power in May 2009. There can be no assurance that the Government's past liberalisation policies or political stability will continue in the future. Elimination or substantial change of such policies or the introduction of policies that negatively affect the media and entertainment industries could have an adverse effect on our business. Any significant change in India's economic liberalisation and deregulation policies could disrupt business and economic conditions in India generally and our business in particular.

58. An active market for our Equity Shares may not be sustained, which may cause the price of our Equity Shares to fall.

While our Equity Shares are traded on the Stock Exchanges, there can be no assurance regarding the continuity of the existing active or liquid market for our Equity Shares, the ability of investors to sell their Equity Shares or the prices at which investors may be able to sell their Equity Shares. In addition, more recently the Indian markets have been subject to disruptions that have caused volatility in the prices of securities similar to our Equity Shares. There can be no assurance that the market for the Equity Shares offered hereunder will not be subject to similar disruption. Any disruption in these markets may have an adverse effect on the market price of our Equity Shares.

59. Any downgrading of India's sovereign debt rating or a decline in India's foreign exchange reserves may adversely affect our ability to raise additional debt financing.

Any adverse revisions by international rating agencies to the credit ratings of the Indian national government's sovereign domestic and international debt may adversely affect our ability to raise additional financing by resulting in a change in the interest rates and other commercial terms at which we may obtain additional financing. This could have a material adverse effect on our capital expenditure plans, business and financial performance. A downgrading of the Indian national government's debt rating may occur, for example, upon a change of government tax or fiscal policy outside our control.

60. Currency exchange rate fluctuations may affect the value of the Equity Shares.

The exchange rate between the Indian Rupee and other foreign currencies, including the U.S. Dollar, the British Pound, the Euro, the Hong Kong Dollar, the Singapore Dollar and the Japanese Yen, has changed substantially in recent years and may fluctuate substantially in the future. Fluctuations in the exchange rate between the foreign currencies with which an investor may have purchased Indian Rupees may affect the value of the investment in our Equity Shares. Specifically, if there is a change in relative value of the Indian Rupee to a

foreign currency, each of the following values will also be affected:

- the foreign currency equivalent of the Indian Rupee trading price of our Equity Shares in India;
- the foreign currency equivalent of the proceeds that you would receive upon the sale in India of any of our Equity Shares; and
- the foreign currency equivalent of cash dividends, if any, on our Equity Shares, which will be paid only in Indian Rupees.

61. Terrorist attacks, communal disturbances, civil unrest and other acts of violence or war involving India and other countries may adversely affect the financial markets and our business.

Terrorist attacks and other acts of violence or war may adversely affect the Indian financial markets, on which our Equity Shares are listed and traded, and may also adversely affect the worldwide financial markets. These acts may also result in a loss of business confidence, and adversely affect our business. In addition, any deterioration in relations between India and its neighbouring countries might result in investor concern about stability in the region, which may adversely affect the price of our Equity Shares.

India has also witnessed civil unrest, including communal disturbances, in recent years and future civil unrest, as well as other adverse social, economic and political events in India, may have a negative impact on our business and results of operations. Such incidents may also create a greater perception that investment in Indian companies involves a higher degree of risk and may have an adverse impact on our business and the price of our Equity Shares.

62. Future issues or sales of our Equity Shares may significantly affect the trading price of our Equity Shares and dilute your shareholding.

A future issue of Equity Shares by us or the disposal of Equity Shares by any of our significant shareholders, or the perception that such issues or sales will occur, may significantly affect the trading price of our Equity Shares. In addition, we have adopted certain ESOPs for our employees, pursuant to which we have allocated options to certain of our employees for our Equity Shares. You will experience dilution upon the issue and allotment of additional Equity Shares upon the conversion of these instruments. There are no restrictions on our ability to issue further Equity Shares, including any securities to the Promoters, other than (i) the agreements to be entered into by certain of our shareholders to not offer, pledge, sell, contract to sell, purchase any option or contract to sell, grant or sell any option, right, contract or warrant to purchase, lend, make any short sale or otherwise transfer or dispose of any Equity Shares for a certain period of time as a result of this Issue, or (ii) any regulatory consent that may be required under applicable law, and there can be no assurance that we will not issue further Equity Shares in the future. The issue or sale of a large number of our Equity Shares by us or any of our significant shareholders, or the perception that such issues or sales may occur, could adversely affect the market price of our Equity Shares.

Any future equity issuances by us, including a primary offering, may lead to the dilution of investors' shareholdings in us. Any future equity issuances by us, or sales of our Equity Shares by our Promoters and Promoter Group or other major shareholders, may adversely affect the trading price of our Equity Shares, which may lead to other adverse consequences for us, including difficulty in raising debt. In addition, any perception by investors that such issuances or sales might occur may also affect the trading price of our Equity Shares.

63. If the rate of price inflation in India increases, our business and results of operations may be adversely affected.

In the recent past, due to the global economic downturn, India has experienced fluctuating wholesale price inflation, as compared to historical levels. However, in recent months, India has experience high rates of inflation. An increase in inflation in India could cause a rise in the price of raw materials and wages, or any other expenses that we incur. If this trend continues, we may be unable to accurately estimate or control our costs of production and this could have an adverse effect on our business and results of operations.

64. Our ability to pay dividends in the future will depend upon our future earnings, financial condition, cash flows, working capital requirements, capital expenditures and restrictive covenants in our financing arrangements.

Our future ability to pay dividends will depend on the earnings, financial condition and our capital requirements. Dividends distributed by us will attract dividend distribution tax at rates applicable from time to time. We cannot assure you that we will generate sufficient income to cover our operating expenses and pay dividends to our shareholders, or at all. Our ability to pay dividends could also be restricted under certain financing arrangements that we may enter into. In addition, dividends that we have paid in the past may not be reflective of the dividends that we may pay in a future period. We may be unable to pay dividends in the near or medium term, and our future dividend policy will depend on our capital requirements, financing arrangements, results of operations and financial condition.

PROMINENT NOTES

1. Issue of [●] Equity Shares at a premium of ₹ [●] per Equity Share for cash not exceeding ₹ 27,000 million on a rights basis to the existing Equity Shareholders in the ratio of [●] Equity Share(s) for every [●] fully paid-up Equity Share(s) held by the existing Equity Shareholders on the Record Date. The Issue price is [●] times the face value of the Equity Shares.

2. As on March 31, 2011, our networth on a consolidated basis was ₹ 8,767.76 million (excluding revaluation reserves), and on standalone basis was ₹ 9,017.13 million (excluding revaluation reserves) as described in the chapter "***Financial Statements***" on page 71.

3. For details of our transactions with related parties for the Financial Year 2010-11, the nature of transactions and the cumulative value of transactions, please refer to the chapter ***"Financial Statements"*** on page 71.

4. There has been no financing arrangement whereby the Promoters and Promoter Group, the Directors and their relatives have financed the purchase by any other person of our securities other than in the normal course of business of the financing activity during the period of six months immediately preceding the date of filing of this Draft Letter of Offer with SEBI.

SECTION III – INTRODUCTION

THE ISSUE

*The following is a summary of the Issue. This summary should be read in conjunction with, and is qualified in its entirety by, more detailed information in the chapter "**Terms of the Issue**" on page 289.*

Equity Shares offered in this Issue	[●] Equity Shares
Rights Entitlement	[●] Equity Share(s) for every [●] fully paid-up Equity Share(s) held on the Record Date.
Record Date	[●]
Face Value per Equity Share	₹ 5
Issue Price per Equity Share	₹ [●]
Equity Shares outstanding prior to the Issue	142,879,916* Equity Shares
Equity Shares outstanding after the Issue (assuming full subscription and Allotment of the Rights Entitlement)	[●] Equity Shares
Terms of the Issue	For more information, please refer to the chapter "***Terms of the Issue***" on page 289.
Use of Issue Proceeds	For further information, please refer to the chapter "***Objects of the Issue***" on page 26.

Terms of Payment

Due Date	Amount
On the Issue application (i.e. alongwith the CAF)	₹ [●], which constitutes 100% of the Issue Price payable

***Note on outstanding convertible instruments / options**

Employee Stock Options

As on February 28, 2012, 3,962,736 options have been granted, 3,138,750 options have been exercised, 52,342 options have been lapsed and 771,644 options are outstanding under the ESOP 2007. As on February 28, 2012, 742,307 options are outstanding under the earlier ESOP schemes. As on December 31, 2011, 3,962,736 options have been granted, 3,138,750 options have been exercised, 52,342 options have lapsed and 771,644 options were outstanding under the ESOP 2007. Further, as on December 31, 2011, 742,307 options were outstanding under the earlier ESOP schemes.

Scheme of Demerger

Upon the Scheme of Demerger becoming effective, we shall issue and allot, subject to rounding off, 7,027,184 Equity Shares in the ratio of 14:100 i.e. 14 fully paid-up Equity Shares of ₹ 5 each for every 100 fully paid equity shares of ₹ 10 each of Infomedia18 Limited. This Scheme of Demerger was approved by the Delhi High Court on November 22, 2011, but is yet to be made effective pending FIPB and MIB approval for the issue and allotment of Equity Shares to the shareholders of Infomedia18 and transfer of publishing business, respectively. The Company has made the necessary applications to the FIPB and MIB seeking approval for the same. For details, see "***Business – Scheme of Demerger***" on page 50.

Secured Optionally Fully Convertible Debentures ("SOFCDs")

As February 28, 2012, we have 18,691,585 SOFCDs outstanding. These SOFCDs were issued and alloted at a price of ₹160.50 per SOFCD on June 15, 2011 and are convertible within a period of 18 months from the date of allotment of SOFCDs into 18,691,585 Equity Shares. The SOFCD holders have provided an irrevocable undertaking dated February 29, 2012 that they (i) shall not exercise the option for conversion of SOFCDs into Equity Shares and (ii) shall not transfer the SOFCDs. For details see "***Objects of the Issue***" and "***Financial Indebtedness***" on page 26 and 264.

SUMMARY FINANCIAL INFORMATION

The following tables set forth the summary financial information derived from the audited standalone and consolidated financial statements for Financial Year 2010-11 and limited reviewed financial results for the quarter and six months ended September 30, 2011, prepared in accordance with Indian GAAP and the Companies Act.

The summary financial information presented below, is in ₹ / ₹ million and should be read in conjunction with the financial statements and the notes (including the significant accounting principles) thereto included in "***Financial Statements***" on page 71.

Audited Standalone Balance Sheet

	As at 31.03.2011 (Rs.)	As at 31.03.2010 (Rs.)
SOURCES OF FUNDS		
Shareholders' Funds		
Share Capital	2,137,135,055	2,114,360,935
Share application money	367,500	-
Stock Options Outstanding	155,425,528	218,191,605
Reserves and Surplus	9,510,223,817	9,044,489,426
Secured Loans	3,168,094,051	2,213,617,778
Unsecured Loans	1,591,249,200	2,868,754,700
	16,562,495,151	**16,459,414,444**
APPLICATION OF FUNDS		
Fixed Assets		
Gross Block	59,748,538	53,815,749
Less:Depreciation	36,526,226	31,744,712
Net Block	23,222,312	22,071,037
Capital Work In Progress	3,708,162	3,075,506
	26,930,474	25,146,543
Investments	**12,879,533,264**	**10,978,008,611**
Current Assets ,Loans and Advances		
Inventory	-	1,755,260
Sundry Debtors	169,668,405	173,914,922
Cash and Bank balances	942,433,906	965,376,851
Loans and Advances	1,603,613,239	4,142,918,939
	2,715,715,550	**5,283,965,972**
Less: Current Liabilities and Provisions		
Current Liabilities	188,646,998	180,110,401
Provisions	114,039,209	144,804,429
	302,686,207	**324,914,830**
Net Current Assets	**2,413,029,343**	**4,959,051,142**
Miscellaneous Expenditure	54,517,737	-
Profit & Loss Account	1,188,484,333	497,208,148
	16,562,495,151	**16,459,414,444**

Audited Standalone Profit and Loss Account

	Year ended 31.03.2011	Year ended 31.03.2010
	(Rs.)	(Rs.)
INCOME		
Income from Operations	399,066,070	329,619,508
Other Income	273,119,278	232,127,678
	672,185,348	**561,747,186**
EXPENDITURE		
Administrative and other costs	426,593,614	367,900,723
Personnel expenses	104,597,891	64,616,918
Stock option charge out	29,856,206	53,247,151
Interest and financial charges	816,493,300	524,941,726
Depreciation	5,135,605	5,097,677
	1,382,676,616	**1,015,804,195**
Loss before tax	**(710,491,268)**	**(454,057,009)**
Provision for wealth tax	(40,000)	(75,000)
Excess provision written back	12,500,000	-
Loss for the year	**(698,031,268)**	**(454,132,009)**
Loss brought forward	(497,208,148)	(140,542,661)
Appropriations		
Prior Period adjustments	6,755,083	8,695,992
Transfer from Reserve u/s 45IC of the RBI Act	-	88,770,530
	(1,188,484,333)	**(497,208,148)**
Earning per equity share		
(Face Value of Rs. 5 per share, previous year Rs. 5 per share)		
Basic & Diluted	**(5.97)**	**(4.50)**

Audited Standalone Cash Flow Statement

Particulars		Year Ended 31.03.2011 (Rs.)	Year Ended 31.03.2010 (Rs.)
A	**Cash flow from operating activities**		
	Loss before tax	(710,491,268)	(454,057,009)
	Adjustment for:		
	Depreciation	5,135,606	5,097,677
	Stock option chargeout	29,856,206	53,247,151
	Interest and other financial charges	816,493,300	524,941,726
	Loss on sale of fixed assets	497,279	(1,963,229)
	Debts written off / Provision for doubtful debts	7,283,869	6,331,468
	Foreign exchange loss	3,612,132	-
	Profit on sale of investments in subsidiaries	(3,238,615)	-
	Profit on sale of investments(others)	(132,609,708)	(115,636,986)
	Prior period adjustments	6,755,083	8,695,992
	Operating profit before working capital changes	23,293,884	26,656,790
	Adjustment for:		
	Decrease (Increase) in Current Assets	2,005,207,705	(1,988,317,138)
	Increase (Decrease) in Current Liabilities	(118,463,038)	(166,325,236)
	Net cash flow (Used in) operating activities	1,910,038,551	(2,127,985,584)
	Taxes (including Wealth Tax) (net)	12,460,000	(75,000)
	Net cash flow from operating activities	**1,922,498,551**	**(2,128,060,584)**
B	**Cash flow from Investment activities**		
	Purchase of fixed assets (including capital advances)	(7,979,604)	(7,886,326)
	Sales of fixed assets	562,788	25,849,920
	Investments		
	- In subsidiaries	(1,073,025,250)	(3,128,683,135)
	- In Mutual funds (Net)	(970,883,792)	(1,310,594,078)
	Sales of investment in Subsidiary	811,048,615	-
	Net cash from (Used in) investing activities	**(1,240,277,242)**	**(4,421,313,619)**
C	**Cash flow from Investment activities**		
	Share application money received	367,500	-
	Proceeds from issue of Equity shares (including securities premium)	488,508,511	5,196,072,557
	Interest and financial charges	(816,493,300)	(524,941,726)
	Public deposits accepted (net)	(208,755,500)	1,800,004,700
	PCCP's forfeited	-	1,207,200
	Expenses on proposed issue of securities /restructuring	(54,517,737)	(86,135,519)
	Increase (Decrease) in loans (Net of repayments)	(114,273,727)	863,928,633
	Net cash flow from (used) in financing activities	**(705,164,253)**	**7,250,135,845**
	Net increase (decrease) in cash and cash equivalents	(22,942,945)	700,761,642
	Cash and cash equivalents as at the beginning of the year	965,376,851	264,615,209
	Cash and cash equivalents as at the end of the year	942,433,906	965,376,851

Audited Consolidated Balance Sheet

	As at March 31,2011	As at March 31,2010
	(Rs.)	(Rs.)
SOURCES OF FUNDS		
Shareholders' Funds		
Share capital	2,137,135,055	2,114,360,935
50 % Preference Share Capital of Viacom 18	219,677,500	-
Share Application Money	4,014,215	797,775,654
Stock Options Outstanding	194,040,694	374,625,544
Reserves and surplus	11,203,635,415	11,978,628,410
Loan Funds		
Secured loans	9,212,705,259	8,162,676,968
Unsecured loans	8,519,481,332	12,948,118,047
Deferred Tax Liability	21,143,564	9,996,100
Minority Interest	7,847,307,490	7,162,097,128
	39,359,140,524	**43,548,278,786**
APPLICATION OF FUNDS		
Fixed Assets		
Gross block	6,101,251,975	11,356,855,053
Less: Depreciation	3,967,400,662	6,844,532,160
Net block	2,133,851,313	4,512,322,893
Capital work in progress	22,691,086	1,085,807,358
	2,156,542,399	5,598,130,251
Goodwill on Consolidation	13,270,604,401	12,517,162,974
Investments	6,812,186,067	8,377,935,212
Deferred Tax Assets	**102,551,796**	**89,201,598**
Current Assets, Loans & Advances		
Inventories	3,538,947,240	441,454,397
Sundry debtors	5,245,680,899	4,401,284,329
Unbilled Revenue	50,380,828	386,650,977
Cash & bank balances	4,621,714,917	8,098,079,616
Loans & advances	6,592,950,277	6,373,021,280
	20,049,674,161	**19,700,490,599**
Less: Current Liabilities and Provisions		
Current Liabilities	5,963,302,171	5,766,195,697
Provisions	293,506,408	296,942,089
Net Current Assets	**13,792,865,582**	**13,637,352,813**
Miscellaneous Expenditure	**138,278,475**	**113,606,312**
Profit & Loss Account	**3,086,111,804**	**3,214,889,626**
	39,359,140,524	**43,548,278,786**

Audited Consolidated Profit & Loss Account

	Year ended March 31,2011	Year ended March 31,2010
	(Rs.)	(Rs.)
Income		
Income from operations	14,677,665,811	12,650,659,234
Other income	2,223,216,545	1,607,930,985
	16,900,882,356	**14,258,590,219**
Expenditure		
Production, administrative and other costs	11,055,271,994	9,775,360,916
Personnel expenses	3,405,290,637	3,159,526,089
Interest and financial charges	2,258,415,669	2,126,297,521
Depreciation	617,249,675	1,308,196,794
Option premium paid	-	658,113,750
	17,336,227,975	**17,027,495,070**
Profit(Loss) before tax	(435,345,619)	(2,768,904,851)
Less: Prior period adjustments	(1,968,732)	(3,494,106)
	(433,376,887)	(2,765,410,745)
Provisions for taxes	331,349,808	96,024,099
Profit(Loss) after tax	(764,726,695)	(2,861,434,844)
Minority Interest in Current Profits	(505,919,225)	(1,517,073,076)
Extra Ordinary items	108,034,212	-
Profit(Loss) after tax after minority interest	(366,841,682)	(1,344,361,768)
Appropriations		
Short provision of earlier year's dividend and tax thereon	-	3,783,342
Carried Forward	(366,841,682)	(1,348,145,110)
Earning per equity share		
(Face Value of Rs. 5 per share)		
Basic & Diluted	(3.17)	(13.59)

Audited Consolidated Cash Flow statement

Particulars		Year Ended 31.03.2011 (Rs.)	Year Ended 31.03.2010 (Rs.)
A	**Cash Flow From Operating Activities**		
	Profit before tax	(435,345,619)	(2,768,904,851)
	Adjustment for:		
	Depreciation	621,364,802	1,308,196,794
	Employee stock compensation expenses	56,452,126	110,451,161
	Dividend Paid	-	3,783,342
	Interest and other financial Expenses	2,258,415,669	2,126,297,521
	Bad debts written off/ provision for doubtful debts	196,546,254	178,230,695
	Other Non-cash items	-	(346,678,251)
	Loss / (profit) on sale of fixed assets	(20,254,186)	21,367,163
	Option Premium Paid	-	658,113,750
	Interest income	(477,510,410)	(195,415,079)
	Dividend on current investments	(14,593,667)	(11,426,450)
	Dividend on Long term Investments	(2,674,000)	-
	Share in surplus of venture capital trust - long term investment	(222,000,000)	(217,400,000)
	Profit on sale of current investments	(527,498,533)	(669,403,596)
	Profit on sale of long term investment	(815,782,822)	-
	Loss on exchange rate fluctuation (net)	30,962,066	78,747,349
	Excess provisions written back	(77,205,891)	(241,751,615)
	Prior period adjustments and extraordinary items	106,065,480	(3,494,106)
	Operating profit before working capital changes	676,941,269	30,713,827
	Adjustment for:		
	Decrease/(Increase) in current assets	(3,866,704,302)	(5,941,966,575)
	Increase/(Decrease) in current liabilities	459,259,336	7,731,944,821
	Net cash flow/ (Used in) operating activities	(2,730,503,697)	1,820,692,073
	Tax on operational income (including fringe benefit tax)	(331,349,808)	96,024,099
	Net cash flow from operating activities	**(3,061,853,505)**	**1,916,716,172**
B	**Cash flow from Investment Activities**		
	Share application money paid	(197,600,000)	(122,500,000)
	Purchase of fixed assets (including capital WIP)	(327,035,133)	(4,121,387,453)
	Sale of assets/claim received	3,167,512,369	201,436,596
	(Purchase)/ Sale of long term investments	(35,580,716)	-
	Investments (purchased)/ sold		
	- in affiliate/ joint venture	767,717,820	2,424,836,160
	- Venture capital trust	345,600,000	(239,400,000)
	- Mutual funds and others (net)	1,831,293,396	(3,031,934,935)
	Acquisition of minority interest in subsidiary	(663,094,615)	(4,503,684,474)
	Foreign exchange translation adjustment (arising on consolidation)	(53,153,208)	155,728,165
	Interest received	477,510,410	195,415,079

Particulars		Year Ended 31.03.2011 (Rs.)	Year Ended 31.03.2010 (Rs.)
	Dividend received on current investments	14,593,667	11,426,450
	Dividend on Long term Investments	2,674,000	-
	Share in surplus of venture capital trust (long term investment)	222,000,000	217,400,000
	Net cash from/(Used in) investing activities	**5,552,437,990**	**(8,812,664,412)**
C	**Cash flow from financing activities**		
	Interest paid	(2,258,415,669)	(2,126,297,521)
	Proceeds from issue of equity shares	22,774,120	212,026,015
	Proceeds from issue of Preference shares	-	601,200
	Proceeds from Security premium on Equity	465,734,391	6,132,677,595
	Share Application Money received / adjusted	(793,761,439)	797,177,181
	Issue (Repayment) of Bonds/Debentures	(790,783,000)	976,688,000
	Preference share application money forfeited	-	(1,207,200)
	Issue (Repayment) of Debentures	(110,000,000)	-
	Increase (Decrease) in loans	(2,477,825,424)	6,286,464,663
	Increase in Miscellaneous Expenses	(24,672,163)	8,010,617
	Net cash flow from (used in) financing activities	(5,966,949,184)	12,286,140,550
	Net increase (decrease) in cash and cash equivalents	(3,476,364,699)	5,390,192,310
	Cash and cash equivalents as at the beginning of the year	8,098,079,616	2,707,887,306
	Cash and cash equivalents as at the end of the year	4,621,714,917	8,098,079,616

LIMITED REVIEWED FINANCIAL RESULTS FOR THE QUARTER AND SIX MONTHS ENDED 30 SEPTEMBER, 2011
Rs. In million

Particulars	Consolidated					Standalone				
	Quarter ended 30.09.2011 (Unaudited)	Quarter ended 30.09.2010 (Unaudited)	Half year ended 30.09.2011 (Unaudited)	Half year ended 30.09.2010 (Unaudited)	Year ended 31.03.2011 (Audited)	Quarter ended 30.09.2011 (Unaudited)	Quarter ended 30.09.2010 (Unaudited)	Half year ended 30.09.2011 (Unaudited)	Half year ended 30.09.2010 (Unaudited)	Year ended 31.03.2011 (Audited)
1. Revenue	**4,253.54**	**3,547.99**	**7,887.47**	**6,727.03**	**14,840.83**	**162.01**	**80.16**	**312.96**	**138.82**	**399.07**
(a) Revenue from operations	4,151.65	3,516.29	7,727.46	6,660.96	14,677.67	162.01	80.16	312.96	138.82	399.07
(b) Other Operating Income	101.89	31.70	160.01	66.07	163.16	-	-	-	-	-
2. Expenditure	**4,856.68**	**3,670.66**	**8,802.01**	**7,017.95**	**15,077.81**	**300.13**	**131.19**	**598.03**	**222.34**	**566.18**
(a) Production, Distribution and administration costs	3,537.26	2,561.63	6,397.79	4,945.92	10,752.04	197.42	97.85	395.30	156.97	426.59
(b) Material Consumed	53.50	114.12	133.89	167.19	303.23	-	-	-	-	-
(c) Staff costs (Including Stock Options Charge out)	1,118.04	837.32	1,983.97	1,588.07	3,405.29	91.86	32.08	175.88	63.23	134.45
(d) Depreciation and amortisation	147.88	157.59	286.36	316.77	617.25	10.85	1.26	26.85	2.14	5.14
3. Loss from operations before interest, exceptional terms and other income	**(603.14)**	**(122.67)**	**(914.54)**	**(290.92)**	**(236.98)**	**(138.12)**	**(51.03)**	**(285.07)**	**(83.52)**	**(167.11)**
4. Other Income	346.12	330.24	646.46	601.15	2,060.06	169.02	82.72	294.75	141.30	273.12
5. Profit / (Loss) before interest and exceptional items and tax	**(257.02)**	**207.57**	**(268.08)**	**310.23**	**1,823.08**	**30.90**	**31.69**	**9.68**	**57.78**	**106.01**
6. Interest & financial Charges	637.06	579.65	1,284.89	1,147.92	2,258.42	309.73	221.10	602.27	437.84	816.49
7. Loss after Interest but before exceptional items	**(894.08)**	**(372.08)**	**(1,552.97)**	**(837.69)**	**(435.34)**	**(278.83)**	**(189.41)**	**(592.59)**	**(380.06)**	**(710.48)**
8. Exceptional Item	-	48.90	-	88.21	108.03	-	-	-	-	-
9. Prior Period items	(4.43)	14.21	(0.30)	15.01	(1.97)	(4.32)	-	(0.15)	0.08	(6.76)
10. Profit / (Loss) after Prior Period items, before tax	**(889.65)**	**(435.19)**	**(1,552.67)**	**(940.91)**	**(541.40)**	**(274.51)**	**(189.41)**	**(592.44)**	**(380.14)**	**(703.72)**

Particulars	Consolidated					Standalone				
	Quarter ended 30.09.2011 (Unaudited)	Quarter ended 30.09.2010 (Unaudited)	Half year ended 30.09.2011 (Unaudited)	Half year ended 30.09.2010 (Unaudited)	Year ended 31.03.2011 (Audited)	Quarter ended 30.09.2011 (Unaudited)	Quarter ended 30.09.2010 (Unaudited)	Half year ended 30.09.2011 (Unaudited)	Half year ended 30.09.2010 (Unaudited)	Year ended 31.03.2011 (Audited)
11. Tax expense	18.92	119.79	50.27	166.44	331.35	7.20	-	7.20	-	(12.46)
12. Net Profit / (Loss)	**(908.57)**	**(554.98)**	**(1,602.94)**	**(1,107.35)**	**(872.75)**	**(281.71)**	**(189.41)**	**(599.64)**	**(380.14)**	**(691.26)**
13. Minority Interest	(210.10)	(196.94)	(259.39)	(395.75)	(505.92)	-	-	-	-	-
14. Share in (loss)/ Profit of associates	(4.17)	-	(0.86)	-	-	-	-	-	-	-
15. Net Profit / (Loss) after tax and minority interest	**(702.64)**	**(358.04)**	**(1,344.41)**	**(711.60)**	**(366.83)**	**(281.71)**	**(189.41)**	**(599.64)**	**(380.14)**	**(691.26)**

Unaudited statement of assets and liabilities as on 30-September-2011

(Rs. In Million)

Particulars	As on 30.09.2011	As on 30.09.2010	As on 30.09.2011	As on 30.09.2010
		Consolidated		Standalone
SHAREHOLDERS FUNDS:				
(a) Capital	2,475.57	2,121.02	2,255.89	2,121.02
(b) Share application money	1.31	21.92	1.31	-
(c) Employee Stock Options Outstanding	197.46	140.36	163.64	152.74
(d) Reserves and Surplus	9,569.29	12,446.42	11,529.73	9,234.93
Minority Interest	4,416.52	7,827.08	-	-
Loan Funds	19,820.85	19,137.87	9,637.11	5,873.92
Deferred Tax Liability	30.15	11.83	-	-
Total	**36,511.15**	**41,706.50**	**23,587.68**	**17,382.61**
Fixed Assets	2,544.05	2,224.42	71.26	27.05
Goodwill (On Consolidation)	10,818.33	12,554.41	-	-
Investments	5,475.61	11,688.96	19,006.67	14,227.87
Deferred Tax Assets	92.77	61.41	-	-
Current Assets, Loans and Advances				
(a) Inventories	4,023.35	1,151.87	-	0.88
(b) Sundry Debtors	5,273.36	4,590.19	186.50	42.66
(c) Cash and Bank balances	3,120.97	5,143.98	1,237.76	728.47
(d) Unbilled revenue	18.36	104.90	-	-
(e) Loans and Advances	7,640.95	7,070.51	4,066.19	1,852.34
Total	**20,076.99**	**18,061.45**	**5,490.45**	**2,624.35**
Less: Current Liabilities and Provisions				
(a) Liabilities	7,714.41	6,158.85	832.25	295.32
(b) Provisions	353.30	304.37	2,406.33	78.68
Total	**8,067.71**	**6,463.22**	**3,238.58**	**374.00**
Net Current Assets	**12,009.28**	**11,598.23**	**2,251.87**	**2,250.35**
Profit and Loss Account	5,571.11	3,579.07	2,257.88	877.34
Total	**36,511.15**	**41,706.50**	**23,587.68**	**17,382.61**

GENERAL INFORMATION

Registered Office

503, 504 & 507
5th Floor, Mercantile House
15, Kasturba Gandhi Marg
New Delhi 110 001, India
Website: www.network18online.com
Email: network18rights@network18online.com

Registration Number: 076419

Corporate Identification Number: L65910DL1996PLC076419

Corporate Office

Express Trade Towers
Plot No. 15 & 16, Sector 16A
Noida 201 301
Uttar Pradesh, India
Tel: +91 120 434 1818
Fax: +91 120 432 4110

Address of the Registrar of Companies

The Registrar of Companies
National Capital Territory of New Delhi and Haryana
4th Floor, IFCI Tower, 61
Nehru Place
New Delhi 110 019, India

Company Secretary and Compliance Officer

Mr. Yug Samrat
Company Secretary and Compliance Officer

Express Trade Towers
Plot No. 15 & 16, Sector 16A
Noida – 201 301
Uttar Pradesh, India
Tel: +91 120 434 1818
Fax: +91 120 432 4110
E-mail: network18rights@network18online.com

Investors may contact the Registrar to the Issue or the Company Secretary and Compliance Officer for any pre-Issue /post-Issue related matter. All grievances relating to the ASBA process may be addressed to the Registrar to the Issue, with a copy to the SCSB, giving full details such as name, address of the applicant, number of Equity Shares applied for, Amount blocked, ASBA Account number and the Designated Branch of the SCSB where the CAF was submitted by the ASBA Investors.

Lead Managers to the Issue

ICICI Securities Limited
ICICI Centre, H. T. Parekh Marg
Churchgate, Mumbai 400 020, India
Tel: +91 22 2288 2460
Fax: +91 22 2282 6580
E-mail : network18.rights@icicisecurities.com
Investor Grievance E-mail:
customercase@icicisecurities.com
Website: www.icicisecurities.com
Contact Person: Mr. Amit Joshi
SEBI Registration No.: INM000011179

RBS Equities (India) Limited
83/84, Sakhar Bhavan, 230, Nariman Point
Mumbai 400 021, India
Tel: +91 22 6632 5535
Fax: +91 22 6632 5541
E-mail: Network18.Rights2012@rbs.com
Investor Grievance E-mail:
customercareecm@rbs.com
Website: www.rbs.in
Contact Person: Ms. Shreya Kotak
SEBI Registration No: INM000011674

Bankers to the Issue

[●]

Domestic Legal Counsel to the Company

Khaitan & Co.

One Indiabulls Centre
Tower 1, 13th Floor
841 Senapati Bapat Marg
Elphinstone Road
Mumbai - 400 013
Maharashtra, India
Tel: +91 22 6636 5000
Fax: +91 22 6636 5050

Domestic Legal Counsel to the Lead Managers

Amarchand & Mangaldas & Suresh A. Shroff & Co.

Amarchand Towers
216, Okhla Industrial Estate, Phase – III
New Delhi 110 020
Tel: +91 11 2692 0500/4159 0700
Fax: +91 11 2692 4900

International Legal Counsel to the Lead Managers

Latham & Watkins LLP
9 Raffles Place
#42-02 Republic Plaza
Singapore 048619
Tel.: + (65) 6536 1161
Fax: + (65) 6536 1171

Auditors

Walker, Chandoik & Co
Chartered Accountants

L-41, Connaught Circus
New Delhi 110001
Tel: +91 124 679 2000
Fax: +91 124 679 2012
Firm Registration No.: 001076N

Contact Person: Mr. BP Singh
Membership No.: 70116
E-mail: BP.Singh@in.gt.com
Website: www.wcgt.com

Registrar to the Issue

Karvy Computershare Private Limited

Plot Nos.17-24, Vittal Rao Nagar
Madhapur, Hyderabad – 500 081
Andhra Pradesh, India
Toll Free no.1-800-3454001
Tel: +91 40 4465 5000
Fax: +91 40 2343 1551
Email: network18rights@karvy.com
Contact Person: Mr. M. Murali Krishna
Website: http:\\karisma.karvy.com
SEBI Registration No.: INR000000221

Self Certified Syndicate Banks

The list of banks that have been notified by SEBI to act as SCSB for the ASBA process is provided on www.sebi.gov.in/cms/sebi_data/attachdocs/1329905803160.html.

Credit rating

As the Issue is a rights issue of Equity Shares, no credit rating is required. No ratings have been received by us in the past.

Statement of responsibility of the Lead Managers

The inter-se allocation of responsibilities between the Lead Managers is as follows:

S. No.	Activity	Responsibility	Coordinator
1	Capital structuring with the relative components and formalities such as composition of debt and equity, type of instruments of the Issue in conformity with the SEBI ICDR Regulations, undertaking liaison with SEBI and the Stock Exchanges (including obtaining in-principle listing approval), as may be required under the prevailing framework of regulations / rules / guidelines issued by the SEBI and the Stock Exchanges.	Lead Managers	ICICI Securities Limited
2	Assisting us and our legal advisors in drafting this Draft Letter of Offer and Letter of Offer, conduct due diligence as may be required on us and assist in compliance with regulatory requirements of the SEBI and the Stock Exchanges. The Lead Managers shall ensure compliance with the SEBI ICDR Regulations, other stipulated requirements, completion of prescribed formalities with the Stock Exchanges and the SEBI and securing all necessary regulatory approvals for the issue.	Lead Managers	ICICI Securities Limited
3	Drafting and design of Abridged Letter of	Lead Managers	ICICI Securities Limited

S. No.	Activity	Responsibility	Coordinator
	Offer and CAF.		
4	Drafting and design of statutory and non-statutory advertisement / publicity material including newspaper advertisements and brochure	Lead Managers	ICICI Securities Limited
5	Selection of agencies connected with the issue – finalizing printers, advertisement agency, and monitoring agency	Lead Managers	ICICI Securities Limited
6	Selection of agencies connected with the issue – finalizing Banker to the Issue (selecting collection centers) and Registrar	Lead Managers	RBS Equities (India) Limited
7	Institutional marketing strategy which will cover, inter alia: ▪ Finalising the list and division of investors for one to one meetings; ▪ Finalising road show schedule and investor meeting schedules; and ▪ Preparation of Investor Presentation and FAQ's.	Lead Managers	RBS Equities (India) Limited
8	Retail / Non-Institutional marketing strategy which will cover inter-alia, preparation of publicity budget, arrangement for selection of (i) ad-media, (ii) centres of holding conferences of brokers, investors etc., (iii) distribution of publicity and Issue materials including application form and Letter of Offer.	Lead Managers	ICICI Securities Limited
9	Follow-up with the Bankers to the Issue to get quick estimates of collection and advising such banks about closure of the Issue, based on the correct figures.	Lead Managers	RBS Equities (India) Limited
10	Assisting in the listing of the Equity Shares issued pursuant to the Issue on the Stock Exchanges.	Lead Managers	RBS Equities (India) Limited
11	The post-Issue activities will involve essential follow-up steps, which include finalization of basis of allotment or weeding out of multiple applications, listing of instruments and dispatch of certificates and refunds, with the various agencies connected with the work such as the Registrar to the Issue, the Bankers to the Issue, and the bank handling refund business. Whilst, many of the post issue activities will be handled by other intermediaries, the designated Lead Manager shall be responsible for ensuring that these agencies fulfill their functions and enable them to discharge this responsibility through suitable agreements with the Issuer Company.	Lead Managers	RBS Equities (India) Limited

Listing of Securities

The Equity Shares are listed on the BSE and the NSE with effect from February 2, 2007 pursuant a scheme of arrangement. We have received in-principle approvals for listing of the Equity Shares to be issued pursuant to this Issue from the BSE and the NSE by letters dated [●] and [●], respectively. We will make applications to the Stock Exchanges for final listing and trading approvals in respect of the Equity Shares being offered in terms of this Draft Letter of Offer. If the final listing and trading approvals is not granted for the Equity Shares by the Stock Exchanges, we shall forthwith repay, without interest, all monies received from the Investors pursuant to this Draft Letter of Offer. If such money is not repaid within eight days after we become liable to repay it (i.e. 15 days after Issue Closing Date or the date of refusal by the Stock Exchanges, whichever is earlier), we and every Director who is an officer in default shall, on and from expiry of eight days, be jointly and severally liable to repay the money, with interest as prescribed under Section 73 of the Companies Act.

Issue Schedule

Issue Opening Date:	[●]
Last date for receiving requests for SAF:	[●]
Issue Closing Date:	[●]

Monitoring Agency

Pursuant to regulation 16 of the SEBI ICDR Regulations, we have appointed IFCI Limited as the monitoring agency, to monitor the utilization of the Net Proceeds.

IFCI Limited
16th Floor, IFCI Tower, 61, Nehru Place
New Delhi, 110 019, India
Tel: +91 11 4173 2526/ + 91 99907 25984
Fax: + 91 11 2648 7421
Contact Person: Mr. Sachikanta Mishra
E-mail: sachikanta.mishra@ifciltd.com
Website: www.ifciltd.com

Appraisal Reports

None of the purposes for which the Net Proceeds are proposed to be utilised have been financially appraised by any bank or financial institution.

Principal Terms of Loans and Assets charged as security

For details of the principal terms of loans and assets charged as security, please refer to the chapter "***Financial Indebtedness***" on page 264.

Underwriting

We have not entered into any underwriting arrangement with the Lead Managers in connection with the Issue.

CAPITAL STRUCTURE

Our share capital and related information as on the date of this Draft Letter of Offer, prior to and after the proposed Issue, is set forth below:

(in ₹except per share data)

Particulars	Aggregate value at face value	Aggregate value at Issue Price
A. Authorised Share Capital[1 to 5]	**9,365,000,000**	
1,400,000,000 Equity Shares	7,000,000,000	
1,100,000 Preference Shares I	110,000,000	
10,500,000 Preference Shares II	2,100,000,000	
15,500,000 Preference Shares III	155,000,000	
B. Issued, Subscribed and Paid-Up Capital	**2,257,056,430**	
142,879,916 Equity Shares fully paid up	714,399,580	
10,284,379 Preference Shares II (non-convertible portion of ₹150 per Preference Share II)	1,542,656,850	
C. Present Issue of Equity Shares being offered through this Draft Letter of Offer		
[●] Equity Shares	[●]	[●]
E. Issued, Subscribed and Paid-Up Capital post the Issue		
[●] Equity Shares	[●]	[●]
10,284,379 Preference Shares II (non-convertible portion of ₹150 per Preference Share II)	1,542,656,850	

The Issue of Equity Shares has been authorised by the Board of Directors pursuant to its resolution dated January 3, 2012 and Equity Shareholders resolution passed by postal ballot dated February 24, 2012. The Issue Price shall not exceed ₹ 60 subject to Takeover Regulations,

1. *Pursuant to the Equity Shareholders resolution passed by postal ballot on February 24, 2012 our authorized share capital has been increased from ₹5,310 million consisting of 589,000,000 Equity Shares, 1,100,000 Preference Shares I, 10,500,000 Preference Shares II and 15,500,000 Preference Shares III to ₹9,365 million consisting of 1,400,000,000 Equity Shares, 1,100,000 Preference Shares I, 10,500,000 Preference Shares II and 15,500,000 Preference Shares III.*

2. *Our authorized share capital as at March 31, 2011 was ₹ 3,060 million consisting of 170,000,000 Equity Shares, 10,500,000 preference shares of face value ₹ 200 each and 1,100,000 preference shares of face value of ₹ 100 each. Pursuant to the Scheme of Arrangement, the authorized share capital of the Company was increased to ₹ 5,310 million consisting of 589,000,000 Equity Shares, 1,100,000 Preference Shares I, 10,500,000 Preference Shares II and 15,500,000 Preference Shares III. For further details see "**Objects of the Issue**" on page 26.*

3. *As on February 28, 2012, 3,962,736 options have been granted, 3,138,750 options have been exercised, 52,342 options have been lapsed and 771,644 options are outstanding under the ESOP 2007. As on February 28, 2012, 742,307 options are outstanding under the earlier ESOP schemes. As on December 31, 2011, 3,962,736 options have been granted, 3,138,750 options have been exercised, 52,342 options have lapsed and 771,644 options are outstanding under the ESOP 2007. Further, as on December 31, 2011, 742,307 options are outstanding under the earlier ESOP schemes.*

4. *Upon the Scheme of Demerger becoming effective, we shall issue and allot, subject to rounding off, 7,027,184 Equity Shares in the ratio of 14:100 i.e. 14 fully paid-up Equity Shares of ₹5 each for every 100 fully paid equity shares of ₹10 each of Infomedia18 Limited. This Scheme of Demerger but is yet to be made effective pending FIPB and MIB approval for the issue and allotment of Equity Shares to the shareholders of Infomedia18. We have made the necessary applications to the FIPB and MIB seeking approval for the same. For details, see "**Business – Scheme of Demerger**" on page 50.*

5. *As on February 28, 2012, we have 18,691,585 SOFCDs outstanding. These SOFCDs were issued at a price of ₹160.50 per SOFCD on June 15, 2011 and are convertible within a period of 18 months from the date of allotment of SOFCDs into 18,691,585 Equity Shares. The SOFCD holders have provided an irrevocable undertaking dated February 29, 2012 that they (i) shall not exercise the option for conversion of SOFCDs into Equity Shares and (ii) shall not transfer the SOFCDs. For details see "**Objects of the Issue**" and "**Financial Indebtedness**" on page 26 and 264.*

Notes to the Capital Structure

1. **Subscription to the Issue by the Promoters and Promoters Group**

RB Holdings Private Limited, Mr. Raghav Bahl, RB Investments Private Limited, Ms. Ritu Kapur, Ms. Vandana Malik, Ms. Subhash Bahl, Mr. Pramod Kapur, Ms. Manju Kapur and the Subscribing Companies, part of our Promoters and Promoter Group, have confirmed *vide* their letters dated February 29, 2012 that they intend to subscribe to the full extent of their Rights Entitlement in the Issue, in compliance with regulation 10 (4) of Takeover Regulations.

Subscribing Companies have further confirmed vide their letter dated February 29, 2012 that, they intend to (i) subscribe for additional Equity Shares and (ii) subscribe for unsubscribed portion in the Issue, if any. Such subscription to additional Equity Shares and the unsubscribed portion, if any, to be made by the Subscribing Companies, shall be in accordance with regulation 10 (4) of Takeover Regulations. Further, such subscription shall not result in breach of minimum public shareholding requirement as stipulated in the Listing Agreements.

2. **Our shareholding pattern as on February 24, 2012 is as follows:**

Our shareholding pattern as on February 24, 2012 is provided below.

Category code	Category of shareholder				Total shareholding as a % of total no of shares		Shares pledge or otherwise encumbered	
		No of share Holders	Total number of shares	No of shares held in dematerialized form	As a percentage of (a+b)	As a percentage of (a+b+c)	Number of shares	As a percentage
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)=(VIII)/(IV)*100
(A)	**PROMOTER AND PROMOTER GROUP**							
(1)	INDIAN							
(a)	Individual /HUF	10	6,964,284	6,964,284	4.87	4.87	2,973,515	42.70
(b)	Central Government/State Government(s)	0	0	0	0.00	0.00	0	0.00
(c)	Bodies Corporate	8	47,274,791	47,274,791	33.09	33.09	27,799,504	58.80
(d)	Financial Institutions / Banks	0	0	0	0.00	0.00	0	0.00
(e)	Others (Trusts)	3	16,551,014	16,551,014	11.58	11.58	15,922,729	96.20
	Sub-Total A(1) :	**21**	**70,790,089**	**70,790,089**	**49.55**	**49.55**	**46,695,748**	**65.96**
(2)	FOREIGN							
(a)	Individuals (NRIs/Foreign Individuals)	0	0	0	0.00	0.00	0	0.00
(b)	Bodies Corporate	0	0	0	0.00	0.00	0	0.00
(c)	Institutions	0	0	0	0.00	0.00	0	0.00
(d)	Others	0	0	0	0.00	0.00	0	0.00
	Sub-Total A(2) :	**0**	**0**	**0**	**0.00**	**0.00**	**0**	**0.00**
	Total A=A(1)+A(2)	**21**	**70,790,089**	**70,790,089**	**49.55**	**49.55**	**46,695,748**	**65.96**
(B)	**PUBLIC SHAREHOLDING**							
(1)	INSTITUTIONS							
(a)	Mutual Funds /UTI	2	539,033	539,033	0.38	0.38		
(b)	Financial Institutions /Banks	4	37,115	37,115	0.03	0.03		
(c)	Central Government / State Government(s)	0	0	0	0.00	0.00		
(d)	Venture Capital Funds	0	0	0	0.00	0.00		

Category code	Category of shareholder				Total shareholding as a % of total no of shares		Shares pledge or otherwise encumbered	
		No of share Holders	Total number of shares	No of shares held in dematerialized form	As a percentage of (a+b)	As a percentage of (a+b+c)	Number of shares	As a percentage
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)=(VIII)/(IV)*100
(e)	Insurance Companies	0	0	0	0.00	0.00		
(f)	Foreign Institutional Investors	26	17,078,278	17,078,278	11.95	11.95		
(g)	Foreign Venture Capital Investors	0	0	0	0.00	0.00		
(h)	Others	0	0	0	0.00	0.00		
	Sub-Total B(1) :	**32**	**17,654,426**	**17,654,426**	**12.36**	**12.36**		
(2)	NON-INSTITUTIONS							
(a)	Bodies Corporate	1,353	19,489,058	19,485,498	13.64	13.64		
(b)	Individuals							
	(i) Individuals holding nominal share capital upto Rs.1 lakh	54,243	7,489,493	7,382,373	5.24	5.24		
	(ii) Individuals holding nominal share capital in excess of Rs.1 lakh	51	4,901,367	4,901,367	3.43	3.43		
(c)	Others							
	FOREIGN BODIES	1	9,202,650	9,202,650	6.44	6.44		
	DIRECTORS	3	1,277,242	1,277,242	0.89	0.89		
	NON RESIDENT INDIANS	253	167,282	166,598	0.12	0.12		
	OVERSEAS CORPORATE BODIES	**1**	**1,564**	**1,564**	**0.00**	**0.00**		
	CLEARING MEMBERS	118	318,232	318,232	0.22	0.22		
	TRUSTS	**14**	**11,588,513**	**11,588,500**	**8.11**	**8.11**		
	Sub-Total B(2) :	**56,037**	**54,435,401**	**54,324,024**	**38.10**	**38.10**		
	Total B=B(1)+B(2) :	56,069	72,089,827	71,978,450	50.45	50.45		
	Total (A+B) :	56,090	142,879,916	142,768,539	100.00	100.00		
(C)	Shares held by custodians, against which							
	Depository Receipts have been issued							
(1)	Promoter and Promoter Group							
(2)	Public	0	0	0	0.00	0.00		
	GRAND TOTAL (A+B+C)	**56,090**	**142,879,916**	**142,768,539**	**100.00**	**0.00**	**46,695,748**	**32.68**

The list of Equity Shareholders belonging to the category "Promoters and Promoter Group" as on February 24, 2012 is provided below

Sr. No	Name of the Shareholder	Details of Shares held		Encumbered shares (*)		Details of Warrants		Details of convertible securities		Total Shares (including underlying shares assuming full conversion of warrants and convertible securities) as a % of diluted share capital	
		No. of Shares held	As a % of grand total (A)+(B)+(C)	Pledge Shares	AS a percentage	AS a % of grand total (A) + (B) + (C) of sub-clause (I)(a)	Number of warrants held	As a % total number of warrants of the same class	Number of convertible securities held	As a % total number of convertible securities of the same class	

(I)	(II)	(III)	(IV)	(V)	(VI)= (V)/ (III)*100	(VII)	(VIII)	(IX)	(X)	(XI)	(XII)
1	RB HOLDINGS PRIVATE LIMITED	43,531,337	30.47	24,499,504	56.28	17.15	0	0.00	6,230,529	33.33	30.80
2	NETWORK18 GROUP SENIOR PROFESSIONAL WELFARE TRUST (held in the name of its Trustee Mr. R D S Bawa)	15,922,729	11.14	15,922,729	100.00	11.14	0	0.00	0	0.00	9.85
3	RAGHAV BAHL	6,030,039	4.22	2,803,509	46.49	1.96	0	0.00	0	0.00	3.73
4	RB INVESTMENTS PRIVATE LIMITED	3,731,454	2.61	3,300,000	88.44	2.31	0	0.00	0	0.00	2.31
5	RITU KAPUR	632,933	0.44	134,145	21.19	0.09	0	0.00	0	0.00	0.39
6	TV 18 EMPLOYEES WELFARE TRUST	568,407	0.40	0	0.00	0.00	0	0.00	0	0.00	0.35
7	VANDANA MALIK	87,566	0.06	0	0.00	0.00	0	0.00	0	0.00	0.05
8	RAGHAV BAHL	86,995	0.06	0	0.00	0.00	0	0.00	0	0.00	0.05
9	NETWORK 18 EMPLOYEES WELFARE TRUST	59,878	0.04	0	0.00	0.00	0	0.00	0	0.00	0.04
10	SUBHASH BAHL	58,818	0.04	0	0.00	0.00	0	0.00	0	0.00	0.04
11	RAGHAV BAHL	50,213	0.04	35,861	71.42	0.03	0	0.00	0	0.00	0.03
12	VANDANA MALIK	7,145	0.01	0	0.00	0.00	0	0.00	0	0.00	0.00
13	PRAMOD KAPUR	5,523	0.00	0	0.00	0.00	0	0.00	0	0.00	0.00
14	RRB MEDIASOFT PRIVATE LIMITED	5,000	0.00	0	0.00	0.00	0	0.00	0	0.00	0.00
15	RB MEDIASOFT PRIVATE LIMITED	5,000	0.00	0	0.00	0.00	0	0.00	0	0.00	0.00
16	MANJU KAPUR	2,886	0.00	0	0.00	0.00	0	0.00	0	0.00	0.00
17	RITU KAPUR	2,166	0.00	0	0.00	0.00	0	0.00	0	0.00	0.00
18	WATERMARK INFRATECH PRIVATE LIMITED	500	0.00	0	0.00	0.00	0	0.00	3,115,264	16.67	1.93
19	COLORFUL MEDIA PRIVATE LIMITED	500	0.00	0	0.00	0.00	0	0.00	3,115,264	16.67	1.93
20	ADVENTURE MARKETING PRIVATE LIMITED	500	0.00	0	0.00	0.00	0	0.00	3,115,264	16.67	1.93
21	RB MEDIA HOLDINGS PRIVATE LIMITED	500	0.00	0	0.00	0.00	0	0.00	3,115,264	16.67	1.93
22	INFOMEDIA 18 LIMITED	0	0.00	0	0.00	0.00	0	0.00	0	0.00	0.00
23	BIG TREE ENTERTAINMENT PRIVATE LIMITED	0	0.00	0	0.00	0.00	0	0.00	0	0.00	0.00
24	DIGITAL 18 MEDIA LIMITED	0	0.00	0	0.00	0.00	0	0.00	0	0.00	0.00
25	e-EIGHTEEN.COM LIMITED	0	0.00	0	0.00	0.00	0	0.00	0	0.00	0.00
26	MONEYCONTROL DOT COM INDIA LIMITED	0	0.00	0	0.00	0.00	0	0.00	0	0.00	0.00
27	BK MEDIA PRIVATE LIMITED	0	0.00	0	0.00	0.00	0	0.00	0	0.00	0.00
28	KEYMAN FINANCIAL SERVICES PRIVATE LIMITED	0	0.00	0	0.00	0.00	0	0.00	0	0.00	0.00

Sr. No	Name of the Shareholder	Details of Shares held		Encumbered shares (*)		Details of Warrants		Details of convertible securities		Total Shares (including underlying shares assuming full conversion of warrants and convertible securities) as a % of diluted share capital	
		No. of Shares held	As a % of grand total (A)+(B)+(C)	Pledge Shares	AS a percentage	AS a % of grand total (A) + (B) + (C) of sub-clause (I)(a)	Number of warrants held	As a % total number of warrants of the same class	Number of convertible securities held	As a % total number of convertible securities of the same class	
(I)	(II)	(III)	(IV)	(V)	(VI)= (V)/ (III)*100	(VII)	(VIII)	(IX)	(X)	(XI)	(XII)
29	NETWORK18 PUBLICATIONS LIMITED	0	0.00	0	0.00	0.00	0	0.00	0	0.00	0.00
30	RB SOFTWARE PRIVATE LIMITED	0	0.00	0	0.00	0.00	0	0.00	0	0.00	0.00
31	RRB INVESTMENTS PRIVATE LIMITED	0	0.00	0	0.00	0.00	0	0.00	0	0.00	0.00
32	RVT SOFTECH PRIVATE LIMITED	0	0.00	0	0.00	0.00	0	0.00	0	0.00	0.00
33	CAPITAL18 FINCAP PRIVATE LIMITED(EARLIER VT HOLDINGS PVT.LTD.	0	0.00	0	0.00	0.00	0	0.00	0	0.00	0.00
34	VT SOFTECH PRIVATE LIMITED	0	0.00	0	0.00	0.00	0	0.00	0	0.00	0.00
35	RRK FINHOLD PRIVATE LIMITED	0	0.00	0	0.00	0.00	0	0.00	0	0.00	0.00
36	RVT FINHOLD PRIVATE LIMITED	0	0.00	0	0.00	0.00	0	0.00	0	0.00	0.00
37	VT MEDIA PRIVATE LIMITED	0	0.00	0	0.00	0.00	0	0.00	0	0.00	0.00
38	E - 18 LIMITED	0	0.00	0	0.00	0.00	0	0.00	0	0.00	0.00
39	WEB18 HOLDINGS LIMITED	0	0.00	0	0.00	0.00	0	0.00	0	0.00	0.00
40	NIRLAB MEDIA PRIVATE LIMITED		0.00	0	0.00	0.00	0	0.00	0	0.00	0.00
41	WS MEDIA VENTURES PRIVATE LIMITED	0	0.00	0	0.00	0.00	0	0.00	0	0.00	0.00
42	TV18 BROADCAST LIMITED	0	0.00	0	0.00	0.00	0	0.00	0	0.00	0.00
43	SETPRO18 DISTRIBUTION LIMITED	0	0.00	0	0.00	0.00	0	0.00	0	0.00	0.00
44	NEWSWIRE18 LIMITED	0	0.00	0	0.00	0.00	0	0.00	0	0.00	0.00
45	TV18 HOME SHOPPING NETWORK LIMITED	0	0.00	0	0.00	0.00	0	0.00	0	0.00	0.00
46	TELEVISION	0	0.00	0	0.00	0.00	0	0.00	0	0.00	0.00

Sr. No	Name of the Shareholder	Details of Shares held		Encumbered shares (*)		Details of Warrants		Details of convertible securities		Total Shares (including underlying shares assuming full conversion of warrants and convertible securities) as a % of diluted share capital	
		No. of Shares held	As a % of grand total (A)+(B)+(C)	Pledge Shares	AS a percentage	AS a % of grand total (A) + (B) + (C) of sub-clause (I)(a)	Number of warrants held	As a % total number of warrants of the same class	Number of convertible securities held	As a % total number of convertible securities of the same class	
(I)	(II)	(III)	(IV)	(V)	(VI)= (V)/ (III)*100	(VII)	(VIII)	(IX)	(X)	(XI)	(XII)
	EIGHTEEN MEDIA AND INVESTMENTS LIMITED										
47	BK HOLDINGS LIMITED	0	0.00	0	0.00	0.00	0	0.00	0	0.00	0.00
48	TELEVISION EIGHTEEN MAURITIUS LIMITED	0	0.00	0	0.00	0.00	0	0.00	0	0.00	0.00
49	TV18 HSN HOLDINGS LIMITED	0	0.00	0	0.00	0.00	0	0.00	0	0.00	0.00
50	NAMONO INVESTMENTS LIMITED	0	0.00	0	0.00	0.00	0	0.00	0	0.00	0.00
51	RVT HOLDINGS PRIVATE LIMITED	0	0.00	0	0.00	0.00	0	0.00	0	0.00	0.00
52	COLOSCEUM MEDIA PRIVATE LIMITED	0	0.00	0	0.00	0.00	0	0.00	0	0.00	0.00
53	STARGAZE ENTERTAINMENT PRIVATE LIMITED	0	0.00	0	0.00	0.00	0	0.00	0	0.00	0.00
54	WEBCHUTNEY STUDIO PRIVATE LIMITED	0	0.00	0	0.00	0.00	0	0.00	0	0.00	0.00
55	GREYCELLS18 MEDIA LIMITED	0	0.00	0	0.00	0.00	0	0.00	0	0.00	0.00
56	CAPITAL18 LIMITED, MAURITIUS	0	0.00	0	0.00	0.00	0	0.00	0	0.00	0.00
57	CAPITAL18 ACQUISITION CORP	0	0.00	0	0.00	0.00	0	0.00	0	0.00	0.00
58	RRK HOLDINGS PRIVATE LIMITED	0	0.00	0	0.00	0.00	0	0.00	0	0.00	0.00
59	RRK MEDIA PRIVATE LIMITED	0	0.00	0	0.00	0.00	0	0.00	0	0.00	0.00
60	BRR SECURITIES PRIVATE LIMITED	0	0.00	0	0.00	0.00	0	0.00	0	0.00	0.00
61	BK MEDIA MAURITIUS PRIVATE LIMITED	0	0.00	0	0.00	0.00	0	0.00	0	0.00	0.00
62	WEB18 SECURITIES PRIVATE LIMITED	0	0.00	0	0.00	0.00	0	0.00	0	0.00	0.00
63	NETWORK18	0	0.00	0	0.00	0.00	0	0.00	0	0.00	0.00

Sr. No	Name of the Shareholder	Details of Shares held		Encumbered shares (*)		Details of Warrants		Details of convertible securities		Total Shares (including underlying shares assuming full conversion of warrants and convertible securities) as a % of diluted share capital	
		No. of Shares held	As a % of grand total (A)+(B)+(C)	Pledge Shares	AS a percentage	AS a % of grand total (A) + (B) + (C) of sub-clause (I)(a)	Number of warrants held	As a % total number of warrants of the same class	Number of convertible securities held	As a % total number of convertible securities of the same class	
(I)	(II)	(III)	(IV)	(V)	(VI)= (V)/ (III)*100	(VII)	(VIII)	(IX)	(X)	(XI)	(XII)
	HOLDINGS LIMITED, CAYMAN ISLANDS										
64	TV18 UK LIMITED	0	0.00	0	0.00	0.00	0	0.00	0	0.00	0.00
65	WEB18 SOFTWARE SERVICES LIMITED	0	0.00	0	0.00	0.00	0	0.00	0	0.00	0.00
66	GLOBAL BROADCAST EMPLOYEES WELFARE TRUST	0	0.00	0	0.00	0.00	0	0.00	0	0.00	0.00
67	IBN18 TRUST	0	0.00	0	0.00	0.00	0	0.00	0	0.00	0.00
68	MST VIDUR BAHL	0	0.00	0	0.00	0.00	0	0.00	0	0.00	0.00
69	MISS TARA BAHL	0	0.00	0	0.00	0.00	0	0.00	0	0.00	0.00
70	MR SANDEEP KAPUR	0	0.00	0	0.00	0.00	0	0.00	0	0.00	0.00
	TOTAL :	**70,790,089**	**49.55**	**46,695,748**	**65.96**	**32.68**	**0.00**	**0.00**	**18,691,585**	**100.00**	**55.38**

The list of Equity Shareholders, other than the Equity Shareholders belonging to the category "Promoters and Promoter Group", holding more than 1% of our paid-up capital as on February 24, 2012 is detailed in the table below.

Sr. No.	Name of the shareholder	Number of shares held	Shares as a percentage of total number of shares {i.e., Grant total (A)+(B)+(C) indicated in Statement at para (I)(a) above}	Details of warrants		Details of convertible securities		Total shares (including underlying shares assuming full conversion of warrants and convertible securities) as a % of diluted share capital)
				Number of warrants held	As a % total number of warrants of the same class	Number of convertible securities held	% w.r.t total number of convertible securities of the same class	
1	NETWORK18 MEDIA TRUST (held in the name of its Trustee Mr. R. D. S. Bawa)	11,586,762	8.11	0	0.00	0	0.00	0.00
2	SAIF III MAURITIUS COMPANY LIMITED	9,202,650	6.44	0	0.00	0	0.00	0.00
3	CITIGROUP GLOBAL MARKETS MAURITIUS PRIVATE LIMITED	4,968,171	3.48	0	0.00	0	0.00	0.00
4	ACACIA PARTNERS, LP	3,840,445	2.69	0	0.00	0	0.00	0.00
5	QUANT BROKING PRIVATE LIMITED	3,000,000	2.10	0	0.00	0	0.00	0.00
6	INDEPENDENT MEDIA TRUST (held in the name of its Trustee NILRAB MEDIA PRIVATE LIMITED)	2,714,720	1.90	0	0.00	0	0.00	0.00

Sr. No.	Name of the shareholder	Number of shares held	Shares as a percentage of total number of shares {i.e., Grant total (A)+(B)+(C) indicated in Statement at para (I)(a) above}	Details of warrants		Details of convertible securities		Total shares (including underlying shares assuming full conversion of warrants and convertible securities) as a % of diluted share capital)
				Number of warrants held	As a % total number of warrants of the same class	Number of convertible securities held	% w.r.t total number of convertible securities of the same class	
7	ACACIA INSTITUTIONAL PARTNERS, LP	1,796,088	1.26	0	0.00	0	0.00	0.00
8	SAIF III MAURITIUS COMPANY LIMITED	1,771,962	1.24	0	0.00	0	0.00	0.00
9	RELIANCE CAPITAL LIMITED	1,655,000	1.16	0	0.00	0	0.00	0.00
	TOTAL :	**40,535,798**	**28.37**	**0**	**0.00**	**0**	**0.00**	**0.00**

Statement showing holding of securities (including shares, warrants, convertible securities) of persons (together with PAC) belonging to the category "Public" and holding more than 5% of the total number of shares of the company is as under

Sr. No.	Name(s) of the shareholder(s) and the Persons Acting in Concert (PAC) with them	Number of shares held	Shares as a percentage of total number of shares {i.e., Grant total (A)+(B)+(C) indicated in Statement at para (I)(a) above}	Details of warrants		Details of convertible securities		Total shares (including underlying shares assuming full conversion of warrants and convertible securities) as a % of diluted share capital)
				Number of warrants held	As a % total number of warrants of the same class	Number of convertible securities held	% w.r.t total number of convertible securities of the same class	
1	NETWORK18 MEDIA TRUST (held in the name of its Trustee Mr. R.D.S. Bawa)	11,586,762	8.11	0	0.00	0	0.00	0.00
2	SAIF III MAURITIUS COMPANY LIMITED	9,202,650	6.44	0	0.00	0	0.00	0.00
	TOTAL :	**20,789,412**	**14.55**	**0**	**0.00**	**0**	**0.00**	**0.00**

We do not have any outstanding depository receipts and locked-in Equity Shares.

3. Except as disclosed below, there have been no acquisition of Equity Shares by the Promoters and the members of the Promoter Group within the last one year preceding the date of this Draft Letter of Offer:

Name of the Promoter and Promoter Group	Date of transaction	Type of transaction	Number of Equity Shares
RB Mediasoft Private Limited	February 15, 2012	Acquisition – inter-se promoter transfer	5,000
RRB Mediasoft Private Limited	February 15, 2012	Acquisition – inter-se promoter transfer	5,000
RB Media Holdings Private Limited	February 15, 2012	Acquisition – inter-se promoter transfer	500
Watermark Infratech Private Limited	February 15, 2012	Acquisition– inter-se promoter transfer	500
Adventure Marketing Private Limited	February 15, 2012	Acquisition– inter-se promoter transfer	500
Colorful Media Private Limited	February 15, 2012	Acquisition– inter-se promoter transfer	500
Network18 Group Senior Professional Welfare Trust	October 28, 2011	Acquisition – market purchase	14,000
RB Holdings Private Limited	October 21, 2011	Acquisition– inter-se promoter transfer	28,065,239
Network18 Group Senior Professional Welfare Trust	October 13, 2011	Acquisition-market purchase	738,600

Name of the Promoter and Promoter Group	Date of transaction	Type of transaction	Number of Equity Shares
Network18 Group Senior Professional Welfare Trust	October 10, 2011	Acquisition-market purchase	350,774
Network18 Group Senior Professional Welfare Trust	October 4, 2011	Acquisition-market purchase	439,574
Network18 Group Senior Professional Welfare Trust	September 29, 2011	Acquisition-market purchase	81,003
Network18 Group Senior Professional Welfare Trust	September 26, 2011	Acquisition-market purchase	76,559
Network18 Group Senior Professional Welfare Trust	September 21, 2011	Acquisition-market purchase	55,000
Network18 Group Senior Professional Welfare Trust	September 16, 2011	Acquisition-market purchase	150,722
Network18 Group Senior Professional Welfare Trust	September 12, 2011	Acquisition-market purchase	552,119
Mr. Raghav Bahl	June 10, 2011	Acquisition under Scheme of Arrangement	356,791
Ms. Ritu Kapur	June 10, 2011	Acquisition under Scheme of Arrangement	11,377
TV18 Employees Welfare Trust	June 10, 2011	Acquisition under Scheme of Arrangement	118,443
Ms. Vandana Malik	June 10, 2011	Acquisition under Scheme of Arrangement	3,460
Ms. Subhash Bahl	June 10, 2011	Acquisition under Scheme of Arrangement	16,170
Mr. Pramod Kapur	June 10, 2011	Acquisition under Scheme of Arrangement	1,173
Ms. Manju Kapur	June 10, 2011	Acquisition under Scheme of Arrangement	721

4. The present Issue being a rights issue, pursuant to regulation 34(c) of the SEBI ICDR Regulations, the requirements of promoters' contribution and lock-in are not applicable.

5. If we do not receive the minimum subscription of 90% in this Issue, or the subscription level falls below 90%, after the Issue Closing Date on the account of cheques being returned unpaid or withdrawal of applications, we shall refund the entire subscription amount received within 15 days from the Issue Closing Date. If there is delay in the refund of the subscription amount by more than eight days after we become liable to pay the subscription amount (i.e., 15 days after the Issue Closing Date), we will pay interest for the delayed period, as prescribed under sub-sections (2) and (2A) of Section 73 of the Companies Act.

6. Except for the allotment of Equity Shares under ESOP 2007, previous ESOP schemes and issuance of Equity Shares under Scheme of Demerger, there will be no further issue of capital whether by way of issue of bonus shares, preferential allotment, rights issue or in any other manner during the period commencing from submission of this Draft Letter of Offer with the Stock Exchanges until the Equity Shares to be issued pursuant to the Issue have been listed.

7. The ex-rights price of the Equity Shares as per Regulation 10(4) (b) of the Takeover Regulations is ₹ [●].

OBJECTS OF THE ISSUE

The objects of the Issue are:

1. Repayment/ pre-payment, in full or in part, of certain loans, redemption of SOFCDs, redemption of Preference Shares II and repayment of Public Deposits;
2. Investment in our Subsidiary, TV18; and
3. General corporate purposes.

The main objects and objects incidental or ancillary to the main objects set out in our Memorandum of Association enable us to undertake our existing activities and the activities for which funds are being raised by us through the Issue.

The fund requirements and deployment described below are based on internal management estimates and have not been appraised by any bank, financial institution or any other external agency. These are based on current circumstances of our business.

We may have to revise our fund requirements and deployment as a result of changes in commercial and other external factors, which may not be within the control of our management. This may entail rescheduling, revising or cancelling the fund requirements and increasing or decreasing the fund requirements for a particular purpose from its fund requirements mentioned below, at the discretion of our management. Accordingly, the Net Proceeds would be used to meet all or any of the uses of the funds described herein.

In case of variations in the actual utilization of funds earmarked for the purposes set forth below, increased fund requirements for a particular purpose may be financed by surplus funds, if any, available in respect of the other purposes for which funds are being raised in this Issue. If surplus funds are unavailable, the required financing will be met through our internal accruals, additional equity and/or debt arrangements. In the event that estimated utilization out of the Net Proceeds in a Financial Year is not completely met, the same shall be utilized in the next Financial Year.

Our management, in accordance with the competitive and dynamic nature of our business, the media and broadcasting industry and the policies of the Board, will have the flexibility to revise its business plan from time to time and in utilizing the sum earmarked for general corporate purposes and any surplus amounts from the Net Proceeds.

Requirement of Funds and means of finance

The details of the Net Proceeds are set forth in the following table:

Sr. No.	Description	Amount (In ₹ million)
1.	Gross Proceeds of the Issue	27,000
2.	Issue expenses	[●]*
3.	Net Proceeds of the Issue	[●]*

*To be incorporated at the time of filing the Letter of Offer with the Stock Exchanges.

Utilization of Net Proceeds

The following table details the objects of the Issue and the amount proposed to be financed from the Net Proceeds of the Issue:

Sr. No.	Objects of the Issue	Amount proposed to be financed from Net Proceeds
1.	Repayment/ pre-payment, in full or in part, of certain loans, redemption of SOFCDs, redemption of Preference Shares II and repayment of Public Deposits	11,122.70
2.	Investment in our Subsidiary, TV18	13,840.00
3.	General corporate purposes	[●]*

*To be incorporated at the time of filing the Letter of Offer with the Stock Exchanges.

Details of the objects of the Issue

The stated objects of the Issue are proposed to be financed entirely out of the Net Proceeds. Accordingly, we confirm that there is no requirement for us to make firm arrangements of finance through verifiable means towards 75% of the stated means of finance, excluding the amount to be raised through the Issue. The Net Proceeds, after deduction of all Issue expenses, are estimated to be approximately ₹ [●]. The details in relation to Objects of the Issue are set forth herein below.

1. Repayment/ pre-payment, in full or in part, of certain loans, redemption of SOFCDs, redemption of Preference Shares II and repayment of Public Deposits

As at February 27, 2012, we have total outstanding indebtedness of ₹ 11,174.58 million inclusive of secured and unsecured loans. For details see "***Financial Indebtedness***" on page 264.

We propose to utilize an amount of ₹ 11,122.70 million out of the Net Proceeds of this Issue for repayment/ pre-payment, in full or in part, of certain loans, redemption of SOFCDs, redemption of Preference Shares II and repayment of Public Deposits.

a. Loans

The following table provides the details of the various loan facilities availed by us. We may repay / pre-pay, entirely or partially, all or any, of the loans stated below and / or may undertake further borrowings or refinance some or all of the loans stated below, subject to utilization of maximum of ₹ 4,580 million from the Net Proceeds of the Issue:

Name of the Lender* and nature and date of the loan agreement	Purpose Of the loan	Amount Sanctioned (₹million)	Amount Outstanding on February 27, 2012* (₹million)	Security	Repayment Date/ Schedule	Rate of Interest (% per annum)	Prepayment Clause (if any)
Syndicate Bank Term Loan Sanction letter dated February 5, 2010	Keeping liquidity position comfortable and supporting prospective business opportunities	1,500	1,000	First charge on fixed assets and current assets	6 quarterly installments of ₹ 250 million each after initial moratorium of 18 months, i.e. a total of 36 months	Syndicate Bank PLR + 0.50%	As per internal guidelines of the bank
The Royal Bank of Scotland NV Term Loan Facility agreement dated December 23, 2011, amendment agreements dated February 22, 2012 and February 23, 2012	General corporate purposes, working capital requirements, capital expenditure and repayment of existing loans	3,650	3,489	1. First and exclusive charge by way of pledge over TV18 shares held by us. 2. First and exclusive charge by way of pledge over our shares held by the promoters. 3. Second charge by way of hypothecation over the future	The loan shall be repaid on final maturity date being six months from the date on which loan is made	As on the date of drawdown	Voluntary prepayment of loan can be made upon giving not less than 7 days prior notice to the bank. Mandatory prepayment of the full facility should be made within 3 days from receipt of proceeds from any issuance of our securities. Any prepayment

Name of the Lender* and nature and date of the loan agreement	Purpose Of the loan	Amount Sanctioned (₹million)	Amount Outstanding on February 27, 2012* (₹million)	Security	Repayment Date/ Schedule	Rate of Interest (% per annum)	Prepayment Clause (if any)
				and present moveable fixed assets 4. Unconditional and irrevocable promoter guarantee by Mr. Raghav Bahl			shall be made together with accrued interest on the amount prepaid and subject to any costs including break costs, without premium or penalty.
RBS Financial Services (India) Private Limited Term Loan Facility agreement dated December 26, 2011	Working capital requirements	350	340	1. First and exclusive charge by way of pledge over TV18 shares held by us. 2. First and exclusive charge by way of pledge over our shares held by the promoters. 3. Second charge by way of hypothecation over the future and present moveable fixed assets 4. Unconditional and irrevocable promoter guarantee by Mr. Raghav Bahl	The loan shall be repaid on final maturity date being six months from the date on which loan is made	As on the date of drawdown	Voluntary prepayment of loan can be made upon giving not less than 7 days prior notice to the bank. Mandatory prepayment of the full facility should be made within 3 days from receipt of proceeds from any issuance of its securities. Any prepayment shall be made together with accrued interest on the amount prepaid and subject to any costs including break costs, without premium or penalty.
	TOTAL	**5,500**	**4,829**				

** As certified by M/s. Mohan L. Jain & Co., Chartered Accountants vide their certificate dated February 28, 2012. Further, M/s. Mohan L. Jain & Co., the Chartered Accountants have confirmed we have utilised the above said loan amounts for the purposes for which the loans were availed.*

Out of the Net Proceeds of this Issue, we may repay or prepay, in full or in part, all or any of the present outstanding loans or any further monies borrowed to any combination of the above banks or financial institutions, without any obligation to any particular lender. We may repay loans which have been availed from the Royal Bank of Scotland NV and RBS Financial Services (India) Private Limited, which are associates / affiliates of the RBS Equities (India) Limited, one of the Lead Managers.

We may be required to pay pre-payment penalties or premiums, in order to pre-pay our loans, as per the terms of our loan agreements. Further, the selection of loans proposed to be repaid and/or pre-paid from our loan facilities provided above shall be based on various factors including, (i) any conditions attached to the loans

restricting our ability to repay or pre-pay the loans, (ii) receipt of consents for pre-payment or waiver from any conditions attached to such pre-payment from our respective lenders, (iii) terms and conditions of such consents and waivers, (iv) levy of any pre-payment penalties or premium and the quantum thereof, (v) provisions of any law, rules, regulations governing such borrowings, and (vi) other commercial considerations including, among others, the interest rate on the loan facility, the amount of the loan outstanding and the remaining tenor of the loan. We may undertake further borrowings or refinance some or all of the above loans. The Net Proceeds of this Issue for the above stated object may also be utilised for pre-payment/ repayment of any such further borrowings and refinancing of loans.

b. SOFCDs

Pursuant to a resolution dated June 3, 2011 our shareholders approved the issue and allotment of 18,691,585 10% SOFCDs. On June 15, 2011, 18,691,585 10% SOFCDs of a par value of ₹ 160.50 per SOFCD, each convertible into 1 fully paid up Equity Share of face value of ₹ 5 each at a price of ₹ 160.50 per Equity Share (including premium of ₹ 155.50 per Equity Share) for an aggregate consideration ₹ 2,999.99 million were allotted to certain Promoters and Promoter Group entities.

As on February 28, 2012, 18,691,585 SOFCDs are outstanding. The SOFCD holders have provided an irrevocable undertaking dated February 29, 2012 that they (i) shall not exercise the option for conversion of SOFCDs into Equity Shares and (ii) shall not transfer the SOFCDs.

We intend to redeem the entire outstanding SOFCDs amounting to ₹ 2,999.99 million out of the Net Proceeds. For details see "***Financial Indebtedness***" on page 264.

c. Preference Shares II

The Board of Directors and the rights issue committee pursuant to resolutions passed under section 81(1) of the Companies Act at their meetings held on March 5, 2007 and September 24, 2007 respectively, approved the issue and allotment of 10,296,451 Preference Shares II of face value of ₹ 200 each on rights basis, aggregating to ₹ 2,059.29 million consisting of:

- Part A – Compulsorily convertible portion - ₹ 50 per share; and
- Part B – Non-convertible portion - ₹ 150 per share.

On May 15, 2008, 10,296,451 Preference Shares II of face value of ₹ 200 each were allotted. Of these, 12,072 Preference Shares II were forfeited due to non-payment of call money. The compulsorily convertible portion of remaining 10,284,379 Preference Shares II was converted into an equal number of Equity Shares at a premium of ₹ 45 per Equity Share.

Accordingly, as on the date of this Draft Letter of Offer, the non-convertible portion of the 10,284,379 Preference Shares II aggregating to ₹ 1,542.70 million remain outstanding. The non-convertible portion of the Preference Shares II is redeemable at the end of five years from the date of their allotment i.e. May 14, 2013 at ₹150 per Preference Share II. The Preference Shares II are listed on the Stock Exchanges and as on February 24, 2012 there are 7,662 Preference Share II holders.

We intend to redeem the entire outstanding Preference Shares II amounting to ₹ 1,542.70 million out of the Net Proceeds.

d. Public Deposits

As on February 27, 2012, Public Deposits amounting to ₹ 3,345.59 million are outstanding. We intend to repay the Public Deposits amounting to ₹ 2,000 million out of the Net Proceeds. For details of Public Deposits see "***Financial Indebtedness***" on page 264.

2. Investment in our Subsidiary, TV18

Pursuant to a board resolution dated January 3, 2012, TV18 has announced rights issue of its equity shares. We intend to invest an amount of up to ₹ 13,840 million from the Net Proceeds to subscribe to our rights entitlement in the proposed Rights Issue of TV18. We believe that we will derive benefits from our investment in TV18 including growth potential and maintain control over TV18.

TV18 proposes to undertake the ETV Acquisition which will be entirely funded from the proceeds of the Rights Issue of TV18. In connection with ETV Acquisition, we and TV18 have entered into a SPA with Equator, Altitude and Kavindra. Altitude is the legal and beneficial owner of 2,000,000,000 equity shares of ₹ 1 each of Equator and Kavindra is the legal and beneficial owner of 125,700,000 CCDs of ₹ 100 each of Equator, which together represents 100% of the Equity Securities of Equator (collectively, the "Equator Securities"). Pursuant to the terms of the SPA, Altitude and Kavindra shall sell and transfer, the Equator Securities to TV18, for an aggregate consideration of ₹ 19,250 million, as adjusted for the net debt ("Net Debt"). Net Debt as per SPA is defined as the aggregate of all monies borrowed from banks by Panorama, Prism and Eenadu, less the aggregate of all cash and bank balances of Panorama, Prism and Eenadu as of one day prior to the date of acquisition of Equator Securities. For further details relating to the ETV Acquisition, please see "***Material Agreements Pertaining to ETV Acquisition***" on page 61.

Pursuant to the ETV Acquisition, Equator will become our wholly subsidiary of TV18 and we will hold and control the following investments:

a. 2,750 equity shares of ₹ 10 each and 2,494,688 OFCDs of ₹ 100 each, together representing approximately 100% Equity Securities of Panorama which owns ETV News Channels;

b. 3,929 equity shares of ₹ 10 each and 1,251,660 OFCDs of ₹ 100 each, together representing approximately 50% Equity Securities of Prism which owns ETV Non Telugu Channels;

c. 5,500 equity shares of ₹ 10 each and 608,869 OFCDs of ₹ 100 each, together representing 24.50% Equity Securities of Eenadu which owns ETV Telugu Channels.

Terms of the OFCDs of Panorama, Prism and Eenadu

Date of Allotment	February 10, 2012
Rate of interest	0%
Nature of security created	None
Conversion terms	Each of the OFCDs shall be convertible into 10 equity shares of ₹ 10 each of Panorama, Prism and Eenadu, respectively, at the election of the OFCD holder at any point of time before the expiry of 7 years from the date of allotment.
Terms of repayment, if the OFCDs are not converted	Outstanding OFCDs, if any, shall be redeemed by Panorama, Prism and Eenadu, respectively, upon the expiry of 7 years of the date of allotment of the OFCDs.
Other terms	The OFCDs are transferable in accordance with the terms and conditions of Panorama SHA, Prism SHA and Eenadu SHA, respectively.

Brief overview of the ETV Channels that we propose to acquire, as stated above, are as follows:

ETV News Channels

1. ***ETV Uttar Pradesh*** is a 24-hour Hindi language news and general affairs channel targeted for audience in Uttar Pradesh, Uttarakhand and other Hindi speaking audiences.

2. ***ETV Madhya Pradesh*** is a 24-hour Hindi language news and general affairs channel targeted for audience in Madhya Pradesh, Chhattisgarh and other Hindi speaking audiences.

3. ***ETV Rajasthan*** is a 24-hour Hindi language news and general affairs channel targeted for audience in Rajasthan and other Hindi speaking audiences.

4. ***ETV Bihar*** is a 24-hour Hindi language news and general affairs channel targeted for audience in Bihar-Jharkhand and other Hindi speaking audiences.

5. ***ETV Urdu*** is the ETV Network's only 24-hour national news channel and has a nationwide network. *ETV Urdu* caters to a large section of Urdu speaking audiences.

ETV Non–Telugu Channels

6. ***ETV Kannada*** is a 24-hour news and general entertainment channel in Kannada targeted for audience in Karnataka and Kannada speaking audiences.

7. ***ETV Bangla*** is a 24-hour news and general entertainment channel in Bengali targeted for audience in West Bengal and Bengali speaking audiences.

8. ***ETV Marathi*** is a 24-hour news and general entertainment channel in Marathi targeted for audience in Maharashtra and Marathi speaking audiences.

9. ***ETV Gujarati*** is a 24-hour news and general entertainment channel in Gujarati targeted for audience in Gujarat and Gujarati speaking audiences.

10. ***ETV Oriya*** is a 24-hour news and general entertainment channel in Oriya targeted for the Oriya speaking audiences.

ETV Telugu Channels

11. ***ETV Telugu*** is a 24-hour news and general entertainment channel in Telugu targeted for audience in Andhra Pradesh and Telugu speaking audiences.

12. ***ETV2*** is a 24-hour Telugu news channel in Telugu targeted for audience in Andhra Pradesh and Telugu speaking audiences.

In addition to the above channels, Panorama has also applied to MIB for transfer from UEPL the permission to launch five regional language news channels i.e. *ETV News Bangla, ETV News Marathi, ETV News Kannada, ETV News Haryana-Himachal Pradesh* and *ETV News Gujarati.* Further, Eenadu has also applied to MIB for transfer from UEPL the permission to launch two additional Telugu channels, i.e. ETV 3 and ETV Cinema.

Nature of benefits expected to accrue as a consequence of the ETV Acquisition

We currently operate English and Hindi national news channels, one regional news channel (in Marathi through our joint venture with Lokmat Media Limited), English and Hindi general entertainment channels through Viacom18 and one factual entertainment channel through AETN18. As a result of the proposed ETV Acquisition, we shall be able to expand our broadcast operations to regional stand alone news channels and regional general entertainment channels. We will be acquiring and operating regional news channels in Hindi, and general entertainment channels (which also have news programmes in Gujarati, Marathi, Kannada, Bengali, Oriya and Urdu). We shall also be acquiring a 24.50% strategic interest in the ETV Telugu Channels. As a result, we expect to expand our viewership base and attract a more diverse viewer base across our media properties which we believe would improve our profitability.

We believe that we shall be able to aid the growth of ETV Channels with our strategic inputs, improved content/programming strategies and operational synergies.

Assurance of dividend from the investment in our Subsidiary, TV18

No dividends from TV18 have been assured to us with respect to any of our current and future investments in the equity shares of TV18.

Assurance of dividend from the investment in the Equity Securities of Equator

No dividends are assured to us pursuant to the ETV Acquisition.

Capital Structure of Equator

Equator is 100% subsidiary of Altitude. Altitude holds 2,000,000,000 equity shares of ₹ 1 each of Equator. Further, Kavindra holds 125,700,000 CCDs of Equator of ₹ 100 each.

Terms of the CCDs of Equator

Rate of interest	0%
Nature of security created	None
Terms of repayment, if the debentures are not converted	Not repayable. CCDs are compulsorily convertible.
Other terms	The CCDs shall be convertible into equity shares of Equator at the election of the CCDs holder at any point of time beginning from March 30, 2009 up to March 30, 2018. Each CCD is convertible into 100 equity shares of ₹ 1 each of Equator.

Statements of assets and liabilities and profit and loss:

Equator was incorporated on January 7, 2008. As a result, financial results of Equator for Financial Years prior to Financial Year 2008-09 are not available. For summary financial information of Equator for Financial Year 2008-09, Financial Year 2009-10 and Financial Year 2010-11, please see "***Summary Financial Information of Equator***" on page 218.

For summary financial information of Panorama, Prism and Eenadu, please see "***Summary Financial Information of Panorama, Prism and Eenadu***" on page 225.

3. General Corporate Purposes

We intend to deploy the balance Net Proceeds aggregating ₹ [●] for general corporate purposes, including but not restricted to, strategic initiatives, joint ventures and acquisitions, meeting exigencies which we, in the ordinary course of business may face, or any other purposes as may be approved by the Board or any duly approved committee.

Issue related expenses

The Issue related expenses include, among others, fees to various advisors, printing and distribution expenses, advertisement expenses, and registrar and depository fees. The estimated Issue related expenses are as follows:

Particulars	**Amount*** ***(₹ in million)***	**As % of total estimated Issue expenses***	**As a % of Issue Size***
Fees payable to intermediaries including Lead Managers and Registrar to the Issue	[●]	[●]	[●]
Fees payable to SCSBs for processing ASBA forms	[●]	[●]	[●]
Fees payable to Bankers to the Issue	[●]	[●]	[●]
Fees payable to Monitoring Agency	[●]	[●]	[●]
Others (printing and distribution, stationery, postage, professional, advisory expenses, auditors fees, monitoring agency fee, SEBI fees, listing fees, depository fees, out of pocket reimbursements, etc.)	[●]	[●]	[●]
Total estimated Issue expenses	[●]	[●]	[●]

**Amount will be finalized at the time of filing the Letter of Offer and determination of Issue Price and other details.*

Schedule of utilization of Net Proceeds

We propose to utilize Net Proceeds in accordance with the table set forth below

Sr. No.	Particulars	Amount to be utilised (In ₹ million) during Financial Year 2012-13	Amount to be utilised (In ₹ million) during Financial Year 2013-14	Total (In ₹ million)
1.	Repayment/ pre-payment, in full or in part, of certain loans, redemption of SOFCDs and repayment of Public Deposits	9,580	-	9,580
2.	Redemption of Preference Shares II	-	1,542.70	1,542.70
3.	Investment in our Subsidiary, TV18	13,840	-	13,840
4.	General corporate purposes	[●]	[●]	[●]

Interim use of proceeds

Our Board of Directors, in accordance with the policies formulated by them from time to time, will have flexibility in deploying the Net Proceeds. Pending utilization of the Issue Proceeds for the purposes described above, we intend to temporarily invest the funds in interest / dividend bearing liquid instruments including investments in mutual funds and other financial products, such as principal protected funds, derivative linked debt instruments, other fixed and variable return instruments, listed debt instruments, rated debentures or deposits with banks / other entities etc. as per our existing investment policy or any other policy that may be approved by the Board or any committee thereof, from time to time. Such investments would be in accordance with the investment policies approved by the Board or any committee thereof, from time to time.

Bridge Financing Facilities

We have not raised any bridge loans from any bank or financial institution as on the date of this Draft Letter of Offer, which are proposed to be repaid from the Issue Proceeds.

Monitoring of Utilisation of Funds

We have appointed IFCI Limited as the monitoring agency, to monitor the utilization of the Net Proceeds. We will disclose the utilization of the Net Proceeds under a separate head along with details, if any, in relation to all such Net Proceeds that have not been utilised thereby also indicating investments, if any, of such unutilized Net Proceeds in our financial statements for the relevant Financial Years commencing from Financial Year 2012-13.

Pursuant to clause 49 of the Listing Agreement, we shall on a quarterly basis disclose to the Audit Committee the uses and applications of the Issue Proceeds. On an annual basis, we shall prepare a statement of funds utilised for purposes other than those stated in this Draft Letter of Offer and place it before the Audit Committee. Such disclosure shall be made only until such time that all the Issue Proceeds have been utilised in full. The statement shall be certified by our Auditors. Furthermore, in accordance with clause 43A of the Listing Agreements we shall furnish to the Stock Exchanges on a quarterly basis, a statement including material deviations if any, in the utilisation of the proceeds of the Issue from the objects of the Issue as stated above. This information will also be published in newspapers simultaneously with the interim or annual financial results, after placing the same before the Audit Committee.

The key industry regulations for the proposed objects of the Issue are not different from our existing business.

Except for the redemption of SOFCDs, Preference Shares II and investment in our Subsidiary, TV18, no part of the Issue Proceeds will be paid by us as consideration to the Promoters and Promoter Group, the Directors, our key management personnel, associates or companies promoted by the Promoters, except in the usual course of business.

SECTION IV - STATEMENT OF TAX BENEFITS

STATEMENT OF POSSIBLE TAX BENEFITS AVAILABLE TO THE COMPANY AND ITS SHAREHOLDERS

To

The Board of Directors
Network18 Media & Investments Limited

Registered Office:
503, 504 & 507, 5th Floor,
'Mercantile House', 15,
Kasturba Gandhi Marg,
New Delhi- 110001

Corporate Office:
Express Trade Tower,
Plot No. 15-16,
Sector 16A
Noida- 201301(U.P.)

Dear Sirs

Subject: Statement of Possible Tax Benefits available to the Company and its Shareholders

We hereby certify that the enclosed annexure states the possible tax benefits available to Network18 Media & Investments Limited ("the Company") and to the shareholders of the Company under the provisions of the Income-tax Act, 1961 and Wealth Tax Act, 1957, presently in force in India. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant tax laws. Hence, the ability of the Company or its shareholders to derive tax benefits is dependent upon fulfilling such conditions, which is based on business imperatives the Company faces in the future, the Company may or may not choose to fulfill.

The benefits discussed in the enclosed statement are not exhaustive. This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. A shareholder is advised to consult his/ her/ their own tax consultant with respect to the tax implications arising out of their participation in the proposed Rights Issue of equity shares of the Company particularly in view of ever changing tax laws in India.

We do not express any opinion or provide any assurance as to whether:

- The Company or its shareholders will continue to obtain these benefits in future; or
- The conditions prescribed for availing the benefits have been / would be met.

The contents of this annexure are based on information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company and the provisions of the Income- Tax Act, 1961 and Wealth Tax Act, 1957. The same shall be subject to notes to this annexure.

No assurance is given that the revenue authorities/ Courts will concur with the views expressed herein. Our views are based on existing provisions of the law and its interpretation, which are subject to change from time to time. We do not assume any responsibility to update the views consequent to such changes. We shall not be liable to the Company for any claims, liabilities or expenses relating to this assignment except to the extent of the fees relating to this assignment, as finally judicially determined to have resulted primarily from bad faith or intentional misconduct. We are not liable to any person other than the Company in respect of this statement.

This report is intended solely for your information and for the inclusion in the Offer Document in connection with the proposed right issue of the Company and is not to be used, referred to or distributed for any other purpose without our prior written consent.

For **Mohan L Jain & Co.**
Chartered Accountants

CA. Amit Kumar Goyal
Partner
Membership No. 509499

Place: New Delhi
Date: 2nd February 2012

Taxation

The information provided below sets out the possible tax benefits available to the shareholders and the Company in a summary manner only and is not a complete analysis or listing of all potential tax consequences of purchase, ownership and disposal of equity shares, under the current taxation laws presently in force in India. It is not exhaustive or comprehensive and is not intended to be a substitute for professional advice.

YOU SHOULD CONSULT YOUR OWN TAX ADVISORS CONCERNING THE INDIAN TAX IMPLICATIONS AND CONSEQUENCES OF PURCHASING, OWNING AND DISPOSING OF EQUITY SHARES IN YOUR PARTICULAR SITUATION.

The following is based on the provisions of the Income-tax Act, 1961 (**IT Act** or **the Act**) as of the date hereof. The IT Act is amended by the Finance Act every fiscal year.

BENEFITS AVAILABLE TO THE COMPANY- UNDER THE IT ACT

1. Special Tax benefits available to the Company

No special tax benefit is available to the Company.

2. General tax benefits available to the Company under the IT Act

A) Business Income:

A.i. Depreciation

The Company is entitled to claim depreciation on specified tangible (being Buildings, Plant & Machinery, Computer and Vehicles) and intangible assets (being Knowhow, Copyrights, Patents, Trademarks, Licenses, Franchises or any other business or commercial rights of similar nature acquired on or after 1st April, 1998) owned by it and used for the purpose of its business under section 32 of the Act.

In case of any new plant and machinery (other than ships and aircraft) that will be acquired and installed by the Company engaged in the business of manufacture or production of any article or thing, the Company will be entitled to a further sum equal to twenty per cent of the actual cost of such machinery or plant subject to conditions specified in section 32 of the Act.

Unabsorbed depreciation if any, for an Assessment Year (AY) can be carried forward and set off against any source of income in subsequent AYs as per section 32 (2) subject to the provisions of sub-section (2) of section 72 and sub-section (3) of section 73 of the Act.

A.ii. Preliminary Expenditure:

As per Section 35D, the Company is eligible for deduction in respect of specified preliminary expenditure incurred by the Company in connection with extension of its industrial undertaking or in connection with setting up a new industrial unit for an amount equal to 1/5th of such expenses over 5 successive AYs subject to conditions and limits specified in that section.

A.iii Expenditure incurred on voluntary retirement scheme:

As per Section 35DDA, the Company is eligible for deduction in respect of payments made to its employees in connection with his voluntary retirement for an amount equal to 1/5th of such expenses over 5 successive AYs subject to conditions specified in that section.

A.iv Expenditure on Scientific Research:

As per Section 35, the Company is eligible for –

- Deduction in respect of any expenditure (not being in the nature of capital expenditure) on scientific research related to the business subject to conditions specified in that section.

- As per section 35(2AA) a deduction of 175% shall be allowed as a deduction of the sum paid by the Company, to a National Laboratory [or a University or an Indian Institute of Technology or a specified person as specified in this section] with a specific direction that the sum shall be used for scientific research undertaken under a programme approved in this behalf by the specified authority subject to conditions specified in that section.

A.v. Carry forward of business loss

Business losses if any, for any AY can be carried forward and set off against business profits for eight subsequent AYs.

A.vi. MAT Credit:

As per section 115JAA(1A), the Company is eligible to claim credit for Minimum Alternate Tax ("MAT") paid under sub-section (1) of section 115JB for any AY commencing on or after April 1, 2006 against normal income tax payable in subsequent AYs. MAT credit shall be allowed under sub-section (1A) shall be the difference of the tax paid for any assessment year under sub-section (1) of section 115JB and the amount of tax payable by the assessee on his total income computed in accordance with the other provisions of this Act.

The amount of tax credit determined shall be carried forward and set off up to 10 (Ten) AYs immediately succeeding the assessment year in which tax credit becomes allowable.

All the deductions mentioned above, will result in a reduction in tax liability of the Company.

B) Capital Gains:

B.i. Capital asset means property of any kind held by an assessee whether or not connected with his business or profession but does not include any stock-in-trade, consumables stores or raw materials held for the purpose of his business or profession and personal effects i.e. movable property held for personal use.

Capital assets may be categorised into short term capital assets and long term capital assets based on the period of holding.

Shares in a company, listed securities or units of UTI or units of mutual fund specified under section 10 (23D) or zero coupon bond will be considered as long term capital assets if they are held for a period exceeding twelve months. In case of all other assets if the period of holding exceeds thirty six months they are termed as long term capital assets.

B.ii.a. Long term Capital Gain (LTCG)

LTCG means capital gain arising from the transfer of a long term capital asset.

B.ii.b. Short Term Capital Gain (STCG)

STCG means gain arising out of transfer of capital asset being share held in a company or any other security listed in a recognized stock exchange in India or unit of the Unit Trust of India or a unit of a mutual fund specified under clause (23D) of section 10, held by an assessee for 12 months or less.

