Letter of Offer
August 31, 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 899,873,930 EQUITY SHARES WITH A FACE VALUE OF ₹ 5 EACH ("EQUITY SHARES") FOR CASH AT A PREMIUM OF ₹ 25 PER EQUITY SHARE FOR AN AMOUNT OF ₹ 26,996.22 MILLION ON A RIGHTS BASIS TO THE EXISTING EQUITY SHAREHOLDERS OF THE COMPANY IN THE RATIO OF 307 EQUITY SHARE(S) FOR EVERY 50 FULLY PAID UP EQUITY SHARE(S) HELD BY THE EXISTING EQUITY SHAREHOLDERS ON THE RECORD DATE, THAT IS ON SEPTEMBER 12, 2012 ("THE ISSUE"). THE ISSUE PRICE IS 6 TIMES THE FACE VALUE OF THE EQUITY SHARES. FOR FURTHER DETAILS, PLEASE REFER TO THE CHAPTER "TERMS OF THE ISSUE" ON PAGE 256.

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 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 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 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 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 July 20, 2012 and July 26, 2012, respectively. For the purposes of the Issue, the Designated Stock Exchange is the NSE.

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. Bharti Jani 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
SEPTEMBER 18, 2012	SEPTEMBER 24, 2012	OCTOBER 4, 2012

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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 Letter of Offer, unless otherwise indicated or the context otherwise requires, all references to "Network 18 Media & Investments Limited", "Network18", the/our "Company", "Issuer", "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

AS

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	Kotak Mahindra Bank Limited, HDFC Bank Limited and The Royal Bank of Scotland N.V.
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 http://www.sebi.gov.in/cms/sebi_data/attachdocs/1345612849756.html
Designated Stock Exchange	The NSE
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	The Draft Letter of Offer dated March 1, 2012 which was filed with SEBI for its observations and which did 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 899,873,930 Equity Shares for cash at a premium of ₹ 25 per Equity Share for an amount of ₹ 26,996.22 million on a rights basis to the existing Equity Shareholders in the ratio of 307 Equity Shares for every 50 fully paid-up Equity Shares held on the Record Date (i.e. September 12, 2012). The Issue price is 6 (six) times the face value of the Equity Shares.
Issue Closing Date	October 4, 2012
Issue Opening Date	September 18, 2012

Term	Description
Issue Price	₹ 30 as determined by our Board in compliance with regulation 10 (4) (b) (ii) of the Takeover Regulations
Issue Proceeds	The proceeds of the Issue that are available to us
Issue Size	The issue of 899,873,930 Equity Shares for an amount of ₹ 26,996.22 million
Lead Managers	ICICI Securities Limited and RBS Equities (India) Limited
Letter of Offer	This final letter of offer filed with the Stock Exchanges after incorporating the observations received from SEBI on the 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 24
Qualified Foreign Investors	QFI shall mean a person who fulfils the following criteria: (i)Resident in a country that is a member of Financial Action Task Force ("FATF") or a member of a group which is a member of FATF; and (ii)Resident in a country that is a signatory to International Organization of Securities Commission's Multilateral Memorandum of Understanding or a signatory of a bilateral MoU with SEBI: Provided that the person is not resident in a country listed in the public statements issued by FATF from time to time on-(i) jurisdictions having a strategic Anti-Money Laundering/ Combating the Financing of Terrorism deficiencies to which counter measures apply, (iii) jurisdictions that have not made sufficient progress in addressing the deficiencies or have not committed to an action plan developed with the FATF to address the deficiencies: Provided further such person is not resident in India: Provided further that such person is not registered with SEBI as FII 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	September 12, 2012
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

Term	Description
	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 http://www.sebi.gov.in/cms/sebi_data/attachdocs/1345612849756.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 Anu Option Securities in terms of the Option Agreement, in turn representing 3,107 equity shares of ₹ 10 each and 1,251,660 OFCDs of ₹ 100 each representing approximately 50% Equity Securities of Prism
Anu Option Securities	10,000 equity shares of ₹ 10 each and 31,750,000 CCDs of ₹ 200 each of Anu
Arimas	Arimas Trading Private Limited, a company incorporated under the laws of India, having its registered office at 4th Floor, Court House, Lokmanya Tilak Marg, Dhobi Talao, Mumbai 400002, Maharashtra, India.
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, 2012 between Eenadu, Equator, Anu and Ushodaya Promoters
Eenadu Acquisition	Acquisition by us or any of our affiliates of the Eenadu Option Securities.
Eenadu Option Securities	4,350 equity shares of ₹ 10 each and 608,984 OFCDs of ₹ 100 each of Eenadu
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 and 125,700,000 CCDs of ₹ 100

Term	Description
	each of Equator held by Arimas, 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 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, Digital Content Private Limited, having its registered office at Empire Complex, 1st Floor, 414, Senapati Bapat Marg, Lower Parel, Mumbai 400 013, Maharashtra, India
IndiaCast	IndiaCast Media Distribution Private Limited
Infomedia Press	One of our Subsidiaries, Infomedia Press Limited (name changed from 'Infomedia 18 Limited' to the present name, with effect from July 5, 2012)
Infotel	Infotel Broadband Services Limited, a company incorporated under the laws of India, subsidiary of RIL, having its registered office at 3rd Floor, Maker Chamber IV, Nariman Point, Mumbai – 400 021, Maharashtra, 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

Term	Description
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, as amended *vide* addendum 1 dated August 16, 2012 between Devaki, Anu, Arimas and TV18
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 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 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 ₹ 26,991.56 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 Infomedia Press (earlier known as Infomedia18 Limited) and us, which was approved by the High Court of Delhi by its order dated May 22, 2012 and came into effect on June 1, 2012 with April 1, 2012 being the appointed date.
Securities Purchase Agreement / SPA	Securities Purchase Agreement dated February 27, 2012 as amended by the addendum 1 dated August 16, 2012 between Network18, TV18, Equator and Arimas
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

Term	Description
	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. Network 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 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. Infomedia Press Limited 27. RVT Media Private Limited 28. AETN18 Media Private Limited 29. Network18 Holdings Limited, Mauritius 30. TV18 HSN Holdings Limited, Cyprus 31. TV18 Home Shopping Network Limited 32. Digital 18 Media Limited 33. Newswire 18 Limited 34. RRB Investments Limited 35. Setpro18 Distribution Limited **On July 19, 2012, the Registrar of Companies, Cayman Islands on the application of Capital18 Acquisiton Corporation has issued a strike off certificate, for striking off with effect from September 28, 2012.*
Sun18	A strategic alliance between us and Sun Network Limited whereby channels are aggregated through 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

Term	Description
	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
HITS	Headend in the sky
IPTV	Internet Protocol Television
MMDS	Multichannel Multipoint Distribution Service
MSO	Multi System Operator
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***", "***Outstanding Litigations***" and "***Financial Statements***" on pages 34, 232 and 73, respectively shall have the meanings given to such terms in these respective sections.

NOTICE TO OVERSEAS SHAREHOLDERS

The distribution of this 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 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 this 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 the Draft Letter of Offer had been filed with SEBI for observations. Accordingly, the rights or Equity Shares may not be offered or sold, directly or indirectly, and this Letter of Offer may not be distributed in any jurisdiction, except in accordance with legal requirements applicable in such jurisdiction. Receipt of this 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 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 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 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 Letter of Offer.

Neither the delivery of this 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

In relation to each Member State of the European Economic Area which has implemented Prospectus Directive 2003/71/EC (and amendments thereto, including Prospectus Directive 2010/73/EU) (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"), an offer to the public of any rights or Equity Shares in this Offering may not be made in that Relevant Member State except that, with effect from and including the Relevant Implementation Date, an offer to the public in that Relevant Member State of any Rights Entitlements or Equity Shares may be made at any time under the following exemptions under the Prospectus Directive:

a. at any time to any legal entity which is a "qualified investor" as defined in the Prospectus Directive;
b. to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the relevant Lead Managers nominated by the Issuer for any such Offer; or
c. in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Rights Entitlements or Equity Shares shall result in a requirement for the publication by us or any Lead Manager of a prospectus pursuant to Article 3 of the Prospectus Directive or of a supplement to 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 Rights Entitlements or Equity 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 Rights Entitlements or Equity Shares to be offered so as to enable an investor to decide to purchase any Rights Entitlements or Equity Shares, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression "Prospectus Directive" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive), and includes any relevant implementing measure in the Relevant Member State and the expression 2010 PD Amending Directive means Directive 2010/73/EU.

Each purchaser of Rights Entitlements or Equity Shares described in this Abridged Letter of Offer/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 Entitlements or Equity Shares in this Offering 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 the Supplement, to procure that such financial intermediary will be deemed to have represented, acknowledged and agreed that the Rights Entitlements or Equity Shares acquired by it in the Offering 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 Rights Entitlements or Equity Shares in this Offering 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.

United Kingdom

Each Lead Manager:

a. has complied and will comply with all applicable provisions of FSMA with respect to anything done by it in relation to the Rights Entitlements or Equity Shares in, from or otherwise involving the United Kingdom; and

b. this Abridged Letter of Offer/Letter of Offer is for distribution only to persons 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 "Financial Promotion Order"), (ii) are persons falling within Article 49(2)(a) to (d) ("high net worth companies, unincorporated associations etc") of the Financial Promotion Order, (iii) are outside the United Kingdom, or (iv) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000) in connection with the issue or sale of any securities may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as "relevant persons"). This Abridged Letter of Offer/Letter of Offer is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this document relates is available only to relevant persons and will be engaged in only with relevant persons.

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 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 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 this Letter of Offer/ the Abridged 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 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 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 Letter of Offer, the audited financial statements for the Financial Year 2011-12 have been included. For details of such financial statements, please see "***Financial Statements***" on page 73.

We have also included the limited reviewed financial results for the quarter ended June 30, 2012 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 214.

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, 2009-10, Financial Year 2010-11 and Financial Year 2011-12, prepared in accordance with the Indian GAAP, has been included in this Letter of Offer. For details see "***Summary Financial Information of Equator***" on page 179. 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 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 and Financial Year 2011-12 prepared in accordance with the Indian GAAP in this Letter of Offer. Please see "***Summary Financial Information of Panorama, Prism and Eenadu***" on page 186.

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 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 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 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 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 ₹)
2012	51.16	47.95	54.24	43.95
2011	44.65	45.27	45.95	44.65
2010	45.14	47.42	50.53	44.94

Month ended	Period End (in ₹)	Average* (in ₹)	High* (in ₹)	Low* (in ₹)
August, 2012	55.72	55.56	56.08	55.15
July, 2012	55.81	55.49	56.38	54.55
June, 2012	56.31	56.03	57.22	55.15
May, 2012	56.42	54.47	56.42	52.86
April, 2012	52.52	51.80	52.79	50.56
March, 2012	51.16	50.32	51.31	49.15

Source: RBI website at www.rbi.org.in
**Note: High, low and average are based on the RBI reference rate*
RBI reference rates as of August 31, 2012 - INR/ 1 USD: ₹55.72

FORWARD LOOKING STATEMENTS

Certain statements in this Letter of Offer are not historical facts but are "forward-looking" in nature. Forward looking statements appear throughout this 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 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 50, 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 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 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 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 that, 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.

A classification of the material legal proceedings instituted against and by us, our Subsidiaries, and joint ventures of our Subsidiaries and the monetary amount involved, wherever quantifiable, in these cases is mentioned in brief below.

Litigation against us

Sr. No.	Nature of the litigation	Number of outstanding litigations	Aggregate amount ascertainable (₹) in million
1.	Civil	2	36,140.60
2.	SEBI Complaint	1	Not ascertainable
Total		**3**	**36,140.60**

Litigation by us

Sr. No.	Nature of the litigation	Number of outstanding litigations	Aggregate amount ascertainable (₹) in million
1.	Criminal	1	0.40
Total		**1**	**0.40**

Litigation against TV18

Sr. No.	Nature of the litigation	Number of outstanding litigations	Aggregate amount ascertainable (₹) in million
1.	Criminal	11	50.00
2.	Civil	7	46,298.10
3.	SEBI Complaint	1	Not ascertainable
4.	Tax	4	213.81
Total		**23**	**46,561.91**

Litigation by TV18

Sr. No.	Nature of the litigation	Number of outstanding litigations	Aggregate amount ascertainable (₹) in million
1.	Criminal	1	0.07
2.	Civil	2	2,464.48
Total		**3**	**2,464.55**

Litigation against Greycells 18

Name of the joint venture	Nature of the litigation	Number of outstanding litigations	Aggregate amount ascertainable (₹) in million
Greycells18	Civil	1	Not ascertainable
Total		**1**	**Not ascertainable**

Litigation against Web-18

Name of the joint venture	Nature of the litigation	Number of outstanding litigations	Aggregate amount ascertainable (₹) in million
Web-18	Criminal	1	Not ascertainable
Total		**1**	**Not ascertainable**

Litigation against Infomedia Press

Sr. No.	Nature of the litigation	Number of outstanding litigations	Aggregate amount ascertainable (₹) in million
1.	Criminal	1	Not ascertainable
2.	Civil	1*	5,000.00
3.	Tax	18	182.22
Total		**20**	**5,182.22**

Litigation against joint ventures of our Subsidiaries

Name of the joint venture	Nature of the litigation	Number of outstanding litigations	Aggregate amount ascertainable (₹) in million
Viacom 18	Criminal	4	Not Ascertainable
	Civil	3	236.63
	Tax	6	244.83
Total		**13**	**481.46**

Name of the joint venture	Nature of the litigation	Number of outstanding litigations	Aggregate amount ascertainable (₹) in million
IBN Lokmat	Criminal	1	Not ascertainable
Total		**1**	**Not ascertainable**

Litigation by joint ventures of our Subsidiaries

Name of the joint venture	Nature of the litigation	Number of outstanding litigations	Aggregate amount ascertainable (₹) in million
Viacom 18	Criminal	4	14.12
Total		**4**	**14.12**

Name of the joint venture	Nature of the litigation	Number of outstanding litigations	Aggregate amount ascertainable (₹) in million
IBN Lokmat	Criminal	2	Not ascertainable
Total		**2**	**Not ascertainable**

Note: The amounts indicated in the column above are approximate amounts.

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 see "***Outstanding Litigations***" on page 232.

2. We are involved in a legal proceeding instituted by the minority shareholders of e-Eighteen.com Limited ("EEL"). Any adverse development in this case may require us to transfer all our businesses, activities and ventures along with all assets and intellectual property developed and built after September 12, 2000 to EEL and prevent us from undertaking any expansion or development activity.

Our Promoter and Managing Director, Mr. Raghav Bahl, and certain group companies are involved as defendants in a derivative action instituted by Victor Fernandes, Sangeeta Fernandes, Priti Khanderia and Manoj Khanderia, the 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 filed by the plaintiffs is currently pending. For further details see "Outstanding Litigations" on page 232. Any adverse development in this case may require us to transfer all our businesses, activities and ventures along with all assets and intellectual property developed after September 12, 2000 to EEL.