In respect of any other capital asset, STCG means capital gain arising from the transfer of capital asset, held by an assessee for 36 months or less.
B.iii. LTCG arising on transfer of equity share in a Company or units of an equity oriented fund (as defined) which has been set up under a scheme of a Mutual Fund specified under Section 10 (23D), on a recognized stock exchange on or after October 1, 2004 are exempt from tax under Section 10(38) of the Act provided the transaction is chargeable to securities transaction tax ("STT") and subject to conditions specified in that section. However, the income by way of long term capital gain of a Company exempted under section 10 (38) shall be taken into account in computing book profit and income tax payable under section 115JB @ 18.5% plus applicable Surcharge and Education Cess ("SC+EC")on tax.

B.iv. As per second proviso to section 48, LTCG arising on transfer of capital assets, other than bonds and debentures excluding capital indexed bonds issued by Government, is to be computed by deducting the indexed cost of acquisition and indexed cost of improvement from the full value of consideration.

B.v.a. As per section 112, LTCG is taxed @20% plus applicable SC +EC.

B.v.b. However as per proviso to section 112(1), if such tax payable on transfer of listed securities/ units /Zero coupon bonds exceeds 10% of the LTCG, without availing benefit of indexation, the excess tax will be ignored.

B.vi. As per section 111A of the Act, STCG arising on sale of equity shares or units of equity oriented mutual fund (as defined) under Section 10(23D), on a recognized stock exchange are subject to tax at the rate of 15% (plus applicable SC + EC), provided the transaction is chargeable to STT.

B.vii. As per section 71 read with section 74, Short-term capital loss arising during a year is allowed to be set-off against short-term as well as long-term capital gains of the said year. Balance loss, if any, should be carried forward and set-off against short-term as well as long-term capital gains for subsequent 8 assessment years.

B.viii. As per section 71 read with section 74, Long-term capital loss arising during a year is allowed to be set-off only against long-term capital gains. Balance loss, if any, should be carried forward and set-off against subsequent year's long-term capital gains for subsequent 8 assessment years.

B.ix. Under section 54EC of the Act, capital gains arising on the transfer of a long-term capital asset will be exempt from capital gains tax if such capital gains are invested within a period of 6 months after the date of such transfer in specified bonds issued by the following and subject to the conditions specified therein –

- National Highways Authority of India constituted under section 3 of National Highways Authority of India Act, 1988.

- Rural Electrification Corporation Limited, a Company formed and registered under The Companies Act, 1956

If only a part of the capital gains is so reinvested, the exemption shall be proportionately reduced. However, after 1st April, 2007, to avail the benefit of section 54EC, the investment made in specified long term bonds should not exceed Rupees Fifty Lacs.

If the new bonds are transferred or converted into money within three years from the date of their acquisition, the amount so exempted shall be taxable in the year of transfer.

C) Income from Other Sources

C.1 Dividend Income:

Dividend (both interim and final) income, if any, received by the Company on its investment in shares of another domestic company shall be exempt from tax under Section 10(34) read with Section 115-O of the Act.

Income received in respect of units of a mutual fund specified under Section 10(23D) of the Act shall be exempt from tax under Section 10(35) of the Act, subject to certain conditions as per the section 10(23D) of the Act.

C.2 Tax Benefits available from Income of Trust registered as Association of Persons

Where the assessee is a member of an association of persons or body of individuals (other than a company or a co-operative society or a society registered under the Societies Registration Act, 1860 (21 of 1860), or under any law corresponding to that Act in force in any part of India), income-tax shall not be payable by the assessee in respect of his share in the income of the association or body computed in the manner provided in section 67A.

Where the association or body is chargeable to tax on its total income at the maximum marginal rate or any higher rate under any of the provisions of this Act, the share of a member computed as aforesaid shall not be included in his total income.

Where no income-tax is chargeable on the total income of the association or body, the share of a member computed as aforesaid shall be chargeable to tax as part of his total income and nothing contained in this section shall apply to the case.

The tax benefit pertaining to company outlined above (para 2) are general and all the benefits may not be availed by/available to the Company.

3. Special Tax benefits available to the members of the Company

No special Tax benefits are available to the members of the Company.

4. General Tax benefits available to the Members of the Company

4.1 Resident Members

4.1.i Dividend income:

Dividend (both interim and final) income, if any, received by the resident shareholder from a domestic Company is exempt under Section 10(34) read with Section 115O of the Act.

4.1.ii Capital gains:

- Benefits outlined in Paragraph 2(B) above are also applicable to resident shareholders. In addition to the same, the following benefits are also available to resident shareholders.

- As per Section 54F of the Act, LTCG arising to individual and HUF from transfer of shares (transferred other than through stock exchange) will be exempt from tax, if net consideration from such transfer is within a period of one year before, or two years after the date of transfer, in purchase of a new residential house, or for construction of residential house within three years from the date of transfer and subject to conditions and to the extent specified therein.

4.1.iii Clubbing of Income:

Any income of minor children clubbed with the total income of the parent under section 64(1A) of the Act, will be exempt from tax to the extent of Rs. 1500/- per minor child under section 10(32) of the Act.

4.1.iv Expense on STT

Any amount paid as security transaction tax will be treated as business expense, if trading of shares is treated as business transactions.

4.2 Tax Benefits available to Non-Resident Members

4.2.i Dividend income:

Dividend (both interim and final) income, if any, received by the non-resident shareholders from a domestic company shall be exempt under section 10(34) read with Section 115-O of the Act.

4.2.ii Capital gains:

Benefits outlined in Paragraph 2(B) above are also available to a non-resident shareholder except that as per first proviso to Section 48 of the Act, capital gains arising on transfer of capital assets being shares of an Indian Company need to be computed by converting the cost of acquisition, expenditure in connection with such transfer and full value of the consideration received or accruing as a result of the transfer into the same foreign currency in which the shares were originally purchased. The resultant gains thereafter need to be reconverted into Indian currency. The conversion needs to be at the prescribed rates prevailing on dates stipulated. Further, the benefit of indexation as provided in second proviso to section 48 is not available to non-resident shareholders.

As per section 10(38) of the Act, long term capital gains arising to the shareholder from the transfer of a long term capital asset being an equity share in the company, where such transaction is chargeable to securities transaction tax would not be liable to tax in the hands of the shareholder.

Benefit u/s 54EC and 54F as outlined in paragraph (B.ix) and (4.1.ii) respectively are also available to Non-resident member.

4.2.iii Expense on STT:

Benefits outlined in Paragraph 4.1.iv above are also applicable to the non-resident shareholder.

4.2.iv Tax Treaty Benefits:

As per Section 90 of the Act, the shareholder can claim relief in respect of double taxation, if any, as per the provision of the applicable Double Tax Avoidance Agreements.

4.2.v Special provisions in respect of income / LTCG from specified foreign exchange assets available to Non resident Indians under Chapter XII-A

4.2.v.a. Non-Resident Indian (NRI) means a citizen of India or a person of Indian Origin who is not a resident. A person is deemed to be of Indian Origin if he or she, or either of his parents or any of his grand-parents, were born in undivided India.

4.2.v.b. Specified foreign exchange assets include shares of an Indian Company acquired/purchased/subscribed by NRI in convertible foreign exchange.

4.2.v.c . As per section 115E, income [other than dividend which is exempt under section 10(34)] from investments and LTCG from assets (other than specified foreign exchange assets) shall be taxable @ 20% (plus applicable SC + EC). No deduction in respect of any expenditure allowance from such income will be allowed and no deductions under chapter VI-A will be allowed from such income.

4.2.v.d. As per section 115E, LTCG arising from transfer of specified foreign exchange assets shall be taxable @ 10% (plus applicable SC + EC).

4.2.v.e. As per section 115F, LTCG arising from transfer of foreign exchange assets shall be exempt in the proportion of the net consideration from such transfer being invested in specified assets or savings certificates within six months from date of such transfer, subject to further conditions specified under section 115F.

4.2.v.f. As per section 115G, if the income of a NRI taxable in India consist only of income/ LTCG from such shares and tax has been properly deducted at source in respect of such income in accordance with the Act, it is not necessary for the NRI to file return of income under section 139.

4.2.v.g.As per section 115H of the Act, when a non-resident Indian become assessable as a resident in India, he/she is entitled to furnish a declaration in writing to the Assessing Officer along with the return of income to the effect that the provisions of Chapter XII-A shall continue to apply to him in relation to such investment income derived from the specified assets for that year and subsequent assessment years until such assets are transferred or otherwise converted into money.

4.2.v.h As per section 115I of the Act, a non-resident Indian may elect not to be governed by the provisions of Chapter XII-A for any assessment year by furnishing the return of income for that year under Section 139 of the Act, declaring therein that the provisions of Chapter XII-A shall not apply to him for that assessment year and, accordingly, his total income for that assessment year will be computed in accordance with the other provisions of the Act.

4.2.vi. Any income of minor children clubbed with the total income of the parent under section 64(1A) of the IT Act, will be exempt from tax to the extent of Rs. 1,500 per minor child under section 10(32) of the IT Act.

4.3 Tax Benefits available to Foreign Institutional Investors (FIIs)

4.3.1 Dividend income:

Dividend (both interim and final) income, if any, received by the shareholder from the domestic company shall be exempt under Section 10(34) with Section 115O of the Act.

4.3.2 Capital Gains:

Under Section 115AD, income (other than income by way of dividends referred in Section 115-O) received in respect of securities (other than units referred to in Section 115AB) shall be taxable at the rate of 20% (plus applicable SC & EC). No deduction in respect of any expenditure /allowance shall be allowed from such income.

Under Section 115AD, capital gains arising from transfer of securities (other than units referred to in Section 115AB), shall be taxable as follows:

As per section 111A, STCG arising on transfer of securities where such transactions is chargeable to STT, shall be taxable at the rate of 15% (plus applicable SC + EC). STCG arising on transfer of securities where such transaction is not chargeable to STT, shall be taxable at the rate of 30% (plus applicable SC + EC)

LTCG arising on transfer of securities where such transaction is not chargeable to STT, shall be taxable at the rate of 10% (plus applicable SC + EC). The benefits, as mentioned under 1st and 2nd proviso to section 48 would not be allowed while computing the capital gains.

4.3.3. Exemption of capital gains from Income tax

4.3.3.i. LTCG arising on transfer of securities where such transaction is chargeable to STT is exempt from tax under Section 10(38) of the Act.

4.3.3 ii. Benefit of exemption under Section 54EC shall be available as outlined in Paragraph 2(B)(ix) above.

4.3.4 Expenses on STT
Benefit as outlined in Paragraph 4.1.iv above are also available to FIIs.

4.3.5 Tax Treaty Benefits
As per Section 90 of the Act, a shareholder can claim relief in respect of double taxation, if any, as per the provisions of the applicable double tax avoidance agreements.

4.4 Tax Benefits available to Mutual Funds

As per the provisions of Section 10(23D) of the Act, any income of mutual funds registered under the Securities and Exchange Board of India Act, 1992 or Regulations made there under, the mutual funds set up by public sector banks or public financial institutions and mutual funds authorized by the Reserve Bank of India, would be exempt from income tax, subject to the prescribed conditions.

4.5 Tax Benefits available to Venture Capital Companies/Funds

Under Section 10(23FB) of the IT Act, any income of Venture Capital Companies/Funds (set up to raise funds for investment in venture capital undertaking notified in this behalf) registered with the Securities and Exchange Board of India would be exempt from income tax, subject to conditions specified therein. 'Venture capital undertaking' means a domestic company whose shares are not listed in a recognized stock exchange in India and which is engaged in following:

- business of-
  - nanotechnology;
  - information technology relating to hardware and software development;
  - seed research and development;
  - bio-technology;

- research and development of new chemical entities in the pharmaceutical sector;
- production of bio-fuels;
- building and operating composite hotel-cum-convention centre with seating capacity of more than three thousand; or
- developing or operating and maintaining or developing, operating and maintaining any infrastructure facility as defined in the *Explanation* to clause (*i*) of Section 80IA(4) of the IT Act; or

- dairy or poultry industry.

As per Section 115U of the IT Act, any income derived by a person from his investment in venture capital companies/ funds would be taxable in the hands of the person making an investment in the same manner as if it were the income received by such person had the investments been made directly in the venture capital undertaking.

5. Wealth Tax Act, 1957

Shares in a company held by a shareholder are not treated as an asset within the meaning of Section 2(ea) of Wealth Tax Act, 1957; hence, wealth tax is not leviable on shares held in a company.

6. The Gift Tax Act, 1957

Gift of shares of the Company made on or after October 1, 1998 are not liable to Gift tax. However, a new clause (vii) has been inserted in section 56(2) to tax gift in kind (gift of shares etc.) received by and individual or a HUF with effect from 1st October 2009.

7. Security Transaction Tax (STT)

STT in respect of any taxable securities transaction shall be collected from the seller or the buyer, on the value of such transaction, by every recognized stock exchange or the prescribed person in case of any Mutual Fund, at the rate specified in section 98 of the Act

8. Notes:

- All the above benefits are as per the current tax laws and will be available only to the sole/first named holder in case the shares are held by joint holders. Some or all of the tax consequences may be modified or amended by future amendments to the tax laws.

- In respect of non-residents, the tax rates and the consequent taxation mentioned above will be further subject to any benefits available under the relevant DTAA, if any, between India and the country in which the non-resident has fiscal domicile.

- In view of the individual nature of tax consequences, each investor is advised to consult his/her own tax advisor with respect to specific tax consequences of his/her participation in the issue.

- The above Statement of Possible Direct Tax Benefits sets out the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of shares.

For **Mohan L Jain & Co.**
Chartered Accountants

CA. Amit Kumar Goyal
Partner
Membership No. 509499

SECTION V – ABOUT US

INDUSTRY OVERVIEW

The information in this chapter is derived from publicly available sources, including the 2011 FICCI-KPMG Indian Media and Entertainment Industry Report ("2011 FICCI-KPMG Report"). We have taken reasonable care in the extraction, compilation and reproduction of information and data presented in this chapter and elsewhere in this Draft Letter of Offer. Neither we, nor the Lead Managers, or any of their respective affiliates or advisors has independently verified the information presented in this section from their sources. Such information may not be consistent with other information from other sources and no representation is given as to its accuracy.

The Indian Media and Entertainment Industry

Growing Indian Media and Entertainment Industry. The Indian media and entertainment industry has been aided by India's economic liberalization and growth. According to the 2011 FICCI-KPMG Report, Indian media and entertainment industry revenues were ₹ 652 billion in 2010 compared to ₹ 587 billion in 2009, demonstrating a growth rate of 11.1%. Backed by positive industry sentiment and growing media consumption, the Indian media and entertainment industry is projected to grow at a compounded annual growth rate of 14% through 2015, reaching ₹ 1,275 billion, according to the 2011 FICCI-KPMG Report.

The following table illustrates Indian media and entertainment industry growth by segment from 2007 to 2015:

Overall Industry Size (₹billion)	**2007**	**2008**	**2009**	**2010**	**CAGR % (2007-10)**	**2011(1)**	**2012(1)**	**2013(1)**	**2014(1)**	**2015(1)**	**CAGR % (2011-15)(1)**
Television(2)	**211**	**241**	**257**	**297**	**12%**	**341**	**389**	**455**	**533**	**630**	**16%**
Print(2)	**160**	**172**	**175**	**193**	**6%**	**211**	**231**	**254**	**280**	**310**	**10%**
Film(2)	**93**	**104**	**89**	**83**	**-3%**	**91**	**98**	**109**	**120**	**132**	**10%**
Radio	7	8	8	10	11%	12	15	18	21	25	20%
Music	7	7	8	9	5%	9	11	13	16	19	17%
Out of Home	14	16	14	17	6%	19	22	24	27	30	12%
Animation and VFX	14	17	20	24	18%	28	33	40	47	56	19%
Gaming	4	7	8	10	32%	13	17	23	31	38	31%
Digital Advertising(2)	**4**	**6**	**8**	**10**	**39%**	**13**	**18**	**22**	**28**	**36**	**28%**
Total	**516**	**579**	**587**	**652**	**8%**	**738**	**834**	**957**	**1104**	**1275**	**14%**

Source: 2011 FICCI-KPMG Report

(1) Projected
(2) Emphasis added to segments in which we currently operate in.
Note: Numbers have been rounded to the nearest integer

Increasing Media Penetration. According to the 2011 FICCI-KPMG Report, television penetration in India is significantly lower compared to developed markets like the United States and the United Kingdom, which are almost fully penetrated, indicating room for growth. For example, in 2010, television penetration in India was only at 61% according to the 2011 FICCI-KPMG Report.

According to the 2011 FICCI-KPMG Report, as metro areas become saturated, media companies will begin to expand to less populated areas, increasing the media penetration in India. As evidence of these factors, the number of regional language television channels in India is increasing. This exposes a greater proportion of the population to media offerings.

The Indian Television Industry

Third Largest Television Market. India is the world's third largest television market (following China and the United States), according to the 2011 FICCI-KPMG Report. The number of households with televisions in India grew to reach 138 million in 2010 compared to 129 million in 2009, according to the 2011 FICCI-KPMG Report. However, there remains room for further growth, however, as India has approximately 88million non-television viewing households, according to the 2011 FICCI-KPMG Report. In 2010, Indian television industry

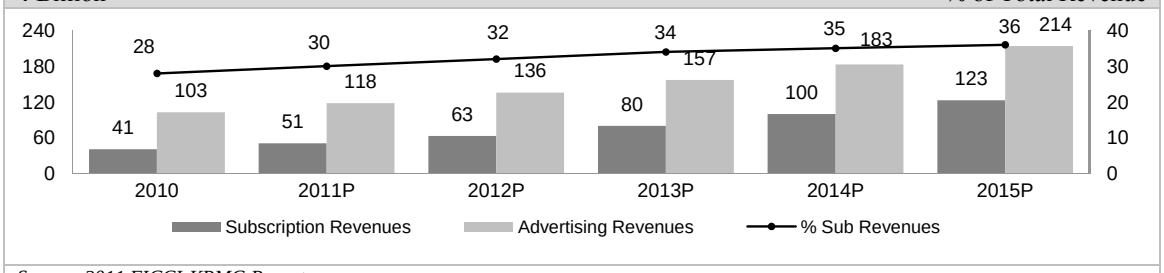
revenues were ₹297 billion compared to ₹257 billion in 2009, representing a growth rate of 15.6%. The industry is expected to grow at a compounded annual growth rate of 16% from 2010 to 2015, according to the 2011 FICCI-KPMG Report.

Increasing Television Advertising Revenues. According to the 2011 FICCI-KPMG Report, television advertising recorded a growth of 24% in terms of volume and 17% in terms of revenue from 2009 to 2010. Television advertising revenues are projected to grow at a compounded annual growth rate of 16% from 2011 to 2015 according to the 2011 FICCI-KPMG Report.

Growing Subscription Revenues. As the television industry expands, more analog television subscribers are expected to switch to digital television and, as a result, broadcasters' subscription revenues as a share of total revenues is projected to increase, according to the 2011 FICCI-KPMG Report. According to the 2011 FICCI-KPMG Report, broadcasters' share of total subscription revenues is projected to grow from 21% to 30% from 2010 to 2015, while top-line broadcasters' share of total subscription revenues is projected to grow from 28% to 36% from 2010 to 2015. Subscription revenue is projected to grow at a slightly faster rate than advertising revenue through 2015, primarily due to faster growth in the direct-to-home subscriber base, according to the 2011 FICCI-KPMG Report.

The following graph shows the projected growth of Indian advertising and subscription revenues from 2010 to 2015:

Broadcasting Industry

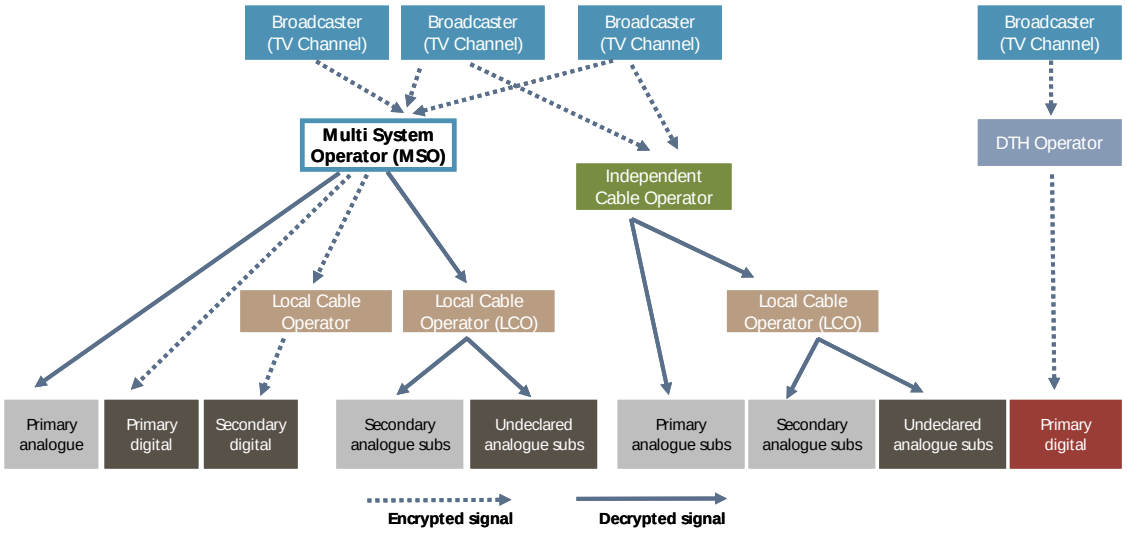


Source: 2011 FICCI-KPMG Report

Relatively Low Viewership According to the 2011 FICCI-KPMG Report, the number of television channels available in India has grown from five in 1991 to about 130 in 2000 and to about 550 in 2010. Despite this growth, the average time spent watching television in India is still relatively low. Indian television viewers watch approximately three hours of television per day in large metro areas, compared to approximately five hours of television per day in the United States, according to the 2011 FICCI-KPMG Report. Digitization of the Indian television industry is expected to further increase the number of television channels available, which may lead to an increase in the average time an Indian television viewer watches television. Currently, the major television broadcasters in India include Star TV, Zee, Multi Screen Media (previously known as Sony Entertainment Television, India), Network18 and Sun TV (a regional language operator).

Flat Average Revenue per User ("ARPU") ARPUs in India are expected to remain almost flat due to increased competition between direct-to-home and digital cable, with only inflation-led growth in the short- to medium-term, according to 2011 FICCI-KPMG Report. However, the flat ARPUs are expected to be compensated by the growth in subscriber base, according to the same report.

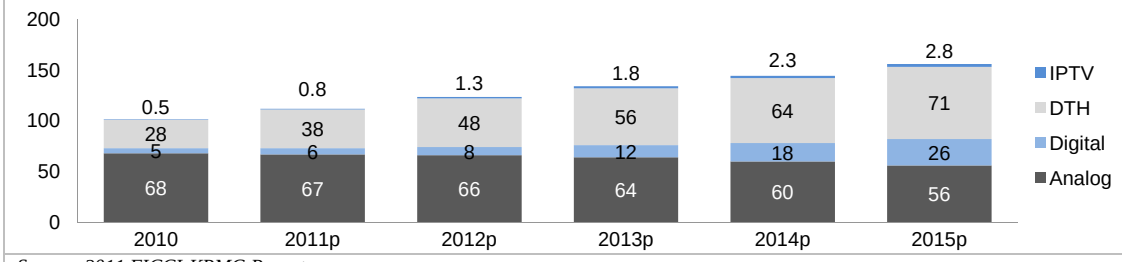
Current Structure of Indian Television Industry The following chart illustrates the current structure of the Indian television industry:



Digitization of Indian Television Industry In April 2006, the Telecom Regulatory Authority of India announced a television digitization plan to progressively introduce mandatory digital cable services through the Conditional Access System in 35 cities throughout India in order to encourage cable operators and multi-system operators to digitize their signals, curb revenue leakage from the under-reporting of subscribers by local cable operators and facilitate a pay channel system. The Conditional Access System is currently mandated in parts of Delhi, Mumbai and Kolkata and all of Chennai. Each Conditional Access System household receives a digital set-top box with conditional access software that permits the cable operator to distribute content in an encrypted format, thereby enabling broadcasters to identify the precise number of subscribers to each pay channel or group of channels.

While the Conditional Access System has experienced limited success since its introduction, the use of direct-to-home television is expanding in India. According to the 2011 FICCI-KPMG Report, there were 28 million direct-to-home subscribers at the end of 2010, a 75% increase over 2009. From 2010 to 2015, the number of digital subscribers is projected to increase by 200%, whereas the number of analog subscribers is projected to decrease by 21%, according to the 2011 FICCI-KPMG Report. Digital subscribers are expected to outnumber analog subscribers by 2013, according to the 2011 FICCI-KPMG Report. The following graph shows the projected number of analog and digital television subscribers in India from 2010 to 2015:

Analog and Digital Television Subscribers
Number of Subscribers (millions)



Source: 2011 FICCI-KPMG Report

Digitization will benefit broadcasters, distributors and viewers. Digitization allows broadcasters and distributors to accurately determine viewership numbers, reducing the under-reporting of subscribers by local cable operators. As this trend continues, an increasing proportion of subscription revenues will shift from local-cable operators to broadcasters and multi-system operators. Digitization offers viewers better quality picture and sound, significantly more channels and value-added services, such as electronic program guides, video-on-demand and pay-per-view.

Long Term Decline in Carriage and Placement Fees. Historically, analog television distributors in India have charged broadcasters substantial carriage fees for the right to air a channel on a distribution network, and placement fees, which are additional fees paid based on the timing and frequency band placement of channels. These fees vary in accordance with the type of band selected, popularity of the channel and negotiations between the broadcaster and the distributor. With limited bandwidth available to cable operators, these fees have sharply increased over the past two to three years.

According to the 2011 FICCI-KPMG Report, although the digitization trend in India will facilitate higher bandwidth capacity, the number of new channels is also growing and therefore carriage and placement fees may continue to remain a concern for broadcasters in the near to medium term.

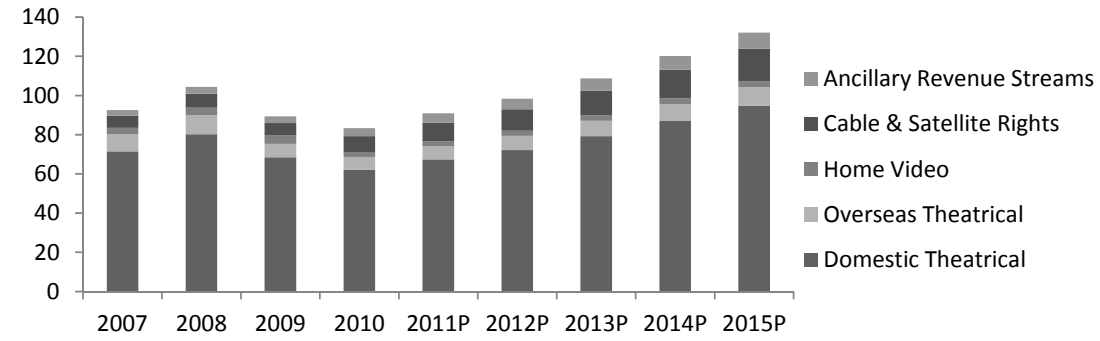
English Advertising Premium The broadcasting "power ratio" is the ratio between advertising revenues and viewership of a particular television genre. As illustrated in the following chart, English channels have higher power ratios than Hindi channels, and English news channels have the highest power ratios:

Power Ratio (Advertising Share % / Viewership Share %)	
English Channels	**Hindi Channels**
News: 8.78	News: 2.05
General Entertainment Channel: 4.95	General Entertainment Channel: 0.78
Movies + Infotainment:1.52	Movies: 0.38
Source: 2011 FICCI-KPMG Report	

The Indian Film Industry

India's film industry is one of the largest in the world with approximately 3 billion movie tickets sold annually, according to the 2010 FICCI-KPMG Report. Movie studios generate revenues through the production, distribution and exhibition of films, as well as through the sale of cable and satellite rights and the sale of home videos. Over the past decade, the industry has witnessed many changes, including the availability of organized funding, advent of multiplexes and increasing overseas collections, leading to higher profits for the industry, according to the 2011 FICCI-KPMG Report. However, the industry has not fully recovered from the 2009 economic downturn. The Indian film industry is estimated to have declined at a compounded annual growth rate of 3.5% from 2007 to 2010, but is projected to grow at a compounded annual growth rate of 9.6% from 2010 to 2015, reaching a size of ₹ 132.1 billion by 2015, as illustrated by the graph below.

Overall Film Industry Size
₹ Billion



Source: 2011 FICCI-KPMG Report

The Indian Digital Industry

Growing Internet Population. According to the 2011 FICCI-KPMG Report, India has only 81 million Internet users compared to 245 million in the United States despite relatively similar television household populations of approximately 116 million and 134 million in the United States and India respectively, indicating room for further growth.

Mobile Phones Driving Internet Penetration. With 636 million subscribers as of mid-2010, India is the second largest wireless market in the world according to the 2011 FICCI-KPMG Report. More Indian Internet users are expected to connect to the Internet via mobile devices than desktop personal computers during the next five years according to the same report. Further, Internet-ready smartphones are expected to make up 18% of the mobile phone market by 2014, driven by broadband technologies, according to the 2011 FICCI-KPMG Report.

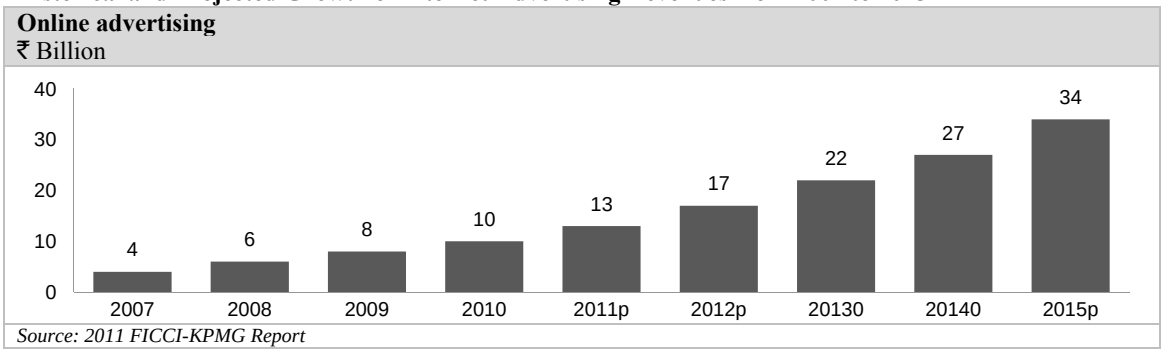
Growth of Digital Advertising. As a result of increasing Internet penetration, broadband access and mobile phone access, digital advertising is a growing segment of the Indian media and entertainment industry.

Online. From 2007 to 2010, Internet advertising revenues grew from approximately ₹ 4 billion in 2007 to approximately ₹ 10 billion in 2010, a 39% compounded annual growth rate, according to the 2011 FICCI-KPMG Report. Internet advertising revenues are projected to grow at a compounded annual growth rate of 28% from 2010 to 2015, reaching an estimated ₹ 36 billion in 2015. Internet advertising revenues as a percentage of total advertisement revenues are expected to grow from 2.0% in 2007 to 6.7% in 2015, according to the 2011 FICCI-KPMG Report.

Mobile. According to the 2011 FICCI-KPMG Report, India is the second largest mobile internet market in the world. Advertising revenues in the mobile Internet market are projected to grow from ₹ 0.4 billion in 2010 to ₹ 1.1 billion by 2015, according to the 2011 FICCI-KPMG Report.

The following graph illustrates the historical and projected growth of Internet advertising revenues from 2007 to 2015:

Historical and Projected Growth of Internet Advertising Revenues from 2007 to 2015



Source: 2011 FICCI-KPMG Report

E-Commerce

According to the 2011 FICCI-KPMG Report, eight out of ten Indian online consumers are expected to shop online within the next 12 months. While the e-commerce segment in India remains at a relatively nascent stage, it has evolved to cater to the domestic environment, with many sites offering cash on delivery and returns by courier options according to the same report.

The Indian Print and Publishing Industry

According to the 2011 FICCI-KPMG Report, India is one of the largest newspaper markets in the world with more than 107 million copies circulated daily, compared to approximately 50 million copies circulated daily in the United States. Print circulation in India is expected to continue growing for at least the next five years, in contrast to the United States and other leading economies whose print industries are in decline, according to the 2011 FICCI-KPMG Report. Indian print and publishing industry revenues were ₹193 billion in 2010 compared to ₹175 billion in 2009, representing a growth rate of 10.3%, according to the 2011 FICCI-KPMG Report. From 2010 to 2015, the Indian print and publishing industry is expected to continue growing at an annual compounded rate of 10%. Newspaper revenues account for 94% of revenues in this industry, while magazine revenues are increasingly marginalized due to a highly fragmented market with a diversity of languages, genres, cover prices and target customers.

BUSINESS

*This chapter should be read in conjunction with, and is qualified in its entirety by, the more detailed information about us and our financial statements, including the notes thereto, the "**Risk Factors**" and "**Financial Statements**" on pages xvi and 71 respectively.*

Overview

We are a media and entertainment company in India, with interests in television, internet, filmed entertainment, e-commerce, magazines, mobile content and allied businesses. We broadcast television channels across genres such as news and general entertainment, primarily in English and Hindi. We entered the Internet industry in June 2000 and have since established a number of digital and mobile properties offering digital content and e-commerce, including home shopping and online ticketing. We also publish special interest business-to-consumer and business-to-business magazines and have a presence in film production and distribution.

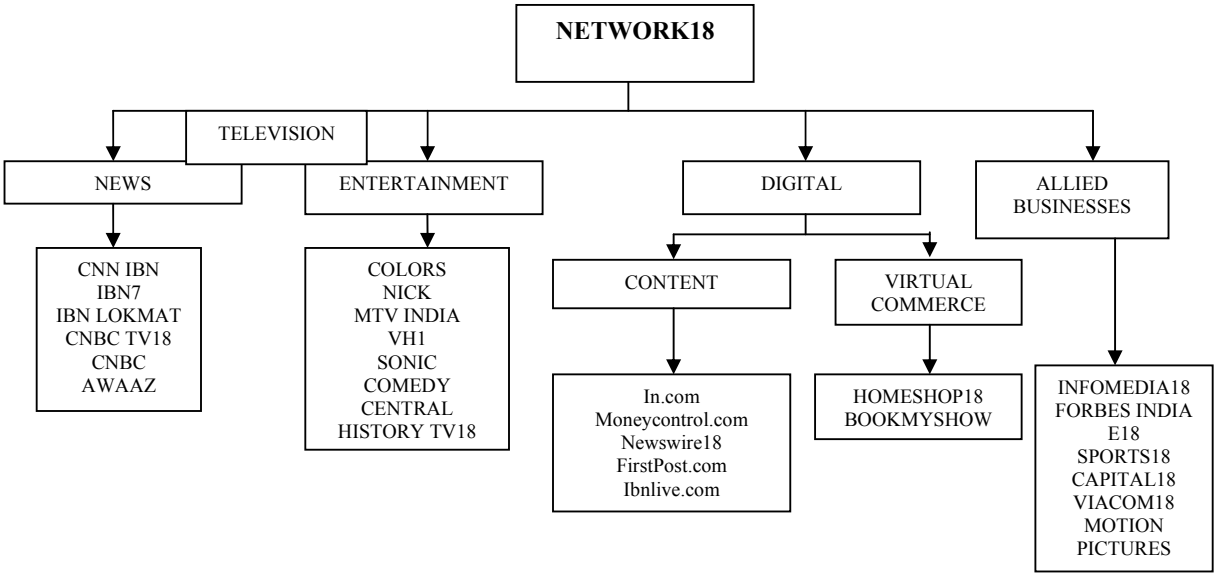
Through our subsidiary 'TV18', we operate one of India's popular television broadcasting network. We operate *CNBC-TV18* and *CNBC Awaaz*, *CNN-IBN*, *IBN-7*, and *IBN-Lokmat*, (a Marathi regional news channel in partnership with the Lokmat group). We have recently launched *CNBC-TV18* in high definition i.e. *CNBC-TV18 Prime HD.* Viacom18, a joint venture of our Subsidiary, TV18 also operates general entertainment channels – *COLORS*, *MTV*, *VH1*, *Nick*, *Sonic, Comedy Central* (through Viacom 18 a joint venture with Viacom Inc.) and a factual entertainment channel *HistoryTV18* (through AETN18, in which TV18 holds 51% interest and the remaining 49% interest is held by A+E Television Networks LLC). We also operate filmed entertainment business through Viacom18 Motion Pictures. Our news and entertainment segments are engaged in the programming, production and broadcasting of news, general entertainment and the acquisition, production, syndication, marketing and distribution of films.

We have entered into the Content License Agreement with Infotel, a subsidiary of RIL for transmission of content through its 4G Broadband network. Infotel shall have preferential access to the content provided by us on first right basis.

Our digital and e-commerce segment offers a collection of digital and mobile properties catering to a wide range of interests and services, including teleshopping, news, music and entertainment, markets and finance, social networking, consumer information, local search, online shopping and ticketing, and mobile phone services and applications. We operate digital, publishing and e-commerce assets including the web content properties such as moneycontrol.com, ibnlive.com, in.com and firstpost.com. We also operate e-commerce properties – HomeShop18 and bookmyshow.com, and publish Forbes India, India's first local edition of a foreign news magazine title and the world's most influential business brand, in collaboration with Forbes Media. In addition, we operate Newswire18, which is real time financial information and news terminal services, and Infomedia18, which is in the special interest publishing space as well as E18, our event management venture and Sport18, its sports management and marketing venture.

Our allied businesses segment primarily publishes business and consumer directories, such as the Infomedia Yellow Pages, and special interest publications, such as Overdrive, Intelligent Computing Chip, Forbes India. It also operates ancillary businesses, including event management and sports marketing, which we believe complement and provide special support services to our other businesses.

The chart below shows our business segments and key media assets:



We generate revenue primarily through the sale of advertisements and sponsorships through our television channels, our digital and mobile properties and our print and publishing business. We also generate revenue through subscriptions to our television channels, digital products and services and our print publications. We formed Sun18, a strategic alliance between Network18 and Sun Network Limited, for television aggregation in July 2010 as part of our effort to increase our television subscription revenues. All our channels are being aggregated by a bouquet operated by Sun18.

Recent developments

Scheme of Arrangement

We recently completed a reorganization of our group structure to consolidate and simplify our various operations pursuant to the Scheme of Arrangement.

Our Board, the board of directors of erstwhile Television Eighteen and TV18 (the erstwhile 'ibn18 Broadcast Limited') in their meetings held on July 7, 2010 considered and approved the Scheme of Arrangement between us, Television Eighteen, TV18, Web18 Software Services Limited, IBN18 Media and Software Limited, iNews.com Limited, Care Websites Private Limited, Television Eighteen commoditiescontrol.com Limited, RVT Investments Private Limited under sections 391 to 394 read with section 78, 100 to 103 of the Companies Act, 1956.

The Hon'ble High Court of Delhi at New Delhi *vide* its order dated April 26, 2011, approved the Scheme of Arrangement. A copy of the order was filed with the Office of Registrar of Companies, NCT of Delhi & Haryana on June 10, 2011 and accordingly the Scheme of Arrangement has come into effect from June 10, 2011 ("Effective Date") with the appointed date being April 1, 2010.

The Scheme of Arrangement was *inter-alia* aimed to result in synergy of business, achievement of economies of scale and management efficiency, reduction in administrative cost, optimization of resources, improvement in profitability and stronger Balance Sheet of the merged entity, etc.

Pursuant to the Scheme of Arrangement, the group has been restructured in the following manner:

i. Demerger of 'News Business Undertaking' of erstwhile Television Eighteen into TV18.
ii. Demerger of 'Web Undertaking' of Web18 Software Services Limited into us.
iii. Merger of Demerged Television Eighteen, Television Eighteen Commoditiescontrol.com Ltd., Care Websites Private Limited, RVT Investments Private Limited and Network18 India Holdings Private Limited into us.

iv. Merger of iNews.com Limited and IBN18 Media into TV18.

Following the Scheme of Arrangement, our television broadcasting business was held, operated and transferred to our subsidiary TV18. The other businesses, including the digital, e-commerce and internet business, are held and operated by us. As part of the Scheme of Arrangement, Television Eighteen transferred its stake in CNBC-TV18 and CNBC Awaaz to TV18 and merged its other existing businesses in digital and e-commerce and allied businesses segments into our business. In addition, we will continue to own a controlling interest in TV18 and will directly hold equity interests in Infomedia18, NewsWire18, Yatra.com and other Capital18 portfolio companies. Pursuant to the Scheme of Arrangement, Television Eighteen, IBN18 Media & Software Limited, iNews.com Limited, Television Eighteen Commoditiescontrol.com Limited, RVT Investments Private Limited, Network18 India Holdings Private Limited and Care Websites Private Limited, were dissolved without the process of winding-up.

As part of the Scheme of Arrangement, shareholders of Television Eighteen received 17 fully paid up equity shares of ₹ 2 each of TV18 for every 25 fully paid up equity shares of ₹ 5 each of Television Eighteen held, as consideration for the transfer of news broadcasting business segment. Shareholders of Television Eighteen also received 13 fully paid up Equity Shares for every 100 fully paid up equity shares of ₹ 5 each of Television Eighteen held, as consideration for the transfer of Television Eighteen's other businesses into us.

Scheme of Demerger

The Scheme of Demerger between us and Infomedia18 was approved by our Board of Directors on July 7, 2010, our equity shareholders on December 21, 2010 and our preference shareholders on December 22, 2010. Pursuant to this Scheme of Demerger, Infomedia18's publishing business and search business will be demerged and consolidated with our business and the printing press business will continue to remain with Infomedia18. The appointed date for the Scheme of Demerger is April 1, 2010.

Once the Scheme of Demerger becomes effective, we shall issue and allot, subject to rounding off, 7,027,184 Equity Shares in the ratio of 14:100 i.e. 14 fully paid-up Equity Shares of ₹ 5 each for every 100 fully paid equity shares of ₹ 10 each of Infomedia18. This Scheme of Demerger was approved by the Delhi High Court on November 22, 2011, but is yet to be made effective pending FIPB and MIB approval for the issue and allotment of Equity Shares to the shareholders of Infomedia18 and transfer of publishing business, respectively. The Company has made the necessary applications to the FIPB and MIB seeking approval for the same. For further details see "***Government Approvals***" on page 278.

Proposed ETV Acquisition

TV18 proposes to undertake the ETV Acquisition which will be entirely funded from the proceeds of the Rights Issue of TV18. Pursuant to the ETV Acquisition, Equator will become a subsidiary of TV18 and we will hold and control the following investments:

a. 2,750 equity shares of ₹ 10 each and 2,494,688 OFCDs of ₹ 100 each, together representing approximately 100% Equity Securities of Panorama which owns ETV News Channels;

b. 3,929 equity shares of ₹ 10 each and 1,251,660 OFCDs of ₹ 100 each, together representing approximately 50% Equity Securities of Prism which owns ETV Non Telugu Channels;

c. 5,500 equity shares of ₹ 10 each and 608,869 OFCDs of ₹ 100 each, together representing 24.50% Equity Securities of Eenadu which owns ETV Telugu Channels.

The Ushodaya Promoters and Anu hold the balance Equity Securities in ETV Companies. Pursuant to the Option Agreement, TV18 and its affiliates have an option of the Anu Acquisition, subject to completion of ETV Acquisition in terms of the SPA. For details, see "***Material Agreements Pertaining to ETV Acquisition***" on page 61.

We currently operate 6 news channels, general entertainment channels through Viacom18 and one factual entertainment channel through AETN18. As a result of the proposed ETV Acquisition, we shall be able to expand our broadcast operations to regional stand alone news channels and regional general entertainment channels. We will be acquiring and operating regional news channels in Hindi, and entertainment channels (which have news programmes also in Gujarati, Marathi, Kannada, Bengali and Oriya and Urdu). For details see

"***Objects of the Issue***" and "***Material Agreements relating to the ETV Acquisition***" on pages 26 and 61, respectively.

We believe that we shall be able to aid the growth of these channels with our strategic inputs, improved content/programming strategies and operational synergies.

Our Strengths

We believe that we have the following competitive strengths:

One of India's popular media and entertainment companies

We are one of India's popular media and entertainment companies, with an integrated cross-media portfolio that attracts a wide spectrum of economic sections and demographic groups in India. We have a well known news networks in India, operating five news television channels: *CNBC-TV18*, *CNN-IBN*, *IBN-7*, *CNBC Awaaz* and *IBN-Lokmat*. We also operate six general entertainment channels: *COLORS*, *MTV India*, *Vh1*, *Nick*, *Sonic*, *Comedy Central* and one factual entertainment channels *HistoryTV18*. All of our television channels are aggregated to cable and direct-to-home operators through Sun18. We also hold and operate digital and e-commerce assets, including moneycontrol.com, in.com, homeshop18.com and bookmyshow.com.

We believe that our platform permits us to utilize our existing media properties through cross-media marketing of our brands. We believe that our cross-media platform and strong brands have established us as an important media network for advertisers, and agencies acting on their behalf, to reach their target audiences. For example, we believe our English and Hindi language television news channels, including those affiliated with *CNBC* and *CNN*, and moneycontrol.com enable us to target Indian business people and affluent Indians, which are attractive audiences for advertisers in India.

Portfolio of popular brands

We believe our brands allow us to cross-promote our other brands through our television channels, digital and mobile properties and publications, attracting an increased number of users and greater advertising and subscription revenues. Further, based on our reputation and popular brands, if we choose to enter any other complementary media segments or genres, we believe we will be able to grow our advertiser and user bases more quickly than many of our competitors. We have invested in, and continue to promote, our brands through a focus on quality content and the use of various promotional and marketing tools.

Experienced management team

Our management team comprises industry executives with a significant number of years of experience in the Indian media and entertainment industry across various functions. For example, our founder and Managing Director, Mr. Raghav Bahl, has been named "Media Person of the Year" by the All India Management Association in 2011 and "Entrepreneur of The Year for Business Transformation" by Ernst & Young in 2007.

Our management's expertise with and knowledge of the Indian media and entertainment industry allow us to create products and platforms in response to audience preferences and industry drivers and trends. For example, during the past few years, we successfully built and launched HomeShop18, a home shopping service, and *COLORS*, a popular Hindi general entertainment channel.

If we choose to enter a new media segment, or develop a business in one of our existing segments, we believe our management and experienced editorial staff will be well-positioned to successfully implement our strategic plans.

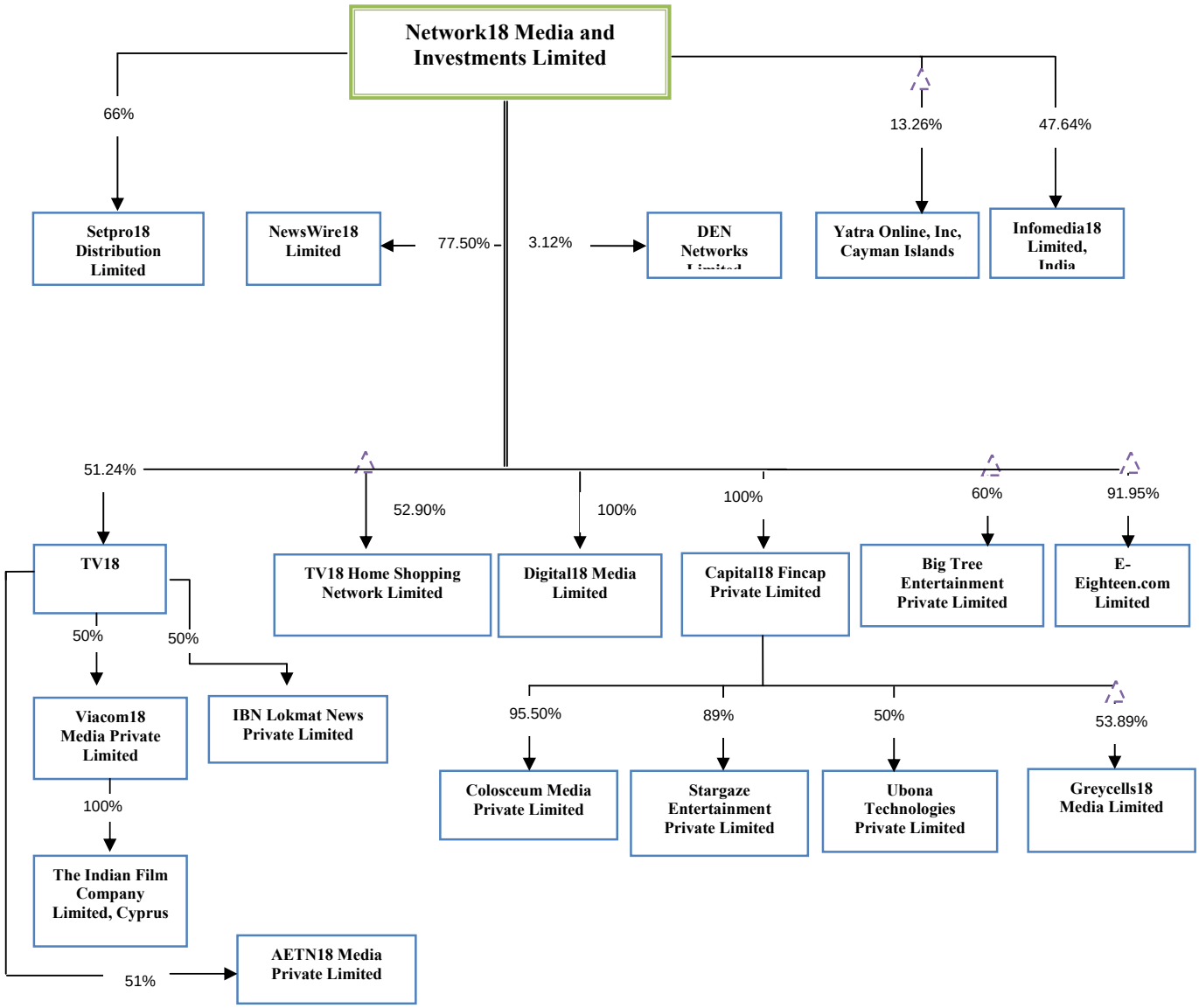
Ability to collaborate strategically with global and local media companies

We have an established track record of entering into successful strategic alliances with global media companies. We have forged alliances with several global media players including Viacom Inc. in entertainment, CNN, CNBC and Lokmat in news, A+E Networks in entertainment LLC, Sun Group in television broadcast aggregation. We have also entered into an arrangement with the Infotel, subsidiary of RIL along with Network18 for transmission of content through 4G Broadband network and Forbes Media in publishing.

We believe that we derive substantial benefits from the association with our partners and that our partners

recognise the value we bring to these ventures which is demonstrated by their willingness to collaborate with us for extended periods. We believe that our alliances with partners provide us with greater market visibility, significant synergy upsides through sharing of strengths, reputational benefits and will assist us in continuing to build our businesses, both in India and internationally.

Our organization structure is as follows:



OUR BUSINESS

We are a media and entertainment company based in India, with operations in the following four segments: news, entertainment, digital and e-commerce and allied businesses.

TELEVISION BROADCASTING

We have 12 television channels in news and entertainment genres.

NEWS CHANNELS

We operate one of India's television news networks. Our news channels are *CNBC-TV18, CNBC Awaaz*, *CNN-IBN*, *IBN7* and *IBN Lokmat* (operated by IBN Lokmat News Private Limited, a joint venture launched with Lokmat Newspapers Private Limited). Our long term brand licensing arrangements with CNBC and CNN have helped us strengthen our brand recall with Indian audiences. We believe that our branding, local programming, award-winning journalists and national news gathering infrastructure have established us as one of India's respected and credible news networks. Our guiding editorial philosophy is to provide coverage of both Indian and global news with a balanced perspective, in-depth analysis of critical issues and investigative reports in compelling presentation formats.

Our news channels are:

CNBC-TV18**:** *CNBC-TV18* is a pay channel targeted at English speaking consumers, investors, business people and other professionals and provides 24-hour coverage of corporate news, financial markets, industry news and expert perspectives on investing and management. *CNBC-TV18* also airs programs that focus on the economic, governmental and cultural drivers that shape business in India. We operate this channel through an agreement with CNBC that gives us non-exclusive rights to distribute, re-transmit and exhibit, whether directly or through third party distributors, CNBC content within India. We have recently launched *CNBC-TV18* in high definition, namely *CNBC-TV18 Prime HD.*

CNBC-TV18 is integrated across digital platforms and also provides news headlines, live streaming video feeds and financial market information *via* moneycontrol.com, and mobile applications. *CNBC-TV18* hosts a number of industry benchmark awards, such as the "India Business Leader Awards", "Emerging India Awards", "CFO Awards" to recognize excellence in business leadership.

Some of the popular programs on *CNBC-TV18* include 'Bazaar Morning Call', our daily market opening show, and 'India Business Hour', which is a recap the day's business news. We also broadcast targeted special interest programs, such as 'Young Turks', a show on young entrepreneurs and achievers, 'Storyboard', an advertising and marketing program, 'Indianomics', a weekly program on India's place in the global economy, 'The Firm', a weekly show on corporate law, 'Overdrive', an automobile program, and 'Tech Toyz', a weekly program showcasing new consumer gadgets and technology.

CNBC Awaaz**:** *CNBC Awaaz* is a pay channel aimed at Hindi speaking consumers, retail investors and business people and provides 24-hour coverage of subjects such as stock markets, mutual funds and commodities. It also offers a variety of personal finance programs covering topics such as financial literacy, shopping trends, service and product launches and personal taxation. Among *CNBC Awaaz*'s popular programs are 'Stock 20-20', a pre markets opening show, 'Aaj Ka Karobaar' a daily evening program and leading feature shows like 'Tech Guru', 'Property Guru'.

CNN IBN**:** *CNN IBN* was launched in December 2005 as a 24-hour English news channel in India and has since become one of the popular English language news and current affairs channels. It is a pay channel that provides 24-hour coverage of national and international news relating to politics, business and financial affairs, sports and entertainment. *CNN IBN*, we believe, is regarded for its editorial integrity, high production standards and unbiased, issue based coverage of news and current affairs. The majority of our news programming is researched, produced and edited by our local editorial teams and in-house studios. In addition, pursuant to our news service agreement, we share production and broadcasting with Turner and have acquired an exclusive, limited right to re-broadcast excerpts, live breaking news reports and feature programs of CNN in India, Bangladesh, Nepal and Sri Lanka. We have a separate brand license agreement that gives us the exclusive, limited, non-transferable right to use and reproduce the "CNN" name and principal logo in India. Both agreements expire in December 2015, but will be automatically renewed for a period of 10 years on

substantially the same terms, provided that either party may terminate the agreement upon certain default events.

Among *CNN-IBN*'s popular programs are 'India at 9', 'Face the Nation' and 'Good Evening India', our daily primetime news programs. *CNN-IBN* also pioneered the concept of inclusive journalism in India with its program, Citizen Journalist and airs various news-driven specials from time to time. *CNN-IBN* is also integrated with the digital media businesses of Network18. Audiences can watch live streaming video feeds, access our live news updates and connect and interact with our news editors through our website www.ibnlive.in.com, our mobile applications and various communities.

IBN-7*: *IBN7, launched in March 2005, is a 24-hour Hindi language news television channel. *IBN-7* is emerging as a popular Hindi news channels in the country. *IBN-7* is a pay channel and provides 24-hour coverage of national and international news relating to politics, business and financial affairs, sports and entertainment. *IBN-7* also provides its news broadcasts; streaming video feeds, downloadable stock tickers and breaking news alerts for cellular phones via its website, khabar.ibn.in.com.

IBN-Lokmat*: *IBN Lokmat, a joint venture launched with Lokmat Newspapers Private Limited. *IBN Lokmat* is a pay channel and provides 24-hour coverage of national and international news relating to politics, business and financial affairs, sports and entertainment in Marathi.

ENTERTAINMENT CHANNELS

We operate a network of six general entertainment television channels i.e. *COLORS*, *MTV India*, *Vh1*, *Sonic, Nick and recently launched Comedy Central* (through Viacom18, a 50-50 joint venture between MTV Asia, a wholly-owned subsidiary of Viacom International Inc.) and *History TV18* (through AETN18 Media Private Limited, a 51-49% joint venture with A+E Television Networks LLC). Viacom18 was also named the best place to work in the media and entertainment industry by the Great Place to Work Institute in 2010.

Our general entertainment channels are:

COLORS: *COLORS* is Viacom18's flagship brand in the entertainment space in India and is a 24-hour Hindi entertainment channels in terms of viewership. A combination of 'emotions' and 'variety', *COLORS* offers an entire spectrum of emotions to its viewers. From Fiction shows to format shows to reality shows to blockbuster movies - the basket contains all 'Jasbaat Ke Rang'. We believe, *COLORS* is dedicated to promoting 'Cohesive viewing', through programmes like 'Balika Vadhu- Kacchi Umar Ke Pakke Rishtey, Uttaran, Na Aana Is Des Laado, Parichay- Nayee Zindagi Kay Sapno Ka, Hawan, Veer Shivaji, Sasural Simar Ka, Na Bole Tum Na Maine Kuch Kaha and Bigg Boss Season 5 amongst others.

MTV India: MTV India is primarily aimed at young adults aged 15 to 34, with a collection of music programming, talk shows, fashion and style shows, Bollywood-style humor shows and adventure shows. MTV India's popular television programs include the reality shows MTV Roadies and Splitsvilla. The brand also has a strong presence in India, and has a consumer products division in India.

Vh1*: *Vh1 multiple reality shows such as 'Saturday Night Live', 'Big Brother', 'Jersey Shore', 'Yo Momma' and 'Punk'd.

Sonic*: *Sonic provides a complete multi-platform brand experience from animation and live action shows to movies. *Sonic* broadcasts some of the popular shows like 'Shaktimaan', 'Supastrikas', 'Kung Fu Panda-The Legend of Awesomeness', 'Mighty Morphin Power Rangers' & the' Jackie Chan' series amongst others.

Nick: *Nick* telecasts popular like 'SpongeBob SquarePants', 'Ninja Hattori', 'Perman', 'Mighty Cat Masked Niyandar', 'Oggy and the Cockroaches' and 'Chibi Maruko Chan' amongst many others.

Comedy Central: We have recently forayed into the 24 Hour English Comedy space through Viacom18, by the launch of *Comedy Central* on January 23, 2012.

***HistoryTV18*:** We have recently launched '*History TV18*' in October 2011 through AETN18. *History TV18* is a factual entertainment channel and broadcasts award-winning original non-fiction series and event specials that connect history with viewers in an informative, immersive and entertaining manner across multiple platforms.

FILM BUSINESS:

Under the brand name Viacom18 Motion Pictures, we are involved in the acquisition, production, syndication, marketing and distribution of full length feature films within India and the distribution of Indian films in several international markets. Viacom18 also acquired The Indian Film Company in October 2010 and now owns a library of Hindi film titles, including hits such as Jab We Met and Singh is King.

AGGREGATION

We formed Sun18, a television aggregation alliance with the Sun Group, in July 2010 as part of our effort to increase our television subscription revenues. All our channels are being aggregated by a bouquet Sun18, which distributes our channels from Viacom18, Sun Network, Network18 and Disney India Network.

We currently also distribute our entertainment channels internationally. *COLORS* and *MTV India* are now available in 45 and 11 countries, respectively, in key markets such the United Kingdom, the United States, the Middle East, South East Asia, Australia and New Zealand. *Nick* is available in India, Nepal, Sri Lanka, Pakistan and Maldives. *Vh1* is available in Nepal and Sri Lanka.

Viacom18 licenses the distribution of Colors to a third party, which can make Colors available in a number of countries. These countries include Iran, Syria, and Sudan, each of which are subject to sanctions administered or enforced by the U.S. Department of Treasury's Office of Foreign Assets Control. One of our affiliates has licensed the distribution of theatrical releases to a party in Iran as well as parties in India for distribution in Iran. See *"**Risk Factors - We conduct business activities with countries that are subject to sanctions administered or enforced by the U.S. Department of Treasury's Office of Foreign Assets Control ("OFAC"). Our business activities with these countries ('OFAC Countries") may subject us to reputational harm and adversely affect our ability to raise money in international capital markets.**"* on page xxxvii.

DIGITAL AND E-COMMERCE

Our digital and e-commerce segment includes (i) our content business that includes websites and mobile applications that cover business, sports and general news, social networking and consumer information and (ii) our e-commerce business that includes online and out-of-home shopping and ticketing.

Digital Content

Portals

We own or have a controlling interest in the following website portals:

in.com: Through this portal we integrate and aggregate content from our network of websites and popular third party websites and engage with our users by offering communication and other services, such as social networking and user-generated content. In.com offers free content, including personalized communication services, such as e-mail, and other popular features, such as videos, games, music and other downloads.In.com also features live streaming video from our television channels and content partners, in addition to a large collection of songs.

We believe in.com also builds loyalty through our news and opinion offerings on ibnlive.in.com and our special interest community sites such as cricketnext.in.com. Ibnlive.in.com is also one of India's most popular news destinations. We also work closely with our entertainment channels to provide internet audiences with an integrated digital experience showcasing popular programs.

moneycontrol.com: We utilize our strengths in financial and business news and analysis in order to produce the content for moneycontrol.com. It offers investors free access to the latest business news and market updates, along with articles, independent analysis of investment options and financial planning, among other services. During India market hours, our message board, M3, is a popular destination for traders to exchange views on market and stock movements. Among our popular free applications is a live portfolio tracker, through which a user can record, update and analyze his or her financial transactions in real-time. We also offer a subscription-based service targeted at traders called PowerYourTrade as part of our moneycontrol.com offering. We also stream *CNBC-TV18* live on moneycontrol.com.

As part of our integrated business and financial services digital offerings, we also offer commoditiescontrol.com, a website targeted at commodity traders.

News and data terminal services

We also own and operate Newswire18, a real-time financial news and data terminal services. We operate MoneyWire, EquityWire, CommodityWire, and FundWire, each designed to meet the specific information needs of the participants in each of these growing markets.

Further, we have launched our own real-time news and market data platform, the NewsWire18 WorkStation, providing customizable views and several analytical tools structured to meet unique consumer needs. The platform has news on India, Indian exchange data, Indian OTC data, global news and OTC data, financials of companies and data histories. In addition, the NewsWire18 WorkStation provides real-time data feeds from local and global exchanges, real-time updates on more than 100 currencies, and live rate updates from the domestic over-the-counter market. We generate most of our income for our news and data terminal services from subscribers, including banks, financial institutions and brokerage houses.

E-Commerce

Homeshop18: Homeshop18 is a 24-hour home shopping service. Through Homeshop18, we facilitate the sale of various consumer products, including home appliances, books, music, movies, cameras, mobile phones, jewelry and watches, through a variety of interactive electronic media, such as television, dedicated call centers and the Internet.

Homeshop18 customers may purchase products through our website or our 24-hour multilingual, in-house telephonic sales center, which are delivered by our third party distributors to its customers. We provide customers the option to pay for products via credit card or cash upon delivery. We also offer reverse pickup for returned items from customers, which we believe is a unique service among home shopping services in India.

BookMyShow: Bookmyshow.com, operated by Bigtree Entertainment Private Limited, in which we acquired an interest in 2007, provides online booking for movies, plays, sporting events and shows across India.

BookMyShow delivers confirmation of ticket purchases via email or SMS. Customers may pick up their tickets prior to the event at a cinema kiosk or, in select cities, print their tickets from home.

TRANSMISSION/CONTENT LICENSING

We have also entered into a Content License Agreement with Infotel, subsidiary of Reliance Industries Limited along with Network18 for transmission of content through its 4G Broadband network. Infotel shall have preferential access to the content provided by us on first right basis.

ALLIED BUSINESSES

We have entered various other businesses to strengthen our collection of media offerings, expand our future growth prospects, and provide specialized services to our other business segments, which we refer to as our allied businesses segment.

Publishing and Print Services

Infomedia18**,** our publishing and specialized print services business, was acquired in August 2008 to complement our core television broadcasting and digital businesses. We also publish business-to-business and business-to-consumer special interest magazines and provide diversified printing solutions. We have a market presence across India in the publishing and print media industry.

Business and Consumer Directories and Local Search: Our key asset in the publishing segment is the Infomedia Yellow Pages, which has a database of over 1.1 million businesses across 1,500 categories. Infomedia Yellow Pages directories are published for 38 cities in India each year, including New Delhi and Mumbai. We sell the Infomedia Yellow Pages to both corporate and retail customers, backed by a team of sales people across the country. The Infomedia Yellow Pages directory is also available at exhibitions, on our recently redesigned portal yellowpages.co.in, and by phone, SMS and email.

In June 2008 we acquired the '*Ask Me'* brand name with the intention to build a voice based and online directory service by leveraging our existing *Infomedia Yellow Pages* database.

In March 2009, we acquired burrp! a local information website and recommendation engine. As a part of our New Media division, burrp! provides users an interactive website interface with directories of information and recommendations on lifestyle activities, including restaurants, nightlife, shopping, television and movies, across 12 major cities in India.

We also publish business directories in the business-to-business segment, such as Industrial Directory, Construction and Interior Design Directory, Office Guide and Infomedia Exporter's Guide and business directories in the business-to-consumer segment, such as Infomedia City Guide, Infomedia Home Guide, Burrp, Know Your City Guide and Infomedia Office Guide.

Special interest publications: We publish 21 special interest magazines, 11 of which are in the business-to-business segment and 10 of which are in business-to-consumer segment. We have a specialized editorial team dedicated to our business-to-business special interest publications and separate editorial teams for each of our business-to-consumer special interest publications. Each magazine employs a staff of both permanent and freelance writers and photographers for the production of creative content.

Our special and premium business-to-consumer publications provide individuals information on various general and specialized topics, including business news and analysis, the automotive industry and interior design.

Among our other business-to-consumer publications include Forbes India, Better Interiors, Intelligent Computing Chip and Overdrive.

Our business-to-business publications target specific industries and provide businesses and professionals in such industries with information relevant to their industries. Among our well-recognized business-to-business publications include Auto Monitor, Search – the Industrial Source Book, Smart Logistics and Modern Medicare.

Printing solutions: We are a commercial printer of business directories, magazines, annual reports, books, product brochures and publicity materials. Our integrated print services to our customers range from providing creative artwork and design, sourcing, printing and production services. We are currently exploring opportunities to sell our printing solutions business.

Additional Businesses

Event management: E18, our event management division, conceptualizes and stages various events such as concerts by international and Indian artists, award functions, business conferences, product launches and seminars. E18 cross-sells our media platforms to magnify our reach and communicate our message to a larger audience. E18 is present in Mumbai, New Delhi and Bangalore and has recently launched L'Experience 18, a luxury experimental marketing division to provide marketing solutions to the growing luxury sector in India.

Sports marketing and solutions: Sport18 is our sports marketing provider, with expertise in creation of events, event management, rights management of properties that have synergy with our television and digital assets and growth of new sporting properites. We also provide consultancy services to our clients in sports related areas.

Distribution and placement of television channels: Setpro18 distributes television channels and arranges the placement of television channels on broadcasters' networks. In addition, Setpro18 negotiates with various cable and satellite companies, multi-system operators and local cable operators for distribution and placement of television channels on their networks. In consideration for its services, Setpro18 receives fees from the broadcasters of these respective channels.

Investment advisory and consultancy: Capital18 Media Advisors provides investment advisory and consultancy services, such as searching investment targets, valuation and investment due diligence and advice on structuring investments and transactions related to consultancy and advisory services, to clients in media and other industries in India. We also seek out promising entrepreneurs and growth companies across the media, education and technology industries to invest in the early and growth stages of these companies.

OTHER INFORMATION

Single Unit Agreement: MIB requirement for broadcasting channels

At least 51% of the total equity share capital of TV18 is required to be held by the largest Indian shareholder, including a combination of persons/ entities as prescribed under the Uplinking Guidelines. For the purposes of the Uplinking Guidelines, the following promoter and promoter group entities namely RB Investments Private Limited, RB Holdings Private Limited, Network18 Group Senior Professional Welfare Trust, Raghav Bahl (through himself and his relatives, Ritu Kapur, Vandana Malik and Subhash Bahl), TV18 Employees Welfare Trust, Network18 Employees Welfare Trust, together holding 49.54% of total equity share capital of Network18 and IMT (not a part of promoter and promoter group as defined under SEBI ICDR Regulations) holding 1.90% of the total equity share capital of Network18 (all parties holding in the aggregate 51.44% of the total equity share capital of Network18) have accordingly entered into a legally binding agreement on November 23, 2011 ("Single Unit Agreement") to act together as a single unit and through Network18 have the right to appoint the majority of board of directors and managing the matters of TV18.

The Company has vide letter dated February 20, 2012, informed MIB about this Single Unit Agreement.

Marketing and Brand Awareness

We have dedicated marketing teams that build and strengthen our brand awareness across all demographic segments in India and among non-resident Indians throughout the world. We aim to strengthen consumer awareness of our most important brands, which encompass our four business segments: News, Entertainment, Digital and E-Commerce and Allied Businesses. We also focus on marketing the brands of each of our individual media and entertainment businesses, including our television channels, flagship programs, digital and mobile properties and magazines. Our marketing efforts span all available media platforms, including television, digital, outdoors, radio and print.

Employees

As of December 31, 2011, the number of people employed by us were 134 and the numbers of people employed by, TV18, IBN Lokmat, AETN and Viacom18 were 1,894, 217, 48 and 529 respectively.

Insurance

We maintain a directors and officers insurance policy that covers us and our subsidiaries. Further, we maintain corporate cover policy for our properties against fire and other natural calamities, including business interruptions, earthquakes, burglaries and other special contingencies. We have also taken group personal accident insurance and group medi-claim insurance for the benefit of our employees. We have also taken commercial general liability policies to cover against risks of damage to our property, and we are also covered with respect to fire and special perils insurance. We believe that the policies we maintain would reasonably be adequate to cover all normal risks associated with the operation of our business.

Properties

The table below describes our material facilities and the expiration of the leases for our leased properties as of the date of filing of this Draft Letter of Offer is as follows.

Location	Approximate Area (sq. ft.)	Function	Lease Expiration Date
503, 504 and 507, 5th Floor, Mercantile House, 15 Kasturba Gandhi Marg, New Delhi 110001, India	2,400	Registered office Network18 and TV18	March 19, 2013
Express Trade Towers, Sector 16A, Noida, Uttar Pradesh 201 301, India	55,500	Headquarters	May 23, 2014

Intellectual Property

We own intellectual property rights over our programmes in the nature of copyright. We believe that trademarks and copyrights are important assets to our business. In the course of our business, we have been using trademarks, which are extensively promoted and advertised on all our channels. We have filed applications for the registration of 266 trademarks under several classes of the Trade Marks Act, 1999 out of which 87 trademarks have been registered in our name. Further, pursuant to the Scheme of Arrangement, we have filed 78 applications for change of ownership of trademarks, which were filed / registered in the name of erstwhile Web18 Software Services Limited, Care Websites Private Limited and Television Eighteen Commodities Control.com Limited.

MATERIAL AGREEMENTS PERTAINING TO ETV ACQUISITION

ETV Scheme of Arrangement

Prior to April 1, 2010, the ETV Channels viz. ETV News Channels, ETV Non-Telugu Channels and ETV Telugu Channels comprised of the television broadcasting division of UEPL. With effect from April 1, 2010, the ETV News Channels, ETV Non-Telugu Channels and ETV Telugu Channels of UEPL were demerged into Panorama, Prism and Eenadu, respectively, pursuant to the ETV Scheme of Arrangement under section 391 to 394 of the Companies Act, sanctioned by the Andhra Pradesh High Court on December 15, 2010. Panorama, Prism and Eenadu have filed necessary applications and undertakings with the MIB as required under the Uplinking Guidelines for transfer of the licenses of the ETV News Channels, ETV Non-Telugu Channels and ETV Telugu Channels from UEPL to Panorama, Prism and Eenadu, respectively. Applications have also been made to the MIB for transfer of teleport license from UEPL to Eenadu.

The shareholding pattern of Panorama, Prism and Eenadu as of February 10, 2012 is as below:

Shareholders	Equity shares			OFCDs*			Equity Securities** on a fully diluted basis		
	Panorama	Prism	Eenadu	Panorama	Prism	Eenadu	Panorama	Prism	Eenadu
Ushodaya Promoters	7,803	11,104	15,506	-	-	1,267,035	7,803	11,104	12,685,856
Anu	2,175	3,107	4,350	-	1,251,660	608,984	2,175	12,519,707	6,094,190
Equator	2,750	3,929	5,500	2,494,688	1,251,660	608,869	24,949,630	12,520,529	6,094,190
Total	**12,728**	**18,140**	**25,356**	**2,494,688**	**2,503,320**	**2,484,888**	**24,959,608**	**25,051,340**	**24,874,236**

Shareholders	Equity shares as a percentage of total equity shares			OFCDs* as a percentage of total OFCDs			Equity Securities** on a fully diluted basis		
	Panorama	Prism	Eenadu	Panorama	Prism	Eenadu	Panorama	Prism	Eenadu
Ushodaya Promoters	61.31%	61.21%	61.15%	0.00%	0.00%	50.99%	0.03%	0.04%	51.00%
Anu	17.09%	17.13%	17.16%	0.00%	50.00%	24.51%	0.01%	49.98%	24.50%
Equator	21.61%	21.66%	21.69%	100.00%	50.00%	24.50%	99.96%	49.98%	24.50%
Total	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

**The board of directors of Panorama, Prism and Eenadu, respectively, allotted OFCDs pursuant to a rights issue on February 10, 2012. Each OFCD is convertible into 10 equity shares of ₹10 each of Panorama, Prism and Eenadu, respectively.*

***Assuming full conversion of OFCDs.*

Material Agreements

1. ZOCD Investment Agreement

In terms of the ZOCD Investment Agreement, IMT shall subscribe to such number of ZOCDs of face value ₹ 100 each to be issued by the Subscribing Companies, to enable the Subscribing Companies to (i) subscribe to their respective rights entitlements in the Rights Issue of Network18 and Rights Issue of TV18; (ii) subscribe for additional equity shares applied by them, if any, in the Rights Issue of Network18 and Rights Issue of TV18; and (iii) subscribe to the unsubscribed portion, if any, in the Rights Issue of Network18 and Rights Issue of TV18.

The obligation of IMT to subscribe to the ZOCDs is subject to fulfillment of certain conditions, including the following:

i. all filings required under the Competition Act having been undertaken and the CCI having approved the subscription by IMT to the ZOCDs or the statutory period for deemed approval of the CCI having expired;

ii. there having been no objection by any governmental authority to the Rights Issue of Network18 or the Rights Issue of TV18; and
iii. all the conditions precedent, (other than completion of the Rights Issue of Network18 or the Rights Issue of TV18) having been completed, in accordance with the terms of the SPA.

The ZOCD Investment Agreement requires the Subscribing Companies to apply the proceeds of the ZOCDs only towards the subscription for their respective rights entitlements, to apply for additional equity shares / equity shares and for subscribing to the unsubscribed portion, if any, in the Rights Issue of Network18 and Rights Issue of TV18. The ZOCDs and the equity shares arising upon conversion of ZOCDs are freely transferable. The holder of the ZOCDs has the option to convert all or any of the ZOCDs into 10 equity shares (adjustable for the adjustment events provided in the ZOCD Investment Agreement) for every ZOCD held, of the relevant Subscribing Company at any time within a period of 10 years from the date of subscription of the ZOCDs. Further, the holder of the ZOCDs has the option to require all or any of the Subscribing Companies to redeem some or all of the ZOCDs at par at any time within a period of 10 years from the date of subscription of the ZOCDs. The ZOCDs that have neither been converted into equity shares of the Subscribing Companies nor have been redeemed as per the terms of the ZOCD Investment Agreement shall be automatically redeemed at par upon the expiry of 10 years from the date of subscription to the ZOCDs.

Further, in the event the ZOCD holder receives a bonafide offer and proposes to transfer more than 50% of the ZOCDs or equity shares subscribed upon conversion of more than 50% of the ZOCDs or other securities, if any, held by it in the Subscribing Companies, whether in a single transaction or in a series of transactions, to a third party transferee (other than to its affiliate, beneficiary or affiliate of beneficiary), then the ZOCD holder is required to deliver a notice to Mr. Raghav Bahl and Ms. Ritu Kapur offering to purchase all the Equity Securities (excluding Equity Securities held by Subscribing Companies and Equity Securities held by Network18 in TV18) held by Mr. Raghav Bahl and Ms. Ritu Kapur and their affiliates in Network18 and TV18, on same terms and conditions offered by third party transferee for purchase of ZOCDs.

The sole beneficiary of IMT is RIL and the trustee of IMT is Nilrab Media Private Limited which is owned jointly by Mr. Raghav Bahl and Ms. Ritu Kapur.

2. *Securities Purchase Agreement ("SPA")*

TV18 and Network18 have executed the SPA with Equator, Altitude and Kavindra. Altitude and Kavindra are effectively wholly owned by RIIHL, which is a subsidiary of RIL. Altitude is the legal and beneficial owner of 2,000,000,000 equity shares of ₹ 1 each of Equator and Kavindra is the legal and beneficial owner of 125,700,000 CCDs of ₹ 100 each of Equator, which together represents 100% of the Equity Securities of Equator. Pursuant to the terms of the SPA, Altitude and Kavindra shall sell and transfer the Equator Securities to TV18, for an aggregate consideration of ₹ 19,250 million, as adjusted for the net debt of Equator ("Net Debt"). Net Debt is defined as the aggregate of all monies borrowed from banks by Panorama, Prism and Eenadu, less the aggregate of all cash and bank balances, marketable securities, liquid investments and any other form of deployment of surplus cash of Panorama, Prism and Eenadu as of one day prior to the date of completion i.e. 3 business days from the date of satisfaction of the conditions precedent as laid down in the SPA. Consequently, Equator will become wholly owned subsidiary of TV18 and we will hold and control the following investments:

a. 2,750 equity shares of ₹ 10 each and 2,494,688 OFCDs of ₹ 100 each, together representing approximately 100% Equity Securities of Panorama which owns ETV News Channels;

b. 3,929 equity shares of ₹ 10 each and 1,251,660 OFCDs of ₹ 100 each, together representing approximately 50% Equity Securities of Prism which owns ETV Non-Telugu Channels; and

c. 5,500 equity shares of ₹ 10 each and 608,869 OFCDs of ₹ 100 each, together representing 24.50% Equity Securities of Eenadu which owns ETV Telugu Channels.

Terms of the OFCDs of Panorama, Prism and Eenadu

Date of Allotment	February 10, 2012
Rate of interest	0%
Nature of security created	None

Conversion terms	Each of the OFCDs shall be convertible into 10 equity shares of ₹ 10 each of Panorama, Prism and Eenadu, respectively, at the election of the OFCD holder at any point of time before the expiry of 7 years from the date of allotment.
Terms of repayment, if the OFCDs are not converted	Outstanding OFCDs, if any, shall be redeemed by Panorama, Prism and Eenadu, respectively, upon the expiry of 7 years of the date of allotment of the OFCDs.
Other terms	The OFCDs are transferable in accordance with the terms and conditions of Panorama SHA, Prism SHA and Eenadu SHA, respectively.

The SPA shall become effective upon the fulfillment of certain conditions precedent which includes the following:

i. all necessary filings and approvals, if any, from Government authorities having been obtained;
ii. Subscribing Companies under the ZOCD Investment Agreement having utilized the proceeds from the issue of their ZOCDs for (a) their respective rights entitlements in the Rights Issue of Network18 and Rights Issue of TV18; (b) additional equity shares applied by them, if any, in the Rights Issue of Network18 and Rights Issue of TV18; and (c) the unsubscribed portion, if any, in the Rights Issue of Network18 and Rights Issue of TV18, and;
iii. the Rights Issue of Network18 and Rights Issue of TV18 having been completed.

The ETV Acquisition does not require CCI approval as it falls within the exceptions provided under Notification Number S.O. 482(E) dated March 4, 2011 issued by the Central Government under powers prescribed under clause (a) of Section 54 of the Competition Act, 2002 (12 of 2003).

3. Option Agreement

TV18 has executed the Option Agreement with Devaki and Anu. Devaki is effectively wholly owned by RIIHL, which is a subsidiary of RIL.

Devaki is the legal and beneficial owner of 10,000 equity shares of ₹ 10 each and 57,500,000 CCDs of Anu of ₹ 200 each ("Option Securities") which together represents 100% of the Equity Securities of Anu.

In terms of the Option Agreement, TV18 and its affiliates, can exercise the option to purchase all, but not less than all, of the Option Securities, on spot delivery basis, from Devaki on or before March 31, 2013 for an aggregate consideration of ₹ 14,450.1 million as adjusted for the net debt of Anu ("Anu Net Debt"). Anu Net Debt is defined as aggregate of all monies borrowed from banks by Prism and Eenadu, less the aggregate of all cash and bank balances of Prism and Eenadu as of call option exercise date. Further, Devaki has agreed not to transfer any of the Option Securities and has also agreed to ensure that Anu does not transfer any of the Equity Securities held by it in Eenadu and Prism, until March 31, 2013. However, Devaki may transfer Option Securities to any other company that is 100% effectively owned by RIIHL, either directly or through a merger or reorganisation, subject to such transferee executing a deed of adherence to the Option Agreement.

4. Eenadu SHA

The Eenadu SHA regulates the rights and obligations *inter se* of the parties thereto, in the management of Eenadu.

As on the date of the Eenadu SHA, 24.50% Equity Securities of Eenadu are held by Equator. Further, 24.50% Equity Securities of Eenadu are held by Anu and 51% Equity Securities of Eenadu are held by the Ushodaya Promoters.

Any party can transfer all, but not less than all, of the Equity Securities held by it in Eenadu. In terms of the Eenadu SHA, any transfer of all, and not less than all of the Equity Securities of Eenadu held by Ushodaya Promoters is subject to a right of first refusal in favour of Equator and Anu (collectively). Similarly, any transfer of all, and not less than all of the Equity Securities of Eenadu held by Equator and Anu (collectively) is subject to a right of first refusal in favour of the Ushodaya Promoters (collectively).

In the event Anu proposes to transfer all and not less than all of the Equity Securities held by it in Eenadu but Equator does not wish to transfer any Equity Securities held by it in Eenadu, then the transfer of all, and not less than all of the Equity Securities of Eenadu held by Anu is subject to a right of first refusal of Equator. Similarly,

in the event Equator proposes to transfer all and not less than all of the Equity Securities held by it in Eenadu but Anu does not wish to transfer any Equity Securities held by it in Eenadu, then any transfer of all, and not less than all of the Equity Securities of Eenadu by Equator is subject to a right of first refusal of Anu. In case Equator or Anu, as the case may be, does not exercise its right to purchase the Equity Securities of Eenadu held by the other, then such refusing party shall have the obligation to transfer, all Equity Securities held by it in Eenadu, collectively with the transfer by offering party, of all Equity Securities held by Eenadu, to the proposed third party transferee (subject to right of first refusal in favour of Ushodaya Promoters as described above).

Equator and Anu (collectively) and the Ushodaya Promoters have a tag along right which entitles them to sell all Equity Securities of Eenadu respectively held by them in the event the other parties sell their Equity Securities of Eenadu to a third party. However, such tag along right is exercisable only in the event such third party transferee has indicated its willingness to purchase 100% of the Equity Securities of Eenadu. In case of absence of such indication, the sale of Equity Securities of Eenadu to such third party would be subject to a right of first refusal by Ushodaya Promoters (collectively) or Equator and Anu (collectively), as the case may be.

Equator and Anu also have a right to appoint their nominees to the board of Eenadu in proportion to their shareholding on a fully diluted basis in Eenadu. The Eenadu SHA also lays down certain reserved matters in respect of which no decision can be taken by Eenadu without an affirmative vote of Equator and Anu on one hand and Ushodaya Promoters on the other hand.

5. Prism SHA

The Prism SHA regulates the rights and obligations *inter se* the parties thereto, in the management of Prism.

Any party can transfer all, but not less than all, of the Equity Securities held by it in Prism. The transfer of all and not less than all of the Equity Securities of Prism held by Anu is subject to a right of first refusal of Equator and conversely, the transfer of all and not less than all of the Equity Securities of Prism held by Equator is subject to a right of first refusal of Anu. Further in terms of the Prism SHA, upon the conversion of the OFCDs held by Equator into the equity shares of Prism, the Ushodaya Promoters shall sell 5,963 and 5,141 equity shares of Prism in equal proportion to Anu and Equator, respectively at par value.

Equator and Anu have a right to appoint their nominees to the board of Prism in proportion to their shareholding on a fully diluted basis. Nomination entitlement of Equator shall be one director more than the number of directors appointed by Anu. Thus, Equator has power to appoint majority of the directors on the board of directors of Prism and control the management and affairs of Prism.

6. *Panorama SHA*

In terms of the Panorama SHA, upon the conversion of the OFCDs held by Equator into equity shares of Panorama, Ushodaya Promoters and Anu have agreed to sell entire equity shares held by them in Panorama to Equator at par value.

7. Non Compete Agreement

In terms of the Non-Compete Agreement, UEPL, the Ushodaya Promoters and Eenadu shall not, until February 28, 2015, directly or indirectly engage, participate in or carry out, or assist any other person in any business, undertaking, operation or activity of any kind relating to Prism and Panorama's undertakings, businesses, activities and operations incidental or ancillary to channels operated by Prism and Panorama in India.

8. Trademark License Agreement

Pursuant to the terms of the Trademark License Agreement, Eenadu has granted to Prism and Panorama, an irrevocable, exclusive and royalty free license on a worldwide basis, to use the ETV trademarks and the ETV brand-name in relation to the ETV News Channels and ETV Non Telugu Channels, respectively, for a term ending on February 28, 2015. However, the agreement terminates within 6 months, in case of any joint use of the ETV trademarks with the trademarks of any third party or within 225 days in case of the change in control of Prism and Panorama. Prism and Panorama shall be entitled to grant a sub-license for the use of the ETV trademarks to those affiliates that carry out the business of Prism and Panorama. The terms of the license may be extended provided that the amount of royalties to be paid by Prism and Panorama for such extended period is mutually agreed.

Such extension shall not be available in case of joint use of ETV trademarks and ETV brand name with any third party or change in control of Prism and Panorama. Prism and Panorama are entitled to terminate this agreement prior to the expiry of the initial term.

OUR MANAGEMENT

As per the Articles of Association, we shall not have less than three or more than 12 Directors on our Board. We currently have six Directors on our Board.

The following table sets forth certain details regarding the Board of Directors as on the date of this Draft Letter of Offer:

Name, Address, Occupation, Term and DIN	Nationality	Age (years)	Other directorships, partnerships and trusteeships
Mr. Manoj Mohanka *Chairman,* *Non-Executive Independent Director* **Address:** 9, Lovelock Place 4th Floor, Flat No 4C Kolkata 700 019 West Bengal, India **Occupation:** Businessman **Term:** Liable to retire by rotation **DIN:** 00128593	Indian	48	**Indian companies** 1. 3D Technopack Limited 2. India Carbon Limited 3. TV18 Broadcast Limited 4. Infomedia 18 Limited 5. Titagarh Wagons Limited 6. Artevea Digital India Private Limited 7. Indian Terrain Fashions Limited **Foreign Companies** 1. Television Eighteen Mauritius Limited
Mr. Raghav Bahl *Managing Director* **Address:** E - 36, Sector - 30 Noida – 201 301 Uttar Pradesh, India **Occupation:** Media professional **Term:** Not liable to retire by rotation **DIN:** 00015280	Indian	51	**Indian Companies** 1. BK Media Private Limited 2. Digital18 Media Limited 3. Greycells18 Media Limited 4. Infomedia18 Limited 5. Keyman Financial Services Private Limited 6. BRR Securities Private Limited 7. TV18 Broadcast Limited 8. Network18 Publications Limited 9. NewsWire18 Limited 10. RB Holdings Private Limited 11. RB Investments Private Limited 12. RB Software Private Limited 13. RRB Investments Private Limited 14. RRK Finhold Private Limited 15. RRK Holdings Private Limited 16. RRK Media Private Limited 17. RVT Finhold Private Limited 18. RVT Softech Private Limited 19. Stargaze Entertainment Private Limited 20. TV18 Home Shopping Network Limited 21. Viacom18 Media Private Limited 22. Capital18 Fincap Private Limited 23. VT Media Private Limited 24. VT Softech Private Limited 25. Web18 Software Services Limited 26. AETN18 Media Private Limited 27. RB Media Holdings Private Limited 28. Watermark Infratech Private Limited 29. Colorful Media Private Limited 30. Adventure Marketing Private Limited 31. Nilrab Media Private Limited

Name, Address, Occupation, Term and DIN	Nationality	Age (years)	Other directorships, partnerships and trusteeships
			32. RB Mediasoft Private Limited 33. RRB Mediasoft Private Limited **Foreign Companies** 1. BK Holdings Limited, Mauritius 2. BK Media Mauritius Private Limited 3. BK Ventures Limited, Mauritius 4. Capital18 Acquisition Corp., Cayman Islands 5. Capital 18 Limited, Cayman Islands 6. Capital 18 Limited, Mauritius 7. E-18 Limited, Cyprus 8. Film Investment Managers (Mauritius) Limited 9. Network18 Holdings Limited, Cayman Islands 10. Television Eighteen Mauritius Limited 11. Television Eighteen Media & Investments Limited, Mauritius 12. TV18 HSN Holdings Limited, Cyprus 13. Web 18 Holdings Limited, Cayman Islands. 14. BK Capital Limited, Mauritius
Ms. Subhash Bahl *Non-Executive Director* **Address:** E - 36, Sector - 30 Noida 201 301 Uttar Pradesh, India **Occupation:** Social worker **Term:** Liable to retire by rotation **DIN:** 02303097	Indian	74	**Indian Companies** 1. RRB Investments Private Limited 2. Capital18 Fincap Private Limited (earlier BT Holdings Private Limited)
Ms. Vandana Malik *Non-Executive Director* **Address**: 301 / 401, Aquamarine Plot No 273-B, Carter Road, Bandra (W), Mumbai 400050, Maharashtra India **Occupation:** Media professional **Term:** Liable to retire by rotation DIN: 00036382	Indian	54	**Indian Companies** 1. Newswire18 Limited 2. e-Eighteen.com Limited
Mr. Hari Shankar Bhartia *Independent, Non-Executive Director* **Address**: 2 Amrita Shergill Marg New Delhi 110 003	Indian	55	**Indian Companies** 1. Jubilant Life Sciences Limited 2. Jubilant Biosys Limited 3. Jubilant Infrastructure Limited

Name, Address, Occupation, Term and DIN	Nationality	Age (years)	Other directorships, partnerships and trusteeships
Delhi, India **Occupation:** Industrialist **Term:** Liable to retire by rotation **DIN:** 00010499			4. Jubilant First Trust Healthcare Limited 5. Geoenpro Petroleum Limited 6. TV18 Broadcast Limited 7. Vam Holdings Limited 8. Jubilant FoodWorks Limited 9. Shriram Pistons & Rings Limited 10. Jubilant Industries Limited 11. Export Credit Guarantee Corporation of India Limited 12. Jubilant Enpro Private Limited 13. Jubilant Securities Private Limited 14. American Orient Capital Partners India Private Limited 15. Jaytee Private Limited 16. Nikita Resources Private Limited 17. BT Telecom (India) Private Limited 18. Jubilant Retail Private Limited 19. Jubilant Stock Holding Private Limited 20. Jubilant Retail Consolidated Private Limited 21. Vanthys Pharmaceutical Development Private Limited 22. Jubilant Bhartia Foundation **Foreign Companies** 1. Jubilant Pharma NV 2. Jubilant Discovery Services Inc. 3. Jubilant Innovation (USA) Inc. 4. Jubilant Life Sciences International Pte Limited 5. Jubilant Biosys (Singapore) Pte Limited 6. Jubilant Drug Development Pte Limited 7. Jubilant Biosys (BVI) Limited 8. Jubilant Life Sciences (BVI) Limited 9. Jubilant Draximage Inc. 10. Jubilant Energy NV, Netherlands 11. Jubilant Energy (Holding) BV Netherlands 12. Jubilant Energy Limited, Canada 13. Jubilant Life Sciences Holdings Inc. 14. Jubilant Clinsys Inc. 15. Jubilant HollisterStier LLC 16. HSL Holdings Inc. 17. 6963196 Canada Inc. 18. 6981364 Canada Inc. 19. Jubilant Innovation Pte Limited
Mr. Sanjay Ray Chaudhari *Non-Executive Director** **Address**: LGG-110, The Leburnun Sushant Lok Gurgaon, Haryana **Occupation:** Media Professional	Indian	46	**Indian Companies** 1. Colosceum Media Private Limited 2. Digital18 Media Limited 3. Greycells18 Media Limited 4. India International Film Advisors Private Limited 5. Money Control Dot Com India Limited 6. TV18 Broadcast Limited

Name, Address, Occupation, Term and DIN	Nationality	Age (years)	Other directorships, partnerships and trusteeships
Term: Holds office upto the conclusion of forthcoming annual general meeting DIN: 00015365			7. NewsWire18 Limited 8. RVT Media Private Limited 9. Setpro18 Distribution Limited 10. Web 18 Software Services Limited 11. WS Media Ventures Private Limited 12. AETN18 Media Private Limited **Foreign Companies** 1. SRC Media Limited, Guernsey

** Appointed as additional Director*

Further, except as stated below, none of our Directors were directors on board of listed companies that have been delisted from the Stock Exchanges.

Sr. No.	Name of the Director	Name of the companies	Listed On (name of SE)	Term of Director (in what capacities)	Date of Delisting on (Name of SE)	Whether Compulsory / Voluntary	Reason for Delisting	Whether Relisted (Y/N) (Date of Relisting)
1.	Manoj Mohanka	Television Eighteen	BSE and NSE	chairman		Voluntary	Merger into Network18 pursuant to Scheme of Arrangment	No
2.	Raghav Bahl			managing director				
3.	Subhash Bahl			director				
4.	Vandana Mallik			director				
5.	Sanjay Ray Chaudhuri			whole time director				
6.	Hari Shankar Bhartia			Independent director				

None of our Directors hold any current and past directorship(s) during the preceeding five years in listed companies whose shares have been or were suspended from being traded on BSE or NSE.

Relationship between Directors

Except as stated below, none of the other Directors are related to each other:

Name of the Directors	Relationship between Directors
Mr. Raghav Bahl	Son of Ms. Subhash Bahl Brother of Ms. Vandana Malik
Ms. Vandana Malik	Sister of Mr. Raghav Bahl Daughter of Ms. Subhash Bahl
Ms. Subhash Bahl	Mother of Mr. Raghav Bahl Mother of Ms. Vandana Malik

Brief biography of our Directors

Mr. Manoj Mohanka is our non-executive independent Chairman. He has a bachelor's degree in commerce from St. Xavier's College, Calcutta University and a master's degree in commerce from the Michael Smurfit Graduate School of Business, University of Ireland. He is also a Chevening scholar from the London School of Economics. Mr. Mohanka specializes in areas such as finance, accounts, audit, control, managerial and marketing. He has over 22 years of experience in business management and has held various positions in industry forums including President, Calcutta Chamber of Commerce, Co-Chairman, Economic Affairs

Committee of FICCI (Eastern Region), Committee Member, Indo-Italian Chamber of Commerce, Board of Governors, Eastern Institute of Management, Chairman, Young Presidents Organisation, Kolkata. He has been a guest lecturer at the Indian Institute of Technology, Kharagpur.

Mr. Raghav Bahl is our founder and Managing Director. He has a bachelor's degree in economics from St. Stephen's College, University of Delhi and has a master's degree in business administration from the University of Delhi. He began his career as a management consultant with A. F. Ferguson & Company. He founded TV18 (now Network18 Group) in 1993 and has been instrumental in establishing partnerships with media conglomerates such as CNBC-AP, CNN, Viacom Inc., Forbes and Sun Network. Under his guidance we now operate the news channel *CNN IBN*, *CNBC TV18* and *CNBC Awaaz*. He won the Sanskriti Award for Journalism in 1994. He was also honoured as the Global Leader of Tomorrow by the World Economic Forum (WEF). He was also selected by Ernst & Young as the Entrepreneur of The Year (2007) for Business Transformation. Mr. Bahl has been conferred with the degree of Doctor of Philosophy (D.Phil), Honoris Cana by Amity University, Uttar Pradesh (2011). He has over 24 years experience in television and journalism.

Ms. Subhash Bahl is a non-executive director on our Board. She holds a bachelor's degree in arts and a bachelor's degree in teacher's training from Punjab University, Chandigarh, India. She has over 40 years experience in the educational sector. She was a teacher at the Cambridge School, and thereafter she joined Navyug School, as a chairperson.

Ms. Vandana Malik is a non-executive director on our Board. She holds bachelor's degree in history from the University of Delhi, India. She has over 15 years of experience in media and related sectors. From 1992 to 1994, she worked as editorial co-coordinator for Business India Television and Television Eighteen. She has been working as the Mumbai-bureau chief of TV18 since 1994 and in May 2006, she joined Studio18 as a creative director for the Feature Film Production unit.

Mr. Hari Shankar Bhartia**,** is an independent director on our Board. He has graduated in B.Tech (Chemical Engineering) from Indian Institute of Technology ("IIT"), Delhi. Mr. Bhartia is the co-chairman of the Jubilant Group. Mr. Bhartia has over 22 years of experience in the pharmaceuticals, food, oil and gas, aerospace and information technology sectors. Mr. Bhartia is a Chemical Engineering Graduate of the Indian Institute of Technology (IIT), Delhi and was conferred the Distinguished alumni Award in 2000. He has served in various capacities with the IITs. He was Chairman of the Board of Governors with IIT Kanpur. Mr. Bhartia is a past President of Confederation of Indian Industry and is currently Chairman, Board of Governors of the Indian Institute of Management, Raipur. He has also been a member of several Indian Government Committees on educational, science and technology programs.