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 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. 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 July 31, 2012, we had standalone outstanding indebtedness of ₹ 11,591.75 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. As of the date hereof, we have not received consent to undertake the Issue from two of our lenders, Punjab National Bank and Axis Bank. We have applied for such consents and have informed the lenders of our intention to undertake this Issue. Undertaking this Issue without obtaining the lenders consents, may constitute breach of the terms of the relevant financing documents. Various remedies are available to lenders, as a consequence, including, recall of entire outstanding together with interest and other charges. Any recall of amounts due under such facility may materially and adversely affect our business, financial condition and results of operations.

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.

5. ***We shall use the proceeds of this Issue to finance the ETV Acquisition by investing 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. The management of Network18 and TV18 have relied on the valuation report of Ernst & Young for approving the ETV acquisition at a price of ₹19,250 million and Ernst & Young have relied upon the information provided by the management of TV18 and ETV Companies without independently verifying the same.***

One of the objects of this Issue is to finance the ETV Acquisition. In connection with the ETV Acquisition, TV18 and Network18 have entered into the SPA with Equator and Arimas, pursuant to which, Arimas 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"). The value of investment of Equator in Eenadu, Prism and Panorama is ₹ 19,250 million less Net Debt, based on the valuation of the ETV Companies by Ernst & Young. The management of Network18 and TV18 have relied on the valuation report of Ernst & Young for approving the ETV Acquisition at a price of ₹ 19,250 million less Net Debt. The management of TV18 informed Ernst & Young of the synergy benefits of the combined entity after the ETV Acquisition in subscription revenues, advertisement revenues and savings in carriage/placement charges paid. Ernst & Young have discussed the aforesaid synergies with the management of ETV and their view was in line with the assumptions considered for the aforesaid synergies. In this connection, Ernst & Young have stated that they do not have the technical knowledge/expertise to validate the assumptions relating to the synergy benefits. Ernst & Young have also stated that their valuation analysis is based solely on various financial information provided by the management of TV18 and ETV Companies without verifying the original documents.

The valuation of ETV Companies, which have undergone significant restructuring in past five years is based on financial information derived from the unaudited balance sheet of ETV companies, as on September 30, 2011 (being the last available balance sheet as on the date of completion of the valuation) and on the projections of the business provided to it by the managements of TV18 and ETV Companies. Accordingly, there can be no assurance that the valuation by Ernst & Young represents an accurate valuation of the ETV Companies and we cannot provide any assurance that our investment in TV18 and TV18's investment in the ETV Companies will be beneficial to the Company and /or our Equity Shareholders and provide returns on a continuous basis.

6. ***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.

7. If the Scheme of Arrangement were to prescribe a different accounting treatment (i.e. debiting the profit & loss instead of writing it off from the securities premium) our accumulated standalone losses as per our audited financial statements for the Financial Year 2011-12 would have substantially increased by 173% from ₹ 3,660.80 million to ₹ 9,995.49 million.

The Scheme of Arrangement came into effect from June 10, 2011 upon filing a copy of the order of High Court with the Registrar of Companies, NCT of Delhi & Haryana, with the appointed date being April 1, 2010. The Scheme of Arrangement, as approved by the High Court of Delhi at New Delhi vide its order dated April 26, 2011, prescribed the accounting treatment in respect of the assets and liabilities taken over pursuant to the Scheme of Arrangement. As per the accounting treatment prescribed by the Scheme of Arrangement, the impact of fair valuation of assets and liabilities pursuant to the Scheme of Arrangement amounting to ₹ 6,334.69 million has been debited to the securities premium account, which otherwise would have been debited to profit and loss account as per accounting standard 13 (i.e. accounting for investments) and Indian GAAP. If the Scheme of Arrangement were to prescribe a different accounting treatment (i.e. debiting the profit & loss instead of writing it off from the securities premium), our accumulated standalone losses as per audited financial statements for Financial Year 2011-12 would have substantially increased from ₹ 3,660.80 million to ₹ 9,995.49 million, representing 173% increase in the accumulated losses.

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

We recorded net losses on standalone basis of ₹ 1,919.31 million and ₹ 496.26 million as per audited financial statements in Financial Year 2011-12 and as per our limited reviewed financial statements for the quarter ended June 30, 2012, respectively. Further, we recorded net losses on consolidated basis of ₹ 3,926.64 million and ₹ 902.05 million in as per our audited financial statements for the Financial Year 2011-12 and as per our limited reviewed financial statements for the quarter ended June 30, 2012, 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 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.

9. 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 commerce and allied businesses segments into our business. For further details, please see "***Business***" on page 50. 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 Financial Year 2011-12 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.

10. The proposed Issue size is much larger than our net worth and current equity capital and consequently non subscription by the existing Equity Shareholders would result in significant dilution of their holdings.

Our net worth as of March 31, 2012 as per our audited financial statements on standalone basis was ₹ 8,772.39 million. The proposed Issue is for an amount of ₹ 26,996.22 million on a rights basis to our existing Equity Shareholders in the ratio of 307 Equity Share(s) for every 50 fully paid up Equity Share(s) held by the existing Equity Shareholders on the record date, that is on September 12, 2012. Considering the Issue price is ₹ 30 per Equity Share, the size of Issue will be 899,873,930 Equity Shares. The post rights equity capital will be 1,046,433,202 Equity Shares (7.14 times the current equity capital). Further 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 Promoter 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. The Subscribing

Companies have, pursuant to their letter dated February 29, 2012, undertaken to subscribe to (i) their entitlement, (ii) additional Equity Shares and (iii) any unsubscribed Equity Shares as disclosed in the chapter "***Capital Structure***" on page 15. Hence any Equity Shareholder, not subscribing to its entitlement will be diluted by 85.99 % after completion of the Rights Issue.

11. 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.

12. 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.

13. 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.

14. 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 Viacom18 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.

15. There has been substantial increase in losses after March 31, 2011, which include operational losses as well as the losses after giving effect to the Scheme of Arrangement

We recently completed a reorganization of our group structure to consolidate and simplify our operations pursuant to the Scheme of Arrangement, which came into effect from June 10, 2011 ("Effective Date") with the Appointed Date being April 1, 2010. Accordingly, our financial position after giving effect to the Scheme of Arrangement has been reflected in the financial results for year ended March 31, 2012. Upon giving effect to the Scheme of Arrangement, our consolidated loss as per our audited financial statements increased from ₹ 366.84 million for Financial Year 2010-11 to ₹ 3,926.64 million for Financial Year 2011-12 and that on standalone basis increased from ₹ 691.28 million for Financial Year 2010-11 to ₹ 1,919.31 million for Financial Year 2011-12 which include operational losses. There has been substantial increase in losses after giving effect to the

Scheme of Arrangement. The NAV of our Shares has decreased from ₹ 73.81 per Share as on March 31, 2011 to ₹ 10.53 per Share as on March 31, 2012 on a consolidated basis and from ₹ 75.84 per Share as on March 31, 2011 to ₹ 59.86 per Share as on March 31, 2012 pursuant to giving effect to the Scheme of Arrangement and other operational losses. For details refer to "Accounting Ratios and Capitalization Statement" on page 209.

16. 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.

TV18 has entered into a strategic joint venture with Viacom18 to create a multi-platform 'Content Asset Monetization' entity, which shall drive domestic, and international channel distribution across all platforms, including Cable, DTH, IPTV, HITS and MMDS, placement services and content syndication for the channels operated by us and the ETV Channels, post completion of ETV Acquisition in all states of India and abroad (excluding states of Tamil Nadu and Pondicherry where Sun18 shall have these rights up to March 31, 2013).

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.

17. 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, Mauritius, 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 March 31, 2012 as per our audited financial statements, 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.

18. 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 Arimas 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.

19. 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 24 and 63 respectively.

20. 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 Letter of Offer, MIB has not granted the approval for transfer, as they have contended that Panorama, Prism and Eenadu do not meet the conditions laid down in paragraph 11 of the Uplinking Guidelines issued on December 5, 2011 in terms of networth. UEPL is currently in discussion with MIB to clarify the net worth calculation as determined by MIB. As of the date of this Letter of Offer, the transfer of such licenses is 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 make us unable to operate the ETV channels and have a material adverse effect on our business, prospects, results of operations, expansion plans and financial condition.

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

The Subscribing Companies each have a paid-up and issued share capital of ₹ 0.1 million comprising 10,000 equity shares of ₹ 10 each. The Subscribing Companies are currently controlled by Mr. Raghav Bahl, who holds 9,500 equity shares in each. As per the ZOCD Investment Agreement, the Subscribing Companies will issue such number of ZOCDs to IMT to enable them to subscribe to (i) their entitlement, (ii) additional Equity Shares and (iii) unsubscribed Equity Shares in the Issue with the proceeds of the ZOCDs. Each ZOCD of ₹ 100 each is convertible into 10 equity shares of the respective Subscribing Company. These ZOCDs are also 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.

Since the capital base of the Subscribing Companies is relatively small, the issue and conversion of more than 1,000 ZOCDs in each of the Subscribing Companies by IMT or, if transferred, the subsequent holders of ZOCDs could result in change in control of the Subscribing Companies in favour of the holders of ZOCDs.

As of the date of this Letter of Offer, the Subscribing Companies hold 36.90% of the paid-up Equity Share capital of our Company. Hence, the Subscribing Companies will be entitled to subscribe to approximately 36.90% of the Issue and will hold a minimum of approximately 36.90% of the post-Issue paid up Equity Share capital of Issuer after the Issue. Moreover, the Subscribing Companies have vide letter dated February 29, 2012, also undertaken to subscribe to the unsubscribed portion of the Issue. Therefore, by subscribing to their entitlement and unsubscribed portion, if any, in this Issue, the Subscribing Companies will hold more than 36.90% of the post-Issue paid up equity share capital of Issuer. By way of an example, subscribing to even

36.90% of the rights issue of Network18 would lead to a fund requirement of ₹ 9,963 million which would mean that a minimum of 99,630,000 ZOCDs would be collectively issued by the Subscribing Companies to IMT. Therefore, if the ZOCD holder opts for conversion of such number of ZOCDs, which results in the ZOCD holder holding more than 51% of the Subscribing Companies, it will result in a 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, change of control in us and considering that the Issuer is already in control of TV18, the acquisition of control of the Issuer by ZOCD holder as explained above may consequently result in change of control of TV18 also in favor of ZOCD holder, which may significantly influence our business, policies, and operations.

22. The objects of the Issue include the utilization of the Issue Proceeds to repay two term loan facilities from RBS Financial Services (India) Private Limited and The Royal Bank of Scotland N.V., associates of RBS Equities (India) Limited, one of the Lead Managers to this Issue.

The objects of this Issue include the utilization of the Issue Proceeds to repay our existing loans including two term loan facilities from RBS Financial Services (India) Private Limited and The Royal Bank of Scotland N.V., associates of RBS Equities (India) Limited, one of the Lead Managers to the Issue. We have entered into two term loan facilities with RBS Financial Services (India) Private Limited and The Royal Bank of Scotland N.V. for ₹ 350 million and ₹ 3,650 million, respectively. These loans are for general corporate purposes, working capital requirements, capital expenditure and repayment of other existing loans. As on July 31, 2012, the amounts outstanding under these facilities are ₹ 340 million and ₹ 3,489 million, respectively. Since the proceeds of the Issue are partly being used towards repayment of these loans, the amount towards such repayment to RBS Financial Services (India) Private Limited and The Royal Bank of Scotland N.V. will not be available for use in our business. For details of these loans, please see the chapter "***Objects of the Issue***" on page 24 and "***Financial Indebtedness***" on page 227.

23. The exercise of option by TV18 in terms of the Option Agreement for Anu Acquisition and Eenadu Acquisition may require additional funding of approximately ₹ 14,450.1 million. Our inability to raise/ provide financing for the Anu Acquisition and Eenadu 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 ₹ 9,300.1 million as adjusted for the net debt of Anu ("Anu Net Debt"). For further details see "***Material Agreements Pertaining to ETV Acquisition***" on page 63. Completion of Anu Acquisition will entitle us to indirectly acquire additional approximately 50% Equity Securities of Prism.

Pursuant to the Option Agreement, TV18 and its affiliates have an option of the Eenadu Acquisition, subject to completion of ETV Acquisition in terms of the SPA on or before March 31, 2013, for an aggregate consideration of ₹ 5,150 million as adjusted for the net debt of Eenadu ("Eenadu Net Debt"). For further details see "***Material Agreements Pertaining to ETV Acquisition***" on page 63. Completion of Eenadu Acquisition will entitle us to indirectly acquire additional approximately 24.50% Equity Securities of Eenadu.

We need to raise additional funds for completing Anu Acquisition and Eenadu 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.

24. The statutory auditors of each of Panorama, Prism and Eenadu had qualified their reports on financial statements for the Financial Years 2010-11 and 2011-12.

The statutory auditors of Panorama, Prism and Eenadu had qualified their examination reports on financial statements for the Financial Years 2010-11 and 2011-12. Brief details of the area of qualifications are set forth below.

Eenadu

Fiscal 2011

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."*

Fiscal 2012

1. *"Para 4: As more fully discussed in Additional Notes 29.4 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 Rs24,872 Lakhs as at March 31, 2012.*

2. *Para 5: As at March 31, 2012 the Company had certain overdue debtors aggregating to Rs. 203.34 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."*

Prism

Fiscal 2011

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."*

Fiscal 2012

1. "Para 4 : *As more fully discussed in Additional Notes 28.4 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 Rs12,966 Lakhs as at March 31, 2012.*

2. *Para 5: As at March 31, 2012 the Company had certain overdue debtors aggregating to Rs. 679.32 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."*

Panorama

Fiscal 2011

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."*

Fiscal 2012

1. *"Para 4: As more fully discussed in Additional Notes 29.4to the financial statements, gross block of intangible Assets comprise Rs. 1190 Lakhs for the purchase of film and programming content and Rs. 1037 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.590 Lakhs as at March 31, 2012.*

2. *Para 5: As at March 31, 2012 the Company had certain overdue debtors aggregating to Rs. 66.49 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."*

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.

25. Substantial portion of the Equity Shares held by our Promoter and Promoter Group, are pledged in favour of our lender and lenders of our Promoter and Promoter Groups, who may exercise their rights under the respective pledge agreements in events of defaults.

As on August 17, 2012, 55,545,748 Equity Shares comprising 37.90% of our pre-Issue equity share capital, held by Network18 Group Senior Professional Welfare Trust, RRB Mediasoft Private Limited, RB Mediasoft Private Limited, Watermark Infratech Private Limited, Colorful Media Private Limited, Adventure Marketing Private Limited, our Promoter and Promoter Group entities are subject to pledge, as security towards loans availed by us and some of our Promoter and Promoter Group entities from various lenders. In the event of non compliance with the terms of such lending agreements entered into by us and some of our Promoter and Promoter Group entities with these lenders, they may invoke the pledge, which may result in dilution of our Promoter/Promoter Groups stake in us. Moreover, if the lenders sell the pledged Equity Shares in the market or if there is a perception that such sales may occur, it may lead to a decrease in the price of our equity shares. For further details please refer to the chapter "Capital Structure" on page 15.