Mr. Sanjay Ray Chaudhuri is a non-executive Director on our Board. He holds a Bachelor's degree in English Literature from St. Stephens College, Delhi University and a Masters degree in Mass Communications from the Mass Communications Research Centre, Jamia Millia Islamia University. He started his career as an independent documentary film-maker for Doordarshan and went on to direct and host 'The India Show' on Star Plus. He has over 17 years of experience in journalism, media and allied fields and has received the Onida Pinnacle Award for excellence in Television in 1995. Mr. Chaudhuri has directed music videos, corporate films, add films, chat shows, game shows and TV serials for leading TV channels in India. He is currently working on his debut feature film.

We have not entered into any service contracts with our Directors for providing benefits upon termination of employment. We have not paid our Directors, any payment or reimbursement of expenses other than the normal remuneration and reimbursement, dividend and sitting fees as applicable in each case.

As of the date of this Draft Letter of Offer, there are no arrangements or understanding with major shareholders, customers, suppliers or others, pursuant to which we appointed any of our Directors.

SECTION VI – FINANCIAL INFORMATION

FINANCIAL STATEMENTS

AUDITORS' REPORT

To the members of Network18 Media & Investments Limited

1. We have audited the attached Balance Sheet of **Network18 Media & Investments Limited** ('the company') as at March 31, 2011 and the Profit & Loss Account for the year ended on that date and the Cash Flow Statement for the year ended on that date both annexed hereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test check basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. As required by the Companies (Auditor's Report) Order, 2003, issued by the Company Law Board in terms of Section 227(4A) of the Companies Act, 1956, we annex hereto a statement on the matters specified in paragraph 4 of the said Order, to the extent applicable to the company.

4. *Attention is drawn to:*

   i) Note 13(a) of Schedule 15 to the financial statements regarding payment of remuneration to the Managing Director in excess of the limits prescribed by Schedule XIII of the Companies Act,1956 . The Company's application for approval of remuneration paid has been partially approved and the company has filed an application for reconsideration of the matter.

   ii) Notes 7(e), 7(f) and 8 of Schedule 15 to the financial statements regarding the non provision for other than temporary impairment in the value of Investments of Rs 2,612.30 millions and non recoverability of advances of Rs 1276 million.

   We are unable to comment on the adjustments and impact, if any, on the financial statements in respect of the above matters.

5. Without qualifying our opinion attention is drawn to ,

   a) Note 1(f) of Schedule 15 to the financial statements wherein it is stated that no effect has been given in these financial statements of the Scheme of restructuring referred to in that note.

   b) Note 1(e) of Schedule 15 to the financial statements referring to operational losses incurred by the company and the company's plans in that regard**.**

6. Further to our comments in the annexure referred to in Paragraph 4 above ,we report that

   a. we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for our audit.

   b. in our opinion, proper books of account have been kept as required by law, so far as appears from our examination of the books.

   c. the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.

   d. in our opinion ,the Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in sub section 3(c) of Section 211 of the Companies Act,1956.

   e. In our opinion and to the best of our information and according to the explanations given to us , they said accounts read together with Para 5 above and the significant accounting policies and notes thereon, and *subject to our comments in Para 4 above,* give the information as

required by The Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

i) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2011, and

ii) in the case of the Profit and Loss account, of the loss for the year ended on that date, and

iii) in the case of the Cash Flow statement, of the cash flows of the Company for the year ended on that date

7. On the basis of written representations received from the Directors, as on March 31, 2011 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on that date from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act,1956.

For G S Ahuja & Associates
Chartered Accountants
(Firm Registration No. N 8999)

G S Ahuja
Proprietor,
(Membership No. 87732)

Noida, May 30, 2011

ANNEXURE

Annexure referred to in Para 3 of our Report of even date, to the members of

Network18 Media & Investments Limited

As required by the Companies (Auditor's Report) Order, 2003 on the basis of such checks as we considered appropriate, and, according to the information and explanations given to us, we report that :-

1. The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
2. The fixed assets have been physically verified by the management during the period and no material discrepancies were noticed.
3. A substantial part of fixed assets have not been disposed off during the year.
4. All inventories have been physically verified by the management at reasonable intervals.
5. The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and its business.
6. The company has maintained proper records of inventory and no material discrepancies were noticed on physical verification.
7. The company had granted an unsecured loan of Rs 552.50 millions to an entity covered in the Register maintained under Section 301 of the Act at a rate of interest lower than market. The said loan has been repaid as on March 31, 2011.
8. The company has not taken any loans, from a company listed in the Register maintained under Section 301 of the Act.
9. There is an internal control procedure commensurate with the size of the company and the nature of its business for the purchase of Fixed Assets and inventory and for the sale of services. During the course of our audit, we have not observed any continuing failure to correct weaknesses in the internal control system.
10. The particulars of all contract or arrangements referred to in Section 301 of the Act, have been entered in the Register required to be maintained under that section. Transactions made in pursuance of such arrangements have been made at prices which are, *prima facie,* reasonable having regard to the prevailing market prices at the relevant time.
11. In respect of deposits accepted during the year from the public, the directives issued by the Reserve Bank of India and the provisions of Section 58A and 58AA, other relevant provisions of the Companies Act,1956 and the rules framed thereunder, where applicable, have been complied with. According to the information and explanations given to us, no order has been passed by the Company Law Board, or the National Company Law Tribunal or the Reserve Bank of India or any other tribunal,
12. The company has an internal audit system commensurate with its size and the nature of its business.
13. Maintenance of cost records has not been prescribed by the Central Government under Section 209(1) (d) of the Companies Act, 1956, for any of the products of the Company.
14. The company has been generally been regular in depositing undisputed statutory dues on account of Income tax, Provident Fund, Service Tax and Employees State Insurance dues. The company's current operations do not require it to deposit any amounts towards Investor Education and Protection Fund, Sales Taxes, Customs Duty, Excise and such cess(s). There are no undisputed sums payable towards Income tax, Wealth tax, Provident Fund, Service Tax and Employees State Insurance dues , which were outstanding at the year end for a period of more than six months from the date they became payable.
15. The company's losses as at March 31, 2011 do not exceed 50% of its Net Worth. The company has incurred cash losses in the year under review and in the immediately preceding financial year.

16. The company has not defaulted in repayment of dues to a financial institution or bank or debenture holders.

17. No loans/ advances have been granted on the basis of security of pledge of shares, debentures and other securities.

18. The company's activities do not require compliance with any special statute applicable to chit fund companies.

19. In respect of dealings or trading in shares and securities the company has maintained proper records of the transactions and contracts and timely entries have been made. All shares / securities have been held by the company in its own name.

20. The company has given guarantees for loans taken by others from Financial Institutions / Banks , the terms of which are *prima facie* , not prejudicial to the company's interest.

21. Term Loans were applied for the purpose they were obtained.

22. Short term loans have not been used for or Long term investments.

23. The company has made a preferential allotment Equity Shares to a party listed in the Register maintained u/s 301 of the Companies Act and the terms of the same are not prejudicial to the interests of the company.

24. The company has not issued any debentures and therefore no security was required to be created.

25. The management has disclosed the end use of money raised through rights issue and the same has been verified.

26. No fraud on or by the company has been noticed or reported during the year.

For G S Ahuja & Associates
Chartered Accountants
(Firm Registration No. N 8999)

G S Ahuja
Proprietor
(Membership No. 87732)

Noida, May 30, 2011

BALANCE SHEET AS AT MARCH 31, 2011

	Schedule	As at 31.03.2011 (Rs.)	As at 31.03.2010 (Rs.)
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	**2,137,135,055**	2,114,360,935
Share application money (Note 4 b)		**367,500**	-
Stock Options Outstanding	2	**155,425,528**	218,191,605
Reserves and Surplus	3	**9,510,223,817**	9,044,489,426
Secured Loans	4	**3,168,094,051**	2,213,617,778
Unsecured Loans	5	**1,591,249,200**	2,868,754,700
		16,562,495,151	16,459,414,444
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	6	**59,748,538**	53,815,749
Less:Depreciation		**36,526,226**	31,744,712
Net Block		**23,222,312**	22,071,037
Capital Work In Progress		**3,708,162**	3,075,506
		26,930,474	25,146,543
Investments	7	**12,879,533,264**	10,978,008,611
Current Assets ,Loans and Advances	8		
Inventory		**-**	1,755,260
Sundry Debtors		**169,668,405**	173,914,922
Cash and Bank balances		**942,433,906**	965,376,851
Loans and Advances		**1,603,613,239**	4,142,918,939
		2,715,715,550	5,283,965,972
Less: Current Liabilities and Provisions	9		
Current Liabilities		**188,646,998**	180,110,401
Provisions		**114,039,209**	144,804,429
		302,686,207	324,914,830
Net Current Assets		**2,413,029,343**	4,959,051,142
Miscellaneous Expenditure (Note 34)		**54,517,737**	-
Profit & Loss Account		**1,188,484,333**	497,208,148
		16,562,495,151	16,459,414,444
Notes forming part of accounts	15		
The above schedules form an integral part of the accounts			
As per our report of even date attached			

For **G S Ahuja & Associates**
Chartered Accountants
Firm Registration no. 8999

G S Ahuja
Proprietor
Membership No. 87732

May 30, 2011
Noida

For and on behalf of the Board

Raghav Bahl
Managing Director

Sanjay Ray Chaudhuri
Alternate Director

R D S Bawa
Chief Financial Officer

Shilpa Verma
Company Secretary

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2011

	Schedule	Year ended 31.03.2011 (Rs.)	Year ended 31.03.2010 (Rs.)
INCOME			
Income from Operations	10	**399,066,070**	329,619,508
Other Income	11	**273,119,278**	232,127,678
		672,185,348	561,747,186
EXPENDITURE			
Administrative and other costs	12	**426,593,614**	367,900,723
Personnel expenses	13	**104,597,891**	64,616,918
Stock option charge out		**29,856,206**	53,247,151
Interest and financial charges	14	**816,493,300**	524,941,726
Depreciation	6	**5,135,605**	5,097,677
		1,382,676,616	1,015,804,195
Loss before tax		**(710,491,268)**	(454,057,009)
Provision for wealth tax		**(40,000)**	(75,000)
Excess provision written back		**12,500,000**	-
Loss for the year		**(698,031,268)**	(454,132,009)
Loss brought forward		**(497,208,148)**	(140,542,661)
Appropriations			
Prior Period adjustments (Note 31)		**6,755,083**	8,695,992
Transfer from Reserve u/s 45IC of the RBI Act (Note 5)		**-**	88,770,530
		(1,188,484,333)	(497,208,148)
Earning per equity share (See note 9)			
(Face Value of Rs. 5 per share, previous year Rs. 5 per share)			
Basic & Diluted		**(5.97)**	(4.50)
Notes forming part of accounts	15		
The above schedules form an integral part of the accounts			
As per our report of even date attached			

For **G S Ahuja & Associates**
Chartered Accountants
Firm Registration no. N 8999

For and on behalf of the Board

G S Ahuja
Proprietor
Membership No. 87732

May 30, 2011
Noida

Raghav Bahl
Managing Director

R D S Bawa
Chief Financial Officer

Sanjay Ray Chaudhuri
Alternate Director

Shilpa Verma
Manager Corporate Affairs
& Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2011

	Particulars	Schedule	Year Ended 31.03.2011 (Rs.)	Year Ended 31.03.2010 (Rs.)
A	**Cash flow from operating activities**			
	Loss before tax		**(710,491,268)**	(454,057,009)
	Adjustment for:			
	Depreciation		**5,135,606**	5,097,677
	Stock option chargeout		**29,856,206**	53,247,151
	Interest and other financial charges		**816,493,300**	524,941,726
	Loss on sale of fixed assets		**497,279**	(1,963,229)
	Debts written off / Provision for doubtful debts		**7,283,869**	6,331,468
	Foreign exchange loss		**3,612,132**	-
	Profit on sale of investments in subsidiaries		**(3,238,615)**	-
	Profit on sale of investments(others)		**(132,609,708)**	(115,636,986)
	Prior period adjustments		**6,755,083**	8,695,992
	Operating profit before working capital changes		**23,293,884**	26,656,790
	Adjustment for:			
	Decrease (Increase) in Current Assets		**2,005,207,705**	(1,988,317,138)
	Increase (Decrease) in Current Liabilities		**(118,463,038)**	(166,325,236)
	Net cash flow (Used in) operating activities		**1,910,038,551**	(2,127,985,584)
	Taxes (including Wealth Tax) (net)		**12,460,000**	(75,000)
	Net cash flow from operating activities		**1,922,498,551**	(2,128,060,584)
B	**Cash flow from Investment activities**			
	Purchase of fixed assets (including capital advances)		**(7,979,604)**	(7,886,326)
	Sales of fixed assets		**562,788**	25,849,920
	Investments			
	- In subsidiaries		**(1,073,025,250)**	(3,128,683,135)
	- In Mutual funds (Net)		**(970,883,792)**	(1,310,594,078)
	Sales of investment in Subsidiary (Note 7 d)		**811,048,615**	-
	Net cash from (Used in) investing activities		**(1,240,277,242)**	(4,421,313,619)
C	**Cash flow from Investment activities**			
	Share application money received		**367,500**	-
	Proceeds from issue of Equity shares (including securities premium)		**488,508,511**	5,196,072,557
	Interest and financial charges		**(816,493,300)**	(524,941,726)
	Public deposits accepted (net)		**(208,755,500)**	1,800,004,700
	PCCP's forfeited		**-**	1,207,200
	Expenses on proposed issue of securities /restructuring		**(54,517,737)**	(86,135,519)
	Increase (Decrease) in loans (Net of repayments)		**(114,273,727)**	863,928,633
	Net cash flow from (used) in financing activities		**(705,164,253)**	7,250,135,845

Particulars	Schedule	Year Ended 31.03.2011 (Rs.)	Year Ended 31.03.2010 (Rs.)
Net increase (decrease) in cash and cash equivalents		**(22,942,945)**	700,761,642
Cash and cash equivalents as at the beginning of the year		**965,376,851**	264,615,209
Cash and cash equivalents as at the end of the year		**942,433,906**	965,376,851
Notes forming part of accounts	**15**		
The above schedules form an integral part of the accounts			
As per our report of even date attached			

For **G S Ahuja & Associates**
Chartered Accountants
Firm Registration no. N 8999

For and on behalf of the Board

G S Ahuja
Proprietor
Membership No. 87732

May 30, 2011
Noida

Raghav Bahl
Managing Director

R D S Bawa
Chief Financial Officer

Sanjay RayChaudhuri
Alternate Director

Shilpa Verma
Manager Corporate Affairs & Company Secretary

Schedules forming part of accounts as at March 31, 2011

	As at 31.03.2011	As at 31.03.2010
	(Rs.)	(Rs.)
SCHEDULE 1 : SHARE CAPITAL		
AUTHORISED		
170,000,000 (170,000,000) Equity Shares of Rs 5/- each	**850,000,000**	850,000,000
1,100,000 (1,100,000) Preference Shares of Rs 100/- each	**110,000,000**	110,000,000
10,500,000 (10,500,000) Preference Shares of Rs 200/- each	**2,100,000,000**	2,100,000,000
	3,060,000,000	3,060,000,000
ISSUED, SUBSCRIBED AND PAID UP		
118,895,641 (Previous year 114,340,817) Equity shares of Rs. 5/- each fully paid up	**594,478,205**	571,704,085
10,284,379 (Previous Year 10,284,379) Non Convertible Cumulative Redeemable Preference shares of Rs. 150/- each fully paid up	**1,542,656,850**	1,542,656,850
	2,137,135,055	2,114,360,935

	As at 31.03.2011	As at 31.03.2010
	(Rs.)	**(Rs.)**
SCHEDULE 2: STOCK OPTIONS OUTSTANDING		
Opening Balance	**218,191,605**	206,137,246
Stock Options Outstanding	**(34,121,654)**	66,841,511
Less: Deferred Compensation	**(28,644,423)**	(54,787,152)
Carried to Balance Sheet	**155,425,528**	218,191,605

	As at 31.03.2011	As at 31.03.2010
	(Rs.)	**(Rs.)**
SCHEDULE 3 : RESERVES AND SURPLUS		
Securities Premium		
Balance brought forward	**8,998,282,226**	4,099,765,203
Add :Premium on issue of Equity Shares	**465,734,391**	4,984,652,542
Less: Expenses on Issue of Equity Shares	**-**	86,135,519
	9,464,016,617	8,998,282,226
General Reserve		
Opening Balance	**45,000,000**	45,000,000
Transfer to General Reserve	**-**	-
	45,000,000	45,000,000

	As at 31.03.2011	As at 31.03.2010
	(Rs.)	(Rs.)
SCHEDULE 3 : RESERVES AND SURPLUS		
Reserve u/s 45IC of the RBI Act		
Balance brought forward	-	88,770,530
Add :Transfer to Profit and Loss account (Note 5)	-	(88,770,530)
	-	-
Shares Forfeited		
Balance brought forward	**1,207,200**	-
Add :Shares Forfeited	-	1,207,200
	1,207,200	1,207,200
	9,510,223,817	9,044,489,426

	As at 31.03.2011	As at 31.03.2010
	(Rs.)	(Rs.)
SCHEDULE 4 : SECURED LOANS		
Secured Optionally Fully Convertible Debentures (Note 6 a)	-	110,000,000
Loans from Banks (Note 6 b, e)	**2,166,531,076**	1,500,000,000
Vehicle Loans (Note 6 c)	**1,562,975**	3,617,778
Other Loans (Note 6 d, e)	**1,000,000,000**	600,000,000
	3,168,094,051	2,213,617,778

	As at 31.03.2011	As at 31.03.2010
	(Rs.)	(Rs.)
SCHEDULE 5 : UNSECURED LOANS		
Fixed Deposits (Note 6 f)	**1,591,249,200**	1,800,004,700
Loans from Banks	-	1,068,750,000
	1,591,249,200	2,868,754,700

Schedules forming part of accounts as at March 31, 2011

Schedule 6 : Fixed Assets **Amount (Rs)**

	Gross Block				Depreciation				Net Block	
Particulars	**As at 1.4.2010**	**Additions**	**Deletions**	**As at 31.03.2011**	**As at 1.4.2010**	**For the year**	**Adjustments**	**As at 31.03.2011**	**As at 31.03.2011**	**As at 31.03.2010**
Vehicles	12,425,339	402,626	1,329,043	**11,498,922**	2,095,090	1,153,241	341,764	**2,906,567**	**8,592,355**	10,330,249
Plant & Machinery	4,626,077	2,344,599	-	**6,970,676**	998,148	1,194,644	-	**2,192,792**	**4,777,884**	3,627,929
Computer Hardware	5,800,076	1,671,315	85,116	**7,386,275**	1,639,009	1,099,584	12,327	**2,726,266**	**4,660,009**	4,161,067
Computer Software	8,456,814	102,734	-	**8,559,548**	7,223,052	355,676	-	**7,578,728**	**980,820**	1,233,762
Furniture	1,337,675	300,354	-	**1,638,029**	168,934	145,057	-	**313,991**	**1,324,038**	1,168,741
Leasehold Improvements	20,559,788	2,525,320	-	**23,085,108**	19,620,480	1,187,404	-	**20,807,884**	**2,277,224**	939,308
Free Hold Land	609,980	-	-	**609,980**	-	-	-	**-**	**609,980**	609,980
TOTAL	53,815,749	7,346,948	1,414,159	**59,748,538**	31,744,713	5,135,605	354,092	**36,526,226**	**23,222,312**	22,071,036
Capital work in progress	3,075,506	632,656		**3,708,162**	-	-	-	**-**	**3,708,162**	3,075,506
Total	**56,891,255**	**7,979,604**	**1,414,159**	**63,456,700**	**31,744,713**	**5,135,605**	**354,092**	**36,526,226**	**26,930,474**	**25,146,542**
Previous year	74,883,669	7,886,326	25,878,740	56,891,255	28,639,084	5,097,678	1,992,049	31,744,713	25,146,542	46,244,585

Schedules forming part of accounts as at March 31, 2011

SCHEDULE 7 : INVESTMENTS (AT COST)	As at 31.03.2011	As at 31.03.2010
	(Rs.)	(Rs.)
Quoted: Non Trade : Long Term		
In subsidiary companies		
84,028,954 Equity Shares of Rs 5/- each in Television Eighteen India Limited	**5,499,264,087**	5,499,264,087
(Previous year 84,028,954) (Note 7a,c)		
64,892,544 Equity Shares of Rs 2/- each in ibn18 Broadcast Limited	**1,819,773,323**	213,932,170
(Previous year 47,724,140 Equity Shares of Rs 2/- each) (Note 7b,c)		
Nil (10,000,000) Ordinary Shares of no Par value in The Indian Film	**-**	807,810,000
Company Limited, Guernsey. (Note 7 d)		
Quoted : Non trade : Current: in Mutual funds		
5,908,488 (Previous year 8,142,621) units in Birla Sunlife Mutual Fund	**87,624,324**	116,467,448
6,201,692(Previous year Nil) units in Birla Sun Life Dynamic Bond Fund	**99,052,935**	-
16,352,577 (Previous year 15,747,115) units in IDFC Mutual Fund	**189,456,576**	173,294,931
1,485,116 (Previous year 1,297,647) ICICI Prudential Institutional Liquidity Plan	**209,920,811**	175,668,585
20,986 (Previous year 19,055,604) Baroda Pioneer Liquid Fund	**22,525,190**	200,000,000
172,687 units (Previous year 4,217,058) in Religare Mutual Fund	**221,160,851**	51,814,052
52,154 units (Previous year 521,538) units in Deutsche Mutual Fund	**6,028,355**	6,028,355
7,813,879 (Previous year 1,740,021) units in Deutsche Mutual Fund	**115,075,441**	25,075,441
9,184,508 (Previous year Nil) units in Deutsche Mutual Fund	**100,000,000**	-
115,725 units (Previous year 81,251) in Mutual Fund Dsp Merrill Lynch	**154,609,219**	106,555,478
Nil (Previous year 619,785) in SBI Mutual Fund	**-**	12,243,587
Nil (Previous year 6,865,020) in SBI Mutual Fund	**-**	100,000,000
6,727,981 (Previous year 4,554,162) in JM Mutual Fund	**87,012,649**	57,012,649
6,538,512 (Previous year 6,971,119) in JM Mutual Fund	**100,000,000**	100,000,000
Nil units (Previous year 5,771,766) in Principal Mutual Fund	**-**	85,000,000
Nil units (Previous year 7,005,156) in Principal Mutual Fund	**-**	100,000,000
84,334 units (Previous year Nil) in Tata Mutual Fund	**149,719,791**	-
104,308 units (Previous year 179,465) in Templeton Mutual Fund	**142,193,335**	242,330,133
14,431,700 units (Previous year Nil) in Reliance Mutual Fund	**201,705,780**	-
171,639 units (Previous year Nil)in Axis Mutual Fund	**176,216,383**	-
3,848,626 units (Previous year Nil)in Kotak Mutual Fund	**72,109,961**	-
4,389,625 units (Previous year Nil)in Kotak Mutual Fund	**80,000,000**	-
11,229,653 units (Previous year 1,984,961) in Fidelity Mutual Fund	**142,283,376**	24,073,781
10,264,357 units (Previous year 13,682,354) in Canara Mutual Fund	**114,321,639**	151,186,914
43,246 units (Previous year Nil) in Bharti Mutual Fund	**50,000,000**	-

SCHEDULE 7 : INVESTMENTS (AT COST)	As at 31.03.2011	As at 31.03.2010
126,808 units (Previous year Nil) in UTI Mutual Fund	**199,228,239**	-
98,232 units (Previous year Nil) in IDBI Mutual Fund	**100,000,000**	-
1,000,000 units (Previous year Nil) in Edelweiss Mutual Fund	**10,000,000**	-
[Market Value of quoted investments Rs.15,502,256,943 (Rs. 10,514,902,941)]	**10,149,282,264**	8,247,757,611
Unquoted : Non Trade : Long term		
a) In subsidiary companies		
1,500,000 (Previous year 1,500,000) Equity Shares of USD 1/- each fully paid up in Network 18 Holdings Limited, Cayman Islands	**67,890,000**	67,890,000
33,000 (Previous year 33,000) Equity Shares of Rs 10/- each fully paid up in Setpro18 Distribution Limited	**50,000,000**	50,000,000
10,000 (Previous year 10,000) Equity shares of Rs 10/- each in Network 18 India Holdings Pvt Ltd	**100,000**	100,000
2,827,000 (Previous year 2,827,000) 0.01% Redeemable Non Cumulative Non Convertible Preference Shares of Rs 10/- each in Network 18 India Holdings Private Limited (Note 7 e)	**1,696,200,000**	1,696,200,000
6,644,000 (Previous year 6,644,000) 0.01% Redeemable Non Cumulative Non Convertible Preference Shares of Rs 10/- each in Network 18 India Holdings Private Limited (Note 7 f)	**666,061,000**	666,061,000
b) In other companies		
2,500,000, (Previous year 2,500,000) 8% Cumulative Redeemable Non Convertible Preference Shares of 100/- each in BK Media Private Limited (Note 7 g)	**250,000,000**	250,000,000
	2,730,251,000	2,730,251,000
	12,879,533,264	10,978,008,611

NETWORK 18 MEDIA & INVESTMENT LIMITED
Schedules forming part of accounts as at March 31,2011

	As at	As at
SCHEDULE 8 : CURRENT ASSETS , LOANS AND ADVANCES	**31.03.2011**	**31.03.2010**
	(Rs.)	**(Rs.)**
Inventory (Note 2 c)	**-**	1,755,260
Sundry debtors (Unsecured)		
Debts outstanding for more than 6 months	**9,056,489**	9,449,959
Other debts	**162,611,487**	168,639,034
	171,667,976	178,088,993
Less: Provision for Doubtful Debts	**1,999,571**	4,174,071
	169,668,405	173,914,922
Cash and bank balances		
Cash on hand [Includes foreign exchange Rs.Nil(Rs.29,564)]	**189,408**	147,600
Balance with scheduled banks :		
- in current accounts	**277,244,498**	105,229,251
- in Fixed Deposits	**665,000,000**	860,000,000
	942,433,906	965,376,851
Loans & advances		
(Unsecured, considered good)		
Share application Money Paid (Note 8)	**1,276,000,000**	1,808,815,903
Due from Subsidiaries*	**-**	451,718,686
Service tax input credit	**28,879,126**	13,224,608
Security and other deposits	**6,505,569**	5,269,173
Advances recoverable in cash or in kind or for value to be received		
Prepaid taxes (net off)	**152,324,350**	166,140,563
MAT credit entitlement	**-**	40,000,000
Advances to Vendors [Capital Advances Rs.122,600 (Nil)]	**22,952,846**	38,040,427
Interest Accrued but not due	**28,214,120**	22,054,375
Prepaid Expenses	**7,277,069**	5,560,247
Staff Loans & Advances	**80,159,436**	89,987,189
Other advances	**1,300,722**	1,502,107,768
	1,603,613,239	4,142,918,939
***includes amounts due from companies under the same management u/s370(1B)of the companies act,1956**		
IBN18 Broadcast Limited	**-**	451,718,686
Television Eighteen India Limited	**-**	-
***maximum amount outstanding during the year from the companies under the same management u/s 370(1B)of the companies act,1956**		
IBN18 Broadcast Limited	**274,492,752**	1,094,110,328
Television Eighteen India Limited	**472,931,359**	5,522,546

	As at	As at
	31.03.2011	**31.03.2010**
SCHEDULE 9 : CURRENT LIABILITIES AND PROVISIONS		
Current liabilities		
Sundry creditors	53,445,751	122,985,740
Expenses payable	6,909,204	1,643,899
Interest accrued but not due	90,393,175	28,066,139
Statutory liabilities	31,711,021	21,322,398
Unclaimed Dividend	185,588	188,364
Advances from customers	4,487,595	5,719,147
Due to Subsidiaries	1,514,665	184,714
	188,646,998	180,110,401
Provisions		
Provision for Expenses	92,832,179	70,487,892
Provision for retirement benefits	16,231,932	11,246,074
Provision for Taxes	4,975,098	63,070,463
	114,039,209	144,804,429
	302,686,207	324,914,830

NETWORK 18 MEDIA & INVESTMENT LIMITED
Schedules forming part of accounts as at March 31,2011

	As at 31.03.2011 (Rs.)	As at 31.03.2010 (Rs.)
SCHEDULE 10 : INCOME FROM OPERATIONS		
Income from Event / Sports Business	**368,756,956**	321,119,488
Income from Business Advisory Services	**30,309,114**	8,500,020
	399,066,070	329,619,508

	As at 31.03.2011 (Rs.)	As at 31.03.2010 (Rs.)
SCHEDULE 11: OTHER INCOME		
Profit on sale of current investments	**135,848,323**	115,636,986
Interest[TDS Rs.11,475,042(Previous year Rs.17,072,665)]	**121,962,476**	108,760,412
Excess provisions written back	**12,201,530**	4,467,431
Profit on sale of fixed assets	**-**	1,963,229
Miscellaneous Income	**3,106,949**	1,299,620
	273,119,278	232,127,678

	As at 31.03.2011 (Rs.)	As at 31.03.2010 (Rs.)
SCHEDULE 12		
ADMINISTRATIVE AND OTHER COSTS		
Equipment Hire	**22,654,071**	20,879,245
Content franchise fee	**34,781,373**	8,291,356
Media professional fees	**29,710,047**	17,837,675
Production expenses	**18,272,688**	28,107,101
Rent	**22,003,782**	19,459,377
Electricity expenses	**2,037,588**	1,036,566
Insurance	**1,904,215**	1,738,076
Travelling and conveyance	**29,690,699**	22,661,887
Vehicle running and maintenance	**11,009,817**	10,244,193
Communication expenses	**7,406,601**	4,385,483
Advertisement & Business Promotion	**48,551,261**	80,013,303
Event Expenses	**141,047,659**	102,577,917
Membership and subscription	**291,937**	377,611
Repairs and maintenance		
- Plant & machinery	**863,102**	555,788
- Others	**1,425,661**	1,143,366
Legal and professional expenses	**28,667,951**	27,904,321
Directors sitting fees	**335,000**	440,500

	As at 31.03.2011 (Rs.)	As at 31.03.2010 (Rs.)
Loss on sale / disposal of assets	**497,279**	-
Provision for Doubtful debts/Debts written off	**7,283,869**	6,331,468
Printing & Stationery	**5,886,865**	3,118,287
AGM Expenses	**624,480**	755,348
Miscellaneous expenses	**8,035,537**	10,041,855
Foreign exchange fluctuation	**3,612,132**	-
	426,593,614	367,900,723

	As at 31.03.2011 (Rs.)	As at 31.03.2010 (Rs.)
SCHEDULE 13 : PERSONNEL EXPENSES		
Salaries and bonus	**82,443,844**	50,221,965
Contribution to provident fund	**9,299,948**	8,342,007
Staff welfare expenses	**6,194,097**	6,636,518
Retirement benefits	**6,660,002**	(583,572)
	104,597,891	64,616,918

	As at 31.03.2011 (Rs.)	As at 31.03.2010 (Rs.)
SCHEDULE 14 : INTEREST AND BANK CHARGES		
Interest on loans	**531,061,750**	384,985,329
Interest on Public deposits	**242,501,572**	28,789,254
Others financial charges	**42,929,978**	111,167,143
	816,493,300	524,941,726

SCHEDULE 15 : NOTES FORMING PART OF ACCOUNTS

1. **Background / Business**

a. The company was incorporated as SGA Finance and Management Services Private Limited in 1996. The name was changed to Network 18 Fincap Private Limited in April 2006. The company was converted into a Public Company on October 20, 2006. The name was further changed to Network18 Media & Investments Limited on December 1, 2007.

b. The company, as at March 31, 2011, (i) jointly with Network 18 India Holdings Private Limited holds 48.98% of the issued capital of TV 18 and (ii) jointly with RVT Investments Private Ltd, Network 18 India Holdings Private Limited and RRB Investments Pvt. Ltd. holds 50.64% of the issued capital of ibn18 Broadcast Limited (ibn18).

The company also controls the composition of the Board of Directors of both TV 18 and ibn18.

c. During the year under review, the company was engaged in Events / Sports Management and Investment / Management advisory services.

d. The company, by virtue of its then Asset size and income pattern was classified as a Systemically Important Non Banking Financial company, but was never engaged in the business of Non Banking Financial institution. Due to Ministry of Information and Broadcasting guidelines the company was in non compliance with Reserve Bank of India's (RBI) guidelines relating to Capital adequacy and Concentration of Investments. The Reserve Bank of India, on December 1, 2009, has accepted the company's request and cancelled the Certificate of Registration to carry on the business of Non Banking Financial Institution, subject to certain conditions. The company is in the process of taking steps to comply with the RBI stipulations.

e. All operational segments of the company are making losses and the company is initiating steps to minimise the same. Additional revenue streams shall also be added to the company's business on coming into effect of the Scheme of restructuring referred to in Para 1(f) below. The company is confident of generating positive revenues in the near future which shall be further supported by the proposed capital infusion .

f. The Board of Directors of the Company in its meeting held on 7 July, 2010 considered and approved a Scheme of Arrangement ("the Scheme") between the Company, Television Eighteen India Limited ('TV18 18'), ibn18 Broadcast Limited ('ibn18') and other group companies, under sections 391 to 394 read with section 78, 100 to 103 of the Companies Act, 1956. As per the Scheme, TV18's television businesses inter-alia consisting of business news channels viz. CNBC TV18 and CNBC Awaaz will be demerged and consolidated with ibn18 . On the same date, the residual businesses of TV18 with all its investments will be merged and consolidated with the company . As per the Scheme, the shareholders of TV18 will be given 68 shares of ibn18 and 13 shares of the company in lieu of every 100 shares held in Tv18. The shareholders of the Company approved the Scheme on 21 December, 2010. The Scheme has been sanctioned by the Hon'ble High Court of Delhi on 26 April, 2011. The appointed date for the proposed restructuring is 1 April, 2010 and the Scheme shall be effective when the certified copies of the High Court Orders are filed with the jurisdictional Registrar of Companies, which is still pending. Accordingly no effect of the proposed restructuring has been given in these financial statements. Upon the Scheme becoming effective, the results of operations, assets and liabilities relating to the television business shall be transferred to ibn18 and the residual business will be merged with Network18.

2. **Significant Accounting Policies**

The financial statements are prepared under the historical cost convention on the accrual basis of accounting and in accordance with the Generally Accepted Accounting Principles (GAAP) in India and comply with the Accounting Standards prescribed by the Companies (Accounting Standards) Rules' 2006 to the extent applicable and in accordance with the provisions of the Companies Act' 1956 as adopted consistently by the Company.

The significant accounting policies adopted in presentation of accounts are:

a. **Revenue Recognition**

(i) Dividends on investments are accounted for when the right to receive dividend is established.

(ii) Revenue from sponsorships / management contracts is recognised on accrual basis in accordance with contractual arrangements. Revenue from sale of entry tickets to events is recognised on receipt basis.

(iii) Profit / Loss on sale of investments are computed on the basis of weighted average cost on date of disposal of investments.

b. **Fixed Assets**

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

c. **Inventory**

Inventory includes consumables for events and are written off over their estimated useful lives.

d. **Depreciation**

Depreciation on all assets other than improvement to leasehold properties and computer software is charged on straight line basis over the estimated useful lives using rates prescribed by Schedule XIV of the Companies Act, 1956.

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

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

e. **Impairment of Assets**

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset.

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

If such recoverable amount of the asset or the recoverable amount of the cash-generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the Profit & Loss Account. Reversal of impairment loss is recognised as income in the Profit and Loss Account.

f. **Investments**

In accordance with Accounting Standard 13 issued by the Institute of Chartered Accountants of India, Long Term Investments are stated at cost less other than temporary dilution in the value of such investments. Current investments are carried at lower of cost or fair value.

g. **Leases (where the Company is the lessee)**

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term, are classified as operating leases. Operating lease payments are recognized as an expense in the Profit and Loss account on a straight-line basis over the lease term.

h. **Use of Estimates**

The preparation of financial statements in conformity with Generally Accepted Accounting Principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities as at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates. Any revision to accounting estimates is recognised prospectively in the current and future periods.

i. **Employee benefits**

i. The Company's Employees Provident Fund scheme is a defined contribution plan. The Company's contribution to the Employees' Provident Fund is charged to the profit and loss account during the period in which the employee renders the related service.

ii. Short term employee benefits (Medical, Leave Travel allowance, etc.) expected to be paid in exchange for the services rendered is recognised on undiscounted basis.

iii. The Company provides for gratuity, a defined benefit retirement plan (the "Gratuity Plan") covering eligible employees. In accordance with the Payment of Gratuity Act, 1972, the Gratuity Plan provides for a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment.

The present value of the obligation under such defined benefit plan is determined based on actuarial valuation using the projected unit credit method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation is measured at the present value of the estimated future cash flows. The discount rate used for determining the present value of the obligation is based on the market yields on government securities as at the balance sheet date. Actuarial gains/losses are recognised immediately in the profit and loss account.

The liability with respect to the Gratuity Plan is determined based on actuarial valuation done by an independent actuary at the period end and any differential between the fund amount as per the insurer and the actuarial valuation is charged to revenue.

iv. Benefit comprising Long term compensated absences constitutes other long term employee benefits. The liability for compensated absence is determined using the Projected Unit Credit Method, on the basis of an actuarial valuation at the period end. Actuarial gains and losses are recognised immediately in the profit and loss account.

j. **Transactions in foreign exchange**

Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of the transaction. Exchange differences on foreign exchange transactions settled during the period are recognised in the Profit and Loss account.

Monetary items denominated in foreign currency and outstanding at the balance sheet date are translated at the exchange rate ruling on that date.

k. **Income Tax**

Income tax comprises current tax and deferred tax. Current tax is determined in accordance with the provisions of Income Tax Act, 1961. Advance taxes and provisions for current taxes are presented in the balance sheet after off setting advance taxes paid and income tax provisions.

Deferred tax charge or credit is recognised on timing differences being the difference between taxable incomes and accounting income that originate in one period and are capable of reversal, subject to consideration of prudence, in one or more subsequent periods. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Minimum alternate tax (MAT) paid in accordance with Income Tax Act, 1961, which gives rise to future economic benefit in the form of adjustment from income tax liability, is

recognised when it is certain that the Company be able to set off the same and adjusted from the current tax charge for that period.

l. **Earnings per Share**

The company reports basic and diluted earnings per share in accordance with AS 20 on Earnings per Share. Basic earnings per equity share have been computed by dividing the Net Profit (Loss) after tax by the weighted average number of equity shares outstanding during the period. Diluted earning per share is computed using the weighted average number of equity shares and dilutive potential equity shares outstanding during the period except where the result would be anti-dilutive.

m. **Accounting for Employee Share based payments**

Measurement and disclosure of the employee share based payment plans is done in accordance with the Guidance Note on Accounting for Employee Share-based Payments, issued by the Institute of Chartered Accountants of India (ICAI). The Company measures compensation cost relating to employee stock options using the intrinsic value method. Compensation expense is amortised on a straight line basis/graded basis over the vesting period of the stock option/award. Modifications to stock option/award schemes are effected in line with the Guidance Note on Accounting for Employee Share-based Payments, issued by ICAI.

n. **Provisions and contingencies**

A provision is recognised when the Company has a present obligation as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and reliable estimate can be made of the amount of the obligation. A contingent liability is recognised where there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources.

3. **Contingent Liabilities and encumbrances on assets**

a. Corporate guarantees given in connection with borrowings of subsidiaries (Rs million)

Name of borrowing entity	**As at March 31, 2011**	**As at March 31, 2010**
ibn18 Broadcast Limited	**1670**	2719
TV 18 Home Shopping Network Limited	**20**	100
Newswire18 Limited	**220**	220
Television Eighteen India Limited	**800**	3,800
Capital 18 Limited, Mauritius [(INR equivalent to Nil)(USD 25 million)]	**-**	1129
Infomedia18 Limited	**850**	1200

b. Shortfall undertaking given in favour of a lender in connection with loans extended to B K Holdings Ltd., Mauritius amounting USD 42.50 million (the out standing balance 40 million)**.**

c. Investments of the market value of Rs 786 million (Rs 1271 million) are pledged in connection with loans availed by IBN18 Broadcast Ltd &TV Eighteen India Limited.

d. Security provided given in favour of the lender in connection with the loan to NT18Group Senior Professional Welfare Trust in current financial year amounting 2552 million.

4. **Share Capital**

a. During the period under review

i) 3,554,824 (232,645) Equity shares were issued pursuant to Stock Option plans,

ii) 1,000,000 (17,181,818) Equity shares were issued consequent to conversion of SOFCDs which were issued at a rate of Rs 110/- per SOFCD share (Note 6 a) ,

b. Share application money has been received from employees for employees stock option plans.

5. Consequent to cancellation of the certificate of registration granted to the company to act as a Non Banking Financial Institution, the company has transferred, in the financial year ended March 31, 2010, the balance in the Special reserve created u/s 45IC of the Reserve Bank of India to the Profit and Loss account.

6. **Loans**

a. 1,000,000 Secured Optionally Convertible Debentures (SOFCDs) issued during the previous year were converted during the year under review . As per the terms of the issue , each SOFCD of Rs 110/- was converted to one equity share of Rs 5/- each.

b. Loan from Syndicate Bank is secured by pari passu charge on fixed assets and current assets, Loan from PNB is secured by sub-servient charge on the assets. The loans are additionally guaranteed by the Managing Director.

c. Vehicle loans are secured by the hypothecation of vehicles financed.

d. Other loan includes loan from L&T Infrastructure Finance which is secured by pledge of a part of the company's investments and Bank FD's amounting Rs.120 million. This loan is additionally secured by a second charge on all the movable and immovable assets. This loan is also secured by the personal guarantee of Mr.Raghav Bahl.

e. Amounts repayable within one year in respect of Secured Loans Rs 1,723.08 million (Rs 1670.81 million)

f. Fixed Deposits repayable within one year – Rs 666 million (Rs 996.29 million)

7. **Investments**

a. 10,129,412 (16,744,118) Equity Shares in Television Eighteen India Limited are pledged in connection with loans to subsidiaries and 16,250,000 (17,639,000) Equity shares in Television Eighteen India Limited are pledged in connection with loans availed by the Company.

b. 4,100,000 (Nil) Equity shares in ibn18 Broadcast Limited are pledged in connection with loans availed by the Company.

c. 16,344,118 (Nil) equity shares in Television Eighteen India Limited are provided as security in connection with loans availed by Network18 Group Senior Professional Welfare Trust and 13,800,000(Nil) equity shares in IBN18 Broad cast Limited are provided as security in connection with loans availed by the NT18 Group Senior Professional Welfare Trust .

d. The Indian Film Company (TIFC) was incorporated in Guernsey as a wholly owned subsidiary of the company in April 2007 and the company invested GBP 10 million as Equity in TIFC. Consequent to dilution upon listing of TIFC, on the Alternative Investment Market of the London Stock Exchange in June 2007, it had ceased to be a subsidiary of the company. However pursuant to the acquisition , in an open offer , of 58.74 % shares of TIFC, Guernsey by Network18 Holdings, Cayman Island (a subsidiary of the company),and in addition to the 18.18% held directly by the company, TIFC became subsidiary of the company on September 7, 2009. The company has disinvested its investment in TIFC in an open offer on 20th October 2010 to Roptonal Limited which is 100% subsidiary of Viacom18 Media Private Limited.

e. **(i)** 2,827,000**,** .01% Redeemable Non Cumulative Non Convertible Preference Shares of Rs 10/- each, in Network 18 India Holdings Private Limited (a subsidiary)are redeemable at issue price of Rs 600/- per share at any time within 10 years from the date of allotment.

(ii) 6,644,000, .01% Redeemable Non Cumulative Non Convertible Preference Shares of Rs 10/- each in Network 18 India Holdings Private Limited are redeemable at an effective annualised return of 10% on the issue price of Rs 100/- per share. These are redeemable at such time as determined by the holder or upon the expiry of the maximum period prescribed under the Companies Act, 1956. In view of losses incurred by the issuer and the consequent uncertainty, the company has not recognized the effective annualised return in its books

(iii) The subsidiary is incurring losses and has a negative Net Worth . However, having regard to the continued long term strategic involvement, management is of the view that no provision is considered necessary for diminution in the value of these investments.

f. The 8% Cumulative Redeemable Non Convertible Preference Shares of Rs 100 each in BK Media Pvt Ltd, an entity owned and controlled by the Managing Director of Network 18 Media and Investments Limited are (a) redeemable at the end of 5 years from the date of issue, unless otherwise agreed by the Company and the issuer company and (b) proposed to be secured either by a personal guarantee of the promoters or by way of a first charge on all assets created or acquired by the issuer company. Note Non impairment .The investee company is incurring losses and has a negative Net Worth. However, having regard to the continued long term strategic involvement, management is of the view that no provision is considered necessary for diminution in the value of these investments.

8. Share application money includes Rs 1,276 million paid in the financial year ended March 31, 2009 to Network 18 India Holdings Private Limited, a wholly owned subsidiary towards a proposed issue of securities. The subsidiary is incurring losses and has a negative Net worth. However, having regard to the continued long term strategic involvement, management is of the view that no provision is considered necessary for the non recoverability of the said monies.

9. **Earnings per Share**

Basic and diluted earnings per equity share have been computed by dividing the net profit (loss) after tax by the number of equity shares outstanding for the period, as below.

Particulars	Units	As at March 31, 2011	As at March 30, 2010
Net Loss after tax	Rs (a)	**(691,276,185)**	(445,436,017)
Weighted Average number of Equity Shares used in computing basic earnings per share	Nos (b)	**115,735,050**	98,952,556
Basic Earnings per share	Rs (a/b)	**(5.97)**	(4.50)
Shares to be issued under Stock Options (Net of forfeitures)	(c)	**1,446,398**	5,942,421
Adjustment for number of shares that would have been issued at the fair value	(d)	**(1,090,087)**	(3,816,740)
Weighted average number of Equity shares used for computing Diluted Earnings Per Share	(e)	**116,091,361**	101,078,237
Diluted Earnings per share	Rs (a/e)	**(5.95)**	(4.41)

10. **Leases**

a) The Company has taken various office premises under operating lease agreements. These are generally non cancelable and are renewable by mutual consent on mutually agreed terms.

b) Lease payments during the period - Rs 30.79 million (Rs. 29.53 million)

c) The future minimum lease payments under non-cancelable operating leases are:

(Rs in million)	Current Year	Previous Year
Not later than one year	24.66	25.14
Later than one year but not later than five years	6.82	29.25
Later than five years	-	-

11. **Amount Due from Director or Officer**

Amount due from Director / officer of the company Rs Nil (Nil). The maximum amount due from a Director / officer of the company during the period was Rs. Nil (Nil).

12. **Payment to Auditors**' (net of service tax)

	Current Year (Rs)	Previous Year (Rs)
Audit Fee (including for limited reviews)	**3,000,000**	2,500,000
For Audit / Review of Subsidiaries' accounts	**180,000**	700,000
For Certifications	**250,000**	212,650
For other matters	**500,000**	-
Reimbursement of Expenses	**-**	20,453
Total	**3,930,000**	3,433,103

13. Additional Information required to be given pursuant to Part II of Schedule VI of the Companies Act, 1956 (on accrual basis)

	Current Year (Rs)	Previous year (Rs)
a. Remuneration paid to Managing Director		
Salary	**7,200,000**	7,200,000
HRA	**2,880,000**	2,880,000
LTA	**-**	-
Contribution to Provident Fund	**864,000**	864,000
Total	**1,09,44,000**	1,09,44,000

Note ; The company's application for approval of remuneration paid to the Managing Director for the years 2008-09 , 2009-10 and 2010-11 , (being in excess of that allowed under Schedule XII of The Companies Act ,1956) has been partially approved . The company has filed an application for reconsideration of the matter. The amount paid in excess of such approval for the years ended March 31,2009 , March 31,2010 and March 31,2011 is Rs 5,412,400/- , Rs 4,896,000/- and Rs 4,896,000/- respectively.

	Current Year (Rs)	Previous year (Rs)
b. Expenditure in foreign Exchange		
Traveling	**5,154,685**	904,886
Artist Fees	**3,841,811**	640,404
Professional Charges	**4,158,096**	1,251,147
Membership Fees	**445,051**	24,311
Event Expenses	**13,331,260**	2,325,327

14. Detail of purchase and sale of investments during the period are as follows

Particulars	Purchases		Sales	
Equity Shares	**No.**	**Rs**	**No.**	**Rs**
IBN 18 Broadcast Limited (pursuant to rights issue)	17,168,404	1,605,841,153	-	-
Units in Mutual Funds				
Birla Mutual Fund	31,949,838	490,000,000	27,982,278	432,886,391
Kotak Mutual Fund	20,542,555	380,000,000	12,304,304	233,187,973
Principal Mutual Fund	51,804,823	750,000,000	64,581,745	944,495,740
Reliance Mutual Fund	18,817,195	263,000,000	4,385,495	63,000,000
SBI Mutual Fund	11,179,572	191,500,000	18,664,377	307,679,204
Tata Mutual Fund	469,184	822,000,000	384,850	685,145,861
Franklin Templeton Mutual Fund	72,624	100,000,000	147,782	204,000,000
UTI Mutual Fund	224,769	350,000,000	97,961	152,500,000
Fidelity Mutual Fund	11,753,736	150,000,000	2,509,044	33,500,000
J M Mutual Fund	25,711,218	380,000,000	23,970,006	362,382,323
DSP Mutual Fund	213,203	286,000,000	178,729	246,000,000
Deutsche Mutual Fund	15,310,520	196,028,355	521,538	6,028,355
IDFC Mutual Fund	48,807,910	557,400,000	48,202,449	553,690,303
Religre Mutual Fund	53,640,753	949,725,985	57,685,123	788,725,985
Canara Mutual Fund	8,870,438	100,000,000	12,288,436	144,000,000
Prudential ICICI	5,029,907	700,000,000	4,842,438	680,000,000
Mutual Fund - Baroda PioneerLQ	42,163,364	597,661,166	61,197,982	785,804,075
Mutual Fund - Axis Liquid Fund	331,388	340,000,000	159,750	168,000,000
Mutual Fund -Bharti Axa Liquid	87,726	100,000,000	44,479	51,405,503
IDBI	9,921,415	200,000,000	9,823,183	100,000,000
Edelweiss	1,000,000	10,000,000	-	-

Note: The difference in the number of units purchased and sold represents accretions due to dividends reinvested .

15. In the opinion of the Board, current assets, loans and advances have a value not less than the amount at which they are stated.

16. The company has carried out its tax computation in accordance with the mandatory standard on accounting, AS 22 – Accounting for taxes on income, referred to in Companies (Accounting Standards) Rules, 2006. In view of accumulated losses and absence of virtual certainty, the company has not provided for deferred tax assets.

17. Figures for the previous year have been regrouped and rearranged wherever necessary to conform to the current period's presentation.

18. Related party disclosures

a. List of related parties

i. Direct Subsidiaries by virtue of shareholding

- Setpro18 Distribution Limited (earlier Setpro Holdings Private Limited).
- Network18 India Holdings Private Limited.
- Network18 Holdings Limited, Cayman Islands.

ii. Direct Subsidiaries by virtue of Control

- Television Eighteen India Limited.
- ibn18 Broadcast Limited.

iii. Subsidiary companies of Subsidiaries

- Television Eighteen Mauritius Limited, Mauritius
- TV 18 UK Limited, UK.
- TV18 HSN Holdings Limited, Cyprus.
- TV18 Home Shopping Network Limited.
- Web 18 Holdings Limited, Cayman Islands.
- E-18 Limited, Cyprus.
- e - Eighteen.com Limited.
- Money control Dot Com India Limited.
- Television Eighteen Commoditiescontrol.com Limited.
- Web 18 Software Services Limited.
- RVT Investments Private Limited.
- iNews.com Limited.
- NewsWire18 Limited.
- Big Tree Entertainment Private Limited.
- BK Holdings Limited, Mauritius.
- Capital 18 Limited, Mauritius.
- Care Websites Private Limited.
- Digital 18 Media Limited.
- RVT Media Private Limited.
- Namono Investments Limited, Cyprus
- Capital 18 Acquisition Corporation, Cayman Island.
- Television Eighteen Media and Investment Limited, Mauritius.
- ibn18 (Mauritius) Limited, Mauritius
- Infomedia 18 Limited.
- The India Film Company (Cyprus) Limited, Cyprus. (The Company ceased to be subsidiary of subsidiaries w.e.f.30 th September 2010)
- IFC Distribution Private Limited,. (The Company ceased to be subsidiary of subsidiaries w.e.f30 th September 2010)
- The Indian Film Company Limited, Guernsey. (The Company ceased to be subsidiary of a subsidiary w.e.f.30 th September 2010)
- Ibn18 Media & Software Private Limited.
- AETN18 Media Private Limited.
- RRB Investments Private Limited.
- Roptonal Limited, Cyprus.

iv. Joint Ventures of subsidiaries
- Viacom18 Private Limited.
- Film Investments Managers (Mauritius)Limited.
- IBN Lokmat News Private Limited.

v. Key Management Personnel

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

vi. Relatives of Key Management Personnel

- Ms .Subhash Bahl.
- Ms. Ritu Kapur.
- Ms. Vandana Malik.

vii. Entities over which persons listed above are able to exercise significant Influence

- RB Investments Private Limited.
- RVT Holdings Private Limited.
- RRK Holdings Private Limited.
- RB Software Private Limited.
- BK Media Private Limited.
- BK Media Mauritius Private Limited, Mauritius.
- VT Holdings Private Limited.
- RVT Softech Private Limited.
- Greycells 18 Media Limited.
- RRK Finhold Private Limited.
- VT Softech Private Limited.
- Network 18 Publications Limited.
- RVT Finhold Private Limited.
- Wespro Digital Private Limited.

  BK Ventures Limited.
- BK Capital Limited, Cayman Island.
- BK Network Limited.
- International Media Advisors Private Limited,Mauritius.
- BRR Securities Private Limited (Earlier Kishore Securities Pvt Ltd).
- Capital18 Advisors Limited, Mauritius.
- Web18 Securities Private Limited.
- RRK Media Private Limited.
- Capital18 Limited, Cayman Island.
- RB Holdings Private Limited.
- The Network18 Trust.
- VT Media Private Limited.
- RB Media Holdings Private Limited.

- Network 18 Group Senior Professionals Welfare Trust.
- Network 18 Employee Welfare Trust.
- Media Venture Capital Trust II.
- IBN Lokmat News Private Limited.
- Viacom18 Media Private Limited.
- Film Investment Managers (Mauritius)Limited,Mauritius.
- Jagran18 Publications Limited.
- Webchutney Studio Private Limited.
- Blue Slate Media Private Limited.
- Networkplay Media Private Limited (formerly Goosefish Media Venture Private Limited).
- 24X7 Learning Private Limited.
- SRC Media Limited.
- Keyman Financial services Pvt.Ltd.
- RRB Investments Private Limited.
- RVT Softech Private Limited.
- RB Media Holdings Private Limited.
- Colosceum Media Private Limited.
- Stargaze entertainment Private Limited.
- Ubona Technologies Private Limited.
- Juxt Consult research and consulting private Limited.
- Networkplay Media Private Limited.
- RB Holding Private Limited.
- Yatra Online Private Limited.

Note: Related party relationships are as identified by the Company and relied upon by the Auditors

b. Transactions / balances outstanding with related parties (Amount in Rs)

Particulars	**Subsidiaries**	**Subsidiaries of subsidiaries**	**Entity Under Significant Influence**	**Key Management Personnel**
Service Income				
Television Eighteen India Limited	28,506,855 (31,999,285)			
ibn18 Broadcast Limited	8,160,731 (24,683,536)			
Bigtree Entertainment Private Limited		1,310,870 (759,360)		
Setpro18 Distribution Limited	21,750,000 (-)			
TV18 Home Shopping Network Limited		135,930 (394,910)		
E-Eighteen.Com Limited		2,388,505 (7,000,000)		

Particulars	Subsidiaries	Subsidiaries of subsidiaries	Entity Under Significant Influence	Key Management Personnel
Digital 18 Media Limited			- (917,000)	
Infomedia 18 Limited		2,879,610 (-)		
Web 18 Software Services Limited		- (480,000)		
Viacom18 Media Private Limited			8,561,116 (-)	
Assets Transferred				
ibn18 Broadcast Limited	- (25,808,968)			
Indian International Film Advisors Private Limited			1,205,956 (-)	
Interest paid to				
Television Eighteen India Limited	684,804 (3,611,879)			
Interest received from				
ibn18 Broadcast Limited	2,612,421 (48,016,903)			
Television Eighteen India Limited	1,501,240 (133,271)			
E-Eighteen.Com Limited		795,157 (614,806)		
Colosseum Media Private Limited		4,323 (3,347)		
Infomedia 18 Limited		2,535,057 (1,378,252)		
Digital 18 Media Limited			47,511 (-)	
IBN Lokmat News Private Limited			- (2,496)	
Newswire 18 Limited		1,835,074 (1,031,441)		
Network18 Group Senior Proff. Welfare Trust			55,166,957 (24,843,940)	
RVT Investments Private Limited		- (1,630)		
Setpro18 Distribution Limited	- (30,680)			
Stargaze Entertainment Private Limited		- (1,630)		
TV18 Commodities Control.com Limited		- (7,385)		
Web 18 Software Services Limited		210,216 (961,379)		
Webchutney Studio Private Limited			(8,557)	
TV18 Home Shopping Network Limited		70,,266 (82,944)		

Particulars	Subsidiaries	Subsidiaries of subsidiaries	Entity Under Significant Influence	Key Management Personnel
Reimbursement of Expenses (Paid)				
Television Eighteen India Limited	86,777,911 (23,100,376)			
TV18 Home Shopping Network Limited		2,794,450 (2,716,000)		
Ibn18 Broadcast Limited	10,682,396 (9,084,254)			
Web 18 Software Services Limited		2,341,569 (77,286)		
E-Eighteen.Com Limited		- (11,291)		
Bigtree Entertainment Private Limited		676,154 (-)		
Infomedia 18 Limited		49,006 (-)		
Viacom18 Media Private Limited			81,739 (-)	
Reimbursement of Expenses (Received)				
Television Eighteen India Limited	94,594,166 (65,862,053)			
Care Websites Private Limited		- (31,748)		
E-Eighteen.Com Limited		17,937,302 (21,578,416)		
Money Control Dot Com India Limited		- (9,875)		
IBN Lokmat News Private Limited			1,716,366 (999,683)	
RVT Investments Private Limited		43,387 (128,519)		
Ibn18 Broadcast Limited	85,385,793 (46,939,931)			
Setpro18 Distribution Limited	1,888,865 (1,686,344)			
Television Eighteen Commodities control.com Limited		226,165 (726,057)		
Newswire 18 Limited		4,829,281 (3,610,886)		
Web 18 Software Services Limited		10,046,084 (5,288,796)		
TV18 Home Shopping Network Limited		9,023,091 (6,825,229)		
Colosceum Media Private Limited		409,126 (549,521)		
Digital 18 Media Limited			7,761,577 (1,927,475)	
IFC Distribution Private Limited			507,481 (854,061)	

Particulars	Subsidiaries	Subsidiaries of subsidiaries	Entity Under Significant Influence	Key Management Personnel
Indian International Film Advisors Private Limited			507,474 (-)	
Infomedia 18 Limited		19,651,834 (18,027,223)		
Stargaze Entertainment Private Limited		43,387 (128,519)		
Viacom18 Media Private Limited			7,711,578 (-)	
Expenditure for Services Received				
TV18 Home Shopping Network Limited		- (50,601)		
Television Eighteen India Limited	24,320,556 (23,603,625)			
Ibn18 Broadcast Limited	519,288 (5,033,047)			
Digital 18 Media Limited			400,000 (525,000)	
Web 18 Software services Limited		2,433,394 (2,085,300)		
Raghav Bahl				10,944,000 (10,944,000)
Vandana Malik				3,600,000 (-)
Investments made in				
Television Eighteen India Limited (Equity shares)	- (2,525,867,232)			
Ibn18 Broadcast Limited (Equity shares)	1,605,841,153 (-)			
Loan / Advance given during the period				
Ibn18 Broadcast Limited	420,000,000 (1,450,000,000)			
Television Eighteen India Limited	380,000,000 (-)			
Network18 Group Senior Professional Welfare Trust			552,500,000 (1,475,800,000)	
Infomedia 18 Limited		500,000 (-)		
Loan / Advance Returned during the period				
Ibn18 Broadcast Limited	870,000,000 (1,030,000,000)			
Television Eighteen India Limited	380,000,000 (-)			
Network18 Group Senior Professional Welfare Trust			2,028,300,000 (-)	
Balances at the end of the period				
Amounts due to				

Particulars	Subsidiaries	Subsidiaries of subsidiaries	Entity Under Significant Influence	Key Management Personnel
	(-)			
BK Media Mauritius Private Limited			182,709 (184,714)	
Amount due from				
ibn 18 Broadcast Limited (loan)	- (450,460,274)			
ibn 18 Broadcast Limited (for expenses)	13,448,907 (22,471,085)			
Television Eighteen India Limited	2,605,544 (5,522,546)			
IBN18 Trust			- (9,870)	
Network18 Group Senior Professional Welfare Trust			- (1,498,159,546)	
Network18 Employee Welfare Trust			700,000 (600,000)	
IBN Lokmat News Private Limited		448,569 (32,065)		
Digital 18 Media Limited			1,772,998 (1,611,504)	
RVT Investments Private Limited		- (1,630)		
E.Eighteen.com Limited		11,162,985 (17,108,418)		
Television Eighteen Commodities control.com Limited		201,605 (214,453)		
Newswire18 Limited.		20,100,128 (14,474,879)		
Web 18 Software services Limited		4,334,461 (2,391,694)		
Tangerine Digital Entertainment Private Limited			- (197,055)	
Webchutney Studio Private Limited		- (95,922)		
Colosceum Media Private Limited.		- (133,350)		
Capital 18 Media Advisors Private Limited		- (2,746,646)		
Network 18 India Holding Private Limited	1,276,000,000 (1,276,000,000)			
TV18 Home Shopping Network Limited		1,924,873 (953,525)		
Studio 18 UK Limited			88,042 (83,270)	
Studio 18 USA Limited			512,679 (518,306)	
Setpro 18 Distributions Limited	649,850			

Particulars	Subsidiaries	Subsidiaries of subsidiaries	Entity Under Significant Influence	Key Management Personnel
	(493,972)			
Stargaze Entertainment Private Limited		- (24,263)		
Network18 Holdings Limited, Cayman Islands	446,429 (451,328)			
Infomedia18 Limited		15,112,669 (26,869,382)		
Big Tree Entertainment Private Limited		873,860 (-)		
Viacom18 Media Private Limited			20,211,759 (-)	
Guarantees and Collaterals				
Capital 18 Limited, Mauritius (INR equivalent to USD 25 million) (USD 25 million)		- (1,129,000,000)		
BK Holdings Limited (INR equivalent to USD 42.50 million) (USD 85 million)		1,897,625,000 (3,972,320,000)		
Ibn18 Broadcast Limited	1,670,000,000 (2,719,600,000)			
Newswire 18 Limited		220,000,000 (220,000,000)		
TV 18 Home Shopping Network Limited		20,000,000 (100,000,000)		
Television Eighteen India Limited	800,000,000 (3,800,000,000)			
Infomedia18 Limited		850,000,000 (1,200,000,000)		
NT18 Group Senior Professional Welfare Trust		2050,000,000 (Nil)		

19. **Employee Stock Option / Stock Purchase / Stock Awards Plans**

a. The Company's Employee Stock Option Plans (ESOPs) framed in accordance with the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 which have been approved by the Board of Directors and the Shareholders are listed below. Schemes listed at serial (i) to (viii) were established as mirror schemes of the then existing ESOP schemes in Television Eighteen India Limited, in terms of the Scheme of Arrangement.

i) The Network 18 Employees Stock Option Plan 2002 (ESOP 2002)

ii) *The Network 18 Employees Stock Purchase Plan 2003 (ESPP 2003)

iii) The Network 18 Employees Stock Option Plan 2004 (ESOP 2004)

iv) The Network 18 Senior Employees Stock Option Plan 2004 (Senior ESOP 2004)

v) The Network 18 Employees Stock Option Plan 2005 (ESOP 2005).

vi) The Network 18 Long Term Retention Employees Stock Option Plan 2005 (Long Term Retention ESOP 2005").

vii) *The Network 18 Strategic Acquisition Employees Stock Option Plan 2005 (Strategic Acquisition ESOP 2005")

viii) The Network 18 Stock Award Plan 2005 (Stock Awards Plan 2005)

ix) *The Network 18 Employees Stock Option Plan A 2007 (ESOP A 2007)

x) *The Network 18 Employees Stock Option Plan B 2007 (ESOP B 2007)

xi) The Network 18 Employees Stock Option Plan C 2007 (ESOP C 2007)

xii) The Network 18 Employees Stock Option Plan 2007 (ESOP 2007)

xiii) The Network18 Employees Stock Purchase Plan 2008 (ESPP 2008)

* Plans closed

b. Salient terms of the ESOP schemes of the company, in force, are:

Particulars	ESOP 2002	ESOP 2004	Senior ESOP 2004
a.Year of establishment	2006-07	2006-07	2006-07
b.Total Number of options to be vested	322,380	573,600	600,000
c.No. of options to be vested in respect of which terms have been changed	-	213,000	143,994
d.Exercise price in respect of vested options (terms of which have not been modified)	Rs. 5 value on grant date	a. In respect of grants in lieu of options granted in TV 18 ESOP 2004, at the under mentioned prices (in Rs) 02.04.05- 19.86 02.04.05- 53.49 29.06.05- 54.50 29.06.05- 84.67 06.08.05- 66.63 06.08.05- 95.59 15.06.06- 64.85 15.06.06- 93.99 20.07.06- 131.62 20.07.06- 154.09 b.In respect of fresh grants in respect of (i) 50% of the options at a discount of Rs 125/- to the market price and (ii) 50% of the options at 90% of the market price	a. in respect of grants in lieu of options granted in TV 18 Senior ESOP 2004 02.04.05 - Rs 27.77 02.04.05- Rs 53.49 29.06.05- Rs 62.42 29.06.05- Rs 84.67 15.06.06- Rs 72.77 15.06.06- Rs 93.99 b .In respect of fresh grants (i) 50% of options granted at discount of Rs. 100 to the market value on grant date; (ii) 50% of the options granted at a discount of 90% of market value on grant date.
e. Exercise price in respect of options regranted (as per 'c' above)		Rs 20/-	45,331 @Rs. 10/- 26,666 @ Rs. 20/- 45,331@ Rs 10/-26,666 @ Rs. 20/-
f. Vesting date in respect of grants (terms of which have not been modified)	1. 50% of the options, after one year from the date of grant. 2. Balance 50% of the options two years after from the date of	After three years from the dated of grant	1.One third after two years from the date of grant 2. Remaining two third after 4 years from the grant date.

Particulars	ESOP 2002	ESOP 2004	Senior ESOP 2004
	grant.		
g. Vesting date in respect of grants at 'c' above		50% on Feb 11,2010 ; 50% on 11 Feb 2011	71,997 on Feb 11, 2010 71,997 on Feb 11, 2011
h.Vesting requirements	Continuation of services and such other conditions as may be prescribed	Continuation of services and such other conditions as may be prescribed	Continuation of services and such other conditions as may be prescribed
i. Exercise period	During three years after the vesting date.	During two years after the vesting date.	During two years after the vesting date.
j. Un-granted options cancelled	-	-	24,024

Particulars	Strategic Acquisition 2005	Stock Awards Plan 2005	ESOP 2005	Long Term Retention ESOP 2005
a) Year of establishment	2006-07	2006-07	2006-07	2006-07
b)Total Number of options to be vested	720,000	-	1,080,000	300,000
c)No. of options to be vested in respect of which terms have been changed	-	-	51,200	-
d) Exercise price in respect of vested options (terms of which have not been modified)	Rs. 31.67	Average of two weeks' high and low price of the share from the date of listing of shares of the company on the stock exchange with highest trading volumes in that period.	a. Rs 97.31 for old grants For fresh grants b. At discount of 10% to the market price of the shares determined.	a. Rs 108.13 for old grants b. For fresh grants at a price equal to the market value on grant date.
e) Exercise price in respect of vested options (As per 'c' above)	-	-	20/-	-
f)Vesting date (terms of which have not been modified)	After one year from the date of grant of options.	At the end of one year from the date of grant of awards	Options to vest equally over three years from the date of grant.	At any time at the end of 4 years from the date of grant.
g)Vesting date(As per 'c' above)	-	-	50% of 51,200 on Feb 11, 2010 50% of 51, 200 on Feb 11, 2011	-
h)Vesting requirements	Continuation of services and such other conditions as	Continuation of services and such other conditions	Continuation of services and such other conditions	Continuation of services and such other conditions

Particulars	Strategic Acquisition 2005	Stock Awards Plan 2005	ESOP 2005	Long Term Retention ESOP 2005
	may be prescribed	as may be prescribed	as may be prescribed	as may be prescribed
i)Exercise period	During one year after vesting date.	During one year after vesting date.	During one year after vesting date.	During one year after vesting date.
j)Un-granted options cancelled	480,000	-	164,400	

Particulars	ESOP (A) 2007	ESOP (B) 2007	ESOP (C) 2007	ESOP 2007
a)Year in which Scheme was established	2006-07	2006-07	2006-07	2007-08
b)Number of Options Authorised to be Granted	1,000,000	1,000,000	1,000,000	10,000,000
c)Exercise price	At discount of 25% to the market price share determined with respect to the date of grant.	At Rs. 5 on the grant date.	Rs. 5 per option.	The exercise price will be decided by the Board provided that exercise price shall not be less that the par value of the Equity Shares of the Company and shall not be more than the price prescribed under Chapter XIII of SEBI (Disclosure and Investor Protection) Guidelines,2000
d)Vesting date	Options shall vest equally over average period of 4 years.	After a period of one year from the date of grant.	Equally over a period of six years from the date of grant.	After one year from the date of Grant. The vesting shall happen in one or more tranches as may be decided by the Board
e)Vesting requirements	Continuation of services and such other conditions as may be prescribed	Continuation of services and such other conditions as may be prescribed	Continuation of services and such other conditions as may be prescribed	Continuation of services and such other conditions as may be prescribed
f)Exercise Period	During four year after vesting date.	During four years after vesting date.	During four years after vesting date.	Exercise period will commence from the vesting date and extended upto the expiry period of the option as may be decided by the

Particulars	ESOP (A) 2007	ESOP (B) 2007	ESOP (C) 2007	ESOP 2007
				Board.
g)Un-granted options cancelled	1,000,000	1,000,000	300,000	-

Particulars	ESPP 2008	ESPP 2003
a)Year in which Scheme was established	2008-09	2006-07
b)Number of Equity shares authorised to be Issued	3,000,000	28,272
c)Offer price	The offer price will be decided by compensation committee, provided that the offer price shall not be less than par value of Equity shares of the company and shall not be more than the price prescribed under Chapter XIII of SEBI (DIP) Guidelines 2000	At a value equivalent to 95% of the market price on the date of offer of shares
d)Exercise period	-	30 days
e)Lock in requirements	Share issued under the scheme shall be subject to lock in for a minimum period of One year from the date of allotment.	Share issued under the scheme shall be subject to lock in for a minimum period of One year from the date of allotment.

c. Details of options and weighted average prices

Particulars	ESOP 2002		ESOP 2004		SENIOR ESOP 2004	
	Options	Weighted Average Price	Options	Weighted Average Price	Options	Weighted Average Price
a) Outstanding at the beginning of the period	20,010	5.0	169,500	37.46	348,662	38.15
	(20,010)	(5.00)	(253,200)	(31.69)	(410,657)	(33.90)
b) granted during the period	-	-	-	-	-	-
	(-)	-	(-)	(-)	(-)	(-)
C) Exercised during the period	-	-	87,300	28.17	155,991	50.94
	(-)	(-)	(83,700)	(20.00)	(61,995)	(10.00)
d) forfeited during the period	-	-	-	-	-	-
	(-)	(-)	(-)	(-)	(-)	(-)
e) Expired during the period	-	-	21,600	53.00	-	-
	(-)	(-)	(-)	(-)	(-)	(-)
f) Additions pursuant to bonus issue	-	-	-	-	-	-
	(-)	(-)	(-)	(-)	(-)	(-)
g) outstanding at the end of the period	20,010	5.00	60,600	45.31	192,671	70.44
	(20,010)	(5.00)	(169,500)	(37.46)	(348,662)	(38.15)
h) Exercisable at the end of the period	20,010	5	60,600	45.31	192,671	70.44 -
	(20,010)	(5)	(63,000)	(66.98)	(184,661)	(-)
i) number of equity share of Rs. 5 each fully paid up to be issued on exercise of option						
	20,010	5.00	60,600	45.31	192,671	70.44
	(20,010)	(5.00)	(169,500)	(37.46)	(348,662)	(38.15)
j) weighted average	-	N.A	87,300	28.17	155,991	50.94

Particulars	ESOP 2002		ESOP 2004		SENIOR ESOP 2004	
	Options	Weighted Average Price	Options	Weighted Average Price	Options	Weighted Average Price
share price at the date of exercise	(-)	(5.00)	(83,700)	(20.00)	(61,995)	(10.00)
k) weighted average remaining contractual life (years)	-	N.A.	-	N.A.	-	N.A.
	(-)	N.A.	(0.63)	N.A.	(0.26)	N.A.
l) Unvested Option outstanding at the end of the period	-	-	-	-	-	-
	(-)	(-)	(106,500)	(37.46)	(164,001)	(38.15)

Particulars	LONG TERM RETENTION ESOP 2005		ESOP 2005		ESOP 2007 (C)	
	Options	Weighted Average Price	Options	Weighted Average Price	Options	Weighted Average Price
a) Outstanding at the beginning of the period	300,000	348.35	33000	20.00	700,000	5.00
	(300,000)	(348.35)	(51,200)	(20.00)	(700,000)	(5.00)
b) granted during the period	-	-	-	-	-	-
	(-)	(-)	(-)	(-)	(-)	(-)
c) exercised during the period	-	-	13,200	20.00	233,333	5.00
	(-)	(-)	(18,200)	(20.00)	(-)	(-)
d) forfeited during the period	-	-	-	-	-	-
	(-)	(-)	(-)	(-)	(-)	(-)
e) Expired during the period	-	-	9,600	20.00	-	-
	(-)	(-)	(-)	(-)	(-)	(-)
f) Additions pursuant to bonus issue	-	-	-	-	-	-
	(-)	(-)	(-)	(-)	(-)	(-)
g) outstanding at the end of the period	300,000	348.35	10,200	20.00	466,667	5.00
	(300,000)	(348.35)	(33,000)	(20.00)	(700,000)	(5.00)
h) Exercisable at the end of the period			10,200	20.00	116,667	5.00
	(-)	(-)	(7,400)	(20.00)	(233,333)	(5.00)
i) number of equity share of Rs. 5 each fully paid up to be issued on exercise of option	300,000	348.35	10,200	20.00	466,667	5.00
	(300,000)	(348.35)	(33,000)	(20.00)	(700,000)	(5.00)
j) weighted average share price at the date of exercise	-	-	13,200	20.00	233,333	5.00
	(-)	(-)	(-)	(-)	(-)	(-)
k) weighted average remaining contractual life (years)	0.62	N.A.	-	N.A.	0.76	N.A.
	(1.62)	N.A.	(0.87)	N.A.	(2.99)	N.A.
l) Unvested Option outstanding at the end of the period	300,000	348.35	-	-	350,000	5.00
	(300,000)	(348.35)	(25,600)	(20.00)	(466,667)	(5.00)

Particulars	ESOP 2007	
	Options	**Weighted Average Price**
a) Outstanding at the beginning of the period	3,371,250	46.99
	(295,000)	(30.00)
b) granted during the period	100,000	-
	(3,145,000)	(89.91)
c) exercised during the period	3,065,000	89.41
	(68,750)	(30)
d) forfeited during the period	-	-
	(-)	(-)
e) Expired during the period	10,000	30.00
	(-)	(-)
f) Additions pursuant to bonus	-	-
	(-)	(-)
g) outstanding at the end of the period	396,250	56.52
	(3,371,250)	(46.99)
h) Exercisable at the end of the period	45,000	65.04
	(5,000)	(30)
i) number of equity share of Rs. 5 each fully paid up to be issued on exercise of option	396,250	56.52
	(3,371,250)	(46.99)
j) weighted average share price at the date of exercise	3,065,000	89.41
	(-)	(-)
k) weighted average remaining contractual life (years)	1.08	N.A
	(2.80)	N.A.
l) Unvested Option outstanding at the end of the period	351,250	56.52
	(3,366,250)	(46.99)

20. Reconciliation between Fair Value of ESOPs granted and the charge determined as per the Intrinsic Method as adopted by the company and as required by the Guidance Note on Accounting for share based payments issued by the Institute of Chartered Accountants of India is as under :

a. Pro forma Accounting for Stock Option Grants

The Company applies the intrinsic value-based method of accounting for determining compensation cost for its stock-based compensation plans. Had the compensation cost been determined using the fair value approach, the Company's net income and basic and diluted earnings per share as reported would have reduced to the pro forma amounts as indicated:

Particulars		31-03-2011 (Rs)	31-03-2010 (Rs)
a.	Net Profit as reported	(691,276,185)	(445,436,017)
i.	Add: Stock based employee compensation expense debited to Profit and Loss account	29,856,206	53,247,151
ii.	Less: Stock based employee compensation expense based on fair value	172,746,812	84,891,290
b.	Difference between (i) and (ii)	142,890,606	31,644,139
c.	Adjusted pro forma profit	(834,166,791)	(477,080,156)
d.	Difference between (a) and (c)	142,890,606	31,644,139
e.	Basic earnings per share as reported	(5.97)	(4.50)
f.	Pro forma basic earnings per share	(7.21)	(4.82)
g.	Diluted earnings per share as reported	(5.95)	(4.41)
h.	Pro forma diluted earnings per share	(7.19)	(4.72)

b. The fair value of the options granted during the year ended March 31, 2011, calculated by an external valuer, was estimated on the date of grant using the Black-Scholes model with the following significant assumptions

Particulars		Year ended 31 March, 2011	Year ended 31 March, 2010
a.	Risk free interest rates (in %)	7.98	7.16
b.	Expected life (in years)	3.00	4.02
c.	Volatility (in %)	42.20	61.96
d.	Dividend yield (in %)	0.00	0.00

The volatility of the options is based on the historical volatility of the share price since the Company's equity shares are publicly traded and has been calculated on the basis of the share price and trading volume data.

c. Details of weighted average exercise price and fair value of the stock options granted at price below market price:

	Particulars	Current Year	Previous year
a.	Total options granted	100,000	3,145,000
b.	Weighted average exercise price (in Rs.)	72.00	89.91
c.	Weighted average fair value (in Rs.)	78.71	57.20

21. In respect of the disposal / write off of company's erstwhile investments in SGA Media Inc, USA, the company is yet to seek approval of the Reserve Bank of India.

22. **Disclosures as per Micro, Medium and Small Enterprises Development Act, 2006 (MSMED)**

Based on the information available with the Company, the balance due to micro and small enterprises as defined under the MSMED Act, 2006 is Rs. Nil (Nil) and no interest has been paid or is payable under the terms of the MSMED Act, 2006

23. **Utilisation of Funds raised**

a) The Company has utilised an aggregate sum of Rs 1,979.78 millions towards the stated purposes, from the proceeds of the Rights Issue of Partly Convertible Cumulative Preference

Shares of Rs 200/- each. The Unutilised funds of Rs 59.21 millions are invested in Mutual Funds / Bank Fixed Deposits.

b) The Company raised a sum of Rs 2049.17 millions from a QIB Placement of equity shares and has utilised entire amount for the purpose it was raised .

24. Contracts remaining to be executed on capital account: Rs 0.12 million (net of advances) (Rs. 0.06 million)

25. Figures in (brackets) refer to the corresponding figures in the accounts for the year ended March 31, 2010.

26. **Employee Benefits**

a. Defined Benefit Plans:-

The present value of defined benefit obligation and the related current service cost are measured using the projected unit credit method with actuarial valuation being carried at each balance sheet date.

The reconciliation of opening and closing balances of the present value of the defined obligation for the continuing businesses as at :				
Particulars	**Year ended**		**Year ended**	
	31-Mar-2011		**31-Mar-2010**	
	Gratuity Benefits	**Compensated Absences**	**Gratuity Benefits**	**Compensated Absences**
Obligation at the period beginning (A)	55,39,871	57,06,203	54,26,510	91,55,125
Adjustment for increase in opening provision for retirement benefits (B)	-	-	-	-
Past service cost (C)	42,68,850			
Current service cost (D)	18,05,558	16,70,371	13,56,869	16,56,790
Interest cost (E)	4,43,190	4,56,496	4,34,121	7,32,410
Actuarial loss/(gain) (F)	(14,35,996)	(5,48,467)	(16,77,629)	(30,86,133)
Benefits paid (G)	(3,26,163)	(13,47,981)	-	(27,51,989)
Fair Value of Assets	-	-	-	-
Obligation at the period end (A+B+C+D+E+F-G)	1,02,95,310	59,36,622	55,39,871	57,06,203

b. Cost for the period

Particulars	**Year ended**		**Year ended**	
	31-Mar-2011		**31-Mar-2010**	
	Gratuity Benefits	**Compensated Absence**	**Gratuity Benefits**	**Compensated Absence**
Current service cost (A)	18,05,558	16,70,371	13,56,869	16,56,790
Past service cost (B)	42,68,850			
Interest cost (C)	4,43,190	4,56,496	4,34,121	7,32,410
Actuarial loss/(gain) (D)	(14,35,996)	(5,48,467)	(16,77,629)	(30,86,133)
Net cost (A+B+C+D)	50,81,602	15,78,400	1,13,361	(6,96,933)

c. Actuarial assumptions used:-

Particulars	Year ended 31-Mar-2011		Year ended 31-Mar-2010	
	Gratuity Benefits	Compensated Absence	Gratuity Benefits	Compensated Absence
Discount Rate	8%	8%	8%	8%
Expected Salary Escalation Rate	6%	6%	6%	6%
Mortality Table	LIC(1994-96) duly Modified	LIC(1994-96) duly Modified	LIC(1994-96) duly Modified	LIC(1994-96) duly Modified
Retirement Age	60 Yrs	60 Yrs	60 Yrs	60 Yrs
Withdrawal Rates	Percentage	Age	Percentage	Age
	3	Upto 30 Year	3	Upto 30 Year
	2	Upto 44 Year	2	Upto 44 Year
	1	Above 44 year	1	Above 44 year

27. Information required by the Accounting Standard on Segment Reporting, for the period under review, is as below:

Income / Expenditure	Events Management	Sports Management	Others Services	Total (Rs)
Revenues	214,495,572 (201,294,319)	154,261,384 (119,825,169)	303,428,392 (240,627,698)	672,185,348 (561,747,186)
Expenses	242,929,667 (182,968,362)	185,792,183 (157,678,332)	99,780,062 (150,215,775)	528,501,912 (455,686,861)
Segment result	-28,434,095 (18,325,957)	-31,530,799 (-37,853,163)	203,648,330 (90,411,923)	143,683,436 (106,060,415)
Less: Interest & Financial Charges				816,493,300 (524,941,726)
Less: Other unallocable expenses				37,681,404 (35,175,698)
Prior Period Adjustments				-6,755,083 (-8,695,992)
Profit (Loss) before taxes				-703,736,185 (-445,361,017)
Tax (Net of MAT Credit)				12,460,000 (75,000)
Profit (Loss) for the period				-691,276,185 (-445,436,017)

Assets / Liabilities				
Segment Assets	142,347,301 (60,443,221)	49,792,575 (9,740,200)	15,484,557,148 (16,216,937,705)	15,676,697,025 (16,287,121,126)
Segment Liabilities	76,381,046 (47,087,897)	33,331,795 (42,932,531)	3,919,257,813 (5,038,250,337)	4,028,970,653 (5,128,270,765)
Capital expenditure	2,923,321 (227,299)	514,415 (314,486)	3,909,212 (4,269,035)	7,346,948 (4,810,820)
Depreciation	1,210,650 (518,595)	81,010 (15,018)		1,291,660 (533,613)
Other Non cash expenses*	- (-)			3,843,945 (4,564,064)

* other than Stock Option Charge out

28. Amounts due / to from Debtors / Creditors are subject to confirmation.

29. Income from Investments includes:

	Current Year (Rs)	Previous Year (Rs)
Profit on sale of Current investments	135,848,323	115,636,986

30. **Foreign Currency Exposure and Derivative Contracts**

The Company's foreign currency exposure not hedged by a derivative instrument or otherwise as on March.31, 2011 is as follows on account of advances paid :

Currency	Foreign currency amount	Rupee equivalent (Rs.)
USD	250,000	9,905,000
EURO	32,889	2,066,741

31. **Prior period adjustments**

The components of prior period adjustments are as follows:

Particulars	Year ended 31.03.2011	Year ended 31.03.2010
	(Rs.)	(Rs.)
Provision for expenses written back	-	(8,695,992)
Income Short Provided	(6,994,315)	-
Expenses short provided	239,232	-
Total	(6,755,083)	(8,695,992)

32. **Computation of net profits in accordance with Section 349 of the Companies Act, 1956**

Sl. No.	Particulars	Year ended 31.03.2011 (Rs.)	Year ended 31.03.2010 (Rs.)
i.	Net profit/(loss) before tax from ordinary activities	(710,491,268)	(454,057,009)
Add:			
ii.	Whole-time Directors' remuneration	10,944,000	10,944,000
iii.	Directors' sitting fees	335,000	440,500
iv.	Provision for doubtful debts	304,000	4,174,071
v.	Depreciation as per books of account	5,135,605	5,097,677
vi.	Loss on sale of fixed assets	497,279	-
	Total (ii to vi)	17,215,884	20,656,248
Less:			
vii.	Depreciation as envisaged under Section 350 of the Companies Act, 1956*	10,129,862	10,091,934
viii.	Profit on sale / disposal of assets	-	1,963,229
ix.	Profit on sale of long term investment	-	-
x.	Profit on sale of current investments	135,848,323	115,636,986
	Net profit/ (loss) for calculation on which remuneration is payable.	(839,253,569)	(561,092,910)

Notes: The Company's assessment of the useful lives of certain assets is different from that implicit in Schedule XIV of the Companies Act, 1956. The rates of depreciation used by the Company for those assets are higher than the minimum rates prescribed by Schedule XIV.

33. The company has the outstanding balance of Rs 20.00 millions of the loans given (Previous year Rs 35.12 millions) to employees of subsidiary companies.

34. Miscellaneous expenditure includes expenses relating to a proposed issue of securities / restructuring .

For and on behalf of the Board

	Raghav Bahl Managing Director	**Sanjay Ray Chaudhuri** Alternate Director
Noida May 30, 2011	**R D S Bawa** Chief Financial Officer	**Shilpa Verma** Manager Corporate Affairs & Company Secretary

AUDITORS' REPORT

To the Board of Directors of Network18 Media & Investments Limited

1. We have examined the attached Consolidated Balance Sheet of **Network18 Media & Investments Limited** ('the company''),its Subsidiaries, and jointly controlled entities (the Company, its Subsidiaries and jointly controlled entities constitute 'the Group'') as at March 31,2011 , the Consolidated Profit & Loss Account and the Consolidated Cash Flow Statement for the year ended on that date, both annexed hereto. The Consolidated Financial Statements include financials of jointly controlled entities accounted in accordance with Accounting Standard 27 (Financial reporting of Interests in Joint Ventures) as notified under the Companies (Accounting Standards) Rules, 2006.

2. These financial statements, are the responsibility of the management of Network18 Media & Investments Limited, and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit and representations made by the management during the audit.

3. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are prepared, in all material respects, in accordance with an indentified financial reporting framework and are free of material misstatements. An audit includes examining, on a test check, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

4. We did not audit the financial statements of subsidiaries and joint venture(s), whose financial statements reflect total assets of Rs 40,363 million as at March 31,2011 and total revenues of Rs 16,208 millions and net cash outflows of Rs 3182 millions for the year ended on that date as considered in the Consolidated Financial Statements. These financial statements have been audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included in respect of these entities, is based solely on the report of the other auditors.

5. *Attention is drawn to*

i) Note 40 of Schedule 17 to the financial statements regarding payment of remuneration to the Managing Director of Network 18 Media & Investments Limited, in excess of that approved by the Central Government. The Company has filed an application for reconsideration of the matter.

ii) Note 27 of Schedule 17 to the financial statements regarding the non provision for other than temporary impairment in the value of Investments of Rs 3368 millions and the non impairment of goodwill arising on consolidation of Rs 13,270 million.

iii) The Auditors' of a Subsidiary have reported that the subsidiary has received an income tax demand of Rs 52.9 million, which is disputed by the subsidiary. The subsidiary has been legally advised that is unlikely that the demand shall be upheld. No provision has been made by the subsidiary for the said demand.

We are unable to comment on the adjustments and impact, if any, on the financial statements in respect of the above matters.

6. Attention is also drawn to ,

a) Note 1(C) of Schedule 17 to the financial statements regarding the non consolidation of Network 18 Group Senior Welfare Trust as the management does not expect any economic benefit will flow to the group from that Trust.

b) Note 4(a) of Schedule 17 to the financial statements wherein it is stated that no effect has been given in these financial statements of the Scheme of Restructuring referred therein.

c) Note 41 of Schedule 17 to the financials statements concerning the uncertainties involved in the share in loss of a subsidiary of a joint venture. The matter explained therein indicate the existence of a material uncertainty for the subsidiary of the joint venture in respect of the

predicted future revenues which form basis of calculation of the carrying value of inventories of the joint venture. The revenues eventually earned by the joint venture may differ from those predicted but the potential impact on carrying value of inventories of the joint venture and the resultant impact on the share of loss of the company cannot be determined.

7. We report that the Consolidated Financial Statements have been prepared by the Company in accordance with the requirements of Accounting Standard 21 (Consolidated Financial Statements) , Accounting Standard 23 (Accounting for investments in Associates in Consolidated Financial Statements) and Accounting Standard 27 (Financial reporting of Interests in Joint Ventures) as notified under the Companies (Accounting Standards) Rules, 2006.

8. Based on our audit and on consideration of separate audit reports on the individual financial statements of the Company, and the aforesaid subsidiaries and joint ventures and associates, and to the best of our information and according to the explanations given to us, *subject to the adjustments that may arise pursuant to our comments in paragraph 5 above*, in our opinion , the Consolidated Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India, in the case of :

i) the Consolidated Balance Sheet of the state of affairs of the Group as at March 31,2011.

ii) the Consolidated Profit and Loss account , of the loss of the Group for the year ended on that date .

iii) the consolidated Cash Flow statement ,of the cash flows of the Group for the year ended on that date.

For **G S Ahuja & Associates**

Chartered Accountants

Firm registration no. N8999

G S Ahuja

Proprietor

Membership No. 87732

Noida

May 30,2011

Consolidated Balance Sheet as at March 31,2011

	Schedule	As at March 31, 2011	As at March 31, 2010
		(Rs.)	(Rs.)
SOURCES OF FUNDS			
Shareholders' Funds			
Share capital	1	**2,137,135,055**	2,114,360,935
50 % Preference Share Capital of Viacom 18 (Note 2C(vi))		**219,677,500**	-
Share Application Money		**4,014,215**	797,775,654
Stock Options Outstanding	2	**194,040,694**	374,625,544
Reserves and surplus	3	**11,203,635,415**	11,978,628,410
Loan Funds			
Secured loans	4	**9,212,705,259**	8,162,676,968
Unsecured loans	5	**8,519,481,332**	12,948,118,047
Deferred Tax Liability		**21,143,564**	9,996,100
Minority Interest		**7,847,307,490**	7,162,097,128
		39,359,140,524	43,548,278,786
APPLICATION OF FUNDS			
Fixed Assets			
Gross block	6	**6,101,251,975**	11,356,855,053
Less: Depreciation		**3,967,400,662**	6,844,532,160
Net block		**2,133,851,313**	4,512,322,893
Capital work in progress		**22,691,086**	1,085,807,358
		2,156,542,399	5,598,130,251
Goodwill on Consolidation		**13,270,604,401**	12,517,162,974
Investments	7	**6,812,186,067**	8,377,935,212
Deferred Tax Assets		**102,551,796**	89,201,598
Current Assets, Loans & Advances	8		
Inventories		**3,538,947,240**	441,454,397
Sundry debtors		**5,245,680,899**	4,401,284,329
Unbilled Revenue		**50,380,828**	386,650,977
Cash & bank balances		**4,621,714,917**	8,098,079,616
Loans & advances		**6,592,950,277**	6,373,021,280
		20,049,674,161	19,700,490,599
Less: Current Liabilities and Provisions	9		
Current Liabilities		**5,963,302,171**	5,766,195,697
Provisions		**293,506,408**	296,942,089
Net Current Assets		**13,792,865,582**	13,637,352,813
Miscellaneous Expenditure	10	**138,278,475**	113,606,312
Profit & Loss Account	11	**3,086,111,804**	3,214,889,626
		39,359,140,524	43,548,278,786
Notes forming part of the accounts	17		
The above schedules form an integral part of accounts			
As per our report of even date attached			

For **G S Ahuja & Associates**
Chartered Accountants
Firm registration no. N 8999

G S Ahuja
Proprietor
Membership no. 87732

Noida
May 30, 2011

For and on behalf of the Board

Raghav Bahl
Managing Director

Sanjay Ray Chaudhuri
Alternate Director

R D S Bawa
Chief Financial Officer

Shilpa Verma
Manager - Corporate Affairs & Company Secretary

Consolidated Profit & Loss Account for the year ended March 31, 2011

	Schedule	Year ended March 31, 2011	Year ended March 31, 2010
		(Rs.)	(Rs.)
Income			
Income from operations	12	**14,677,665,811**	12,650,659,234
Other income	13	**2,223,216,545**	1,607,930,985
		16,900,882,356	14,258,590,219
Expenditure			
Production, administrative and other costs	14	**11,055,271,994**	9,775,360,916
Personnel expenses	15	**3,405,290,637**	3,159,526,089
Interest and financial charges	16	**2,258,415,669**	2,126,297,521
Depreciation	6	**617,249,675**	1,308,196,794
Option premium paid		**-**	658,113,750
		17,336,227,975	17,027,495,070
Profit(Loss) before tax		**(435,345,619)**	(2,768,904,851)
Less: Prior period adjustments		**(1,968,732)**	(3,494,106)
Profit(Loss) before tax after prior period adjustment		**(433,376,887)**	(2,765,410,745)
Provisions for taxes		**331,349,808**	96,024,099
Profit(Loss) after tax		**(764,726,695)**	(2,861,434,844)
Minority Interest in Current Profits		**(505,919,225)**	(1,517,073,076)
Extra Ordinary items		**108,034,212**	-
Profit(Loss) after tax after minority interest		**(366,841,682)**	(1,344,361,768)
Appropriations			
Short provision of earlier year's dividend and tax thereon		**-**	3,783,342
Carried Forward		**(366,841,682)**	(1,348,145,110)
Earning per equity share (Note 12)			
(Face Value of Rs. 5 per share)			
Basic & Diluted		**(3.17)**	(13.59)
Notes forming part of the accounts	17		
The above schedules form an integral part of accounts			

For G S Ahuja & Associates
Chartered Accountants
Firm registration no. N 8999
G S Ahuja
Proprietor
Membership no. 87732

Noida
May 30, 2011

For and on behalf of the Board

Raghav Bahl
Managing Director

Sanjay Ray Chaudhuri
Alternate Director

R D S Bawa
Chief Financial Officer

Shilpa Aggarwal
Manager - Corporate Affairs & Company Secretary

Consolidated Cash Flow statement for the year ended March 31, 2011

Particulars		Schedule	Year Ended 31.03.2011 (Rs.)	Year Ended 31.03.2010 (Rs.)
A	**Cash Flow From Operating Activities**			
	Profit before tax		**(435,345,619)**	(2,768,904,851)
	Adjustment for:			
	Depreciation		**621,364,802**	1,308,196,794
	Employee stock compensation expenses		**56,452,126**	110,451,161
	Dividend Paid		**-**	3,783,342
	Interest and other financial Expenses		**2,258,415,669**	2,126,297,521
	Bad debts written off/ provision for doubtful debts		**196,546,254**	178,230,695
	Other Non-cash items		**-**	(346,678,251)
	Loss / (profit) on sale of fixed assets		**(20,254,186)**	21,367,163
	Option Premium Paid		**-**	658,113,750
	Interest income		**(477,510,410)**	(195,415,079)
	Dividend on current investments		**(14,593,667)**	(11,426,450)
	Dividend on Long term Investments		**(2,674,000)**	-
	Share in surplus of venture capital trust - long term investment		**(222,000,000)**	(217,400,000)
	Profit on sale of current investments		**(527,498,533)**	(669,403,596)
	Profit on sale of long term investment		**(815,782,822)**	-
	Loss on exchange rate fluctuation (net)		**30,962,066**	78,747,349
	Excess provisions written back		**(77,205,891)**	(241,751,615)
	Prior period adjustments and extraordinary items		**106,065,480**	(3,494,106)
	Operating profit before working capital changes		**676,941,269**	30,713,827
	Adjustment for:			
	Decrease/(Increase) in current assets		**(3,866,704,302)**	(5,941,966,575)
	Increase/(Decrease) in current liabilities		**459,259,336**	7,731,944,821
	Net cash flow/ (Used in) operating activities		**(2,730,503,697)**	1,820,692,073
	Tax on operational income (including fringe benefit tax)		**(331,349,808)**	96,024,099
	Net cash flow from operating activities		**(3,061,853,505)**	1,916,716,172
B	**Cash flow from Investment Activities**			
	Share application money paid		**(197,600,000)**	(122,500,000)
	Purchase of fixed assets (including capital WIP)		**(327,035,133)**	(4,121,387,453)
	Sale of assets/claim received		**3,167,512,369**	201,436,596
	(Purchase)/ Sale of long term investments		**(35,580,716)**	-
	Investments (purchased)/ sold			
	- in affiliate/ joint venture		**767,717,820**	2,424,836,160
	- Venture capital trust		**345,600,000**	(239,400,000)
	- Mutual funds and others (net)		**1,831,293,396**	(3,031,934,935)
	Acquisition of minority interest in subsidiary		**(663,094,615)**	(4,503,684,474)
	Foreign exchange translation adjustment (arising on consolidation)		**(53,153,208)**	155,728,165

Particulars		Schedule	Year Ended 31.03.2011 (Rs.)	Year Ended 31.03.2010 (Rs.)
	Interest received		**477,510,410**	195,415,079
	Dividend received on current investments		**14,593,667**	11,426,450
	Dividend on Long term Investments		**2,674,000**	-
	Share in surplus of venture capital trust (long term investment)		**222,000,000**	217,400,000
	Net cash from/(Used in) investing activities		**5,552,437,990**	(8,812,664,412)
C	**Cash flow from financing activities**			
	Interest paid		**(2,258,415,669)**	(2,126,297,521)
	Proceeds from issue of equity shares		**22,774,120**	212,026,015
	Proceeds from issue of Preference shares		**-**	601,200
	Proceeds from Security premium on Equity		**465,734,391**	6,132,677,595
	Share Application Money received / adjusted		**(793,761,439)**	797,177,181
	Issue (Repayment) of Bonds/Debentures		**(790,783,000)**	976,688,000
	Preference share application money forfeited		**-**	(1,207,200)
	Issue (Repayment) of Debentures		**(110,000,000)**	-
	Increase (Decrease) in loans		**(2,477,825,424)**	6,286,464,663
	Increase in Miscellaneous Expenses		**(24,672,163)**	8,010,617
	Net cash flow from (used in) financing activities		**(5,966,949,184)**	12,286,140,550
	Net increase (decrease) in cash and cash equivalents		**(3,476,364,699)**	5,390,192,310
	Cash and cash equivalents as at the beginning of the year		**8,098,079,616**	2,707,887,306
	Cash and cash equivalents as at the end of the year		**4,621,714,917**	8,098,079,616
	Notes forming part of the accounts	**17**		
	Above schedules form an integral part of accounts			

For G S Ahuja & Associates
Chartered Accountants
Firm registration no. N 8999
G S Ahuja
Proprietor
Membership no. 87732

Noida
May 30, 2011

For and on behalf of the Board

Raghav Bahl
Managing Director

Sanjay Ray Chaudhuri
Alternate Director

R D S Bawa
Chief Financial Officer

Shilpa Aggarwal
Manager - Corporate Affairs & Company Secretary

Schedules to Consolidated Balance Sheet

	As at March 31, 2011	As at March 31, 2010
	(Rs.)	(Rs.)
SCHEDULE 1 : SHARE CAPITAL		
AUTHORISED		
170,000,000 (170,000,000) Equity Shares of Rs 5/- each	**850,000,000**	850,000,000
1,100,000 (1,100,000) 5% Preference Shares of Rs 100/- each	**110,000,000**	110,000,000
10,500,000 (10,500,000) Preference Shares of Rs 200/- each	**2,100,000,000**	2,100,000,000
	3,060,000,000	3,060,000,000
ISSUED, SUBSCRIBED AND PAID UP		
118,895,641 (Previous year 114,340,817) Equity shares of Rs. 5/- each fully paid up	**594,478,205**	571,704,085
10,284,379 (Previous Year 10,284,379) Non Convertible Cumulative Redeemable Preference shares of Rs. 150/- each fully paid up	**1,542,656,850**	1,542,656,850
	2,137,135,055	2,114,360,935

	As at March 31, 2011	As at March 31, 2010
	(Rs.)	(Rs.)
SCHEDULE 2 : EMPLOYEE STOCK OPTIONS OUTSTANDING		
Employee stock options outstanding	**235,141,706**	440,006,642
Less: Deferred employee compensation	**41,101,012**	65,381,098
Closing Balance	**194,040,694**	374,625,544

	As at March 31, 2011	As at March 31, 2010
	(Rs.)	(Rs.)
SCHEDULE 3 : RESERVES AND SURPLUS		
Securities premium		
Opening balance	**10,358,027,449**	3,672,963,074
Add: Share Premium on conversion of Preference shares	**-**	789,619,391
Add: Amounts received pursuant to issue of equity shares	**465,734,391**	6,132,677,595
Less: Expenses on issue of securities	**-**	177,300,638
Less: Adjustment on account of merger	**-**	59,931,973
Closing balance	**10,823,761,840**	10,358,027,449
General reserve		
Opening balance	**78,003,256**	56,182,738
Add: Transfer from profit & loss Account	**-**	16,938,499

	As at March 31, 2011	As at March 31, 2010
	(Rs.)	(Rs.)
Add: Change in Minority	**(21,820,518)**	4,882,019
Closing balance	**56,182,738**	78,003,256
Capital Reserve, on Consolidation	**121,480,214**	1,211,984,465
Capital Reserve	**271,428,842**	346,678,251
Exchange translation reserve	**(69,218,219)**	(16,065,011)
	11,203,635,415	11,978,628,410

	As at March 31, 2011	As at March 31, 2010
	(Rs.)	(Rs.)
SCHEDULE 4 : SECURED LOANS		
Secured Optionally Fully Convertible Debentures of Rs. 110/- each	**-**	110,000,000
Cash credit	**2,356,038,940**	1,085,575,562
Term loans	**4,641,225,333**	4,249,740,267
Vehicle & Other loans	**37,234,743**	16,480,846
Interest accrued but not due	**2,774,178**	4,659,193
Working Capital Loan	**542,432,065**	596,221,100
Other Loans	**1,633,000,000**	2,100,000,000
	9,212,705,259	8,162,676,968

	As at March 31, 2011	As at March 31,2010
	(Rs.)	(Rs.)
SCHEDULE 5 : UNSECURED LOANS		
Zero coupon convertible bonds (Note 23)	**75,905,000**	640,988,000
Optionally Convertible Debentures (Note 23)	**-**	225,700,000
Term Loans	**358,287,546**	1,332,568,051
Other Loans	**842,153,588**	3,976,631,188
Public deposits	**5,241,638,217**	3,570,738,257
Commercial paper loan	**2,000,000,000**	1,700,000,000
Bank Overdraft	**1,496,981**	1,501,492,551
	8,519,481,332	12,948,118,047

SCHEDULE 6: FIXED ASSETS

	GROSS BLOCK				DEPRECIATION BLOCK			NET BLOCK					NET BLOCK		
Particulars	**As At 1-Apr-10**	**Addition on A/c of Acquisition / Merger**	**Addition**	**Viacom18 Op. Additions**	**Sales / Adjustments**	**Total Gross Block**	**Depreciation As At 1/4/2010**	**Addition on A/c of Acquisition / Merger**	**Depreciation Up to 31/03/11**	**Viacom18 Op. Additions**	**Adjustments**	**Impairment**	**Total Depreciation**	**As at 31-Mar-11**	**As at 31-Mar-10**
Tangible Assets:															
Leasehold Land	1,873,125	-	-	-	-	1,873,125	780,472	-	31,218	-	-	-	811,690	1,061,435	1,092,653
Freehold land	1,356,244	-	-	-	-	1,356,244	-	-	-	-	-	\-	-	1,356,244	1,356,244
Leasehold Improvements	566,575,046	-	21,385,460	-	5,206,513	582,753,993	319,502,396	-	94,494,387	-	4,095,616	-	409,901,167	172,852,826	247,072,650
Furniture & Fixture	237,252,441	20,223	7,588,262	-	39,387,621	204,871,757	\120,549,409	7,276	19,201,670	-	15,700,826	3,068,750	120,988,779	83,882,978	116,703,032
Plant & Machinery	3,951,317,304	7,025,217	211,687,411	-	79,439,273	4,091,192,155	2,273,778,887	1,830,583	351,125,267	-	54,326,959	4,158,656	2,568,249,122	\1,522,943,033	\1,677,538,417
Plant & machinery on	-	-	1,453,839	-	-	1,453,839	-	-	25,625	-	-	-	25,625	1,428,214	-
finance lease															
Electric Installation	18,705,306	-	368,344	-	279,135	18,794,515	5,078,930	-	1,324,265	-	\51,407	-	6,351,788	12,442,727	13,626,376
Vehicles	95,844,095	-	20,276,096	-	14,992,016	101,128,174	32,639,933	-	11,205,614	-	7,733,387	-	36,112,160	65,016,014	63,204,162
Building	72,546,741	-	-	-	13,463,212	59,083,529	36,379,165	-	3,998,405	-	1,141,743	332,642	38,903,185	20,180,344	36,167,576
Ownership Flats	23,741,895	-	-	-	-	23,741,895	5,559,341	-	386,993	-	-	-	5,946,334	17,795,561	18,182,554
Computers	164,036,672	34,927	27,168,593	-	1,733,852	189,506,340	96,979,354	17,999	32,473,087	-	1,662,692	-	127,807,748	61,698,592	67,057,318
Computers on finance lease			385,875			385,875	-		15,595				15,595	370,280	-
Intangible Assets:															
-															

	GROSS BLOCK				DEPRECIATION BLOCK			NET BLOCK					NET BLOCK		
Particulars	**As At 1-Apr-10**	**Addition on A/c of Acquisition / Merger**	**Addition**	**Viacom18 Op. Additions**	**Sales / Adjustments**	**Total Gross Block**	**Depreciation As At 1/4/2010**	**Addition on A/c of Acquisition / Merger**	**Depreciation Up to 31/03/11**	**Viacom18 Op. Additions**	**Adjustments**	**Impairment**	**Total Depreciation**	**As at 31-Mar-11**	**As at 31-Mar-10**
Brand	207,913,826	-	352,812	-	-	208,266,639	78,756,822	-	42,987,348	-	795,819	-	120,948,351	87,318,288	129,157,004
Goodwill	\182,288,351	-	379,067	-	50,000	182,617,444	143,978,458	-	21,752,170	-	1,893,151	-	163,837,477	18,779,967	38,309,893
News Archives	5,431,322,460	-	-	-	5,407,533,304	23,789,155	3,407,469,193	-	2,070,484	-	3,394,945,763	-	14,593,914	9,195,241	2,023,853,267
Software	402,081,547	3,135,262	21,171,472	-	15,950,985	410,437,296	323,079,800	986,487	40,272,674	-	11,431,234	-	352,907,727	57,529,569	79,001,747
Total	**11,356,855,053**	**10,215,629**	**312,217,231**	**-**	**5,578,035,911**	**6,101,251,975**	**6,844,532,160**	**2,842,345**	**621,364,802**	**-**	**3,493,778,597**	**7,560,048**	**3,967,400,662**	**2,133,851,313**	**4,512,322,893**
Capital Work in Progress	1,085,807,358	-	4,602,273	-	1,067,718,545	22,691,086	-	-	-		-	-	-	22,691,086	1,085,807,358
Total	**2,442,662,411**	**10,215,629**	**316,819,504**	**-**	**6,645,754,456**	**6,123,943,061**	**6,844,532,160**	**2,842,345**	**621,364,802**	**-**	**3,493,778,597**	**7,560,048**	**3,967,400,662**	**2,156,542,399**	**5,598,130,251**
Previous Year	**5,702,423,471**	**6,367,586,231**	**810,969,812**	**216,568,749**	**(154,575,047)**	**12,442,662,411**	**2,694,680,120**	**2,798,727,586**	**1,313,058,745**	**134,844,835**	**84,326,398**	**12,452,728**	**6,844,532,160**	**5,598,130,250**	**3,007,743,350**

Note:
a) Includes Rs. 3,500 (Previous year Rs. 3,500) being the face value of shares in co-operative housing societies.
b) Additions to fixed assets include foreign exchange translation difference of Rs. 4,539,193 (Previous year Rs. 46,425,000).
c) Depreciation for the period includes adjustments of Rs. 4,115,127 (Previous year Rs. 4,861,951) pertaining to transfer to pre-operative expenses.
d) Adjustments related to accumulated depreciation include foreign exchange translation difference of Rs. 9,495,045 (Previous year Rs. 26,263,716).

Network 18 Media & Investments Limited
Schedules to Consolidated Balance Sheet

	As at March 31,2011	As at March 31,2010
	(Rs.)	(Rs.)
SCHEDULE 7 : INVESTMENTS		
Investment - At Cost, Not Trade.		
Quoted - Long Term		
474,308 (592,885) equity shares Rs. 4 each fully paid up in KSL and Industries Limited	**119,999,905**	149,999,905
500,000 (500,000) equity shares of Rs. 2 each fully paid up in Provouge (India) Limited	**110,000,000**	110,000,000
275,000 (275,000) equity shares of Rs. 10 each fully paid up in Refex Refrigerants Limited	**55,000,000**	55,000,000
5,000 (Nil) Equity Shares of USD 1 each in Film Investment Managers (Mauritius) Ltd.	**45**	-
90,05,348 (Nil) equity shares of Rs. 10 each in Den Networks Limited	**65,580,671**	-
Aggregate of Quoted - Long Term Investments	**350,580,621**	314,999,905
Quoted, Current		
2,048,229 (Nil) units in Fidelity Cash Fund	**10,243,703**	-
3,998,430 (Nil) units in Fidelity Mutual Fund	**20,013,940**	
6,201,692 (Nil) units in Birla Sun Life Dynamic Bond Fund	**99,052,935**	-
5,000,862 (Nil) units in DSP BlackRock Liquidity Fund	**50,008,620**	-
Nil (7,166,121) units in 'Birla Sun Life Mutual Fund	**-**	104,694,395
1,542,681 (10,561,084) units in HDFC Mutual Fund	**15,475,422**	170,252,787
Nil (55,935) units in Tata Mutual Fund	**-**	94,829,499
4,507 (165,479) units DSP Merrill Lynch Mutual Fund	**6,198,804**	217,288,392
5,162,689 (3,005,581) units in LIC Mutual Fund	**51,634,116**	30,055,814
Nil (16,127,556) units of Rs. 10 each in Fidelity Mutual Fund	**-**	190,074,531
Nil (3,180,461) units in 'DWS Mutual Fund	**-**	45,697,750
152,898 (11,73,557) units in DWS Mutual Fund	**1,536,614**	11,322,691
115,725 (81,251) units in DSP Merrill Lynch Mutual Fund	**154,609,219**	106,555,478
Nil (10,388,243) units in SBI Mutual Fund	**-**	150,000,000
5,200,499 (265,048) units in UTI Mutual Fund	**52,004,987**	400,000,000
'Nil (9,625,239) units in 'IDFC Mutual Fund	**-**	107,051,006
Nil (13,819,175) units in 'JM Financial Mutual Fund	**-**	176,071,861
Nil (3,386,717) Units in Deutche Mutual Fund	**-**	48,959,397
1,394,105 (17,106,802) units in Kotak Mutual Fund	**14,056,484**	289,584,091
273,500 (Nil) units in ICICI Prudential Mutual Fund	**50,000,000**	-
Nil (7,005,156) units in Principal Mutual Fund	**-**	100,000,000
16,352,577 (15,747,115) units in IDFC Mutual Fund	**189,456,576**	173,294,931
Nil (187,270) units in Taurus Mutual Fund	**-**	199,500,020
Nil (4,334,824) Units of Rs.10 each in L&T Mutual Fund	**-**	78,864,456
Nil (5,771,766) units in Principal Mutual Fund	**-**	85,000,000
2,456 (13,121,952) units in Religare Mutual Fund	**3,224,936**	164,051,044
Nil (6,865,020) units in SBI Mutual Fund	**-**	100,000,000

			As at March 31,2011	As at March 31,2010
			(Rs.)	(Rs.)
		Nil (619,785) units in SBI Mutual Fund	-	12,243,587
		Nil (47,942) Units of Rs. 10 each in Reliance Liquidity Fund	-	655,790
		Nil (2,490,966) units of Rs 10 each in Birla Sun Life Mutual Fund	-	36,191,743
		Nil (460)Units of Rs. 1000 each in Axis Liquid Fund	-	462,230
		Nil (11,811) units of Rs.1000 each in Templeton Mutual Fund	-	15,861,338
		1,485,116 (1,297,647) ICICI Prudential Mutual Fund	**209,920,811**	175,668,585
		20,986 (19,055,604) Baroda Pioneer Liquid Fund	**22,525,190**	200,000,000
		6,538,512 (6,971,119)in JM Mutual Fund	**100,000,000**	100,000,000
		Nil (10,305,121) units of Rs. 10 each in Reliance Mutual Fund	-	150,217,155
		52,154 units (521,538) units in Deutsche Mutual Fund	**6,028,355**	6,028,355
		7,813,879 (1,740,021) units in Deutsche Mutual Fund	**115,075,441**	25,075,441
		9,184,508 (Nil) units in Deutsche Mutual Fund	**100,000,000**	-
		172,687 (4,217,058) units in Religare Mutual Fund	**221,160,851**	51,814,052
		6,727,981 (4,554,162) units in JM Mutual Fund	**87,012,649**	57,012,649
		5,908,488 (8,142,621) units in Birla Sunlife Mutual Fund	**87,624,324**	116,467,448
		84,334 (Nil) units in Tata Mutual Fund	**149,719,791**	-
		98,232 (Nil) units in IDBI Mutual Fund	**100,000,000**	-
		1,000,000 (Nil) units in Edelweiss Mutual Fund	**10,000,000**	-
		104,308 (179,465) units in Templeton Mutual Fund	**142,193,335**	242,330,133
		14,431,700 (Nil) units in Reliance Mutual Fund	**201,705,780**	-
		171,639 (Nil) units in Axis Mutual Fund	**176,216,383**	-
		3,848,626 (Nil) units in Kotak Mutual Fund	**72,109,961**	-
		4,389,625 units (Nil) in Kotak Mutual Fund	**80,000,000**	-
		11,229,653 (1,984,961) units in Fidelity Mutual Fund	**142,283,376**	24,073,781
		10,264,357 (13,682,354) units in Canara Mutual Fund	**114,321,639**	151,186,914
		43,246 (Nil) units in Bharti Mutual Fund	**50,000,000**	-
		126,808 (Nil) units in UTI Mutual Fund	**199,228,239**	-
		Aggregate of Quoted - Short Term Investments	**3,104,642,481**	4,408,437,344
	Unquoted (Equity shares)			
a.	Other companies			
		898,500 (898,500) equity shares of Rs. 10 each fully paid up in Delhi Stock Exchange Association Limited	**62,895,000**	62,895,000
		5,000 equity shares (5,000) of USD 1 each fully paid up in BK Holdings Limited, Mauritius	**223,250**	225,700
		2,500,000 (Nil) Preference shares of Den Entertainment Network Private Limited	**25,000,000**	-
		8,100 (Nil) equity shares of Rs.10 each fully paid in Inca Finlease Limited	**1,513,960**	-
		220,000 (Nil) equity shares of Rs.10 each fully paid up in Royal Traders Limited	**2,200,000**	-
		1 equity share (1) of USD 1 fully paid up in Capital 18 Limited, Mauritius	**45**	45
		6 years National Savings Certificates	**5,500**	5,500

	As at March 31,2011	As at March 31,2010
	(Rs.)	(Rs.)
975,700 (975,700) Series B Preference shares of USD 0.0001 each fully paid up in Yatra Online Inc.	**55,812,500**	56,425,000
23,756 (27,212) Units of Rs. 100,000 each in Media Venture Capital Trust-II	**2,375,600,000**	2,721,200,000
1,500,015 (1,500,015) Series A Preference Shares of USD 0.0001 each fully paid up in Yatra Online Inc.	**29,307,322**	29,628,948
2,500,000 (2,500,000) 8% Cumulative Redeemable Non Convertible Preference Shares of Rs.100 each in BK Media Pvt Ltd	**250,000,000**	250,000,000
2,700,000 (2,700,000) ordinary shares of USD 0.0001 each of Yatra Online Inc.	**99,435,550**	100,526,780
250,000 (Nil) 0.10% Non Cumulative Redeemable Preference Shares of Series "II" of IBN Lokmat News Private Limited of Rs. 100 each fully paid up	**25,000,000**	-
1,500,000 (1,500,000) share warrants of Series "C" of Viacom18 Media Private Limited of Rs. 1 each fully paid up	**1,500,000**	1,500,000
Nil (1,475) equity shares of Viacom 18 Media (UK) Ltd of GBP 1 each fully paid up	**-**	117,964
Nil (50) equity shares of Viacom 18 Media US Inc. of USD 0.01 each fully paid up	**-**	117,964
437,459 (437,459) Series C Preference Shares of USD 0.0001 each fully paid up in Yatra Online Inc.	**62,894,838**	63,585,062
3,192 (3,192) equity shares of Rs. 10 each fully paid up in Skorydov Systems Private Limited	**60,000,000**	60,000,000
83,763 (83,763) equity shares of Rs. 10 each fully paid up in Ensemble Infrastructure India Limited	**60,000,000**	60,000,000
55 (Previous year 55) Loan Bonds of USD 100,000 each in B K Holdings Limited, Mauritius	**245,575,000**	248,270,000
Aggregate of unquoted investments	**3,356,962,965**	3,654,497,963
Total	**6,812,186,067**	8,377,935,212

Network 18 Media & Investments Limited
Schedules to Consolidated Balance Sheet

	As at March 31,2011	As at March 31,2010
	(Rs.)	(Rs.)
SCHEDULE 8 : CURRENT ASSETS, LOANS & ADVANCES		
Inventories (at cost)		
Raw materials, stores and spare parts	**75,917,724**	15,278,710
Work in progress	**760,747,197**	6,048,479
Finished goods	**5,435,662**	48,440,234
Tapes	**2,696,846,657**	371,686,974
	3,538,947,240	441,454,397
Sundry debtors (Unsecured, considered good)		
Debts outstanding for more than 6 months		
- considered good	**1,177,168,024**	966,037,795
- considered doubtful	**421,721,512**	315,857,970
Other debts - considered good	**4,068,512,875**	3,435,246,535
Other debts - considered doubtful	**3,589,646**	9,157,263
	5,670,992,057	4,726,299,563
Less: Provision for doubtful debts	**425,311,158**	325,015,234
	5,245,680,899	4,401,284,329
Cash and bank balances		
Cash on hand	**3,770,336**	8,174,213
Cheques in hand	**295,223,234**	231,424,232
Balance with scheduled banks :		
- in current accounts	**2,571,417,840**	3,178,279,623
- in deposit accounts	**1,751,149,661**	2,939,293,920
Balance with Other Banks		
- in current accounts	**153,846**	1,740,907,628
	4,621,714,917	8,098,079,616
Loans & advances		
(Unsecured, considered good)		
Share application Money Paid for Shares	**320,100,000**	122,500,000
Amounts due from subsidiaries & Companies	**50,162,737**	1,515,613,760
Advance to vendors	**104,951,022**	101,910,700
Security and other deposits	**387,046,486**	394,002,822
Service tax input credit	**64,443,811**	43,605,952
Interest accrued but not due	**62,917,210**	38,390,884
Advances recoverable in cash or in kind or for value to be received	**4,089,448,767**	2,570,247,231
Income tax paid [net of provision Rs. 61,557,000 (30,900,000)]	**1,404,870,430**	1,426,240,564
- MAT credit entitlement	**-**	48,124,661
- Fringe benefit tax paid	**1,490,349**	2,765,159
- Other advances	**107,519,465**	109,619,547
	6,592,950,277	6,373,021,280

	As at March 31,2011	As at March 31,2010
	(Rs.)	(Rs.)
SCHEDULE 9 : CURRENT LIABILITIES & PROVISIONS		
Current liabilities		
Book Overdraft	**49,562,871**	-
Sundry creditors (MSME)	**519,604**	2,301,901
Sundry creditors (Others)	**3,693,127,675**	3,973,806,947
Advances from customers	**965,820,036**	931,277,176
Refundable Application Money	**-**	52,553,515
Sundry Deposits	**17,416,140**	10,125,366
Interest accrued but not due	**284,264,825**	57,544,174
Other liabilities	**904,881,728**	645,557,911
Unclaimed dividend	**3,225,286**	3,541,831
Unclaimed interest and matured Public Deposits	**43,908,493**	88,883,915
Unclaimed debenture redemption money	**575,513**	602,961
	5,963,302,171	5,766,195,697
Provisions		
Provision for retirement benefits	**222,973,056**	180,285,803
Provision for fringe benefit tax (net of advances)	**7,723,513**	8,713,002
Provision for Income tax	**48,302,519**	89,275,463
Provision for rebate returns	**14,358,627**	10,886,086
Provision for Wealth Tax	**144,094**	133,985
Provision for Corporate Dividend tax	**4,599**	7,647,750
	293,506,408	296,942,089

	As at March 31,2011	As at March 31,2010
	(Rs.)	(Rs.)
SCHEDULE 10 : MISCELLANEOUS EXPENDITURE		
(To the extent not Written off or adjusted)		
Preliminary expenses	**74,437,485**	55,380,549
Debenture redemption premium	**-**	23,004,375
Pre-operative expenses	**63,840,990**	35,221,388
	138,278,475	113,606,312

	As at March 31,2011	As at March 31,2010
	(Rs.)	(Rs.)
SCHEDULE 11 : PROFIT & LOSS ACCOUNT		
Opening balance	**(3,214,889,626)**	(1,922,172,914)
Add : Profit & Loss balance of I-Ven Interactive Limited	**-**	66,558,443
Less: Amount adjusted as per Scheme of Arrangement	**-**	51,582,294
Less: (Profit)loss transferred from subsidiary	**1,281,379**	-
Less: Transfer to General reserve	**-**	16,938,498
Add: Adjustment of profit on account of disposal	**(1,260,182)**	-

	As at March 31,2011	As at March 31,2010
	(Rs.)	(Rs.)
Less: Adjustment on account of change in minority interest	**(495,640,701)**	31,379,783
Add: Transfer from RBI Reserve	**-**	88,770,530
Profit /(Loss) brought forward from Profit and loss account	**(366,841,682)**	(1,348,145,110)
Closing balance	**(3,086,111,804)**	(3,214,889,626)

	As at March 31,2011	As at March 31,2010
	(Rs.)	(Rs.)
SCHEDULE 12 : INCOME FROM OPERATIONS		
Income from business operations	**14,496,783,760**	12,464,621,064
Equipment rentals and other receipts	**180,882,051**	186,038,170
	14,677,665,811	12,650,659,234

	As at March 31,2011	As at March 31,2010
	(Rs.)	(Rs.)
SCHEDULE 13 : OTHER INCOME		
Interest on		
- Fixed deposits	**78,542,755**	111,889,928
- Others	**398,967,655**	83,525,151
Dividend on short term investments	**14,593,667**	11,426,450
Dividend on Long term Investments	**2,674,000**	387,154
Profit / (Loss) on short term investments	**527,498,533**	669,403,596
Share in surplus of long term investment	**222,000,000**	217,400,000
Profit on sale of long term Investment	**815,782,822**	47,360,000
Loan Written off	**-**	5,737,220
Profit on Sale Of Assets	**20,254,186**	13,860,455
Exchange rate fluctuation	**-**	144,893,743
Excess provision written back	**77,205,891**	241,751,615
Net Income from Option Premium	**-**	1,963,229
Miscellaneous income	**65,697,036**	58,332,444
	2,223,216,545	1,607,930,985

	As at March 31,2011	As at March 31,2010
	(Rs.)	(Rs.)
SCHEDULE 14 : PRODUCTION, ADMINISTRATIVE AND OTHER COSTS		
Cost of Shows	**2,055,284,676**	1,731,021,471
Cost of Film rights	**568,605,511**	279,777,102
Cost of Music rights	**59,739,289**	46,580,107
Film and production shoot expenses	**56,073,286**	91,025,006
Tapes consumed	**8,517,631**	15,292,953
Content and franchise expenses	**448,932,944**	493,974,822
Media professional fees	**263,787,784**	318,070,891

	As at March 31,2011	As at March 31,2010
	(Rs.)	(Rs.)
Consumables and spares	**18,551,353**	18,728,714
Other production expenses	**328,343,971**	168,740,006
Rent	**496,855,983**	457,564,661
Electricity expenses	**150,621,777**	138,939,849
Insurance	**27,611,700**	26,606,015
Traveling and conveyance	**436,836,980**	351,143,702
Vehicle running and maintenance	**130,203,443**	120,219,456
Communication expenses	**161,248,686**	165,475,205
Distribution, Advertising and Business Promotion	**2,644,840,172**	2,229,167,097
Event Expenses	**113,374,421**	67,111,092
Studio and equipment hire charges	**115,691,671**	138,788,763
Telecast and uplinking fees	**266,893,926**	147,212,322
Freight & Distribution Expenses	**34,517,358**	288,265,462
Membership and subscription	**129,559,827**	2,612,539
Repairs and maintenance		
- Plant & machinery	**143,983,596**	54,659,848
- Building	**5,694,077**	42,174,057
- Others	**83,879,028**	103,771,438
Legal and professional expenses	**360,638,885**	375,396,227
Directors sitting fees	**3,361,539**	4,832,327
Loss on sale / disposal of assets	**-**	21,367,163
Miscellaneous expenditure written off	**1,062,384**	3,269,075
Loss on exchange rate fluctuation	**30,962,066**	78,747,349
Bad debts written off/ Provisions	**196,546,254**	178,230,695
Material consumed	**303,233,498**	263,636,819
Miscellaneous expenses	**205,191,715**	274,236,679
Band Placement fee paid	**835,544,203**	803,978,884
Support costs	**245,662,301**	224,255,944
Airtime Purchased	**21,363,175**	12,325,572
Software expenses	**3,954,035**	2,518,656
Office expenses	**36,577,357**	35,642,948
Rebates & Returns	**53,243,352**	-
Pre-operative expenses written off	**8,282,140**	-
	11,055,271,994	9,775,360,916

	As at March 31,2011 (Rs.)	As at March 31,2010 (Rs.)
SCHEDULE 15 : PERSONNEL EXPENSES		
Salaries and bonus	**2,928,779,337**	2,702,309,101
Contribution to provident fund and other funds	**149,105,959**	143,942,753
Staff welfare expenses	**210,347,826**	184,437,701
Retirement benefits	**60,605,389**	18,385,373
Employee stock compensation expenses	**56,452,126**	110,451,161
	3,405,290,637	3,159,526,089

	As at March 31,2011 (Rs.)	As at March 31,2010 (Rs.)
SCHEDULE 16 : INTEREST AND OTHER CHARGES		
Interest on:		
-Term loans	**1,131,400,706**	1,292,242,672
- Cash credit	**156,056,210**	173,264,746
- WCDL	**28,147,086**	23,096,509
- Fixed Deposit	**554,442,941**	163,462,369
- Commercial Paper	**86,099,548**	142,376,041
- Others	**64,580,39**	64,186,779
Other financial charges	**237,688,785**	267,668,405
	2,258,415,669	2,126,297,521

Schedule 17: Notes to accounts

1.

A. These financial statements comprise a consolidation of the accounts of Network 18 Media and Investments Limited, the company, its subsidiaries and Joint Ventures / Associates, as listed below.

S. No.	Name of Subsidiary	Country of Incorporation	Percentage of holding by the Company as at 31.03.2011
Direct Subsidiaries			
1	Network18 Holdings Limited	Cayman Islands	99.99
2	Network18 India Holdings Private Limited	India	100.00
3	Setpro18 Distribution Limited	India	66.00
Subsidiary by virtue of Control			
4	Television Eighteen India Limited	India	48.98
5	ibn18 Broadcast Limited	India	50.64
Subsidiaries of Subsidiary Companies			
Subsidiaries of ibn18 Broadcast Limited			
6	RVT Media Private Limited	India	100.00
7	ibn18 Media & Software Limited	India	100.00

S. No.	Name of Subsidiary	Country of Incorporation	Percentage of holding by the Company as at 31.03.2011
8	Ibn18 Mauritius Limited	Mauritius	100.00
Subsidiaries of Television Eighteen India Limited			
9	iNews.com Limited	India	100.00
10	Newswire18 Limited	India	77.50
11	RVT Investments Private Limited	India	100.00
12	Television Eighteen Mauritius Limited	Mauritius	100.00
13	Television Eighteen Media and Investments Limited	Mauritius	100.00
14	Infomedia18 Limited	India	47.80
Subsidiaries of Television Eighteen Mauritius Limited, Mauritius			
15	Web18 Holdings Limited (Note 1)	Cayman Island	84.27
16	Namono Investments Limited	Mauritius	100.00
17	TV18 UK Limited,	U.K.	100.00
Subsidiaries of Web18 Holdings Limited, Cayman Islands (Note 1)			
18	E-18 Limited	Cyprus	100.00
Subsidiaries of E-18 Limited, Cyprus			
19	e-Eighteen.com Limited	India	91.95
20	Television Eighteen Commoditiescontrol.com Limited	India	79.97
21	Web18 Software Services Limited	India	100.00
22	Big Tree Entertainment Private Limited	India	60.00
23	Care Websites Private Limited	India	100.00
Subsidiaries of e-Eighteen.com Limited, India			
24	Moneycontrol Dot Com India Limited	India	100.00
Subsidiaries of Infomedia18 Limited, India			
25	Cepha Imaging Private Limited	India	100.00
26	Glyph International US LLC	U.S.A.	100.00
Subsidiaries of RVT Investments Private Ltd			
27	RRB Investments Private Limited	India.	100.00
28	Digital18 Media Limited	India	100.00
Subsidiaries of Network18 Holdings Limited, Cayman Island			
29	TV18 HSN Holdings Limited (Note 2)	Cyprus	54.32
30	The Indian Film Company Limited (till September 30,2010)(Note 3)	Guernsey	76.92
Subsidiaries of TV18 HSN Holdings Limited, Cyprus			
31	TV18 Home Shopping Network Limited	India	100.00
Joint ventures of ibn18 Broadcast Limited			
32	Ibn Lokmat News Private Limited	India	50.00
33	Viacom18 Media Private Limited	India	50.00
Joint venture of Television Eighteen India Limited			
34	Jagran 18 Publications Limited	India	50.00
Joint venture of E-18 , Cyprus			
35	e-Eighteen.com Limited	India	91.95
Joint Venture of Infomedia18 Limited			
36	Reed Infomedia India Private Limited	India	49.00

Note 1. TV18 holds additional 84.27% of the capital in Web 18 Holding through its wholly owned subsidiary TEMIL. Shares of Web 18 comprise Class A and Class B equity shares. Holders of Class A ordinary shares are entitled to ten votes for every Class A ordinary shares held and the holders of Class B ordinary shares are entitled to one vote for every Class B ordinary shares held. TV18 holds Class A equity shares through its subsidiaries. Its voting power in Web 18 Holding is 88.20% which is different from the percentage of shareholding. (See also Note 2B below)

Note 2: Percentage determined as per shareholders agreement between SAIF, G S Home shopping and Network 18 Holdings Limited and includes the stake proposed to be diluted for creation of Stock Option plan.

B. Investments held for Disposal

The following investments held by Television Eighteen Mauritius Limited for disposal have been disclosed Separately and the financials of these companies have not been disclosed, and their downstream subsidiaries have not been consolidated

Company	Country of incorporation	Percentage shareholding as at 31.03.2011
B K Holdings Limited (BKH) w.e.f 17 May, 2007-Subsidiary of TEML	Mauritius	100.00
Capital 18 Limited (Capital 18) w.e.f 6 June, 2007-Subsidiary of TEML	Mauritius	100.00

C. The financials of Network 18 Group Senior Professional Welfare Trust , a trust formed for the welfare of past and present employees (including Directors) of the Company and its subsidiaries have not been consolidated since ,as per the management , it is not likely that any economic benefit will flow to the group from that trust .

2. Background:

A. In relation to Network18 Media and Investments Limited (N18/Parent/The Company)

i. The company was incorporated as SGA Finance and Management Services Private Limited in 1996. The name was changed to Network 18 Fincap Private Limited in April 2006. The company was converted into a Public Company on October 20, 2006. The name was further changed to Network18 Media & Investments Limited on December 1, 2007.

ii. The company, by virtue of its Asset size and income pattern was classified as a Systemically Important Non Banking Financial company, but was never engaged in the business of Non Banking Financial institution. Due to Ministry of Information and Broadcasting guidelines the company was in non compliance with Reserve Bank of India's (RBI) guidelines relating to Capital adequacy and Concentration of Investments. The Reserve Bank of India, on December 1, 2009, has accepted the company's request and cancelled the Certificate of Registration to carry on the business of Non Banking Financial Institution.

B. In relation to Television Eighteen India Limited (TV18/ the company)

i. Television Eighteen India Limited was incorporated in 1993 and is primarily engaged in content production and broadcasting.

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

1 Global Business License and is regulated by the Financial Services Commission of Mauritius. TEML is the wholly owned subsidiary of Television Eighteen India Limited.

iii. e-Eighteen.com Limited (E-18) was incorporated on 28 March, 2000 as a subsidiary of the Company with the primary objective of setting up of business and finance internet portal. E-18 acquired the business of an established personal finance portal Moneycontrol Dot Com India Limited (MCD) on 21 May, 2000. Shares of E-18 were sold to E-18 Limited, Cyprus (E-18, Cyprus) on 15 June 2006 and subsequent to the sale E-18 became a subsidiary of E-18 Limited, Cyprus.

iv. iNews.com Limited was incorporated on 28 August, 2000 as a subsidiary of TV18 and is yet to commence operations.

v. RVT Investments Private Limited was incorporated on 9 July, 2006 as the subsidiary of TV18 with the primary objective of dealing or trading in shares, securities and debentures.

vi. Newswire18 Limited (Newswire) was incorporated on 18 September, 2006 as Livewire Motion Pictures Private Limited. Newswire became a subsidiary of the Company consequent to the transfer of the entire share capital of the promoters of Livewire Motion Pictures Private Limited i.e. Raghav Bahl, Sanjay Ray Chaudhuri and Vandana Malik, to the Company on 15 November, 2006. The name change was effective from 1 December, 2006 pursuant to a resolution passed by the members for the same. During the year ended 31 March, 2007 Newswire acquired the staff and business of Crisil Market Wire Limited, India's first real-time financial news agency and market data platform Company.

vii. Television Eighteen Media and Investment Limited (TEMIL) was incorporated in Mauritius under the Companies Act 2001, on 28 November, 2007 and is a wholly owned subsidiary of the Company. TEML has been incorporated with the primary objective of engaging in media business and investing in media undertakings.

viii. TV18 acquired a majority stake in I-Ven Interactive Limited during the year ended 31 March, 2009. Further, TV18 acquired control of the Board of Directors of Infomedia18 Limited (formerly Infomedia India Limited), a listed company which is a subsidiary of I-Ven, on 21 August, 2008. A scheme of arrangement to merge I-Ven into Infomedia had been filed with the Hon'ble High Court of Bombay on 18 February, 2009.The scheme became effective from 25 August, 2009(See note 8&35) . Infomedia, its subsidiaries and its joint venture company are engaged in print media operations including publishing of business directories and special interest magazines in India, printing, E-publishing services and agency services.

ix. Jagran 18 Publications Limited was incorporated on 10 March, 2008 as a 50:50 Joint Venture between Television Eighteen India Limited and Jagran Prakashan Limited. TV18 had not yet commenced its business operations as at the year end.

C. In relation to ibn18 Broadcast Limited (ibn18)

i. ibn18 Broadcast Limited was incorporated on 6 June, 2005 as Global Broadcast News Private Limited. It was converted into a public limited Company and a revised Certificate of Incorporation was issued to give effect to this change w.e.f. 12 December, 2005. Later, the name of the ibn18 was changed to ibn18 Broadcast Limited and a revised Certificate of Incorporation was issued to give effect to this change on 02 April, 2008. ibn18 is in the business of broadcasting, telecasting, relaying and transmitting general news programmes and operates the news channel "CNN IBN" (consequent to a licensing and content sharing agreement with Turner Broadcasting System Asia Pacific, Inc.). The commercial operations of the Company commenced on 17 December, 2005. Further, after merger of ibn7 undertaking of Jagran TV Private limited, ibn18 is broadcasting, telecasting, relaying and transmitting hindi general news programmes and operates the news channel "IBN7".

ii. RVT Media Private Limited (RVT Media), a 100% subsidiary of ibn18 (including its 100% subsidiary AETN Media Private Limited with effect from 21 September 2011), is engaged in

the business of broadcasting, telecasting, transmitting or distributing in any manner, any audio, video or other programmes or software.

iii. Ibn18 Media & Software Limited (Jagran TV) is a 100% subsidiary of ibn18 with effect from 1 October 2007, pursuant to Scheme of Arrangement approved by the High Court Order dated 22 November, 2008.

iv. Ibn18 Mauritius Limited is a 100% subsidiary of ibn18 and is engaged in the principal activity of media business and investment in media undertaking.

v. IBN Lokmat News Private Limited , a 50% joint venture with Lokmat Newspapers Private Limited, is in the business of broadcasting, telecasting, relaying and transmitting general news programmes and operates the news channel "IBN Lokmat".

vi. Viacom18 Media Private Limited (Viacom18), a joint venture of ibn18 (with 50% shareholding), operates four TV channels ("Colors", "MTV" (India), "Nick" (India) and "VH1"), and has a films division ("Studio18"). Till March 31, 2009 Viacom18 was consolidated as an Associate with 33.71% holding. With effect from April 01, 2009, Viacom18 was consolidated as a joint venture with 33.71% holding till 14th July 2010 and thereafter at 50% holding. Excess of Purchase consideration over the parent company's share in the net worth of Viacom18 is considered as Goodwill.

D. In relation to Setpro18 Distribution Limited (Setpro)

Setpro18 Distribution Limited was originally incorporated on 28 September 1993 as Setpro18 Holdings Private Limited. The name of company was changed to Setpro18 Distribution Private Limited on 11 May 2007. Setpro was converted into a public limited company w.e.f. 20th May, 2008 and fresh Certificate of Incorporation was issued by The Registrar of Companies, NCT of Delhi & Haryana on 9th June 2008.Setpro is engaged in the business of Distribution of television channels.

E. In relation to Network 18 Holdings Limited, Cayman Islands (N18CI)

Network 18 Holdings Limited, Cayman Islands is the holding company of TV18 HSN Holdings Private Limited. The company held 58.74% shares in The Indian Film Company, Guernsey which were sold

F. In relation to TV18 HSN Holdings Limited, Cyprus

TV18 HSN Holding Limited is a Joint Venture between Network 18 Holdings Limited, Cayman Islands and SAIF II Mauritius Company Limited for the purpose of promoting and holding the Investment in TV18 Home Shopping Network Limited.

G. In relation to TV18 Home Shopping Network Limited, India (TV18HSN)

TV18 Home Shopping Network Limited (Formerly TV18 Home Shopping Network Private Limited), (the Company), was incorporated in India on 13 June 2006 as TV18 Home Shopping Network Private Limited. A fresh certificate of incorporation consequent to the change in name to TV18 Home Shopping Network Limited was issued by the Registrar of Companies, National Capital Territory of Delhi and Haryana on 10 June, 2008 under section 23(1) of the Companies Act, 1956.

The Company is primarily engaged in the business of distribution of consumer and other products and to provide services to customers at their doorstep pursuant to orders placed by the customers for listed vendor products on its television channel, website and on call centres operated specifically for this purpose.

3. Significant Accounting Policies

The financial statements are prepared under the historical cost convention on the accrual basis of accounting and in accordance with the Generally Accepted Accounting Principles (GAAP) in India and

comply with the Accounting Standards prescribed by the Companies (Accounting Standards) Rules, 2006 to the extent applicable.

The significant accounting policies adopted in presentation of the financial statement

A. Use of estimates

The preparation of financial statements in conformity with Generally Accepted Accounting Principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities on the date of the financial statements and the reporting amounts of income and expenses during the year. Examples of such estimates include provision for doubtful debts, future obligations under employee retirement benefit plans, income taxes, and useful life of fixed and intangible assets. Actual results could differ from these estimates. Any revision to accounting estimates is recognised prospectively in the current and future periods.

B. Basis of consolidation

These consolidated financial statements are prepared in accordance with the principles and procedures prescribed by Accounting Standard (AS 21) Consolidated Financial Statements, Accounting Standard (AS 23) Accounting for Investments in Associates in Consolidated Financial Statements and Accounting Standard (AS 27) Financial Reporting of Interests in Joint Ventures prescribed by the Companies (Accounting Standards) Rules 2006 for the purpose of preparation and presentation of consolidated financial statements.
The financial statements of the subsidiary companies, joint ventures and associates used in the consolidation are drawn up to the same reporting date as that of the Parent.

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

i. The financial statements of the Company and its subsidiary companies have been consolidated on a line-by-line basis by adding together like items of assets, liabilities, income and expenses. Inter-company balances and transactions and unrealised profits or losses have been fully eliminated.

ii. Interest in jointly controlled entities is reported using proportionate consolidation.

iii. The consolidated financial statements include the share of profit/loss of associate companies, which are accounted under the 'Equity method' as per which the share of profit/loss of the associate company has been added/adjusted to the cost of investment. An associate is an enterprise in which the investor has significant influence and which is neither a subsidiary nor a joint venture.

iv. The excess of cost to the Company of its investments in subsidiary companies over its share of the equity of the subsidiary companies at the dates, on which the investments in the subsidiary companies are made, is recognised as 'Goodwill' being an asset in the consolidated financial statements. Alternatively, where the share of equity in the subsidiary companies as on the date of investment, is in excess of cost of investment of the Company, it is recognised as 'Capital Reserve' and shown under the head 'Reserves and Surplus', in the consolidated financial statements.

v. Minority interest in the net assets of consolidated subsidiaries consists of the amount of equity attributable to the minority shareholders at the dates on which investments are made by the Company in the subsidiary companies and further movements in their share in the equity, subsequent to the dates of investments.

C. Revenue Recognition

i. Revenue from media operations includes advertising income, sponsorship income, income from portal operations, publishing of business directories, special interest magazines, printing services, E-publishing services and agency services and other related income and is recognised as follows:

- Revenue from sale of advertising time is recognised on the accrual basis when advertisements are telecast in accordance with contractual obligations.
- Advertising revenue from business directories is recognised in the period in which the directories are given for pagination (printing) and are accounted net of commissions and discounts.
- Advertising revenue from special interest magazines is recognised in the period in which the magazines are published and are accounted net of commissions and discounts.
- Advertisement revenue earned from displaying banner advertisements on the portal is recognised proportionately on the number of impressions achieved.
- Revenue from sponsorship contracts is recognised proportionately over the term of the sponsorship.
- Subscription revenue is recognised on the accrual basis in accordance with the terms of the contract with the distribution and collection agency for the services rendered.
- Subscription revenue from the Group's print publications is recognised as earned, prorata on a per issue basis over the subscription period.
- Circulation revenue includes sales to retail outlets/newsstands, which are subject to returns. The Group records these retail sales upon delivery, net of estimated returns. These estimated returns are based on historical return rates and are revised as necessary based on actual returns.
- Revenue from media related professional and consultancy services is recognised in accordance with contracts on rendering of services.
- Revenue from sponsor buttons placed on specific areas of the Group's websites which provide users with direct link to sponsor's websites, is recognised ratably over the period during which the advertisement is displayed.
- Revenue from content licensing is recognised proportionately over the period of the contract for sale of content.
- Income from online trading, comprising exclusivity fees received from customers for displaying their logos on the portal is recognised proportionately based on the volume of online trading generated or at the end of the contract period, whichever is earlier.
- Revenue from printing jobs is recognised on completion basis and is accounted net of taxes.
- Revenue from traded products is recognised when the significant risks and rewards of ownership of the products has passed to the buyer and is stated net of taxes and discounts.
- Revenue from event sale is recognised on the completion of the event and on the basis of the related service performed.
- Revenue from E-publishing for projects undertaken is recognised at the time when invoice is raised as per the terms settled with the customers.
- Program revenue is accounted for on dispatch of programs to customers in accordance with contract on rendering services.
- Agency commission revenue is recognised as per the terms of agreement with the principals, on rendering of relevant services.
- Circulation revenue is recognized as and when magazine is dispatched to the news stand for sale.
- Subscription revenue of TV channels which is recognised on accrual basis in accordance with the terms of the contract with the distribution and collection agency.
- Revenue from export of television programmes are recognised when the programmes are dispatched to the customer.
- Income from operations in the case of TV18 Home Shopping Network Limited primarily comprises commission earned on sale of products directly by the vendors to the customers whose orders are processed through the company's distribution channel and is recognize at the time of delivery of products or services to the customers in accordance with contracted terms with the vendors.

ii. Commission

- Advertisement sales commission from acting as an advertising agent is recognised when the advertisement is transmitted and the necessary intimation is received from the principal.
- Revenues from production and supervision commission are recognised on the basis of completion of milestone of the movies under production

iii. Licensing and merchandising revenue is recognised as per the terms of the arrangement.

iv. Other Sales and Service Income

- Brand Solutions and Marketing Partnership revenue is recognised as per the terms of the arrangement.
- Revenues from distribution commission are recognized on the date of release of the movie.

v. Revenues from theatrical distribution of movies are recognised on the theatrical release of the movie.

vi. Revenues from sale of rights of movies are recognised in accordance with the licensing agreement. In case of the in-house distribution of DVDs/VCDs revenue is recognized on delivery.

vii. Interest income is recognised on time proportionate basis taking into account the amount outstanding and the rate applicable.

viii. Equipment rental is accounted for on the accrual basis for the period of use of equipment by the customer. Other receipts are recognised on rendering of services or accrual basis in accordance with contracts with customers.

ix. Dividends on investments are accounted for when the right to receive dividend is established.

x. Profit / Loss on sale of investments are computed on the basis of weighted average cost on the date of disposal of investments.

D. Fixed Assets

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

In case of Television Eighteen India Limited, Borrowing costs relating to acquisition of fixed assets which takes substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to be put to use. Acquired brands/domain names are capitalized at cost of acquisition and disclosed as intangible assets.

E. Depreciation

Depreciation on all assets is charged on straight line basis over the estimated useful lives using rates (including double / triple shift depreciation rates wherever applicable) prescribed by Schedule XIV of the Companies Act, 1956, except in respect of:

i. Cost of improvements to leasehold premises which is amortised over the remaining period of lease (including renewal options) of the premises.

ii. Computer software which is depreciated over a period of 5 years in case of Television Eighteen India Limited (TV18) and Newswire18 Limited and 4 years in case of Infomedia and 3 years in case of Web 18 Holding and its subsidiaries (Web Group).

iii. In the case of Infomedia group, Furniture, Fixtures, Electrical and office equipment in leased premises are depreciated over the period of office lease on a straight line method or life of the asset whichever is lower.

iv. Furniture and fixtures which are depreciated over a period 10 years in case of TEML and 5 years in case of the Web Group.

v. Vehicles which are depreciated over a period of 4 years in case of Web Group.

vi. Vehicles of Infomedia and its subsidiaries, which are depreciated on the written down value method at the rates specified in Schedule XIV of the Companies Act, 1956

vii. Plant & machinery - distribution equipment which is depreciated over a period of 8 years in case TV18.

viii. Plant & machinery which is depreciated over a period of 5 years in case of TEML and 2-5 years in case of the Web Group.

ix. Computer hardware which is depreciated over a period of 3 years in case of the Web Group.

x. Web site development costs that provide additional functions or features to the Web Group's website are capitalised and amortised over the estimated life of two years.

xi. Major reconditioning expenses on plant, machinery and equipment of Infomedia Group are depreciated over a period of three years or life of the assets, whichever is lower.

xii. Cost of leasehold land is amortised over the period of lease.

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

xiv. Goodwill arising on acquisition of assets and acquired brands are amortised over a period of five years.

xv. Depreciation on additions is charged proportionately from the date of acquisition/ installation except in case of TEML where the assets are depreciated for the full year in the year of acquisition. Assets costing Rs. 5,000 or less individually are fully depreciated in the year of purchase.

xvi. Depreciation on assets disposed-off during the year is charged proportionately till the date of sale except in the case of TEML where no depreciation is charged in the year of disposal.

xvii. Viacom18 is providing depreciation / amortisation of fixed assets on straight line method on a prorata basis at the following rates:

Black berry and mobile phone handsets	100.00%
Furniture and fixtures, Office equipment, Integrated Receiver Decoder, Studio equipment, Audio video equipment and Motor Vehicles	20.00%
Computer hardware	33.33%
Computer software, Leasehold improvements (* 3 years or licence / lease period whichever is less)	33.33%*

xviii. In the case of TV18 Home Shopping Network Limited Vehicles are depreciated over a period of 6.67 years and plant and machinery –office equipment (communication equipment) and office equipment (others) is being depreciated over a period of 3 years and 6.67 years respectively. These rates are higher than those prescribed under Schedule XIV of the Companies Act, 1956.

F. Goodwill on consolidation

The Group accounts for goodwill arising on consolidation at cost and recognises where applicable, any impairment. The difference between the proceeds from the disposal of investment in the subsidiary companies and the carrying amount of its assets less liabilities as of the date of disposal is adjusted against the unamortized goodwill and capital reserve as on the date of disposal.

G. Impairment of tangible assets

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

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

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

H. Inventory valuation

In the case of Network 18 Inventory includes consumables for events and are amortised over their estimated useful lives.

Inventories comprising stocks of used and unused tapes, work-in-progress and completed pilot programmes are stated at cost on first in first out basis. Stocks of tapes in the case of TV18 are written off over their useful life which is estimated to be three years, while in the case of ibn18 these are written off at the time of purchase. In the case of the parent company, inventory comprises consumables for events , which are written off over the estimated useful life of 3 events.

Viacom18 amortizes the cost of motion picture rights acquired by it, on first theatrical release of the movie, for the film production and distribution business division. The said amortization is made proportionately on domestic Theatrical Rights. Television Rights, Music Rights and Video Rights, as applicable to each case, based on Management estimate of revenue from each of these rights. In case of aforesaid rights being not exploited along with or prior to the first theatrical release, proportionate appropriated cost of the said right in carried forward to be written off as and when such right is commercially exploited or at the end of the one year from the date of first theatrical release, whichever occurs earlier.

Inventory, thus comprises unamortized cost of such movie rights along with amounts paid for motion pictures under production / in process.

Viacom18 evaluates the realizable value and /or revenue potential of inventory on an annual basis and appropriate write down is made in cases where accelerated write down is warranted.

Viacom18 evaluates the realizable value and / or revenue potential of inventory of its general entertainment channel based on the type of programming assets. The program costs are expensed over the license period or as determined in this policy as mentioned hereunder:

i. Under the fiction and non-fiction category for local and / or foreign shows, the amortisation would be 90% in the first year of telecast and the balance 10 % amortised evenly in the second year.

ii. For events, in case of multiple run rights, the amortization would be 60%, 20% and 20% in the first, second and third years respectively, for a three years right and 60% and 40% in the first and second years respectively, for a two years right.

iii. For movies, in case of multiple run rights, the amortization would be 50%, 30% and 20% in the first, second and third years respectively, for a three years right and 50% each in the first and second years, for a two years right. Movies having either a single or multiple run rights and costing up to Rs.1.5 million would be fully amortised on the first airing.

iv. Work-in-progress (program under preparation) is valued at cost in Viacom18. Finished goods (Completed program) are valued at cost or net realisable value, whichever is less.

v. In relation to Infomedia18 - Other inventories of raw materials like paper and binding material, work

in progress and finished goods are valued at lower of cost or net realisable value. Cost is determined on a weighted average basis. Net realisable value is the estimated selling price in the ordinary course of business less estimated costs of completion and to make the sale.

I. Investments

Long term investments are stated at cost less provision for other than temporary diminution in the carrying value of each investment. Current investments are carried forward at lower of cost or fair value.

J. Employee Benefits

i. The Group's Employee's Provident Fund scheme is a defined contribution plan. The Group's contribution to the Employees' Provident Fund is charged to the profit and loss account during the period in which the employee renders the related service.

ii. Short term employee benefits (Medical, Leave travel allowance, etc.) expected to be paid in exchange for the services rendered is recognised on undiscounted basis.

iii. The Group provides for gratuity, a defined benefit retirement plan (the "Gratuity Plan") covering eligible employees. In accordance with the Payment of Gratuity Act, 1972, the Gratuity Plan provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment.

The present value of the obligation under such defined benefit plan is determined based on actuarial valuation using the projected unit credit method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation is measured at the present value of the estimated future cash flows. The discount rate used for determining the present value of the obligation is based on the market yields on government securities as at the balance sheet date. Actuarial gains/losses are recognised immediately in the profit and loss account. The expected rate of return of plan assets is the Group's expectation of the average long term rate of return expected on investments of the fund during the estimated term of the obligations. Plan assets are measured at fair value as at the Balance Sheet date.

The Group makes contributions to funds administered and managed by the insurance companies for the amount notified by the said insurance companies. The present value of the obligation under such defined benefit plans for the Group is determined based on actuarial valuation using the projected unit credit method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation is measured at the present value of the estimated future cash flows.

The discount rate used for determining the present value of the obligation is based on the market yields on government securities as at the balance sheet date. Actuarial gains/losses are recognised immediately in the profit and loss account.

The liability with respect to the Gratuity Plans is determined based on actuarial valuations done by independent actuaries at the year end and any differential between the fund amount as per the insurer and the actuarial valuation is charged to revenue.

iv. Benefits comprising long term compensated absences constitute other long term employee benefits. The liability for compensated absences is provided on the basis of an actuarial valuation done by an independent actuary at the year/period end. Actuarial gains and losses are recognised immediately in the profit and loss account.

v. In case of Infomedia, voluntary retirement compensation is fully charged off in the year of severance of service of the employee

K. Miscellaneous Expenditure

Processing fees paid to various lenders are shown as preliminary expanses and amortised equally over the period for which the funds are acquired in case of Infomedia Group.

L. Foreign Currency Translation

Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of the transaction. Exchange differences on foreign exchange transactions settled during the year are recognised in the profit and loss account.

Monetary items denominated in foreign currency and outstanding at the balance sheet date are translated at the exchange rate prevailing at the date of balance sheet, the resultant exchange differences are recognised in the profit and loss account.

In case of forward exchange contracts, the premium or discount arising at the inception of such contract, is amortised as income or expense over the life of contract as well as exchange difference on such contracts i.e. difference between the exchange rate at the reporting/ settlement date and the exchange rate on the date of inception/ last reporting date, is recognised as income/ expense for the period. Any income or expense on account of exchange differences either on settlement of the contract or on translation of unmatured foreign currency contract at the rate prevailing on the balance sheet date is recognised in the profit and loss account.

In respect of foreign integral operations, monetary assets and liabilities are translated at the exchange rate prevailing at the date of the balance sheet. Non-monetary items are translated at the historical rate; the items in the profit and loss account are translated at the average rate during the year. The differences arising out of the translation are recognised in the profit and loss account.

In respect of foreign non integral operations, asset and liabilities are translated at the exchange rate prevailing at the date of the balance sheet. The items in the profit and loss account are translated at the average exchange rate during the year. The differences arising out of the translation are transferred to the exchange translation reserve.

M. Borrowing Costs

Borrowing costs that are directly attributable to acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset when it is probable that they will result in future economic benefits to the enterprise and the costs can be measured reliably.

Other borrowing costs are recognised as an expense in the period in which they are incurred.

N. Employee Stock Option Scheme (ESOS)

Stock options granted to the employees under the stock options schemes are accounted at intrinsic value as per the accounting treatment prescribed by the guidance note on Employee share based payments issued by the Institute of Chartered Accountants of India. Accordingly, the excess of market price, determined as per the guidance note, of underlying equity shares (market value), over the exercise price of the options is recognised as deferred stock compensation expense and is charged to profit and loss account on a straight line basis over the vesting period of the options. The amortised portion of the cost is shown under reserves and surplus.

O. Tax

Income tax comprises current income tax and deferred tax. Current tax is determined in accordance with the provisions of the Income Tax Act, 1961. Advance taxes and provisions for current taxes are presented in the balance sheet after off - setting advance taxes paid and income tax provisions.

Deferred tax charge or credit is recognised on timing differences being the difference between taxable income and accounting income that originate in one period and are capable of reversal, subject to

consideration of prudence, in one or more subsequent periods. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Minimum alternate tax (MAT) paid in accordance with the provisions of the Indian Income Tax Act, 1961, which gives rise to future economic benefit in the form of adjustment from income tax liability, is recognised when it is reasonably certain that the same will be set off and adjusted from the current tax charge for that year.

Tax provisions for overseas subsidiaries/ joint ventures are determined in accordance with the tax laws of their respective country of incorporation.

P. Website development costs

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

Q. Accounting for Employee Share Based Payments

Measurement and disclosure of the employee share based payment plans is done in accordance with the Guidance Note on Accounting for Employee Share-based Payments, issued by the Institute of Chartered Accountants of India (ICAI). The Company measures compensation cost relating to employee stock options using the intrinsic value method. Compensation expense is amortised on a straight line basis/graded basis over the vesting period of the stock option/award. Modifications to stock option/award schemes are effected in line with the Guidance Note on Accounting for Employee Share-based Payments, issued by ICAI.

R. Provisions and Contingencies

A provision is recognised when the Group has a present obligation as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and reliable estimate can be made of the amount of the obligation. A contingent liability is recognised where there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources.

S. Leases

i. Operating Lease

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased asset are classified as operating leases. Operating lease charges are recognised as an expense in the profit and loss account on a straight-line basis over the lease term.

ii. Finance Lease

Leases under which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. The lower of fair value of assets and present value of minimum lease rentals is capitalised as fixed assets with the corresponding amount shown as lease liability. The principal component in the lease rentals is adjusted against the lease liability and the interest component is charged to the profit and loss account.

T. Earnings per Share

The Group reports basic and diluted earnings per equity share in accordance with Accounting Standard 20, Earnings Per Share. A basic earnings per equity share is computed by dividing net profit after tax by the weighted average number of equity shares outstanding during the year. Diluted earnings per

equity share is computed using the weighted average number of equity shares and dilutive potential equity shares outstanding during the year except where the result would be anti dilutive.

U. Segment Information

i. Business segments

Based on similarity of activities, risks and reward structure, organisation structure and internal reporting systems, the Group operates in the media business segment mainly comprising media and related operations. This includes television, internet and print media including publishing.

ii. Geographic segments

Secondary segmental reporting is performed on the basis of the geographical location of customers i.e. within India and overseas.

V. Barter Transactions

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

W. Derivative Instruments

As per the Institute of Chartered Accountants of India announcement on derivative accounting, accounting for derivative contracts other than those covered under Accounting Standard 11 (AS-11) – The Effects of Changes in Foreign Exchange Rates, are marked to market on a portfolio basis and the net loss after considering the offsetting impact on the underlying hedged item is charged to the profit and loss account. Net gains are ignored.

4. Schemes of Arrangement

A. The Board of Directors of the Network 18 Media & Investments Limited (Network 18) , Television Eighteen India Limited (TV18) and ibn18 Broadcast Limited (ibn18) in their meetings held on 7 July, 2010 considered and approved a Scheme of Arrangement ("the Scheme") between 'Network 18', ibn18 , TV18 and other group companies, under sections 391 to 394 read with section 78, 100 to 103 of the Companies Act, 1956. As per the Scheme :

i. TV18's television businesses inter-alia consisting of business news channels viz. CNBC TV18 and CNBC Awaaz will be demerged and consolidated with ibn18 . On the same date, the residual businesses of TV18 with all its investments will be merged and consolidated with Network18 . As per the Scheme, the shareholders of TV18 will be given 68 shares of ibn18 and 13 shares of Network18 in lieu of 100 shares held in TV18 . Upon the Scheme becoming effective, the results of operations, assets and liabilities relating to the television business of TV18 shall be transferred to ibn18 and the residual business will be merged with Network18. TV18 will be dissolved without the process of winding up in accordance with the provisions of the Scheme and the provisions of the Companies Act, 1956.

ii. the web business of some subsidiaries i.e., Web18 Software Services Limited, Care Websites Private Limited, and Television Eighteen Commoditiescontrol.com Limited ("Web business") will be transferred to Network18.

The above mentioned Schemes have been sanctioned by the Hon'ble High Court of Delhi on 26 April011. The appointed date for the proposed restructuring is 1 April, 2010 and the Scheme shall be effective when the certified copies of the High Court Orders are filed with the jurisdictional Registrar of Companies, which is still pending. Accordingly no effect of the proposed restructuring has been given in these financial statements.

B. The Board of Directors of Infomedia 18, on July 7, 2010 announced and approved a Scheme of Arrangement ('the Scheme') between Infomedia 18 Limited and Network 18 Media & Investments Limited ('Network 18") and their respective shareholders and creditors. As per the Scheme, the

Business Directories business, the New Media business and the Publishing business of the Company shall be demerged into Network 18 while the Printing Press business will continue to remain with Infomedia 18. The Scheme has been approved by the shareholders and creditors (secured and unsecured) of Infomedia 18 at their meetings held on 23 February, 2011, convened pursuant to the directions of the Hon'ble High Court of Delhi.

The Appointed date for the proposed restructuring is 01 April, 2010 and the Scheme shall be effective when the Scheme is approved by the High Court and certified copies of the High Court Orders are filed with the Registrar of Companies .Accordingly no effect of the proposed restructuring has been given in these financial statements.

5. Contingent Liabilities

A. In respect of Guarantees given by the group for borrowings of others

Name of Guarantor	Current year	Previous Year	Borrower
Ibn18 Broadcast Limited	**249**	272.50	IBN Lokmat
TV18/ Network 18 (USD 25 million in the previous year)	**Nil**	1129.00	Capital 18 Limited, Mauritius
TV18/Network 18/ RVT (USD 42.50 million)(USD 85 million)	**1,897.63**	3,972.32	BK Holdings Limited

B. In the case of Network 18

i. Shortfall undertaking given in favour of a lender in connection with loans extended to B K Holdings Ltd., Mauritius amounting USD 42.50 million (the outstanding balance 40 million)**.**

ii. Security provided given in favour of the lender in connection with the loan to NT18Group Senior Professional Welfare Trust Rs 2552 million.

iii. Indemnities given to Roptonal Ltd (A subsidiary of Viacom) in connection with (a) making good the shortfall, if any, in the cash realised from exploitation of the Film library and receivables (valued together at GBP 5.05 million) of The Indian Film Company (TIFC) , Guernsey. TIFC was taken over by Roptonal in September 2010 (b) reimbursement of income taxes ,if any , to pay by TIFC in relation to liabilities arising in India.

C. In the case of TV18

i. Claims against the TV18 , Infomedia and its subsidiaries (Infomedia Group) not acknowledged as debts include demands raised by Income Tax authorities Rs. 84.93 million (Previous year Rs. 84.93 million) and Rs. 109.87 million (Previous year Rs. 40.46 million respectively. Amounts deposited by the Companies against claims - Rs.82.41million (Previous year Rs.82.41 million). No provision has been made in the accounts for these demands as the Group expects a favorable decision in appeal.

ii. Sales tax / Works contract tax matters disputed by the Infomedia Group relating to issues of applicability, allowability, etc. aggregate to Rs. 41.56 million (Previous year Rs. 6.62 million). No provision has been made in the accounts for these demands as in the opinion of management no material liability is likely to arise on account of such matters.

iii. Value Added Tax (VAT) matters disputed by the Infomedia Group with VAT authorities relating to issues of allowability aggregating to Rs. Nil (Previous year Rs. 1.78 million). The Infomedia Group had made an appeal on this issue with appellate authorities. No provision has been made in the accounts for these demands as in the opinion of the management no material liability is likely to arise on account of such matters.

iv. Third party claim relating to Service Tax matters disputed by the Infomedia Group aggregating to Rs. 16.99 million (Previous year Rs. Nil).Matter is pending with Allahabad

High Court. No provision has been made in the accounts for these demands as in the opinion of the management no material liability is likely to arise on account of such matters.

v. In respect of Infomedia Group, third party claims relating to compensation before Monopolies and Restrictive Trade Practices Commission aggregate to Rs. nil million (Previous year Rs. 20 million) net of tax Rs. nil million (Previous year Rs. 13.27 million).

vi. Guarantees given by banks on behalf of the company outstanding at year end Rs. 37.39million (Previous year Rs. 37.77 million). Bank guarantee given by Infomedia Group to Bombay Stock Exchange ('BSE') towards issue of Equity shares on rights basis amounting to Rs. 5 million (Previous year Rs. 5 million). Share in corporate guarantees given by an associate amounts to Rs.29.50million (Previous year 57.69 million).

vii. TV18 and its subsidiary iNews.com Limited have extended corporate guarantee amounting to Rs.50.90 million (Previous year Rs. 50.90 million), in favour of ICICI Home Finance Company Limited in consideration of loan facility extended by ICICI Home Finance Company Limited to the employees of the Parent. As at the year end, Rs. 47.48 million (Previous year Rs. 47.92 million) was outstanding in respect of such loan.

viii. TV18 has given corporate guarantee of Rs.320 million (Previous year Rs. 320 million) towards fund based/non - fund based credit facility given by ICICI Bank Limited to ibn18 Broadcast Limited (formerly Global Broadcast News Limited). As at the year end, Rs. 40 million (Previous year Rs. 120 million) was outstanding in respect of such loans.

ix. TV18 had extended corporate guarantee of USD 25 million (Previous year USD 25 million i.e. approximately Rs. 1,128.50 million) to The Hongkong and Shanghai Banking Corporation Limited for loans taken from Kingfisher Capital CLO Limited by Capital 18 Limited, a company incorporated in Mauritius and a step down subsidiary of the Company. As at the year end, the entire loan has been repaid by Capital 18 Limited and the corporate guarantee has been discharged.

x. The Parent has extended corporate guarantee of USD 85 million, i.e., approximately Rs.3,795.25 million (Previous year Rs. 3,836.90 million) to ICICI Bank Canada for BK Holdings Limited, a company incorporated in Mauritius and a step down subsidiary of the Company. As at the year end, USD 40 million, i.e. approximately Rs. 1,786 million (Previous year Rs. 3,611.20million) was outstanding in respect of such loans.

xi. The Parent had extended corporate guarantee of USD 40 million (Previous year USD 40 million i.e. approximately Rs. 1,805.60 million) to Viacom 18 Media Private Limited (Viacom) (formerly MTV Networks India Private Limited) for and on behalf of BK Holdings Limited, Mauritius in respect of investments to be made by BK Holdings Limited/ ibn18 Broadcast Limited. During the year, the balance commitment of investments of 10 millions (Previous year USD 10 million i.e. approximately Rs. 451.40 million) was met and the corporate guarantee stands discharged at the year end.

xii. The Parent and an associate have purchased fixed assets under the 'Export Promotion Capital Goods Scheme'. As per the terms of the license granted under the scheme, the Parent/associate have undertaken to achieve an export commitment of Rs. 351.32 million (Previous year Rs. 398.34 million)and Rs. 155.76 million (Previous year Rs. 156.79 million) respectively over a period of 8 years, which expire over the period 7 August, 2013 to 13 November, 2014.In the event the Parent/associate are unable to execute the export obligations, the Parent shall be liable to pay customs duty of Rs. 12.88 million (Previous year Rs. 23.51 million) and share in the customs duty liability of the associate would be Rs. 19.47 million(Previous year Rs. 19.60 million) along with interest on the same at the rate of 15 per cent compounded annually in the event of non fulfillment of the export obligations. The Parent had fulfilled its export obligations of Rs. 351.32 million (Previous year Rs. 351.32 million) and had made an application to the Director General of Foreign Trade for issuance of the export obligation discharge certificates (EODC). As at the yearend 31 March, 2011 the Parent had received EODC aggregating to Rs. 248.30 million and approval for the balance is

awaited. The associate is hopeful of meeting the export obligations of Rs.24.25 million (Previous year Rs. 24.41 million).

xiii. Mr. Victor Fernandes and other ("plaintiffs") had on 25 August, 2006 filed a suit as derivative action on behalf of e-Eighteen.com Limited before the High Court of Bombay against Mr. Raghav Bahl, Television Eighteen India Limited (TV18) and other TV18 group entities. The plaintiffs are minority shareholders of e-Eighteen.com Limited and have alleged that Mr. Raghav Bahl, TV18, ICICI Global Opportunities Fund and e-Eighteen.com Limited had entered into a subscription cum shareholders agreement dated 12 September, 2000 under which Mr. Raghav Bahl and TV18 had inter alia undertaken that any opportunity offered to them shall only be pursued or taken up through e-Eighteen.com Limited or its wholly owned subsidiaries. The plaintiffs have alleged that Mr. Raghav Bahl and TV18 have promoted and developed various businesses through various entities which should have under the aforesaid agreement rightfully been undertaken by e-Eighteen.com Limited or its wholly owned subsidiaries. The plaintiffs have alleged that by not doing so Mr. Raghav Bahl and TV18 have caused monetary loss to e-Eighteen.com Limited as well as to the plaintiffs. The plaintiffs have valued their claim in the suit at Rs. 31,140.60 million and have inter alia prayed that Mr. Raghav Bahl, TV18 and other TV18 group entities be ordered to transfer to e-Eighteen.com Limited all their businesses, activities and ventures along with all assets and intellectual property. The plaintiffs had filed a notice of motion on 18September, 2006 seeking ad interim relief. A reply had been filed with the Bombay High Court on 14 November, 2006. The said notice of motion was dismissed on 8 August, 2008 against which the plaintiffs have filed an appeal before the division bench of the Bombay High Court. The said appeal is pending for hearing and final disposal.

Based on the legal advice by the legal counsel, management is of the view that the above claim made by the plaintiffs is unlikely to succeed and has accordingly made no provisions in the financial statements.

xiv. The Group has received legal notices of claims, lawsuits and proceedings filed against it which arise in the ordinary course of the business and relating to monetary loss and defamation suits in relation to the news content broadcast by the Company and /or TV18 group entities {the aggregate claim in respect of the latter being Rs. 3,100.00 million, (Previous year Rs. 3,100.00 million)}. Further, the share in the contingent liability of an associate amounted to Rs. 5.08 million (Previous year Rs. 5.10 million). In the opinion of the management, no material liability is likely to arise on account of such claims/law suits in relation to its financial position, or results of operations.

xv. Damages/ claims filed against the Company and other group entities amounting to Rs. 2,600 million, by the former channel distributor of the Company. A counter claim has been filed for damages of Rs. 2,540 million along with a claim for recovery of dues of Rs. 214 million against the distributor. The matter is pending before the Hon'ble High court of Delhi. No provision has been made in the accounts for these demands as the Company expects a favorable decision.

xvi. RVT Investments Private Limited has given a shortfall undertaking, for a loan of USD 40millioni.e., approximately Rs.1,786 million (Previous year USD 77 million i.e. approximately Rs. 3,475.78 million)from ICICI Bank Canada, availed by BK Holdings Limited, a company incorporated in Mauritius and a step down subsidiary of the Parent, to the extent of its investment in ibn18 Broadcast Limited.

xvii. The Group's share in the contingent liability of a joint venture of an associate in respect of claims not acknowledged as debts amounted to Rs. 5 million (Previous year Rs. 0.20 million) and guarantees amounted to Rs. 778.87 million (Previous year Rs. 0.11 million) as at the year end.

D. In the case of ibn18

i. The company has purchased capital equipment under the 'Export Promotion Capital Goods Scheme'. As per the terms of the licenses granted under the scheme, the company has

undertaken to achieve an export commitment of Rs. 740.64 million (Previous year Rs. 740.64 million) over a period of 8 years commencing from 10 August, 2005. In the event the company is unable to execute its export obligations, the company shall be liable to pay customs duty of Rs. 92.58 million (Previous year Rs. 92.58 million) and interest on the same at the rate of 15 per cent compounded annually. The banks have given a guarantee amounting to Rs. 115.30 million (Previous year Rs. 115.30 million) on behalf of the company to the custom authorities for the same. The company is hopeful of meeting the required export obligation.

ii. A bank has given a guarantee amounting to Rs. 25.00 million (Previous year Rs. 25.00 million) on behalf of the company to The Listing Department, Bombay Stock Exchange Limited.

iii. The company has received legal notices of claims / lawsuits filed against it relating to infringement of copyrights, objectionable contents and defamation suits in relation to the programmes produced by it, the aggregate claim being Rs. 3,124.15 million (Previous year Rs 3,124.11 million). In the opinion of the management, no material liability is likely to arise on account of such claims/law suits and thus no provision has been made against these in financial statements.

iv. Viacom18 has following contingent liabilities:

(Rs. In million)

Particulars	Total	Group's share
Claims against the Viacom18 not acknowledge as debts	47.59	23.80
Taxation matters in respect of which appeals are pending	740.63	370.32

E. In the case of **TV18 Home Shopping Network Limited**

Bank guarantees issued by bank on behalf of company Rs.95,00,000 (Previous year Rs.Nil)

6. Operational outlook

The Group has incurred post tax losses of Rs.76.47 million during the year ended 31 March, 2011. These losses mainly arose due to losses in the Infomedia Group, Web Group, TV18, Network 18 and in Newswire.

During the previous year, the Infomedia had raised equity vide rights issue to augment its equity. The Infomedia Group is in the process of restructuring its businesses (refer note 4 above) . The Group's Printing Press business may also be sold off. In the event that the assets of the Printing Press business are sold off, the Group shall consider starting a new line of business in the Company out of the resulting cash. The Infomedia Group has also sold its entire equity stake in its four subsidiaries carrying on the Publishing BPO business which has resulted in significant cash flows to the Company during the year ended 31 March, 2011.

Web Group is also currently implementing a restructuring plan (refer note 4 above) . As per the Scheme the Web business of some subsidiaries i.e., Web18 Software Services Limited, Care Websites Private Limited, and Television Eighteen Commoditiescontrol.com Limited ("Web business") will be transferred to Network18.The Web Group has received a letter of support from the ultimate Holding Company,Network18 Media & Investments Limited of continuing operating and financial support in the foreseeable future.

Newswire has incurred operating losses during the year ended 31 March, 2011 and there has been an erosion in its networth. Management expects to achieve operational break even and to generate profits in due course.

7. Share Capital

A. In relation to Network 18 Media & Investments Limited (N18 Media)

i. During the period under review
- 3,554,824 (232,645) Equity shares were issued pursuant to Stock Option plans,
- 1,000,000 (17,181,818) Equity shares were issued consequent to conversion of SOFCDs which were issued at a rate of Rs 110/- per SOFCD share (Note 6 a) ,

ii. Share application money has been received from employees for employees stock option plans.

B. In relation to TV 18 (TV18/ the company)

i. Increase in the Authorised Share capital

The Company had given a postal ballot notice dated 13 May, 2009 to its shareholders pursuant to Section 192A of the Companies Act, 1956 for reclassification of the authorised share capital of the Company comprising 20,00,00,000 equity shares of Rs. 5 per share and5,00,000 preference shares of Rs. 100 each aggregating to Rs. 1,050,000,000, to 210,000,000 equity shares of Rs. 5 each aggregating to Rs. 1,050,000,000 and for increasing the authorised share capital of the Company from Rs. 1,050,000,000 (comprising 210,000,000 equity shares of Rs. 5 each) to Rs. 2,050,000,000 (comprising 410,000,000 equity shares of Rs. 5 each). The result of the postal ballot was announced on 22 June, 2009 whereby the aforesaid resolutions were duly approved by the shareholders of the Company.

ii. Rights issue

During the previous year ended 31 March, 2010 the Company had made a rights issue of 60,007,121 equity shares of Rs. 5 each at a premium of Rs. 79 per share aggregating to Rs. 50,405.98 lakhs to the existing shareholders of the Company. The rights issue opened on 29 September, 2009 and closed on 14 October, 2009.

Pursuant to the approval dated 26 October, 2009 of the Right Issue Committee, the Company had allotted 60,007,121 equity shares of Rs. 5 each at a premium of Rs. 79 per share. The Company had called Rs. 21.00 per share on application, Rs. 29.40 per share on first call and Rs. 33.60 per share on the final call on the allotted shares.

During the year ended 31 March, 2011, of the 1,979,148 equity shares which were partly paid up to the previous year 1,354,752 equity shares have been converted into fully paid up equity shares. Consequently, the paid up equity share capital of the Company has increased by Rs. 39.13 lakhs and Securities premium amount has increased by Rs. 618.25 lakhs. As on 31 March, 2011, there were 624,396 partly paid shares in respect of which calls were in arrears.

C. In relation to IBN 18

The shareholders of the company at the Extra Ordinary General Meeting held on 22 December, 2008 had approved the issue and allotment of 15,000,000 Convertible Warrants (Warrants) at a price of Rs.102/- each in accordance with the provisions of Chapter XIII of the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 to RVT Investments Private Limited (RVT Investments), a promoter group company. The Parent had allotted the aforesaid Warrants on 13 January, 2009 pursuant to which the Parent received Rs. 153 Million being 10% of the total amount of Rs. 1,530 million in respect thereof.
RVT Investments had in the year ending 31 March, 2009 applied for conversion of 12,500,000 Warrants and paid Rs. 1,147.50 million towards balance amount payable (Rs. 91.80 per share). The Parent had allotted 12,500,000 equity shares of face value of Rs. 2/- each upon conversion of Warrants at a premium of Rs 100/- per equity share as per the terms of issue of Warrants.

As at 1 April, 2009, 2,500,000 fully paid up Warrants amounting to Rs. 25.50 Million were outstanding for conversion into equity shares. The Parent had received the share application money against these Warrants for conversion into equity shares. During the year ending 31 March, 2010, the Parent had allotted 2,500,000 equity shares of face value of Rs. 2/- each upon conversion of remaining Warrants at a premium of Rs 100/- per equity share as per the terms of issue of Warrants.

D. In relation to TV18 Home Shopping Network Ltd

Preference Shares were issued as under:

i. 5% Optionally Convertible Preference Shares

During the period ended 31 March, 2007, TV18HSN had issued 101,181 5% optionally convertible preference shares of Rs. 100 each at a premium of Rs. 400 each to the holding company. These preference shares carry a 'put/call' option of conversion into equity shares of TV18 HSN at a price determined mutually by the subscriber and the Board of Directors of TV18 HSN in conformity with the applicable regulatory provisions relating to pricing prevailing at the time of exercise of the option. These shares will be redeemed after the expiry of 10 years, at a premium of Rs. 400 per share.

As at 31 March, 2010, in the absence of distribution profits, TV18 HSN has not created any Capital Redemption Reserve towards the repayment of 5% Optionally Convertible Preference Shares. TV18 HSN intends to use the balance in 'Security Premium Account' in providing for the premium payable on the redemption/conversion of preference shares and hence, not appropriated any amount towards the same.

ii. 0.01% Compulsory Convertible Preference Shares

During the previous year TV18HSN had issued 291,998 0.01% Compulsory Convertible Preference Shares of Rs. 100 each at a premium of Rs. 450 each to the holding company. These preference shares are compulsorily convertible into equity shares at any time during the period of 10 years from the date of issue at a price determined mutually by the subscriber and the Board of Directors of TV18 HSN in conformity with the applicable regulatory provisions relating to the price prevailing at the time of conversion. The preference shares shall be entitled to a premium, to be determined based on the maximum rate of dividend payable by an Indian company under the prevailing regulatory guidelines (on preference shares held by a foreign investor). The amount of premium will be reckoned over the term of the preference shares until conversion.

TV18 HSN intends to use the balance in 'Security Premium Account' in providing for the premium payable on the redemption/conversion of preference shares and has hence, not appropriated any amount towards the same.

8. Investments

A. In relation to Network 18

i. The Indian Film Company (TIFC) was incorporated in Guernsey as a wholly owned subsidiary of the company in April 2007 and the company invested GBP 10 million as Equity in TIFC. Consequent to dilution upon listing of TIFC, on the Alternative Investment Market of the London Stock Exchange in June 2007, it had ceased to be a subsidiary of the company. However pursuant to the acquisition , in an open offer , of 58.74 % shares of TIFC, Guernsey by Network18 Holdings, Cayman Island (a subsidiary of the company),and in addition to the 18.18% held directly by the company, TIFC became subsidiary of the company on September 7, 2009. The company has disinvested its investment in TIFC in an open offer on 20th October 2010 to Roptonal Limited which is 100% subsidiary of Viacom18 Media Private Limited.

ii. The 8% Cumulative Redeemable Non Convertible Preference Shares of Rs 100 each in BK Media Pvt Ltd, an entity owned and controlled by the Managing Director of Network 18 Media and Investments Limited are (a) redeemable at the end of 5 years from the date of issue, unless otherwise agreed by the Company and the issuer company and (b) proposed to be secured either by a personal guarantee of the promoters or by way of a first charge on all assets created or acquired by the issuer company. Note Non impairment .The investee company is incurring losses and has a negative Net Worth. However, having regard to the continued long term strategic involvement, management is of the view that no provision is considered necessary for diminution in the value of these investments.

B. In relation to TV18 group

i. Investment in Infomedia 18 Limited

a. The Company, I-Ven Interactive Limited ('I-Ven'), Infomedia 18 Limited (Infomedia) (formerly Infomedia India Limited) ('Target Company') and India Advantage Fund – II ('IAF II'), a trust constituted under the provisions of the Indian Trust Act, 1882, had entered into a Share Purchase, Share Subscription and Warrant Subscription Agreement dated 11 December, 2007 ('agreement'). As at the date of the agreement, the Target Company was a subsidiary of I-Ven and is listed on the Bombay Stock Exchange Limited ('BSE') and the National Stock Exchange of India Limited ('NSE'). Further, as at the date of the agreement, I-Ven held 12,396,999 equity shares of the Target Company representing 62.73% of the outstanding equity shares of the Target Company. As per the terms of the agreement, subject to statutory and regulatory clearances:

b. The Company agreed to purchase from IAF II such number of fully paid up equity shares of I-Ven ('sale shares') which would transfer to the Company an economic interest of 40% of the issued and paid up equity shares of the Target Company. In addition, the Company agreed to subscribe to and I-Ven agreed to issue and allot a stipulated number of fully paid up equity shares ('subscription shares') of I-Ven. As at the year ended 31 March, 2008, the Company had not purchased/subscribed to the above mentioned shares and had a commitment of Rs. 1,779 million as at the year ended 31 March, 2008, in respect of the above. Pursuant to the agreement, the said consideration was to be placed in an escrow account pending which the Company was to provide for interest, at the rate of 14 % per annum compounded monthly.

c. It was envisaged that the Company would make an offer ('offer') as per the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations 1997 to the shareholders of the Target Company for acquiring up to 20% of the voting capital of the Target Company. In the event, the Company is not able to acquire an economic interest of 53% of the issued and paid up equity shares of the Target Company after the offer and purchase of sale shares, IAF II agreed to sell additional equity shares ('subsequent sale shares') of I-Ven to the Company to ensure that the Company acquires an economic interest of 53% in the issued and paid up equity capital of the Target Company.

The offer closed on 28 April, 2008 and the Company acquired 720,931 equity shares (face value Rs. 10 each) at an aggregate cost of Rs. 170.86 million representing 3.63% of the voting capital of the Target Company pursuant to such offer.

d. The Target Company agreed to issue 5,000,000 warrants ('warrants') to the Company, in accordance with Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 – Guidelines for Preferential Issues. The warrant consideration price was fixed at Rs. 237 per warrant. Each warrant was convertible into one fully paid equity share of Rs. 10 each of the Target Company on exercise of options and on payment of the stipulated warrant exercise price. The option was exercisable during a period of 18 months from the date of allotment of warrants that is 7 February, 2008. During the year ended 31 March, 2008, the Company had paid 10% of the consideration price i.e. Rs. 23.70 per warrant aggregating to Rs. 118.50 million to the Target Company and 5,000,000 warrants were allotted to the Company.

ii. Further on 21 August, 2008:

a. IAF II agreed to transfer 5,451,900 shares of I-Ven held by it to the Company.

b. The Company agreed to subscribe to and pay for 2,775,566 shares of I-Ven, being the subscription shares, at a fair value determined as Rs. 216.17 per share.

As at 31 March, 2009, the Company had purchased/subscribed to 8,227,466 shares i.e. 63.98% of the issued and paid up equity shares of I-Ven amounting to Rs. 1,778.55 million. Further the Company had taken control of the Board of Directors of Infomedia on 21 August, 2008.

The Company had also paid interest amounting to Rs. 98.66 million during the year ended 31 March, 2009 for acquisition of Infomedia.

c. The Company had decided to not subscribe to the warrants at the aforementioned consideration price subsequent to the year ended 31 March, 2009, in view of the market conditions, and had accordingly written off its investment in 5,000,000 partly paid convertible equity warrants amounting to Rs. 118.50 million as per the principles laid down under Accounting Standard Contingencies and Events Occurring After Balance Sheet Date' during the year ended 31 March, 2009.

d. A scheme of arrangement to merge I-Ven into Infomedia had been filed with the Hon'ble High Court of Bombay on 18 February, 2009. The scheme became effective from 25 August, 2009 and I Ven Interactive Limited merged with Infomedia 18 Limited on the effective date. The Company had been allotted 7,894,052 equity shares of Rs. 10 each of Infomedia 18 Limited in exchange of 8,227,466 equity shares of Rs. 10 each held in I-Ven Interactive Limited. Consequently, the Company's direct holding in Infomedia 18 Limited increased to 43.32% of the equity share capital.

e. Infomedia 18 Limited had made a rights issue of equity shares of Rs. 10 each at a premium of Rs. 23.50 per share aggregating to Rs. 9,989.89 lakhs to the existing shareholders of Infomedia 18 Limited. The rights issue opened on 29 December, 2009 and closed on 15 January, 2010. The Company subscribed to 15,298,078 equity shares at Rs. 33.50 per share (face value of Rs 10 per share at a premium of Rs 23.50 per share) amounting to Rs. 5,124.86 lakhs in the right's issue and its direct holding in Infomedia further increased to 48.11% as at the year ended 31 March, 2010. The Company held 47.80 % stake in the equity share capital of Infomedia as at the year ended 31 March, 2011.

iii. Investment in Media Venture Capital Trust-II (MVCT)

The shareholders of the Company vide postal ballot resolutions dated 12 September, 2006 and 16 July, 2007 permitted the Company to take an indirect equity exposure in a venture capital trust structure post which the Company executed a trust deed to form the Media Venture Capital Trust-II ('MVCT'). The objective of the Trust is to make strategic investments in businesses including in the media and entertainment industry through companies/special purpose vehicles (SPVs). The Company also entered into a co-investment agreement with Mr. Raghav Bahl, the promoter, who has guaranteed a minimum stipulated rate of return on the investment over a specified period. The investment in MVCT as at 31 March, 2011 was Rs.2375.60 million(Previous year Rs. 2,721.20 million) as against the limit of Rs. 4,000 million approved by the shareholders. MVCT directly or through companies/SPVs has invested in various companies which are at different stages of start up/ operations.

iv. Investment in ibn18 Broadcast Limited

The Company through its subsidiary RVT Investments Private Limited (RVT) had acquired 15,000,000 convertible warrants of Rs. 102 each in ibn18 Broadcast Limited (IBN) on a preferential basis in accordance with Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000. Each warrant is convertible into one fully paid equity share of Rs. 2 each.

RVT had paid Rs. 153 million being 10% of the total consideration as per the terms of allotment. During the year ended 31 March, 2009, subsequent to payment of balance 90% consideration of Rs. 1,377 million, 12,500,000 warrants were converted into 12,500,000 fully paid equity shares of Rs. 2 each. The option to convert the balance 2,500,000 warrants into equity shares of Rs. 2 each was yet to be exercised as on 31 March, 2009.

During the previous year ended 31 March, 2010, RVT exercised the option to convert the balance 2,500,000 warrants into equity shares of Rs. 2 each. This has resulted in an increase in the stake of RVT in the paid up share capital of IBN to 21.03% (Previous year 21.17%). Further, RVT had subscribed for issue of 11,536,848 equity shares of Rs. 2 each of ibn18 Broadcast Limited at a premium of Rs. 91.50 on rights basis of the 12,500,000 equity shares received on conversion of warrants during the previous year 8,502,131 equity shares have a lock in period of three years from the date of allotment.

v. Acquisition of Big Tree Entertainment Private Limited

On 1 March, 2007, Web Group (part of TV18 group) had entered into a business purchase agreement with Big Tree Entertainment Private Limited (Big Tree) and the promoters of Big Tree to acquire 60% post issue equity share capital in Big Tree. The said share capital was acquired by way of subscription of 8,548 partly paid up equity shares issued by Big Tree and purchase of 2,581 fully paid up equity shares from the promoters for Rs. 145 million (USD 3.21 million). The agreement also provided for a further consideration of Rs. 50 million (USD 1.11 million) to be paid to Big Tree for the partly paid up shares if Big Tree's current account bank balance fell below Rs. 10 million (USD 0.22 million). Of this Rs. 36.5 million (USD 0.81 million) has been paid until 31 March, 2011.
Further, as per the business purchase agreement, the promoters of Big Tree have the following options to require the Group to subscribe for:

a. Additional 5% post issue equity shares on the expiry of 18 months from the completion date for a consideration amounting to Rs. 37.5 million (USD 0.83 million); and
b. Additional 5% post issue equity shares on the expiry of 24 months from the completion date. for a consideration amounting to Rs. 37.5 million (USD 0.83 million).

The above options have not been exercised and accordingly there has been no further subscription in the equity share capital of Big Tree as at the year end.

vi. Acquisition of Care Websites Private Limited

Web Group had purchased 90% equity shares of Care Websites Private Limited on 18 August 2006 from the existing shareholders on that date for a consideration of Rs. 17 million (USD 0.37 million). The balance 10% shares have a put / call option after 30 months from 18 August, 2006 at higher of the following:

Rs. 2,222,222 (USD 0.05 million) or proportionate value of the balance interest based on an enterprise valuation computed as higher of the following valuation bases:

- 2.5 times of net revenues of the business for the 12 month period immediately preceding the month in which the option is exercised.
- 15 times of net profits after taxes of the business for the 12 month period immediately preceding the month in which the option is exercised.

During the year, the above put/ call options have been exercised by Web18 Software Services Limited, a wholly owned subsidiary of E18 Limited, Cyprus, for Rs. 2,222,222.

vii. Acquisition of Cricketnext.com

On 2 December, 2006, the Web Group entered in to a Business Transfer Agreement (BTA) and acquired the brand cricketnext.com for a consideration of Rs 10 million (USD 221,533), which has been capitalised as an intangible asset. TV18 is required to pay additional consideration at the end of 24 months and 48 months from the date of acquisition, based on specified revenue and earnings targets. The future payments are recorded as additional purchase price when the contingency is resolved and amortised over the remaining useful life of the brand. Such additional consideration as at 31 March, 2010 was Rs. 4,483,569 (USD 99,325).

viii. Joint Ventures

Web Group had invested in 50% of the equity share capital of JobStreet.com India Private Limited on 15 November, 2006. During the previous year, the Group entered into an agreement dated 11 March, 2010 for sale of its investment in JobStreet.Com India Private Limited to the joint venture partner, Jobstreet.Com Pte Limited, Singapore. The sale consideration comprises of:

- Cash consideration of USD 126,501 i.e. approximately Rs. 5,710,255; and
- 25% of the account receivable and tax deducted at source (TDS) balances as at 31 December 2009 that will be collected by 30 June, 2010.

Collections made in respect of account receivable and TDS balances from 1 January, 2010 to 31 March, 2010 aggregate to USD 28,831 i.e. Rs. 1,301,431. Accordingly, 25% of such collections

amounting to USD 7,207 i.e. approximately Rs. 325,324 has also been considered as a part of the sales consideration.

ix. Investment held for disposal

Television Eighteen Mauritius Limited, Mauritius incorporated two wholly owned subsidiaries BK Holdings Limited, Mauritius and Capital 18 Limited, Mauritius for making investments in certain media companies. Investment made by TEML in BK Holdings Limited, and Capital 18 Limited, were intended for subsequent disposal. TEML entered into separate agreements to dispose off its entire holding in these two entities. In view of the temporary control of TEML in these two entities, financials of these entities have not been included for consolidation.

x. The Infomedia Group had issued 5,000,000 and 1,000,000 preferential Equity Warrants to Television Eighteen India Limited and India Advantage Fund II respectively, convertible into equity shares at an exercise price of Rs.237/- per equity share. The Convertible warrants were issued as per Chapter XIII of SEBI Guidelines on preferential basis and each warrant was convertible into one equity share within a period of eighteen months from the date of allotment i.e. January 30, 2008. The amount received from the above parties was Rs.142,200,000 representing 10% of the total value of convertible warrants as per the terms of issue the investors were required to pay balance 90% at the time of conversion of said warrants into equity. Further in case the investors do not opt for conversion of the warrants, the upfront amount so paid would stand forfeited by the Company and all the rights attached to the warrants lapse automatically.

However, none of the warrant holders exercised the option to convert any of the aforesaid warrants till the last date of conversion (within 18 months from the date of allotment). Accordingly, during the previous year the Company forfeited the amount of Rs. 142,200,000 paid on the warrants due to non-exercise of the option by the warrant holders. This amount had been transferred from Share Application money account and credited to Capital Reserve Account during the year ended March 31, 2010.

During the year 2009-10, Infomedia18 Limited (Infomedia) had made an issue of equity shares on rights basis in the ratio of three equity shares for every two equity shares held on the record date. The rights issue consisted of 29,827,655 equity shares issued at a premium of Rs.23.50 per equity share aggregating to Rs.998,989,062. The issue opened on 29 December, 2009 and closed on 15 January, 2010 and was fully subscribed.

Infomedia has utilised an aggregate sum of Rs. 889,535,062 towards the purposes as stated in the prospectus filed for the offer of shares on rights basis, from the proceeds of the rights issue of equity shares of Rs.33.50 each. The unutilised funds of approximately Rs. 109,454,000 are deployed in Liquid Mutual Funds disclosed as Current Investments in the Balance sheet.

Infomedia had incurred expenses of Rs. 213.25 lakhs in connection with the rights issue of equity shares in the previous year's. This amount had been set off against the securities premium arising from the issue of shares on rights basis, as permitted under Section 78 of the Companies Act, 1956.