26. Our balance sheet includes large amounts of inter-corporate deposits, guarantees and public deposits. Our cash flows may be insufficient to service our debt obligations and further our high debt/ equity ratio may impair our ability to obtain additional financing, ability to refinance our existing indebtedness on terms favourable to us or at all and may subject us to the risk of high/fluctuating interest rates.

As of March 31, 2012 as per our audited financial statements, we had issued guarantees for a sum of ₹ 5,593.90 million and public deposits amounting to ₹ 3,139.12 million (excluding interest accrued) and had outstanding inter-corporate deposits amounting to ₹ 174.87 million (excluding interest accrued). As of March 31, 2012 as per our audited financial statements, our total debt on a standalone basis is ₹ 11,337.85 million (excluding interest accrued) while our total debt on a consolidated basis is ₹ 23,189.46 million (excluding interest accrued). One of the objects of our Issue is repayment of our long term and short term debt for an aggregate of ₹ 4,580 million. For details please refer to the chapter titled "Objects of the Issue" on page 24.

As of March 31, 2012, our long term debt/equity ratio is 1.92 on a consolidated basis and long term debt/equity ratio is 0.08 on standalone basis. As of March 31, 2012, our total debt/equity ratio is 7.52 on a consolidated basis and total debt/equity ratio is 1.10 on standalone basis. Our debt / equity ratio may impair our ability to obtain additional financing, ability to refinance our existing indebtedness on terms favourable to us or at all and

subject us to a number of risks associated with debt financing, including the risk that cash flow from operations would be insufficient to meet required payments of principal and interest; and to the extent that we maintain floating rate indebtedness, fluctuating interest rates may expose us to higher interest burden; and that it may not be possible to obtain refinancing on favourable terms or at all when required.

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

The objects of the Issue include the utilization of the Issue Proceeds to repay outstanding SOFCDs amounting to ₹ 2,999.99 million held by certain Promoters and Promoter Group entities and Preference Shares II amounting to ₹ 1,542.66 million held by certain Promoters and Promoter Group entities and public shareholders.

Pursuant to the terms of redemption, any SOFCDs which remain unconverted on one day prior to the expiry of conversion period shall be liable to be redeemed by us at par value of ₹ 160.50 along with outstanding interest.

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 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.

Since these proceeds are being used to discharge the SOFCDs and Preference Share II, the amount towards such repayment will not be available for use in our business. For details on SOFCDs, see "**Financial Indebtedness**" and "**Objects of the Issue**" on page 227 and 24 respectively and for Preference Shares II, see "**Capital Structure**" and "**Objects of the Issue**" on page 15 and 24, respectively.

28. We have experienced negative cash flows in the recent past.

We have experienced negative cash flows in the recent past, the details of which, on a standalone basis as per our audited financial statements, are as follows:

Particulars	Financial Year 2011-12 (₹ million)	Financial Year 2010-11 (₹ million)
Net cash from/ (used in) operating activities	(1,683.40)	268.57
Net cash from/ (used in) investing activities	(2,417.39)	321.33
Net cash from/ (used in) financing activities	2,894.23	(642.84)
Net increase (decrease) in cash and cash equivalents	(1,206.55)	(52.94)

The details of negative cash flows, on consolidated basis, are as follows:

Particulars	Financial Year 2011-12 (₹ million)	Financial Year 2010-11 (₹ million)
Net cash from/ (used in) operating activities	(2,490.04)	(3,318.87)
Net cash from/ (used in) investing activities	278.06	4,570.05
Net cash from/ (used in) financing activities	520.68	(5,966. 95)
Net increase/ (decrease) in cash and cash equivalents	(1,691.30)	(4,715.77)

Any negative cash flows in the future could adversely affect our results of operations and financial condition. For further details, please see "Financial Statements" on page 73.

29. 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.

30. Infotel shall have preferential right over the content provided by Network 18 Group on first right basis

We have entered into a Content License Agreement with Infotel, a subsidiary of Reliance Industries Limited along with TV18 for transmission of content through its 4G Broadband network. We have agreed to provide Infotel preferential access to the content provided by us on a first right basis through any network providing 2G, 3G and 4G access. The Content License Agreement does not preclude us from licensing the content or providing the services to any third parties, including any network operator.

Further Infotel does not have such rights on an exclusive basis. However, such preferential right over our content on first right basis may hinder our ability to enter into exclusive arrangements with a third party network operator on more favourable terms including our ability to charge a premium for preferential access to our content and thereby lose out any favourable business opportunities, which may have an adverse impact on marketability / profitability of our content distribution through any network providing 2G, 3G and 4G access.

31. Majority of our investments are in our Subsidiaries and Group Companies that may involve a substantial degree of risk. Most of our Subsidiaries and Group Companies have negative networth and accumulated losses.

As of March 31, 2012, as per our audited financial statements, we have made an investment of approximately ₹ 17,920.52 million. As of March 31, 2012, as per our audited financial statements, we had investments aggregating to ₹ 250 million in cumulative redeemable non-convertible preference shares of BK Media Private Limited, which had significant accumulated losses and negative networth as at March 31, 2012. We have not recognized the effective annualized return from the said investment in our books. No provision was considered necessary for diminution of these investments having regard to the long term strategic involvement and restructuring as per the Scheme of Arrangement for 'other than temporary diminution' in the value of these investments.

As of June 30, 2012 our investments on standalone basis, as per our limited reveiwed financial statements, were ₹ 17,920.52 million whereas on a consolidated basis they were ₹ 3,170.09 million. This is because we have made an investment of approximately ₹ 15,824.77 million in our Subsidiaries and Group Companies. As at June 30, 2012, as per our limited reviewed financial statements, we had made investments aggregating to ₹ 133.54 million, ₹ 160.63 million and ₹ 303.00 million in Newswire18 Limited, Television Eighteen Mauritius Limited and Digital18 Media Limited, respectively, which had significant accumulated losses. As at June 30, 2012, Newswire18 Limited, Television Eighteen Mauritius Limited and Digital18 Media Limited had negative net worth, in the light of which we have not recognised the effective annualised return from the said investment in our books and no provision was considered necessary for these investments.

Further, as of March 31, 2012, as per our audited financial statements, we had goodwill on consolidation relating to acquisition of subsidiaries amounting to ₹ 11,657.80 million. Our management is of the view that, having regard to the long term strategic involvement and the restructuring as per the Scheme of Arrangement, no impairment is considered necessary in respect of goodwill on consolidation.

Significant portion of our investments is in the form of equity shares and preference shares of our Subsidiaries and Group Companies. Our investments are not diversified. Further, our Subsidiaries are loss making / have accumulated losses. If the business and operations of our Subsidiaries and Group Companies, in which we have investments, may deteriorate further, the value of our investments may be adversely affected and we cannot assure you that we would be able to recover all or any of these investments. We cannot assure you that these Subsidiaries and Group Companies will not incur losses or will not have negative net worth in future. In the event that these Subsidiaries and Group Companies continue to be loss making and have negative net worth, it may result in a loss of our investments and thereby adversely affect our business and financial conditions.

32. 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.

33. 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.

34. 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.

35. 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 entity IndiaCast, with Viacom18, 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.