C. In relation to ibn18 Broadcast Limited

i. Investments in Viacom18 Media Private Limited (Viacom18)

The Parent had in earlier years subscribed to 12 million 'Investor Warrants' of USD 3.33 (Rs.148.68 approximately) per warrant aggregating to USD 40 million (Rs.1,786.00 million approximately) in Viacom18 as follows:

i. Series "A" - 4,500,000 warrants
ii. Series "B" - 4,500,000 warrants
iii. Series "C" - 3,000,000 warrants

and had paid Rs. 1 each for these warrants aggregating to Rs. 12 million.

Each warrant was convertible into one fully paid up equity share of Viacom18 on exercise of options and on payment of the balance of the stipulated warrant consideration price. The option was exercisable during a period of 12, 24 and 36 months from the date of allotment of warrants of "A", "B", and "C" series respectively.

As at the year ended 31 March 2011, the Parent has an amount of Rs. 200 million outstanding towards share application money and Rs. 440.20 million outstanding towards the balance consideration payable for the subscribed and allotted warrants of Series "C" which warrants are yet to be converted by Viacom18.

The Parent's total investments in the capital of Viacom18 is Rs. 6,744.23 million as at the year ended 31 March 2011.

As at 31 March 2011, Viacom18 has accumulated losses and its net worth has been partially eroded.

9. Secured Loans

A. In the case of N18 Media & Investments Ltd

i. 1,000,000 Secured Optionally Convertible Debentures (SOFCDs) issued during the previous year were converted during the year under review . As per the terms of the issue , each SOFCD of Rs 110/- was converted to one equity share of Rs 5/- each.

ii. Loan from Syndicate Bank is secured by pari passu charge on fixed assets and current assets, Loan from PNB is secured by sub-servient charge on the assets. The loans are additionally guaranteed by the Managing Director.

iii. Vehicle loans are secured by the hypothecation of vehicles financed.

iv. Other loan includes loan from L&T Infrastructure Finance which is secured by pledge of a part of the company's investments and Bank FD's amounting Rs.120 million. This loan is additionally secured by a second charge on all the movable and immovable assets. This loan is also secured by the personal guarantee of Mr.Raghav Bahl.

v. Amounts repayable within one year in respect of Secured Loans Rs 1,723.08 million (Rs 1670.81 million)

vi. Fixed Deposits repayable within one year – Rs 666 million (Rs 996.29 million)

B. In the case of TV18

i. Cash credit/Working capital demand loan (WCDL) of Rs. 921.75 million with banks are secured by:

- Out of the above, Rs. 774.12 million is secured by first charge on all current assets of the Parent, on paripassu basis with others working capital lenders;
- Out of the above, Rs. 99.01million is secured by paripassu first charge on all current assets and second paripassu charge on all Fixed assets of the Infomedia Group, further secured by corporate guarantee from Network18 Media & Investments Limited ('Network 18');
- Out of the above, Rs. 48.62million is secured by first charge on all current assets of e-Eighteen.com Limited and by personal guarantee of Managing Director of the Parent;

ii. Term loans from banks as on 31 March, 2011 amounted to Rs. 852.30 million:

- Out of the above, Rs. 382.29 million is secured by way of first charge on the fixed assets of the Parent financed out of the loan and is also supported by way of pledge of shares held by the promoters/ group entities and personal guarantee of Mr. Raghav Bahl;
- Out of the above, Rs. 250 million is secured by subservient charge on movable fixed assets of the Parent and is also supported by a letter of comfort provided by Mr. Raghav Bahl;
- Out of the above, Rs. 110.01 million is secured by first exclusive charge/ mortgage on all immovable and moveable assets of the Infomedia Group and second charge on all existing fixed assets of the Infomedia Group and is collaterally secured by corporate guarantee of Network18 Media & Investments Limited;

- Out of the above, Rs. 110 million is secured by way of first charge on all fixed assets and currents assets of Newswire18 Limited (Newswire) and is additionally secured by a corporate guarantee from Network18 Media & Investments Limited.

iii. Other loans from banks amounting to Rs. 9.81million are secured by hypothecation of vehicles financed by them.

iv. Term Loans from others as on 31 March, 2011 amounted to Rs. 633.00 million is secured by first paripassu charge on movable fixed assets of the existing news channels and is collaterally secured by pledge of shares by the promoters/ group entities, personal guarantee of the Managing Director of the Company and corporate guarantee of Network18 Media & Investments Limited.

v. Term loans include amounts aggregating to Rs. 1,207.44 lakhs which are pending utilization for the purposes for which they were obtained on account of deferment of expansion plans and are held in the current/ deposit accounts with banks. The Parent had applied for modification of the purpose for which a term loan of Rs. 6,000 lakhs (amount outstanding Rs. 3,822.93 lakhs as at the year end) was sanctioned, approval of which from the bank was pending as at the year end. This loan was paid subsequent to the year end.

C. In the case of ibn18

i. Cash credit from banks of Rs 1,935.83 million are secured as follows:

- Cash credit from banks of Rs 547.35 million are secured as follows:
  - First pari passu charge on all the current assets of the Parent.
  - Additionally secured by unconditional and irrevocable corporate guarantee of Network18 Media & Investments Limited
  - Cash credit facility of Rs. 159.98 million is additionally secured by second charge on the Company's movable fixed assets of the Parent.
- Cash credit facility of Rs. 127.37 million is secured by hypothecation of book debts of the Parent.
- Cash credit facility of Rs. 5.82 million is secured by only charge on the IBN Lokmat's machineries present and future, collateral security of all other fixed assets of the IBN Lokmat and corporate guarantee from Parent and Lokmat Newspapers Private Limited.
- Cash credit facility of Rs. 1,225.29 million is secured only by hypothecation on the Viacom18's Stock, book debts and fixed assets.

ii. The term loan of Rs. 1,622.40 million taken from banks is secured as follows:

- Term loan of Rs. 40 million is secured by:
  - First charge on the Parent's movable assets, subject to the charges on current assets created/to be created in favour of the Parent's bankers for securing borrowings for working capital requirements.
  - Unconditional and irrevocable personal guarantee of a Director of the Parent.
  - Letter of comfort from Television Eighteen India Limited (TV18) whereby TV18 undertakes to take all necessary steps to ensure that the Parent fulfils all necessary obligations under the agreement including arrangement of funds for payment to the bank in accordance with the terms and conditions of the loan agreement.
- Term loan of Rs. 74.03 million is secured by:
  - First charge over entire fixed assets pool of IBN7 amounting to Rs 320.40 million as on 31 March 2009
  - Unconditional and irrevocable corporate guarantee of Network18 Media & Investments Limited
- Term loan of Rs. 20.15 million is secured by:
  - First charge on all movable assets including plant and machinery and equipment acquired / to be acquired out of the proceeds of the term loan of IBN7
  - Unconditional and irrevocable corporate guarantee of Network18 Media & Investments Limited
- Term loan of Rs. 320.84 million is secured by:
  - Subservient charge on all movable fixed assets (all present & future) of the Parent.

- Unconditional and irrevocable corporate guarantee of Network18 Media & Investment Limited, to remain valid during currency of credit facility.

- Term loan of Rs. 100.00 million is secured by:
  - Subservient charge on all movable fixed assets (all present & future) of the Parent.
  - Unconditional and irrevocable corporate guarantee of Network18 Media & Investment Limited, to remain valid during currency of credit facility.
  - Exclusive charge over the assets purchased by the Parent.
- Term loan of Rs. 67.38 million is secured by:
  - Charge on the IBN Lokmat's machineries present and future.
  - Collateral Security of all other fixed assets of the IBN Lokmat.
  - Corporate Guarantee from ibn18 and Lokmat Newspapers Private Limited
- Term loan of Rs. 1,000 million is secured by:
  - Hypothecation on the Viacom18's Stock, book debts and fixed assets.
- Other secured loans are secured by hypothecation of vehicle and plant and machinery.

D. In the case of TV18 Home shopping Network Limited

i. Cash Credit from the bank is secured by:

- First exclusive charge on current assets and moveable fixed assets.
- Personal guarantee of a director.
- Corporate guarantee of Network18 Media & Investments Limited, the ultimate holding company.

ii. Vehicle loan is secured by hypothecation of the respective vehicle.

10. Employee Stock Option / Stock Purchase / Stock Awards Plans

A. In the case of Network 18 Media & Investments Limited

i. The Company's Employee Stock Option Plans (ESOPs) framed in accordance with the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 which have been approved by the Board of Directors and the Shareholders are listed below. Schemes listed at serial (i) to (viii) were established as mirror schemes of the then existing ESOP schemes in Television Eighteen India Limited, in terms of the Scheme of Arrangement.

xiv) The Network 18 Employees Stock Option Plan 2002 (ESOP 2002)
xv) *The Network 18 Employees Stock Purchase Plan 2003 (ESPP 2003)
xvi) The Network 18 Employees Stock Option Plan 2004 (ESOP 2004)
xvii) The Network 18 Senior Employees Stock Option Plan 2004 (Senior ESOP 2004)
xviii) The Network 18 Employees Stock Option Plan 2005 (ESOP 2005).
xix) The Network 18 Long Term Retention Employees Stock Option Plan 2005 (Long Term Retention ESOP 2005").
xx) *The Network 18 Strategic Acquisition Employees Stock Option Plan 2005 (Strategic Acquisition ESOP 2005")
xxi) The Network 18 Stock Award Plan 2005 (Stock Awards Plan 2005)
xxii) *The Network 18 Employees Stock Option Plan A 2007 (ESOP A 2007)
xxiii) *The Network 18 Employees Stock Option Plan B 2007 (ESOP B 2007)
xxiv) The Network 18 Employees Stock Option Plan C 2007 (ESOP C 2007)
xxv) The Network 18 Employees Stock Option Plan 2007 (ESOP 2007)
xxvi) The Network18 Employees Stock Purchase Plan 2008 (ESPP 2008)

* Plans closed

ii. Salient terms of the ESOP schemes of the company, in force, are:

Particulars	ESOP 2002	ESOP 2004	Senior ESOP 2004
a. Year of establishment	2006-07	2006-07	2006-07
b.Total Number of options to be vested	322,380	573,600	600,000
c.No. of options to be vested in respect of which terms have been changed	-	213,000	143,994
d.Exercise price in respect of vested options (terms of which have not been modified)	Rs. 5 value on grant date	a. In respect of grants in lieu of options granted in TV 18 ESOP 2004, at the under mentioned prices (in Rs) 02.04.05- 19.86 02.04.05- 53.49 29.06.05- 54.50 29.06.05- 84.67 06.08.05- 66.63 06.08.05- 95.59 15.06.06- 64.85 15.06.06- 93.99 20.07.06- 131.62 20.07.06- 154.09 b.In respect of fresh grants in respect of (i) 50% of the options at a discount of Rs 125/- to the market price and (ii) 50% of the options at 90% of the market price	a. in respect of grants in lieu of options granted in TV 18 Senior ESOP 2004 02.04.05 - Rs 27.77 02.04.05- Rs 53.49 29.06.05- Rs 62.42 29.06.05- Rs 84.67 15.06.06- Rs 72.77 15.06.06- Rs 93.99 b .In respect of fresh grants (i) 50% of options granted at discount of Rs. 100 to the market value on grant date; (ii) 50% of the options granted at a discount of 90% of market value on grant date.
e. Exercise price in respect of options regranted (as per 'c' above)		Rs 20/-	45,331 @Rs. 10/- 26,666 @ Rs. 20/- 45,331@ Rs 10/-26,666 @ Rs. 20/-
f. Vesting date in respect of grants (terms of which have not been modified)	1. 50% of the options, after one year from the date of grant. 2. Balance 50% of the options two years after from the date of grant.	After three years from the dated of grant	1.One third after two years from the date of grant 2. Remaining two third after 4 years from the grant date.
g. Vesting date in respect of grants at 'c' above		50% on Feb 11,2010 ; 50% on 11 Feb 2011	71,997 on Feb 11, 2010 71,997 on Feb 11, 2011
h.Vesting requirements	Continuation of services and such other conditions as may be prescribed	Continuation of services and such other conditions as may be prescribed	Continuation of services and such other conditions as may be prescribed
i. Exercise period	During three years after the vesting date.	During two years after the vesting date.	During two years after the vesting date.
j. Un-granted options cancelled	-	-	24,024

Particulars	Strategic Acquisition 2005	Stock Awards Plan 2005	ESOP 2005	Long Term Retention ESOP 2005
a) Year of establishment	2006-07	2006-07	2006-07	2006-07
b)Total Number of options to be vested	720,000	-	1,080,000	300,000
c)No. of options to be vested in respect of which terms have been changed	-	-	51,200	-
d) Exercise price in respect of vested options (terms of which have not been modified)	Rs. 31.67	Average of two weeks' high and low price of the share from the date of listing of shares of the company on the stock exchange with highest trading volumes in that period.	a. Rs 97.31 for old grants For fresh grants b. At discount of 10% to the market price of the shares determined.	a. Rs 108.13 for old grants b. For fresh grants at a price equal to the market value on grant date.
e) Exercise price in respect of vested options (As per 'c' above)	-	-	20/-	-
f)Vesting date (terms of which have not been modified)	After one year from the date of grant of options.	At the end of one year from the date of grant of awards	Options to vest equally over three years from the date of grant.	At any time at the end of 4 years from the date of grant.
g)Vesting date(As per 'c' above)	-	-	50% of 51,200 on Feb 11, 2010 50% of 51, 200 on Feb 11, 2011	-
h)Vesting requirements	Continuation of services and such other conditions as may be prescribed	Continuation of services and such other conditions as may be prescribed	Continuation of services and such other conditions as may be prescribed	Continuation of services and such other conditions as may be prescribed
i)Exercise period	During one year after vesting date.	During one year after vesting date.	During one year after vesting date.	During one year after vesting date.
j)Un-granted options cancelled	480,000	-	164,400	

Particulars	ESOP (A) 2007	ESOP (B) 2007	ESOP (C) 2007	ESOP 2007
a)Year in which Scheme was established	2006-07	2006-07	2006-07	2007-08
b)Number of Options Authorised to be Granted	1,000,000	1,000,000	1,000,000	10,000,000
c)Exercise price	At discount of 25% to the market price share	At Rs. 5 on the grant date.	Rs. 5 per option.	The exercise price will be decided by the Board

Particulars	ESOP (A) 2007	ESOP (B) 2007	ESOP (C) 2007	ESOP 2007
	determined with respect to the date of grant.			provided that exercise price shall not be less that the par value of the Equity Shares of the Company and shall not be more than the price prescribed under Chapter XIII of SEBI (Disclosure and Investor Protection) Guidelines,2000
d)Vesting date	Options shall vest equally over average period of 4 years.	After a period of one year from the date of grant.	Equally over a period of six years from the date of grant.	After one year from the date of Grant. The vesting shall happen in one or more tranches as may be decided by the Board
e)Vesting requirements	Continuation of services and such other conditions as may be prescribed	Continuation of services and such other conditions as may be prescribed	Continuation of services and such other conditions as may be prescribed	Continuation of services and such other conditions as may be prescribed
f)Exercise Period	During four year after vesting date.	During four years after vesting date.	During four years after vesting date.	Exercise period will commence from the vesting date and extended up to the expiry period of the option as may be decided by the Board.
g)Un-granted options cancelled	1,000,000	1,000,000	300,000	-

Particulars	ESPP 2008	ESPP 2003
a)Year in which Scheme was established	2008-09	2006-07
b)Number of Equity shares authorised to be Issued	3,000,000	28,272
c)Offer price	The offer price will be decided by compensation committee, provided that the offer price shall not be less than par value of Equity shares of the company and shall not be more than the price prescribed under Chapter XIII of SEBI (DIP) Guidelines 2000	At a value equivalent to 95% of the market price on the date of offer of shares
d)Exercise period	-	30 days

Particulars	ESPP 2008	ESPP 2003
e)Lock in requirements	Share issued under the scheme shall be subject to lock in for a minimum period of One year from the date of allotment.	Share issued under the scheme shall be subject to lock in for a minimum period of One year from the date of allotment.

iii. Details of options and weighted average prices

Particulars	ESOP 2002		ESOP 2004		SENIOR ESOP 2004	
	Options	Weighted Average Price	Options	Weighted Average Price	Options	Weighted Average Price
a) Outstanding at the beginning of the period	20,010	5.0	169,500	37.46	348,662	38.15
	(20,010)	(5.00)	(253,200)	(31.69)	(410,657)	(33.90)
b) granted during the period	-	-	-	-	-	-
	(-)	-	(-)	(-)	(-)	(-)
C) Exercised during the period	-	-	87,300	28.17	155,991	50.94
	(-)	(-)	(83,700)	(20.00)	(61,995)	(10.00)
d) forfeited during the period	-	-	-	-	-	-
	(-)	(-)	(-)	(-)	(-)	(-)
e) Expired during the period	-	-	21,600	53.00	-	-
	(-)	(-)	(-)	(-)	(-)	(-)
f) Additions pursuant to bonus issue	-	-	-	-	-	-
	(-)	(-)	(-)	(-)	(-)	(-)
g) outstanding at the end of the period	20,010	5.00	60,600	45.31	192,671	70.44
	(20,010)	(5.00)	(169,500)	(37.46)	(348,662)	(38.15)
h) Exercisable at the end of the period	20,010	5	60,600	45.31	192,671	70.44 -
	(20,010)	(5)	(63,000)	(66.98)	(184,661)	(-)
i) number of equity share of Rs. 5 each fully paid up to be issued on exercise of option						
	20,010	5.00	60,600	45.31	192,671	70.44
	(20,010)	(5.00)	(169,500)	(37.46)	(348,662)	(38.15)
j) weighted average share price at the date of exercise	-	N.A	87,300	28.17	155,991	50.94
	(-)	(5.00)	(83,700)	(20.00)	(61,995)	(10.00)
k) weighted average remaining contractual life (years)	-	N.A.	-	N.A.	-	N.A.
	(-)	N.A.	(0.63)	N.A.	(0.26)	N.A.
l) Unvested Option outstanding at the end of the period	-	-	-	-	-	-
	(-)	(5.00)	(106,500)	(37.46)	(164,001)	(38.15)

Particulars	LONG TERM RETENTION ESOP 2005		ESOP 2005		ESOP 2007 (C)	
	Options	Weighted Average Price	Options	Weighted Average Price	Options	Weighted Average Price
a) Outstanding at the beginning of the period	300,000	348.35	33000	20.00	700,000	5.00
	(300,000)	(348.35)	(51,200)	(20.00)	(700,000)	(5.00)
b) granted during the period	-	-	-	-	-	-
	(-)	(-)	(-)	(-)	(-)	(-)
c) exercised during the period	-	-	13,200	20.00	233,333	5.00
	(-)	(-)	(18,200)	(20.00)	(-)	(-)
d) forfeited during the period	-	-	-	-	-	-
	(-)	(-)	(-)	(-)	(-)	(-)
e) Expired during the period	-	-	9,600	20.00	-	-
	(-)	(-)	(-)	(-)	(-)	(-)
f) Additions pursuant to bonus issue	-	-	-	-	-	-
	(-)	(-)	(-)	(-)	(-)	(-)
g) outstanding at the end of the period	300,000	348.35	10,200	20.00	466,667	5.00
	(300,000)	(348.35)	(33,000)	(20.00)	(700,000)	(5.00)
h) Exercisable at the end of the period			10,200	20.00	116,667	5.00
	(-)	(-)	(7,400)	(20.00)	(233,333)	(5.00)
i) number of equity share of Rs. 5 each fully paid up to be issued on exercise of option	300,000	348.35	10,200	20.00	466,667	5.00
	(300,000)	(348.35)	(33,000)	(20.00)	(700,000)	(5.00)
j) weighted average share price at the date of exercise	-	-	13,200	20.00	233,333	5.00
	(-)	(-)	(-)	(-)	(-)	(-)
k) weighted average remaining contractual life (years)	0.62	N.A.	-	N.A.	0.76	N.A.
	(1.62)	N.A.	(0.87)	N.A.	(2.99)	N.A.
l) Unvested Option outstanding at the end of the period	300,000	348.35	-	-	350,000	5.00
	(300,000)	(348.35)	(25,600)	(20.00)	(466,667)	(5.00)

Particulars	ESOP 2007	
	Options	Weighted Average Price
a) Outstanding at the beginning of the period	3,371,250	46.99
	(295,000)	(30.00)
b) granted during the period	100,000	-
	(3,145,000)	(89.91)
c) exercised during the period	3,065,000	89.41
	(68,750)	(30)
d) forfeited during the period	-	-
	(-)	(-)
e) Expired during the period	10,000	30.00
	(-)	(-)
f) Additions pursuant to bonus	-	-

Particulars	ESOP 2007	
	Options	Weighted Average Price
	(-)	(-)
g) outstanding at the end of the period	396,250	56.52
	(3,371,250)	(46.99)
h) Exercisable at the end of the period	45,000	65.04
	(5,000)	(30)
i) number of equity share of Rs. 5 each fully paid up to be issued on exercise of option	396,250	56.52
	(3,371,250)	(46.99)
j) weighted average share price at the date of exercise	3,065,000	89.41
	(-)	(-)
k) weighted average remaining contractual life (years)	1.08	N.A
	(2.80)	N.A.
l) Unvested Option outstanding at the end of the period	351,250	56.52
	(3,366,250)	(46.99)

B. In the case of TV18

i. Television Eighteen India Limited Employee Stock Option Plans

The Company has established several employee stock option plans (ESOPs) in accordance with the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 which have been approved by the Board of Directors and the shareholders. The details are as given below:

- Television Eighteen India Limited Stock Option Plan 2002 (ESOP 2002)
- Television Eighteen India Limited Employees Stock Option Plan 2003 (ESOP 2003)
- Television Eighteen India Limited Employee Stock Option Plan 2004 (ESOP 2004)
- Television Eighteen India Limited Senior Employee Stock Option Plan 2004 (Senior ESOP 2004)
- Television Eighteen India Limited Long Term Retention Employee Stock Option Plan 2005 (Long Term Retention ESOP 2005)
- Television Eighteen India Limited Employee Stock Option Plan 2005 (ESOP 2005)
- Television Eighteen India Limited Strategic Employees Stock Option Plan 2005 (Strategic Acquisition ESOP 2005)
- Television Eighteen India Limited Employees Stock Option Plan 2006 (ESOP 2006)
- Television Eighteen India Limited Employees Stock Option Plan A 2007 (ESOP (A) 2007)
- Television Eighteen India Limited Employees Stock Option Plan B 2007 (ESOP (B) 2007)
- Television Eighteen India Limited Employees Stock Option Plan 2007 (ESOP 2007)

A compensation committee comprising independent members of the Board of Directors administers the ESOPs. All options under the ESOPs are exercisable for equity shares. The Company had declared a bonus issue of 1:1 in the AGM of the Company on 7 September, 2007 with record date of 18 October, 2007. Prior to the bonus issue, each option was exercisable for one Rs. 5 fully paid up equity share of the Company on payment of the exercise price. Subsequent to the bonus issue each option is exercisable for two Rs. 5 fully paid up equity shares of the Company on payment of the exercise price.

The Company had given a postal ballot notice dated 19 December, 2008 to its shareholders pursuant to Section 192A of the Companies Act, 1956 for the approval of modifications

relating to exercise price and vesting of options under the ESOP (A) 2007, ESOP 2005, ESOP 2004 and Senior ESOP 2004 plans. Further the number of options authorised to be granted under the ESOP 2007 were proposed to be increased from 2,542,438 to 10,000,000 options. The result of the postal ballot was announced on 2 February, 2009 whereby the aforesaid modifications were duly approved by the shareholders of the Company.

Consequent to the modifications that occurred after the vesting date of certain options the deferred employee compensation amount increased by Rs. 35.41 million which is being amortised over the additional vesting period. This incremental intrinsic value granted had been determined based on the intrinsic value of the modified stock options and that of the original stock options both estimated as on the date of the modifications.

The impact of the modifications as on the date of modification is summarised below:

Plans	As per original plan	As per modified plan
ESOP 2004		
Weighted average price of options outstanding	51.94	27.58
Weighted average remaining contractual life	1.38	3.55
Senior ESOP 2004		
Weighted average price of options outstanding	55.23	49.24
Weighted average remaining contractual life	2.24	3.62
ESOP 2005		
Weighted average price of options outstanding	214.31	20.00
Weighted average remaining contractual life	1.89	2.85
ESOP (A) 2007		
Weighted average price of options outstanding	221.31	5.00
Weighted average remaining contractual life	2.51	3.85

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

During 2005-2006 the Company had established the Stock Appreciation Right Plan 2005 (Senior Employee Stock Award Plan) ('SAR') for compensation to the employees whereby the Company in its extraordinary general meeting held on 25July, 2005 had approved a grant of up to 300,000 awards to eligible employees. During the earlier years, the Company had granted 299,995 awards representing 140,998 options which had vested as on 31 March, 2007. Pursuant to the scheme, the employees have a right to receive such numbers of fully paid up equity shares of Rs. 5 of the Company whose market value matches with the amount of increase due to appreciation in share price during the date of grant and date of exercise of the awards. Upto 31 March, 2008, of the 140,998 options the Company issued 91,650 shares to employees on the exercising of the options. During the year ended 31 March, 2009 the Company had issued 36,808 shares under this scheme, and the balance 12,540 options had lapsed during the previous years.

The salient terms of ESOPs schemes/ revised ESOPs schemes and SAR of the Company are set out hereunder:

Particulars	ESOP 2002	ESOP 2003	ESOP 2004	Senior ESOP 2004
Year in which scheme was established	2002-03	2003-04	2004-05	2004-05
Number of options authorised to be granted	700,000 700,000	700,000 700,000	700,000 700,000	840,000 840,000
Exercise price* (See note 1)	Rs. 5 per option.	95% of market value on grant date.	The exercise price is to be decided by the compensation committee, such that the exercise price is not less than the par value of the shares of the Company and not more than the price prescribed under Chapter XIII of SEBI (Disclosure and Investor Protection) Guidelines, 2000. The relevant date will be the date of grant.	The exercise price is to be decided by the compensation committee, and is not to be less than the par value of the shares of the Company and not more than the price prescribed under Chapter XIII of SEBI (Disclosure and Investor Protection) Guidelines, 2000. The relevant date will be the date of grant
Vesting date* (See note 1)	After one year from the date of grant of options.	After one year from the date of grant of options.	Option to vest after one year from the date of grant within such period not exceeding ten years as may be determined by the compensation committee.	Option to vest after one year from the date of grant within such period not exceeding ten years as may be determined by the compensation committee.
Vesting requirements	One year's service from the date of grant of option.	One year's service from the date of grant of option.	Three years of service from the date of grant of option.	Two to four years of service from the date of grant of option.
Exercise period	During two years after vesting date.	During one year after vesting date.	During two years after vesting date.	During a period of two/three years from the vesting date.
Un-granted options cancelled during the year	- -	- -	- -	- -
Exercise price before modification	N.A.	N.A.	1. 50% of options granted at 90%	1. 50% of options granted at 90% of

Particulars	ESOP 2002	ESOP 2003	ESOP 2004	Senior ESOP 2004
			of market value on grant date; 2. Remaining 50% of the options granted at a discount of Rs. 125 on market value on grant date.	market value on grant date; 2. Remaining 50% of the options granted at a discount of Rs. 100 on market value on grant date.
Vesting date before modification	N.A.	N.A.	After three years of service from the date of grant of options.	1. One third of options granted will vest after two years from the date of grant of option ; 2. Remaining two third of options granted will vest after four years from the date of grant of options.

Particulars	Long Term Retention ESOP 2005	ESOP 2005	Strategic Acquisition ESOP 2005	ESOP 2006
Year in which scheme was established	2005-06	2005-06	2005-06	2006-07
Number of options authorised to be granted	350,000 350,000	1,260,000 1,260,000	840,000 840,000	1,000,000 1,000,000
Exercise price* (See note 2)	Market value on grant date.	The exercise price is to be decided by the compensation committee, such that the exercise price is not less than the par value of the shares of the Company and not more than the price prescribed under Chapter XIII of SEBI (Disclosure and Investor Protection) Guidelines, 2000. The relevant date will be the date of grant.	Rs. 100 per option.	Rs. 5 per option.
Vesting date* (See note 2)	After four years from the date of	Option to vest after one year from the	After one year from the date of grant of	After two years from the date of

Particulars	Long Term Retention ESOP 2005	ESOP 2005	Strategic Acquisition ESOP 2005	ESOP 2006
	grant of options.	date of grant within such period not exceeding ten years as may be determined by the compensation committee.	options.	grant of options.
Vesting requirements	Four years of service from the date of grant of option.	Three years of service from the date of grant of option.	One year's service from the date of grant of option.	Two years of service from the date of grant of option.
Exercise period	During two years after vesting date.	During one year after vesting date.	During one year after vesting date.	During one year after vesting date.
Un-granted options cancelled during the year	- -	- -	- -	- -
*Note 2: The details of exercise price and vesting period prior to modifications are given below:				
Exercise price before modification	N.A.	90% of market value on grant date.	N.A.	N.A.
Vesting date before modification	N.A.	1. One third of options granted will vest after one year from the date of grant of options; 2. One third options granted will vest after two years from the date of grant of options; and 3. One third options granted will vest after three years from the date of grant of options.	N.A.	N.A.

Particulars	ESOP (A) 2007	ESOP (B) 2007	ESOP 2007	SAR
Year in which scheme was established	2006-07	2006-07	2007-08	2005-06
Number of options/awards authorised to be granted	1,000,000 1,000,000	1,000,000 1,000,000	10,000,000 10,000,000	300,000 300,000
Exercise price* (see note 3)	The exercise price is to be decided by the compensation committee, such that the exercise price is not less than the par value of the shares of the Company and not more than the price prescribed under Chapter XIII of SEBI (Disclosure and Investor Protection) Guidelines, 2000. The relevant date will be the date of grant.	Rs. 5 per option.	The exercise price will be decided by the compensation committee such that the exercise price is not less than the par value of the equity shares of the Company and not more than the price prescribed under Chapter XIII of SEBI (Disclosure and Investor Protection) Guidelines, 2000.	Rs. 5
Vesting date* (See note 3)	Option to vest after one year from the date of grant within such period not exceeding ten years as may be determined by the compensation committee.	1. One sixth options granted will vest after one year from the date of grant of options; 2. One sixth options granted will vest after two years from the date of grant of options; 3. One sixth options granted will vest after three years from the date of grant of options; 4. One sixth options granted will vest after four years from the date of grant of options; 5. One sixth options granted	After a minimum period of one year from the date of grant. The vesting shall happen in one or more tranches as may be decided by the ESOP Compensation Committee.	Cliff vesting period of three years

Particulars	ESOP (A) 2007	ESOP (B) 2007	ESOP 2007	SAR
		will vest after five years from the date of grant of options; and 6. One sixth options granted will vest after six years from the date of grant of options.		
Vesting requirements	One to four years of service from the date of grant of option.	One to six years of service from the date of grant of option.	Option to vest over such period, in such manner and subject to conditions as may be decided by the compensation committee provided the employee continues in service.	One to four years of service from the date of grant of SAR
Exercise period	During four years after vesting date.	During four years after vesting date.	Exercise period will commence from the vesting date and extend up to the expiry period of the option as may be decided by the compensation committee.	One year after vesting date
Un-granted options cancelled during the year	- -	- -	- -	- -
Un-granted options	- -	- -	- -	- -
***Note 3:** The details of exercise price and vesting period prior to modifications are given below:				
Exercise price before modification	75% of market value on grant date.	N.A.	N.A.	N.A.
Vesting date before modification	1. One fourth options granted will vest after one year from the date of grant of options; 2. One fourth options granted will vest after	N.A.	N.A.	N.A.

Particulars	ESOP (A) 2007	ESOP (B) 2007	ESOP 2007	SAR
	two years from the date of grant of options; 3. One fourth options granted will vest after three years from the date of grant of options; and 4. One fourth options granted will vest after four years from the date of grant of options.			

iii. Television Eighteen India Limited Employee Stock Purchase Plans (ESPP)

- **Television Eighteen India Limited Stock Purchase Plan 2003 (ESPP 2003)**

  During 2003-2004 the Company had established an Employee stock purchase plan (ESPP 2003) for compensation to employees whereby the Company's plan was to issue up to 700,000 shares to eligible employees. The offer price per share was 95% of the market value of the shares as at the date of the offer. The Company had issued 667,016 shares under ESPP 2003 up to 31 March, 2007. During the year ended 31 March, 2008, pursuant to the approval of the shareholders it was decided to cancel the issue of the remaining balance of the proposed 32,984 equity shares.

- **Television Eighteen Employee Stock Purchase Plan 2007 (ESPP 2007)**

  During 2007-2008 the Company established an Employee stock purchase plan (ESPP 2007) for compensation to employees whereby the Company's plan was to issue up to 532,984 shares to eligible employees. The offer price shall be decided by the compensation committee provided that the offer price shall not be less than the par value of the equity shares of the Company and shall not be more than the price prescribed under Chapter XIII of SEBI (Disclosure and Investor Protection) Guidelines, 2000.

iv. Details of option numbers and weighted average exercise prices

The details of options and weighted average prices are as given below:

Particulars		ESOP 2002		ESOP 2004	
		Options (Numbers)	Weighted Average Price (Rs.)	Options (Numbers)	Weighted Average Price (Rs.)
a.	outstanding at the beginning	53,690	2.50	347,900	32.56
	of the year	53,690	2.50	562,800	27.58
b.	granted during the year	-	-	-	-
		-	-	-	-
c.	exercised during the year	-	-	178,500	25.57
		-	-	206,500	20.00

Particulars		ESOP 2002		ESOP 2004	
		Options	Weighted Average Price	Options	Weighted Average Price
		(Numbers)	(Rs.)	(Numbers)	(Rs.)
d.	forfeited during the year	30,338	2.50	36,400	47.34
		-	-	8,400	20.00
e.	expired during the year	-	-	-	-
		-	-		
f.	outstanding at the end of	23,352	2.50	133,000	37.10
	the year	53,690	2.50	347,900	32.26
g.	exercisable at the end of	23,352	2.50	133,000	37.10
	the year	53,690	2.50	113,400	57.61
h.	number of equity shares				
	of Rs. 5 each fully paid up to be issued on	See note1	N.A.	133,000	N.A.
	exercise of option	See note 1	N.A.	347,900	N.A.
i.	weighted average share	-	N.A.	178,500	75.96
	price at the date of exercise	-	N.A.	206,500	76.81
j.	weighted average remaining	-	N.A.	1.35	N.A.
	contractual life (years)	-	N.A.	2.36	-

Particulars		Senior ESOP 2004		Long Term Retention ESOP 2005	
		Options	Weighted Average Price	Options	Weighted Average Price
		(Numbers)	(Rs.)	(Numbers)	(Rs.)
a.	outstanding at the beginning	834,901	55.60	700,000	75.61
	of year	998,226	49.24	700,000	75.61
b.	granted during the year	-	-	-	-
		-	-	-	-
c.	exercised during the year	341,433	39.02	-	-
		163,325	16.76	-	-
d.	forfeited during the year	-	-	-	-
		-	-	-	-
e.	expired during the year	-	-	-	-
		-	-	-	-
f.	outstanding at the end of the Year	493,468	59.25	700,000	75.61
		834,901	55.60	700,000	75.61

Particulars		Senior ESOP 2004		Long Term Retention ESOP 2005	
		Options (Numbers)	Weighted Average Price (Rs.)	Options (Numbers)	Weighted Average Price (Rs.)
g.	exercisable at the end of the year	466,801	48.05	700,000	75.61
		391,329	50.81	-	-
h.	number of equity shares of Rs. 5 each	493,468	N.A.	700,000	N.A.
	fully paid up to be	834,901	N.A.	700,000	N.A.
	issued on exercise of option				
i.	weighted average share price at the	341,433	76.72	-	N.A.
	date of exercise	163,325	76.81	-	N.A.
j.	weighted average remaining	1.55	N.A.	0.56	N.A.
	contractual life (years)	2.51	N.A.	1.56	N.A.

Particulars		ESOP 2005		Strategic Acquisition ESOP 2005	
		Options (Numbers)	Weighted Average Price (Rs.)	Options (Numbers)	Weighted Average Price (Rs.)
a.	outstanding at the beginning	267,396	20.00	10,000	22.15
	of the year	492,864	20.00	10,000	22.15
b.	granted during the year	-	-	-	-
		-	-	-	-
c.	exercised during the year	188,801	20.00	-	-
		201,667	20.00	-	-
d.	forfeited during the year	14,500	20.00	-	-
		23,800	20.00	-	-
e.	expired during the year	-	-	-	-
		-	-	-	-
f.	outstanding at the end of the	64,095	20.00	10,000	22.15
	year	267,397	20.00	10,000	22.15
g.	exercisable at the end of the year	64,095	20.00	10,000	22.15
		267,397	20.00	10,000	22.15
h.	number of equity shares of Rs. 5 each	64,095	N.A.	10,000	N.A.
	fully paid up to be	267,397	N.A.	10,000	N.A.
	issued on exercise of option				
i.	weighted average share price	188,801	75.45	-	N.A.
	at the date of exercise	201,667	76.81	-	N.A.

Particulars		ESOP 2005		Strategic Acquisition ESOP 2005	
		Options (Numbers)	Weighted Average Price (Rs.)	Options (Numbers)	Weighted Average Price (Rs.)
j.	weighted average remaining	0.37	N.A.	-	N.A.
	contractual life (years)	1.85	N.A.	-	N.A.

Particulars		ESOP 2006		ESOP (A) 2007	
		Options (Numbers)	Weighted Average Price (Rs.)	Options (Numbers)	Weighted Average Price (Rs.)
a.	outstanding at the beginning	303,020	2.50	441,475	5.00
	of the year	361,480	2.50	1,287,400	5.00
b.	granted during the year	-	-	-	-
		-	-	-	-
c.	exercised during the year	-	-	290,450	5.00
		-	-	780,375	5.00
d.	forfeited during the year	-	-	23,100	5.00
		58,460	2.50	65,550	5.00
e.	expired during the year (see note 2)	303,020	-	-	-
		-	-	-	-
f.	outstanding at the end of the year	-	2.50	127,925	5.00
		303,020	2.50	441,475	5.00
g.	exercisable at the end of the year	-	N.A.	127,925	5.00
		303,020	2.50	136,012	5.00
h.	number of equity shares of Rs. 5 each	-	N.A.	127,925	N.A.
	fully paid up to be	303,020	N.A.	441,475	N.A.
	issued on exercise of option				
i.	weighted average share price at the	-	N.A.	290,450	77.56
	date of exercise	-	N.A.	780,375	76.81
j.	weighted average remaining	-	N.A.	1.10	N.A.
	contractual life (years)	-	N.A.	2.85	N.A.

Particulars		ESOP 2007		SAR	
		Options (Numbers)	Weighted Average Price (Rs.)	Options (Numbers)	Weighted Average Price (Rs.)
a.	outstanding at the beginning	1,670,000	42.45	-	-
	of the year	1,670,000	42.45	-	-
b.	granted during the year	376,000	77.06	-	-
		-	-	-	-
c.	exercised during the year	20,000	60.10	-	-
		-	-	-	-
d.	forfeited during the year	62,500	-	-	-
		-	-	-	-
e.	expired during the year	-	-	-	-
		-	-	-	-
f.	outstanding at the end of the	1,963,500	48.33	-	-
	year	1,670,000	42.45	-	-
g.	exercisable at the end of the year	516,250	60.10	-	-
		-	-	-	-
h.	number of equity shares of Rs. 5 each	1,963,500	N.A.	-	-
	fully paid up to be	1,670,000	42.45	-	N.A.
	issued on exercise of option				
i.	weighted average share price	20,000	78.85	-	-
	at the date of exercise	-	N.A.	-	N.A.
j.	weighted average remaining	3.61	N.A.	-	-
	contractual life (years)	5.63	N.A.	-	-

There were no reportable details in respect of ESOP 2003, ESOP (B) 2007 and ESPP 2007.
Previous year figures are in italics.

Note:

1. The equity shares pursuant to options granted under this scheme were allotted in the past and were administered through the TV18 Employee Welfare Trust. Accordingly, there has been no further allotment of equity shares pursuant to the exercise of these options.

2. During the current year 303,020 stock options exercisable during the year under the Television Eighteen India Limited Employees Stock Option Plan 2006 (ESOP 2006), had lapsed on failure to exercise the options within the exercise period. Accordingly, Rs. 885.75 lakhs has been transferred to the General reserve.

C. Web 18 Holdings Limited

i. Web18 Holdings Limited Share Options Plan (ESOP Plan)

The employees of the Web Group have been granted options, which have been fully vested under the ESOP Plan of Web 18 Holdings Limited. Each option entitles the grantee to one Class B ordinary share of USD 0.00374 each at an exercise price of USD 1 each. These options become exercisable by the grantee in four equal installments as follows:

i) 25% of the vested options on 15April 2009
ii) 25% of the vested options on 15 April 2010
iii) 25% of the vested options on 15 April 2011
iv) Balance 25% of the vested options on 15 April 2012.

Details of Option numbers and weighted average prices are as given below.

Web18 Holdings Limited Share Options Plan (ESOP Plan)

Particulars	Year ended 31 March, 2011			Year ended 31 March, 2010		
	Shares arising out of options	Weighted average exercise price	Weighted average remaining contractual life	Shares arising out of options	Weighted average exercise price	Weighted average remaining contractual life
		(USD)	(Years)		(USD)	(Years)
Outstanding, at the beginning of the year	10,313,118	1.00	2.04	11,617,118	1.00	3.04
Granted	-	-	-	170,000	1.00	-
Forfeited	889,000	1.00	-	1,474,000	1.00	-
Exercised	-	-	-	-	-	-
Outstanding, at the end of the year	9,424,118	1.00	1.04	10,313,118	1.00	2.04
Exercisable at the end of the year	4,712,059	1.00	1.04	2,578,280	1.00	2.04

ii. Memorandum of Understanding with Rishi Khiani (MOU)

A subsidiary of the Group had entered into the MOU on 14 July, 2006. In accordance with the MOU, Rishi Khiani is entitled to certain share based payments for being in continuous employment with the Group for a period of 36 months. Of these share based payments, 420,000 (Previous year 420,000) equity shares have been vested up to 31 March, 2011. Further, 280,000 equity shares (Previous year 280,000) have issued up to 31 March, 2011

D. Infomedia 18 Limited

i. Employee Stock Option Plan (ESOP) 2004

Infomedia has provided share based payment schemes to its employees. During the year ended 31 March, 2011 the following schemes were in operation:

Particulars	Employee Stock Option Plan 2004		
Year in which scheme was established	2004		
Number of options authorised to be granted	494,000		
Exercise price*	Grant 1		86.85
	Grant 2		141.45
	Grant 3		150.80
	Grant 4		180.50
	Grant 5		154.05
	Grant 6		209.85
Vesting date	Grant 1	24 October, 2005 (1 Year)	40,000
		30 May, 2006 (1 Year & 217 days)	60,000
		31 March 2006 (1 Year & 157 days)	32,000
		31 March 2007 (2 Years & 157 days)	32,000
	Grant 2	30 May, 2006 (1 Year & 21 days)	20,000
		30 May, 2007 (2 Years & 21 days)	80,000
	Grant 3	27 October, 2006 (1 Year)	77,750
		27 October, 2007 (2 Years)	77,750
	Grant 4	26 October, 2007 (1 Year)	8,750
		26 June, 2008 (2 Years)	8,750
	Grant 5	26 October, 2007 (1 Year)	9,250
		26 October, 2008 (2 Years)	9,250
	Grant 6	21 November, 2008 (1 Year)	19,250
		21 November, 2009 (1 Year)	19,250
Vesting requirements	Should be in service at date of vesting		
Exercise period	Three Years		
Un-granted options cancelled during the previous year	Nil		
Un-granted options	Nil		

This scheme (ESOP 2004) is covered under the approval of the shareholders vide their Annual General Meeting held on July 28, 2004 as modified at Extra Ordinary General Meeting held on 20 January, 2005 and Annual General Meeting held on October 10, 2006 and further modified through postal ballot resolution, results whereof declared on July 15, 2010.

*Revised exercise price is Rs. 10 per option vide Board approval dated 25 February, 2010.

The details of activity under the plan are summarized below:

Particulars	Year ended 31 March, 2011		Year ended 31 March, 2010	
	No. of Shares	Weighted Average Exercise Price (Rs.)	No. of Shares	Weighted Average Exercise Price (Rs.)
a. outstanding at the beginning of the year	36,750	187.17	47,250	187.06
b. grant during the year	-	-	-	-
c. exercised during the year	16,750	10.00	-	-
d. no. of options lapsed	10,250	10.00	10,500	186.66
e. outstanding at the end of the year	9,750	10.00	36,750	187.17
f. exercisable at the end of the year	9,750	-	36,750	-
g. weighted average remaining contractual life (in years)	0.46	-	1.46	-
h. weighted average fair value of the options granted (Rs.)	18.76	-	37.26	-

Details of exercise price for stock options outstanding at the end of the year are:

Year End	Range of Exercise Price (Rs.)	No. of Options Outstanding	Weighted average remaining contractual life (in years)	Weighted average exercise price (Rs.)
31 March, 2011	10	9,750	0.46	10
31 March, 2010	150.80 to 209.85	36,750	1.46	187.17

ii. Employee Stock Option Plan 2007 (ESOP 2007)

Particulars	Employee Stock Option Plan 2007 (ESOP 2007)	
Date of Grant/Board Approval	2 April, 2009	
No of Options Granted	967,500	
Exercise price	Rs. 10	
Method of Settlement	Equity	
Vesting Period	1 April, 2010 (1 year)	387,000
	1 April, 2011 (2 year)	290,250
	1 October, 2011 (2 years & 6 months)	290,250
Exercise Period	Three Years	
Un-granted options	Nil	

Particulars	Employee Stock Option Plan 2007 (ESOP 2007)	
Date of Grant/Board Approval	26 October, 2010	
No of Options Granted	200,000	
Exercise price	Rs. 10	
Method of Settlement	Equity	
Vesting Period	26 October 2011 (1 year)	80,000
	26 October 2012 (2 year)	60,000
	26 October 2013 (3 year)	60,000
Exercise Period	Three Years	
Un-granted options	Nil	

This scheme (ESOP 2007) is covered under the approval of the shareholders vide their Extra-Ordinary General Meeting held on 10 January, 2008 and further modified through postal ballot resolution, results whereof declared on 7 May, 2010.

The details of activity under the plan are summarised below:

Particulars	Year ended 31 March, 2011		Year ended 31 March, 2010	
	No. of Shares	Weighted Average Exercise Price (Rs.)	No. of Shares	Weighted Average Exercise Price (Rs.)
a. outstanding at the beginning of the year	911,000	10.00	-	-
b. grant during the year	200,000	10.00	967,500	10.00
c. exercised during the year	307,200	10.00	-	-
d. no of options lapsed	91,400	10.00	56,500	10.00
e. outstanding at the end of the year	712,400	10.00	911,000	10.00
f. exercisable at the end of the year	34,800	-	-	-
g. weighted average remaining contractual life (in years)	1.77	-	2.38	-
h. weighted average fair value of the options granted (Rs.)	28.24	-	0.95	-

Details of exercise price for stock options outstanding at the end of the year are:

Year End	Range of Exercise Price (Rs.)	No. of Options Outstanding	Weighted average remaining contractual life (in years)	Weighted average exercise price (Rs.)
31 March, 2011	10.00	712,400	1.77	10.00
31 March, 2010	10.00	911,000	2.38	10.00

Details of exercise price for stock options outstanding at the end of the year are:

ESOP Scheme	Range of Exercise Price (Rs.)	No. of Options Outstanding	Weighted average remaining contractual life (in years)	Weighted average exercise price (Rs.)
ESOP 2004	10.00	9,750	0.46	10.00
ESOP 2007	10.00	712,400	1.77	10.00

Since the enterprise used the intrinsic value method, the impact on the reported net profit and earnings per share by applying the fair value based method needs to be disclosed.

iii. Employee Stock Purchase Plan 2010 (ESPP 2010):

During the year, the Company had also introduced an Employee Stock Purchase Plan, 2010 (ESPP 2010) which was approved by shareholders vide postal ballot resolution, results whereof were declared on 7 May, 2010. However, there has been no activity under this Scheme till balance sheet date.

E. ibn18 Stock option plans

i. GBN Employees Stock Option Plan 2007 ("ESOP 2007")

- The Parent had established an Employee Stock Option Plan (ESOP 2007) in accordance with the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 which have been approved by the Board of Directors and the shareholders. A remuneration/ compensation committee comprising independent, non executive members of the Board of Directors administers the ESOPs. All options under the ESOPs are exercisable for equity shares. The Parent had declared stock split of 1 equity share of face value of Rs. 10 each in 5 equity share of Rs. 2 each through postal ballot dated 19 December 2007, the results of which were declared on 25 January 2008. The Parent plans to grant up to 1,700,000 (8,500,000 options pursuant to split of 1 share of face value of Rs.10 in 5 shares of face value of Rs.2 each) options to eligible employees and directors of the Parent and its subsidiaries and holding company of the Parent.
- Options which have been granted under ESOP 2007 shall vest with the grantee equally over a four year period from the date of grant. The exercise period of the options is a period of two years after the vesting of the options. Each option is exercisable for one equity share of Rs. 10 each (for one equity share of Rs 2 each after split) fully paid up on payment of exercise price (as determined by the remuneration/compensation committee) of share determined with respect to the date of grant. The Parent has granted 5,020,642 options up to 31 March, 2011.
- The movement in the scheme is set out as under:

Particulars		ESOP 2007 Year ended 31.03.11 Options (Numbers)	ESOP 2007 Year ended 31.03.11 Weighted Average Price (Rs.)	ESOP 2007 Year ended 31.03.10 Options (Numbers)	ESOP 2007 Year ended 31.03.10 Weighted Average Price (Rs.)
a.	Outstanding at the beginning of year	3,192,242	55.00	3,350,192	55.00
b.	Granted during the year	1,100,000	86.00	-	55.00
c.	Exercised during the year	1,720,379	55.00	-	-
d.	Forfeited during the year	121,146	55.00	157,950	55.00
e.	Expired during the year	-	-	-	-
f.	Outstanding at the end of the year	2,450,717	68.91	3,192,242	55.00
g.	Exercisable at the end of the year	957,769	55.00	1,974,871	55.00
h.	Number of equity shares of Rs. 2 each fully paid up to be issued on exercise of option	2,450,717	NA	3,192,242	NA

Particulars		ESOP 2007 Year ended 31.03.11 Options (Numbers)	ESOP 2007 Year ended 31.03.11 Weighted Average Price (Rs.)	ESOP 2007 Year ended 31.03.10 Options (Numbers)	ESOP 2007 Year ended 31.03.10 Weighted Average Price (Rs.)
i.	Weighted average share price at the date of exercise	1,720,379	92.50	NA	NA
j.	Weighted average remaining contractual life (years)	2.81	NA	0.51	NA

- The Finance Act 2009 has abolished Fringe Benefit Tax (FBT) on Employees' Stock Option Plan, hence there is no charge in these financial statements.

F. In the case of Viacom18

The Board of Directors of Viacom18 at its meeting held on September 23, 2008 approved the "ESOP 2008 Policy" under which the total options proposed to be granted to the employees are 3,700,000. The options would be granted at the fair market value prevailing at the time of grant and would vest and become exercisable over four years. In the first tranche, Viacom18 has granted 1,175,535 numbers of options in September 2008 at an exercise price of Rs. 131.77. In tranche two, Viacom18 has granted 1,132,191 numbers of options in September 2009 at an exercise price of Rs. 162.00 for each option. Since the options have been granted at the prevailing fair market value, there is no charge to the profit and loss account. Currently none of the options have vested or lapsed.

The details of the activity under the Scheme during the year are as follows:

Particulars	As at March 31, 2011	As at March 31, 2010
Option Outstanding at the beginning of the year	2,307,717	2,307,726
Options Granted during the year	-	33,937
Options Exercised during the year	-	-
Options Lapsed during the year	117,272	38,624
Options Outstanding at the year end	2,186,445	2,307,717

G. In the case of TV18 Home Shopping Limited

In April 2008 the employees of the Company have been granted stock options under TV18 HSN Holdings Limited Share Option Plan 2008 of TV18 HSN Holdings Limited.

Particulars	TV18 HSN Holdings Limited Share Option Plan 2008
Year in which scheme was established	2008-09
Number of options authorised to be granted	2,733,482
Exercise price	The exercise price in respect of the options shall be decided by the Compensation Committee.
Vesting date	a) 25% of the options vest on 9 April 2009 b) 25% of the options vest on 9 April 2011 c) 25% of the options vest on 9 April 2011

Particulars	TV18 HSN Holdings Limited Share Option Plan 2008
	d) Balance 25% of the options vest on 9 April 2012.
Vesting requirements	1 to 4 years of service.
Exercise period	Employees would be entitled to exercise 25% of the Vested Options at anytime during the 12 month period from the first anniversary of the date of grant and the balance of 75% of the Vested Options shall be exercised as to 25% at anytime during the 12 month period after at every subsequent anniversary of the date of the grant.
Un-granted options	314,482

Particulars	Options (Numbers)	Weighted average Price (USD)	Weighted average Price (Rs. approximately)
Outstanding at the beginning of the year	17,17000 *1,849,000*	0.11 *0.11*	5.01 *5.60*
Granted during the year	707,000 *18,49,000*	- *0.11*	- *5.01*
Exercised during the year	- -	- -	- -
Forfeited during the year	5,000 *132,000*	- -	- -
Outstanding at the end of the year	2419,000 *1,717,000*	0.11 *0.11*	5.01 *5.60*
Exercisable at the end of the year	- -	- -	- -
Weighted average remaining contractual life (years)	2.44 *3.00*	N.A. *N.A.*	N.A. *N.A.*

Note: Figures in italics indicate amounts pertaining to the previous year.

11. Pro forma Accounting for Stock Option Grants

Particulars		(Amounts in Rs. Million)	
		Year ended 31.03.2011	Year ended 31.03.2010
a.	Net Profit after tax as reported	(366.84)	(1,344.36)
i.	Add: Stock based employee compensation expense debited to Profit and Loss account	56.45	110.45
ii.	Less: Stock based employee compensation expense based on fair value	258.13	231.35
b.	Difference between (i) and (ii)	201.68	120.90
c.	Adjusted proforma profit	(568.52)	(1,465.26)
d.	Difference between (a) and (c)	201.68	120.90

Particulars		(Amounts in Rs. Million)	
		Year ended 31.03.2011	Year ended 31.03.2010
e.	Basic earnings per share as reported	(3.17)	(13.59)
f.	Proforma basic earnings per share	(4.91)	(14.81)
g.	Diluted earnings per share as reported	(3.17)	(13.30)
h.	Proforma diluted earnings per share	(4.90)	(14.50)

12. Disclosures as required by Accounting Standard 15 (Rs million)

The reconciliation of opening and closing balances of the present value of the defined obligation for the continuing businesses as at :				
Particulars	**Year ended**		**Year ended**	
	31-Mar-11		**31-Mar-10**	
	Gratuity Benefits	**Compensated Absences**	**Gratuity Benefits**	**Compensated Absences**
Obligation at the year beginning (A)	150.90	86.61	143.71	121.47
Adjustment for increase in opening provision for retirement benefits (B)**	(7.88)	(0.40)	6.14	4.64
Disposal of JV Share	15.89	-	0.24	-
Current service cost (C)	34.48	27.62	28.92	18.96
Interest cost (D)	11.38	6.28	11.15	9.30
Actuarial loss/(gain) (E)	(5.15)	(7.64)	(30.50)	(14.70)
Benefits paid (F)	(12.07)	(19.91)	(8.77)	(53.06)
Fair Value of Assets	-	-	-	-
Obligation at the year end (A+B+C+D+E+F)	187.56	92.56	150.90	86.61
Change in plan assets:				
Particulars	**Year ended**		**Year ended**	
	31-Mar-11		**31-Mar-10**	
	Gratuity Benefits	**Compensated Absences**	**Gratuity Benefits**	**Compensated Absences**
Fair value of plan assets at the year beginning	58.94	-	48.03	-
Fair value of plan assets from Acquisition of New Business	4.62	-	4.13	-
Expected return on plan assets	4.78	-	4.01	-
Employer's contributions	6.63	-	11.01	-
Benefits paid	(7.00)	-	(7.19)	-
Actuarial gain/ (loss)	(2.86)	-	(1.04)	-

The reconciliation of opening and closing balances of the present value of the defined obligation for the continuing businesses as at :				
Particulars	**Year ended**		**Year ended**	
	31-Mar-11		**31-Mar-10**	
	Gratuity Benefits	**Compensated Absences**	**Gratuity Benefits**	**Compensated Absences**
Fair value of plan assets at the year end*	65.12	-	58.94	-
* compensated absences not funded				
Net liability:				
Present value of obligation at the year end	187.56	95.24	150.90	86.61
Fair value of plan assets at the year end	60.50	-	58.94	-
Unrecognised past service cost	-	-	-	-
Benefits paid by the group on behalf of the fund	-	-	-	-
Net liability	127.06	95.24	91.96	86.61
Cost for the year				
Current service cost (A)	34.48	27.62	28.92	18.96
Viacom 18's opening Liability		-		(3.30)
Interest cost (B)	11.38	6.28	11.15	9.30
Actuarial loss/(gain) (C)	(2.30)	(7.64)	(129.46)	(14.70)
Expected Return on plan assets	(4.78)	-	(4.01)	-
Net cost (A+B+C+D)	38.79	26.26	6.61	10.26
Actuarial assumptions used:-				
Discount Rate	8.00	8.00	8.00	8.00
Expected Salary Escalation Rate	6.00	6.00	6.00	6.00
Mortality Table	LIC(1994-96) duly Modified	LIC(1994-96) duly Modified	LIC(1994-96) duly Modified	LIC(1994-96) duly Modified
Retirement Age	60 Yrs	60 Yrs	60 Yrs	60 Yrs
Withdrawal Rates	Age	Percentage	Age	Percentage
	Upto 30 Year	3.00	Upto 30 Year	3.00
	Upto 44 Year	2.00	Upto 44 Year	2.00
	Above 44 year	1.00	Above 44 year	1.00

13. Deferred tax

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

				(All amounts in Rupees)
	Opening Balance	**Deferred tax on Companies acquired during the year**	**(Charged)/ Credited to P&L**	**Closing Balance**
DEFERRED TAX LIABILITY				
Deferred Tax Liabilities				
Tax impact of difference between carrying amount of fixed assets in the financial statements and the income tax return	(16,737,182)	3,511,295	(8,174,955)	(21,400,842)
	(25,561,337)	-	9,128,007	(16,433,330)
Fiscal allowance on investments	-	-	-	-
	(20,121,414)	20,121,414 -	-	-
	-	-	-	-
Total (A)	**(16,737,182)**	**3,511,295**	**(8,174,955)**	**(21,400,842)**
	(45,682,751)	***20,121,414***	***9,128,007***	***(16,433,330)***
Deferred Tax Assets				
Tax impact of expenses charged in the financial statements but allowable as deductions in future years under the provisions of income tax legislation	5,833,763	(5,833,763)	31,056,672	31,056,672
	8,047,342	-	(2,213,579)	5,833,763
Provision for doubtful debts	603,467	(603,467)	37,230,995	37,230,995
	1,082,736	-	(479,269)	603,467
Brought forward business losses to be set off in future years	-	-	-	-
	-	-	-	-
Total (B)	**6,437,230**	**(6,437,230)**	**68,287,667**	**68,287,667**
	9,130,078	***28,301,643***	***(2,692,848)***	***6,437,230***
Total (A-B)	**(10,299,952)**	**(2,925,935)**	**60,112,712**	**46,886,825**
	(36,552,673)	***20,121,414***	***6,435,159***	***(9,996,100)***
Break up of deferred tax assets and reconciliation of current year's deferred tax:				

				(All amounts in Rupees)
	Opening Balance	**Deferred tax on Companies acquired during the year**	**(Charged)/ Credited to P&L**	**Closing Balance**
DEFERRED TAX ASSETS				
Deferred Tax Liabilities				
Tax impact of difference between carrying amount of fixed assets in the financial statements and the income tax return	(66,422,228)	-	25,365,215	(41,057,013)
	(92,324,533)	-	25,037,921	(67,286,612)
Total (C)	**(66,422,228)**	**-**	**25,365,215**	**(41,057,013)**
	(92,324,533)	-	25,037,921	(67,286,612)
Deferred Tax Assets				
Tax impact of expenses charged in the financial statements but allowable as deductions in future years under the provisions of income tax legislation	109,472,520	-	(65,273,780)	44,198,740
	182,016,473	-	(71,983,421)	110,033,052
Provision for doubtful debts	46,455,158	-	(15,075,479)	31,379,679
	52,397,173	-	(5,942,015)	46,455,158
		-		
Total (D)	**155,927,678**	**-**	**(80,349,259)**	**75,578,419**
	234,413,646	**-**	**(77,925,436)**	**156,488,210**
Total (C-D)	**89,505,450**	**-**	**(54,984,044)**	**34,521,406**
	142,089,113	**-**	**(52,887,515)**	**89,201,598**

14. Earnings per Share

Basic and diluted earnings per equity share have been computed by dividing the net profit (loss) after tax by the number of equity shares outstanding for the year, as below.

Particulars	**Units**	**Year ended March 31, 2011**	**Year ended March 31, 2010**
a. Net profit after tax	Rs.	(366,841,682)	(1,344,361,768)
b. Weighted average of number of equity shares used in computing	No. of Shares	115,735,050	98,952,556
basic earnings per share			
c. Basic earnings per share (a/b)	**Rs.**	-3.17	-13.59
d. Weighted average of the number of shares under options	No. of Shares	1,446,398	5,942,421
e. Adjustment for weighted average number of shares that would have	No. of Shares	(1,090,087)	(3,816,740)
been issued at fair value.			
f. Weighted average of number of Equity shares used in computing		116,091,361	101,078,237
Diluted earnings per share (b+d+e)			

Particulars	Units	Year ended March 31, 2011	Year ended March 31, 2010
g. Diluted earnings per share (a/f) Rs		-3.16	-13.30
h. Effect of potential equity shares (c-g) Rs		-0.01	-0.29
* Not computed, being anti-dilutive			

15. Leases

i. The Group has taken various office premises under operating lease agreements. These are generally non cancelable and are renewable by mutual consent on mutually agreed terms.
ii. Lease payments for the year: Rs.496.64 million (Rs. 458.24 million)
iii. The future minimum lease payments under non-cancelable operating leases are:

(Rs million)

Particulars	Current year	Previous Year
Not later than one year	370.19	439.33
Later than one year but not later than five years	528.93	615.90
Later than five years	10.27	16.34

16. Minority interest Reconciliation

(All amounts in Rupees)

Particulars		Year ended 31.03.2011	Year ended 31.03.2010
Opening balance		7,162,097,128	3,608,607,576
Add/ (less):	Adjustment on account of transfer of subsidiary	(754,830,738)	-
Add/(less):	Minority's share of accumulated profit/(loss)	(664,915,163)	735,711,171
Add/(less):	Minority's interest in capital of subsidiary acquired during the year	-	-
Add/(less):	Minority's share related to share premium	2,620,368,157	4,005,509,658
Add/(less):	Minority's share related to change in general reserve	45,878,498	
Add/(less):	Minority's share related to changes in equity	63,315,614	152,930,893
Add/(less):	Minority's share related to ESOP reserve	(66,730,842)	106,198,323
Add/(less):	Minority's share related to exchange translation reserve	(11,136,656)	22,095,649
Add/(less):	Minority's share related to capital reserve	(6,533,340)	250,426,101
Add/(less):	Share in current year profit/ (loss)	(505,919,225)	(1,517,073,076)
Add/(less):	Exchange Difference	(2,426,717)	(219,677,500)
Add/(less):	Preference shares held by minority issued/ (redeemed)	16,84,912	
Add/(less):	Misc.Expenditure	(33,936,389)	21,232,742
Add/(less):	Appropriation adjustment of minority interest	-	(3,864,409)
Add/(less):	Others	392,250	-
Closing balance		7,847,307,490	7,162,097,128

17. Prior period adjustments comprise

The components of prior period adjustments are as follows:

		(Amounts in Rupees)
Particulars	**Year ended 31-03-2011**	**Year ended 31-03-2010**
Site support costs	3,243,546	(603,508)
Excess provision written back	-	8,486,594
Income from media operations	-	14,486,186
Income short provided	(6,994,315)	-
Airtime Purchased	-	(6,138,720)
Others	63,120	(2,843,838)
Advertisement Expenses	464,106	(8,213,100)
Travelling Expenses	-	(2,192,196)
Expenses Short Provided	12,54,811	512,688
Total	**(1,968,732**	**3,494,106**

18. Related Party

A. List of related party

i. Key Management Personnel

- Raghav Bahl (Also exercises control by virtue of having a substantial interest in the voting power of the Company)
- Sameer Manchanda
- Rajdeep Sardesai
- Sagarika Ghose
- Sanjay Ray Chaudhuri
- Haresh Chawla
- Anil Srivastava
- Sandeep Malhotra
- Raman Gulati

ii. Relatives of Key Management Personnel

- Ms .Subhash Bahl
- Ms. Ritu Kapur
- Ms. Vandana Malik
- Ms. Janhavi Chawla

iii. Entities over which persons listed above are able to exercise significant Influence

- RB Investments Private Limited
- RRB Holdings Private Limited
- RVT Holdings Private Limited
- RRK Holdings Private Limited
- RB Software Private Limited
- BK Media Private Limited
- BK Media Mauritius Private Limited, Mauritius
- VT Investments Private Limited
- SGA News Limited
- VT Holdings Private Limited
- RVT Softech Private Limited
- Greycells 18 Media Limited
- Keyman Financial Services Private Limited
- RRB Investments Private Limited
- Tangerine Digital Entertainment Private Limited

- RRK Finhold Private Limited
- VT Softech Private Limited
- Network 18 Publications Limited
- RVT Finhold Private Limited
- Wespro Digital Private Limited
- Film Investment Managers (Mauritius)Limited
- Media Venture Capital Trust II
- BK Communications Limited
- BK Ventures Limited
- BK Capital Limited, Cayman Island
- BK Network Limited
- International Media Advisors Private Limited, Mauritius
- BRR Securities Private Limited (Earlier Kishore Securities Pvt Ltd)
- Ubona Technologies Private Limited
- Capital18 Advisors Limited, Mauritius.
- Juxt Consult Research and Consulting Private Limited
- Blue Slate Media Private Limited
- Web18 Securities Private Limited
- RRK Media Private Limited
- Webchutney Studio Private Limited
- Capital18 Limited, Cayman Island
- RB Holdings Private Limited
- The Network18 Trust
- Jagran18 Publications Limited
- Capital 18 Media Advisors Private Limited
- VT Media Private Limited
- IBN Lokmat News Private Limited
- Network 18 Group Senior Professionals Welfare Trust
- Network 18 Employee Welfare Trust
- The Network18 Trust
- Colosceum Media Private Limited
- Den Digital Entertainment Network Private Limited
- Den Digital Cable Network Private Limited
- Den Network Limited
- Den Bellary City Cable Private Limited
- Den Manoranjan Satellite Private Limited
- Den Nashik City Cable Network Private Limited
- Den Supreme Satellite Vision Private Limited
- Jagaran TV Private Limited till 30 September, 2007 (now known as
- ibn18 Media and Software limited)
- India International Film Advisors Private Limited (formerly RB Fincap Private Limited)
- Viacom 18 Media Private Limited (formerly MTV Network India Private
- Limited) w.e.f. 01 October, 2008
- RB Holdings Private Limited.
- RB Media Holdings Private Limited.
- Networkplay Media Private Limited.
- VT Media Private Limited.
- RRK Media Private Limited.
- International Media Advisors Private Limited.
- RVT Finhold Private Limited.
- RRK Finhold Private Limited.
- Wespro Digital Private Limited.
- 24x7 Learning Private Limited.
- SRC Media Limited.
- Stargaze Entertainment Private Limited.
- Yatra Online Private Limited.

- Network18 Senior Professional Trust.
- Den Digital Entertainment Banglore Private Limited.

B. Transactions /balances outstanding with related parties (Amount in Rs.)

Particulars	Entities under Significant influence (Rs)	Key Management Personnel (Rs)	Relatives of Key Management Personnel (Rs)
Income from operations and other income.			
SGA News Limited	- (3,138,081)		
Network 18 Publications Private Limited	6,390,056 (5,338,749)		
Media Venture Capital Trust II	28,403 (-)		
Greycells 18 Media Private Limited	3,342,581 (4,286,621)		
Wespro Digital Private Limited	394,16,362 (62,425,215)		
Viacom18 Media Private Limited	598,06,523 (107,809,380)		
IBN Lokmat News Private Limited	98,00,000 (24,512,026)		
Mobilenxt Teleservices Private Limited	- (-)		
Network 18 Trust	222,000,000 (217,400,000)		
Digital 18 Media Private Limited	- (100,022,967)		
VT Softech Private Limited	- (-)		
RVT Holdings Private Limited	33,921,995 (8,830,874)		
Den Network Limited	- (10,000,000)		
RRB Investments	3,671,472 (-)		
Interest Received from			
Network 8 Group Senior Professional Welfare Trust	237,850,718 (24,843,940)		
Webchutney Studio Private Limited	- (8,557)		
Wespro	2,574,000 (-)		
Haresh Chawla		19,002,740 (-)	
Investment made in units of venture capital fund.			
Media Venture Capital Trust II	- (239,400,000)		
Network18 Trust	- (-)		

Particulars	Entities under Significant influence (Rs)	Key Management Personnel (Rs)	Relatives of Key Management Personnel (Rs)
Expenditure for Services received.			
Raghav Bahl		10,944,000 (10,944,000)	
Ritu Kapur			2,389,137 (2,016,583)
Sanjay Ray Chaudhari		4,688,004 (4,632,658)	
Haresh Chawla		9,529,692 (4,199,634)	
Janvi Chawla			1,438,800 (1,438,800)
Sameer Manchanda (SM)		10,287,097 (14,139,539)	
Rajdeep Sardesai (RS)		14,424,000 (14,497,973)	
Sagarika Ghosh			1,724,358 (1,613,280)
Vandana Malik		4,794,519 (-)	
Sandeep Malhotra		20,703,815 (-)	
Raman Gulati		8,537,304 (-)	
Greycells 18	460,000 (-)		
Digital 18	400,000 (8,925,707)		
DEN Digital Entertainment, Bangalore	- (4,212,500)		
DEN Bellary	- (225,001)		
DEN Digital Cable	- (19,493)		
DEN Manoranjan	- (4,250,000)		
DEN Nasik City	- (2,407,143)		
DEN Supreme Setellite	- (895,834)		
Capital 18 Media Advisors Private Limited	- (-)		
Viacom18 Media Private Limited	2,990,417 (2,441,263)		
Network 18 Publications Private Limited	3,945,511 (3,654,000)		
RVT Holdings Private Limited	- (-)		
Tangerine Digital	-		

Particulars	Entities under Significant influence (Rs)	Key Management Personnel (Rs)	Relatives of Key Management Personnel (Rs)
Entertainment Private Limited	(-)		
DEN Digital Networks	278,755,255 (442,893,340)		
Interest paid to			
SGA News Limited	- (-)		
MVCT	35,917,891 (-)		
Reimbursement of Expenses (received)			
Jagran 18 Publications Limited	- (-)		
SGA News Limited	- (-)		
Wespro Digital Private Limited	12,828,400 (21,390,990)		
Colosceum Media Private Limited	- (-)		
Greycells 18 Media Private Limited	3,004,533 (4,954,923)		
IBN Lokmat News Private Limited	51,582,596 (114,571,213)		
Network 18 Publications Private Limited	- (-)		
Tangerine Digital Entertainment Private Limited	- (9,789,823)		
Viacom18 Media Private Limited	4,292,742 (11,487,091)		
Digital 18 Media Private Limited	7,761,577 (32,737,449)		
IFC Distributions Private Limited	507,481 (854,061)		
Indian International Film Advisors Private Limited	4,057,363 (1,036,915)		
RVT Investments Private Limited	11,205,976 (1,343,058)		
Capital 18 Media Advisors Private Limited	- (-)		
RVT Holdings Private Limited	- (191,382)		
VT Softech Private Limited	- (764,296)		
Big Tree Entertainment Private Limited	- (-)		
Stargaze Entertainment Private Limited	- (128,519)		

Particulars	Entities under Significant influence (Rs)	Key Management Personnel (Rs)	Relatives of Key Management Personnel (Rs)
Reimbursement of Expenses (paid)			
IBN Lokmat News Private Limited	2,347,871 (3,017,422)		
SGA News Limited	- (-)		
Viacom18 Media Private Limited	3,691,795 (7,384,135)		
Jagran18 Publications Limited	- (-)		
Network 18 Publications Private Limited	- (188,500)		
Greycells 18 Media Private Limited	- (764,342)		
Network 18 Trust	- (-)		
VT Softech Private Limited	101,146 (-)		
RVT Holdings Private Limited	- (8,879,355)		
Investment purchased from			
Media Venture Capital Trust II	- (-)		
Investment made in equity share during the year			
Viacom18 Media Private Limited	- (-)		
Viacom18 Media Private Limited	- (117,964)		
Viacom18 Media Private Limited, UK	- (117,964)		
VT Investments Private Limited	- (-)		
Investment made in preference share during the year			
VT Investments Private Limited	- (-)		
VT Holdings Private Limited	- (-)		
Sale of equity share during the year			
VT Investments Private Limited	- (-)		
Mobilenxt Teleservices Private Limited	- (-)		
Raghav Bahl		- (-)	
MVCT	345,600,000 (-)		

Particulars	Entities under Significant influence (Rs)	Key Management Personnel (Rs)	Relatives of Key Management Personnel (Rs)
Sale of Preference share during the year			
VT Investments Private Limited	- (-)		
Loans / Advances given during the year			
Network 18 Group Senior Professional Welfare Trust	552,500,000 (1,475,800,000)		
Jagran18 Publications Limited	- (-)		
SGA News Limited	- (-)		
Network 18 Publications Private Limited	- (-)		
Mobilenxt Teleservices Private Limited	- (-)		
VT Softech Private Limited	- (-)		
Wespro Digital Private Limited	- (-)		
Network18 Trust	2,262,600,000 (-)		
Stargaze	176,500,000 (-)		
MVCT Mauritius	2,445,575 (-)		
RVT Media	30,000,000 (-)		
Haresh Chawla		150,000,000 (-)	
Loans / Advances received back given during the year			
Viacom18 Media Private Limited	- (-)		
Network 18 Publications Private Limited	- (-)		
Mobilenxt Teleservices Private Limited	- (3,800,000)		
VT Softech Private Limited	- (8,134,317)		
Network18 Trust	1,034,500,000 (-)		
Stargaze	176,500,000 (-)		
MVCT Mauritius			
RVT Media	30,000,000 (-)		
Network18 Group Senior Professional Welfare Trust	2,028,300,000 (-)		

Particulars	Entities under Significant influence (Rs)	Key Management Personnel (Rs)	Relatives of Key Management Personnel (Rs)
Share application money paid pending allotment.			
IBN Lokmat News Private Limited	- (22,500,000)		
Viacom 18 Media Private Limited	- (100,000,000)		
Share application money paid during the year			
VT Investments Private Limited	- (-)		
MVCT	492,100,000 (-)		
Share application money refunded during the year			
VT Investments Private Limited	- (-)		
MVCT	492,100,000 (-)		
Purchase of Fixed Assets			
IBN Lokmat News Private Limited	26,524 (-)		
Tangerine Digital Entertainment Private Limited	- (3,405,000)		
Balances outstanding at the year end			
Amount due from			
Tangerine Digital Entertainment Private Limited	- (197,055)		
Viacom18 Media Private Limited	43,104,331 (60,799,853)		
India International Film Advisors Private Limited.	- (1,282,500)		
Studio 18 UK Limited	88,042 (83,270)		
Studio 18 USA Limited	512,679 (518,306)		
IBN Lokmat News Private Limited	8,298,308 (12,404,323)		
Network18 Group Senior Professional Welfare Trust	- (1,498,159,546)		
Network18 Employee Welfare Trust	700,000 (600,000)		
Greycells 18 Media Private Limited	25,610,793 (27,095,243)		
Network 18 Publications Private Limited	19,398,877 (13,687,118)		
Ibn18 Trust	- (9,870)		

Particulars	Entities under Significant influence (Rs)	Key Management Personnel (Rs)	Relatives of Key Management Personnel (Rs)
Digital 18 Limited	1,772,998 (81,463,304)		
Webchutney Studio Private Limited	- (-)		
Loans/advances Payable at the year end			
MVCT	181,560,582 (-)		
Loan / Advances at the year end			
Jagran18 Publications Limited	3,831,454 (-)		
Digital 18 Media Limited	- (14,615,028)		
VT Softech Private Limited	7,010,397 (6,893,149)		
Viacom18 Media Private Limited	418,215 (17,353,847)		
IBN Lokmat News Private Limited	3,356,689 (11,224,077)		
Wespro Digital Private Limited	34,593,895 (29,234,685)		
Viacom 18 Media US	- (425,000)		
Viacom 18 Media UK	- (425,000)		
SGA News Limited	- (46,197,417)		
Network 18 Publications Private Limited	13,763,442- (13,497,943)		
Greycells 18 Media Private Limited	5,321,229 (2,509,037)		
India International Film Advisors Private Limited	- (-)		
Tangerine Digital Entertainment Private Limited	268,156 (2,007,970)		
MVCT Mauritius	1,048,293 (-)		
Network18 Trust	1,847,608,892 (-)		
RVT Holdings	10,748,446 (-)		
Haresh Chawla		169,002,740 (-)	
BKHolding	44,679,380 (-)		
Capital18 Limited	39,303,654 (-)		

Particulars	Entities under Significant influence (Rs)	Key Management Personnel (Rs)	Relatives of Key Management Personnel (Rs)
Amounts due to			
Viacom18 Media Private Limited	6,206,488 (8,150,987)		
IBN Lokmat News Private Limited	157,460 (18,200)		
Network 18 Publications Private Limited	1,688,251 (3,355,095)		
RVT Holdings Private Limited	- (4,515,107)		
BK Media Mauritius Private Limited	182,709 (184,714)		
Wespro Digital Private Limited	- (14,335,806)		
Den Digital Entertainment Bangalore	- (74,355)		
Den Bellary	- (60,803)		
Den Nasik City	- (403,731)		
DEN Supreme Satellite	- (144,306)		
Digital 18	- (9,515,281)		
Greycells 18 Media Private Limited	- (70,741)		
DEN Digital Entertainment Networks Limited	3,845,224 (17,809,445)		
B.K.Mauritius	40,760,000 (-)		
Corporate Guarantees as the year end to secure the debts of , (see also Note 6 above)			
IBN Lokmat News Private Limited	249,000,000 (272,500,000)		
Capital 18 Limited, Mauritius (USD 25 million in previous year)	Nil (112,850,000)		
BK Holdings Limited, Mauritius (USD 42.50 million)(USD 85 million in previous year)	1,897,630,000 (3,836,900,000)		
Guarantee for Investment in Viacom 18 (Nil)	- (451,400,000)		
Investment Pledged in connection with loans availed by (market value)			
TV 18 Senior Professional Trust	- (-)		
Network18 Group Senior Professional Welfare Trust	2,552,000,000 (-)		
Share Application Money Paid at the year end			

Particulars	Entities under Significant influence (Rs)	Key Management Personnel (Rs)	Relatives of Key Management Personnel (Rs)
IBN Lokmat News Private Limited	- (-)		
Viacom18 Media Private Limited	- (-)		
Share Application Money Paid for units at the year end			
Media Venture Capital Trust II	- (-)		
Sale of Assets			
Greycells 18 Media Private Limited	- (-)		
Deposits payable as at year end			
Greycells 18 Media Private Limited	- (-)		

19. Information about Business Segments

Income / Expenditure (Rs million)	Investment activities	Media Operations	Others	Total (Rs)
Revenues		13795.83	4,601.85	18,397.68
	(-)	*(*11,233.13*)*	*(*4,428.97*)*	*(*15,662.10*)*
Less Inter company Revenue	-	197.42	1,299.37	1,496.79
	(-)	*(*272.96*)*	*(*1,130.55*)*	*(*1,403.51*)*
Expenses		13,446.05	2,780.33-	16,226.37
	-	*(*13,049.39*)*	*(*3,032.69*)*	*(*16,082.08*)*
Less Inter company Expenses		1,120.31	65.93	1,186.24
	-	*(*1,105.98*)*	*(*113.57*)*	*(*1,219.55*)*
Segment result	-	1,272.67	588.08	1,860.75
	(-)	*(*-983.24*)*	*(*379.30*)*	(-603.94)
Less: Interest & Financial Charges				2,258.42
				(2,126.30*)*
Less: Other unallocable expenses				37.68
				*(*35.18*)*
Less:Prior Period Adjustment				*(1.97)* *(3.49)*
Profit before taxes				(433.38)
				(-2,765.41*)*
Income tax (Net of MAT Credit and including FBT)				331.35
				*(*96.02*)*
Profit for the period				(764.73)
				(-2,861.43*)*
Assets/ Liabilities*				
Segment Assets		34,606.56	7,785.00	42,391.56
	(-)	*(*34,155.37*)*	*(*12,127.55*)*	*(*46,282.92*)*
Segment Liabilities		18,332.36	5,677.77	24,010.14
	(-)	*(*18,408.54*)*	*(*8,775.39*)*	*(*27,183.93*)*

Capital expenditure	-	229.72	82.49	312.22
		(191.47)	*(356.95)*	*(548.42)*
Depreciation	-	568.97	-	617.25
		(677.37)	*(0.54)*	*(677.91)*
Other Non cash expenses**				48.28
				(630.29)
**excludes ESOP expenses				

20.

A. Details of Foreign currency exposures that are not hedged by derivative instruments in entities where the functional currency is INR

Currency	Payable	Rupee equivalent (Rs.)	Receivable	Rupee equivalent (Rs.)
USD	5,123,387	228,759,640	6,629,223	294,737,266
GBP	47,800	3,425,158	45,123	2,946,739
EURO	28,500	1,802,340	22,310	1,410,886
JYP	602,324	1,479,912	-	-

B. Details of foreign currency exposures not hedged by derivative instruments in entities of Web group where the functional currency is USD

Particulars	Rupees	Equivalent amount in USD
Payable (liabilities)	13,994,460	313,426

21. Interest in Joint Ventures

A. In the case of TV18

The Group's interests in jointly controlled entities are:

Name	Country of Incorporation	Percentage of ownership interest as at 31 March, 2011	Percentage of ownership interest as at 31 March, 2010
JobStreet.Com India Private Limited (Jobstreet)	India	Nil	50% (50% up to 30 March, 2010)
Jagran 18 Publications Limited (Jagran)	India	50%	50%
Reed Infomedia India Private Limited (Reed)*	India	49%	49%

The Group's share of each of the assets, liabilities, income and expenses, etc. related to its interest in joint ventures is:

(Amounts in Rupees)

	Particulars	Jobstreet	Reed	Jagran	Total
A.	**Assets**				
	Fixed assets	-	-	-	-
		-	-	*329,668*	*329,668*

	Particulars	Jobstreet	Reed	Jagran	Total
	Current assets, loans and advances:				
	- Cash and bank	-	86,232	294	86,526
	Balances	-	*203,790*	*294*	*204,084*
	-Accounts receivable	-	1,447,720	1,229,669	2,677,389
		-	*1,470,000*	*900,000*	*2,370,000*
	- Loans and advances	-	16,892	10,214	27,106
		-	-	*10,214*	*10,214*
B.	**Profit and loss account (debit balance)**	- -	- -	17,292,653 *17,286,928*	17,292,653 *17,286,928*
C.	**Liabilities**				
	Current liabilities and	-	638,464	54,317	692,781
	Provisions	-	*725,611*	*51,817*	*777,429*
	Unsecured loans	-	-	8,228,513	8,228,513
		-	-	*8,225,288*	*8,225,288*
D.	**Income**				
	Income from	-	-	-	-
	Operations	*5,372,850*	*89,577*	-	*5,462,427*
	Income from others	-	14,443	-	14,443
		872,892	*2,056,223*	-	*2,929,115*
E.	**Expenditure**				
	Production,	-	50,243	-	50,243
	Administrative and other costs	*3,265,993*	*1,505,784*	-	*4,771,777*
	Personnel costs	-	-	-	-
		6,768,170	*539,461*	-	*7,307,631*
	Interest and finance	-	-	-	-
	Changes	*4,357*	-	-	*4,357*
	Depreciation	-	-	-	-

	Particulars	Jobstreet	Reed	Jagran	Total
		240,447	*148,193*	-	388,640
	Pre-operative/ Preliminary expenses written off	- -	- -	5,725 *1,461,955*	5,725 *1,461,955*
F.	**Other Matters**				
	Capital commitments	Nil	Nil	Nil	Nil
		Nil	*Nil*	*Nil*	*Nil*

Note: *Previous year figures are in italics*

B. In the case of IBN18

The Company's interest, as a venturer, in jointly controlled entity as at March 31, 2011 is:

Name of the Parent	Country of Incorporation	% Voting power held
IBN Lokmat News Private Limited	India	50%
Viacom18 Media Private Limited	India	50%

The following amounts represent the Parent's share of the assets and liabilities and revenue and expenses of the joint ventures and are included in the consolidated balance sheet and consolidated profit and loss account:

i. IBN Lokmat

Particulars		As at 31.03.2011 (Rs.)	As at 31.03.2010 (Rs.)
A.	**Assets**		
	Fixed assets	**76,444,499**	96,784,348
	Current assets, loans and advances:		
	- Cash and bank balances	**14,942,828**	16,238,732
	- Accounts receivable	**28,716,087**	23,282,902
	- Loans and advances	**23,601,170**	22,640,227
	- Inventory	**33,769**	19,714
B.	**Profit and loss account (debit balance)**	**392,880,425**	294,473,588
C.	**Liabilities**		
	Current liabilities and provisions	**50,679,912**	44,449,213
	Secured loans	**73,188,865**	91,240,297
D.	**Income**		
	Income from operations	**75,118,996**	65,152,322
	Income from others	**3,125,919**	1,446,047
E.	**Expenditure**		
	Production, administrative and other costs	**104,772,596**	98,754,340
	Personnel costs	**41,235,625**	37,923,323
	Interest and finance costs	**12,145,018**	15,605,121
	Depreciation	**18,498,513**	19,776,545

Particulars		As at 31.03.2011	As at 31.03.2010
		(Rs.)	(Rs.)
F.	**Profit/(Loss) before tax**	**(98,406,837)**	(105,460,960)
G.	**Profit/(Loss) after tax**	**(98,406,837)**	(105,440,277)
H.	**Other matters**		
	Capital commitments	**-**	-

ii. Viacom18

Particulars		As at 31.03.2011	As at 31.03.2010
		(Rs.)	(Rs.)
A.	**Assets**		
	Fixed assets	**72,442,803**	93,208,501
	Goodwill	**465,468,264**	-
	Investments	**30,257,643**	-
	Deferred Tax Asset	**68,287,667**	-
	Current assets, loans and advances:		
	- Cash and bank balances	**1,549,448,669**	517,072,008
	- Accounts receivable	**2,122,367,681**	1,508,740,209
	- Loans and advances	**703,827,011**	469,937,845
	- Inventory	**3,455,585,821**	369,058,061
B.	**Profit and loss account (debit balance)**	**1,378,437,018**	1,801,384,195
C.	**Liabilities**		
	Current liabilities and provisions	**2,040,493,644**	1,646,797,990
	Secured loans	**2,255,289,182**	223,377,756
	Unsecured loans	**249,137,512**	-
	Deferred Tax Liability	**8,287,667**	-
D.	**Income**		
	Income from operations	**5,491,994,902**	3,876,243,036
	Income from others	**37,446,382**	10,992,508
E.	**Expenditure**		
	Production, administrative and other costs	**4,565,136,023**	3,608,247,692
	Personnel costs	**358,822,279**	384,911,334
	Interest and finance costs	**96,154,242**	26,174,194
	Depreciation	**40,562,090**	36,037,113
F.	**Profit/(Loss) before tax**	**468,786,650**	(168,134,789)
G.	**Profit/(Loss) after tax**	**425,477,776**	(168,831,772)
H.	**Other matters**		
	Capital commitments	**530,000**	4,435,000

22. Utilisation of Rights issue proceeds

A. In relation to network 18

The Company has utilised an aggregate sum of Rs 1,979.78 millions towards the stated purposes, from the proceeds of the Rights Issue of Partly Convertible Cumulative Preference Shares of Rs 200/- each. The Unutilised funds of Rs 59.21 millions are invested in Mutual Funds / Bank Fixed Deposits.

B. In the case of TV18

The Parent had utilised the gross issue proceeds received during the year ended 31 March, 2011 on issue of 60,007,121 equity shares of Rs. 5 each at a premium of Rs. 79 per share in the following manner:

Particulars		Year ended 31.03.2011 (Rs.)	Year ended 31.03.2010 (Rs.)
i.	Rights Issue proceeds	**5,008,791,849**	4,943,931,408
ii.	Repayment of term loan	**3,000,000,000**	750,000,000
iii.	Investment in Infomedia rights issue	**450,000,000**	450,000,000
iv.	Investment in proposed ventures with Forbes Media LLC	**240,000,000**	-
v.	Invest in acquisitions and other strategic initiatives in media	**350,000,000**	350,000,000
Vi	General corporate purpose	**690,598,000**	-
vii.	Rights issue expenses	**250,000,000***	162,958,402
viii.	Closing balance of unutilised proceeds as at the year end	**28,193,849**	3,230,973,006
	Details of unutilised proceeds are given below: -Investments in mutual funds -Balance in current accounts	 **28,193,849** **-**	 2,085,973,038 1,144,999,968
		28,193,849	**3,230,973,006**
	***Includes Rs. 87,042,000 utilised for repayment of commercial paper as the right issue expenses aggregated to Rs. 162,958,000**		

C. In the case of IBN18

The Company has allotted 54,495,443 shares on rights basis to its equity shareholders during the year. Out of this, 54,425,108 shares were converted into fully paid up shares as on 31 March, 2011 upon receipt of full and final call money. During the year the Parent has received Rs. 5,090.93 million towards the right issue proceeds comprising Rs. 1,689.36 million towards share application money and Rs. 3,401.57 million towards full and final call. Calls in arrears as at the year ended 31 March 2011, amount to Rs. 4.40 million. The status of utilization of rights issue proceeds is set out below:

(Rs. In million)

Objects of the issue	Proposed utilisation	Actual utilisation
Repay certain loans	2,150.00	2,150.00
Investment in Viacom18	1,500.00	1,500.00
Investment in IBN Lokmat Private Limited	250.00	127.50
General corporate purposes	995.32	995.32
Rights issue expenses	200.00	190.41
Total	**5,095.32**	**4,963.23**

* Surplus available after actual expenses incurred (including provisions) on rights issue have been utilized towards investment in Viacom18.

23. Additional statutory information disclosed in the separate financial statements of Network 18 Media & Investments Limited and its subsidiaries having no material bearing on the true and fair view of these Consolidated financial statements and the information pertaining to the items which are not material have not been disclosed in the consolidated financial statements .

24. As per the Requirements of AS 21, AS 23 and AS 27 in the preparation of consolidated financial statements, the accounting policies of the consolidated entities are required to be aligned with those of the company to the extent practicable. The group has estimated the impact of the differential accounting policies on the consolidated financials for the year ended March 31,2011 and based on such estimates, has determined that the difference is not material . Management is of the opinion that , such alignment of accounting policies is not practicable and that the cumulative impact of such alignment, if made would not be significant to the consolidated financial statements.

25. These instruments represent loans extended to Network 18 Holdings Limited, Cayman Islands (a subsidiary of the company) by subsidiary entities of Television Eighteen India Limited, which have not been consolidated as mentioned in Note 1(b) above.

26. Previous year's figures have been regrouped /reclassified, wherever necessary to conform to the current year's presentation.

27. Long term Investments / Goodwill

The Company has certain long term investments aggregating to Rs. 3368 million including quoted equity shares of Rs. 285 million. Management is of the view that, having regard to the long term strategic involvement and the proposed restructuring as per the Scheme of Arrangement no provision is considered necessary for 'other than temporary diminution' in the value of these investments.

Goodwill on consolidation relating to acquisition of subsidiaries aggregates to Rs. 13270 million as at 31 March, 2011. Management is of the view that, having regard to the long term strategic involvement and the proposed restructuring as per the Scheme of Arrangement ("the Scheme"), no impairment is considered necessary in respect of goodwill on consolidation.

28. TIFC a joint venture of IBN18, has provided an advance of Rs. 52 million to a director in earlier years for two films of which one is under production and on which Rs. 24 million has been incurred as pre-production costs till 31 March, 2011. The director was to render services from 9 January, 2008 to 8 January, 2011 for the production for the film and has not met his commitments. Accordingly, TIFC has taken legal action for the recovery of the advance paid and the pre-production expenses incurred. Based on consultations with legal counsel, management of TIFC is of the view that with legal action initiated, TIFC will be able to obtain the services from the director for the direction of these films. Based on the above, due to uncertainty involved as to the future outcome of the case, TIFC recorded a provision amounting to Rs. 24.9 million relating to expenses incurred in relation to the above project while the advance paid is considered as fully recoverable as at 31 March, 2011 and hence there will be no impact on the share in loss of the associate for the current year.

29. The Hon'ble High Court of Bombay had approved the Scheme of Arrangement ('the Scheme') between I-Ven Interactive Limited ('I-Ven'), Infomedia 18 Limited and their respective shareholders vide its order dated 24 July, 2009. The Scheme was effective from 25 August, 2009 on filing the copies of the order of the Hon'ble High Court with the Registrar of Companies. Accordingly I-Ven was merged with Infomedia 18 Limited on the effective date. Further pursuant to the Scheme, Infomedia had extinguished 12,338,112 equity shares held by I-Ven and equivalent number of shares had been issued by the Infomedia to the shareholders of I-Ven in the swap ratio of 96.076:100. Upon the scheme becoming effective, Infomedia had recorded I-Ven Undertaking vested in it pursuant to the Scheme, at the respective book values as appearing in the financial statements of I-Ven as on the effective date, in accordance with "The Pooling of Interest" method as prescribed under Accounting Standard – 14. Infomedia has credited to its Share Capital Account, the aggregate face value of the new equity shares issued on amalgamation to the shareholders of I-Ven. Infomedia has recorded the balances in the share premium and the general reserve of I-Ven in the same form and at the same values as they appeared in

the financial statements of I-Ven immediately preceding the effective date. The aggregate of the excess/deficit of the value of assets over the value of liabilities of I-Ven vested in Infomedia, and the differential between the value of the investment in the equity share capital of the Infomedia appearing in the books of accounts of I-Ven and the face value of the equity share capital of the Infomedia held by I-Ven, was debited by Infomedia to the following accounts in the under-mentioned sequence: balance in security premium account, balance in general reserve account and balance in profit and loss account.

30. The net-worth of the Joint Venture Company, Reed Infomedia India Private Limited ('Reed' or 'JV') has been completely eroded as at 31 March, 2011. Reed Elsevier Overseas B.V ("REOBV"), the holding company of the JV had communicated to the Company, the 49% shareholder, in their meeting held on March 25, 2009 their intention not to provide any further financial support to the JV to meet the JV's obligations. REOBV and the Company are in the process of terminating the shareholders agreement dated 13 December, 2005, to wind up and liquidate the JV. Consequently, the JV Management decided to discontinue the JV's operations and the employment of the personnel hired by the JV were terminated. Thereafter, the JV does not have definite business plans. Accordingly, the financial statements of the JV have been prepared assuming the JV will not continue as a going concern and accordingly, fixed assets of the JV have been stated at lower of written down value and net realisable value, and current assets and liabilities are stated at the values at which they are realisable / payable.

31.

A. The Infomedia Group had entered into a Share Purchase Agreement ('SPA') with Knowledge works Global Private Limited (a Cenveo Inc. company) on 4 May, 2010 to sell its entire equity stake in its subsidiaries which were carrying on the Publishing BPO business (E-Publishing Segment). Pursuant to the SPA, the sale of all subsidiaries has been completed during the year ended 31 March, 2011. The effective date of the sale of the subsidiaries is 31 May, 2010.

B. As stated in note (a) above, pursuant to the SPA, the sale of all the subsidiaries of Infomedia has been completed during the year ended 31 March, 2011. The net loss on account of sale of these subsidiaries aggregates to Rs. 1,155.94 lakhs for the year ended 31 March, 2011. The aforementioned loss net of a reversal of an impairment provision of Rs. 75.60 lakhs for the year ended 31 March, 2011 has been disclosed as an exceptional items.

32. During the year ended 31 March 2010, a subsidiary had issued 12,612,307 preferred shares having a face value of USD 0.00374 at a premium of USD 0.7891 aggregating to approximately USD 10 million (subscription price) to NGP II Mauritius Company Limited (investor) resulting in an increase in the preferred share capital by USD 47,170 and increase in securities premium by USD 9,952,831. The preferred shares were convertible into same number of Class B Ordinary shares at the option of investor. The investor also has a right but not the obligation, at any time after five years from the date of the agreement, to require the subsidiary to purchase/ redeem along with the annual rate of interest of 15% on the subscription price.

During the current year, NGP II Mauritius Company Limited has sold 2,522,461 preferred shares to Television Eighteen Media and Investment Limited, Mauritius at a consideration equal to a sum of Rs. 117,122,495 (USD 2,590,632) and has agreed to an understanding for transfer / sale of remaining shares within 15 days of commencement of trading of shares of Network18 Media & Investments Limited issued to the shareholders of Television Eighteen India Limited pursuant to the Scheme of Arrangement.(see note 5 above)

33. Pursuant to scheme of Arrangement between the Company, SGA News Limited and Network 18 Fincap Private Limited (now known as 'Network18 Media & Investments Limited') as approved by the Hon'ble High Court of Delhi in 2006, shares of Network 18 Media & Investments Limited (formerly Network 18 Fincap Private Limited) held by the promoter were transferred to the trust for the benefit of the Company. Other income for the year ended 31 March, 2011 includes Rs. 222 million (Previous year Rs. 217.40 million) relating to distribution of surplus from the trust.

34. Miscellaneous expenditure includes Pre Operative expenses aggregating to Rs 39.56 million (35.93 million) relating to iNews.com Limited as that company had not commenced operations until March 31,2011.

35. **Television Eighteen Mauritius Limited- Mauritius**

Under the current Mauritius Legislation, TEML is subject to income tax at the rate of 15% but is entitled to a tax credit for the foreign taxes equivalent to the greater of the actual foreign taxes paid and 80% of Mauritius tax payable on its foreign source income.

36. **Web 18 Holdings Limited – Cayman Island**

There are no taxes on income or gains in the Cayman Islands and the Company has received an undertaking from the Governor in Cabinet of the Cayman Islands exempting it from all local income, profits and capital taxes for a period of twenty years from 9 May 2006. Accordingly, no provision for income taxes is included for the Company in these financial statements.

37. **E-18 Limited - Cyprus**

In accordance with the provisions of the Cyprus Income Tax Laws, E 18 Limited - Cyprus's chargeable profits, as adjusted for tax purposes, are liable to corporation tax at the rate 10%. Furthermore, E 18 Limited - Cyprus is subject to 10% special contribution levied on interest receivable other than that arising out of the ordinary course of business and closely related activities of E 18 Limited - Cyprus.

38. During the previous years TV18 had entered into transactions of income and expenditure aggregating to Rs. 47,803,131 and Rs. 12,399,403 respectively with companies listed in the register maintained under Section 301 of the Companies Act, 1956. The Company had made an application to the Central Government for compounding of defaults in respect of obtaining prior Central Government approval of these transactions as per the requirements of section 297 of the Companies Act, 1956. The compounding order from the Company Law Board was subsequently received on 6 October, 2009.

39. Segment reporting – The group operates in a single segment .

40. In the case of Network18 , the company's application for approval of remuneration paid to the Managing Director for the years 2008-09 , 2009-10 and 2010-11 , (being in excess of that allowed under Schedule XII of The Companies Act ,1956) has been partially approved . The company has filed an application for reconsideration of the matter. The amount paid in excess of such approval for the years ended March 31,2009 , March 31,2010 and March 31,2011 is Rs 5,412,400/- , Rs 4,896,000/- and Rs 4,896,000/- respectively212 statement

41. Details of accounting estimates and judgments that have the most significant effect in the amounts recognized in the financial statements have been disclosed under the relevant note or accounting policy for each area where disclosure is required.

When assessing the future performance of individual films and therefore determining recoverable amount, management considers many factors which may have influence on such assessments. In particular management considers macroeconomic factors, the general trends of the media and entertainment industry as a whole, the Indian Film industry and the historic performance of films to give an indication of future expected performance.

There exists a material uncertainty over the carrying value of inventories, which are calculated based on predicted future revenues on a film-by-film basis. These revenue forecasts are inherently uncertain and actual revenues may therefore differ from those estimated, which could materially impact the carrying value of the related inventories, and in particular give rise to impairment charges.

For and on behalf of the board

Raghav Bahl
Managing Director

Sanjay Ray Chaudhuri
Alternate Director

May 30, 2011
Noida

R D S Bawa
Chief Financial Officer

Shilpa Verma
Manager Corporate Affairs
& Company Secretary

LIMITED REVIEWED FINANCIAL RESULTS FOR THE QUARTER AND SIX MONTHS ENDED SEPTEMBER 30, 2011

Limited Review Report (Standalone)
The Board of Directors
Network18 Media & Investments Limited

Introduction

We have reviewed the accompanying unaudited statement of assets and liabilities of Network18 Media & Investments Limited ("the Company") as of September 30, 2011 and the related unaudited statement of profit and loss for the quarter and six-month period then ended (together referred to as "statements"). Management is responsible for the preparation and fair presentation of these statements in accordance with the applicable accounting standards, as notified under the Companies (Accounting Standards) Rules, 2006 (as amended) and other recognized accounting practices and policies and requirements of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009. Our responsibility is to express a conclusion on these statements based on our review.

Scope of Review

We conducted our review in accordance with the Standard on Review Engagements (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

The corresponding figures in statement of assets and liabilities of the Company as of March 31, 2011 and statement of profit and loss for the year then ended; and statement of profit and loss for the quarter and six-month period ended September 30, 2010 have been extracted from the financial statements for the year ended March 31, 2011 and the unaudited financial results of the Company for the quarter and six-month period ended September 30, 2010, respectively which have been audited or reviewed, as the case may be, by the Company's previous auditor, G S Ahuja & Associates (Firm Registration No. N8999) and provided to us by the management of the Company and have not been audited or reviewed by us.

Basis for qualified conclusion

The Company had paid Rs. 15.20 million as managerial remuneration to their directors up to September 30, 2011 (upto September 30, 2010: Rs. 5.04 million and upto March 31, 2011: Rs. 15.20 million; the opinion of the predecessor auditor was qualified in this respect), which is in excess of the limits prescribed under the Companies Act, 1956 ('the Act'). Had the Company accounted for the remuneration in accordance with the Act, the net loss after tax for the quarter and six-month period ended September 30, 2011 would have been lower by Rs. 15.20 million, Profit and Loss Account as at September 30, 2011 would have been lower by Rs. 15.20 million and the Loans and Advances as at September 30, 2011 would have been higher by Rs. 15.20 million (for the quarter and six-month period ended September 30, 2010, net loss after tax would have been lower and as at September 30, 2010, Profit and Loss Account would have been lower and Loans and Advances would have been higher, by Rs. 5.04 million; and for the year ended March 31, 2011, net loss after tax would have been lower and as at March 31, 2011, Profit and Loss Account would have been lower and Loans and Advances would have been higher, by Rs. 15.20 million).

Qualified conclusion

Based on our review, with the exception of the matter described in the preceding paragraphs, nothing has come to our attention that causes us to believe that the accompanying statements are not prepared, in all material respects, in accordance with applicable accounting standards, as notified under the Companies (Accounting Standards) Rules, 2006 (as amended) and other recognized accounting practices and policies and have not disclosed the information required to be disclosed in terms of the requirements of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009.

Emphasis of matter

Without qualifying our opinion, we draw attention to Note 4 of the statements. In accordance with the scheme of arrangement between the Company and some of its subsidiary companies approved by the High Court of Delhi on April 26, 2011 and effective on June 10, 2011, the Company has adjusted the book values of certain assets and liabilities to reflect their fair values and has recorded the resulting adjustment in the Securities Premium Account.

This report is intended solely for the use of the Company for filing with Securities and Exchange Board of India in connection with the proposed rights issue of the Company under Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 and should not be used, referred to or distributed for any other purpose without our prior written consent.

for **Walker, Chandiok & Co**
Chartered Accountants
Firm Registration No: 001076N

per **B P Singh**
Partner
Membership No. 70116

Place: New Delhi
Date: February 27, 2012

Limited Review Report (Consolidated)

The Board of Directors
Network18 Media & Investments Limited

Introduction

We have reviewed the accompanying unaudited statement of assets and liabilities of Network18 Media & Investments Limited ("the Company"), its subsidiaries, associates and joint ventures (collectively referred to as the 'Group') as of September 30, 2011 and the related unaudited statement of profit and loss for the quarter and six-month period then ended (together referred to as "statements"). Management is responsible for the preparation and fair presentation of these statements in accordance with the applicable accounting standards, as notified under the Companies (Accounting Standards) Rules, 2006 (as amended) and other recognized accounting practices and policies and requirements of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009. Our responsibility is to express a conclusion on these statements based on our review.

Scope of Review

We conducted our review in accordance with the Standard on Review Engagements (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.
We did not review the assets and liabilities, and profit and loss of 38 entities, included in these statements, whose statements reflect total assets (after eliminating intra-group transactions) of Rs. 23,920.24 million as at September 30, 2011 and total revenues (after eliminating intra-group transactions) of Rs. 3,947.54 million and Rs. 7,264.06 million and net loss after tax and prior period items (after eliminating intra-group transactions) of Rs. 311.42 million and Rs. 521.38 million for the quarter and six-month period then ended, respectively. Those statements have been reviewed by other auditors whose reports have been furnished to us and our opinion in respect thereof is based solely on the report of such other auditors.

The corresponding figures in statement of assets and liabilities of the Group as of March 31, 2011 and statement of profit and loss for the year then ended; and statement of profit and loss for the quarter and six-month period ended September 30, 2010 have been extracted from the financial statements for the year ended March 31, 2011 and the unaudited financial results of the Group for the quarter and six-month period ended September 30, 2010, respectively which have been audited or reviewed, as the case may be, by the Company's previous auditor, G S Ahuja & Associates (Firm Registration No. N8999) and provided to us by the management of the Company and have not been audited or reviewed by us.

Basis for qualified conclusion

i. *As stated in Note 9(i) of the statements, the Company and one of its subsidiary had paid Rs. 30.92 million as managerial remuneration to their directors up to September 30, 2011 (upto September 30, 2010: Rs. 5.04 million and upto March 31, 2011: Rs. 15.20 million; the opinion of the predecessor auditor was qualified in this respect), which is in excess of the limits prescribed under the Companies Act, 1956 ('the Act'). Had the Company and that subsidiary accounted for the remuneration in accordance with the Act, the net loss after tax for the six-month period ended September 30, 2011 would have been lower by Rs. 30.92 million, Profit and Loss Account as at September 30, 2011 would have been lower by Rs. 30.92 million and the Loans and Advances as at September 30, 2011 would have been higher by Rs. 30.92 million (for the quarter and six-month period ended September 30, 2010, net loss after tax would have been lower and as at September 30, 2010, Profit and Loss Account would have been lower and Loans and Advances would have been higher, by Rs. 5.04 million; and for the year ended March 31, 2011, net loss after tax would have been lower and as at March 31, 2011, Profit and Loss Account would have been lower and Loans and Advances would have been higher, by Rs. 15.20 million).*

ii. *The auditors of Infomedia 18 Limited ('Infomedia'), a subsidiary of the Company, have qualified their report in respect of non-provision of any amounts against an income tax demand of Rs. 52.92 million (as at March 31, 2011: Rs. 52.92 million, and the opinion of the auditors of Infomedia was qualified in this*

respect) received in earlier periods which is being disputed by Infomedia. Infomedia has filed an appeal before the higher authority and has also been legally advised that the possibility of the matter being decided against Infomedia is not likely. However, in the view of the auditors of Infomedia, the demand crystallizing against Infomedia is possible, though as per them the impact of the ultimate outcome of this matter presently cannot be determined.

Qualified conclusion

Based on our review, with the exception of the matter described in the preceding paragraphs, nothing has come to our attention that causes us to believe that the accompanying statements are not prepared, in all material respects, in accordance with applicable accounting standards, as notified under the Companies (Accounting Standards) Rules, 2006 (as amended) and other recognized accounting practices and policies and have not disclosed the information required to be disclosed in terms of the requirements of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009.

Emphasis of matter

Without qualifying our opinion, we draw attention to Note 4 of the statements. In accordance with the scheme of arrangement between the Company and some of its subsidiary companies approved by the High Court of Delhi on April 26, 2011 and effective on June 10, 2011, the Company has adjusted the book values of certain assets and liabilities to reflect their fair values and has recorded the resulting adjustment in the Securities Premium Account.

This report is intended solely for the use of the Company for filing with Securities and Exchange Board of India in connection with the proposed rights issue of the Company under Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 and should not be used, referred to or distributed for any other purpose without our prior written consent.

for **Walker, Chandiok & Co**
Chartered Accountants
Firm Registration No: 001076N

per **B P Singh**
Partner
Membership No. 70116

Place: New Delhi
Date: February 27, 2012

LIMITED REVIEWED FINANCIAL RESULTS FOR THE QUARTER AND SIX MONTHS ENDED 30 SEPTEMBER, 2011
Rs. In million

Particulars	Consolidated					Standalone				
	Quarter ended 30.09.2011 (Unaudited)	Quarter ended 30.09.2010 (Unaudited)	Half year ended 30.09.2011 (Unaudited)	Half year ended 30.09.2010 (Unaudited)	Year ended 31.03.2011 (Audited)	Quarter ended 30.09.2011 (Unaudited)	Quarter ended 30.09.2010 (Unaudited)	Half year ended 30.09.2011 (Unaudited)	Half year ended 30.09.2010 (Unaudited)	Year ended 31.03.2011 (Audited)
1. Revenue	**4,253.54**	**3,547.99**	**7,887.47**	**6,727.03**	**14,840.83**	**162.01**	**80.16**	**312.96**	**138.82**	**399.07**
(a) Revenue from operations	4,151.65	3,516.29	7,727.46	6,660.96	14,677.67	162.01	80.16	312.96	138.82	399.07
(b) Other Operating Income	101.89	31.70	160.01	66.07	163.16	-	-	-	-	-
2. Expenditure	**4,856.68**	**3,670.66**	**8,802.01**	**7,017.95**	**15,077.81**	**300.13**	**131.19**	**598.03**	**222.34**	**566.18**
(a) Production, Distribution and administration costs	3,537.26	2,561.63	6,397.79	4,945.92	10,752.04	197.42	97.85	395.30	156.97	426.59
(b) Material Consumed	53.50	114.12	133.89	167.19	303.23	-	-	-	-	-
(c) Staff costs (Including Stock Options Charge out)	1,118.04	837.32	1,983.97	1,588.07	3,405.29	91.86	32.08	175.88	63.23	134.45
(d) Depreciation and amortisation	147.88	157.59	286.36	316.77	617.25	10.85	1.26	26.85	2.14	5.14
3. Loss from operations before interest, exceptional terms and other income	**(603.14)**	**(122.67)**	**(914.54)**	**(290.92)**	**(236.98)**	**(138.12)**	**(51.03)**	**(285.07)**	**(83.52)**	**(167.11)**
4. Other Income	346.12	330.24	646.46	601.15	2,060.06	169.02	82.72	294.75	141.30	273.12
5. Profit / (Loss) before interest and exceptional items and tax	**(257.02)**	**207.57**	**(268.08)**	**310.23**	**1,823.08**	**30.90**	**31.69**	**9.68**	**57.78**	**106.01**
6. Interest & financial Charges	637.06	579.65	1,284.89	1,147.92	2,258.42	309.73	221.10	602.27	437.84	816.49
7. Loss after Interest but before exceptional items	**(894.08)**	**(372.08)**	**(1,552.97)**	**(837.69)**	**(435.34)**	**(278.83)**	**(189.41)**	**(592.59)**	**(380.06)**	**(710.48)**
8. Exceptional Item	-	48.90	-	88.21	108.03	-	-	-	-	-
9. Prior Period items	(4.43)	14.21	(0.30)	15.01	(1.97)	(4.32)	-	(0.15)	0.08	(6.76)
10. Profit / (Loss) after Prior Period items, before tax	**(889.65)**	**(435.19)**	**(1,552.67)**	**(940.91)**	**(541.40)**	**(274.51)**	**(189.41)**	**(592.44)**	**(380.14)**	**(703.72)**

Particulars	Consolidated					Standalone				
	Quarter ended 30.09.2011 (Unaudited)	Quarter ended 30.09.2010 (Unaudited)	Half year ended 30.09.2011 (Unaudited)	Half year ended 30.09.2010 (Unaudited)	Year ended 31.03.2011 (Audited)	Quarter ended 30.09.2011 (Unaudited)	Quarter ended 30.09.2010 (Unaudited)	Half year ended 30.09.2011 (Unaudited)	Half year ended 30.09.2010 (Unaudited)	Year ended 31.03.2011 (Audited)
11. Tax expense	18.92	119.79	50.27	166.44	331.35	7.20	-	7.20	-	(12.46)
12. Net Profit / (Loss)	**(908.57)**	**(554.98)**	**(1,602.94)**	**(1,107.35)**	**(872.75)**	**(281.71)**	**(189.41)**	**(599.64)**	**(380.14)**	**(691.26)**
13. Minority Interest	(210.10)	(196.94)	(259.39)	(395.75)	(505.92)	-	-	-	-	-
14. Share in (loss)/ Profit of associates	(4.17)	-	(0.86)	-	-	-	-	-	-	-
15. Net Profit / (Loss) after tax and minority interest	**(702.64)**	**(358.04)**	**(1,344.41)**	**(711.60)**	**(366.83)**	**(281.71)**	**(189.41)**	**(599.64)**	**(380.14)**	**(691.26)**

Unaudited statement of assets and liabilities as on 30-September-2011

(Rs. In Million)

Particulars	As on 30.09.2011	As on 30.09.2010	As on 30.09.2011	As on 30.09.2010
		Consolidated		Standalone
SHAREHOLDERS FUNDS:				
(a) Capital	2,475.57	2,121.02	2,255.89	2,121.02
(b) Share application money	1.31	21.92	1.31	-
(c) Employee Stock Options Outstanding	197.46	140.36	163.64	152.74
(d) Reserves and Surplus	9,569.29	12,446.42	11,529.73	9,234.93
Minority Interest	4,416.52	7,827.08	-	-
Loan Funds	19,820.85	19,137.87	9,637.11	5,873.92
Deferred Tax Liability	30.15	11.83	-	-
Total	**36,511.15**	**41,706.50**	**23,587.68**	**17,382.61**
Fixed Assets	2,544.05	2,224.42	71.26	27.05
Goodwill (On Consolidation)	10,818.33	12,554.41	-	-
Investments	5,475.61	11,688.96	19,006.67	14,227.87
Deferred Tax Assets	92.77	61.41	-	-
Current Assets, Loans and Advances				
(a) Inventories	4,023.35	1,151.87	-	0.88
(b) Sundry Debtors	5,273.36	4,590.19	186.50	42.66
(c) Cash and Bank balances	3,120.97	5,143.98	1,237.76	728.47
(d) Unbilled revenue	18.36	104.90	-	-
(e) Loans and Advances	7,640.95	7,070.51	4,066.19	1,852.34
Total	**20,076.99**	**18,061.45**	**5,490.45**	**2,624.35**
Less: Current Liabilities and Provisions				
(a) Liabilities	7,714.41	6,158.85	832.25	295.32
(b) Provisions	353.30	304.37	2,406.33	78.68
Total	**8,067.71**	**6,463.22**	**3,238.58**	**374.00**
Net Current Assets	**12,009.28**	**11,598.23**	**2,251.87**	**2,250.35**
Profit and Loss Account	5,571.11	3,579.07	2,257.88	877.34
Total	**36,511.15**	**41,706.50**	**23,587.68**	**17,382.61**

Notes:

1. The above statement of assets and liabilities and statement of profit and loss (together referred to as the 'statements') were reviewed and approved by the committee of the Board of Directors of Network18 Media & Investments Limited ('the Company') at their meeting held on February 27, 2012.

2. The Statutory Auditors of the Company have reviewed the above statements for the quarter and half year ended September 30, 2011.

3. These statements have been prepared by applying the accounting policies as adopted in the last Audited Annual Financial Statements for the year ended March 31, 2011.

4. The Board of Directors of the Company, on July 7, 2010 approved a Scheme of Arrangement ("the

Scheme") with an overall objective of simplifying the corporate structure of the Company and its subsidiaries, associates and joint ventures (together referred to as the "Network18 Group"). The Scheme has been approved by Hon'ble High Court of Delhi on April 26, 2011. As per the Scheme, the appointed date for the restructuring is April 1, 2010 and the Scheme has been made effective on June 10, 2011. As a consequence of the Scheme, "Business News Operations" comprising of 'CNBC TV18' and 'CNBC Awaaz' channels and teleport business of Television Eighteen India Limited ("TV18"), a subsidiary of the Company, has been transferred to another subsidiary -ibn18 Broadcast Limited (now known as TV18 Broadcast Limited). The remaining TV18 (post demerger of "Business News Operations" of TV18) along with its investments stands merged with the Company. Further, in consideration of the merger of the residual TV18 with the Company, on June 23, 2011, the Company had issued 2,36,95,044 equity shares to the shareholders of TV18 (in the ratio of 13 equity shares of Rs. 5/- for every 100 equity shares in TV18 of Rs. 5/-) . In addition, in accordance with the Scheme, 'the Web Undertakings' of Web18 Software Services Limited and Television Eighteen Commoditiescontrol.com Limited, Care Websites Private Limited, RVT Investments Private Limited and Network18 India Holdings Private Limited have been merged into the Company. Based on accounting prescribed in the Scheme, the Company has fair valued its assets and liabilities and debited Rs. 6,334.69 million, the resultant impact to the Securities Premium Account, which otherwise as per Accounting Standards would have been debited to the Profit and Loss account. Further, as mentioned above, the impact of fair valuation of assets and liabilities at Group level amounting to Rs. 4,602.91 million has been debited to the Securities Premium Account, which otherwise as per Accounting Standards would have been debited to the Profit and Loss account.

The Board of Directors approved another Scheme of Arrangement ("the Infomedia Scheme") on July 7, 2010 between the Company and Infomedia18 Limited ("Infomedia18") wherein the Business Directories vertical, Magazine publishing vertical and New Media vertical of Infomedia 18 shall be demerged into the Company. The Company will issue 14 equity shares of Rs. 5/- each for every 100 equity shares of Rs. 10/- each in Infomedia18 to the shareholders of Infomedia18 in consideration of the said demerger. As per the Infomedia Scheme, the appointed date for the restructuring is April 1, 2010. The Infomedia Scheme has been approved by the Hon'ble High Court of Delhi on November 22, 2011. However, the Infomedia Scheme shall become effective upon filing of the orders of the Hon'ble High Court of Delhi with the Registrar of Companies. Accordingly, no effect of the Infomedia Scheme has been given in these statements for the quarter and six months ended September 30, 2011.

5. The Board of directors, at their meeting held on January 3, 2012 decided to raise Rs. 27,000 million by issuing shares on rights basis to, inter alia, (a) finance the proposed Rights Issue of TV18 Broadcast Limited and (b) repayment of existing debts of the Company. The detailed terms and conditions of the proposal of rights issue including the possible issue price and size and other relevant details shall be decided by the Board, subject to necessary approval of Securities and Exchange Board of India and Stock Exchanges and other appropriate authorities, in consultation with, inter alia, the Lead Manager, Legal Advisor and other experts. The issue price shall not exceed Rs. 60/- (Rupees sixty only) per equity share which will be fixed keeping in view the then prevailing market conditions and in accordance with the applicable provisions of laws, rules, regulations and guidelines. The detailed terms and conditions of the Rights Issue will be intimated through the Letter of Offer/abridged Letter of Offer and/or other documents to be issued by the Company.

   The Board of Directors of a subsidiary Company (TV18 Broadcast Limited) in its meeting held on January 3, 2012 have considered and approved the issue of its equity shares on right basis for an amount aggregating upto Rs. 27,000 million for acquisition of ETV Channels and repayment of certain loans.

6. The Company raised Rs. 2,038.99 million through Rights Issue of PCCPS and out of that Rs. 1,997.58 million has been utilized till September 30, 2011 for the objects for which it was raised and the balance funds are temporarily invested in mutual funds and with certain banks. Further pursuant to the Scheme, an amount of Rs. 33.00 million raised in the Rights issue of erstwhile TV18 was transferred to the Company, is still to be utilised and the same is currently placed in the interest bearing instruments.

7. During the quarter ended September 30, 2011, the Remuneration Committee of the Board of Directors of the Company has granted 422,736 options pursuant to the Scheme.

8. The Company, on June 15, 2011, has allotted 18,691,585 ,10% Secured Optionally Fully Convertible

Debentures (SOFCDs) at the par value of Rs.160.50, to promoter group entities on a preferential basis. The holder(s) of SOFCDs would have a right to convert each SOFCD into one equity share of Rs.5/- each in the Company.

9. The audit/review reports on annual/quarterly results for previous year/periods carried certain qualifications / reservations which have been resolved by, inter alia, the adjustments in (4) above, except for the following:

(i) Managerial remuneration paid, upto March 31, 2011, by the Company amounting to Rs. 15.20 million and by one of its subsidiaries amounting to Rs. 15.72 million in excess of limits prescribed under the Companies Act, 1956 ('the Act'). The Company and its subsidiary are in the process of obtaining the necessary approvals as per the Act.

(ii) The Income tax demand of Rs. 52.92 million received by a subsidiary, Infomedia18, which continues to be disputed by Infomedia18. Infomedia 18 has filed an appeal before the higher authority and also has been legally advised that the possibility of matter being decided in favour of Infomedia18 is more likely than not.

10. The consolidated statements include the standalone statements of the Company and all of its subsidiaries, joint ventures and associates.

11. The figures for the quarter and six months ended September 30, 2011 for the Company are after considering the impact of the Scheme, whereas the corresponding figures for the previous period/ year are without taking into account the Scheme. Accordingly, the figures for the current period are not comparable with the corresponding previous periods. However, previous year figures have been regrouped, wherever necessary, to confirm to current year's presentation.

Place : Noida
Dated: 27 February, 2012

For NETWORK18 MEDIA & INVESTMENTS LIMITED

Raghav Bahl
Managing Director

SUMMARY FINANCIAL INFORMATION OF EQUATOR

CHARTERED ACCOUNTANTS' REPORT

TO THE BOARD OF DIRECTORS OF EQUATOR TRADING ENTERPRISES PRIVATE LIMITED

1. This Chartered Accountants' Report is issued pursuant to the requirements of Part E of Schedule VIII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 ("SEBI Regulations"), as amended, issued by the Securities and Exchange Board of India ("SEBI").

2. We have examined the attached summary financial information ("Summary Financial Information") of Equator Trading Enterprises Private Limited ("Equator"), proposed to be incorporated in Offer Documents of TV18 Broadcast Limited ("TV18") and Network18 Media & Investments Limited ("Network18") in connection with their proposed Right Issues of equity shares.

3. We understand that part of the proceeds of the proposed Right Issue of TV18 is to be utilized for acquiring Equity Securities representing 100% of the fully diluted share capital of Equator and that the Equator owns the Equity Securities representing the fully diluted share capital of almost 100% of Panorama Television Private Limited, 50% of Prism TV Private Limited and 24.50% of Eenadu Television Private Limited.

4. We have been informed that the Summary Financial Information of Equator is prepared in accordance with Indian Generally Accepted Accounting Principles ("GAAP") and we confirm that this Chartered Accountants' report is issued in compliance with the 'Guidance Note on Audit Reports and Certificates For Special Purpose' issued by the Institute of Chartered Accountants of India ("ICAI").

5. We have examined the Summary Financial Information taking into consideration the Terms of reference of Equator, vide their letter dated 15-02-2012 appointing A.K. Sabat & Co., Chartered Accountants, to carry out the assignment on such Summary Financial Information of Equator, proposed to be included in Offer Documents being issued by TV18 and Network18 for their proposed Right Issue.

6. The Attached Summary Financial Information read with ' Statement of Accounting Policies and Notes Annexed to and forming Integral part of Summary Financial Information – Annexure 2 ' approved by the Board of Directors of Equator consists of the following:

    a. Statement of Assets and Liabilities as at 31st March, 2009, 2010 and 2011 of Equator - Annexure 1(a);

    b. Statement of Profit and Loss Account for the year ended 31st March, 2009, 2010 and 2011 of Equator - Annexure 1(b); and

    c. Statement of Accounting Policies and Notes Annexed to and Forming Integral Part of Summary Financial Information - Annexure 2.

7. We have verified the Summary Financial Information with the audited financial information of Equator as at and for the years ended 31st March, 2009, 2010 and 2011 as contained in the statutorily audited financials of Equator audited by Arun Arora & Co., Chartered Accountants.

8. We have not conducted any audit of the accounts of Equator for the year ended 31st March, 2009, 2010 and 2011. Accordingly, we do not express any opinion on the financial position or results of operations of Equator for the above respective years.

9. This Chartered Accountant's Report should not in any way be construed as a restated or reissued or re-dated Report of any of the previous Audit Reports issued by the Statutory Auditors and other Firm of Chartered Accountants nor as a new opinion on any of the Summary Financial Information referred to herein.

10. This Chartered Accountant's Report is intended solely for the information of Equator and for inclusion in Offer Documents in connection with the proposed Right Issue of TV18 and Network18 and is not to be relied upon or disclosed or used or referred to or distributed for any other purpose without our prior written commitment.

Place : Hyderabad
Date : 25.02.2012

For A.K. Sabat & Co.
Chartered Accountants
(Firm Registration No. 321012E)

(D. Vijaya Kumar)
Partner
ICAI Membership No.: 051961

Annexure 1 (a)

SUMMARY FINANCIAL INFORMATION
EQUATOR TRADING ENTERPRISES PRIVATE LIMITED

STATEMENT OF ASSETS AND LIABILITIES AS AT 31ST MARCH 2009, 2010 and 2011
(in Million Indian Rupees)

	As at 31.03.2009	As at 31.03.2010	As at 31.03.2011
Shareholders' Funds			
Share capital	**2,000.00**	**2,000.00**	**2,000.00**
Loan funds			
Unsecured loans : Zero Coupon Compulsory and Fully Convertible Debentures of Rs.100 each.	**12,570.00**	**12,570.00**	**12,570.00**
Total	**14,570.00**	**14,570.00**	**14,570.00**
Investments (Long Term, at cost, Unquoted and Fully Paid up)	**14,542.73**	**14,542.73**	**14,542.73**
Current Assets, Loans and Advances			
Cash and bank balances	3.52	3.35	3.53
Loans and advances	0.04	0.03	0.04
	3.56	**3.38**	**3.57**
Less: Current Liabilities and Provisions			
Liabilities	0.02	0.02	0.02
Provisions	0.02	0.06	0.11
	0.04	**0.08**	**0.13**
Net Current Assets	**3.52**	**3.31**	**3.44**
Preliminary Expenses (to the extent not written off)	**17.60**	**13.20**	**8.80**
Profit and Loss Account	**6.15**	**10.77**	**15.03**
Total	**14,570.00**	**14,570.00**	**14,570.00**

Note:
1. This Statement of Assets and Liabilities are the Financial Information from the statutorily audited statements of Equator Trading Enterprises Private Limited.
2. This Statement of Assets and Liabilities read with ' Statement of Accounting Policies and Notes Annexed to and forming Integral part of Summary Financial Information - Annexure 2 ' form part of Summary Financial Information referred in Chartered Accountants' Report issued in this regard.

For Equator Trading Enterprises Private Limited

(Director)

For A.K. Sabat & Co.
Chartered Accountants

(D. Vijaya Kumar)
Partner

Annexure 1 (b)

SUMMARY FINANCIAL INFORMATION
EQUATOR TRADING ENTERPRISES PRIVATE LIMITED

STATEMENT OF PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 2009, 2010 and 2011

(in Million Indian Rupees)

	Period ended 31.03.2009	Year ended 31.03.2010	Year ended 31.03.2011
Income			
Dividend Income	0.17		
Interest income	0.12	0.24	0.24
Total	**0.29**	**0.24**	**0.24**
Expenditure			
Adminstrative expenses	0.04	0.38	0.03
Loss on Sale of Investment	1.96		
Preliminary Expenes written off	4.40	4.40	4.40
Total	**6.40**	**4.78**	**4.43**
Profit\(Loss) before tax	**(6.11)**	**(4.54)**	**(4.19)**
Provision for tax	(0.04)	(0.07)	(0.07)
Profit\(Loss) after tax	**(6.15)**	**(4.62)**	**(4.27)**
Balance brought forward from previous year		**(6.15)**	**(10.77)**
Balance carried to Balance Sheet	**(6.15)**	**(10.77)**	**(15.03)**

Note:
1. This Statement of Profit and Loss Account are the Financial Information from the statutorily audited statements of Equator Trading Enterprises Private Limited.
2. This Profit and Loss Account read with ' Statement of Accounting Policies and Notes Annexed to and forming Integral part of Summary Financial Information - Annexure 2 ' referred in Chartered Accountants' Report issued in this regard.

For Equator Trading Enterprises Private Limited

(Director)

For A.K. Sabat & Co.
Chartered Accountants

(D. Vijaya Kumar)
Partner

Annexure 2

STATEMENT OF ACCOUNTING POLICIES AND NOTES ANNEXED TO AND FORMING INTEGRAL PART OF SUMMARY FINANCIAL INFORMATION

(All amounts are in Million Indian Rupees except otherwise stated)

A. NATURE OF OPERATIONS

1. Equator Trading Enterprises Private Limited ("Equator**"**), a company registered under Indian Companies Act,1956, holds the following investments :

   a. 24.50% Equity Securities in Eenadu Television Private Limited ("Eenadu"), a company registered under Indian Companies Act, 1956 ;

   b. 50% Equity Securities in Prism TV Private Limited ("Prism"), a company registered under Indian Companies Act, 1956 ; and

   c. Almost 100% Equity Securities in Panorama Television Private Limited ("Panorama"), a company registered under Indian Companies Act, 1956.

   "Equity Securities" means equity shares or other securities convertible into, or exercisable or exchangeable for, equity shares.

2. 100% equity shares of Equator is held by Altitude Mercantile Private Limited ("Altitude"), a company registered under Indian Companies Act, 1956, and 100% Compulsorily Convertible Debentures ("CCDs") of the Equator is held by Kavindra Commercials Private Limited ("Kavindra"), a company registered under Indian Companies Act, 1956. Altitude is a 100% subsidiary of Kavindra.

3. Eenadu is presently engaged in the business of production of programs and broadcasting satellite television in Telugu language under two Channels - ETV Telugu and ETV-2 and undertakes distribution/transmission of its satellite channels to various cable operators and direct to home (DTH) service providers. Prior to 1st April, 2010, Eenadu's business was part of the Television Broadcasting Business Division of Ushodaya Enterprises Private Limited ("Ushodaya").

4. Prism is presently engaged in the business of production of programs and broadcasting satellite television in various regional languages under five Channels - ETV-Marathi, ETV-Bangla, ETV-Gujarati, ETV-Kannada and ETV-Oriya and undertakes distribution / transmission of its satellite channels to various cable operators and direct to home (DTH) service providers. Prior to 1st April, 2010, Prism's business was part of the Television Broadcasting Business Division of Ushodaya.

5. Panorama is presently engaged in the business of production of programs and broadcasting satellite television in Hindi and Urdu languages under five Channels - ETV-Rajasthan, ETV-Bihar, ETV-MP, ETV-UP and ETV-URDU and undertakes distribution / transmission of its satellite channels to various cable operators and direct to home (DTH) service providers. Prior to 1st April, 2010, Panorama's business was part of the Television Broadcasting Business Division of Ushodaya.

B. SIGNIFICANT ACCOUNTING POLICIES

1. Basis of Preparation

   i. The Summary Financial Information of Equator as at and for the years ended 31st March, 2009, 2010 and 2011 have been prepared by the management of Equator by extracting from the statutorily audited financials of Equator for the respective years audited by Arun Arora & Co., Chartered Accountants.

ii. The Summary Financial Information of Equator has been prepared to comply in all material aspects with the Accounting Standards issued by Institute of Chartered accountants of India, Companies Accounting Standards Rules, 2006 and the relevant provisions of the Companies Act, 1956, to the extent applicable. The Summary Financial Information has been prepared under the historical cost convention on an accrual basis.

iii. The Summary Financial Information has been prepared to comply in all material respects with the requirements of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 ("SEBI Regulations"), as amended, issued by the Securities and Exchange Board of India ("SEBI").

iv. The Summary Financial Information read with 'Statement of Accounting Policies and Notes Annexed to and Forming Integral part of Summary Financial Information – Annexure 2' has been prepared in connection with proposed Right Issues of equity shares to be made by TV 18 and Network18 to present the Financial Information and results of operations of Equator.

2. Use of Estimates

The preparation of financial statements in conformity with Generally Accepted Accounting Principles; require estimates and assumptions to be made that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities on the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and differences between actual results and estimates are recognised in the periods in which the results are known / materialize.

3. Investments

Investments are classified as Current or Long Term in accordance with Accounting Standard 13 on Accounting for Investments. Long Term investments are stated at cost. Provision for diminution is made script wise to recognise a decline, other than temporary, in the value of Long Term investments. Current investments are stated at the lower of cost and fair value. Any reduction in the carrying amount of investments and any reversals of such reductions are charged or credited to the profit and loss account.

4. Revenue Recognition

Revenue is recognised when it is earned and no significant uncertainty exists as to its realization or collection.

Dividend Income is recognized on cash basis

Interest : Revenue is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

5. Tax on Income

Income tax expense comprises current tax (i.e. amount of tax for the period determined in accordance with the income tax law) and deferred tax charge or credit (reflecting the tax effects of timing difference between accounting income and taxable income for the period).

The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates that have been enacted or substantively enacted by the Balance Sheet date.

Deferred tax assets are recognized only to the extent that there is a reasonable certainty that the assets can be realized in future; however, where there is unabsorbed depreciation or carried forward losses under taxation laws, deferred tax assets are recognized only if there is a virtual certainty of realization of such assets. Deferred tax assets are reviewed at each balance sheet date and written-down or written-up to reflect the amount that is reasonable / virtually certain (as the case may be) to be realized.

6. Earnings Per Share

   Equator reports basic and diluted Earnings Per Share (EPS) in accordance with Accounting Standard 20 on Earnings Per Share.

7. Cash Flow Statement

   The cash flow statement is prepared by the indirect method set out in Accounting Standard 3 on Cash Flow Statement and presents cash flows by operating, investing and financing activities of the company.

   Cash and cash equivalents presented in the cash flow statement consists of cash on hand and demand deposits with banks.

8. Provisions, Contingent Liabilities & Contingent Assets

   A provision is recognized when the Company has a legal and constructive obligation as a result of a past event, for which it is probable that cash outflow will be required and a reliable estimate can be made of the amount of the obligation. A contingent liability is disclosed when the Company has a possible or present obligation where it is not probable that an outflow of resources will be required to settle it. Contingent assets are neither recognized nor disclosed.

C. NOTES TO SUMMARY FINANCIAL INFORMATION

1. Earnings per share

	As at 31.03.2011	As at 31.03.2010	As at 31.03.2009
Net Profit/(Loss) for the period attributable to Equity shareholders (Rupees)	(4,192,345)	(4,615,006)	(6,150,681)
Weighted average number of equity shares outstanding during the period (Nos.)	2,000,000,000	2,000,000,000	2,000,000,000
Add, weighted average number of convertible debentures	628,500,000	628,500,000	
Weighted average number of equity shares outstanding during the period for diluted earnings per share	2,628,500,000	2,628,500,000	
Basic earnings per share (Rupees)	(0.0021)	(0.0023)	(0.003)
Diluted earnings per share (Rupees)	(0.0021)	(0.0023)	
Nominal Value Per Share (Re.)	1	1	1

2. Segment Reporting :

Equator operates solely in one segment and hence no separate segment information required.

3. Related party Disclosure:

- List of Related Party : Holding Company :- Altitude Mercantile Pvt. Ltd.
- Transactions – NIL

For and on behalf of the Board of Directors

As per our report of even date
For A.K. Sabat & Co.
Chartered Accountants

(D.Vijaya Kumar)
Partner
ICAI Membership No. : 051961

Place: Hyderabad
Date : 25-02-2012

SUMMARY FINANCIAL INFORMATION OF PANORAMA, PRISM AND EENADU

CHARTERED ACCOUNTANTS' REPORT

TO THE BOARD OF DIRECTORS OF EQUATOR TRADING ENTERPRISES PRIVATE LIMITED

1. Chartered Accountants' Report is issued in pursuance with the requirements of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 ("SEBI Regulations"), as amended, issued by the Securities and Exchange Board of India ("SEBI").

2. We have examined the attached Summary Financial Information ("SFI"), proposed to be incorporated in Offer Documents of TV18 Broadcast Limited ("TV18") and Network18 Media & Investments Limited ('Network18') in connection with their proposed Right Issues of equity shares of TV18 and Network18, as per Notes given below in respect of :

   a) Eenadu Television Private Limited ("Eenadu")-Note (i) ;

   b) Prism TV Private Limited ("Prism") – Note (ii) ; and

   c) Panorama Television Private Limited ("Panorama") – Note (iii)

   Note:

   (i) Eenadu is presently engaged in the business of production of programs and broadcasting satellite television in Telugu language under Two Channels - ETV Telugu and ETV-2 and undertakes distribution/transmission of its satellite channels to various cable operators and direct to home(DTH) service providers. Prior to 1st April, 2010, Eenadu's business was part of the Television Broadcasting Business Division of Ushodaya Enterprises Private Limited ("Ushodaya"). Eenadu entered into a Scheme of Arrangement ("Scheme") with Ushodaya (Demerged Company) under section 391 to 394 of the Companies Act, 1956,sanctioned and confirmed by the Andhra Pradesh High Court, for the demerger of business relating to Telugu regional channels ("Telugu Regional Undertaking") which are transferred and vested with Eenadu, on a going concern basis, with effect from 1st April, 2010 (Appointed Date as per the Scheme) ;

   (ii) Prism is presently engaged in the business of production of programs and broadcasting satellite television in various regional languages under Five Channels - ETV-Marathi, ETV-Bangla, ETV-Gujarati, ETV-Kannada and ETV-Oriya and undertakes distribution/ transmission of its satellite channels to various cable operators and direct to home (DTH) service providers. Prior to 1st April, 2010, Prism's business was part of the Television Broadcasting Business Division of Ushodaya Enterprises Private Limited ("Ushodaya"). Prism entered into a Scheme of Arrangement ("Scheme") with Ushodaya (Demerged Company) under section 391 to 394 of the Companies Act, 1956, sanctioned and confirmed by the Andhra Pradesh High Court, for the demerger of business relating to Non Telugu regional channels ("Non Telugu Regional Undertaking") which are transferred and vested with Prism, on a going concern basis, with effect from 1st April, 2010 (Appointed Date as per the Scheme) ; and

   (iii) Panorama is presently engaged in the business of production of programs and broadcasting satellite television in Hindi and Urdu languages under Five Channels - ETV-Rajasthan, ETV-Bihar, ETV-MP, ETV-UP and ETV-URDU and undertakes distribution/ transmission of its satellite channels to various cable operators and direct to home(DTH) service providers. Prior to 1st April, 2010, Panorama's business was part of the Television Broadcasting Business Division of Ushodaya Enterprises Private Limited ("Ushodaya").

   Panorama entered into a Scheme of Arrangement ("Scheme") with Ushodaya (Demerged

   Company) under section 391 to 394 of the Companies Act, 1956, sanctioned and confirmed by the Andhra Pradesh High Court, for the demerger of business relating to Hindi and Urdu channels ("Hindi and Urdu Undertaking") which are transferred and vested with Panorama, on a going concern basis, with effect from 1st April, 2010 (Appointed Date as per the Scheme).

3. We understand that part of the proceeds of the proposed Right Issue of TV18 is to be utilized for acquiring Equity Securities representing 100% of the fully diluted share capital of Equator Trading Enterprises Private Limited ('Equator') and that the Equator owns the Equity Securities representing the fully diluted share capital of almost 100% of Panorama, 50% of Prism and24.50% of Eenadu.

4. We have been informed that the Summary Financial Information of Eenadu, Prism and Panorama is prepared by their respective managements in accordance with Indian Generally Accepted Accounting Principles ("GAAP") and "Guidance Note on Audit Reports and Certificates For Special Purpose" issued by the Institute of Chartered Accountants of India ("ICAI") and is on the following basis:

   a. Summary Financial Information for year ended 31st March, 2011 from the Statutorily Audited accounts; and

   b. Summary Financial Information for the year ended 31st March, 2007, 2008, 2009 and 2010 are the Financial Information of the Telugu Regional Undertaking, Non Telugu Regional Undertaking and Hindi and Urdu Undertaking of Ushodaya's Television Broadcasting Business Division for the respective years with the assistance of the management of Ushodaya from the Statutorily Audited books of accounts and Auditors' Certified Segmented Accounting Statements "ETV Telugu Channel, ETV Other Channels and ETV Pay Channels" of the Television Broadcasting Business Division of Ushodaya.

5. We have examined the Summary Financial Information taking into consideration the Terms of reference of Equator, vide their letter dated 15-02-2012 appointing A.K.Sabat & Co., Chartered Accountants, to carry out the assignment on such Summary Financial Information of Eenadu, Prism and Panorama, proposed to be included in Offer Documents being issued by TV18 and Network18 for their proposed Right Issue.

6. The Attached Summary Financial Information read with 'Statement of Accounting Policies and Notes Annexed to and forming Integral part of Summary Financial Information-Annexure 4' approved by the Board of Directors of Eenadu, Prism and Panorama consists of the following:

   a. Statement of Assets and Liabilities as at 31st March, 2007, 2008, 2009,2010 and 2011 of Eenadu - Annexure 1(a) ;

   b. Statement of Profit and Loss Account for the year ended 31st March, 2007, 2008, 2009, 2010 and 2011 of Eenadu - Annexure 1(b) ;

   c. Statement of Assets and Liabilities as at 31st March, 2007, 2008, 2009,2010 and 2011 of Prism - Annexure 2(a ;

   d. Statement of Profit and Loss Account for the year ended 31st March, 2007, 2008, 2009, 2010 and 2011 of Prism - Annexure 2(b) ;

   e. Statement of Assets and Liabilities as at 31st March, 2007, 2008, 2009,2010 and 2011 of Panorama - Annexure 3(a) ;

   f. Statement of Profit and Loss Account for the year ended 31st March, 2007, 2008, 2009, 2010 and 2011 of Panorama - Annexure 3(b) and

   g. Statement of Accounting Policies and Notes Annexed to and Forming Integral Part of Summary Financial Information - Annexure 4.

7. For the verification of Summary Financial Information, we have relied on the following :

   a. Information pertaining to the year ended 31st March, 2011 on the Statutorily Audited Financials of Eenadu, Prism and Panorama Audited by S R Batliboi & Co., Chartered Accountants; and

   b. Information pertaining to the year ended 31st March,2007, 2008, 2009 and 2010 on the Statutorily Audited books of accounts and Auditors' Certified Segmented Accounting Statements "ETV Telugu Channel, ETV Other Channels and ETV Pay Channels" of the Television Broadcasting Business

Division of Ushodaya, for the year ended 31st March, 2007 Audited by Brahmayya & Co., Chartered Accountants, and for the year ended 31st March, 2008, 2009 and 2010 jointly Audited by S R Batliboi & Co., and Brahmayya & Co., Chartered Accountants.

8. We have not conducted any audit of :

   a. the Accounts of Eenadu, Prism and Panorama for the year ended 31st March, 2011 ; and

   b. the Accounts of the Television Broadcasting Business Division of Ushodaya for year ended 31st March, 2007, 2008, 2009 and 2010

   Accordingly, we do not express any opinion on the financial position or results of operations of Eenadu, Prism, Panorama and the Television Broadcasting Business Division of Ushodaya for the above respective years.

9. We have not made any adjustments to the Summary Financial Information for the changes in the Accounting Policies from those adopted and Statutory Auditors qualifications in the Auditors' Report of Ushodaya, Eenadu, Prism and Panorama for the year ended 31st March, 2007, 2008, 2009, 2010 and 2011.

10. Chartered Accountant's Report is not in any way be neither construed as a restated or reissued or redated of any of the previous Audit Reports issued by the other Firm of Chartered Accountants, Statutory Auditors nor as to a new opinion on any of the Summary Financial Information referred to herein.

11. Chartered Accountant's Report is intended solely for the information of Equator and for inclusion in Offer Documents in connection with the proposed Right Issue of TV18 and Network18 and is not to be relied upon or disclosed or used or referred to or distributed for any other purpose without our prior written commitment.

Place : Hyderabad
Date : 24-02-2012

For A.K. Sabat & Co.
Chartered Accountants
(Firm Registration No. 321012E)

(D. Vijaya Kumar)

Partner
ICAI Membership No.: 051961

Annexure 1 (a)

SUMMARY FINANCIAL INFORMATION
EENADU TELEVISION PRIVATE LIMITED
STATEMENT OF ASSETS AND LIABILITIES AS AT 31st MARCH, 2007, 2008, 2009, 2010 and 2011

(in Million Indian Rupees)

	As at 31-03-2007	As at 31-03-2008	As at 31-03-2009	As at 31-03-2010	As at 31-03-2011
Shareholder's funds					
Share capital					0.25
Reserves and surplus :					
Capital Reserve (As Per Scheme)					4,794.85
					4,795.10
Loan funds					
Secured loans	5.44	3.81	2.83	1,506.78	811.46
Ushodaya Enterprises Private Limited	1,123.48	9,556.49	8,270.18	4,780.43	
	1,128.92	**9,560.30**	**8,273.02**	**6,287.22**	**811.46**
Total	**1,128.92**	**9,560.30**	**8,273.02**	**6,287.22**	**5,606.56**
Fixed assets					
Gross block	1,018.80	1,098.60	1,187.63	1,211.86	1,223.26
Less : depreciation	717.99	792.90	865.77	930.46	983.49
Net block	300.80	305.70	321.86	281.40	239.77
Capital work-in-progress	8.20	35.29	1.35	9.80	9.15
	309.00	**341.00**	**323.22**	**291.20**	**248.92**
Intangible assets					
Gross block	5,176.23	9,432.04	9,485.98	9,506.02	9,545.90
Less: Amortisation	25.51	1,401.48	2,781.86	4,164.01	5,555.06
Net block	**5,150.72**	**8,030.56**	**6,704.12**	**5,342.01**	**3,990.84**
Current assets, loans and advances :					
Inventories	48.66	51.85	91.57	62.38	73.76
Sundry debtors	364.86	433.50	469.39	495.60	504.66
Cash and bank balances	454.68	760.27	763.74	196.57	330.91
Other current assets	0.64	2.67	14.39	0.25	3.26
Loans and advances	69.75	135.64	107.33	60.78	95.73
	938.59	**1,383.94**	**1,446.42**	**815.58**	**1,008.32**
Less: Current liabilities and provisions :					
Liabilities	5,262.41	184.11	194.98	151.86	259.69
Provisions	6.96	11.08	5.76	9.70	6.14
	5,269.38	**195.19**	**200.74**	**161.56**	**265.83**
Net current assets	**(4,330.79)**	**1,188.75**	**1,245.68**	**654.02**	**742.49**
Profit and loss account					**624.31**
Total	**1,128.92**	**9,560.30**	**8,273.02**	**6,287.22**	**5,606.56**

Note :

1. This Statement of Assets and Liabilities are the Financial Information related to i) 31st March, 2007, 2008, 2009 and 2010 carved out from the Statutorily Audited books of accounts and Auditors' Certified Segmented Accounting Statements "ETV Telugu Channel, ETV Other Channels and ETV Pay Channels" of the Television Broadcasting Business Division of Ushodaya Enterprises Private Limited and ii) 31st March, 2011 from Statutorily Audited Statements of the Undertaking.

2. This Statement of Assets and Liabilities related to 31st March, 2007, 2008, 2009 and 2010 do not contain Profit and Loss account balance as the same is appropriated with Ushodaya Enterprises Private Limited.

3. This Statement of Assets and Liabilities read with 'Statement of Accounting Policies and Notes Annexed to and forming Integral part of Summary Financial Information - Annexure 4' form part of Summary Financial Information referred in Chartered Accountants' Report issued in this regard.

Annexure 1 (b)

SUMMARY FINANCIAL INFORMATION
EENADU TELEVISION PRIVATE LIMITED
STATEMENT OF PROFIT & LOSS ACCOUNT
FOR THE YEAR ENDED MARCH 31, 2007, 2008, 2009, 2010 and 2011

(in Million Indian Rupees)

	Year ended 31-03-2007	Year ended 31-03-2008	Year ended 31-03-2009	Year ended 31-03-2010	Year ended 31-03-2011
Income					
Sale of services	1,232.94	1,388.00	1,456.28	1,480.37	1,756.28
Sale of product	35.24	10.64	1.96	1.91	2.90
	1,268.18	1,398.64	1,458.24	1,482.27	1,759.18
Other income	31.59	42.61	59.68	31.68	15.54
Total	**1,299.77**	**1,441.25**	**1,517.92**	**1,513.95**	**1,774.73**
Expenditure					
Consumption of trading material	30.20	9.14	4.77	17.27	1.85
Telecasting and other expenses	373.28	479.78	534.99	555.57	618.43
Personnel expenses	76.89	117.61	130.59	127.06	116.07
Adminstrative expenses	46.65	52.09	53.96	84.36	83.25
Finance charges	8.12	2.71	169.95	234.90	141.93
Depreciation	60.96	60.66	59.32	53.77	49.34
Amortisation	23.76	1,375.97	1,381.08	1,382.15	1,388.17
Total	**619.85**	**2,097.96**	**2,334.67**	**2,455.09**	**2,399.04**
Profit/(Loss) before tax and prior period items	**679.92**	**(656.72)**	**(816.74)**	**(941.13)**	**(624.31)**
Prior period adjustments	0.39	8.36	0.00	1.74	0.00
Provision for tax	0.00	0.00	0.00	0.00	0.00
Net Profit/(Loss) for the year	**679.52**	**(665.08)**	**(816.74)**	**(942.87)**	**(624.31)**

Note :

1. This statement of Profit and Loss Account are the Financial Information related to (i) 31st March, 2007, 2008, 2009 and 2010 carved out from the Statutorily Audited books of accounts and Auditors' Certified Segmented Accounting Statements "ETV Telugu Channel, ETV Other Channels and ETV Pay Channels" of the Television Broadcasting Business Division of Ushodaya Enterprises Private Limited and (ii) 31st March, 2011 from Statutorily Audited Statements of the Undertaking..

2. This Statement of Profit and Loss Account read with 'Statement of Accounting Policies and Notes Annexed to and forming Integral part of Summary Financial nformation - Annexure 4' form part of Summary Financial Information referred in Chartered Accountants' Report issued in this regard..

Annexure 2 (a)

SUMMARY FINANCIAL
PRISM TV PRIVATE LIMITED
STATEMENT OF ASSETS AND LIABILITIES AS AT 31st MARCH, 2007, 2008, 2009, 2010 and 2011

(in Million Indian Rupees)

	As at 31-03-2007	As at 31-03-2008	As at 31-03-2009	As at 31-03-2010	As at 31-03-2011
Shareholder's funds					
Share capital					0.18
Reserves and surplus :					
Capital Reserve (As Per Scheme)					3,110.93
					3,111.11
Loan funds					
Secured loans	98.93	69.18	95.44	887.86	578.57
Ushodaya Enterprises Private Limited	1,146.62	5,175.39	4,443.96	3,011.37	
	1,245.55	**5,244.57**	**4,539.40**	**3,899.23**	**578.57**
Total	**1,245.55**	**5,244.57**	**4,539.40**	**3,899.23**	**3,689.68**
Fixed assets					
Gross block	788.80	808.28	900.49	919.35	940.17
Less : depreciation	504.86	565.96	626.76	676.09	722.33
Net block	283.94	242.32	273.73	243.26	217.84
Capital work-in-progress				1.69	2.13
	283.94	**242.32**	**273.73**	**244.94**	**219.97**
Intangible assets					
Gross block	2,689.76	5,109.45	5,185.42	5,225.00	5,254.88
Less: Amortisation	23.55	786.33	1,573.09	2,330.52	3,093.28
Net block	**2,666.21**	**4,323.12**	**3,612.33**	**2,894.48**	**2,161.61**
Current assets, loans and advances :					
Inventories	51.67	61.32	68.43	31.92	86.05
Sundry debtors	689.59	754.84	819.19	845.07	930.22
Cash and bank balances	25.37	81.62	33.85	52.86	52.74
Loans and advances	76.17	84.45	85.37	67.73	284.90
	842.81	**982.22**	**1,006.84**	**997.58**	**1,353.91**
Less: Current liabilities and provisions :					
Liabilities	2,540.02	287.99	344.91	217.27	377.19
Provisions	7.37	15.09	8.60	20.51	14.25
	2,547.40	**303.09**	**353.50**	**237.78**	**391.44**
Net current assets	**(1,704.59)**	**679.13**	**653.34**	**759.80**	**962.47**
Profit and loss account					**345.63**
Total	**1,245.56**	**5,244.57**	**4,539.40**	**3,899.22**	**3,689.68**

Note :

1. This Statement of Assets and Liabilities are the Financial Information related to i) 31st March, 2007, 2008, 2009 and 2010 carved out from the Statutorily Audited books of accounts and Auditors' Certified Segmented Accounting Statements "ETV Telugu Channel, ETV Other Channels and ETV Pay Channels" of the Television Broadcasting Business Division of Ushodaya Enterprises Private Limited and ii) 31st March, 2011 from Statutorily Audited Statements of the Undertaking.
2. This Statement of Assets and Liabilities related to 31st March, 2007, 2008, 2009 and 2010 do not contain Profit and Loss account balance as the same is appropriated with Ushodaya Enterprises Private Limited.
3. This Statement of Assets and Liabilities read with 'Statement of Accounting Policies and Notes Annexed to and forming Integral part of Summary Financial Information - Annexure 4' form part of Summary Financial Information referred in Chartered Accountants' Report issued in this regard.

Annexure 2 (b)

SUMMARY FINANCIAL INFORMATION
PRISM TV PRIVATE LIMITED
STATEMENT OF PROFIT & LOSS ACCOUNT
FOR THE YEAR ENDED MARCH 31, 2007, 2008, 2009, 2010 and 2011

(in Million Indian Rupees)

	Year ended 31-03-2007	Year ended 31-03-2008	Year ended 31-03-2009	Year ended 31-03-2010	Year ended 31-03-2011
Income					
Sale of services	1,797.42	2,263.05	2,354.95	2,579.22	2,658.41
Sale of product	0.00	27.91	4.30	1.96	1.08
	1,797.42	**2,290.95**	**2,359.25**	**2,581.18**	**2,659.49**
Other income	2.97	22.08	22.63	15.60	10.54
Total	**1,800.40**	**2,313.03**	**2,381.88**	**2,596.78**	**2,670.03**
Expenditure					
Consumption of trading material	0.00	17.63	9.65	24.21	1.23
Telecasting and other expenses	1,172.60	1,180.04	1,397.79	1,389.29	1,637.33
Personnel expenses	100.60	232.72	244.08	250.32	248.85
Adminstrative expenses	69.95	120.39	127.97	179.25	225.45
Finance charges	47.15	5.54	92.86	125.28	91.99
Depreciation	69.65	61.11	62.15	54.36	50.78
Amortisation	20.55	762.78	786.76	757.10	760.03
Total	**1,480.50**	**2,380.20**	**2,721.25**	**2,779.80**	**3,015.67**
Profit/(Loss) before tax and prior period items	**319.90**	**(67.17)**	**(339.37)**	**(183.02)**	**(345.63)**
Prior period adjustments	1.41	1.85	0.00	2.92	
Provision for tax					
Net Profit/(Loss) for the year	**318.49**	**(69.02)**	**(339.37)**	**(185.94)**	**(345.63)**

Note :

1. This statement of Profit and Loss Account are the Financial Information related to (i) 31st March, 2007, 2008, 2009 and 2010 carved out from the Statutorily Audited books of accounts and Auditors' Certified Segmented Accounting Statements "ETV Telugu Channel, ETV Other Channels and ETV Pay Channels" of the Television Broadcasting Business Division of Ushodaya Enterprises Private Limited and (ii) 31st March, 2011 from Statutorily Audited Statements of the Undertaking.

2. This Statement of Profit and Loss Account read with 'Statement of Accounting Policies and Notes Annexed to and forming Integral part of Summary Financial nformation - Annexure 4' form part of Summary Financial Information referred in Chartered Accountants' Report issued in this regard.

Annexure 3 (a)

SUMMARY FINANCIAL INFORMATION
PANORAMA TELEVISION PRIVATE LIMITED
STATEMENT OF ASSETS AND LIABILITIES AS AT 31st MARCH, 2007, 2008, 2009, 2010 and 2011

(in Million Indian Rupees)

	As at 31-03-2007	As at 31-03-2008	As at 31-03-2009	As at 31-03-2010	As at 31-03-2011
Shareholder's funds					
Share capital					0.13
Reserves and surplus :					
Capital Reserve (As Per Scheme)					341.74
Surplus - Profit and loss account					55.07
					396.94
Loan funds					
Secured loans	15.74	11.02	12.17	46.52	29.33
Ushodaya Enterprises Private Limited	372.31	476.05	471.39	456.28	
	388.06	**487.07**	**483.56**	**502.80**	**29.33**
Total	**388.06**	**487.07**	**483.56**	**502.80**	**426.26**
Fixed assets					
Gross block	653.72	688.77	757.56	757.55	790.18
Less : depreciation	376.22	438.63	497.68	541.07	584.80
Net block	277.50	250.13	259.88	216.47	205.38
Capital work-in-progress					
	277.50	**250.13**	**259.88**	**216.47**	**205.38**
Intangible assets					
Gross block	129.35	235.02	235.98	237.18	238.77
Less : Amortisation	9.64	44.01	78.01	112.23	146.02
Net block	**119.70**	**191.02**	**157.97**	**124.95**	**92.75**
Current assets, loans and advances :					
Inventories	17.45	12.42	9.89	12.77	10.71
Sundry debtors	59.45	56.06	143.62	244.70	409.50
Cash and bank balances	8.12	10.47	2.58	3.98	10.66
Other current assets				5.09	
Loans and advances	17.27	16.56	14.26	19.60	36.30
	102.29	**95.51**	**170.35**	**286.14**	**467.17**
Less: Current liabilities and provisions :					
Liabilities	106.81	40.01	99.05	113.96	331.29
Provisions	4.62	9.58	5.59	10.79	7.75
	111.43	**49.59**	**104.64**	**124.76**	**339.04**
Net current assets	**(9.15)**	**45.92**	**65.71**	**161.38**	**128.14**
Total	**388.06**	**487.07**	**483.56**	**502.80**	**426.26**

Note :

1. This Statement of Assets and Liabilities are the Financial Information related to i) 31st March, 2007, 2008, 2009 and 2010 carved out from the Statutorily Audited books of accounts and Auditors' Certified Segmented Accounting Statements "ETV Telugu Channel, ETV Other Channels and ETV Pay Channels" of the Television Broadcasting Business Division of Ushodaya Enterprises Private Limited and ii) 31st March, 2011 from Statutorily Audited Statements of the Undertaking.
2. This Statement of Assets and Liabilities related to 31st March, 2007, 2008, 2009 and 2010 do not contain Profit and Loss account balance as the same is appropriated with Ushodaya Enterprises Private Limited.
3. This Statement of Assets and Liabilities read with 'Statement of Accounting Policies and Notes Annexed to and forming Integral part of Summary Financial Information - Annexure 4' form part of Summary Financial Information referred in Chartered Accountants' Report issued in this regard.

Annexure 3 (b)

SUMMARY FINANCIAL INFORMATION
PANORAMA TELEVISION PRIVATE LIMITED
STATEMENT OF PROFIT & LOSS ACCOUNT
FOR THE YEAR ENDED MARCH 31, 2007, 2008, 2009, 2010 and 2011

(in Million Indian Rupees)

	Year ended 31-03-2007	Year ended 31-03-2008	Year ended 31-03-2009	Year ended 31-03-2010	Year ended 31-03-2011
Income					
Sale of services	108.07	177.35	290.84	431.70	738.05
Sale of product	0.00	0.00	0.87	0.75	0.44
	108.07	**177.35**	**291.71**	**432.45**	**738.50**
Other income	2.35	7.33	10.06	1.72	17.84
Total	**110.42**	**184.68**	**301.78**	**434.17**	**756.34**
Expenditure					
Consumption of trading material	0.00	6.23	3.82	(0.97)	1.14
Telecasting and other expenses	326.53	374.19	392.23	378.55	404.26
Personnel expenses	53.72	112.19	110.27	123.60	134.27
Adminstrative expenses	50.67	57.36	74.61	58.83	72.72
Finance charges	6.69	5.23	9.51	9.12	5.53
Depreciation	64.69	62.49	62.25	55.37	49.49
Amortisation	5.07	34.36	34.00	34.22	33.80
Total	**507.37**	**652.05**	**686.69**	**658.71**	**701.22**
Profit/(Loss) before tax and prior period items	**(396.95)**	**(467.37)**	**(384.91)**	**(224.55)**	**55.11**
Prior period adjustments	0.98	1.49	0.00	2.92	0.00
Provision for tax					11.03
Less: MAT credit entitlement					(11.03)
Net Profit/(Loss) for the year	**(397.93)**	**(468.86)**	**(384.91)**	**(227.46)**	**55.11**
Balance brought forward from Previous years					(0.05)
Balance Carried to balance sheet					**55.07**

Note :

1. This statement of Profit and Loss Account are the Financial Information related to (i) 31st March, 2007, 2008, 2009 and 2010 carved out from the Statutorily Audited books of accounts and Auditors' Certified Segmented Accounting Statements "ETV Telugu Channel, ETV Other Channels and ETV Pay Channels" of the Television Broadcasting Business Division of Ushodaya Enterprises Private Limited and (ii) 31st March, 2011 from Statutorily Audited Statements of the Undertaking.

2. This Statement of Profit and Loss Account read with 'Statement of Accounting Policies and Notes Annexed to and forming Integral part of Summary Financial nformation - Annexure 4' form part of Summary Financial Information referred in Chartered Accountants' Report issued in this regard.

Annexure 4

STATEMENT OF ACCOUNTING POLICIES AND NOTES ANNEXED TO AND FORMING INTEGRAL PART OF SUMMARY FINANCIAL INFORMATION

(All amounts are in Million Indian Rupees except otherwise stated)

A. NATURE OF OPERATIONS

1. Equator Trading Enterprises Private Limited ("Equator**"**), a company registered under Indian Companies Act,1956, holds the following investments :

    - 24.50% Equity Securities in Eenadu Television Private Limited ("Eenadu"), a company registered under Indian Companies Act,1956 ;

    - 50% Equity Securities in Prism TV Private Limited ("Prism"), a company registered under Indian Companies Act, 1956 ; and

    - Almost 100% Equity Securities in Panorama Television Private Limited ("Panorama"), a company registered under Indian Companies Act, 1956.

"Equity Securities" means equity shares or other securities convertible into, or exercisable or exchangeable for, equity shares.

2. 100% equity shares of Equator is held by Altitude Mercantile Private Limited ("Altitude"), a company registered under Indian Companies Act, 1956, and 100% Compulsorily Convertible Debentures ("CCDs") of the Equator is held by Kavindra Commercials Private Limited ("Kavindra"), a company registered under Indian Companies Act, 1956. Altitude is a 100% subsidiary of Kavindra.

3. Eenadu is presently engaged in the business of production of programs and broadcasting satellite television in Telugu language under two Channels - ETV Telugu and ETV-2 and undertakes distribution/transmission of its satellite channels to various cable operators and direct to home (DTH) service providers. Prior to 1st April, 2010, Eenadu's business was part of the Television Broadcasting Business Division of Ushodaya Enterprises Private Limited ("Ushodaya").

4. Prism is presently engaged in the business of production of programs and broadcasting satellite television in various regional languages under five Channels - ETV-Marathi, ETV-Bangla, ETV-Gujarati, ETV-Kannada and ETV-Oriya and undertakes distribution / transmission of its satellite channels to various cable operators and direct to home (DTH) service providers. Prior to 1st April, 2010, Prism's business was part of the Television Broadcasting Business Division of Ushodaya.

5. Panorama is presently engaged in the business of production of programs and broadcasting satellite television in Hindi and Urdu languages under five Channels - ETV-Rajasthan, ETV-Bihar, ETV-MP, ETV-UP and ETV-URDU and undertakes distribution / transmission of its satellite channels to various cable operators and direct to home (DTH) service providers. Prior to 1st April, 2010, Panorama's business was part of the Television Broadcasting Business Division of Ushodaya.

B. SIGNIFICANT ACCOUNTING POLICIES

1. Basis of Preparation

    - The Summary Financial Information for the year ended 31st March 2007, 2008, 2009 and 2010 of Eenadu, Prism and Panorama are carve-out Financial Information of the Telugu Regional Undertaking, Non Telugu Regional Undertaking and Hindi and Urdu Undertaking from the Television Broadcasting Business Division of Ushodaya for the respective years. These have been prepared by the managements of Eenadu, Prism and Panorama with the assistance of the management of Ushodaya by carving out/extracting from the Statutorily Audited books of accounts and Auditors' Certified Segmented Accounting Statements "ETV Telugu Channel, ETV Other Channels and ETV Pay Channels" of the Television Broadcasting Business Division of Ushodaya for the respective years using the principle assumptions for identification of Assets and Liabilities and allocation of revenue and costs to the Television Broadcasting Business Division

and other adjustments. The basis of preparation of major items of Assets and Liabilities and Income and Expenses are given in the subsequent sections.

- The Summary Financial Information of Eenadu, Prism and Panorama have been prepared to comply in all material aspects with the Accounting Standards issued by Institute of Chartered accountants of India, Companies Accounting Standards Rules, 2006 and the relevant provisions of the Companies Act, 1956, to the extent applicable. The Summary Financial Information has been prepared under the historical cost convention on an accrual basis.

- The Summary Financial Information has been prepared to comply in all material respects with the requirements of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 ("SEBI Regulations"), as amended, issued by the Securities and Exchange Board of India ("SEBI").

- The Summary Financial Information read with 'Statement of Accounting Policies and Notes Annexed to and Forming Integral part of Summary Financial Information – Annexure 4' has been prepared in connection with proposed Right Issues of equity shares to be made by TV 18 and Network18 to present the Financial Information and results of operations of Eenadu, Prism and Panorama.

2. Use of estimates

The preparation of Financial Statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosure of contingent liabilities at the date of the Financial Statements and the results of operations during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results could differ from these estimates.

3. Fixed Assets

- Fixed assets are stated at cost, less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and any attributed cost of bringing the asset to its working condition for its intended use. Borrowing costs relating to acquisition of fixed assets which take substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to be put to use.

- In respect of fixed assets till 31st March, 2010, value of assets directly identifiable with the Telugu Regional Undertaking, Non Telugu Regional Undertaking and Hindi and Urdu Undertaking is included in the respective Undertaking. Common assets of the Television Broadcasting Business Division of Ushodaya are allocated to each of the Undertakings as per the usage of the value of directly identifiable fixed assets of the respective Undertaking.

4. Depreciation

- Depreciation is provided using the Written down value method at the rates prescribed under schedule XIV of the Companies Act, 1956.

- Assets costing five thousand rupees or less are fully depreciated in the year of purchase.

- Depreciation on the following assets is provided on straight line Basis and is based on useful life as estimated by Management. The useful lives determined are as follows;
  - Improvements to premises taken on lease are depreciated over the period of lease, which is up to ten years or useful life, whichever is lower.
  - Buildings constructed on leasehold land are depreciated over the primary period of lease which is up to 30 years or useful life, whichever is lower.

5. Intangible assets

- Computer softwares

- Costs incurred towards purchase of computer software are depreciated using straight line method based on management's estimate of useful lives of such software, which is for a period of 3 years.

- Film Telecast Rights
  - Rights acquired for the broadcast of feature films are stated at cost and are amortized over the period of agreement/ telecast rights or up to ten years, whichever is earlier.

  - Intangible assets acquired from Ushodaya, as per agreement from Ushakiron Movies (UKM) and Ushakiron Television (UKTV) are amortised on a straight line basis over a period of ten years from the date of acquisition.

- Other Intangibles

  - Other intangibles acquired from Ushodaya Enterprises Private Limited, as per agreement with M/s UKTV and UKM,are amortised on a straight line basis over a period of five years from the date of such agreement.

  - In respect of intangible assets till 31st March, 2010, (i) value of computer software is allocated based on the value of fixed assets of each Undertaking (ii) value of film telecast rights is directly identifiable with each of the Undertaking and (iii) Other intangible assets of Television Broadcasting Business Division are allocated to each of the Undertaking in the proportion of the value of the film telecast rights.

6. Impairment

   - The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

   - After impairment, loss is provided on the revised carrying amount of the asset over its remaining useful life.

7. Leases

   - Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term are classified as operating leases. Operating lease payments are recognized as an expense in the Profit and Loss account.

   - Till 31st March, 2010, Lease rentals of corporate offices of Television Broadcasting Business Division are allocated in equal proportion to each of the Telugu Regional Undertaking, Non Telugu Regional Undertaking and Hindi and Urdu Undertaking. Other lease rentals are directly identifiable to each of the Undertaking.

8. Inventories

   - Trading materials, stores and spares, consumables and media

     - Trading materials, stores and spares, consumables and media are stated at the lower of cost and net realizable value. Cost is determined on first in first out (FIFO) basis.

   - Serial and programs costs

     - Serials and programs purchased, produced in-house which are yet to be telecasted are carried at cost. Cost includes amount paid to the producers for serials and programs purchased. Cost of programs produced in-house includes remuneration to artists, directors and technicians, location expenses and other production costs.

- Serials and programs purchased are expensed off when the related program is telecasted. Costs of serials and programs produced in-house are expensed off basing on number of episodes telecasted during the period. Cost of news/current affairs/one-time events are fully expensed on first telecast.

9. Sundry Debtors

Till 31st March, 2010, value of debtors relating to the advertisement income is directly identifiable with each of the Undertakings. Other debtors of Television Broadcasting Business Division are also identifiable specifically to specific channels.

10. Cash and Bank

Till 31st March, 2010, the Cash and Bank balances of Telugu Regional, Non Telugu Regional and Hindi and Urdu Undertakings are maintained channel-wise in the respective Undertaking, except Cash and Bank accounts relating to corporate office and few branches are taken in Telugu Regional Undertaking.

11. Other current assets

Till 31st March, 2010, value of interest accrued of Television Broadcasting Business Division on bank deposits is allocated to each of the Undertaking in proportion to the value of fixed deposit of each undertaking. Value of other current assets of Television Broadcasting Business Division is allocated to each of the Undertaking based on pertinence of assets to the respective Undertaking.

12. Loans and advances

Till 31st March, 2010, value of loans and advances of Television Broadcasting Business Division is equally distributed to each of channels. Value of other Loans & advances of Television Broadcasting Business Division is allocated to each of the undertaking based on pertinence of assets to the respective Undertaking.

13. Current liabilities

Till 31st March, 2010, (i) value of creditors for purchasing content and certain expenses directly related to each of the Undertaking is included in the respective Undertaking (ii) Common creditors of Television Broadcasting Business Division for purchasing content is allocated based on the proportion of content cost (iii) other common current liabilities of Television Broadcasting Business Division are equally distributed to each of channels of the Undertaking, except those which are not identifiable (not material) are taken in Telugu Regional Undertaking.

14. Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company/Undertaking and the revenue can be reliably measured. Specifically the following basis is adopted:

- Advertisement income
  - Advertising income is recognized when the related commercial or programme is telecast on the channels.

- Televoting / SMS income
  - Televoting / SMS income is recognized as per the terms of the contract with the mobile service provider and the production house.

- Subscription income
  - Subscription income from pay channels represents subscription fees billed to cable operators, direct to home (DTH) service providers towards pay-channels operated by the Company/Undertaking, and are recognized in the period during which the service is provided. Subscription fees are determined based on management's best estimates of the number of subscribers to which the service is supplied, at contractually agreed rates. Subscription income

from DTH customers is recognized in accordance with the terms of agreements entered into with the service providers.

- Deferred revenue
  - Billings in excess of revenue recognized are disclosed as "Deferred revenue" under current liabilities.

- Interest income
  - Interest income is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

- Till 31st March, 2010, (i) value of sale of service is directly identifiable to the channel is reported in the respective Undertaking (ii) Sale of product is based on the number of decoders sold in each of the channels and (iii) value of other income of Television Broadcasting Business Division are equally distributed to each of channels.

15. Telecasting and other expenses

Till 31st March, 2010, (i) value of programming cost directly identifiable to the channel is reported in the respective Undertaking (ii) common programming cost of Television Broadcasting Business Division are equally distributed to each of the channels in which such common program is telecast (iii) news service charges of Television Broadcasting Business Division are allocated to each of the Undertakings in the ratio 40:40:20 based on the head count of Telugu Regional, Non Telugu Regional and Hindi and Urdu Undertaking and (iv) value of other expenses of Television Broadcasting Business Division are equally distributed to each of channels.

16. Personnel expenses

Till 31st March, 2010, (i) cost of employees directly identified to each of the Undertaking is reported in respective Undertaking and (ii) cost of common employees of Television Broadcasting Business Division is allocated based on management estimates.

17. Administrative expenses

Till 31st March, 2010, value of administrative expenses of Television Broadcasting Business Division is equally distributed to each of channels.

18. Finance charges

Till 31st March, 2010, (i) interest on term loans is allocated to each of the Undertaking based on value of film telecast rights (ii) interest on working capital of Television Broadcasting Business Division is equally distributed to each of the Undertaking and (iii) other finance charges of Television Broadcasting Business Division is equally distributed to each of the channels.

19. Foreign currency translation

Foreign currency transactions

- Initial Recognition
  - Foreign currency transaction are recorded in the reporting currency, by applying to the foreign currency amounts the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

- Conversion
  - Foreign currency monetary items are reported using the closing rate.

- Exchange Differences
  - Exchange difference arising on the settlement of monetary items or on reporting monetary items of Undertaking at rates different from those at which they were initially recorded during

the year, or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise.

20. Retirement and other employee benefits

- Retirement benefits in the form of Provident Fund are a defined contribution scheme and the contributions are charged to the Profit and Loss Account of the year when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the respective funds.

- Gratuity liability is defined benefit obligation and is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year.

- Short term compensated absences are provided for based on estimates. Long term compensated absences are provided for based on actuarial valuation. The actuarial valuation is done as per projected unit credit method.

- Actuarial gains/losses are immediately taken to profit and loss account and are not deferred.

21. Taxes on Income

- Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

- Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the Undertaking has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

- At each balance sheet date the Undertaking re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case maybe, that sufficient future taxable income will be available against which such deferred tax assets can be realized.

- The carrying amount of deferred tax assets are reviewed at each balance sheet date. The Undertaking writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

22. Earnings per share

- Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

- For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

23. Provisions

A Provision is recognized when an enterprise has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate

can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date these are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

C. NOTES TO SUMMARY FINANCIAL INFORMATION

1. Scheme of Arrangement of Television Broadcasting Business Division of Ushodaya with the Undertakings

- The Undertakings had entered into a Scheme of Arrangement ("Scheme") with Ushodaya (Demerged Company) under Section 391 to 394 of the Companies Act, 1956 for the demerger of business of the Undertakings Eenadu, Prism and Panorama (Demerged Undertakings) which are be transferred and vested with the Undertakings, on a going concern basis, with effect from 1st April, 2010 (which is the Appointed Date as per the Scheme). The Honorable High Court of Andhra Pradesh has sanctioned and confirmed the Scheme and a certified copy of the High Court order was also filed with The Registrar of Companies, Andhra Pradesh. The Scheme will become effective after receipt of requisite approvals / permission from the Central Government / Ministry of Information and Broadcasting (MIB) for transfer of broadcasting and other related licenses from the Demerged Company, which are necessary for the conduct of broadcasting business by the Demerged Undertakings. The Demerged Undertakings are awaiting receipt of such requisite approvals.

- The Assets and Liabilities pertaining to the Demerged Undertakings of the Demerged Company which are vested in the Demerged Undertakings pursuant to the Scheme are recorded at the respective book values thereof as appearing in the books of the Demerged Company, as at the Appointed Date.

- As per the Scheme, with effect from the Appointed Date and up to and including the Effective date (i.e., date of receipt of approvals from the Central Government/MIB), The Demerged Company, among others, shall carry on and be deemed to have carried on the business and activities in relation to the demerged undertakings and shall hold and stand possessed of their properties, rights, interests and assets relating to the demerged undertakings, for and on account of and in trust for the respective Demerged Undertaking and shall account for the same to the respective Demerged Undertaking.

- The scheme of arrangement has been accounted for under the Purchase method as prescribed under Accounting Standard 14 – "Accounting for Amalgamations" issued by the Institute of Chartered accountants of India, Notified by Companies (Accounting Standard) Rules, 2006. Accordingly, the Assets and Liabilities of the Television Broadcasting Business Division as at 1st April, 2010 have been taken over at their respective book values as specified in the Scheme.

- Share Exchange Ratio as per The Scheme is :
  - Eenadu : 1 (One) fully paid equity share of Rs.10 each of Eenadu for every 5 (Five) equity shares of Rs.100 each held in the Ushodaya.
  - Prism : 1 (One) fully paid equity share of Rs.10 each of Prism for every 7 (Seven) equity shares of Rs.100 each held in the Ushodaya.
  - Panorama : 1 (One) fully paid equity share of Rs.10 each of Panorama for every 10 (Ten) equity shares of Rs.100 each held in the Ushodaya.

- The shares allotted, Assets taken over and Liabilities taken over is summarized below:

	Eenadu	**Prism**	**Panorama**
Asset taken over	7449.22	5248.00	1063.48
Less : Liabilities taken over	2654.12	2136.89	721.62
Net Assets	4795.10	3111.11	341.87
Shares allotted	0.25	0.18	0.13
Capital Reserve	4794.85	3110.93	341.74

2. Capital Commitments as at 31st March, 2011 : Estimated amount of contracts remaining to be executed on capital account and not provided for :

	Eenadu	Prism	Panorama
Acquisition of fixed assets	0.76	0.47	1.48
Acquisition of films	13.24		

3. Contingent liabilities not provided for as at 31st March, 2011 :

	Eenadu	Prism	Panorama
Outstanding bank guarantees(excluding performance obligations)	16.82		
Claims against the undertaking not acknowledged as debts		1506.23	10.00
Direct and indirect taxes	9.50	0.78	0.70

4. Intangible Assets

- The Demerged Undertakings, as part of Scheme of Arrangement have taken over intangible assets comprising film and programming content and production support and "not to compete" arrangement with Ushodaya (Demerged Company). The carrying value of the said intangibles assets taken over as on 1st April, 2010 is as per (1) & (2) under the table given below.

- The above said intangibles were purchased by USHODAYA in the year 2006-07 from Ushakiron Television (UKTV) and Ushakiron Movies (UKM) (HUF concerns), on a going concern basis. The value of film and programming content is as per (3) under the table given below. The Demerged Undertakings have recorded such assets in their books as intangible assets and are continuing to amortize the same over a period of 10 years for its remaining useful life. The carrying value of such intangible as at 31st March, 2011 is as per (4) under the table given below.
- In addition to purchase of programming content, Ushodaya with a view to further securing its business and expanding its operations in production of feature films and television programming content, entered into a separate agreement with UKTV and UKM in the year 2007-08, to take over all the databases and related documentation, to provide itself with production support as and when requested and also not to do competing business directly or indirectly for a period of five years from the date of such agreement. The consideration paid for the same is as per (5) under the table given below and was accounted by Ushodaya as other intangibles. The Demerged Undertakings have recorded such assets in their books as other intangible assets and are continuing to amortize the same over a period of 5 years for its remaining useful life. The carrying value of such intangible as at 31st March, 2011 is as per (6) under the table given below.

	Eenadu	Prism	Panorama
i. Carrying value taken over as on 01-04- 2010			
(1) For Film and Programming content	3490.40	1819.50	82.80
(2) For Production support and "non-compete"	1725.70	912.90	41.47
ii. Film and programming content			
(3) Value	5016.10	2614.90	119.00
(4) carrying value as at March 31, 2011	2988.80	1558.00	70.90
iii. Databases and related Documentation			
(5) Consideration recorded in books	4314.20	2282.20	103.68
(6) Carrying value as at March 31, 2011.Net Assets	862.80	456.40	20.74

5. Debtors

Balances due from Companies under the same Management as defined under Section 370(1-B) of the Companies Act, 1956 as at 31st March, 2011 are as under :

As at 31st March, 2011	Eenadu	Prism	Panorama
Dolphin Hotels Limited	0.59	0.25	0.25
Ushakiron Movies Limited	2.95	1.25	1.25
Margadarsi Marketing Private Limited	3.56	0.17	0.05
Margadarsi Chit Fund Limited	2.19	0.76	0.91

6. Loans and advances

Balances due from Companies under the same Management as defined under Section 370(1-B) of the Companies Act, 1956 as at 31st March, 2011 are as under :

	Eenadu	Prism	Panorama
Ushakiron Movies Limited	2.81	0.02	0.01
Variety Entertainment Private Limited		36.55	0.11

7. Employee benefits

The Demerged Undertakings have a funded defined benefit gratuity plan. In accordance with the plan, every employee who has completed five years or more of service gets a gratuity on departure at 15 days last drawn salary for each completed year of service. The scheme is funded with an insurance company in the form of a qualifying insurance policy. The following tables summarize the components of net benefit expense recognized in the Profit and Loss account and amounts recognized in the Balance Sheet for the respective plans.

Profit and Loss account

- Net employee benefit expense (recognized in Personnel expense) :

For the year ended 31st March, 2011	Eenadu	Prism	Panorama
Current service cost	0.73	1.57	0.79
Interest Cost on benefit Obligation	0.53	1.16	0.67
Net Actuarial Loss recognized in the year	1.01	0.68	(0.02)
Net Employee benefit expenses	2.27	3.41	1.44
Actual return on plan assets	0.02	0.04	(0.01)

Balance sheet

- Provision for gratuity :

As at 31st March, 2011	Eenadu	Prism	Panorama
Defined benefit obligation	8.24	16.95	9.58
Fair value of plan assets	(3.77)	(6.81)	(2.99)
Plan Liability	4.47	10.14	6.59

- Changes in the present value of the defined benefit obligation :

As at 31st March, 2011	Eenadu	Prism	Panorama
Opening balance as per the scheme of arrangement	8.06	16.93	9.19
Interest cost	0.53	1.16	0.67
Current service cost	0.73	1.57	0.79
Benefits paid	(2.09)	(3.38)	(1.06)
Actuarial loss on obligation	1.01	0.68	0.02
Closing defined benefit obligation	8.24	16.95	9.58

- Changes in the fair value of plan assets :

As at 31st March, 2011	Eenadu	Prism	Panorama
Opening balance as per the scheme of arrangement	0.00	0.00	
Expected return	0.02	0.03	0.01
Contributions	3.85	7.08	3.03
Benefits paid	(0.09)	(0.30)	(0.06)
Closing fair value of plan assets	3.77	6.81	2.99

The principal assumptions used in determining gratuity obligations for the plans of Eenadu, Prism and Panorama as at 31st March, 2011 are shown below :

Particulars	
Discount rate	8%
Increase in compensation cost	8%
Attrition rate	15%
Expected rate of return on plan assets	9%

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

8. Related party transactions during the year ending 31st March, 2011

- Names of related parties and description of relationship

a. Common for Eenadu, Prism and Panorama Undertakings :

1. Dolphin Hotels Limited
2. Margadarsi Chit Fund Private Limited
3. Ushakiron Movies Limited
4. Manpower Selection and Management Services Private Limited
5. Priya Foods Private Limited
6. Colorama Printers Private Limited
7. Margadarsi Marketing Private Limited
8. Margadarsi Investment and Leasing Company Private Limited
9. Ushodaya Shipping Private Limited
10. Suman Advertising Private Limited
11. Images Hoardings Private Limited
12. Variety Entertainment Private Limited
13. Margadarsi Financial Services Private Limited
14. Margadarsi Housing Private Limited
15. Margadarsi Chits (Karnataka) Private Limited
16. Various entities of Ramoji Rao HUF
17. Ushodaya Enterprises Private Limited
    a) Eanadu Undertaking : 1.Prism TV Pvt.Ltd. and 2.Panorama Television Pvt.Ltd.
    b) Prism Undertaking : 1.Eenadu Television Pvt.Ltd. and 2.Panorama Television Pvt.Ltd.
    c) Panorama Undertaking : 1.Prism TV Pvt.ltd. 2.Eenadu Television Pvt. Ltd.

Key management personnel : 1.Ramoji Rao and 2.Ch.Kiron

- Transactions with related parties for the year ending 31st March, 2011 :

a)	**Enterprises over which shareholders, key management personnel and their relatives exercise control or significant influence**	**Eenadu**	**Prism**	**Panorama**
i)	Colorama Printers Private Limited			
	Purchase of stationery	0.41	0.82	0.81
	Payments made towards purchases	0.35	0.79	0.78
ii)	Dolphin Hotels Limited			
	Boarding and lodging expenses	2.83	6.20	1.69
	Expenses Reimbursement to	2.77	0.08	0.03
	Expenses Reimbursement from	0.04	0.10	0.01
	Payments made towards expenses	5.91	4.83	1.49
	Income	0.60	0.25	0.25
	Collection received towards Income	0.01	0.01	0.01
iii)	Margadarsi Marketing Private Limited			

a)	**Enterprises over which shareholders, key management personnel and their relatives exercise control or significant influence**	**Eenadu**	**Prism**	**Panorama**
	Gift Purchases	1.39		
	Services provided	3.17	0.16	0.05
	Payments made towards purchases	1.17		
	Collections received towards services rendered	2.24		0.66
iv)	Margadarsi Chit Fund Private Limited			
	Expenses Reimbursement to	0.13	0.04	0.04
	Services provided	10.83	2.03	2.88
	Payments made	0.17	0.03	0.04
	Collections received towards services rendered	9.53	1.52	2.22
v)	Manpower Selection and Management Services Pvt.Ltd.			
	Services received	0.56	0.14	0.01
	Payments made towards services received	0.56	0.14	0.01
vi)	Ushakiron Movies Limited			
	Acquisition of Film Rights	15.60		
	Services received	43.82	59.97	36.57
	Purchases made	0.35	0.86	0.86
	Expenses Reimbursement to	1.98	1.48	0.53
	Services provided	3.08	1.44	1.43
	Expenses Reimbursement from	0.01		
	Payments made	74.46	54.80	35.76
	Collections received towards services rendered	6.68	2.03	1.42
vii)	Various entities of Ramoji HUF			
	Services received	14.08	19.62	0.10
	Expenses Reimbursement to	0.03	0.01	0.01
	Services provided	0.01	0.01	0.01
	Payments made towards services received	13.84	19.59	15.12
	Collections received towards services rendered	0.24	0.27	
viii)	Suman Advertising Pvt Ltd			
	Services received	0.31		
	Payments made towards services received	0.24		
ix)	Ushodaya Enterprises Private Limited			
	Expenses Reimbursement to	114.20	73.89	8.12
x)	Panorama Television Private Limited			
	Expenses Reimbursement from	26.57	170.66	
xi)	Margadarsi Chit Private Limited			
	Expenses reimbursement		0.02	0.01
	Payments made		0.02	0.01
xii)	Variety Entertainment Private Limited			
	Expenses reimbursement to		0.12	
	Expenses Reimbursement from			0.10
	Services provided		0.06	
	Advances given		8.19	
	Collections received towards services rendered		0.02	0.01
xiii)	Prism TV Private Limited			
	Expenses Reimbursement to			170.66
xiv)	Eenadu Television Private Limited			
	Expenses Reimbursement to			26.57
b)	Key Management Personnel			
	Ch. Kiron			
	Rent expense	0.93		
	Payments made towards rent	0.93		
c)	Relatives of Key Management Personnel			

a)	Enterprises over which shareholders, key management personnel and their relatives exercise control or significant influence	Eenadu	Prism	Panorama
	Ch. Suman			
	Rent expense	1.08		
	Payments made towards rent	1.09		

- Closing Balances (debit)/ credit as at 31st March, 2011 :

a)	Enterprises over which shareholders, key management personnel and their relatives exercise control or significant influence	Eenadu	Prism	Panorama
i)	Colorama Printers Private Limited	0.07	0.05	0.04
ii)	Dolphin Hotels Limited	(0.41)	1.32	0.09
iii)	Margadarsi Marketing Private Limited	(3.31)	(0.17)	(0.05)
iv)	Margadarsi Chit Funds private limited	(2.19)	(0.75)	(0.92)
v)	Ushakiron Movies Limited	(1.01)	8.15	2.56
vi)	Various Entities of Ramoji HUF	0.47	(36.55)	0.30
viii)	Suman Advertising Private Ltd	0.11	(1.39)	
vii)	Ushodaya Enterprises Private Limited	114.20	73.89	8.12
viii)	Panorama Television Private Limited	(26.57)	(170.07)	
ix)	Prism TV Private Limited			170.66
x)	Eenadu Television Private Limited			26.57
xi)	Variety Entertainment Private Limited			(0.01)
b)	Key Management Personnel			
	Ramoji Rao and Ch. Kiron has given personal guarantees as collateral securities in favour of bankers towards working capital facilities.	0.30	58.74	5.71

9. Deferred Tax

Eenadu, Prism and Panorama have recognized deferred tax assets on unabsorbed depreciation only to the extent of deferred tax liability. Eenadu, Prism and Panorama expect to generate sufficient taxable income in the coming years, which will enable them to utilize unabsorbed depreciation. The deferred tax (net) as on 31st March, 2011 is Nil.

10. Earnings per share

Earnings per share are computed based on the following ;

As at 31st March, 2011	Eenadu	Prism	Panorama
Net profit/(loss) considered for calculating basic and diluted earnings per share (Rs.)	(624312729)	(345635821)	55114882
Weighted average number of equity shares considered for basic and diluted earnings per share (No's)	25356	18140	12728
Face Value of each Equity Share (Rs.)	10.00	10.00	10.00
Basic (Rs.)	(24621.90)	(19053.80)	4330.21
Diluted (Rs.)	(24621.90)	(19053.80)	4330.21

11. Segment reporting

The Undertaking's operations fall within a single business segment "Production of programs and broadcasting satellite television" and single geographical segment and therefore segment information as required under AS - 17 is not applicable.

12. Material Regroupings

Appropriate adjustments have been made in the Summary Financial Information of Assets and Liabilities and Profit and Losses of Telugu Regional Undertaking, Non Telugu Regional Undertaking and Hindi and

Urdu Undertaking for the relevant years with the Statutorily Audited books of account and Auditors' Certified Segmented Accounting Statements "ETV Telugu Channel, ETV Other Channels and ETV Pay Channels" of the Television Broadcasting Business Division of Ushodaya, wherever required. All relevant common costs and revenue have been allocated/apportioned suitably and corresponding items of income, expenses, assets and liabilities pertaining to the year ended 31st March, 2007, 2008, 2009 and 2010 reclassified, in order to bring them in line with the groupings as per the Audited financials of Eenadu, Prism and Panorama for the year ended 31st March, 2011 and as per the requirements of Securities and Exchange Board of India (Issue of Capital & Disclosure Requirements) Regulations, 2009.

D. NOT ADJUSTED IN SUMMARY FINANCIAL INFORMATION - QUALIFICATIONS IN AUDITOR'S REPORT

1. Impact of the Statutory Auditor's Qualifications in the Auditor's Report of Ushodaya related to the Television Broadcasting Business Division for the year ended 31st March, 2007, 2008, 2009 and 2010 is not adjusted in the Summary Financial Position of Eenadu, Prism and Panorama for these relevant years.

2. Impact of the Statutory Auditor's Qualifications in their Auditor's Report for the year ended 31st March, 2011 is not adjusted in the Summary Financial Position of Eenadu, Prism and Panorama for such relevant year.

3. Statutory Auditor's Qualifications in the Auditor's Report for the Year ended 31st March, 2011 is verbatim given below:

A. In respect of Eenadu Television Private Limited

1. *"Para 4 : As more fully discussed in Note 6 on Schedule 20 to the financial statements, gross block of intangible Assets comprise Rs 50,161 Lakhs for the purchase of film and programming content and Rs 43,142 Lakhs of other intangibles. At present, the film and programming content is amortized over a period of 10 years and other intangible assets are amortized over a period of 5 years. The film and programming content and other intangibles have not been tested for impairment and the quantification of the future economic benefit to be derived from their use has also not been determined and accordingly we are unable to comment on the aggregated carrying value of such intangibles of Rs 38,516 Lakhs as at March 31, 2011.*

2. *Para 5 : As at March 31, 2011 the Company had certain overdue debtors aggregating to Rs. 406.03 Lakhs. Management is of the opinion that these are fully recoverable and accordingly no adjustments have been made to the accompanying financial statements in respect of these debtors. In the absence of sufficient evidence to demonstrate recoverability we are unable to comment on the recoverability of these debtors."*

B. In respect of Prism TV Private Limited

1. "Para 4 : *As more fully discussed in Note 6 on Schedule 19 to the financial statements, gross block of intangible Assets comprise Rs 26,149 Lakhs for the purchase of film and programming content and Rs 22,822 Lakhs of other intangibles. At present, the film and programming content is amortized over a period of 10 years and other intangible assets are amortized over a period of 5 years. The film and programming content and other intangibles have not been tested for impairment and the quantification of the future economic benefit to be derived from their use has also not been determined and accordingly we are unable to comment on the aggregated carrying value of such intangibles of Rs 20,144 Lakhs as at March 31, 2011.*

2. *Para 5 : As at March 31, 2011 the Company had certain overdue debtors aggregating to Rs. 1,180.17 Lakhs. Management is of the opinion that these are fully recoverable and accordingly no adjustments have been made to the accompanying financial statements in respect of these debtors. In the absence of sufficient evidence to demonstrate recoverability we are unable to comment on the recoverability of these debtors."*

C. In respect of Panorama Television Private Limited

1. *"Para 4 : As more fully discussed in Note 6 on Schedule 19 to the financial statements, gross block of intangible Assets comprise Rs.119,000 thousands for the purchase of film and programming content and Rs.103,680 thousands of other intangibles. At present, the film and programming content is amortized over a period of 10 years and other intangible assets are amortized over a period of 5 years. The film and programming content and other intangibles have not been tested for impairment and the quantification of the future economic benefit to be derived from their use has also not been determined and accordingly we are unable to comment on the aggregated carrying value of such intangibles of Rs.91,640 thousands as at March 31, 2011.*
2. *Para 5; As at March 31, 2011 the Company had certain overdue debtors aggregating to Rs.36,616.37 thousands. Management is of the opinion that these are fully recoverable and accordingly no adjustments have been made to the accompanying financial statements in respect of these debtors. In the absence of sufficient evidence to demonstrate recoverability we are unable to comment on the recoverability of these debtors."*

For and on behalf of the Board of Directors
Ushodaya Enterprises Private Limited

As per our report of even date

For A.K. Sabat & Co.
Chartered Accountants

For and on behalf of the Board of Directors
Eenadu Television Private Limited

(D.Vijaya Kumar)
Partner
ICAI Membership No. : 051961

For and on behalf of the Board of Directors
Panorama Television Private Limited

For and on behalf of the Board of Directors
Prism TV Private Limited

Place: Hyderabad
Date : 24-02-2012

ACCOUNTING RATIOS AND CAPITALISATION STATEMENT

The following tables present certain accounting and other ratios on standalone and consolidated basis derived from the Company's audited financial statements as at and for the year ended March 31, 2011 included in the "***Financial Statements***" on page 71.