36. 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, CNBC-TV18 Prime HD, CNN IBN, IBN7,* and *IBN Lokmat,* amongst other channels, primarily competes with *NDTV Profit*, *ET Now*, *Bloomberg UTV*, *Zee Business*, *Times Now, NDTV 24X7*,, *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 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.

37. If use of the Internet does not increase significantly in India, our ability to increase our digital 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. India's digital landscape is still at an early stage of development, with internet penetration at only 10.8%, or 132 million users as of 2011, and while that number is expected to grow to 41.7%, or 546 million users, by 2016 according to the FICCI-KPMG India Media and Entertainment Industry Report 2012. 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 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 commerce revenue.

38. 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.

39. 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 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 245.

40. 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.

41. We are exposed to risks normally associated with digital commerce platforms, 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 commerce platforms. 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 digital 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.

42. 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.

43. We are dependent on production and broadcast equipment, communications equipment, satellites for our broadcasting business and information technology for our digital 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 one 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 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.

44. 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.

45. 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.

46. 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.

47. Our statutory auditors have qualified their reports on our financial statements for the Financial Year 2011-12.

Our statutory auditors have qualified their examination reports on our financial statements for the Financial Year 2011-12. Brief details of the area of qualification is set forth below.

"5. The Company has paid Rs. 20,100,400 as managerial remuneration to its managing director upto 31 March 2012 (upto 31 March 2011 Rs. 15,204,400, the opinion of the predecessor auditor was qualified in this respect) which is in excess of the limits prescribed under the Act. Had the Company accounted for the remuneration in accordance with the Act, the Loss for the year would have been lower by Rs. 20,100,400 (for the year ended 31 March 2011 Rs. 15,204,400) and Short- term loans and advances would have been higher by Rs. 20,100,400 (as at 31 March 2011 Rs.15,204,400)."

Such qualification 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 73.

48. 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.

49. 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 accounted the charge based on intrinsic value for determining compensation costs for our employee stock option plans. Had the compensation cost been determined using the fair value approach our standalone profit after tax would have been increased by ₹ 3.38 million, and standalone basic and diluted earnings per share would have been increased by ₹ 0.02 as per our audited financial statements for Financial Year 2011-12.

We have an employee stock option plan, under which eligible employees and our Directors can participate. As on March 31, 2012 and June 30, 2012, 771,644 options were outstanding under the ESOP 2007. As on March 31, 2012 and June 30, 2012, 742,307 options were outstanding under the earlier ESOP schemes. We apply the intrinsic value based method of accounting for determining compensation costs for our stock based compensation plans. Had the compensation cost been determined using the fair value approach our standalone profit after tax would have been increased by ₹ 3.38 million, and standalone basic and diluted earnings per share would have been increased by ₹ 0.02 as per audited financial statements for the Financial Year 2011-12. Accordingly, our adjusted proforma standalone profit as per our audited financial statements for the Financial Year 2011-12 would have been ₹ (1,915.93) million and proforma standalone basic earnings per share as per our audited financial statements for the Financial Year 2011-12 would have been ₹ (13.09). For details relating to proforma accounting for stock option grants please see "Proforma Accounting for Stock Option Grants" under chapter "Financial Statements" on page 73.

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.

50. 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.

51. 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.

52. 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.

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

From Financial Year 2009-10 to Financial Year 2011-12, our revenues, on a consolidated basis, experienced a compounded annual growth rate of 20.68%, which reflects our entry into new media and entertainment segments and genres, such as entertainment television and digital 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.

54. 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.

55. 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.

56. 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.

57. 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.

58. Employees of our Subsidiary, Infomedia Press are represented by labour unions and thus we may be subject to industrial unrest, strikes, slowdowns and increased wage costs.

The employees of our Subsidiary, Infomedia Press, which is in the print 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.

59. We have entered into related party transactions aggregating to ₹ 18,032.54 million as per our audited financial statements for the Financial Year 2011-12 and expect to continue to enter into such related party transactions.

We have entered into transactions with related parties that include our principal shareholders and entities affiliated with our principal shareholders for an amount aggregating to ₹ 18,032.54 million as per our audited financial statements for the Financial Year 2011-12 which include transactions amounting to ₹ 613.84 million relating to income received, expenses incurred. We have ₹ 6,209.94 million as receivables and ₹ 5,935.73 million as payables to such parties as on 31 March 2012. 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 favourable 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. Please refer to "Related party transactions during the year ending 31st March, 2012" under chapter "Financial Statements" on page 73 for additional information on our related party transactions.

60. 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.

61. 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.

62. 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.

63. 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.

64. 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

65. 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.

66. 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.

67. 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.

68. 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.

69. 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.

70. 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.

71. 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.

72. 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 899,873,930 Equity Shares at a premium of ₹ 25 per Equity Share for cash amounting to ₹ 26,996.22 million on a rights basis to the existing Equity Shareholders in the ratio of 307 Equity Share(s) for every 50 fully paid-up Equity Share(s) held by the existing Equity Shareholders on the Record Date. The Issue price is 6 (six) times the face value of the Equity Shares.

2. As on March 31, 2012, as per our audited financial statements, our networth on a consolidated basis was ₹ 1,543.02 million (excluding revaluation reserves), and on standalone basis was ₹ 8,772.39 million (excluding revaluation reserves) as described in the chapter "***Financial Statements***" on page 73.

3. For details of our transactions with related parties for the Financial Year 2011-12, the nature of transactions and the cumulative value of transactions, please refer to the chapter *"**Financial Statements**"* on page 73.

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 the 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 256.*

Equity Shares offered in this Issue	899,873,930 Equity Shares
Rights Entitlement	307 Equity Share(s) for every 50 fully paid-up Equity Share(s) held on the Record Date.
Record Date	September 12, 2012
Face Value per Equity Share	₹ 5
Issue Price per Equity Share	₹ 30
Equity Shares outstanding prior to the Issue	146,559,272* Equity Shares
Equity Shares outstanding after the Issue (assuming full subscription and Allotment of the Rights Entitlement)	1,046,433,202 Equity Shares
Terms of the Issue	For more information, please refer to the chapter "***Terms of the Issue***" on page 256.
Use of Issue Proceeds	For further information, please refer to the chapter "***Objects of the Issue***" on page 24.

Terms of Payment

Due Date	Amount
On the Issue application (i.e. alongwith the CAF)	₹ 30, which constitutes 100% of the Issue Price payable

***Note on allotment under Scheme of Demerger and outstanding convertible instruments / options**

Scheme of Demerger

On June 19, 2012, we have issued and alloted 3,679,356 Equity Shares to the shareholders of Infomedia Press as per the Scheme of Demerger in the ratio of 7:50 i.e. seven fully paid-up Equity Shares of ₹ 5 each for every 50 fully paid-up equity shares of ₹ 10 each of Infomedia Press. This Scheme of Demerger became effective as on June 1, 2012. For details, see "**Business – Scheme of Demerger**" on page 53.

Employee Stock Options

As on June 30, 2012 and August 22, 2012, 3,962,736 options have been granted, 3,138,750 options have been exercised, 52,342 options have been forfeited and 771,644 options are outstanding under the ESOP 2007. As on June 30, 2012 and August 22, 2012, 742,307 options are outstanding under the earlier ESOP schemes.

Secured Optionally Fully Convertible Debentures ("SOFCDs")

As June 30, 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 24 and 227.

SUMMARY FINANCIAL INFORMATION

The following tables set forth the summary financial information derived from the audited standalone and consolidated financial statements for Financial Year 2011-12 and limited reviewed financial results for the quarter ended June 30, 2012, 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 73.

Audited Standalone Balance Sheet

Particulars	As at 31 March 2012 (₹)	As at 31 March 2011 (₹)
EQUITY AND LIABILITIES		
Shareholders' funds		
Share capital	2,257,056,430	2,137,135,055
Shares pending allotment	18,396,780	-
Reserves and surplus	8,074,442,778	8,477,165,011
Share application money pending allotment	-	367,500
Non-current liabilities		
Long-term borrowings	837,372,486	2,478,972,351
Other long term liabilities	55,171,352	39,808,607
Long-term provisions	2,423,117,322	15,498,968
Current liabilities		
Short-term borrowings	5,056,249,713	1,197,465,076
Trade payables	817,107,329	153,975,471
Other current liabilities	6,244,980,658	1,170,600,923
Short-term provisions	27,901,193	732,964
	25,811,796,041	**15,671,721,926**
ASSETS		
Non-current assets		
Fixed assets		
Tangible assets	196,566,505	22,241,491
Intangible assets	53,719,248	980,820
Intangible assets under development	5,658,611	3,708,162
Non-current investments	17,920,523,507	10,079,288,410
Long-term loans and advances	5,849,540,470	187,544,167
Trade receivables	13,815,266	-
Other non-current assets	50,624,211	-
Current assets		
Current investments	-	2,830,244,854
Inventories	18,691,910	-
Trade receivables	475,377,335	78,979,314
Cash and bank balances	291,265,577	912,433,906
Short-term loans and advances	815,040,328	1,473,568,945
Other current assets	120,973,073	82,731,857
	25,811,796,041	**15,671,721,926**

Audited Standalone Statement of Profit and Loss

	Year ended 31 March 2012 ₹	Year ended 31 March 2011 ₹
Revenue		
Revenue from operations	1,832,112,150	399,066,070
Other income	814,353,070	273,119,278
Total revenue	**2,646,465,220**	**672,185,348**
Expenses		
Cost of material consumed	130,327,122	-
Employee benefits expense	1,015,707,078	134,454,097
Other operating expenses	1,885,043,769	426,633,615
Depreciation and amortization expense	88,150,795	5,135,605
Finance costs	1,306,801,367	816,493,300
Prior period expenses /(Income)	132,564,219	(6,755,083)
Total expense	**4,558,594,350**	**1,375,961,534**
Loss before tax	**(1,912,129,130)**	**(703,776,186)**
Tax expense		
Current tax	-	-
Income tax prior years (written back)	7,176,267	(12,500,000)
Total tax expense/ (credit)	**7,176,267**	**(12,500,000)**
Loss for the year	**(1,919,305,397)**	**(691,276,186)**
Basic and diluted loss per equity share [nominal value of share ₹5 (31 March 2011 : ₹ 5)]	(13.11)	(5.97)

Audited Standalone Cash Flow Statement

		Year ended 31 March 2012 ₹	Year ended 31 March 2011 ₹
A.	**CASH FLOW FROM OPERATING ACTIVITIES**		
	Loss before tax	(1,912,129,130)	(703,776,186)
	Adjustments for :		
	Depreciation	88,150,795	5,135,605
	Loss on disposal of assets	8,569,435	497,279
	Provision/write off for non recoverable employee advances (included in "employee benefits expenses")	58,876,640	-
	Employee stock compensation expenses	16,253,707	29,856,206
	Interest and other financial charges	1,306,801,367	816,493,300
	Bad debts /advances written off /provided for	90,987,381	7,283,869
	Amortisation of expenses on proposed issue of securities	54,517,737	-
	Unrealised loss/(gain) on exchange rate fluctuation (net)	(822,335)	3,612,132
	Profit on sale of current investments	(323,370,938)	(132,609,708)
	Profit on sale of long term investments	(233,876,877)	(3,238,615)
	Excess provisions/ liabilities written back	(9,593,445)	(12,201,530)
	Interest income	(229,135,481)	(121,962,476)
	Operating loss before working capital changes	(1,084,771,144)	(110,910,124)
	Adjustments for :		
	Changes in assets other than fixed assets and investments	124,989,412	506,412,769
	Changes in liabilities other than borrowings	(740,092,382)	(180,790,074)
	Cash generated from/(used in) operations	(1,699,874,114)	214,712,571
	Taxes paid (net of refund)	16,478,522	53,856,213
	Net cash (used in)/from operating activities	**(1,683,395,592)**	**268,568,784**
B.	**CASH FLOW FROM INVESTING ACTIVITIES**		
	Purchase of fixed assets (including capital advances)	(105,034,548)	(7,979,604)
	Sale of fixed assets	2,165,600	562,788
	Sale of long term investments		
	- in subsidiaries (equity and preference shares)	-	811,048,615
	- in other companies	233,876,877	-
	Sale /(purchases) of current investments (net)	3,321,988,440	(970,883,792)
	Purchase of long term investments:		
	- in subsidiaries (equity and preference shares)	(338,802,794)	(1,073,025,250)
	- in others	-	(30,000,000)
	Loan given to subsidiaries / others	(5,685,400,000)	1,475,800,000
	Interest received	153,820,264	115,802,731
	Net cash used in investing activities	**(2,417,386,161)**	**321,325,488**
C.	**CASH FLOW FROM FINANCING ACTIVITIES**		
	Interest paid	(1,002,672,664)	(754,166,264)
	Expenses on proposed issue of securities / restructuring	(34,848,491)	(54,517,737)
	Proceeds from issue of equity shares (including securities premium)	2,051,305	488,508,511
	Share application money received	-	367,500
	Dividend paid during the year	248,732	-
	Repayment of borrowings	(3,755,982,647)	(2,762,858,227)
	Proceeds from borrowings	7,685,433,426	2,439,829,000
	Net cash from/(used in) financing activities	**2,894,229,661**	**(642,837,217)**
	Net increase/(decrease) in cash and cash equivalents	(1,206,552,092)	(52,942,945)
	Cash and cash equivalents as at the beginning of the year	912,433,906	965,376,851
	Cash and cash equivalents transferred in the scheme of arrangement	585,383,763	-
	Cash and cash equivalents as at the end of the year	**291,265,577**	**912,433,906**

Audited Consolidated Balance Sheet

Particulars	As at 31 March 2012	As at 31 March 2011
	₹	₹
EQUITY AND LIABILITIES		
Shareholders' funds		
Share capital	2,257,056,430	2,137,135,055
Shares pending allotment	18,396,780	-
0.01% Convertible Redeemable Cumulative Preference shares of ₹10 each fully paid up issued by joint venture	-	219,677,500
Reserves and surplus	955,525,660	8,311,564,160
	3,230,978,870	10,668,376,715
Share application money pending allotment	-	4,014,215
Minority interest	3,674,408,432	7,847,307,493
Non-current liabilities		
Long-term borrowings	5,925,767,592	5,929,269,813
Deferred tax liabilities	599,128	12,855,897
Other long term liabilities	124,819,190	111,317,661
Long-term provisions	1,561,473,182	175,890,663
	7,612,659,092	6,229,334,034
Current liabilities		
Short-term borrowings	11,036,611,595	8,816,792,968
Trade payables	4,564,314,455	3,960,906,304
Other current liabilities	8,509,514,924	4,748,411,057
Short-term provisions	72,130,948	145,131,411
	24,182,571,922	17,671,241,740
TOTAL	38,700,618,316	42,420,274,197
ASSETS		
Non-current assets		
Fixed assets		
Tangible assets	2,313,991,902	1,961,028,224
Intangible assets	274,062,779	172,823,065
Capital work-in-progress	30,659,374	17,409,931
Intangible assets under development	7,183,020	-
	2,625,897,075	2,151,261,220
Goodwill on consolidation	11,657,799,739	13,270,604,402
Non-current investments	3,142,226,320	3,737,543,587
Deferred tax assets	34,359,197	94,264,149
Long-term loans and advances	6,572,824,810	1,060,499,629
Non-current inventories	1,964,789,565	3,109,156,209
Trade receivables	15,351,501	14,081,228
Other non-current assets	229,431,674	480,892,737
	26,242,679,881	23,918,303,161
Current assets		
Current investments	-	3,104,642,481
Inventories	1,192,448,955	429,791,030
Trade receivables	5,564,131,391	5,189,182,049
Cash and bank balances	1,706,620,178	4,430,435,885
Short-term loans and advances	3,704,522,081	5,044,970,263
Other current assets	290,215,830	302,949,328
	12,457,938,435	18,501,971,036
TOTAL	38,700,618,316	42,420,274,197