A. Standalone

Particulars	
Number of equity shares outstanding at the end of the year ended March 31, 2011	118,895,641
Weighted average number of equity shares outstanding during the year	115,735,050
Earnings Per Share (₹):	
- Basic	(5.97)
- Diluted	(5.97)
Return on Net Worth (%)	(7.67)
Net Asset Value Per Share (₹)	75.84

B. Consolidated

Particulars	
Number of equity shares outstanding at the end of the year ended March 31, 2011	118,895,641
Weighted average number of equity shares outstanding during the year	115,735,050
Earnings Per Share (₹):	
- Basic	(2.24)
- Diluted	(2.24)
Return on Net Worth (%)	(4.18)
Net Asset Value Per Share (₹)	73.74

Notes:

1) The ratio has been computed as below:

Loss per equity share - Basic and Diluted = $\frac{\text{Net loss attributable to equity shareholders (excluding extra ordinary items, if any)}}{\text{Weighted average number of Equity shares outstanding during the year/period}}$

Net asset value per equity share (₹) = $\frac{\text{Net worth at the end of the year (excluding revaluation reserves)}}{\text{Number of shares as at year/period end}}$

Return on networth (%) = $\frac{\text{Net loss after tax attributable to equity Shareholder (excluding extra ordinary items, if any)}}{\text{Net worth as at year/period end (excluding revaluation reserves)}}$

2) Computation of Networth = Equity share capital + Employee Stock Options Outstanding + Reserves and Surplus (excluding Revaluation Reserves) - Debit balance of Profit and Loss Account – Miscellaneous expenditure to the extent not written off or adjusted

3) Net loss after tax as appearing in audited unconsolidated / consolidated financial Statements, as the case may for the year ended March 31, 2011 and for statement of profit and loss of the group /

company, as the case may be the six months ended September 30, 2011 has been considered for the purpose of computing the above ratios.

4) Loss per equity share is calculated in accordance with the notified Accounting Standard 20 'Earnings per share' prescribed by the Companies (Accounting Standards) Rules, 2006.

The following tables present certain accounting and other ratios on standalone and consolidated basis derived from the Company's limited reviewed financial statements as at and for the period ended September 30, 2011 included in the "***Financial Statements***" on page 71.

C. Standalone

Particulars	
Number of equity shares outstanding at the end of the period ended September 30, 2011	142,646,583
Weighted average number of equity shares outstanding during the year	131,864,217
Earnings Per Share (₹):	
- Basic	(4.55)
- Diluted	(4.55)
Return on Net Worth (%)	(5.91)
Net Asset Value Per Share (₹)	71.15

D. Consolidated

Particulars	
Number of equity shares outstanding at the end of the period ended September 30, 2011	142,646,583
Weighted average number of equity shares outstanding during the year	131,864,217
Earnings Per Share (₹):	
- Basic	(10.20)
- Diluted	(10.20)
Return on Net Worth (%)	(27.39)
Net Asset Value Per Share (₹)	34.41

Notes:

1) The ratio has been computed as below:

Loss per equity share - Basic and Diluted = $\frac{\text{Net loss attributable to equity shareholders (excluding extra ordinary items, if any)}}{\text{Weighted average number of Equity shares outstanding during the year/period}}$

Net asset value per equity share (₹) = $\frac{\text{Net worth at the end of the year (excluding revaluation reserves)}}{\text{Number of shares as at year/period end}}$

Return on networth (%) = $\frac{\text{Net loss after tax attributable to equity Shareholder (excluding extra ordinary items, if any)}}{\text{Net worth as at year/period end (excluding revaluation reserves)}}$

2) Computation of Networth = Equity share capital + Employee Stock Options Outstanding + Reserves and Surplus (excluding Revaluation Reserves) - Debit balance of Profit and Loss Account –

Miscellaneous expenditure (to the extent not written off or adjusted)

3) Net loss after tax as appearing in audited unconsolidated / consolidated financial Statements, as the case may for the year ended March 31, 2011 and for statement of profit and loss of the group / company, as the case may be the six months ended September 30, 2011 has been considered for the purpose of computing the above ratios.

4) Loss per equity share is calculated in accordance with the notified Accounting Standard 20 'Earnings per share' prescribed by the Companies (Accounting Standards) Rules, 2006.

Capitalization Statement

The statement on our capitalization, on a standalone and a consolidated basis, is as set out below:

Standalone

(₹ in millions)

Particulars	Pre Issue as at September 30, 2011	Adjusted for the Issue
Borrowings		
Short-term debt	3,907.74	[●]
Long-term debt	5,729.37	[●]
Total debt	**9,637.11**	[●]
Shareholders' funds:		
Share capital (Refer note 5)		
Equity share capital	713.23	[●]
Preference share capital	1,542.66	[●]
Reserves and surplus (Net of debit balance of Profit and Loss account)	9,271.85	[●]
Employee stock option outstanding	163.64	[●]
Share application money pending allotment	1.31	[●]
Total shareholders' funds	**11,692.69**	[●]
Long-term debt/equity ratio	**0.49**	[●]
Total debt/equity ratio	**0.82**	[●]

Consolidated

(₹ in millions)

Particulars	Pre Issue as at September 30, 2011	Adjusted for the Issue
Borrowings		
Short-term debt	10,935.68	[●]
Long-term debt	8,885.17	[●]
Total debt	**19,820.85**	[●]
Shareholders' funds:		
Share capital	2,255.89	
Reserves and surplus surplus (Net of debit balance of Profit and Loss account)	3,998.17	[●]
Employee stock option outstanding	197.46	[●]
Share application money pending allotment	1.31	[●]
Total shareholders' funds	**6,452.83**	[●]
Long-term debt/equity ratio	**1.38**	[●]
Total debt/equity ratio	**3.07**	

Notes:

1. The long term debt/equity ratio has been computed as under:
   Long term debt/total shareholders' funds
2. The total debt/equity ratio has been computed as under:
   total debt/total shareholders' funds
3. Short term debt is considered as debt due within 12 months from September 30, 2011
4. Long term debt is considered as debt other than short term debt, as defined above.
5. Pursuant to exercise of 233,333 stock options by the employees subsequent to September 30, 2011 till December 31, 2011, the equity share capital of the Company increased from ₹ 713,232,915 to ₹ 714,399,580 and the same is represented by 142,879,916 equity shares of ₹ 5 each.

STOCK MARKET DATA FOR EQUITY SHARES

The Equity Shares are currently listed on the BSE and the NSE with effect from February 2, 2007. Stock market data for our Equity Shares has been given separately for the BSE and the NSE. As our Equity Shares are actively traded on both BSE and NSE, stock market data has been given separately for each of these Stock Exchanges.

The high and low closing prices recorded on the BSE and the NSE for the preceding three Financial Years and the number of Equity Shares traded on the days the high and low prices were recorded are stated below.

BSE

Year ending March 31	High (₹)	Date of High	No. of Shares traded on date of high	Total Volume of traded on date of high (₹ in million)	Low (₹)	Date of Low	No. of Shares traded on date of low	Total Volume of traded on date of low (₹ in million)	Average price for the year (₹)*
2011	191.00	Nov 19, 2010	11,243	2.05	112.10	Apr 1, 2010	393,897	47.34	150.20
2010	166.85	Jun 4, 09	328,769	51.63	64.90	Nov 3, 2009	122,242	8.46	99.69
2009	293.00	Apr 29, 2008	344,308	95.80	59.15	Mar 12, 2009	3,201	0.19	144.63

(*Source: www.bseindia.com*)
**Based on daily closing prices.*

NSE

Year ending March 31	High (₹)	Date of High	No. of Shares traded on date of high	Total Volume of traded on date of high (₹ in million)	Low (₹)	Date of Low	No. of Shares traded on date of low	Total Volume of traded on date of low (₹ in million)	Average price for the year (₹)*
2011	191.00	Nov 19, 2010	34,712	6.35	113.00	Apr 1, 2010	1,261,204	151.88	150.49
2010	166.70	Jun 4, 09	908,123	142.70	65.00	Nov 3, 2009	295,440	20.44	99.76
2009	293.70	Apr 30, 2008	159,273	44.17	58.80	Mar 9, 2009	14,101	0.87	144.61

** Average of the daily closing prices.*
(*Source: www.nseindia.com*)

The high and low prices and volume of Equity Shares traded on the respective dates during the last six months is as follows:

BSE

Month	Date of High	High (₹)	Volume (No. of Shares)	Date of Low	Low (₹)	Volume (No. of Shares)	Average Price for the Month (₹)	Total No of Trading Days
February, 2012	Feb 21, 2012	50.30	795,382	Feb 10, 2012	39.40	39,937	41.78	20
January, 2012	Jan 4, 2012	55.50	387,792	Jan 2, 2012	36.55	7,094	45.78	22
December, 2011	Dec 1, 2011	45.05	103,567	Dec 21, 2011	35.00	54,682	39.03	21
November, 2011	Nov 4, 2011	65.30	26,947	Nov 22, 2011	45.75	12,305	51.51	20
October, 2011	Oct 3, 2011	78.75	20,845	Oct 13, 2011	58.55	42,591	63.98	19
September, 2011	Sep 20, 2011	100.00	1,099	Sep 30, 2011	73.35	32,523	92.94	21

(*Source: www.bseindia.com*)
** Average of the daily closing prices.*

NSE

Month	Date of High	High (₹)	Volume (No. of Shares)	Date of Low	Low (₹)	Volume (No. of Shares)	Average Price for the Month (₹)	Total No of Trading Days
February, 2012	Feb 21, 2012	50.25	1,820,545	Feb 13, 2012	39.40	256,768	41.82	20
January, 2012	Jan 4, 2012	55.35	1,670,834	Jan 2, 2012	36.50	65,471	45.81	22
December, 2011	Dec 1, 2011	45.10	156,022	Dec 21, 2011	35.05	213,160	39.05	21
November, 2011	Nov 4, 2011	65.00	91,338	Nov 30, 2011	41.00	14,569	51.41	20
October, 2011	Oct 3, 2011	79.40	290,403	Oct 13, 2011	58.50	435,603	63.97	19
September, 2011	Sep 2, 2011	98.80	32,446	Sep 30, 2011	73.65	138,031	93.31	21

(Source: www.nseindia.com)
** Average of the daily closing prices.*

In the event the high or low or closing price of the Equity Shares are the same on more than one day, the day on which there has been higher volume of trading has been considered for the purposes of this chapter.

Week end prices of Equity Shares of the Company for the last four weeks on the BSE and NSE are as below:

Week Ended on	Closing Rate BSE (₹)	Closing Rate NSE (₹)
Feb 24, 2012	43	43.05
Feb 17, 2012	44.6	44.8
Feb 10, 2012	39.7	39.7
Feb 3, 2012	40.4	40.3

Highest and lowest price of the Equity Shares of the Company on BSE and NSE for the last four weeks:

	Highest (₹)	Date	Lowest (₹)	Date
BSE	50.30	Feb 21, 2012	39.40	Feb 10, 2012
NSE	50.25	Feb 21, 2012	39.40	Feb 13, 2012

The market price of our Equity Shares on March 1, 2012 was ₹ 40.75 and 40.80 on the BSE and the NSE, respectively.

MATERIAL DEVELOPMENTS

Other Developments

Information as required in accordance with Ministry of Finance, **GoI**, circular no. F.2/5/SE/76 dated February 5, 1977, as amended by their circular of even number dated March 8, 1977 and in accordance with sub-item (B) of item X of Part E of the SEBI Regulations.

Our working results on standalone basis for the period from April 1, 2011 to January 31, 2012:

(₹ in million)

Particulars	**Amount**
Revenue from operations	616.80
Other income	646.20
Total Income	**1263.00**
Loss before depreciation and taxes	(780.28)
Provision for Depreciation	34.92
Provision for Tax	7.22
Loss after Tax	**(822.42)**

Limited reviewed financial results for the quarter and nine months ended December 31, 2011

Limited Review Report (Standalone)

The Board of Directors

Network18 Media & Investments Limited

1. We have reviewed the accompanying statement of unaudited financial results ('the Statement') of Network18 Media & Investments Limited (the 'Company') for the quarter and nine months ended December 31, 2011, except for the disclosures regarding 'Public Shareholding' and 'Promoter and Promoter Group Shareholding' which have been traced from disclosures made by the management and have not been audited by us. This Statement is the responsibility of the Company's Management and has been approved by the Board of Directors. Our responsibility is to issue a review report on this Statement based on our review.

2. We conducted our review in accordance with the Standard on Review Engagements (SRE) 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity, issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

3. The Company has paid Rs. 173.64 lakhs as managerial remuneration to its managing director upto December 31, 2011 (upto December 31, 2010: Rs. 124.68 lakhs and upto March 31, 2011: Rs. 152.04 lakhs; the opinion of the predecessor auditor was qualified in this respect), which is in excess of the limits prescribed under the Companies Act, 1956 ('the Act'). Had the Company accounted for the remuneration in accordance with the Act, the net loss after tax for the quarter and nine months ended December 31, 2011 would have been lower by Rs. 173.64 lakhs (for the quarter and nine months ended December 31, 2010: Rs. 124.68 lakhs and for the year ended March 31, 2011: Rs. 152.04 lakhs).

4. Based on our review conducted as above, except for the effects of the matter as described in the previous paragraph, nothing has come to our attention that causes us to believe that the accompanying Statement prepared in accordance with applicable accounting standards, as notified under the Companies (Accounting Standards) Rules, 2006 (as amended) and other recognised accounting practices and policies has not disclosed the information required to be disclosed in terms of Clause 41 of the Listing Agreement, including the manner in which it is to be disclosed, or that it contains any material misstatement.

5. Without qualifying our opinion, we draw attention to Note 4 of the Statement. In accordance with the scheme of arrangement between the Company and some of its subsidiary companies approved by the High Court of Delhi on April 26, 2011 and effective on June 10, 2011, the Company has adjusted the book values of certain assets and liabilities to reflect their fair values and has recorded the resulting adjustment in the Securities Premium Account.

for **Walker, Chandiok & Co**
Chartered Accountants
Firm Registration No: 001076N

per **B P Singh**
Partner
Membership No. 70116

Place: New Delhi
Date: February 9, 2012

Limited Review Report (Consolidated)

The Board of Directors
Network18 Media & Investments Limited

1. We have reviewed the accompanying statement of unaudited consolidated financial results ('the Statement') of Network18 Media & Investments Limited (the 'Company'), its subsidiaries, associates and joint ventures (collectively referred to as the 'Group') for the quarter and nine months ended December 31, 2011, except for the disclosures regarding 'Public Shareholding' and 'Promoter and Promoter Group Shareholding' which have been traced from disclosures made by the management and have not been audited by us. This Statement is the responsibility of the Company's Management and has been approved by the Board of Directors. Our responsibility is to issue a review report on this Statement based on our review.

2. We conducted our review in accordance with the Standard on Review Engagements (SRE) 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity, issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

3. We did not review the interim financial results of 42 entities, included in the Statement, whose interim financial results reflect total revenues (after eliminating intra-group transactions) of Rs. 44,913.52 lakhs and Rs. 117,554.08 lakhs and net loss after tax and prior period items (after eliminating intra-group transactions) of Rs. 10,762 lakhs and Rs. 15,975.80 lakhs for the quarter and nine months ended December 31, 2011, respectively. These financial results have been reviewed by other auditors whose reports have been furnished to us and our opinion in respect thereof is based solely on the report of such other auditors.

4. *(a) The Company has paid Rs. 173.64 lakhs as managerial remuneration to its managing director upto December 31, 2011 (upto December 31, 2010: Rs. 124.68 lakhs and upto March 31, 2011: Rs. 152.04 lakhs; the opinion of the predecessor auditor was qualified in this respect), which is in excess of the limits prescribed under the Companies Act, 1956 ('the Act').*

   (b) Stargaze Entertainment Private Limited ('Stargaze'), a subsidiary of the Company, has paid Rs. 167.12 lakhs as managerial remuneration to its erstwhile managing director upto December 31, 2011, which is in excess of the limits prescribed under the Act. The auditors of Stargaze have qualified their report in respect of this matter.

   Had the Company and Stargaze accounted for the remuneration in accordance with the Act, the net loss after tax for the quarter and nine months ended December 31, 2011 would have been lower by Rs. 340.76 lakhs (for the quarter ended December 31, 2010, net profit after tax would have been higher and for the nine months ended December 31, 2010, net loss after tax would have been lower by Rs. 124.68 lakhs and for the year ended March 31, 2011, net loss after tax would have been lower by Rs. 152.04 lakhs).

5. *The auditors of Infomedia 18 Limited ('Infomedia'), a subsidiary of the Company, have qualified their report in respect of non-provision of any amounts against an income tax demand of Rs. 529.22 lakhs (as at December 31, 2010 and March 31, 2011: Rs. 529.22 lakhs, and the opinion of the auditors of Infomedia was qualified in this respect) received in earlier periods which is being disputed by Infomedia. Infomedia has filed an appeal before the higher authority and has also been legally advised that the possibility of the matter being decided against Infomedia is not likely. However, in the view of the auditors of Infomedia, the demand crystallizing against Infomedia is possible, though as per them the impact of the ultimate outcome of this matter presently cannot be determined.*

6. Based on our review conducted as above and consideration of reports of other auditors, *except for the effects of the matters described in the paragraphs 4 and 5 above*, nothing has come to our attention that causes us to believe that the accompanying Statement prepared in accordance with applicable accounting standards, as notified under the Companies (Accounting Standards) Rules, 2006 (as amended) and other recognised accounting practices and policies has not disclosed the information required to be disclosed in terms of Clause 41 of the Listing Agreement including the manner in which it is to be disclosed, or that it contains any material misstatement.

7. Without qualifying our opinion, we draw attention to Note 4 of the Statement. In accordance with the scheme of arrangement between the Company and some of its subsidiary companies approved by the High Court of Delhi on April 26, 2011 and effective on June 10, 2011, the Company has adjusted the book values of certain assets and liabilities to reflect their fair values and has recorded the resulting adjustment in the Securities Premium Account.

for **Walker, Chandiok & Co**
Chartered Accountants
Firm Registration No: 001076N

per **B P Singh**
Partner
Membership No. 70116

Place: New Delhi
Date: February 9, 2012

NETWORK18 MEDIA & INVESTMENTS LIMITED
LIMITED REVIEWED FINANCIAL RESULTS FOR THE QUARTER AND NINE MONTHS ENDED DECEMBER 31, 2011

Rs. In million

Particulars	Consolidated						Standalone					
	Quarter ended 31.12.2011	Quarter ended 30.09.2011	Quarter ended 31.12.2010	Nine months ended 31.12.2011	Nine months ended 31.12.2010	Year ended 31.03.2011	Quarter ended 31.12.2011	Quarter ended 30.09.2011	Quarter ended 31.12.2010	Nine months ended 31.12.2011	Nine months ended 31.12.2010	Year ended 31.03.2011
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
1. Revenue	**5,038.15**	**4,253.54**	**4,055.87**	**12,925.61**	**10,782.90**	**14,840.83**	**258.72**	**162.01**	**109.28**	**571.68**	**248.10**	**399.07**
(a) Revenue from operations	5,010.65	4,151.65	4,040.44	12,738.10	10,701.40	14,677.67	258.72	162.01	109.28	571.68	248.10	399.07
(b) Other Operating Income	27.50	101.89	15.43	187.51	81.50	163.16	-	-	-	-	-	-
2. Expenditure	**6,011.04**	**4,856.68**	**3,926.14**	**14,813.05**	**10,944.09**	**15,077.81**	**343.93**	**300.13**	**140.89**	**941.96**	**363.22**	**566.18**
(a) Production, Distribution and administration costs	4,476.80	3,537.26	2,874.05	10,874.59	7,819.97	10,752.04	261.31	197.42	108.03	656.61	265.00	426.59
(b) Material Consumed	69.30	53.50	53.38	203.19	220.57	303.23	-	-	-	-	-	-
(c) Staff costs (Including Stock options chargeout)	1,309.81	1,118.04	836.55	3,293.78	2,424.62	3,405.29	77.25	91.86	31.13	253.13	94.35	134.45
(d) Depreciation and amortisation	155.13	147.88	162.16	441.49	478.93	617.25	5.37	10.85	1.73	32.22	3.87	5.14
3. Profit/(loss) from operations before other income, interest, exceptional items, prior period items and tax	**(972.89)**	**(603.14)**	**129.73**	**(1,887.44)**	**(161.19)**	**(236.98)**	**(85.21)**	**(138.12)**	**(31.61)**	**(370.28)**	**(115.12)**	**(167.11)**
4. Other Income	262.77	346.12	1,265.34	909.23	1,866.49	2,060.06	260.93	169.02	47.88	555.68	189.18	273.12
5. Profit / (Loss) before interest, exceptional items, prior period items and tax	**(710.12)**	**(257.02)**	**1,395.07**	**(978.21)**	**1,705.30**	**1,823.08**	**175.72**	**30.90**	**16.27**	**185.40**	**74.06**	**106.01**
6. Interest & financial charges	670.81	637.06	565.41	1,955.70	1,713.34	2,258.42	331.91	309.73	189.84	934.18	627.68	816.49
7. Loss after Interest but before exceptional items, prior period items and tax	**(1,380.93)**	**(894.08)**	**829.66**	**(2,933.91)**	**(8.04)**	**(435.34)**	**(156.19)**	**(278.83)**	**(173.57)**	**(748.78)**	**(553.62)**	**(710.48)**
8. Exceptional Items	-	-	-	-	88.21	108.03	-	-	-	-	-	-
9. Prior period items	0.24	(4.43)	(5.78)	(0.07)	9.22	(1.97)	0.30	(4.32)	(6.99)	0.15	(6.92)	(6.76)
10. Profit / (Loss) before tax	**(1,381.17)**	**(889.65)**	**835.44**	**(2,933.84)**	**(105.47)**	**(541.40)**	**(156.49)**	**(274.51)**	**(166.58)**	**(748.93)**	**(546.70)**	**(703.72)**
11. Tax expense	9.00	18.92	7.65	59.27	174.10	331.35	0.02	7.20	-	7.22	-	(12.46)
12. Net Profit / (Loss)	**(1,390.17)**	**(908.57)**	**827.79**	**(2,993.11)**	**(279.57)**	**(872.75)**	**(156.51)**	**(281.71)**	**(166.58)**	**(756.15)**	**(546.70)**	**(691.26)**
13. Minority interest	(534.97)	(210.10)	41.63	(794.36)	(354.12)	(505.92)	-	-	-	-	-	-
14. Share in loss of associates	(2.87)	(4.17)	-	(3.73)	-	-	-	-	-	-	-	-
15. Net Profit / (Loss) after tax and minority interest	**(858.07)**	**(702.64)**	**786.16**	**(2,202.48)**	**74.55**	**(366.83)**	**(156.51)**	**(281.71)**	**(166.58)**	**(756.15)**	**(546.70)**	**(691.26)**
16. Paid-up Equity Share Capital	714.40	713.23	578.37	714.40	578.37	594.48	714.40	713.23	578.37	714.40	578.37	594.48
(Face value Rs. 5/-)												
17. Reserves excluding revaluation reserves												

Particulars	Consolidated						Standalone					
	Quarter ended 31.12.2011	Quarter ended 30.09.2011	Quarter ended 31.12.2010	Nine months ended 31.12.2011	Nine months ended 31.12.2010	Year ended 31.03.2011	Quarter ended 31.12.2011	Quarter ended 30.09.2011	Quarter ended 31.12.2010	Nine months ended 31.12.2011	Nine months ended 31.12.2010	Year ended 31.03.2011
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
												8,321.74
18. Earnings per share (EPS)												
(a) Basic EPS	(6.01)	(4.93)	6.80	(16.25)	0.64	(3.17)	(1.10)	(1.98)	(1.44)	(5.58)	(4.73)	(5.97)
(b) Diluted EPS	(6.01)	(4.93)	6.72	(16.25)	0.64	(3.17)	(1.10)	(1.98)	(1.44)	(5.58)	(4.73)	(5.97)
19. Aggregate of public shareholding												
(a) Number of shares	57,788,345	59,153,063	47,138,142	57,788,345	47,138,142	50,360,270	57,788,345	59,153,063	47,138,142	57,788,345	47,138,142	50,360,270
(b) Percentage of shareholding	40.45%	41.47%	40.75%	40.45%	40.75%	42.35%	40.45%	41.47%	40.75%	40.45%	40.75%	42.35%
(c) Face value per share (Rs.)	5/-	5/-	5/-	5/-	5/-	5/-	5/-	5/-	5/-	5/-	5/-	5/-
20. Promoter and promoter group shareholding												
a) Pledged/Encumbered												
-Number of shares	41,708,119	50,749,867	33,591,727	41,708,119	33,591,727	30,683,109	41,708,119	50,749,867	33,591,727	41,708,119	33,591,727	30,683,109
-Percentage of shares (as a % of the total shareholding of promoter and promoter group)	49.02%	60.78%	49.01%	49.02%	49.01%	44.77%	49.02%	60.78%	49.01%	49.02%	49.01%	44.77%
-Percentage of shares (as a % of the total share capital of the Company)	29.19%	35.58%	29.04%	29.19%	29.04%	25.81%	29.19%	35.58%	29.04%	29.19%	29.04%	25.81%
b) Non-encumbered												
-Number of shares	43,383,452	32,743,653	34,943,644	43,383,452	34,943,644	37,852,262	43,383,452	32,743,653	34,943,644	43,383,452	34,943,644	37,852,262
-Percentage of shares (as a % of the total shareholding of promoter and promoter group)	50.98%	39.22%	50.99%	50.98%	50.99%	55.23%	50.98%	39.22%	50.99%	50.98%	50.99%	55.23%
-Percentage of shares (as a % of the total share capital of the Company)	30.36%	22.95%	30.21%	30.36%	30.21%	31.84%	30.36%	22.95%	30.21%	30.36%	30.21%	31.84%

LIMITED CONSOLIDATED FINANCIAL RESULTS
FOR THE QUARTER AND NINE MONTHS ENDED DECEMBER 31, 2011
Segment wise Revenue, Results and Capital Employed

(Rs. in million)

Particulars	Quarter ended 31.12.2011 (Unaudited)	Quarter ended 30.09.2011 (Unaudited)	Quarter ended 31.12.2010 (Unaudited)	Nine months ended 31.12.2011 (Unaudited)	Nine months ended 31.12.2010 (Unaudited)	Year ended 31.03.2011 (Audited)
Segment Revenue						
(a) Media operations	4,933.39	3,987.09	3,996.25	12,374.30	10,499.68	14,396.09
(b) Film Production and Distribution	55.11	150.96	-	291.44	-	97.80
(c) Others	56.51	123.58	73.35	282.12	322.25	392.00
Total	**5,045.01**	**4,261.63**	**4,069.60**	**12,947.86**	**10,821.93**	**14,885.89**
(d) Other unallocable revenue	262.77	346.12	1,265.34	909.23	1,866.49	2,060.06
(e) Inter segment revenue	(6.86)	(8.10)	(13.73)	(22.26)	(39.03)	(45.07)
Total Revenue	**5,300.92**	**4,599.65**	**5,321.21**	**13,834.83**	**12,649.39**	**16,900.88**
Segment Results						
Profit/(loss) before interest and tax for each segment	-	-	-	-	-	-
(a) Media operations	(894.26)	(488.38)	134.93	(1,626.32)	(133.14)	(115.47)
(b) Film Production & Distribution	(72.76)	(100.12)	-	(214.23)	-	(40.27)
(c) Others	(2.04)	7.73	9.45	11.46	36.82	22.36
Total	**(969.06)**	**(580.77)**	**144.38**	**(1,829.09)**	**(96.32)**	**(133.38)**
Less:						
(d) Interest expense	670.81	637.06	565.41	1,955.70	1,713.34	2,258.42
(e) Other unallocable expenditure (net of unallocable income)	(258.70)	(328.17)	(1,256.46)	(850.94)	(1,704.18)	(1,850.38)
Total Profit/(loss) Before Tax	**(1,381.17)**	**(889.66)**	**835.43**	**(2,933.85)**	**(105.48)**	**(541.42)**
Capital Employed						
(Segment Assets – Segment Liabilities)						
(a) Media operations	20,598.99	22,247.20	24,992.22	20,598.99	24,992.22	23,739.21
(b) Film Production & Distribution	1,900.61	1,449.76	-	1,900.61	-	1,922.99
(c) Others	112.48	125.16	178.86	112.48	178.86	163.25
Total	**22,612.08**	**23,822.12**	**25,171.08**	**22,612.08**	**25,171.08**	**25,825.45**
(d) Unallocable Assets less Liabilities	(13,265.85)	(12,733.09)	(6,188.99)	(13,265.85)	(6,188.99)	(7,305.75)
Total Capital Employed	**9,346.23**	**11,089.03**	**18,982.09**	**9,346.23**	**18,982.09**	**18,519.70**

SEGMENT WISE REVENUE, RESULTS AND CAPITAL EMPLOYED (STANDALONE)

Particulars	Quarter ended 31.12.2011 (Unaudited)	Quarter ended 30.09.2011 (Unaudited)	Quarter ended 31.12.2010 (Unaudited)	Nine Months ended 31.12.2011 (Unaudited)	Nine Months ended 31.12.2010 (Unaudited)	Year ended 31.03.2011 (Audited)
Segment Revenue						
a) Event Management	101.77	60.05	60.68	196.15	118.08	214.50
b) Sports Management	53.28	21.05	36.07	109.16	103.12	154.26
c) Web Operations	99.55	79.03	-	258.80	-	-
d) Advisory Services	4.12	1.88	12.53	7.56	26.90	30.31
Total	**258.72**	**162.01**	**109.28**	**571.67**	**248.10**	**399.07**
e) Other unallocable revenue				-		-
Net Sales/Income from Operations	**258.72**	**162.01**	**109.28**	**571.67**	**248.10**	**399.07**
Segment Results						
Profit(Loss) before tax and interest						
a) Event Management	(4.10)	(13.71)	(4.17)	(28.17)	(23.14)	(28.43)
b) Sports Management	(3.19)	(8.74)	(10.03)	(15.07)	(25.41)	(31.53)
c) Web Operations	(63.99)	(80.12)	-	(243.18)	-	-
d) Advisory Services	(10.39)	(8.13)	4.24	(25.66)	5.21	(3.78)
Total	**(81.67)**	**(110.70)**	**(9.96)**	**(312.08)**	**(43.34)**	**(63.74)**
Less : 1) Interest	331.91	309.73	189.84	934.18	627.68	816.49
2) Other un-allocable Expenses (net of unallocable income)	(257.12)	(145.90)	(33.23)	(497.32)	(124.30)	(189.00)
Total profit before tax	**(156.46)**	**(274.53)**	**(166.57)**	**(748.94)**	**(546.72)**	**(691.23)**
Capital employed						
(Segment Assets-Segment Liabilities)						
a) Event Management	(0.89)	9.38	19.27	(0.89)	19.27	65.97
b) Sports Management	12.17	16.80	(17.57)	12.17	(17.57)	16.46
c) Web Operations	(282.41)	(249.63)	-	(282.41)	-	-
d) Advisory Services	4.96	4.46	15.64	4.96	15.64	40.27
e) Unallocated	11,755.59	11,869.54	11,499.99	11,755.59	11,499.99	11,680.46

Notes:

1. The above financial results were reviewed by the Audit Committee and approved by the Board of Directors of Network18 Media & Investments Limited ('the Company') at their respective meetings held on February 9, 2012.

2. The Statutory Auditors of the Company have reviewed the above standalone and consolidated financial results for the quarter and nine months ended December 31, 2011.

3. This statement of financial results has been prepared by applying the accounting policies as adopted in the last audited annual financial statements for the year ended March 31, 2011.

4. The Board of Directors of the Company, on July 7, 2010 approved a Scheme of Arrangement ("the Scheme") with an overall objective of simplifying the corporate structure of the Company and its subsidiaries, associates and joint ventures (together referred to as the "Network18 Group"). The Scheme has been approved by Hon'ble High Court of Delhi on April 26, 2011. As per the Scheme, the appointed date for the restructuring is April 1, 2010 and the Scheme has been made effective on June 10, 2011. As a consequence of the Scheme, "Business News Operations" comprising of 'CNBC TV18' and 'CNBC Awaaz' channels and

teleport business of Television Eighteen India Limited ("TV18"), a subsidiary of the Company, has been transferred to another subsidiary -ibn18 Broadcast Limited (now known as TV18 Broadcast Limited). The remaining TV18 (post demerger of "Business News Operations" of TV18) along with its investments stands merged with the Company. Further, in consideration of the merger of the residual TV18 with the Company, on June 23, 2011, the Company had issued 23,695,044 equity shares to the shareholders of TV18 (in the ratio of 13 equity shares of Rs. 5/- for every 100 equity shares in TV18 of Rs. 5/-) . In addition, in accordance with the Scheme, 'the Web Undertakings' of Web18 Software Services Limited and Television Eighteen Commoditiescontrol.com Limited, Care Websites Private Limited, RVT Investments Private Limited and Network18 India Holdings Private Limited have been merged into the Company. Based on accounting prescribed in the Scheme, the Company has fair valued its assets and liabilities and debited Rs. 6,334.69 million the resultant impact to the Securities Premium Account, which otherwise as per Accounting Standards would have been debited to the Profit and Loss account. Further, as mentioned above, the impact of fair valuation of assets and liabilities at Group level amounting to Rs. 4,602.91 million has been debited to the Securities Premium Account, which otherwise as per Accounting Standards would have been debited to the Profit and Loss account. The Board of Directors approved another Scheme of Arrangement ("the Infomedia Scheme") on July 7, 2010 between the Company and Infomedia18 Limited ("Infomedia18") wherein the Business Directories vertical, Magazine publishing vertical and New Media vertical of Infomedia 18 shall be demerged into the Company. The Company will issue 14 equity shares of Rs. 5/- each for every 100 equity shares of Rs. 10/- each in Infomedia18 to the shareholders of Infomedia18 in consideration of the said demerger. As per the Infomedia Scheme, the appointed date for the restructuring is April 1, 2010. The Infomedia Scheme has been approved by the Hon'ble High Court of Delhi on November 22, 2011. However, the Infomedia Scheme shall become effective upon filing of the orders of the Hon'ble High Court of Delhi with the Registrar of Companies. Accordingly, no effect of the Infomedia Scheme has been given in these Unaudited Financial results for the quarter and nine months ended December 31, 2011.

5. The Board of directors, at their meeting held on January 3, 2012 decided to raise Rs. 27,000 million by issuing shares on rights basis to, inter alia, (a) finance the proposed Rights Issue of TV18 Broadcast Limited and (b) repayment of existing debts of the Company. The detailed terms and conditions of the proposal of rights issue including the possible issue price and size and other relevant details shall be decided by the Board, subject to necessary approval of Securities and Exchange Board of India and Stock Exchanges and other appropriate authorities, in consultation with, inter alia, the Lead Manager, Legal Advisor and other experts. The issue price shall not exceed Rs. 60/- (Rupees sixty only) per equity share which will be fixed keeping in view the then prevailing market conditions and in accordance with the applicable provisions of laws, rules, regulations and guidelines. The detailed terms and conditions of the Rights Issue will be intimated through the Letter of Offer/abridged Letter of Offer and/or other documents to be issued by the Company. The Board of Directors of a subsidiary Company (TV18 Broadcast Limited) in its meeting held on January 3, 2012 have considered and approved the issue of its equity shares on right basis for an amount aggregating upto Rs. 27,000 million for acquisition of ETV Channels and repayment of certain loans.

6. The Company received three complaints from Partly Convertible Cumulative Preference Shareholders (PCCPS)/ equity shareholders during the quarter ended December 31, 2011. There were no pending complaints at the beginning and at the end of the quarter.

7. The Company raised Rs. 2,038.99 million through Rights Issue of PCCPS and out of that Rs. 2,010.54 million has been utilized till December 31, 2011 for the objects for which it was raised and the balance funds are temporarily invested in mutual funds and with certain banks. Further pursuant to the Scheme, an amount of Rs. 33.00 million raised in the Rights issue of erstwhile TV18 was transferred to the Company and the same has been fully utilised till December 31, 2011 for the objects for which it was raised.

8. The Company, on June 15, 2011, has allotted 18,691,585 ,10% Secured Optionally Fully Convertible Debentures (SOFCDs) at the par value of Rs.160.50, to promoter group entities on a preferential basis. The holder(s) of SOFCDs would have a right to convert each SOFCD into one equity share of Rs.5/- each in the Company.

9. The audit/review reports on annual/quarterly results for previous year/periods carried certain qualifications / reservations which have been resolved by, inter alia, the adjustments in (4) above, except for the following:

(i) Managerial remuneration paid, upto March 31, 2011, by the Company amounting to Rs. 15.20 million and by one of its subsidiaries amounting to Rs. 15.72 million in excess of limits prescribed

under the Companies Act, 1956 ('the Act'). The Company and its subsidiary are in the process of obtaining the necessary approvals as per the Act.

(ii) The Income tax demand of Rs 52.92 million received by a subsidiary, Infomedia18, which continues to be disputed by Infomedia18. Infomedia 18 has filed an appeal before the higher authority and also has been legally advised that the possibility of matter being decided in favour of Infomedia18 is more likely than not.

10. During the quarter and nine months ended December 31, 2011, the Company exercised the option granted by notification G.S.R.914(E) dated December 29, 2011 issued by the Ministry of Corporate Affairs. Accordingly, the exchange differences arising on revaluation of long term foreign currency monetary items, other than for acquisition of fixed assets, have been amortised over the period of such monetary items. The unamortised balance in foreign currency monetary item translation difference account as on December 31, 2011 is a debit of Rs. 260.47 million.

11. The consolidated financial results include the results of the Company and all of its subsidiaries, joint ventures and associates.

12. The figures for the quarter and nine months ended December 31, 2011 for the Company are after considering the impact of the Scheme, whereas the corresponding figures for the previous period/ year are without taking into account the Scheme. Accordingly, the figures for the current period are not comparable with the corresponding previous periods. However, previous year figures have been regrouped, wherever necessary, to confirm to current year's presentation.

For **NETWORK18 MEDIA & INVESTMENTS LIMITED**

Place : Noida
Dated: 9 February, 2012

Raghav Bahl
Managing Director

FINANCIAL INDEBTEDNESS

As at February 27, 2012, we have total outstanding indebtedness of ₹ 11,174.58 million inclusive of secured and unsecured loans on a standalone basis. A summary of our significant loans is as under:

Secured borrowings

Summary of significant outstanding secured and unsecured borrowing together with a brief description of certain significant terms is as under:

Name of the Lender* and nature and date of the loan agreement	Purpose of the loan	Amount Sanctioned and availed (₹ million)	Amount Outstanding on February 27, 2012 (₹ million)	Security	Repayment Date/ Schedule	Rate of Interest (% per annum)	Prepayment Clause (if any)
Syndicate Bank Term Loan Sanction letter dated February 05, 2010	Keeping liquidity position comfortable and supporting prospective business opportunities	1,500	1,000	First charge on fixed assets and current assets	6 quarterly instalments of ₹ 250 million each after initial moratorium of 18 months, i.e. a total of 36 months	Syndicate Bank PLR + 0.50%	As per internal guidelines of the bank
The Royal Bank of Scotland NV Term Loan Facility agreement dated December 23, 2011, amendment agreements dated February 22, 2012 and February 23, 2012	General corporate purposes, working capital requirements, capital expenditure and repayment of existing loans	3,650	3,489	1. First and exclusive charge by way of pledge over TV18 shares held by us. 2. First and exclusive charge by way of pledge over our shares held by Mr. Raghav Bahl Network18 Media Trust Limited and Network18 Group Senior Professional Welfare Trust 3. Second charge by way of hypothecation over the future and	The loan shall be repaid on final maturity date being six months from the date on which loan is made	As on the date of drawdown	Voluntary prepayment of loan can be made upon giving not less than 7 days prior notice to the bank. Mandatory prepayment of the full facility should be made within 3 days from receipt of proceeds from any issuance of our securities. Any prepayment shall be made together with accrued interest on the amount prepaid and subject to any costs including break costs,

Name of the Lender* and nature and date of the loan agreement	Purpose of the loan	Amount Sanctioned and availed (₹ million)	Amount Outstanding on February 27, 2012 (₹ million)	Security	Repayment Date/ Schedule	Rate of Interest (% per annum)	Prepayment Clause (if any)
				present moveable fixed assets 4. Unconditional and irrevocable promoter guarantee by Mr. Raghav Bahl			without premium or penalty.
RBS Financial Services (India) Private Limited Term Loan Facility agreement dated December 26, 2011	Working capital requirements	350	340	1. First and exclusive charge by way of pledge over TV18 shares held by us. 2. First and exclusive charge by way of pledge over our shares held by Mr. Raghav Bahl, Network18 Media Trust Limited and Network18 Group Senior Professional Welfare Trust 3. Second charge by way of hypothecation over the future and present moveable fixed assets 4. Unconditional and irrevocable promoter guarantee by Mr. Raghav Bahl	The loan shall be repaid on final maturity date being six months from the date on which loan is made	As on the date of drawdown	Voluntary prepayment of loan can be made upon giving not less than 7 days prior notice to the bank. Mandatory prepayment of the full facility should be made within 3 days from receipt of proceeds from any issuance of its securities. Any prepayment shall be made together with accrued interest on the amount prepaid and subject to any costs including break costs, without premium or penalty.
	TOTAL	**5,500**	**4,829**				

In addition we have availed car loans from various banks amounting to ₹ 5.99 million outstanding as on February 27, 2012. These are secured by hypothecation of the respective vehicles.

Restrictive Covenants

Our financing arrangements include various restrictive conditions and covenant and we are required to take the prior approval of the lender before carrying out such activities. We are required to obtain the prior written consent of the lenders in the following instances:

- Formulate any scheme for merger, amalgamation or re-organization;
- Declare, pay or make any dividend or other distribution;
- Incur any other financial indebtedness;
- Enter into any joint venture, consortium, partnership or similar arrangement; and
- Make any substantial change in our general nature of business.

Unsecured borrowings

Public Deposits

We have accepted Public Deposits in accordance with the section 58A of the Companies Act. As on February 27, 2012 the total outstanding amount is ₹ 3,345.59 million under Public Deposits. The term of Public Deposit scheme is as under:

SCHEME (A) NON CUMULATIVE		
Period Months / Year(s)	**Minimum amount (₹)**	**Rate of Interest* (₹ p.a.)**
6 months	10,000	9.00
1 year	10,000	11.50
2 years	10,000	11.50
3 years	10,000	11.50

*Interest to be paid in quarterly installments.

SCHEME (B) CUMULATIVE				
Period Months / Year(s)	**Minimum amount (₹)**	**Rate of Interest** (₹ p.a.)**	**Amount payable on maturity (₹)**	**Annual Yield %****
1 year	10,000	11.50	11,201.00	12.01
2 years	10,000	11.50	12,545.00	12.73
3 years	10,000	11.50	14,501.00	13.50

**Interest is compounded quarterly.

SOFCDs

As on February 28, 2012, 18,691,585 SOFCDs are outstanding. The Shareholders *vide* their resolution under section 81 (1A) of the Companies Act of the dated June 3, 2011 approved the issue and allotment of 18,691,585 10% SOFCDs and empowered the Board of Directors or any committee thereof to create, offer, issue and allot on a preferential basis the SOFCDs. The allotment committee of Board of Directors on June 15, 2011 allotted 18,691,585 10% SOFCDs of a par value of ₹ 160.50 per SOFCD, each convertible into 1 fully paid up Equity Share of face value of ₹ 5 each at a price of ₹ 160.50 per Equity Share (including premium of ₹ 155.50 per Equity Share) for an aggregate consideration ₹ 2,999.99 million.

A) the SOFCDs were allotted to the following Promoters and Promoter Group entities ("SOFCD Allotee(s)'):

Sr. No.	Name (if the proposed Allottees	No. of SOFCDs	Aggregate Amount ₹*
a)	RB Media Holdings Private Limited	3,115,264	499,999,872
b)	Watermark Infratech Private Limited	3,115,264	499,999,872
c)	Adventure Marketing Private Limited	3,115,264	499,999,872
d)	Colorful Media Private Limited	3,115,264	499,999,872
e)	RB Holdings Private Limited	6,230,529	999,999,905

#rounded off to nearest rupee

B) SOFCDs are subject to the following terms and conditions:

1) Each SOFCD has a face value of ₹ 160.50 and tenure of 18 months from the date of issuance of the SOFCDs (i.e. June 15, 2011) and shall be convertible into 1 fully paid up Equity Share .

2) Conversion Options:

a) Conversion Option:
Any time prior to the expiry of 18 months from the date of issuance, the SOFCD Allottee(s) shall have the right but not the obligation to exercise the conversion option in relation to some or all of the SOFCDs. SOFCDs conversion into Equity Shares will be subject to compliance with Takeover Code, as applicable.

b) Conversion Option Shares:
In order to exercise the conversion option, the SOFCD Allottee(s) shall give a written notice to us, which shall state the number of SOFCDs held by the SOFCD Allottee(s), which it proposes to convert into equity shares of the Company. Within 2 business days of the issuance of the said notice, we shall allot to the SOFCD Allottee(s) such number of Equity Shares that is equal to the number of SOFCDs proposed to be converted, and thereafter credit the Equity Shares in a dematerialized share account of the SOFCD Allottee(s).

c) Title to Conversion Shares:
The Equity Shares to be issued upon conversion shall be (i) duly authorized, validly issued, fully paid and non-assessable; (ii) free and clear of any encumbrances and free of any restrictions on transfer; and (iii) shall rank pari passu with the other Equity Shares; and we shall so represent and warrant. Any stamp duty or fees payable on the issuance of such Equity Shares shall be borne by us.

The SOFCD holders have provided an irrevocable undertaking dated February 29, 2012 that they (i) shall not exercise the option for conversion of SOFCDs into Equity Shares and (ii) shall not transfer the SOFCDs.

SECTION VII – LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATIONS

Except as described below, there are no outstanding litigations including, suits, criminal or civil prosecutions and taxation related proceedings against us and our Subsidiaries that would have a material adverse effect on our business. Further, there are no defaults, non-payment of statutory dues including, institutional / bank dues and dues payable to holders of any debentures, bonds and fixed deposits that would have a material adverse effect on our business other than unclaimed liabilities against us as of the date of this Draft Letter of Offer.

Further, except as disclosed below, we and our Subsidiaries are not aware of any litigation involving moral turpitude, material violations of statutory regulations and or proceedings relating to economic offences which have arisen in the last ten years.

Further, except as disclosed below, we and our Subsidiaries are not subject to:

a. Any outstanding litigations which does not impact our future revenues and any of the Subsidiaries, on a several basis, which impacts more than one percent of our networth, for the last completed financial year.

b. Any outstanding litigations which impacts the future revenues and any of the Subsidiaries, on a several basis, which impacts more than one percent of our revenue, for the last completed financial year.

Further from time to time, we have been and continue to be involved in legal proceedings filed by and against us, arising in the ordinary course of our business. These legal proceedings are both in the nature of civil and criminal proceedings. We believe that the number of proceedings in which we are / were involved is not unusual for a company of our size doing business in India.

I. Litigation involving us

Litigation against us

Civil cases

1. Mr. Victor Fernandes and others ("Plaintiffs") have on August 25, 2006 filed a suit (no. 2709 of 2006) as derivative action on behalf of e-Eighteen.com Limited ("EEL") before the High Court of Judicature at Bombay ("High Court") (against our Promoters, us and other Network18 group companies. The Plaintiffs are minority shareholders of EEL and have alleged that Mr. Raghav Bahl, TV18, ICICI Global Opportunities Fund and EEL had entered into a subscription cum shareholders agreement dated September 12, 2000 pursuant to which Mr. Raghav Bahl and TV18 had *inter alia* undertaken that any expansion, development or evolution of the activities of the EEL and the group companies or any opportunity offered to the promoters of TV18 shall only be pursued or taken up through EEL or its wholly owned subsidiary. The plaintiffs have alleged that Mr. Raghav Bahl and TV18 have promoted and developed various businesses through various companies which should have under the aforesaid agreement rightfully been undertaken by EEL or its wholly owned subsidiaries. The Plaintiffs have alleged that by not doing so Mr. Raghav Bahl and TV18 have caused monetary loss to EEL as well as to the Plaintiffs. For the purposes of court fee and jurisdiction, the Plaintiffs have valued their suit at ₹ 30,141.2 million and ₹ 999.4 million respectively and have *inter alia* prayed that Mr. Raghav Bahl, us and others be ordered to transfer to EEL all their businesses, activities and ventures along with all assets and intellectual property. The Plaintiffs, on September 18, 2006 had filed a notice of motion (no. 3232 of 2006) seeking ad interim relief. The notice of motion was dismissed on August 8, 2008 against which the Plaintiff has filed an appeal before the division bench of the High Court. The appeal was dismissed by the High Court on September 21, 2011. The Plaintiff, thereafter, has filed a complaint dated February 7, 2012 ("Complaint") with the Chairman of the Securities and Exchange Board of India alleging abuse of fiduciary responsibility, breach of code of conduct and fraud on minority shareholders on the part of Mr. Raghav Bahl, us, TV18 and EEL. The matter is currently pending.

2. ITC Limited ("Plaintiff") filed a civil suit (no. 5 of 2012) before the High Court of Judicature at Calcutta ("High Court") against Digital18 Media Limited, us, Mr. Indrajit Gupta, Mr. Cuckoo Paul, Mr. Ashish Mishra (all our employees), Mr. Senthil Chengaivaryan (an editor working with TV18),

Infomedia18 and Forbes LLC ("Defendants") alleging that the Defendants had published false and malicious statemements about the Plaintiff in an article dated January 6, 2012. The Plaintiff has prayed for a decree for ₹ 5,000 million as damages, for perpetual injunction restraining the Defendants for publishing any similar article and for appointment of receiver. The Defendants have been summoned *vide* the High Court's order dated January 10, 2012. The matter is currently pending.

Litigation by us

Criminal cases

1. We have filed criminal complaint (no. 2813/2010) before the Court of the Metropolitan Magistrate, New Delhi against Software Technology Group International Limited under section 138 read with section 141 of the Negotiable Instruments Act, 1881 and section 420 of the Indian Penal Code, 1860 in respect of cheque bounce. The amount involved is ₹ 4,00,000. The matter is currently pending.

II. Litigation involving TV18

Litigation against TV18

Criminal cases

1. The Delhi Commission for Protection of Child Rights ("Complainant") filed criminal complaint (no. 207/J/2010) before the Chief Metropolitan Magistrate, Delhi ("Court") alleging that the Editor-in-Chief/CEO of CNN-IBN ("Accused") and had not responded to three notices dated September 19, 2008, October 29, 2008 and January 21, 2009 sent by the Commission to them in relation to violation of child rights by a section of the media and had failed to appear before the Complainant despite notices. The Complainant has prayed that in view of the Accused's deliberate non-appearance and failure to respond to statutory notices, the Accused had committed contempt of lawful authority of the Complainant and, hence, ought to be prosecuted for the same. The Complianant prayed for initiating proceedings under section 14(2) of the Commission for Protection of Child Rights Act, 2005. The matter is currently pending.

2. Various parties have filed eight criminal complaints before various courts in India alleging defamation under sections 499, 500, 501 and 502 read with section 34 of the Indian Penal Code, 1860 in respect of stories featured on TV18's news channels and magazines. TV18 has filed appeals, including special leave petitions before the Supreme Court of India, seeking relief before various courts in respect of these proceedings. These proceedings are pending at various stages of adjudication and there is no ascertainable monetary claim against TV18.

Civil Cases

In addition to the cases (no. 2709 of 2006) initiated by Mr. Victor Fernandes and others and (no. 5 of 2012) initiated by ITC Limited as disclosed above under "Litigation against us – Civil cases" appearing on page 269, TV18 is involved in the following civil litigations that could have a material adverse effect on the business of TV18:

1. Prasar Bharati ("Plaintiff") filed a civil suit bearing number 1721/2008 ("Civil Suit") against several parties including TV18 ("Defendants") before the High Court at Delhi ("High Court"), seeking permanent injunction, rendition of accounts and damages of ₹ 2.5 million on account of encroachment, violation and infringement of the exclusive lawful broadcasting rights of the Plaintiff. The Plaintiff has claimed that it had an exclusive television and radio rights for the territory of India in respect of the Beijing Olympics Games, 2008, pre-Olympic events and cultural events under an agreement dated April 27, 2007 with Asia Pacific Broadcasting Union and has alleged violation of that right by each of the Defendants without the license, permission, notice, consent or approval of the Plaintiff. The Plaintiff has further alleged that the Defendants have made undue gains and profits by selling commercials and advertisement space and time, before, after and during the broadcast of such footages. The Plaintiff filed an application bearing number 9928/2008 before the High Court seeking an ad-interim injunction and the High Court *vide* order dated August 22, 2008 has restrained the Defendants from telecasting the footage of Olympic events except insofar as the telecast was consistent with fair dealing. Thereafter, the Plaintiff filed an application dated December 15, 2008 before the High Court

for allowing amendments to the plaint, *inter alia*, modifying the amount of damages to ₹ 57.50 million. The matter is currently pending.

2. MSM Satellite (Singapore) Pte Limited ("Plaintiff") filed a civil suit bearing number 893/2009 against several parties including TV18 before the High Court at Delhi ("High Court") seeking a permanent injunction restraining the Defendants from telecasting the IPL cricket series which ended on May 24, 2009. The Plaintiff filed an application for interim injunction dated May 12, 2009 which was rejected by the High Court *vide* order dated May 22, 2009 ("Order"). The Plaintiff appealed against the Order before the Division Bench of the High Court which was disposed of by the High Court *vide* order dated July 1, 2009. The matter is currently pending.

3. Austral Coke & Projects Limited and others ("Plaintiffs") filed a civil suit no. L2809/2008 dated August 8, 2008 ("Suit") against Gujarat NRE Coke Limited, TV18 and others ("Defendants") before the High Court of Judicature at Bombay ("High Court") alleging that the Defendants had published defamatory statements against the Plaintiffs resulting in a decrease in their market capitalization. The Plaintiff has alleged that Gujarat NRE Coke Limited had made fraudulent statements in its prospectus in relation to its initial public offering and has claimed ₹ 6,000 million as damages from Gujarat NRE Coke Limited. Additionally, the Plaintiff has sought to restrain TV18 from publishing/circulating/telecasting any defamatory articles against the Plaintiff and its group companies. The High Court passed an interim order dated August 8, 2008 restraining TV18 from publishing/circulating/telecasting any defamatory articles against the Plaintiff and its group companies. TV18 has filed a written statement with the High Court and the matter is currently pending.

4. Bahujan Samaj Party, through its state president, Mr. Vilas Garaud ("Petitioners") has filed a civil suit bearing number 2339/2006 against TV18 and others ("Defendants") before the High Court of Judicature at Bombay alleging broadcast of news aimed at defaming the Bahujan Samaj Party and its leader Ms. Mayawati. The Petitioner has sought *inter alia*, damages of ₹ 2,000 million along with costs. The Defendants have filed a written statement denying the claims of the Petitioners. The matter is currently pending.

5. Mr. S. Hajara, Chairman and Managing Director, Shipping Corporation of India and Shipping Corporation of India ("Plaintiffs") has filed a civil suit bearing number 2289/2007 against TV18 and others ("Defendants") before the High Court of Judicature at Bombay ("High Court") alleging that TV18's channel, IBN7, aired a program conveying incorrect information about Mr. S. Hajara. The Plaintiffs have sought damages amounting to ₹ 100 million to Mr. S. Hajara and ₹ 1,000 million to Shipping Corporation of India along with interest, together with a permanent injunction restraining the Defendants from telecasting/ re-telecasting of the program. TV18 filed a written statement before the High Court denying the claims of the Plaintiffs. The matter is currently pending.

Tax cases

1. Television Eighteen had filed its return of Income for assessment year 2008-2009 declaring total income of ₹451.85 million. The return was selected for scrutiny and subsequently, notices under section 143 (2) and section 142(1) of the Income Tax Act, 1961 ("Act") were issued to Television Eighteen. In response to these notices, Television Eighteen made various representations. However, the Deputy Commissioner of Income Tax Circle 16(1) ("DCIT") *vide* its assessment order dated December 28, 2011 ("Order") passed under section 143 (3) of the Act, determining the total income to be ₹833.00 million and revising the disallowed amount from ₹199.02 million as claimed by Television Eighteen to an amount of ₹124.12 million. Further, the DCIT disallowed the claim of Television Eighteen amounting to ₹176.58 million as "employee stock compensation expenses". The DCIT also disallowed Television Eighteen's claim of ₹ 0.04 million as being prior period expenses which are not permissible in law. An amount of ₹80.40 million which had been claimed by Television Eighteen as having been set off of business losses was also disallowed by the DCIT. Consequently, the total income of Television Eighteen has been determined as ₹833.00 million instead of ₹451.85 million as filed by Television Eighteen on September 30, 2008. Pursuant to the Order, the Assistant Commissioner of Income Tax Circle 16(1) ("ACIT") has issued notices dated December 28, 2011, under section 274 read with section 271 of the Act and a notice of demand under section 156 of the Act ("Demand Notice"), to Television Eighteen. Television Eighteen has filed an appeal dated January 30, 2012 before the Commissioner of Income-Tax (Appeals) against the Demand Notice. The matter is currently pending.

2. Besides the aforementioned proceedings, there are three proceedings initiated by TV18 in respect of refund of income tax pending before various authorities. The amount involved in these proceedings cannot be ascertained.

Litigation by TV18

Criminal cases

1. TV18 filed criminal complaint (no. 461/2001) before the Court of the Metropolitan Magistrate, Delhi against Zeal Infotainment Limited under section 138 read with section 141 of the Negotiable Instruments Act, 1881 in respect of cheque bounce. The amount involved is ₹ 73,391. The matter is currently pending.

2. The Court Receiver, High Court, Bombay sent TV18 a show case notice (no. 20385/2008) directing TV18 to furnish certain information as well as clarify certain information previously submitted by TV18 in respect of a story covered by IBN7, one of TV18's news channels.

Civil Cases

1. TV18 filed writ petition bearing number 3480/2008 ("Writ Petition") before the High Court of Delhi challenging the order dated January 3, 2008 ("Order") passed by MIB. MIB had issued a show cause notice dated November 8, 2007 to TV18 alleging that IBN7, one of TV18's channels had broadcast a programme wherein Dr. Ajai Agarwal along with several other doctors were allegedly involved in illegal amputation of limbs. Further, MIB *vide* the said Order directed IBN7 to run an apology scroll on the channel, failing which there would be strict action including taking the channel off air. Aggrieved, TV18 filed the Writ Petition. The matter is currently pending.

2. STAR DEN Media Services Private Limited ("Petitioners") filed petition (no. 248(c)/2010) ("Star's Petition") before the Telecom Disputes Settlement and Appellate Tribunal, New Delhi ("Tribunal") against us under section 14A read with section 14A(ii) of the Telecom Regulatory Authority of India Act, 1997 praying the Tribunal to declare a notice dated July 13, 2010 ("Termination Notice") sent by TV18 terminating a deal memo dated April 01, 2008 ("Deal Memo") between the Petitioners and us illegal, bad in law, null and void, declaring the Deal Memo as subsisting and binding on the Petitioners and TV18, restraining TV18 from interfering with the distribution of TV18's channels by the Petitioner and for other necessary and ancilliary orders. TV18 filed its reply dated September 08, 2010 before the Tribunal disputing the contentions made in Star's Petition and contending that TV18 had the right to terminate the Deal Memo since the Deal Memo was in the nature of an contract of agency. The Tribunal rejected the Petitioners' prayer for interim relief by way of specefic performance of the Deal Memo *vide* its order dated July 29, 2010 ("Order 1").

   The Petititioners were granted exclusive rights to distribute certain television channels by way of the Deal Memo. TV18 had sent the Petitioners the Termination Notice on the grounds that the Petitioners had replaced Disney channels with Fox International channels, had defaulted in payment of dues amounting to ₹ 29.16 million, had failed to bifurcate TV18's total revenue into channel-wise revenues and had failed to execute a long form of agreement arising out of the Deal Memo. The Petitioners have claimed that they have paid these outstanding dues in Star's Petition.

   TV18 also filed a petition (no. 222(c)/2010) ("TV18's Petition") before the Tribunal praying the Tribunal to direct the Petitioners to provide all data, information, agreements and subscriber reports in respect of TV18's channels, to direct the Petitioners to make payment of further outstanding invoiced dues amounting to ₹ 32.16 million, for a permanent injunction restraining the Petitioners from representing TV18's channels or from interfering in the distribution of TV18's channels through other sources and for other necessary and ancilliary orders. The Petitioners have claimed that they have paid these outstanding dues in Star's Petition. The Tribunal has passed an injunction restraining the Petitioners from representing TV18's channels *vide* its order dated July 29, 2010 ("Order 2").

   The Petitioners subsequently filed writ petition (nos. 5111/2010 and 5112/2010) ("Writ Petitions") before the High Court of Delhi at New Delhi ("High Court") challenging Order 1 and Order 2 respectively. The High Court dismissed the Writ Petitions *vide* its order dated August 11, 2010. TV18 filed a rejoinder dated September 24, 2010 before the Tribunal ammending TV18's Petition and

revising TV18's claim to ₹ 214.04 million and further to ₹ 2,464.48 million on May 16, 2011.

The Petitioners subsequently amended Star's Petition in December, 2010 adding a claim of ₹ 2,595.4 million to the other reliefs already prayed for in Star's Petition. The Petitioners also filed an aplication before the Tribunal to ammend Star's Petition to implead us, which was granted by the Tribunal *vide* its order dated October 14, 2011. TV18 further made a reference to Media Pro Enterprise India Private Limited, a new entity formed by the Petitioners in TV18's amended reply to Star's Petition dated November 24, 2011. This reference to Media Pro Enterprise India Private Limited was allowed by the Tribunal *vide* its order dated January 4, 2012. The matter is currently pending.

Litigation involving Viacom18

III. Cases filed against Viacom18

Criminal litigation

1. Ms. Cicilia Cardozo filed a first information report (no. 2345/2008) dated December 31, 2008 ("FIR") at the MHB Colony Police Station, Borivali against the chief executive officer of Vh1 alleging violation of section 2 of the Prevention of Insults to National Honour Act, 1971 in respect of alleged derogatory inscriptions on the Indian national flag in a television programme aired on Vh1, a music channel of Viacom18. Mr. Jimmy Hiramanek, channel producer, Viacom18 ("Applicant") filed anticipatory bail application (no. 142/2009) ("Application") before the Sessions Court for Greater Mumbai at Dindoshi, Goregaon, Mumbai ("Court") in apprehension of arrest in proceedings conducted through the FIR. The Court rejected the Application *vide* its order dated June 10, 2009. The Applicant subsequently filed bail application (no. 1187/PS/2009) dated October 03, 2009 before the Metropolitan Magistrate's 17th Court at Borivali, Mumbai ("Metropolitan Court"), praying the Metropolitan Court to grant him bail in lieu of a surety bond. The matter is currently pending.

2. Ms. Jasbeerkaur Harmandeep Singh filed first information report (no. 162/08) dated June 16, 2008 ("FIR") at the Bhoiwada Police Station, Mumbai ("Police") alleging that the chief executive officer of MTV (a music channel of Viacom18) and his colleagues had insulted the Sikh religion through an advertisement aired on MTV, constituting offences under sections 295(a) read with section 34 of the Indian Penal Code, 1870. Ashish Patil, the Vice President and General Manager of Content and Creative of MTV ("Applicant") filed an application for anticipatory bail (no. 150/2008) before the Sessions Court for Greater Mumbai at Sewari, Mumbai ("Court") in apprehension of arrest in proceedings conducted through the FIR. The Court granted the Applicant ad-interim anticipatory bail till June 30, 2008 *vide* its order dated June 20, 2008. The matter is currently pending.

3. Ms. Mumtaz, wife of Late Aziz Nazan ("Complainant") filed complaint no. 866/SS of 2011 against Mr. Anuj Poddar, Managing Director, MTV and Viacom18 ("Accused") before the Court of the Additional Chief Metropolitan Magistrate, Mazgaon, Mumbai ("Court") on August 30, 2011 alleging defamation under section 500 of the Indian Penal Code, 1860. It was alleged that Mr. Aziz Nazan was a singer and in one of the programmes on a channel run by Viacom18, he was mentioned as a Pakistani singer which has caused irreparable harm to the family of the Complainant. Viacom18 has filed criminal application no. 1185/2011 before the High Court of Judicature at Bombay ("High Court") for quashing the petition. The High Court directed Viacom18 to file a revision petition before the Court *vide* its order dated January 31, 2012. Viacom18 has thus filed the revision petition in February, 2012 before the Court. The matter is currently pending.

4. Mr. Ramdas Athawale ("Complainant") filed a complaint dated August 20, 2008 with the Azad Maidan police station against Colors channel and others ("Accused") stating that he was invited by the Accused to take part in a reality television show. It was alleged that the Accused did not allow the Complainant to participate in the show as he was from a scheduled caste. The matter is pending investigation.

Civil litigation

1. Board of Control for Cricket in India ("BCCI") has initiated arbitration proceedings against Viacom18 with respect to disputes arising from a memorandum of understanding dated January 22, 2010, as amended ("MoU") executed between the two parties. BCCI had granted Viacom18 certain rights in relating to creation of entertainment shows which would have a distinct association with IPL with

respect to the Indian Premier League. Due to breach of the terms, Viacom18 terminated the MoU on June 2, 2010. BCCI has disputed Viacom18's termination and claimed dues amounting to ₹ 231,630,000 plus ₹ 5,000,000 with interest at 18% p.a. Viacom18 has rejected this claim and raised a claim of ₹ 753,000,000 on BCCI. As per the terms of the MoU, BCCI and Viacom 18 have appointed an arbitrator each and the two arbitrators have appointed a presiding arbitrator. BCCI has filed a statement of claim on November 25, 2011. The matter is currently pending.

Tax litigation

1. The Additional Commissioner of Income Tax-11(1) ("ACIT") *vide* assessment order dated February 25, 2011 ("Order") passed under section 143(3) read with section 144C of the Income Tax Act, 1961 ("Act"), determined the total income for the assessment year 2007-2008 as ₹ 241.73 million (before set off of brought forward loss and unabsorbed depreciation). The ACIT has made a transfer pricing adjustment of ₹ 67.34 million, taxed advance received of ₹ 3.65 million and disallowed Viacom18's claim of expenditure to the extent of ₹ 41.16 million and ₹ 0.68 on account of "advertisement and sales promotion expenses" and "entertainment expenses" respectively. Pursuant to the Order, the ACIT issued a notice of demand dated February 25, 2011 under section 156 of the Act demanding payment of ₹ 97.65 million. Viacom18 has, as on April 1, 2011, filed an appeal before the Commissioner of Income Tax (Appeals)-15 against the Order. Penalty proceedings under section 274 read with section 271(1)(c) of the Act have also been initiated. The matter is currently pending.

2. In October 2010, a survey was conducted under Section 133A of the Act to verify whether Viacom 18 had complied with the TDS provisions of the Act in respect of payments made by the Viacom 18 for FYs 2008-09, 2009-10 and 2010-11 (up to September 30, 2010). Pursuant to the survey, show-cause notice dated November 8, 2010 for each year was issued by the Income Tax Officer (OSD) (TDS) – 3(1) ('ITO') to Viacom 18 under Section 201(1)/(1A) of the Act. Vide these notices, Viacom 18 was asked to show cause as to why Viacom 18 should not be treated as an assessee in default for not deducting tax at source under Section 194J of the Act with respect to the following payments:

   - Production of programmes
   - Carriage fees/Placement charges
   - Uplinking charges

   In response to the aforesaid queries, Viacom 18 made detailed submissions on why taxes are deductible at source under Section 194C of the Act, and not Section 194J of the Act, from the aforesaid payments made by Viacom 18. Accordingly, Viacom 18 submitted that since it has appropriately withheld taxes at source from the aforesaid payments under Section 194C of the Act, it cannot be held to be an assessee in default under Section 201(1)/(1A) of the Act. However the ITO did not accept the submissions of Viacom 18 and passed orders dated March 7, 2011 under section 201(1)/201(1A) of the Act for AY 2009-10, AY 2010-11 and AY 2011-12 ("Orders") . Vide the said Orders, the ITO has held that Viacom 18 is an assessee in default under Section 201 of the Act, for having deducted tax at source at the rate of 2% under Section 194C instead of 10% under Section 194J of the Act from certain production payments, from placement fees and from uplinking charges paid by Viacom 18. Consequently, demands have been raised on Viacom 18 for each of the 3 years as under:

(₹ in million)

Year	Tax	Interest	Total
Financial Year 2009-10	198.36	57.43	255.79
Financial Year 2010-11	179.40	32.88	212.28
Financial Year 2011-12	74.17	6.82	80.99
Total	451.93	97.13	549.06

   Viacom 18 has preferred appeals before the Commissioner of Income-tax (Appeals) – 14 against each of the aforesaid orders (on April 21, 2011 for AY 2009-10 & AY 2010-11 and on April 25, 2011 for AY 2011-12).

   The matter for AY 2009-10 has been heard by the Commissioner of Income-tax (Appeals) – 14 and the order has been passed on February 29,2012 ("CIT (A) Order") . The CIT (A) Order has deleted the tax demand (including interest) raised under Section 201(1) / (1A) of the Act for FY 2009-10. The CIT (A)

Order will result into an immediate relief of around ₹ 255.79 million out of the total demand of around ₹ 550 million raised on Viacom 18 pursuant to 201 proceedings. The appeals for AY 2010-11 and AY 2011-12 have not yet come up for hearing before the Commissioner of Income-tax (Appeals) – 14. Penalty proceedings under section 274 read with section 271(1)(c) of the Act have also been initiated.

3. In addition to the above, four other tax related proceedings are pending against Viacom18 at various stages of adjudication in respect of of income tax. The aggregate amount claimed through these proceedings is approximately ₹ 113.34 million.

4. Two show cause notices have been issued to Viacom18 in respect of service tax. The aggregate amount claimed through these show cause notices is approximately ₹ 35.32 million.

IV. Cases filed by Viacom18

Criminal litigation

1. Viacom18 has filed criminal complaint (no. 4430/SS/2005) before the Court of Metropolitan Magistrates, 8th Court at Esplanade, Bombay ("Court") against Mr. Paul Chakola, proprietor, Chakola Ayurvedics ("Accused") under section 138 read with section 141 of the Negotiable Instruments Act, 1881 in respect of dishonour of a cheque amounting to ₹ 1 million. The Court issued an arrest warrant in respect of of the Accused dated May 08, 2009. Subsequently, Viacom18 made an application dated October 18, 2010 to impound the Accused's passport, which was rejected by the Court *vide* its order dated January 18, 2011. The matter is currently pending.

2. Viacom18 has filed criminal complaint (no. 8097/S/2011) before the Court of Metropolitan Magistrate, 62nd Court at Dadar, Mumbai ("Court") against Animaster Productions Private Limited ("Accused") under section 138 read with section 141 of the Negotiable Instruments Act, 1881 in respect of dishonour of three cheques amounting to a total of ₹ 0.15 million. The matter is currently pending.

3. Viacom18, Endemol India Private Limited and five others ("Petitioners") filed criminal writ petition (no. 2170/2008) before the High Court of Judicature at Bombay ("High Court") against the State of Maharashtra and the Senior Inspector of Police, Andheri Police Station, Mumbai ("Respondents") under section 482 of the Code of Criminal Procedure, 1973 praying the High Court to quash criminal proceedings instituted through first information report (no. 34/2008) dated October 12, 2008 and criminal complaint dated October 04, 2008 ("Proceedings") lodged at the Police Station, Lonavla, Thane. The Proceedings had been initiated under sections 292 read with section 34 of the Indian Penal Code, 1870 and the Indecent Representation of Women (Prohibition) Act, 1986 alleging the Petitioners of propagating indecency and vulgarity through their television show. The Petitioners also filed criminal miscellaneous application number 376/2008 before the High Court praying for interim The High Court has restrained the Respondents from taking any coercive steps against the Petitioner *vide* its order dated October 13, 2008. The matter is currently pending.

4. Viacom18 filed complaint no. 107/Misc/2003 against Magnasound (India) Limited and others ("Accused") before the Court of the Additional Chief Metropolitan Magistrate, Girgaon, Mumbai on January 21, 2003 under section 138 read with section 141 of the Negotiable Instruments Act, 1881 stating that two cheques issued by the Accused in their favour amounting to ₹ 80,000 had been dishonoured. The Accused filed discharge applications before the Court of the Magistrate, Girgaon which were rejected *vide* order dated October 19, 2004. The revision application filed by the Accused in the Court of Sessions was also dismissed on June 26, 2006. The matter is currently pending.

5. Viacom18 filed complaint no. 6461/SS/2010 against Primus Retail Private Limited and others ("Accused") before the Court of the Metropolitan Magistrate, Dadar, Mumbai on October 19, 2010 under section 138 read with section 141 of the Negotiable Instruments Act, 1881 stating that two cheques issued by the Accused in their favour amounting to ₹ 1,061,652 each had been dishonoured. The Accused had issued 12 post dated cheques as consideration in an agreement between Viacom18 and the Accused. The Accused filed criminal writ petition no. 494/2011 before the High Court of Judicature at Bombay ("High Court") praying for stay of the proceedings in the court of the Metropolitan Magistrate, Dadar, Mumbai which was dismissed *vide* order dated August 3, 2011. The High Court restored the criminal writ petition on August 16, 2011 and granted ex parte stay of proceedings *vide* order dated December 2, 2011. The matter is currently pending.

6. Viacom18 filed complaint no. 3182/SS/2009/Misc against Alwin Ksanbok Fancon ("Accused") before the Court of the Metropolitan Magistrate, Dadar, Mumbai on June 22, 2009 under section 138 read with section 141 of Negotiable Instruments Act, 1881 stating that two cheques given by the Accused amounting to ₹ 0.4 million had been dishonoured. The Court has issued bailable warrant against the Accused *vide* order dated February 25, 2010 and the matter is currently pending.

V. Cases filed against Infomedia18

In addition to the case (no. 5 of 2012) initiated by ITC Limited as disclosed above under "Litigation against us – Civil cases" appearing on page 269, Infomedia18 is involved in the following litigations that could have a material adverse effect on the business of Infomedia18:

Criminal litigation

1. A criminal complaint (no. 220/PS/2006) has been filed by Crusade Against Tobacco (a non-governmental organization) before the Dadar Lower Court against Infomedia18, Mr. A.R. Iyer (who was an employee of Infomedia18) and the 'Outlook' magazine alleging that Infomedia18 had printed certain cigarette advertisements in the 'Outlook' magazine in violation of the Cigarettes and other Tobacco Products (Prohibition of Advertisement and Regulation of Trade and Commerce, Production, Supply and Distribution) Act, 2003. The matter is currently pending.

2. Ms. Renuka Ramnath, former chairperson and Mr. Prakash Iyer, former managing director of Infomedia18 ("Applicants") filed an appeal 2599/2007 before the High Court of Judicature at Bombay ("High Court") against the order dated March 17, 2007 passed by the Sessions Judge for Greater Bombay and the complaint bearing number 3/2007 registered with the Shivaji Park police station. Outlook magazine published an article on a trade fair on lingerie and innerwear held at Lyons Mode City in 2006 with text and photographs. Mr. C. Antony Louis objected to the contents of the aforementioned article and filed a complaint with the Additional Chief Metropolitan Magistrate and sought an order directing the Social Service Branch, CID, Bombay Police to register a first information report against each of the said accused under section 156(3) of the Code of Criminal Procedure, 1973. The same was dismissed *vide* an order dated November 23, 2006. The Sessions Judge vide order dated March 17, 2007 reversed the order of the Additional Chief Metropolitan Magistrate. The Applicants filed the present appeal before the High Court and the matter is currently pending.

Tax litigation

1. Eight proceedings are pending against Infomedia18 at various stages of adjudication in respect of of income tax. The aggregate amount claimed through these proceedings is approximately ₹ 123.67 million.

2. Besides the aforementioned proceedings, there are five proceedings in respect of refund of income tax pending before various authorities. The amount involved in these proceedings cannot be ascertained.

3. Five proceedings alleging irregularity in payment of sales tax and service tax are pending before vaiour forums against Infomedia18. The aggregate amount claimed through these proceedings notices is approximately ₹ 58.55 million.

Litigation involving IBN Lokmat

VI. Cases filed against IBN Lokmat

1. Mr. Mobin Ahmed Hanif ("Complainant") filed criminal complaint (no. 8/SS/11) before the Court of the Additional Chief Metropolitan Magistrate, 46th Court, Mazgao, Mumbai ("Court") against Mr. Nikhil Wagle, editor of IBN Lokmat ("Accused"), IBN Lokmat News Private Limited, Lokmat Newspaper Limited, and Hindustan Times alleging defamation under sections 499, 500, 501 and 502 read with section 34 of the Indian Penal Code, 1860 in respect of a story dated September 29, 2010 aired on IBN Lokmat news channel containing defamatory statements against the Complainant. The Court passed an order dated January 24, 2011 issuing summons on the Accused. The Accused made an application dated September 28, 2011 before the Court, seeking exemption from personally appearing

in hearings before the Court. The matter is currently pending.

VII. Cases filed by IBN Lokmat

1. Mr. Mangesh Joshi filed a first information report (no. 378/2009) ("FIR 1") at the Park Site Police Station ("Police Station") under sections 141-149, 307, 323, 324, 326, 341, 354, 427 and 452 of the Indian Penal Code, 1870 ("Act") alleging that workers of a certain organisation had vandalised IBN Lokmat's office premises at Vikhroli on November 20, 2009. Mr. Ashwin Savekar ("Accused 1"), one of the accused in the FIR, filed first information report (no. 05/2009) ("FIR 2") at the Police Station under sections 143, 144, 148, 149, 307, 326 and 34 of the Act alleging that he was attacked ("Allegation") by IBN Lokmat's staff upon instruction of Mr. Nikhil Wagle ("Accused 2"). Accused 1 also filed criminal complaint (no. 5/2009) before the Court of the Metropolitan Magistrate, 34th Court, Vikhroli ("Court") in respect of the same Allegation. The Court, *vide* its order dated December 03, 2009, directed the Inspector at the Police Station to investigate this matter. Accused 2 subsequently filed anticipatory bail application (no. 1281/2010) ("Application") before the Sessions Court for Greater Bombay at Bombay ("Sessions Court") in apprehension of arrest in proceedings conducted through FIR 2. The Sessions Court granted Accused 2 bail in anticipation of arrest *vide* its order dated February 17, 2010 ("Order"). Accused 2 has further filed miscellaneous application (no. 91/2011) ("Interim Application") before the Sessions Court in the Application for interim protection of anticipatory bail granted through the Order. The Sessions Court has allowed the Interim Application *vide* its order dated August 10, 2011 and has confirmed the Order. The matters are currently pending.

2. Ms. Alka Murund has filed a first information report (no. 22/2011) dated March 11, 2011 at the Murud Police Station alleging that she had been assaulted and robbed by a mob while covering news for channel IBN Lokmat.

GOVERNMENT APPROVALS

We have received the necessary consents, licenses, permissions and approvals from the Government of India and various governmental agencies required for our present business and to undertake the Issue and no further material approvals are required for carrying on our present activities.

In addition, except as mentioned in this chapter, as on the date of this Draft Letter of Offer, there are no pending regulatory and government approvals and no pending material renewals of licenses or approvals in relation to the activities undertaken by us or in relation to the Issue.

I. Approvals for the Issue:

1. In-principle approval from the BSE dated [●].

2. In-principle approval from the NSE dated [●].

II. Approvals for its business:

Except as stated below under the heading "***Government Approvals***", we have received the necessary consents, licenses, permissions and approvals from the Government of India and various governmental agencies required for our present business and no further material approvals are required for carrying on our present activities.

III. Pending Approvals and Registrations:

As on date of this Draft Letter of Offer the following applications are pending with respect to our business:

1. Application dated December 21, 2011 made to FIPB for amendment of approval letter bearing no. 15 (2010)/36 (2010) dated March 5, 2010 issued by FIPB. The application is made for inclusion of new business activity i.e. publishing business pursuant to Scheme of Demerger.

2. Application dated January 11, 2012 made to MIB for amendment and transfer of approval for publication of Indian editions of foreign magazines and transfer of Indian specialty magazine to us pursuant to Scheme of Demerger.

3. Application dated January 25, 2011 made to Ministry of Corporate Affairs for reconsideration of remuneration paid to Mr. Raghav Bahl, Managing Director in excess of limits prescribed under schedule XIII of the Act.

4. We have filed applications for the registration of 266 trademarks under several classes of the Trade Marks Act, 1999 out of which 87 trademarks have been registered in our name. Further, pursuant to the Scheme of Arrangement, we have filed 78 applications for change of ownership of trademarks, which were filed/registered in the name of erstwhile Web18 Software Services Limited, Care Websites Private Limited and Television Eighteen CommoditiesControl.com Limited.

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

The Issue of Equity Shares to the Equity Shareholders as on the Record Date is being made in accordance with the resolution passed by our Board under Section 81(1) and (1A) of the Companies Act, at its meeting held on January 3, 2012 and Equity Shareholders resolution passed by postal ballot dated February 24, 2012. The Board in its meeting held on [●] determined the Issue Price as ₹ [●] per Equity Share and the Rights Entitlement as [●] Equity Share for every [●] fully paid up Equity Share(s) held on the Record Date. The Issue Price has been arrived at in consultation with the Lead Managers.

Prohibition by SEBI or RBI

Neither we, the Promoters, the Promoter Group entities, the Directors or, persons in control of the corporate Promoters, have been prohibited from accessing or operating in the capital markets, or restrained from buying, selling or dealing in securities under any order or direction passed by the SEBI. None of the Directors are associated with the capital markets in any manner. SEBI has not initiated action against any entities with which our Directors are associated.

Further neither we, nor the Promoters, the Promoter Group entities, the Group Companies or the relatives of the Promoters have been declared willful defaulters by the RBI or any other authority and no violations of securities laws have been committed by them in the past and no proceedings in relation to such violations are currently pending against them.

Eligibility for the Issue

We are an existing company registered under the Companies Act and our Equity Shares are listed on the BSE and the NSE. We are eligible to undertake this Issue in terms of Chapter IV of the SEBI ICDR Regulations.

We are eligible to make disclosures in this Draft Letter of Offer as per clause (5) Part E of Schedule VIII of the SEBI ICDR Regulations as it is in compliance with the following:

(a) we have been filing periodic reports, statements and information in compliance with the listing agreement for the last three years immediately preceding the date of filing this Draft Letter of Offer with SEBI;

(b) the reports, statements and information referred to in sub-clause (a) above are available on the website of the BSE and the NSE which are recognised stock exchange with nationwide trading terminals;

(c) we have an investor grievance-handling mechanism which includes meeting of the Shareholders' or Investors' Grievance Committee at frequent intervals, appropriate delegation of power by the Board as regards share transfer and clearly laid down systems and procedures for timely and satisfactory redressal of investor grievances.

DISCLAIMER CLAUSE OF SEBI

AS REQUIRED, A COPY OF THIS DRAFT LETTER OF OFFER HAS BEEN SUBMITTED TO SEBI. IT IS TO BE DISTINCTLY UNDERSTOOD THAT THE SUBMISSION OF THIS DRAFT LETTER OF OFFER TO SEBI SHOULD NOT, IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE, OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THIS DRAFT LETTER OF OFFER. THE LEAD MANAGERS, ICICI SECURITRIES LIMITED AND RBS EQUITIES (INDIA) LIMITED HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THIS DRAFT LETTER OF OFFER ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ISSUER COMPANY IS

PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THIS DRAFT LETTER OF OFFER, THE LEAD MANAGERS ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE THE LEAD MANAGERS, ICICI SECURITRIES LIMITED AND RBS EQUITIES (INDIA) LIMITED HAVE FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED MARCH 1, 2012 WHICH READS AS FOLLOWS:

(1) WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS, ETC. AND OTHER MATERIAL MORE PARTICULARLY REFERRED TO IN THE ANNEXURE HERETO IN CONNECTION WITH THE FINALISATION OF THIS DRAFT LETTER OF OFFER PERTAINING TO THE ISSUE;

(2) ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE COMPANY, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, AND INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS AND OTHER PAPERS FURNISHED BY THE COMPANY, WE CONFIRM THAT:

(a) THIS DRAFT LETTER OF OFFER FILED WITH SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;

(b) ALL THE LEGAL REQUIREMENTS RELATING TO THE ISSUE AS ALSO THE REGULATIONS GUIDELINES, INSTRUCTIONS, ETC. FRAMED/ISSUED BY SEBI, THE GOVERNMENT OF INDIA AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND

(c) THE DISCLOSURES MADE IN THIS DRAFT LETTER OF OFFER ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE AND SUCH DISCLOSURES ARE IN ACCORDANCE WITH THE REQUIREMENTS OF THE COMPANIES ACT, 1956, THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 AND OTHER APPLICABLE LEGAL REQUIREMENTS.

(3) WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THIS DRAFT LETTER OF OFFER ARE REGISTERED WITH SEBI AND THAT UNTIL DATE SUCH REGISTRATION IS VALID.

(4) WE HAVE SATISFIED OURSELVES ABOUT THE CAPABILITY OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS – NOT APPLICABLE

(5) WE CERTIFY THAT WRITTEN CONSENT FROM PROMOTERS HAS BEEN OBTAINED FOR INCLUSION OF THEIR SPECIFIED SECURITIES AS PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN AND THE SPECIFIED SECURITIES PROPOSED TO FORM PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN SHALL NOT BE DISPOSED / SOLD / TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING THE DRAFT RED HERRING PROSPECTUS/DRAFT PROSPECTUS WITH SEBI TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE DRAFT RED HERRING PROSPECTUS/DRAFT PROSPECTUS – NOT APPLICABLE

(6) WE CERTIFY THAT REGULATION 33 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, WHICH RELATES TO SPECIFIED SECURITIES INELIGIBLE FOR COMPUTATION OF PROMOTERS CONTRIBUTION, HAS BEEN DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE SAID REGULATION HAVE BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS/DRAFT PROSPECTUS

– NOT APPLICABLE

(7) WE UNDERTAKE THAT SUB-REGULATION (4) OF REGULATION 32 AND CLAUSE (C) AND (D) OF SUB-REGULATION (2) OF REGULATION 8 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 SHALL BE COMPLIED WITH. WE CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE RECEIVED AT LEAST ONE DAY BEFORE THE OPENING OF THE ISSUE. WE UNDERTAKE THAT AUDITORS' CERTIFICATE TO THIS EFFECT SHALL BE DULY SUBMITTED TO SEBI. WE FURTHER CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE KEPT IN AN ESCROW ACCOUNT WITH A SCHEDULED COMMERCIAL BANK AND SHALL BE RELEASED TO THE ISSUER ALONG WITH THE PROCEEDS Of THE PUBLIC ISSUE – NOT APPLICABLE

(8) WE CERTIFY THAT THE PROPOSED ACTIVITIES OF THE COMPANY FOR WHICH THE FUNDS ARE BEING RAISED IN THE PRESENT ISSUE FALL WITHIN THE OBJECTS LISTED IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OR OTHER CHARTER OF THE COMPANY AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED OUT UNTIL NOW ARE VALID IN TERMS OF THE OBJECT CLAUSE OF ITS MEMORANDUM OF ASSOCIATION.

(9) WE CONFIRM THAT NECESSARY ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT THE MONEYS RECEIVED PURSUANT TO THE ISSUE ARE KEPT IN A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF SUB-SECTION (3) OF SECTION 73 OF THE COMPANIES ACT, 1956 AND THAT SUCH MONEYS SHALL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FROM ALL THE STOCK EXCHANGES MENTIONED IN THIS DRAFT LETTER OF OFFER. WE FURTHER CONFIRM THAT THE AGREEMENT ENTERED INTO BETWEEN THE BANKERS TO THE ISSUE AND THE ISSUER SPECIFICALLY CONTAINS THIS CONDITION. – NOTED FOR COMPLIANCE, SUBJECT TO COMPLIANCE WITH REGULATION 56 OF SEBI REGULATIONS

(10) WE CERTIFY THAT A DISCLOSURE HAS BEEN MADE IN THIS DRAFT LETTER OF OFFER THAT THE INVESTORS SHALL BE GIVEN AN OPTION TO GET THE SHARES IN DEMAT OR PHYSICAL MODE.

(11) WE CERTIFY THAT ALL THE APPLICABLE DISCLOSURES MANDATED IN THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 HAVE BEEN MADE IN ADDITION TO DISCLOSURES WHICH, IN OUR VIEW, ARE FAIR AND ADEQUATE TO ENABLE THE INVESTOR TO MAKE A WELL INFORMED DECISION.

(12) WE CERTIFY THAT THE FOLLOWING DISCLOSURES HAVE BEEN MADE IN THIS DRAFT LETTER OF OFFER:

(a) AN UNDERTAKING FROM THE ISSUER THAT AT ANY GIVEN TIME, THERE SHALL BE ONLY ONE DENOMINATION FOR THE EQUITY SHARES OF THE COMPANY AND

(b) AN UNDERTAKING FROM THE COMPANY THAT IT SHALL COMPLY WITH SUCH DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY SEBI FROM TIME TO TIME.

(13) WE UNDERTAKE TO COMPLY WITH THE REGULATIONS PERTAINING TO ADVERTISEMENT IN TERMS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 WHILE MAKING THE ISSUE.

(14) WE ENCLOSE A NOTE EXPLAINING HOW THE PROCESS OF DUE DILIGENCE HAS

BEEN EXERCISED BY US IN VIEW OF THE NATURE OF CURRENT BUSINESS BACKGROUND OR THE ISSUER, SITUATION AT WHICH THE PROPOSED BUSINESS STANDS, THE RISK FACTORS, PROMOTERS EXPERIENCE, ETC.

(15) WE ENCLOSE A CHECKLIST CONFIRMING REGULATION-WISE COMPLIANCE WITH THE APPLICABLE PROVISIONS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, CONTAINING DETAILS SUCH AS THE REGULATION NUMBER, ITS TEXT, THE STATUS OF COMPLIANCE, PAGE NUMBER OF THIS DRAFT LETTER OF OFFER WHERE THE REGULATION HAS BEEN COMPLIED WITH AND OUR COMMENTS, IF ANY.

(16) WE ENCLOSE STATEMENT ON 'PRICE INFORMATION OF PAST ISSUES HANDLED BY LEAD MANAGERS BELOW (WHO ARE RESPONSIBLE FOR PRICING THIS ISSUE)', AS PER FORMAT SPECIFIED BY SEBI THROUGH CIRCULAR. – NOT APPLICABLE

THE FILING OF THIS DRAFT LETTER OF OFFER DOES NOT, HOWEVER, ABSOLVE THE COMPANY FROM ANY LIABILITIES UNDER SECTION 63 OR SECTION 68 OF THE COMPANIES ACT OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY OR OTHER CLEARANCE AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED ISSUE. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP, AT ANY POINT OF TIME, WITH THE LEAD MANAGERS ANY IRREGULARITIES OR LAPSES IN THIS DRAFT LETTER OF OFFER.

Caution

Disclaimer clauses from the Company and the Lead Managers

We and the Lead Managers accept no responsibility for statements made otherwise than in this Draft Letter of Offer or in any advertisement or other material issued by us or by any other persons at our instance and anyone placing reliance on any other source of information would be doing so at his own risk.

We and the Lead Managers shall make all information available to the Equity Shareholders and no selective or additional information would be available for a section of the Equity Shareholders in any manner whatsoever including at presentations, in research or sales reports etc. after filing of this Draft Letter of Offer with SEBI.

No dealer, salesperson or other person is authorized to give any information or to represent anything not contained in this Draft Letter of Offer. You must not rely on any unauthorized information or representations. This Draft Letter of Offer is an offer to sell only the Equity Shares and rights to purchase the Equity Shares offered hereby, but only under circumstances and in jurisdictions where it is lawful to do so. The information contained in this Draft Letter of Offer is current only as of its date.

Investors who invest in the Issue will be deemed to have represented to us and Lead Managers and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares, and are relying on independent advice / evaluation as to their ability and quantum of investment in the Issue.

Disclaimer with respect to jurisdiction

This Draft Letter of Offer has been prepared under the provisions of Indian laws and the applicable rules and regulations thereunder. Any disputes arising out of the Issue will be subject to the jurisdiction of the appropriate court(s) in New Delhi, India only.

Designated Stock Exchange

The Designated Stock Exchange for the purpose of the Issue will be [●].

Disclaimer Clause of the BSE

As required, a copy of this Draft Letter of Offer has been submitted to the BSE. The Disclaimer Clause as intimated by the BSE to us, post scrutiny of this Draft Letter of Offer, shall be included in the Letter of Offer

prior to filing with the Stock Exchanges.

Disclaimer Clause of the NSE

As required, a copy of this Draft Letter of Offer has been submitted to the NSE. The Disclaimer Clause as intimated by the NSE to us, post scrutiny of this Draft Letter of Offer, shall be included in the Letter of Offer prior to filing with the Stock Exchanges.

Filing

This Draft Letter of Offer has been filed with the Corporation Finance Department of the SEBI, located at SEBI Bhavan, C-4-A, G Block, Bandra-Kurla Complex, Bandra (East), Mumbai 400 051, India for its observations. After SEBI gives its observations, the Letter of Offer will be filed with the Designated Stock Exchange as per the provisions of the Companies Act.

Selling Restrictions

The distribution of this Draft Letter of Offer and the issue of Equity Shares on a rights basis to persons in certain jurisdictions outside India may be restricted by the legal requirements prevailing in those jurisdictions. Persons into whose possession this Draft Letter of Offer may come are required to inform themselves about and observe such restrictions. We are making this Issue of Equity Shares on a rights basis to our eligible Equity Shareholders and will dispatch the Letter of Offer / Abridged Letter of Offer and CAFs to the eligible Equity Shareholders who have provided an Indian address.

No action has been or will be taken to permit this Issue in any jurisdiction where action would be required for that purpose, except that Draft Letter of Offer has been filed with SEBI for observations. Accordingly, the rights or Equity Shares may not be offered or sold, directly or indirectly, and this Draft Letter of Offer may not be distributed in any jurisdiction, except in accordance with legal requirements applicable in such jurisdiction.

Receipt of this Draft Letter of Offer will not constitute an offer in those jurisdictions in which it would be illegal to make such an offer and, under those circumstances, this Draft Letter of Offer must be treated as sent for information only and should not be copied or redistributed. Accordingly, persons receiving a copy of this Draft Letter of Offer should not, in connection with the issue of the rights or Equity Shares or rights, distribute or send the same in or into the United States or any other jurisdiction where to do so would or might contravene local securities laws or regulations. If this Draft Letter of Offer is received by any person in any such territory, or by their agent or nominee, they must not seek to subscribe to the Equity Shares or the rights referred to in this Draft Letter of Offer.

Neither the delivery of this Draft Letter of Offer nor any sale hereunder, shall under any circumstances create any implication that there has been no change in the Company's affairs from the date hereof or that the information contained herein is correct as at any time subsequent to this date.

IMPORTANT INFORMATION FOR INVESTORS – ELIGIBILITY AND TRANSFER RESTRICTIONS

As described more fully below, there are certain restrictions regarding the rights and Equity Shares that affect potential investors. These restrictions are restrictions on the ownership of Equity Shares by such persons following the offer.

This Issue and the Equity Shares have not been and will not be registered under the Securities Act or any other applicable law of the United States and, unless so registered, may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act) ("U.S. Persons") except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws.

This Issue and the Equity Shares have not been and will not be registered, listed or otherwise qualified in any jurisdiction outside India and may not be offered or sold, and bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

Until the expiry of 40 days after the commencement of the Issue, an offer or sale of rights or Equity Shares

within the United States by a dealer (whether or not it is participating in the Issue) may violate the registration requirements of the Securities Act.

Eligible Investors

The rights or Equity Shares are being offered and sold only to persons who are outside the United States and are not U.S. Persons, nor persons acquiring for the account or benefit of U.S. Persons, in offshore transactions in reliance on Regulation S under the Securities Act and the applicable laws of the jurisdiction where those offers and sales occur. All persons who acquire the rights or Equity Shares are deemed to have made the representations set forth immediately below.

Equity Shares and Rights Offered and Sold in this Issue

Each purchaser acquiring the rights or Equity Shares, by its acceptance of this Draft Letter of Offer and of the rights or Equity Shares, will be deemed to have acknowledged, represented to and agreed with us and the Lead Managers that it has received a copy of this Draft Letter of Offer and such other information as it deems necessary to make an informed investment decision and that:

(1) the purchaser is authorized to consummate the purchase of the rights or Equity Shares in compliance with all applicable laws and regulations;

(2) the purchaser acknowledges that the rights and Equity Shares have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state of the United States and, accordingly, may not be offered or sold within the United States or to, or for the account or benefit of, U.S. Persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act;

(3) the purchaser is purchasing the rights or Equity Shares in an offshore transaction meeting the requirements of Rule 903 of Regulation S under the Securities Act;

(4) the purchaser and the person, if any, for whose account or benefit the purchaser is acquiring the rights or Equity Shares, is a non-U.S. Person and was located outside the United States at each time (i) the offer was made to it and (ii) when the buy order for such rights or Equity Shares was originated, and continues to be a non-U.S. Person and located outside the United States and has not purchased such rights or Equity Shares for the account or benefit of any U.S. Person or any person in the United Sates or entered into any arrangement for the transfer of such rights or Equity Shares or any economic interest therein to any U.S. Person or any person in the United States;

(5) the purchaser is not an affiliate of the Company or a person acting on behalf of an affiliate;

(6) if, in the future, the purchaser decides to offer, resell, pledge or otherwise transfer such rights or Equity Shares, or any economic interest therein, such rights or Equity Shares or any economic interest therein may be offered, sold, pledged or otherwise transferred only (A) outside the United States in an offshore transaction complying with Rule 903 or Rule 904 of Regulation S under the Securities Act and (B) in accordance with all applicable laws, including the securities laws of the states of the United States. The purchaser understands that the transfer restrictions will remain in effect until the Company determines, in its sole discretion, to remove them, and confirms that the proposed transfer of the rights or Equity Shares is not part of a plan or scheme to evade the registration requirements of the Securities Act;

(7) the purchaser agrees that neither the purchaser, nor any of its affiliates, nor any person acting on behalf of the purchaser or any of its affiliates, will make any "directed selling efforts" as defined in Regulation S under the Securities Act in the United States with respect to the rights or the Equity Shares;

(8) the purchaser understands that such rights or Equity Shares (to the extent they are in certificated form), unless the Company determine otherwise in accordance with applicable law, will bear a legend substantially to the following effect:

THE EQUITY SHARES REPRESENTED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE

UNITED STATES AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT IN AN OFFSHORE TRANSACTION COMPLYING WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT, AND IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES.

(9) the purchaser agrees, upon a proposed transfer of the rights or the Equity Shares, to notify any purchaser of such rights or Equity Shares or the executing broker, as applicable, of any transfer restrictions that are applicable to the rights or Equity Shares being sold;

(10) the Company will not recognize any offer, sale, pledge or other transfer of such rights or Equity Shares made other than in compliance with the above-stated restrictions; and

(11) the purchaser acknowledges that the Company, the Lead Managers, their respective affiliates and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that, if any of such acknowledgements, representations and agreements deemed to have been made by virtue of its purchase of such rights or Equity Shares are no longer accurate, it will promptly notify the Company, and if it is acquiring any of such rights or Equity Shares as a fiduciary or agent for one or more accounts, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of such account.

Each person in a Member State of the EEA which has implemented the Prospectus Directive (each, a "Relevant Member State) who receives any communication in respect of, or who acquires any rights or Equity Shares under, the offers contemplated in this Draft Letter of Offer will be deemed to have represented, warranted and agreed to and with each Lead Manager and the Company that in the case of any rights or Equity Shares acquired by it as a financial intermediary, as that term is used in Article 3(2) of the Prospectus Directive:

(i) the rights or Equity Shares acquired by it in the placement have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any Relevant Member State other than qualified investors, as that term is defined in the Prospectus Directive, or in circumstances in which the prior consent of the Lead Managers has been given to the offer or resale; or

(ii) where rights or Equity Shares have been acquired by it on behalf of persons in any Relevant Member State other than qualified investors, the offer of those rights or Equity Shares to it is not treated under the Prospectus Directive as having been made to such persons.

For the purposes of this provision, the expression an "offer of Equity Shares to the public" in relation to any of the rights or Equity Shares in any Relevant Member States means the communication in any form and by any means of sufficient information on the terms of the offer and the rights or Equity Shares to be offered so as to enable an investor to decide to purchase or subscribe for the rights or Equity Shares, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State.

Listing

The existing Equity Shares are listed on the BSE and the NSE. We have made applications to the BSE and the NSE for obtaining in-principle approval in respect of the Equity Shares being offered in terms of the Issue. We will apply to the BSE and the NSE for listing and trading of the Equity Shares to be issued pursuant to this Issue.

If the permission to deal in and for an official quotation of the securities is not granted by any of the Stock Exchanges mentioned above, we shall forthwith repay, without interest, all monies received from applicants in pursuance of the Letter of Offer.

We will issue and dispatch Allotment advice/ share certificates/demat credit and/or letters of regret along with refund order or credit the Allotted Equity Shares to the respective beneficiary accounts, if any, within a period of 15 days from the Issue Closing Date.

If in either of the above cases money is not repaid within eight days from the day we become liable to repay it, (i.e. 15 days after the Issue Closing Date or the date of the refusal by the Stock Exchange(s), whichever is earlier), we and every Director who is an officer in default shall, on and from expiry of eight days, be jointly and severally liable to pay the money with interest as prescribed under Section 73 of the Companies Act.

Consents

Consents in writing of the Directors, the Auditors, the Lead Managers, the Legal Counsels, the Registrar to the Issue, the Monitoring Agency and the Bankers to the Issue and experts to act in their respective capacities have been obtained and such consents have not been withdrawn up to the date of this Draft Letter of Offer. M/s. Walker, Chandoik & Co, Chartered Accountants, the Auditors, M/s. G.S. Ahuja & Associates, Chartered Accountants, our former statutory auditors, M/s. A.K. Sabat & Co., Chartered Accountants for Equator, Panorama, Prism and Eenadu, M/s. Mohan L Jain & Co., Chartered Accountants for statement of tax benefits by have given their written consent for the inclusion of their report in the form and content appearing in this Draft Letter of Offer and such consent and report have not been withdrawn up to the date of this Draft Letter of Offer.

Issue Related Expenses

The Issue related expenses include, *inter alia*, lead managers, printing and distribution expenses, advertisement and marketing expenses and registrar, legal and depository fees and other expenses and are estimated at ₹ [●] million (approximately [●] % of the total Issue size) and will be met out of the proceeds of the Issue.

Particulars	Amount* *(₹ in million)*	As % of total estimated Issue expenses*	As a % of Issue Size*
Fees payable to intermediaries including Lead Managers and Registrar to the Issue	[●]	[●]	[●]
Fees payable to SCSBs for processing ASBA forms	[●]	[●]	[●]
Fees payable to Bankers to the Issue	[●]	[●]	[●]
Fees payable to Monitoring Agency	[●]	[●]	[●]
Others (printing and distribution, stationery, postage, professional, advisory expenses, auditors fees, monitoring agency fee, SEBI fees, listing fees, depository fees, out of pocket reimbursements, etc.)	[●]	[●]	[●]
Total estimated Issue expenses	[●]	[●]	[●]

**Amount will be finalized at the time of filing the Letter of Offer and determination of Issue Price and other details.*

Investor Grievances and Redressal System

We have adequate arrangements for the redressal of investor complaints in compliance with the corporate governance requirements under the Listing Agreements. Additionally, we have been registered with the SEBI Complaints Redress System (SCORES) as required by the SEBI Circular no. CIR/OIAE/2/2011 dated June 3, 2011. The share transfer and dematerialization for us is being handled by Karvy Computershare Private Limited, Registrar and Share Transfer Agent, which is also the Registrar to the Issue. Letters are filed category wise after being attended to. All investor grievances received by us have been handled by the Registrar and Share Transfer agent in consultation with the compliance officer.

Our Board has constituted the Shareholders/Investors' Grievance Committee *vide* its resolution dated October 12, 2006. This committee currently comprises Mr. Manoj Mohanka and Ms. Vandana Malik. Our shareholders' and investors' grievance committee oversees the reports received from the registrar and transfer agent and facilitates the prompt and effective resolution of complaints from our shareholders and investors. Its broad terms of reference include:

- Redressal of Equity Shareholder and Investor complaints including, but not limited to non-receipt of share certificates, transfer of Equity Shares and issue of duplicate share certificates, non-receipt of balance sheet, non-receipt of declared dividends, etc. and

- Monitoring transfers, transmissions, dematerialization, rematerialization, splitting and consolidation of shares issued by the Company.

Status of outstanding investor complaints

As on December 31, 2011, there were no outstanding investor complaints.

Investor Grievances arising out of the Issue

The investor grievances arising out of the Issue will be handled by Karvy Computershare Private Limited, the Registrar to the Issue. The Registrar will have a separate team of personnel handling only post-Issue correspondence.

The agreement between us and the Registrar provides for retention of records with the Registrar for a period of at least one year from the last date of dispatch of Allotment Advice / share certificate / demat credit / refund order to enable the Registrar to redress grievances of Investors.

All grievances relating to the Issue may be addressed to the Registrar to the Issue or the SCSB in case of ASBA Applicants giving full details such as folio no., / demat account no. / name and address, contact telephone / cell numbers, email id of the first applicant, number of Equity Shares applied for, CAF serial number, amount paid on application and the name of the bank/ SCSB and the branch where the CAF was deposited, alongwith a photocopy of the acknowledgement slip. In case of renunciation, the same details of the Renouncee should be furnished.

We are registered with the SEBI Complaints Redress System (SCORES) as required by the SEBI Circular no. CIR/OIAE/2/2011 dated June 3, 2011. Consequently, investor grievances are tracked online by us.

The average time taken by the Registrar for attending to routine grievances will be 15 days from the date of receipt of complaints. In case of non-routine grievances where verification at other agencies is involved, it would be the endeavour of the Registrar to attend to them as expeditiously as possible. We undertake to resolve the Investor grievances in a time bound manner.

Registrar to the Issue

Karvy Computershare Private Limited

Plot Nos.17-24, Vittal Rao Nagar
Madhapur, Hyderabad – 500 081
Andhra Pradesh, India.

Toll Free no.1-800-3454001
Tel: +91 40 4465 5000
Fax: +91 40 2343 1551
Email: network18rights@karvy.com
Contact Person: Mr. M. Murali Krishna
Website: http:\\karisma.karvy.com
SEBI Registration No.: INR000000221

Investors may contact the Compliance Officer in case of any pre-Issue/ post -Issue related problems such as non-receipt of Allotment advice/share certificates/ demat credit/refund orders etc. The contact details of the Compliance Officer are as follows:

Mr. Yug Samrat
Company Secretary and Compliance Officer

Express Trade Towers
Plot No. 15 & 16, Sector 16A
Noida – 201 301
Uttar Pradesh, India.
Tel: +91 120 434 1818
Fax: +91 120 432 4110
E-mail: network18rights@network18online.com

Minimum Subscription

If we do not receive the minimum subscription of 90% of the Issue, the Company shall refund the entire subscription amount received within 15 days from the Issue Closing Date. If there is delay in the refund of the

subscription amount by more than eight days after we become liable to pay the subscription amount (i.e. 15 days after the Issue Closing Date), we and every Director who is an officer in default shall be jointly and severally liable to pay interest for the delayed period, as prescribed under sub-sections (2) and (2A) of Section 73 of the Companies Act.

SECTION VIII – OFFERING INFORMATION

TERMS OF THE ISSUE

The Equity Shares proposed to be issued are subject to the terms and conditions contained in this Draft Letter of Offer, the Abridged Letter of Offer and the CAF, the Memorandum of Association and Articles of Association, the provisions of the Companies Act, the FEMA, as amended, applicable guidelines and regulations issued by SEBI, RBI or other statutory authorities and bodies from time to time, the Listing Agreements entered into by us, terms and conditions as stipulated in the allotment advice or security certificate and rules as may be applicable and introduced from time to time. All rights/obligations of Equity Shareholders in relation to application and refunds pertaining to this Issue shall apply to the Renouncee(s) as well.

Please note that QIB applicants and other applicants whose application amount exceeds ₹ 0.2 million can participate in the Issue only through the ASBA process. Investors who are not QIBs or whose application amount is not more than ₹ 0.2 million can participate in the Issue either through the ASBA process or the non ASBA process and not both. ASBA Investors should note that the ASBA process involves application procedures that may be different from the procedure applicable to non ASBA process. ASBA Investors should carefully read the provisions applicable to such applications before making their application through the ASBA process. For details, see "***Procedure for Application through the Applications Supported by Blocked Amount ("ASBA") Process***" on page 297.

Authority for the Issue

This Issue to our Equity Shareholders as on the Record Date is being made in accordance with the resolution passed by our Board of Directors under section 81(1) , 81(1A) and other applicable provisions of the Companies Act, at its meeting held on January 3, 2012 and Equity Shareholders resolution passed by postal ballot dated February 24, 2012.

Basis for the Issue

The Equity Shares are being offered for subscription for cash to those existing Equity Shareholders whose names appear as beneficial owners as per the list to be furnished by the Depositories for the purpose of this Rights Issue in respect of the Equity Shares held in the electronic form and on the Register of Members in respect of the Equity Shares held in physical form at the close of business hours on the Record Date, fixed in consultation with the Designated Stock Exchange.

Rights Entitlement

As your name appears as a beneficial owner in respect of the Equity Shares held in the electronic form or appears in the register of members as an Equity Shareholder as on the Record Date, i.e., [●], you are entitled to the number of Equity Shares as set out in Part A of the CAFs.

The distribution of this Draft Letter of Offer and the issue of the Equity Shares on a rights basis to persons in certain jurisdictions outside India may be restricted by legal requirements prevailing in those jurisdictions. We are making the issue of the Equity Shares on a rights basis to the Equity Shareholders and this Draft Letter of Offer, Abridged Letter of Offer and the CAFs will be dispatched only to those Equity Shareholders who have a registered address in India or have provided an Indian address . Any person who acquires Rights Entitlements or the Equity Shares will be deemed to have declared, warranted and agreed, by accepting the delivery of this Draft Letter of Offer, that it is not and that at the time of subscribing for the Equity Shares or the Rights Entitlements, it will not be, in the United States and in other restricted jurisdictions.

PRINCIPAL TERMS OF THE EQUITY SHARES ISSUED UNDER THIS ISSUE

Face Value

The face value of Equity Share is ₹ 5.

Issue Price

Each Equity Share shall be offered at an Issue Price of ₹ [●] for cash at a premium of ₹ [●] per Equity Share. The Issue Price has been arrived at by us in consultation with the Lead Managers and the Designated Stock Exchange.

Rights Entitlement Ratio

The Equity Shares are being offered on a rights basis to the Equity Shareholders in the ratio of [●] Equity Shares for every [●] Equity Shares held on the Record Date.

Terms of Payment

The full amount of ₹ [●] per Equity Share is payable on application.

Fractional Entitlements

The Equity Shares are being offered on a rights basis to the existing Equity Shareholders in the ratio of [●] Equity Shares for every [●] Equity Shares held as on the Record Date. For Equity Shares being offered on a rights basis under this Issue, if the shareholding of any of the Equity Shareholders is equal to or less than [●] Equity Shares or is not in multiple of [●], the fractional entitlement of such Equity Shareholders shall be ignored for computation of the Rights Entitlement. However, Equity Shareholders whose fractional entitlements are being ignored earlier will be given preference in the allotment of one additional Equity Share each, if such Equity Shareholders have applied for additional Equity Shares over and above the Rights Entitlement.

For example, if an Equity Shareholder holds between [●] and [●] Equity Shares, he will be entitled to [●] Equity Shares on a rights basis. He will also be given a preferential consideration for the Allotment of one additional Equity Share if he has applied for the same.

Those Equity Shareholders holding less than [●] Equity Shares and therefore entitled to zero Equity Shares under this Issue shall be dispatched a CAF with zero entitlement. Such Equity Shareholders are entitled to apply for additional Equity Shares. However, they cannot renounce the same in favour of any third parties. CAF with zero entitlement will be non-negotiable /non-renunciable.

For example, if an Equity Shareholder holds between one and [●] Equity Shares, he will be entitled to zero Equity Shares on a rights basis. He will be given a preference for Allotment of one additional Equity Share if he has applied for the same.

Ranking

The Equity Shares being issued shall be subject to the provisions of our Memorandum of Association and Articles of Association. The Equity Shares issued under this Issue shall rank *pari passu*, in all respects including dividend, with our existing Equity Shares.

Listing and trading of Equity Shares proposed to be issued

Our existing Equity Shares are currently listed and traded on the BSE (Scrip Code: 532798 under the ISIN - INE870H01013) and the NSE (Symbol: NETWORK18 under the ISIN - INE870H01013).

The listing and trading of the Equity Shares shall be based on the current regulatory framework applicable thereto. Accordingly, any change in the regulatory regime would affect the schedule. Upon Allotment the Equity Shares shall be traded on Stock Exchange in demat segment only.

We have made an application for "in-principle" approval for listing of the Equity Shares to the BSE and the NSE and have received such approval from the BSE and the NSE pursuant to the letter numbers [●] and [●], dated [●] and [●] respectively. We will apply to the BSE and the NSE for final approval for the listing and trading of the Equity Shares. All steps for the completion of the necessary formalities for listing and commencement of trading of the Equity Shares to be allotted pursuant to the Issue shall be taken as soon as possible from the finalisation of the basis of allotment but not later than 7 working days of finalization of basis of allotment. The fully paid up Equity Shares proposed to be issued on a rights basis shall be listed and admitted

for trading on the BSE and the NSE under the existing ISIN for fully paid up Equity Shares.

Rights of the Equity Shareholder

Subject to applicable laws, the Equity Shareholders shall have the following rights:

- Right to receive dividend, if declared;
- Right to attend general meetings and exercise voting powers, unless prohibited by law;
- Right to vote in person or by proxy;
- Right to receive offers for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation;
- Right to free transferability of Equity Shares; and
- Such other rights as may be available to a shareholder of a listed public company under the Companies Act and Memorandum of Association and Articles of Association.

General Terms of the Issue

Market Lot

The market lot for the Equity Shares in dematerialised mode is one Equity Share. In case an Equity Shareholder holds Equity Shares in physical form, we would issue to the allottees one certificate for the Equity Shares allotted to each folio ("Consolidated Certificate"). In respect of Consolidated Certificates, we will upon receipt of a request from the respective Equity Shareholder, split such Consolidated Certificates into smaller denominations within one week's time from the receipt of the request in respect thereof. We shall not charge a fee for splitting any of the Share Certificates.

Joint Holders

Where two or more persons are registered as the holders of any Equity Shares, they shall be deemed to hold the same as joint tenants with the benefit of survivorship subject to the provisions contained in the Articles of Association.

Nomination

In terms of Section 109A of the Companies Act, nomination facility is available in respect of the Equity Shares. An Investor can nominate any person by filling the relevant details in the CAF in the space provided for this purpose.

In case of Equity Shareholders who are individuals, a sole Equity Shareholder or the first named Equity Shareholder, along with other joint Equity Shareholders, if any, may nominate any person(s) who, in the event of the death of the sole holder or all the joint-holders, as the case may be, shall become entitled to the Equity Shares. A person, being a nominee, becoming entitled to the Equity Shares by reason of the death of the original Equity Shareholder(s), shall be entitled to the same advantages to which he would be entitled if he were the registered holder of the Equity Shares. Where the nominee is a minor, the Equity Shareholder(s) may also make a nomination to appoint, in the prescribed manner, any person to become entitled to the Equity Share(s), in the event of death of the said holder, during the minority of the nominee. A nomination shall stand rescinded upon the sale of the Equity Shares by the person nominating. A transferee will be entitled to make a fresh nomination in the manner prescribed. Fresh nominations can be made only in the prescribed form available on request at our Registered Office or such other person at such addresses as may be notified by us. The Investor can make the nomination by filling in the relevant portion of the CAF.

Only one nomination would be applicable for one folio. Hence, in case the Equity Shareholder(s) has already registered the nomination with us, no further nomination needs to be made for Equity Shares that may be allotted in this Issue under the same folio.

In case the allotment of Equity Shares is in dematerialised form, there is no need to make a separate nomination for the Equity Shares to be allotted in this Issue. Nominations registered with respective Depositary Participant ("DP") of the investor would prevail. Any investor desirous of changing the

existing nomination is requested to inform their respective DP.

Notices

All notices to the Equity Shareholder(s) required to be given by us shall be published in one English national daily with wide circulation, one Hindi national daily with wide circulation and / or, will be sent by ordinary post / registered post / speed post to the registered address of the Equity Shareholders in India or the Indian address provided by the Equity Shareholders from time to time.

Subscription by the Promoters and Promoter Group

RB Holdings Private Limited, Mr. Raghav Bahl, RB Investments Private Limited, Ms. Ritu Kapur, Ms. Vandana Malik, Ms. Subhash Bahl, Mr. Pramod Kapur, Ms. Manju Kapur and the Subscribing Companies , part of our Promoters and Promoter Group, have confirmed *vide* their letters dated February 29, 2012 that they intend to subscribe to the full extent of their Rights Entitlement in the Issue, in compliance with regulation 10 (4) of Takeover Regulations.

Subscribing Companies have further confirmed vide their letter dated February 29, 2012 that, they intend to (i) subscribe for additional Equity Shares and (ii) subscribe for unsubscribed portion in the Issue, if any. Such subscription to additional Equity Shares and the unsubscribed portion, if any, to be made by the Subscribing Companies, shall be in accordance with regulation 10 (4) of Takeover Regulations. Further, such subscription shall not result in breach of minimum public shareholding requirement stipulated in the Listing Agreements.

For details see "***Terms of the Issue - Basis of Allotment***" on page 304.

Procedure for Application

The CAF for Equity Shares would be printed for all Equity Shareholders. In case the original CAFs are not received by the Equity Shareholder or is misplaced by the Equity Shareholder, the Equity Shareholder may request the Registrar to the Issue, for issue of a duplicate CAF, by furnishing the registered folio number, DP ID Number, Client ID Number and their full name and address. In case the signature of the Equity Shareholder(s) does not match with the specimen registered with us, the application is liable to be rejected.

Please note that neither the Company nor the Registrar shall be responsible for delay in the receipt of the CAF/ duplicate CAF attributable to postal delays or if the CAF/ duplicate CAF are misplaced in the transit.

Please note that QIB applicants and other applicants whose application amount exceeds ₹ 0.2 million can participate in the Issue only through the ASBA process. The Investors who are not QIBs and whose application amount is not more than ₹ 0.2 million can participate in the Issue either through the ASBA process or the non ASBA process.

Please also note that by virtue of the Circular No. 14 dated September 16, 2003 issued by the RBI, Overseas Corporate Bodies ("OCBs") have been derecognized as an eligible class of investors and the RBI has subsequently issued the Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies (OCBs)) Regulations, 2003. Any Equity Shareholder being an OCB is required to obtain prior approval from RBI for applying to this Issue.

The CAF consists of four parts:

Part A: Form for accepting the Equity Shares, in full or in part, and for applying for additional Equity Shares;
Part B: Form for renunciation of Equity Shares;
Part C: Form for application for renunciation of Equity Shares by Renouncee(s);
Part D: Form for request for split Application forms.

Option available to the Equity Shareholders

The CAFs will clearly indicate the number of Equity Shares that the Shareholder is entitled to.

If the Equity Shareholder applies for an investment in Equity Shares, then he can:

- Apply for his Rights Entitlement of Equity Shares in full;
- Apply for his Rights Entitlement of Equity Shares in part;
- Apply for his Rights Entitlement of Equity Shares in part and renounce the other part of the Equity Shares;
- Apply for his Rights Entitlement in full and apply for additional Equity Shares;
- Renounce his Rights Entitlement in full.

Acceptance of the Issue

You may accept the offer to participate and apply for the Equity Shares offered, either in full or in part, by filling Part A of the CAFs and submit the same along with the application money payable to the collection branches of the Bankers to the Issue as mentioned on the reverse of the CAFs before the close of the banking hours on or before the Issue Closing Date or such extended time as may be specified by the Board of Directors or any committee thereof in this regard. Investors at centres not covered by the branches of Bankers to the Issue can send their CAFs together with the cheque drawn at par on a local bank at Hyderabad/demand draft payable at Hyderabad to the Registrar to the Issue by registered post. Such applications sent to anyone other than the Registrar to the Issue are liable to be rejected. For further details on the mode of payment, see "***Mode of Payment for Resident Equity Shareholders / Investors***" and "***Mode of Payment for Non-Resident Equity Shareholders/Investors***" on page 312 and 312.

Additional Equity Shares

You are eligible to apply for additional Equity Shares over and above your Rights Entitlement, provided that you are eligible to apply under applicable law and have applied for all the Equity Shares offered without renouncing them in whole or in part in favour of any other person(s). Applications for additional Equity Shares shall be considered and allotment shall be made at the sole discretion of the Board, subject to sectoral caps and in consultation if necessary with the Designated Stock Exchange and in the manner prescribed under "***Terms of the Issue - Basis of Allotment***" on page 304.

If you desire to apply for additional Equity Shares, please indicate your requirement in the place provided for additional Equity Shares in Part A of the CAF. The Renouncee applying for all the Equity Shares renounced in their favour may also apply for additional Equity Shares.

Where the number of additional Equity Shares applied for exceeds the number available for Allotment, the Allotment would be made on a fair and equitable basis in consultation with the Designated Stock Exchange.

Renunciation

This Issue includes a right exercisable by you to renounce the Equity Shares offered to you either in full or in part in favour of any other person or persons. Your attention is drawn to the fact that we shall not Allot and/ or register and Equity Shares in favour of more than three persons (including joint holders), partnership firm(s) or their nominee(s), minors, HUF, any trust or society (unless the same is registered under the Societies Registration Act, 1860 or the Indian Trust Act, 1882 or any other applicable law relating to societies or trusts and is authorized under its constitution or bye-laws to hold equity shares, as the case may be). Additionally, existing Equity Shareholders may not renounce in favour of persons or entities in the United States, or to, or for the account or benefit of a "U.S. Person" (as defined in Regulation S), or who would otherwise be prohibited from being offered or subscribing for Equity Shares or Rights Entitlement under applicable securities laws.

We are in the process of making an application to RBI, to seek approval to allow renunciation of Equity Shares from a resident Equity Shareholder to a non-resident (other than OCB), from non-resident Equity Shareholder (other than OCB) to resident and from non-resident Equity Shareholder (other than OCB) to another non-resident. If RBI does not grant such approval, Investors may independently make an application to RBI seeking such approval and Equity Shares will be allotted to such Investors only if a copy of such approval is attached along with the CAF. Irrespective of whether we receive such approval from RBI, Investors may independently make an application to RBI seeking such approval.

Renunciations by OCBs

By virtue of the Circular No. 14 dated September 16, 2003 issued by the RBI, Overseas Corporate Bodies OCBs have been derecognized as an eligible class of investors and the RBI has subsequently issued the Foreign

Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies (OCBs)) Regulations, 2003. Accordingly, the existing Equity Shareholders who do not wish to subscribe to the Equity Shares being offered but wish to renounce the same in favour of Renouncee shall not renounce the same (whether for consideration or otherwise) in favour of OCB(s).

The RBI has however clarified in its circular, A.P. (DIR Series) Circular No. 44, dated December 8, 2003 that OCBs which are incorporated and are not under the adverse notice of the RBI are permitted to undertake fresh investments as incorporated non-resident entities in terms of Regulation 5(1) of RBI Notification No.20/ 2000-RB dated May 3, 2000 under FDI Scheme with the prior approval of Government if the investment is through Government Route and with the prior approval of RBI if the investment is through Automatic Route on case by case basis. Shareholders renouncing their rights in favour of OCBs may do so provided such Renouncee obtains a prior approval from the RBI. On submission of such approval to us at our Registered Office, the OCB shall receive the Abridged Letter of Offer and the CAF.

Part 'A' of the CAF must not be used by any person(s) other than those in whose favour this offer has been made. If used, this will render the application invalid. Submission of the CAF to the Banker to the Issue at its collecting branches specified on the reverse of the CAF with the form of renunciation (Part 'B' of the CAF) duly filled in shall be conclusive evidence for us of the person(s) applying for Equity Shares in Part 'C' of the CAF to receive Allotment of such Equity Shares. Part 'A' of the CAF must not be used by the Renouncee(s) as this will render the application invalid. Renouncee(s) will have no further right to renounce any Equity Shares in favour of any other person.

Procedure for renunciation

To renounce all the Equity Shares offered to an Equity Shareholder in favour of one Renouncee

If you wish to renounce the offer indicated in Part 'A', in whole, please complete Part 'B' of the CAF. In case of joint holding, all joint holders must sign Part 'B' of the CAF. The person in whose favour renunciation has been made should complete and sign Part 'C' of the CAF. In case of joint Renouncees, all joint Renouncees must sign Part 'C' of the CAF.

To renounce in part / or renounce the whole to more than one person(s)

If you wish to either accept this offer in part and renounce the balance or renounce the entire offer under this Issue in favour of two or more Renouncees, the CAF must be first split into requisite number of SAFs. Please indicate your requirement of SAFs in the space provided for this purpose in Part 'D' of the CAF and return the entire CAF to the Registrar to the Issue so as to reach them latest by the close of business hours on the last date of receiving requests for SAFs. On receipt of the required number of SAFs from the Registrar, the procedure as mentioned in paragraph above shall have to be followed.

In case the signature of the Equity Shareholder(s), who has renounced the Equity Shares, does not match with the specimen registered with us / Depositories, the application is liable to be rejected.

Renouncee(s)

The person(s) in whose favour the Equity Shares are renounced should fill in and sign Part 'C' of the CAF and submit the entire CAF to the Bankers to the Issue on or to any of the collection branches of the Bankers to the Issue as mentioned in the reverse of the CAF on or before the Issue Closing Date along with the application money in full. The Renouncee cannot further renounce.

Change and/or introduction of additional holders

If you wish to apply for Equity Shares jointly with any other person(s), not more than three (including you), who is / are not already a joint holder with you, it shall amount to renunciation and the procedure as stated above for renunciation shall have to be followed. Even a change in the sequence of the name of joint holders shall amount to renunciation and the procedure, as stated above shall have to be followed.
However, this right of renunciation is subject to the express condition that the Board shall be entitled in its absolute discretion to reject the request for Allotment from the Renouncee(s) without assigning any reason thereof.

Instructions for Options

The summary of options available to the Equity Shareholder is presented below. You may exercise any of the following options with regard to the Equity Shares offered, using the CAF:

Option Available	Action Required
1. Accept whole or part of your Rights Entitlement without renouncing the balance.	Fill in and sign Part A *(All joint holders must sign)*
2. Accept your Rights Entitlement in full and apply for additional Equity Shares	Fill in and sign Part A including Block III relating to the acceptance of entitlement and Block IV relating to additional Equity Shares *(All joint holders must sign)*
3. Accept a part of your Rights Entitlement and renounce the balance to one or more Renouncee(s) OR **Renounce your Rights Entitlement of all the Equity Shares offered to you to more than one Renouncee**	Fill in and sign Part D *(all joint holders must sign)* requesting for SAFs. Send the CAF to the Registrar to the Issue so as to reach them on or before the last date for receiving requests for SAFs. Splitting will be permitted only once. **On receipt of the SAF take action as indicated below.** For the Equity Shares you wish to accept, if any, fill in and sign Part A. For the Equity Shares you wish to renounce, fill in and sign Part B indicating the number of Equity Shares renounced and hand it over to the Renouncee. Each of the Renouncee should fill in and sign Part C for the Equity Shares accepted by them. In case there is one renouncee the above actions can be taken with respect to the CAF and there is no need to apply for SAFs.
4. Renounce your Rights Entitlement in full to one person *(Joint Renouncees are considered as one)*.	Fill in and sign Part B *(all joint holders must sign)* indicating the number of Equity Shares renounced and hand it over to the Renouncee. The Renouncee must fill in and sign Part C *(All joint Renouncees must sign)*
5. Introduce a joint holder or change the sequence of joint holders	This will be treated as a renunciation. Fill in and sign Part B and the Renouncee must fill in and sign Part C.

Please note that:

- Part 'A' of the CAF must not be used by any person(s) other than the Equity Shareholder to whom this Draft Letter of Offer has been addressed. If used, this will render the application invalid.
- Request for Split Application Forms / SAF should be made for a minimum of one Equity Share or, in either case, in multiples thereof and one SAF for the balance Equity Shares, if any.
- Request by the Equity Shareholder for the SAFs should reach the Registrar on or before [●].
- Only the Equity Shareholder to whom the Letter of Offer has been addressed shall be entitled to renounce and to apply for SAFs. Forms once split cannot be split further.
- SAFs will be sent to the Equity Shareholder(s) by post at the applicant's risk.
- Equity Shareholders may not renounce in favour of persons or entities in restricted jurisdictions including the United States or to or for the account or benefit of U.S. Person (as defined in Regulation S) who would otherwise be prohibited from being offered or subscribing for Equity Shares or Rights Entitlement under applicable securities laws.
- While applying for or renouncing their Rights Entitlement, jointly Equity Shareholders must sign the CAF in the same order as per speciment signatures recorded with us / Depositories.

Non-resident Equity Shareholders

Application(s) received from Non-Resident / NRIs, or persons of Indian origin residing abroad for allotment of Equity Shares shall, inter alia, be subject to conditions, as may be imposed from time to time by the RBI under FEMA in the matter of refund of application money, allotment of Equity Shares, subsequent issue and allotment of equity shares, interest, export of share certificates, etc. In case a Non-Resident or NRI Eligible Equity

Shareholder has specific approval from the RBI, in connection with his shareholding, he should enclose a copy of such approval with the CAF.

Availability of duplicate CAF

In case the original CAF is not received, or is misplaced by the Equity Shareholder, the Registrar to the Issue will issue a duplicate CAF on the request of the Equity Shareholder who should furnish the registered folio number / DP and Client ID number and his / her full name and address to the Registrar to the Issue. Please note that the request for duplicate CAF should reach the Registrar to the Issue within eight days from the Issue Opening Date. Please note that those who are making the application in the duplicate form should not utilize the original CAF for any purpose including renunciation, even if it is received/ found subsequently. If the Equity Shareholder violates such requirements, he / she shall face the risk of rejection of both the applications.

Neither the Registrar, we nor Lead Managers shall be responsible for postal delays or loss of duplicate CAFs in transit, if any.

Application on Plain Paper

An Equity Shareholder who has neither received the original CAF nor is in a position to obtain the duplicate CAF may make an application to subscribe to the Issue on plain paper, along with cheque / demand draft (after deducting banking and postal charges) payable at Hyderabad which should be drawn in favour of "***Network18 Media & Investments Limited – Rights Issue - R***" in case of resident shareholders and non-resident shareholders applying on non-repatriable basis and in favour of "***Network18 Media & Investments Limited – Rights Issue – NR***" in case of non-resident shareholders applying on repatriable basis and send the same by registered post directly to the Registrar to the Issue so as to reach Registrar to the Issue on or before the Issue Closing Date. The envelope should be superscribed "***Network18 Media & Investments Limited – Rights Issue - R***" in case of resident shareholders and Non-resident shareholders applying on non-repatriable basis, and "***Network18 Media & Investments Limited – Rights Issue – NR***" in case of non-resident shareholders applying on repatriable basis.

The application on plain paper, duly signed by the applicant(s) including joint holders, in the same order as per specimen recorded with us or the Depositories, must reach the office of the Registrar to the Issue before the Issue Closing Date and should contain the following particulars:

- Name of Issuer, being Network18 Media & Investments Limited;
- Name and address of the Equity Shareholder including joint holders;
- Registered Folio Number/ DP and Client ID no.;
- Number of Equity Shares held as on Record Date;
- Number of Equity Shares entitled to;
- Number of Equity Shares applied for;
- Number of additional Equity Shares applied for, if any;
- Total number of Equity Shares applied for;
- Total amount paid at the rate of ₹ [●] per Equity Share;
- Particulars of cheque/demand draft;
- Savings/Current Account Number and name and address of the bank where the Equity Shareholder will be depositing the refund order. In case of Equity Shares allotted in demat form, the bank account details will be obtained from the information available with the Depositories;
- Except for applications on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts, PAN number of the Investor and for each Investor in case of joint names, irrespective of the total value of the Equity Shares applied for pursuant to the Issue;
- Share certificate numbers and distinctive numbers of Equity Shares, if held in physical form;
- Allotment option preferred - physical or demat form, if held in physical form;
- If the payment is made by a draft purchased from NRE/FCNR/NRO account, as the case may be, an account debit certificate from the bank issuing the draft confirming that the draft has been issued by debiting the NRE/FCNR/NRO account;
- Signature of the Equity Shareholders to appear in the same sequence and order as they appear in the our records; and
- Additionally, all such applicants are deemed to have accepted the following:

"I/We understand that neither the Rights Entitlement nor the Equity Shares have been, and will be, registered

*under the United States Securities Act of 1933, as amended (the "**US Securities Act**") or any United States state securities laws, and may not be offered, sold, resold or otherwise transferred within the United States or to the territories or possessions thereof (the "United States") or to, or for the account or benefit of a "U.S. Persons" (as defined in Regulation S of the US Securities Act ("Regulation S")). I/we understand the Equity Shares referred to in this application are being offered in India but not in the United States. I/we understand the offering to which this application relates is not, and under no circumstances is to be construed as, an offering of any Equity Shares or Rights Entitlement for sale in the United States, or as a solicitation therein of an offer to buy any of the said Equity Shares or Rights Entitlement in the United States. Accordingly, I/we understand this application should not be forwarded to or transmitted in or to the United States at any time. I/we understand that neither us, nor the Registrar, the Lead Managers or any other person acting on behalf of us will accept subscriptions from any person, or the agent of any person, who appears to be, or who we, the Registrar, the Lead Managers or any other person acting on behalf of us have reason to believe is, a resident of the United States or "U.S. Person" (as defined in Regulation S) or is ineligible to participate in the Issue under the securities laws of their jurisdiction.*

I/We will not offer, sell or otherwise transfer any of the Equity Shares which may be acquired by us in any jurisdiction or under any circumstances in which such offer or sale is not authorized or to any person to whom it is unlawful to make such offer, sale or invitation except under circumstances that will result in compliance with any applicable laws or regulations. We satisfy, and each account for which we are acting satisfies, all suitability standards for investors in investments of the type subscribed for herein imposed by the jurisdiction of our residence.

I/We understand and agree that the Rights Entitlement and Equity Shares may not be reoffered, resold, pledged or otherwise transferred except in an offshore transaction in compliance with Regulation S, or otherwise pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act.

I/We (i) am/are, and the person, if any, for whose account I/we am/are acquiring such Rights Entitlement and/or the Equity Shares is/are, outside the United States, (ii) am/are not a "U.S. Person" (as defined in Regulation S), and (iii) is/are acquiring the Rights Entitlement and/or the Equity Shares in an offshore transaction meeting the requirements of Regulation S.

I/We acknowledge that we, the Lead Managers, their affiliates and others will rely upon the truth and accuracy of the foregoing representations and agreements."

Please note that those who are making the application otherwise than on original CAF shall not be entitled to renounce their rights and should not utilize the original CAF for any purpose including renunciation even if it is received subsequently. If the Investor violates such requirements, he/she shall face the risk of rejection of both the applications. We shall refund such application amount to the Investor without any interest thereon.

Last date for Application

The last date for submission of the duly filled in CAF is [●]. The Board may extend the said date for such period as it may determine from time to time, subject to the Issue Period not exceeding 30 days.

If the CAF together with the amount payable is not received by the Banker to the Issue/ Registrar to the Issue on or before the close of banking hours on the aforesaid last date or such date as may be extended by the Board/ Rights Issue Committee of Directors, the invitation to offer contained in this Draft Letter of Offer shall be deemed to have been declined and the Board/ Rights Issue Committee of Directors shall be at liberty to dispose off the Equity Shares hereby offered, as provided under the chapter "Terms of the Issue – Basis of Allotment" on page 304.

PROCEDURE FOR APPLICATION THROUGH THE APPLICATIONS SUPPORTED BY BLOCKED AMOUNT ("ASBA") PROCESS

This section is for the information of the ASBA Investors proposing to subscribe to the Issue through the ASBA Process. We and the Lead Managers are not liable for any amendments or modifications or changes in applicable laws or regulations, which may occur after the date of the Letter of Offer. Equity Shareholders who are eligible to apply under the ASBA Process are advised to make their independent investigations and to ensure that the CAF is correctly filled up.

The Lead Managers, we, its directors, affiliates, associates and their respective directors and officers and the Registrar to the Issue shall not take any responsibility for acts, mistakes, errors, omissions and commissions etc. in relation to applications accepted by SCSBs, Applications uploaded by SCSBs, applications accepted but not uploaded by SCSBs or applications accepted and uploaded without blocking funds in the ASBA Accounts. It shall be presumed that for applications uploaded by SCSBs, the amount payable on application has been blocked in the relevant ASBA Account.

Please note that QIB applicants and other applicants whose application amount exceeds ₹ 0.2 million can participate in the Issue only through the ASBA process. The Equity Shareholders who are not QIBs and whose application amount is not more than ₹ 0.2 million can participate in the Issue either through the ASBA process or the non ASBA process and not through both.

The list of banks which have been notified by SEBI to act as SCSBs for the ASBA Process is provided on www.sebi.gov.in/cms/sebi_data/attachdocs/1329905803160.html. For details on Designated Branches of SCSBs collecting the CAF, please refer the above mentioned SEBI link.

Equity Shareholders who are eligible to apply under the ASBA Process

The option of applying for Equity Shares through the ASBA Process is available only to the Equity Shareholders on the Record Date.

To qualify as ASBA applicants, eligible Equity Shareholders:

- are required to hold Equity Shares in dematerialized form as on the Record Date and apply for (i) their Rights Entitlement or (ii) their Rights Entitlement and Equity Shares in addition to their Rights Entitlement in dematerialized form;
- should not have renounced their Right Entitlement in full or in part;
- should not have split the CAF;
- should not be Renouncees;
- should apply through blocking of funds in bank accounts maintained with SCSBs; and
- are eligible under applicable securities laws to subscribe for the Rights Entitlement and the Equity Shares in the Issue.

CAF

The Registrar will dispatch the CAF to all Equity Shareholders as per their Rights Entitlement on the Record Date for the Issue. Those Equity Shareholders who must apply or who wish to apply through the ASBA payment mechanism will have to select for this mechanism in Part A of the CAF and provide necessary details.

Equity Shareholders desiring to use the ASBA Process are required to submit their applications by selecting the ASBA Option in Part A of the CAF. Application in electronic mode will only be available with such SCSBs who provide such facility. The Equity Shareholder shall submit the CAF to the Designated Branch of the SCSB for authorising such SCSB to block an amount equivalent to the amount payable on the application in the ASBA Account.

More than one ASBA Investor may apply using the same ASBA Account, provided that the Designated Branch of the SCSBs will not accept a total of more than five CAFs with respect to any single ASBA Account.

Acceptance of the Issue

You may accept the Issue and apply for the Equity Shares either in full or in part, by filling Part A of the respective CAFs sent by the Registrar, selecting the ASBA process option in Part A of the CAF and submit the same to the SCSB before the close of the banking hours on or before the Issue Closing Date or such extended time as may be specified by the Board in this regard.

Mode of payment

The Equity Shareholder applying under the ASBA Process agrees to block the entire amount payable on application with the submission of the CAF, by authorizing the SCSB to block an amount, equivalent to the amount payable on application, in ASBA Account.

After verifying that sufficient funds are available in the ASBA Account, the SCSB shall block an amount equivalent to the amount payable on application mentioned in the CAF until it receives instructions from the Registrar. Upon receipt of intimation from the Registrar, the SCSBs shall transfer such amount as per the Registrar's instruction from the ASBA Account. This amount will be transferred in terms of the SEBI ICDR Regulations, into the separate bank account maintained by us as per the provisions of section 73(3) of the Companies Act. The balance amount remaining after the finalisation of the basis of Allotment shall be unblocked by the SCSBs on the basis of the instructions issued in this regard by the Registrar to the Issue and the Lead Managers to the respective SCSB.

The Equity Shareholders applying under the ASBA Process would be required to give instructions to block the entire amount payable on their application at the time of the submission of the CAF.

The SCSB may reject the application at the time of acceptance of CAF if the ASBA Account does not have sufficient funds equivalent to the amount payable on application mentioned in the CAF. Subsequent to the acceptance of the application by the SCSB, we would have a right to reject the application only on technical grounds.

Options available to the Equity Shareholders applying under the ASBA Process

The summary of options available to the Equity Shareholders are presented below. You may exercise any of the following options with regard to the Equity Shares, using the respective CAFs received from Registrar:

	Option Available	Action Required
1.	Accept whole or part of your Rights Entitlement without renouncing the balance.	Fill in and sign Part A of the CAF *(All joint holders must sign)*
2.	Accept your Rights Entitlement in full and apply for additional Equity Shares	Fill in and sign Part A of the CAF including Block III relating to the acceptance of entitlement and Block IV relating to additional Equity Shares *(All joint holders must sign)*

The Equity Shareholders applying under the ASBA Process will need to select the ASBA process option in the CAF and provide required necessary details. However, in cases where this option is not selected, but the CAF is tendered to the Designated Branches of SCSBs with the relevant details required under the ASBA process option and the SCSBs block the requisite amount, then that CAF would be treated as if the Equity Shareholder has selected to apply through the ASBA process option.

Please note that pursuant to the applicability of the directions issued by SEBI *vide* its circular bearing number CIR/CFD/DIL/1/2011 dated April 29, 2011, all applicants who are QIBs or are applying in this Issue for Equity Shares for an amount exceeding ₹ 0.2 million shall mandatorily make use of ASBA facility.

Additional Equity Shares

You are eligible to apply for additional Equity Shares over and above the number of Equity Shares that you are entitled to, provided that you are eligible to apply for Equity Shares under applicable law and you have applied for all the Equity Shares (as the case may be) offered without renouncing them in whole or in part in favour of any other person(s). Applications for additional Equity Shares shall be considered and Allotment shall be made at the sole discretion of the Board, in consultation with the Designated Stock Exchange and in the manner prescribed under "***Terms of the Issue - Basis of Allotment***" on page 304.

If you desire to apply for additional Equity Shares please indicate your requirement in the place provided for additional Equity Shares in Part A of the CAF.

Renunciation under the ASBA Process

Renouncees are not eligible to participate in this Issue through the ASBA Process.

Application on Plain Paper

An Equity Shareholder who has neither received the original CAF nor is in a position to obtain the duplicate CAF and who is applying under the ASBA Process may make an application to subscribe to the Issue on plain paper.

The envelope should be superscribed "Network18 Media & Investments Limited – Rights Issue". The application on plain paper, duly signed by the Investors including joint holders, in the same order as per the specimen recorded with us / Depositories, must reach the Designated Branch of the SCSBs before the Issue Closing Date and should contain the following particulars:

- Name of Issuer, being Network18 Media & Investments Limited;
- Name and address of the Equity Shareholder including joint holders;
- Registered Folio Number/ DP and Client ID no.;
- Number of Equity Shares held as on Record Date;
- Number of Equity Shares entitled to;
- Number of Equity Shares applied for;
- Number of additional Equity Shares applied for, if any;
- Total number of Equity Shares applied for;
- Total amount to be blocked at the rate of ₹[●] per Equity Share;
- Details of the ASBA Account such as the account number, name, address and branch of the relevant SCSB;
- In case of non-resident investors, details of the NRE/FCNR/NRO account such as the account number, name, address and branch of the SCSB with which the account is maintained;
- Except for applications on behalf of the Central or State Government, residents of Sikkim and the officials appointed by the courts, PAN number of the Investor and for each Investor in case of joint names, irrespective of the total value of the Equity Shares applied for pursuant to the Issue; and
- Signature of the Equity Shareholders to appear in the same sequence and order as they appear in our records.
- Additionally, all such applicants are deemed to have accepted the following:

*"I/We understand that neither the Rights Entitlement nor the Equity Shares have been, and will be, registered under the United States Securities Act of 1933, as amended (the "**US Securities Act**") or any United States state securities laws, and may not be offered, sold, resold or otherwise transferred within the United States or to the territories or possessions thereof (the "United States") or to, or for the account or benefit of a "U.S. Persons" (as defined in Regulation S of the US Securities Act ("Regulation S)). I/we understand the Equity Shares referred to in this application are being offered in India but not in the United States. I/we understand the offering to which this application relates is not, and under no circumstances is to be construed as, an offering of any Equity Shares or Rights Entitlement for sale in the United States, or as a solicitation therein of an offer to buy any of the said Equity Shares or Rights Entitlement in the United States. Accordingly, I/we understand this application should not be forwarded to or transmitted in or to the United States at any time. I/we understand that none of we, the Registrar, the Lead Managers or any other person acting on behalf of us will accept subscriptions from any person, or the agent of any person, who appears to be, or who, we, the Registrar, the Lead Managers or any other person acting on behalf of we have reason to believe is, a resident of the United States or a "U.S. Person" (as defined in Regulation S) or is ineligible to participate in the Issue under the securities laws of their jurisdiction.*

I/We will not offer, sell or otherwise transfer any of the Equity Shares which may be acquired by us in any jurisdiction or under any circumstances in which such offer or sale is not authorized or to any person to whom it is unlawful to make such offer, sale or invitation except under circumstances that will result in compliance with any applicable laws or regulations. We satisfy, and each account for which we are acting satisfies, all suitability standards for investors in investments of the type subscribed for herein imposed by the jurisdiction of our residence.

I/We understand and agree that the Rights Entitlement and Equity Shares may not be reoffered, resold, pledged or otherwise transferred except in an offshore transaction in compliance with Regulation S, or otherwise pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act.

I/We (i) am/are, and the person, if any, for whose account I/we am/are acquiring such Rights Entitlement and/or

the Equity Shares is/are, outside the United States, (ii) am/are not a "U.S. Person" (as defined in Regulation S), and (iii) is/are acquiring the Rights Entitlement and/or the Equity Shares in an offshore transaction meeting the requirements of Regulation S.
I/We acknowledge that we, the Lead Managers, their affiliates and others will rely upon the truth and accuracy of the foregoing representations and agreements."

Option to receive Equity Shares in Dematerialized Form

EQUITY SHAREHOLDERS UNDER THE ASBA PROCESS MAY PLEASE NOTE THAT THE EQUITY SHARES UNDER THE ASBA PROCESS CAN BE ALLOTTED ONLY IN DEMATERIALIZED FORM AND TO THE SAME DEPOSITORY ACCOUNT IN WHICH THE EQUITY SHARES ARE HELD BY SUCH ASBA APPLICANT ON THE RECORD DATE.

General instructions for Equity Shareholders applying under the ASBA Process

(a) Please read the instructions printed on the CAF carefully.

(b) Application should be made on the printed CAF only and should be completed in all respects. The CAF found incomplete with regard to any of the particulars required to be given therein, and/or which are not completed in conformity with the terms of this Draft Letter of Offer, Abridged Letter of Offer are liable to be rejected. The CAF must be filled in English**.**

(c) The CAF in the ASBA Process should be submitted at a Designated Branch of the SCSB and ASBA Account and not to the Bankers to the Issue/Collecting Banks (assuming that such Collecting Bank is not a SCSB), to us or Registrar or Lead Managers to the Issue.

(d) All applicants, and in the case of application in joint names, each of the joint applicants, should mention his/her PAN number allotted under the Income-Tax Act, 1961, irrespective of the amount of the application. Except for applications on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts, **CAFs without PAN will be considered incomplete and are liable to be rejected. With effect from August 16, 2010, the demat accounts for Investors for which PAN details have not been verified shall be "suspended for credit" and no allotment and credit of Equity Shares shall be made into the accounts of such Investors.**

(e) All payments will be made by blocking the amount in the ASBA Account. Cash payment or payment by cheque / demand draft / pay order is not acceptable. In case payment is affected in contravention of this, the application may be deemed invalid and the application money will be refunded and no interest will be paid thereon.

(f) Signatures should be either in English or Hindi or in any other language specified in the Eighth Schedule to the Constitution of India. Signatures other than in English or Hindi and thumb impression must be attested by a Notary Public or a Special Executive Magistrate under his/her official seal. The Equity Shareholders must sign the CAF as per the specimen signature recorded with us and/or Depositories.

(g) In case of joint holders, all joint holders must sign the relevant part of the CAF in the same order and as per the specimen signature(s) recorded with the depository / us. In case of joint applicants, reference, if any, will be made in the first applicant's name and all communication will be addressed to the first applicant.

(h) All communication in connection with application for the Equity Shares, including any change in address of the Equity Shareholders should be addressed to the Registrar to the Issue prior to the date of Allotment in this Issue quoting the name of the first/sole applicant Equity Shareholder, folio numbers and CAF number.

(i) Only the person or persons to whom the Equity Shares have been offered shall be eligible to participate under the ASBA Process.

(j) Only persons outside restricted jurisdictions and who are eligible to subscribe for Rights Entitlement and Equity Shares under applicable securities laws are eligible to participate.

(k) Only the Equity Shareholders holding shares in demat are eligible to participate through ASBA process.

(l) Equity shareholders who have renounced their entitlement in part/ full are not entitled to apply using ASBA process.

(m) Please note that pursuant to the applicability of the directions issued by SEBI *vide* its circular bearing number CIR/CFD/DIL/1/2011 dated April 29, 2011, all applicants who are QIBs applicants and other applicants applying in this Issue for Equity Shares for an amount exceeding ₹ 0.2 million shall mandatorily make use of ASBA facility.

(n) Investors other than Retail Individual Investors having bank account with SCSBs that are providing ASBA in cities/ centers where Investors other than Retail Individual Investors are located, are mandatorily required to make use of ASBA facility. Otherwise, applications of such non-retail investors are liable for rejection.

Do's:

(a) In case of non – receipt of CAF, application can be made on plain paper mentioning all necessary details as mentioned under "Application on Plain Paper" on page 300.

(b) Ensure that the ASBA Process option is selected in part A of the CAF and necessary details are filled in.

(c) Ensure that the details about your Depository Participant and beneficiary account are correct and the beneficiary account is activated as Equity Shares will be allotted in the dematerialized form only.

(d) Ensure that the CAFs are submitted with the Designated Branch of the SCSBs and details of the correct bank account have been provided in the CAF.

(e) Ensure that there are sufficient funds (equal to {number of Equity Shares as the case may be applied for} X {Issue Price of Equity Shares, as the case may be}) available in the ASBA Account before submitting the CAF to the respective Designated Branch of the SCSB.

(f) Ensure that you have authorised the SCSB for blocking funds equivalent to the total amount payable on application mentioned in the CAF, in the ASBA Account, of which details are provided in the CAF and have signed the same.

(g) Ensure that you receive an acknowledgement from the SCSB for your submission of the CAF in physical form.

(h) Except for CAFs submitted on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts, each applicant should mention their PAN allotted under the I T Act.

(i) Ensure that the name(s) given in the CAF is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the CAF is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the CAF.

(j) Ensure that the Demographic Details are updated, true and correct, in all respects.

(k) Ensure that the account holder in whose bank account the funds are to be blocked has signed authorising such funds to be blocked.

(l) Apply under the ASBA process only if you comply with the definition of an ASBA investor.

Don'ts:

(a) Do not apply if your are not eligible to participate in the Issue under the securities laws applicable to your jurisdiction.

(b) Do not apply on duplicate CAF after you have submitted a CAF to a Designated Branch of the SCSB.

(c) Do not pay the amount payable on application in cash, by money order or by postal order.

(d) Do not send your physical CAFs to the Lead Managers to Issue / Registrar / Collecting Banks (assuming that such Collecting Bank is not a SCSB) / to a branch of the SCSB which is not a Designated Branch of the SCSB / Company; instead submit the same to a Designated Branch of the SCSB only.

(e) Do not submit the GIR number instead of the PAN as the application is liable to be rejected on this ground.

(f) Do not apply if the ASBA account has been used for five applicants.

(g) Do not instruct the SCSBs to release the funds blocked under the ASBA Process.

Grounds for Technical Rejection under the ASBA Process

In addition to the grounds listed under "Grounds for Technical Rejection for non-ASBA Investors" on page 310, applications under the ABSA Process are liable to be rejected on the following grounds:

(a) Application on a SAF.

(b) Application for allotment of Rights Entitlements or additional shares which are in physical form.

(c) DP ID and Client ID mentioned in CAF not matching with the DP ID and Client ID records available with the Registrar.

(d) Sending CAF to a Lead Managers / Registrar / Collecting Bank (assuming that such Collecting Bank is not a SCSB) / to a branch of a SCSB which is not a Designated Branch of the SCSB / Company.

(e) Insufficient funds are available with the SCSB for blocking the amount.

(f) Funds in the ASBA Account having been frozen pursuant to regulatory orders.

(g) Account holder not signing the CAF or declaration mentioned therein.

(h) CAFs that do not include the certification set out in the CAF to the effect that the subscriber is not a "U.S. Person" (as defined in Regulation S) and does not have a registered address (and is not otherwise located) in the United States or other restricted jurisdictions and is authorized to acquire the rights and the securities in compliance with all applicable laws and regulations.

(i) CAFs which have evidence of being executed in/dispatched from a restricted jurisdiction or executed by or for the benefit of a "U.S. Person" (as defined in Regulation S).

(j) Renouncees applying under the ASBA Process.

(k) Submission of more than five CAFs per ASBA Account.

(l) QIBs applicants and other applicants applying for more than ₹ 0.2 million and is not a renouncer or renouncee not applying through the ASBA process.

(m) The application by an Equity Shareholder whose cumulative value of Equity Shares applied for is more than ₹ 0.2 million but has applied separately through split CAFs of less than ₹ 0.2 million and has not done so through the ASBA process.

(n) Multiple CAFs, including cases where an Investor submits CAFs along with a plain paper application.

(o) Submitting the GIR instead of the PAN.

(p) An Equity Shareholder, who is not complying with any or all of the conditions for being an ASBA Investor, applies under the ASBA process.

Depository account and bank details for Equity Shareholders applying under the ASBA Process

IT IS MANDATORY FOR ALL THE EQUITY SHAREHOLDERS APPLYING UNDER THE ASBA

PROCESS TO RECEIVE THEIR EQUITY SHARES IN DEMATERIALISED FORM AND TO THE SAME DEPOSITORY ACCOUNT IN WHICH THE EQUITY SHARES ARE HELD BY THE EQUITY SHAREHOLDER ON THE RECORD DATE. ALL EQUITY SHAREHOLDERS APPLYING UNDER THE ASBA PROCESS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE CAF. EQUITY SHAREHOLDERS APPLYING UNDER THE ASBA PROCESS MUST ENSURE THAT THE NAME GIVEN IN THE CAF IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE CAF IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE CAF.

Equity Shareholders applying under the ASBA Process should note that on the basis of name of these Equity Shareholders, Depository Participant's name and identification number and beneficiary account number provided by them in the CAF, the Registrar to the Issue will obtain from the Depository demographic details of these Equity Shareholders such as address, bank account details for printing on refund orders and occupation ("Demographic Details"). Hence, Equity Shareholders applying under the ASBA Process should carefully fill in their Depository Account details in the CAF.

These Demographic Details would be used for all correspondence with such Equity Shareholders including mailing of the letters intimating unblocking of ASBA Account. The Demographic Details given by the Equity Shareholders in the CAF would not be used for any other purposes by the Registrar. Hence, Equity Shareholders are advised to update their Demographic Details as provided to their Depository Participants.

By signing the CAFs, the Equity Shareholders applying under the ASBA Process would be deemed to have authorised the Depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records.

Letters intimating Allotment and unblocking the funds would be mailed at the address of the Equity Shareholder applying under the ASBA Process as per the Demographic Details received from the Depositories. The Registrar to the Issue will give instrucuctions to the SCSBs for unblocking funds in the ASBA Account to the extent equity shares are not allotted to such Equity Shareholders. Equity Shareholders applying under the ASBA Process may note that delivery of letters intimating unblocking of the funds may get delayed if the same once sent to the address obtained from the Depositories are returned undelivered. In such an event, the address and other details given by the Equity Shareholder in the CAF would be used only to ensure dispatch of letters intimating unblocking of the ASBA Account.

Note that any such delay shall be at the sole risk of the Equity Shareholders applying under the ASBA Process and none of us, the SCSBs or the Lead Managers shall be liable to compensate the Equity Shareholder applying under the ASBA Process for any losses caused due to any such delay or liable to pay any interest for such delay.

In case no corresponding record is available with the Depositories that matches three parameters, (a) names of the Equity Shareholders (including the order of names of joint holders), (b) the DP ID and (c) the beneficiary account number, then such applications are liable to be rejected.

Issue Schedule

Issue Opening Date:	[●]
Last date for receiving requests for SAFs:	[●]
Issue Closing Date:	[●]

The Board may however decide to extend the Issue period as it may determine from time to time but not exceeding 30 days from the Issue Opening Date.

Basis of Allotment

Subject to the provisions contained in this Draft Letter of Offer, the Articles of Association and the approval of the Designated Stock Exchange, the Board will proceed to Allot the Equity Shares in the following order of priority:

(a) Full Allotment to those Equity Shareholders who have applied for their Rights Entitlement either in full or in part and also to the Renouncee(s) who has/ have applied for Equity Shares renounced in their favour, in full or in part.

(b) Allotment pertaining to fractional entitlements in case of any shareholding other than in multiples of [●]. Investors whose fractional entitlements are being ignored would be given preference in allotment of one additional Equity Share.

(c) Allotment to the Equity Shareholders who having applied for all the Equity Shares offered to them as part of the Issue and have also applied for additional Equity Shares. The Allotment of such additional Equity Shares will be made as far as possible on an equitable basis having due regard to the number of Equity Shares held by them on the Record Date, provided there is an under-subscribed portion after making full Allotment in (a) and (b) above. The Allotment of such Equity Shares will be at the sole discretion of the Board / Rights Issue Committee of Directors in consultation with the Designated Stock Exchange, as a part of the Issue and will not be a preferential Allotment.

(d) Allotment to Renouncees who having applied for all the Equity Shares renounced in their favour, have applied for additional Equity Shares provided there is surplus available after making full Allotment under (a), (b) and (c) above. The Allotment of such Equity Shares will be at the sole discretion of the Board/Committee of Directors in consultation with the Designated Stock Exchange, as a part of the Issue and not preferential Allotment.

RB Holdings Private Limited, Mr. Raghav Bahl, RB Investments Private Limited, Ms. Ritu Kapur, Ms. Vandana Malik, Ms. Subhash Bahl, Mr. Pramod Kapur, Ms. Manju Kapur and the Subscribing Companies , part of our Promoters and Promoter Group, have confirmed *vide* their letters dated February 29, 2012 that they intend to subscribe to the full extent of their Rights Entitlement in the Issue, in compliance with regulation 10 (4) of Takeover Regulations.

Subscribing Companies have further confirmed vide their letter dated February 29, 2012 that, they intend to (i) subscribe for additional Equity Shares and (ii) subscribe for unsubscribed portion in the Issue, if any. Such subscription to additional Equity Shares and the unsubscribed portion, if any, to be made by the Subscribing Companies, shall be in accordance with regulation 10 (4) of Takeover Regulations. Further, such subscription shall not result in breach of minimum public shareholding requirement stipulated in the Listing Agreements.

Underwriting

The Issue shall not be underwritten.

Allotment Advices / Refund Orders

We will issue and dispatch Allotment advice/ share certificates/demat credit and/or letters of regret along with refund order or credit the allotted Equity Shares to the respective beneficiary accounts, if any, within a period of 15 days from the Issue Closing Date. If such money is not repaid within eight days from the day we become liable to repay it, (i.e. 15 days after the Issue Closing Date or the date of the refusal by the Stock Exchange(s), whichever is earlier) we and every Director who is an officer in default shall, on and from expiry of eight days, be jointly and severally liable to pay the money with interest as prescribed under Section 73 of the Companies Act.

Investors residing at centers where clearing houses are managed by the RBI will get refunds through National Electronic Clearing Service ("NECS") except where Investors have not provided the details required to send electronic refunds.

In case of those Investors who have opted to receive their Rights Entitlement in dematerialized form using electronic credit under the depository system, advice regarding their credit of the Equity Shares shall be given separately. Investors to whom refunds are made through electronic transfer of funds will be sent a letter through ordinary post intimating them about the mode of credit of refund within 15 days of the Issue Closing Date.

In case of those Investors who have opted to receive their Rights Entitlement in physical form and we issue letter of allotment, the corresponding share certificates will be kept ready within three months from the date of Allotment thereof or such extended time as may be approved by the Company Law Board under Section 113 of

the Companies Act or other applicable provisions, if any. Investors are requested to preserve such letters of allotment, which would be exchanged later for the share certificates. For more information, please see the chapter "***Terms of the Issue***" on page 289.

The letter of allotment / refund order would be sent by registered post/speed post to the sole/first Investor's registered address in India or the Indian address provided by the Equity Shareholders from time to time. Such refund orders would be payable at par at all places where the applications were originally accepted. The same would be marked 'Account Payee only' and would be drawn in favour of the sole/first Investor. Adequate funds would be made available to the Registrar to the Issue for this purpose.

Payment of Refund

Mode of making refunds

The payment of refund, if any, would be done through any of the following modes:

1. NECS – Payment of refund would be done through NECS for Investors having an account at any of the 68 centres where such facility has been made available. This mode of payment of refunds would be subject to availability of complete bank account details including the MICR code as appearing on a cheque leaf, from the Depositories/the records of the Registrar. The payment of refunds is mandatory for Investors having a bank account at any centre where NECS facility has been made available (subject to availability of all information for crediting the refund through NECS).

2. NEFT – Payment of refund shall be undertaken through NEFT wherever the Investors' bank has been assigned the Indian Financial System Code (IFSC), which can be linked to a MICR, allotted to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the Investors have registered their nine digit MICR number and their bank account number with the Registrar or with the depository participant while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the Investors through this method.

3. RTGS – If the refund amount exceeds ₹ 0.2 million, the Investors have the option to receive refund through RTGS. Such eligible Investors who indicate their preference to receive refund through RTGS are required to provide the IFSC code in the CAF. In the event the same is not provided, refund shall be made through NECS or any other eligible mode. Charges, if any, levied by the refund bank(s) for the same would be borne by the Company. Charges, if any, levied by the Investor's bank receiving the credit would be borne by the Investor.

4. Direct Credit – Investors having bank accounts with the Bankers to the Issue shall be eligible to receive refunds through direct credit. Charges, if any, levied by the relevant bank(s) for the same would be borne by us.

5. For all other Investors the refund orders will be despatched through Speed Post/ Registered Post. Such refunds will be made by cheques, pay orders or demand drafts drawn in favour of the sole/first Investor and payable at par.

6. Credit of refunds to Investors in any other electronic manner permissible under the banking laws, which are in force, and is permitted by the SEBI from time to time.

Printing of Bank Particulars on Refund Orders

As a matter of precaution against possible fraudulent encashment of refund orders due to loss or misplacement, the particulars of the Investor's bank account are mandatorily required to be given for printing on the refund orders. Bank account particulars, where available, will be printed on the refund orders/refund warrants which can then be deposited only in the account specified. We will in no way be responsible if any loss occurs through these instruments falling into improper hands either through forgery or fraud.

Allotment advice / Share Certificates/ Demat Credit

Allotment advice/ share certificates/ demat credit or letters of regret will be dispatched to the registered address in India or the Indian address provided by the Equity Shareholders from time to time of the first named Investor or respective beneficiary accounts will be credited within 15 days, from the Issue Closing Date. Allottees are requested to preserve such allotment advice (if any) to be exchanged later for share certificates.

Option to receive Equity Shares in Dematerialized Form

Investors shall be allotted the Equity Shares in dematerialized (electronic) form at the option of the Investor. We have signed a tripartite agreement with NSDL and Karvy Computershare Private Limited on June 21, 2011 which enables the Investors to hold and trade in Equity Shares in a dematerialized form, instead of holding the Equity Shares in the form of physical certificates. We have also signed a tripartite agreement with CDSL and Karvy Computershare Private Limited on June 16, 2011 which enables the Investors to hold and trade in Equity Shares in a dematerialized form, instead of holding the Equity Shares in the form of physical certificates.

In this Issue, the allottees who have opted for Equity Shares in dematerialized form will receive their Equity Shares in the form of an electronic credit to their beneficiary account as given in the CAF, after verification with a depository participant. Investor will have to give the relevant particulars for this purpose in the appropriate place in the CAF. Allotment advice, refund order (if any) would be sent directly to the Investor by the Registrar to the Issue but the Investor's depository participant will provide to him the confirmation of the credit of such Equity Shares to the Investor's depository account. CAFs, which do not accurately contain this information, will be given the Equity Shares in physical form. No separate CAFs for Equity Shares in physical and/or dematerialized form should be made.

INVESTORS MAY PLEASE NOTE THAT THE EQUITY SHARES CAN BE TRADED ON THE STOCK EXCHANGE ONLY IN DEMATERIALIZED FORM.

The procedure for availing the facility for Allotment of Equity Shares in this Issue in the electronic form is as under:

- Open a beneficiary account with any depository participant (care should be taken that the beneficiary account should carry the name of the holder in the same manner as is registered in our records. In the case of joint holding, the beneficiary account should be opened carrying the names of the holders in the same order as registered in our records). In case of Investors having various folios with different joint holders, the Investors will have to open separate accounts for such holdings. *Those Equity Shareholders who have already opened such beneficiary account(s) need not adhere to this step.*

- For Equity Shareholders already holding Equity Shares in dematerialized form as on the Record Date, the beneficial account number shall be printed on the CAF. For those who open accounts later or those who change their accounts and wish to receive their Equity Shares by way of credit to such account, the necessary details of their beneficiary account should be filled in the space provided in the CAF. It may be noted that the Allotment of Equity Shares arising out of this Issue may be made in dematerialized form even if the original Equity Shares are not dematerialized. Nonetheless, it should be ensured that the depository account is in the name(s) of the Equity Shareholders and the names are in the same order as in our records.

The responsibility for correctness of information (including Investor's age and other details) filled in the CAF vis-à-vis such information with the Investor's depository participant, would rest with the Investor. Investors should ensure that the names of the Investors and the order in which they appear in CAF should be the same as registered with the Investor's depository participant.

If incomplete / incorrect beneficiary account details are given in the CAF, the Investor will get Equity Shares in physical form.

The Equity Shares allotted to applicants opting for issue in dematerialized form, would be directly credited to the beneficiary account as given in the CAF after verification. Allotment advice, refund order (if any) would be sent directly to the applicant by the Registrar to the Issue but the applicant's depository participant will provide to the applicant the confirmation of the credit of such Equity Shares to the applicant's depository account.

Renouncees will also have to provide the necessary details about their beneficiary account for Allotment of Equity Shares in this Issue. In case these details are incomplete or incorrect, the application is liable to be rejected.

General instructions for non-ASBA Investors

(a) Please read the instructions printed on the CAF carefully.

(b) Application should be made on the printed CAF, provided by us except as mentioned under the head "Application on Plain Paper" on page 296 and should be completed in all respects. The CAF found incomplete with regard to any of the particulars required to be given therein, and/ or which are not completed in conformity with the terms of this Draft Letter of Offer or Abrigded Letter of Offer are liable to be rejected and the money paid, if any, in respect thereof will be refunded without interest and after deduction of bank commission and other charges, if any. The CAF must be filled in English and the names of all the Investors, details of occupation, address, father's / husband's name must be filled in block letters.

The CAF together with the cheque/demand draft should be sent to the Bankers to the Issue/Collecting Bank or to the Registrar to the Issue and not to us or Lead Managers to the Issue. Investors residing at places other than cities where the branches of the Bankers to the Issue have been authorised by us for collecting applications, will have to make payment by demand draft payable at Hyderabad of an amount net of bank and postal charges and send their CAFs to the Registrar to the Issue by registered post. If any portion of the CAF is/are detached or separated, such application is liable to be rejected.

Applications where separate cheques/demand drafts are not attached for amounts to be paid for Equity Shares are liable to be rejected.

(c) Except for applications on behalf of the Central and State Government, the residents of Sikkim and the officials appointed by the courts, all Investors, and in the case of application in joint names, each of the joint Investors, should mention his/her PAN number allotted under the IT Act, irrespective of the amount of the application. **CAFs without PAN will be considered incomplete and are liable to be rejected.**

(d) Investors, holding Equity Shares in physical format, are advised that it is mandatory to provide information as to their savings/current account number and the name of the bank with whom such account is held in the CAF to enable the Registrar to the Issue to print the said details in the refund orders, if any, after the names of the payees. Application not containing such details is liable to be rejected.

(e) All payment should be made by cheque/demand draft only. Application through the ASBA process as mentioned above is acceptable. Cash payment is not acceptable. In case payment is effected in contravention of this, the application may be deemed invalid and the application money will be refunded and no interest will be paid thereon.

(f) Signatures should be either in English or Hindi or in any other language specified in the Eighth Schedule to the Constitution of India. Signatures other than in English or Hindi and thumb impression must be attested by a Notary Public or a Special Executive Magistrate under his/ her official seal. The Equity Shareholders must sign the CAF as per the specimen signature recorded with us.

(g) In case of an application under power of attorney or by a body corporate or by a society, a certified true copy of the relevant power of attorney or relevant resolution or authority to the signatory to make the relevant investment under this Issue and to sign the application and certified true a copy of the Memorandum and Articles of Association and / or bye laws of such body corporate or society must be lodged with the Registrar to the Issue giving reference of the serial number of the CAF. In case the above referred documents are already registered with us, the same need not be a furnished again. In case these papers are sent to any other entity besides the Registrar to the Issue or are sent after the Issue Closing Date, then the application is liable to be rejected. In no case should these papers be attached to the application submitted to the Bankers to the Issue.

(h) In case of joint holders, all joint holders must sign the relevant part of the CAF in the same order and as

per the specimen signature(s) recorded with us / Depositories. Further, in case of joint Investors who are Renouncees, the number of Investors should not exceed three. In case of joint Investors, reference, if any, will be made in the first Investor's name and all communication will be addressed to the first Investor.

(i) Application(s) received from NRs/NRIs, or persons of Indian origin residing abroad for Allotment of Equity Shares shall, *inter alia*, be subject to conditions, as may be imposed from time to time by the RBI under FEMA, including the regulations relating to QFIs, in the matter of refund of application money, Allotment of Equity Shares, subsequent issue and Allotment of Equity Shares, interest, export of share certificates, etc. In case a NR or NRI Equity Shareholder has specific approval from the RBI, in connection with his shareholding, he should enclose a copy of such approval with the CAF. Additionally, applications will not be accepted from NRs/NRIs in the United States or its territories and possessions, or any other jurisdiction where the offer or sale of the Rights Entitlements and Equity Shares may be restricted by applicable securities laws.

(j) All communication in connection with application for the Equity Shares, including any change in address of the Equity Shareholders should be addressed to the Registrar to the Issue prior to the date of Allotment in this Issue quoting the name of the first/sole Investor, folio numbers and CAF number. Please note that any intimation for change of address of Equity Shareholders, after the date of Allotment, should be sent to our Registrar and Transfer Agent, in the case of Equity Shares held in physical form and to the respective depository participant, in case of Equity Shares held in dematerialized form.

(k) SAFs cannot be re-split.

(l) Only the Equity Shareholders and not Renouncee(s) shall be entitled to obtain SAFs.

(m) Investors must write their CAF number at the back of the cheque /demand draft.

(n) Only one mode of payment per application should be used. The payment must be by cheque / demand draft drawn on any of the banks, including a co-operative bank, which is situated at and is a member or a sub member of the Bankers Clearing House located at the centre indicated on the reverse of the CAF where the application is to be submitted.

(o) A separate cheque / draft must accompany each CAF. Outstation cheques / demand drafts or post-dated cheques and postal / money orders will not be accepted and applications accompanied by such outstation cheques / outstation demand drafts / money orders or postal orders will be rejected.

(p) No receipt will be issued for application money received. The Bankers to the Issue / Collecting Bank/ Registrar will acknowledge receipt of the same by stamping and returning the acknowledgment slip at the bottom of the CAF.

(q) The distribution of this Draft Letter of Offer and issue of Equity Shares and Rights Entitlements to persons in certain jurisdictions outside India may be restricted by legal requirements in those jurisdictions. Persons in the United States and such other jurisdictions are instructed to disregard this Draft Letter of Offer and not to attempt to subscribe for Equity Shares.

Do's for non-ASBA Investors:

(a) Check if you are eligible to apply i.e. you are an Equity Shareholder on the Record Date;

(b) Read all the instructions carefully and ensure that the cheque/ draft option is selected in part A of the CAF and necessary details are filled in;

(c) In the event you hold Equity Shares in dematerialised form, ensure that the details about your Depository Participant and beneficiary account are correct and the beneficiary account is activated as the Equity Shares will be allotted in the dematerialized form only;

(d) Ensure that your Indian address is available to us and the Registrar, in case you hold Equity Shares in physical form or the depository participant, in case you hold Equity Shares in dematerialised form;

(e) Ensure that the value of the cheque/ draft submitted by you is equal to the (number of Equity Shares applied for) X (Issue Price of Equity Shares, as the case may be) before submission of the CAF;

(f) Ensure that you receive an acknowledgement from the collection branch of the Banker to the Issue for your submission of the CAF in physical form;

(g) Ensure that you mention your PAN allotted under the IT Act with the CAF, except for Applications on behalf of the Central and State Governments, residents of the state of Sikkim and officials appointed by the courts;

(h) Ensure that the name(s) given in the CAF is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the CAF is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the CAF;

(i) Ensure that the demographic details are updated, true and correct, in all respects.

Don'ts for non-ASBA Investors:

(a) Do not apply if you are not eligible to participate in the Issue the securities laws applicable to your jurisdiction;

(b) Do not apply on duplicate CAF after you have submitted a CAF to a collection branch of the Bank to the Issue;

(c) Do not pay the amount payable on application in cash, by money order or by postal order;

(d) Do not submit the GIR number instead of the PAN as the application is liable to be rejected on this ground;

(e) Do not submit Application accompanied with Stock invest;

Grounds for Technical Rejections for non-ASBA Investors

Investors are advised to note that applications are liable to be rejected on technical grounds, including the following:

- Amount paid does not tally with the amount payable;
- Bank account details (for refund) are not given and the same are not available with the DP (in the case of dematerialized holdings) or the Registrar (in the case of physical holdings);
- Age of Investor(s) not given (in case of Renouncees);
- Except for CAFs on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts, PAN number not given for application of any value;
- In case of CAF under power of attorney or by limited companies, corporate, trust, relevant documents are not submitted;
- If the signature of the Equity Shareholder does not match with the one given on the CAF and for renouncee(s) if the signature does not match with the records available with their depositories;
- CAFs are not submitted by the Investors within the time prescribed as per the CAF and this Draft Letter of Offer;
- CAFs not duly signed by the sole/joint Investors;
- CAFs or SAFs by OCBs not accompanied by a copy of an RBI approval to apply in this Issue;
- CAFs accompanied by Stockinvest / outstation cheques / post-dated cheques / money order / postal order / outstation demand draft;
- In case no corresponding record is available with the depositories that matches three parameters, namely, names of the Investors (including the order of names of joint holders), the Depositary Participant's identity (DP ID) and the beneficiary's identity;
- CAFs that do not include the certifications set out in the CAF to the effect that the subscriber is not a "U.S. Person" (as defined in Regulation S) and does not have a registered address (and is not otherwise located) in the United States or other restricted jurisdictions and is authorized to acquire the Rights

Entitlements and Equity Shares in compliance with all applicable laws and regulations;

- CAFs which have evidence of being executed in/dispatched from restricted jurisdictions;
- CAFs by ineligible non-residents (including on account of restriction or prohibition under applicable local laws) and where the registered addressed in India or the Indian address provided by the Equity Shareholders from time to time has not been provided;
- CAFs where we believe that CAF is incomplete or acceptance of such CAF may infringe applicable legal or regulatory requirements;
- In case the GIR number is submitted instead of the PAN;
- Applications by Renouncees who are persons not competent to contract under the Indian Contract Act, 1872, including minors; and
- Multiple CAFs, including cases where an Investor submits CAFs along with a plain paper application.
- Applications from QIBs or Investors applying in this Issue for Equity Shares for an amount exceeding ₹ 0.2 million, which are not through ASBA process.

Please read this Draft Letter of Offer or Abridged Letter of Offer and the instructions contained therein and in the CAF carefully before filling in the CAF. The instructions contained in the CAF are an integral part of this Draft Letter of Offer and must be carefully followed. The CAF is liable to be rejected for any non-compliance of the provisions contained in this Draft Letter of Offer or the CAF.

Investment by FIIs

In accordance with the current regulations, the following restrictions are applicable for investment by FIIs:

No single FII can hold more that 10% of our post-Issue paid-up share capital. In respect of an FII investing in the Equity Shares on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 5% of our total paid-up share capital, in case such sub-account is a foreign corporate or an individual.

Applications will not be accepted from FIIs in restricted jurisdictions.

Please note that pursuant to the applicability of the directions issued by SEBI *vide* its circular bearing number CIR/CFD/DIL/1/2011 dated April 29, 2011, all applicants who are QIBs or are applying in this Issue for Equity Shares for an amount exceeding ₹ 0.2 million shall mandatorily make use of ASBA facility.

Investment by NRIs

Investments by NRIs are governed by the Portfolio Investment Scheme under Regulation 5(3)(i) of the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000. Applications will not be accepted from NRIs in restricted jurisdictions.

Please note that pursuant to the applicability of the directions issued by SEBI *vide* its circular bearing number CIR/CFD/DIL/1/2011 dated April 29, 2011, all applicants who are QIBs are applying in this Issue for Equity Shares for an amount exceeding ₹ 0.2 million shall mandatorily make use of ASBA facility.

Procedure for Applications by Mutual Funds

A separate application can be made in respect of each scheme of an Indian mutual fund registered with the SEBI and such applications shall not be treated as multiple applications. The applications made by asset management companies or custodians of a mutual fund should clearly indicate the name of the concerned scheme for which the application is being made.

Please note that pursuant to the applicability of the directions issued by SEBI *vide* its circular bearing number CIR/CFD/DIL/1/2011 dated April 29, 2011, all applicants who are QIBs are applying in this Issue for Equity Shares for an amount exceeding ₹ 0.2 million shall mandatorily make use of ASBA facility.

Investment by QFIs

In terms of circulars dated January 13, 2012, SEBI and RBI have permitted investment by QFIs in Indian equity issues, including in rights issues. A QFI can invest in the Issue through its depository participant with whom it has opened a demat account. No single QFI can hold more than five percent of paid up equity capital of the

company at any point of time. Further, aggregate shareholding of all QFIs shall not exceed ten percent of the paid up equity capital of the Company at any point of time.

Applications will not be accepted from QFIs in restricted jurisdictions.

QFI applicants which are QIBs or whose application amount exceeds ₹ 0.2 million can participate in the Issue only through the ASBA process.

Mode of payment for Resident Equity Shareholders/ Investors

- All cheques / drafts accompanying the CAF should be drawn in favour of the Collecting Bank (specified on the reverse of the CAF), crossed 'A/c Payee only' and marked "***Network18 Media & Investments Limited – Rights Issue***";

- Investors residing at places other than places where the bank collection centres have been opened by us for collecting applications, are requested to send their CAFs together with Demand Draft for the full application amount, net of bank and postal charges favouring the Bankers to the Issue, crossed 'A/c Payee only' and marked "***Network18 Media & Investments Limited – Rights Issue***" payable at Hyderabad directly to the Registrar to the Issue by registered post so as to reach them on or before the Issue Closing Date. We or the Registrar to the Issue will not be responsible for postal delays or loss of applications in transit, if any.

Mode of payment for Non-Resident Equity Shareholders/ Investors

As regards the application by non-resident Equity Shareholders / Investors, the following conditions shall apply:

- Individual non-resident Indian applicants who are permitted to subscribe for Equity Shares by applicable local securities laws can obtain application forms from the following address:

  Karvy Computershare Private Limited

  Plot Nos.17-24, Vittal Rao Nagar
  Madhapur, Hyderabad – 500 081
  Andhra Pradesh, India.

  Toll Free no.1-800-3454001
  Tel: +91 40 4465 5000
  Fax: +91 40 2343 1551
  Email: network18rights@karvy.com
  Contact Person: Mr. M. Murali Krishna
  Website: http:\\karisma.karvy.com
  SEBI Registration No.: INR000000221

- Applications will not be accepted from non-resident from any jurisdiction where the offer or sale of the Rights Entitlements and Equity Shares may be restricted by applicable securities laws.

- All non-resident investors should draw the cheques/demand drafts in favour of "[●]", crossed "A/c Payee only" for the full application amount, net of bank and postal charges and which should be submitted along with the CAF to the Bankers to the Issue/collection centres or to the Registrar to the Issue.

- Non-resident investors applying from places other than places where the bank collection centres have been opened by the Company for collecting applications, are requested to send their CAFs together with Demand Draft for the full application amount, net of bank and postal charges drawn in favour of "[●]", crossed "A/c Payee only" and marked "[●]" payable at Hyderabad directly to the Registrar to the Issue by registered post so as to reach them on or before the Issue Closing Date. The Company or the Registrar to the Issue will not be responsible for postal delays or loss of applications in transit, if any.

- Payment by non-residents must be made by demand draft payable at Hyderabad /cheque payable drawn

on a bank account maintained at Hyderabad or funds remitted from abroad in any of the following ways:

Application with repatriation benefits

i. By Indian Rupee drafts purchased from abroad and payable at Hyderabad or funds remitted from abroad (submitted along with Foreign Inward Remittance Certificate); or

ii. By cheque/draft on a Non-Resident External Account (NRE) or FCNR Account maintained in India; or

iii. By Rupee draft purchased by debit to NRE/FCNR Account maintained elsewhere in India and payable in Hyderabad;

iv. FIIs registered with SEBI must remit funds from special non-resident rupee deposit account.

v. Non-resident investors applying with repatriation benefits should draw cheques/drafts in favour of 'Network18 Media & Investments Limited – Rights Issue - NR' and must be crossed 'account payee only' for the full application amount.

vi. Investors may note that where payment is made by drafts purchased from NRE/ FCNR accounts as the case may be, an Account Debit Certificate from the bank issuing the draft confirming that the draft has been issued by debiting the NRE/ FCNR account should be enclosed with the CAF. Otherwise the application shall be considered incomplete and is liable to be rejected.

Application without repatriation benefits

i. As far as non-residents holding Equity Shares on non-repatriation basis are concerned, in addition to the modes specified above, payment may also be made by way of cheque drawn on Non-Resident (Ordinary) Account maintained in India or Rupee Draft purchased out of NRO Account maintained elsewhere in India but payable at Hyderabad. In such cases, the Allotment of Equity Shares will be on non-repatriation basis.

ii. All cheques/drafts submitted by non-residents applying on a non-repatriation basis should be drawn in favour of 'Network18 Media & Investments Limited – Rights Issue – R' and must be crossed 'account payee only' for the full application amount. The CAFs duly completed together with the amount payable on application must be deposited with the Collecting Bank indicated on the reverse of the CAFs before the close of banking hours on or before the Issue Closing Date. A separate cheque or bank draft must accompany each CAF.

iii. Investors may note that where payment is made by drafts purchased from NRE/ FCNR/ NRO accounts as the case may be, an Account Debit Certificate from the bank issuing the draft confirming that the draft has been issued by debiting the NRE/ FCNR/ NRO account should be enclosed with the CAF. Otherwise the application shall be considered incomplete and is liable to be rejected.

iv. New demat account shall be opened for holders who have had a change in status from resident Indian to NRI. Any application from a demat account which does not reflect the accurate status of the Applicant are liable to be rejected.

Notes:

- In case where repatriation benefit is available, interest, dividend, sales proceeds derived from the investment in Equity Shares can be remitted outside India, subject to tax, as applicable according to the IT Act.

- In case Equity Shares are allotted on a non-repatriation basis, the dividend and sale proceeds of the Equity Shares cannot be remitted outside India.

- The CAF duly completed together with the amount payable on application must be deposited with the Collecting Bank indicated on the reverse of the CAFs before the close of banking hours on or before the Issue Closing Date. A separate cheque or bank draft must accompany each CAF.

- In case of an application received from non-residents, Allotment, refunds and other distribution, if any, will be made in accordance with the guidelines/ rules prescribed by RBI as applicable at the time of making such Allotment, remittance and subject to necessary approvals.

Impersonation

As a matter of abundant caution, attention of the Investors is specifically drawn to the provisions of sub-section (1) of section 68A of the Companies Act which is reproduced below:

"*Any person who makes in a fictitious name an application to a Company for acquiring, or subscribing for, any shares therein, or otherwise induces a Company to Allot, or register any transfer of shares therein to him, or any other person in a fictitious name, shall be punishable with imprisonment for a term which may extend to five years*".

Payment by Stockinvest

In terms of RBI Circular DBOD No. FSC BC 42/24.47.00/2003-04 dated November 5, 2003, the Stockinvest Scheme has been withdrawn. Hence, payment through Stockinvest would not be accepted in this Issue.

Disposal of application and application money

No acknowledgment will be issued for the application moneys received by us. However, the Bankers to the Issue / Registrar to the Issue / Designated Branch of the SCSBs receiving the CAF will acknowledge its receipt by stamping and returning the acknowledgment slip at the bottom of each CAF.

The Board reserves its full, unqualified and absolute right to accept or reject any application, in whole or in part, and in either case without assigning any reason thereto.

In case an application is rejected in full, the whole of the application money received will be refunded. Wherever an application is rejected in part, the balance of application money, if any, after adjusting any money due on Equity Shares allotted, will be refunded to the Investor within a period of 15 days from the Issue Closing Date. If such money is not repaid within eight days from the day we become liable to repay it, we and every Director who is an officer in default shall, on and from expiry of eight days, be jointly and severally liable to repay the money with interest as prescribed under Section 73 of the Companies Act.

For further instructions, please read the CAF carefully.

Utilisation of Issue Proceeds

The Board of Directors declares that:

(i) All monies received out of this Issue shall be transferred to a separate bank account referred to sub-section (3) of Section 73 of the Companies Act;

(ii) Details of all monies utilized out of the Issue shall be disclosed under an appropriate separate head in our balance sheet indicating the purpose for which such monies have been utilised till the time any of the Issue Proceeds remained unutilised;

(iii) Details of all unutilized monies out of the Issue, if any, shall be disclosed under an appropriate separate head in our balance sheet indicating the form in which such unutilized monies have been invested; and

(iv) We may utilize the funds collected in the Issue only after finalisation of the Basis of Allotment.

Our undertakings

We undertake the following:

1. The complaints received in respect of the Issue shall be attended to by us expeditiously and satisfactorily.

2. All steps for completion of the necessary formalities for listing and commencement of trading at all Stock Exchange where the Equity Shares are to be listed will be taken within 7 working days of finalisation of Basis of Allotment.

3. The funds required for making refunds to unsuccessful applicants as per the modes disclosed shall be made available to the Registrar to the Issue by us.

4. We undertake that where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the Investor within 15 days of the Issue Closing Date, giving details of the banks where refunds shall be credited along with amount and expected date of electronic credit of refund.

5. Adequate arrangements shall be made to collect all ASBA applications and to consider them similar to non-ASBA applications while finalising the Basis of Allotment.

6. The certificates of the securities/ refund orders to the non-resident Indians shall be dispatched within the specified time.

7. No further issue of securities affecting equity capital of our Company shall be made till the securities issued/offered through this Draft Letter of Offer Issue are listed or till the application money are refunded on account of non-listing, under-subscription etc.

8. At any given time there shall be only one denomination of Equity Shares.

9. We accept full responsibility for the accuracy of information given in this Draft Letter of Offer and confirms that to the best of its knowledge and belief, there are no other facts the omission of which makes any statement made in this Draft Letter of Offer misleading and further confirms that it has made all reasonable enquiries to ascertain such facts.

10. All information shall be made available by the Lead Managers and the Issuer to the Investors at large and no selective or additional information would be available for a section of the Investors in any manner whatsoever including at road shows, presentations, in research or sales reports etc.

11. We shall comply with such disclosure and accounting norms specified by SEBI from time to time.

Minimum Subscription

If we do not receive minimum subscription of 90% of the Issue including participation by the Promoters and Promoter Group of the undersubscribed portion of the Issue, the entire subscription shall be refunded to the Applicants within 15 days from the Issue Closing Date. If there is delay in the refund of subscription by more than 8 days after we become liable to pay the subscription amount (i.e., 15 days after the Issue Closing Date), or the date of refusal by the Stock Exchanges to grant listing permission to us for the listing of the Equity Shares Allotted in this Issue, whichever is earlier, the Company and every Director of the Company who is an officer in default will be liable to pay interest for the delayed period, at prescribed rates in sub-sections (2) and (2A) of Section 73 of the Companies Act.

Important

- Please read this Draft Letter of Offer carefully before taking any action. The instructions contained in the CAF are an integral part of the conditions and must be carefully followed; otherwise the application is liable to be rejected.

- All enquiries in connection with this Draft Letter of Offer or accompanying CAF and requests for SAFs must be addressed (quoting the Registered Folio Number/ DP and Client ID number, the CAF number and the name of the first Equity Shareholder as mentioned on the CAF and super scribed 'Network18 Media & Investments Limited-Rights Issue' on the envelope and postmarked in India) to the Registrar to the Issue at the following address:

Karvy Computershare Private Limited

Plot Nos.17-24, Vittal Rao Nagar
Madhapur, Hyderabad – 500 081
Andhra Pradesh, India.

Toll Free no.1-800-3454001
Tel: +91 40 4465 5000
Fax: +91 40 2343 1551
Email: network18rights@karvy.com
Contact Person: Mr. M. Murali Krishna
Website: http:\\karisma.karvy.com
SEBI Registration No.: INR000000221

- It is to be specifically noted that this Issue of Equity Shares is subject to the risk factors mentioned in the section "***Risk Factors***" on page xvi.

The Issue will remain open for a minimum 15 days. However, the Board will have the right to extend the Issue period as it may determine from time to time but not exceeding 30 days from the Issue Opening Date.

SECTION IX – STATUTORY AND OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts (not being contracts entered into in the ordinary course of business carried on by us or entered into more than two years before the date of this Draft Letter of Offer) which are or may be deemed material have been entered or are to be entered into by us. These contracts and also the documents for inspection referred to hereunder, may be inspected at the Registered Office situated at 503, 504 & 507, 5th Floor, Mercantile House, 15, Kasturba Gandhi Marg, New Delhi – 110 001, India from 10.00 a.m. to 5.00 p.m. from the date of this Draft Letter of Offer until the Issue Closing Date.

(A) MATERIAL CONTRACTS

1. Engagement Letter dated January 23, 2012 between us and ICICI Securities Limited.

2. Engagement Letter dated February 21, 2012 between us and RBS Equities (India) Limited.

3. Agreement dated March 1, 2012 entered into between us and the Lead Managers to the Issue.

4. Agreement dated January 31, 2012 entered into between us and the Registrar to the Issue.

(B) DOCUMENTS

1. Memorandum and Articles of Association.

2. Certificate of incorporation dated February 16, 1996 and fresh certificates of incorporation consequent upon change of name dated April 12, 2006, November 9, 2006 and December 1, 2007.

3. Copy of the Resolution of the Board of Directors dated January 3, 2012 authorising the Issue and related matters.

4. Copy of the shareholders resolution passed by postal ballot dated February 24, 2012 authorising the Issue and related matters.

5. The Report of the Auditors being, M/s. G. S. Ahuja & Associates, Chartered Accountants and former auditors as set out herein dated May 30, 2011 in relation to the audited financial statements for the Financial Year 2010-11.

6. The limited review report of the Auditors being, M/s. Walker, Chandiok & Co, Chartered Accountants as set out herein dated February 27, 2012 in relation to the limited reviewed standalone and consolidated financial results for the quarter and six months ended September 30, 2011.

7. The limited review report of the Auditors being, M/s. Walker, Chandiok & Co, Chartered Accountants as set out herein dated February 9, 2012 in relation to the limited reviewed standalone and consolidated financial results for the quarter and nine months ended December 31, 2011.

8. The Report of the M/s. A. K. Sabat & Co, Chartered Accountants as set out herein dated February 24, 2012 in relation to the summary financial information of Panorama, Prism and Eenadu for Financial Years 2006-07, 2007-08, 2008-09, 2009-10 and 2010-11.

9. The Report of the M/s. A. K. Sabat & Co, Chartered Accountants as set out herein dated February 25, 2012 in relation to the summary financial information of Equator for Financial Years 2008-09, 2009-10 and 2010-11.

10. A statement of tax benefits dated February 2, 2012 received from M/s. Manoj L. Jain & Co., Chartered Accountants regarding tax benefits available to us and our shareholders;

11. Annual Reports for the Financial Years 2006-07, 2007-08, 2008-09, 2009-10 and 2010-11 taken on a standalone and consolidated basis.

12. Letter of offer for our last rights issue dated March 7, 2008.

13. In-principle listing approval dated [●] and [●] from the BSE and the NSE respectively.

14. Tripartite Agreement dated June 21, 2011 between us, Karvy Computershare Private Limited and NSDL to establish direct connectivity with the Depository.

15. Tripartite Agreement dated June 16, 2011 between us, Karvy Computershare Private Limited and CDSL to establish direct connectivity with the Depository.

Any of the contracts or documents mentioned in this Draft Letter of Offer may be amended or modified at any time if so required in our interest or if required by the other parties, without reference to the Equity Shareholders, subject to compliance with applicable law.

DECLARATION

We hereby certify that no statement made in this Draft Letter of Offer contravenes any of the provisions of the Companies Act, 1956 as amended and the rules made thereunder. We further certify that all the legal requirements connected with the Issue as also the guidelines, instructions, etc., issued by Securities and Exchange Board of India, the Government of India and any other competent authority in this behalf, have been duly complied with. We further certify that all disclosures made in the Draft Letter of Offer are true and correct.

Mr. Manoj Mohanka
Chairman,
Non-Executive Independent Director

Mr. Raghav Bahl
Managing Director

Ms. Subhash Bahl
Non-Executive Director

Ms. Vandana Malik
Non-Executive Director

Mr. Hari Shankar Bhartia
Non-Executive, Independent Director

Mr. Sanjay Ray Chaudhari
Non-Executive Director

Place: Noida
Date: March 1, 2012

Mr. Raman Deep Singh Bawa
Chief Financial Officer