Audited Consolidated Statement of Profit & Loss

	Year ended 31 March 2012 ₹	Year ended 31 March 2011 ₹
INCOME		
Revenue from operations	**19,438,326,704**	**14,778,852,632**
Other income	**1,327,634,449**	**2,146,723,531**
Total revenue	**20,765,961,153**	**16,925,576,163**
EXPENDITURE		
Cost of material consumed and traded goods sold	178,101,067	299,061,917
Employee benefits expense	4,526,595,420	3,407,197,556
Finance costs	2,706,662,142	2,258,415,669
Depreciation and amortization expense	613,674,794	617,249,675
Other expenses	17,715,293,977	10,777,028,232
Total expenses	25,740,327,400	17,358,953,049
Loss before exceptional items and tax	(4,974,366,247)	(433,376,886)
Exceptional items	-	108,034,212
Loss before tax	(4,974,366,247)	(541,411,098)
Tax expense		
Current tax	50,799,888	335,661,634
Deferred tax	21,623,459	(4,311,826)
Total tax expense	72,423,347	331,349,808
Loss for the year before minority interest and share in profit of associates	(5,046,789,594)	(872,760,906)
Minority interest	(1,117,277,045)	(505,919,222)
Share in profit of associates	2,876,221	-
Loss for the year	(3,926,636,328)	(366,841,684)
Loss per share (basic and diluted)	(26.82)	(3.17)

Audited Consolidated Cash Flow statement

Particulars	Year ended 31 March 2012 ₹	Year ended 31 March 2011 ₹
A. CASH FLOW FROM OPERATING ACTIVITIES		
Loss before tax	(4,974,366,247)	(541,411,098)
Adjustments for :		
Depreciation and amortisation expenses	613,674,794	617,249,675
(Profit)/loss on sale/disposal of fixed assets	42,251,727	(2,590,362)
Assets written off	3,190,041	-
Employee stock compensation expenses	21,250,425	56,452,126
Finance costs	2,706,662,142	2,258,415,669
Preliminary expenses written off	16,942,912	-
Bad debts and advances written off/ provided for	555,705,777	199,197,608
Exchange fluctuation (net)	63,967,440	31,045,180
Dividend on current investments	(1,428,183)	(15,069,080)
Dividend on long term investments	(199,776)	(100,000)
Profit on sale of current investments	(335,854,779)	(527,013,204)
Profit on sale of long term investments	(441,963,302)	(820,082,964)
Excess provisions written back	(135,641,493)	(77,205,891)
Income from trust on sale of shares	(189,100,000)	(222,000,000)
Interest income	(333,037,926)	(501,695,282)
Operating (loss)/ profit before working capital changes	(2,387,946,448)	455,192,377
Adjustments for :		
Increase in assets other than fixed assets and goodwill	(34,811,956)	(3,901,975,017)
Increase in liabilities other than borrowings	474,738,731	459,259,336
Cash used in operations	(1,948,019,673)	(2,987,523,304)
Taxes paid (net of refund)	(542,023,384)	(331,349,808)
Net cash used in operating activities	**(2,490,043,057)**	**(3,318,873,112)**
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets (including capital advances)	(862,164,551)	(327,035,133)
Sale of fixed assets	22,087,321	3,167,512,369
Sale of long term investments		
- in other companies	609,482,166	1,113,317,820
Sale/ (purchase) of current investments (net)	3,441,358,573	1,831,293,396
Purchase of long term investments:		
- in subsidiaries and joint venture	(604,554,033)	(35,580,716)
Share application money paid	-	(197,600,000)
Decrease/ (increase) in other bank balances	1,061,765,246	(1,057,626,063)
Acquisition of minority interest in subsidiary	-	(663,094,615)
Loans and advances given (net)	(3,945,962,674)	-
Interest received	280,433,767	501,695,282
Dividend received on current investments	1,428,183	15,069,080
Dividend received on long term investments	199,776	100,000
Income from trust on sale of shares	189,100,000	222,000,000
Cash balances of subsidiaries acquired/consolidated during the year	84,888,598	-
Net cash flow from investing activities	**278,062,372**	**4,570,051,420**
C. CASH FLOW FROM FINANCING ACTIVITIES		
Finance costs	(2,367,222,849)	(2,258,415,669)
Share issue expenses	(133,833,510)	(24,672,163)
Proceeds from issue of equity shares / share application money (net)	2,051,305	22,774,120
Dividend paid during the year	248,732	-
Proceeds from Security premium on equity	-	465,734,391
Share application money received	-	(793,761,439)
Proceeds from issue/(repayment) of debentures and bonds	2,999,999,393	(900,783,000)
Repayment of borrowings (including changes in short-term borrowings)	(7,308,362,280)	(2,477,825,424)
Proceeds from borrowings	7,327,795,240	-
Net cash from/(used in) financing activities	**520,676,031**	**(5,966,949,184)**
Net increase decrease in cash and cash equivalents	(1,691,304,654)	(4,715,770,876)
Cash and cash equvalents as at the beginning of the year	2,940,483,171	7,665,752,965
Exchange differences on cash and cash equivalents	31,863,558	(9,498,918)
Cash and cash equivalents as at the end of the year	**1,281,042,075**	**2,940,483,171**

LIMITED REVIEWED FINANCIAL RESULTS FOR THE QUARTER ENDED JUNE 30, 2012

Part I: Statement of Standalone and Consolidated Unaudited Results for the Quarter Ended 30.06.2012

₹ in million

Particulars	Consolidated				Standalone			
	Quarter ended 30.06.2012 (Unaudited)	Quarter ended 31.03.2012 (Unaudited)	Quarter ended 30.06.2011 (Unaudited)	Year ended 31.03.2012 (Audited)	Quarter ended 30.06.2012 (Unaudited)	Quarter ended 31.03.2012 (Unaudited)	Quarter ended 30.06.2011 (Unaudited)	Year ended 31.03.2012 (Audited)
1. Income from operations								
(a) Income from operations	4,888.72	6,428.60	3,575.81	19,302.69	406.13	210.48	150.96	1,832.11
(b) Other operating income	11.42	165.80	58.12	135.64	3.27	9.58	4.73	27.15
Total income from operations	**4,900.14**	**6,594.40**	**3,633.93**	**19,438.33**	**409.40**	**220.06**	**155.69**	**1,859.26**
2. Expenses								
(a) Programming cost	1,136.60	2,740.36	721.80	5,294.04	-	-	-	-
(b) Distribution, advertising and business promotion	1,298.50	2,556.00	947.26	6,072.16	61.57	31.18	45.58	356.33
(c) Cost of material consumed	118.04	89.34	80.39	178.10	24.90	-	-	130.33
(d) Employee benefits expenses	1,090.34	1,263.77	865.93	4,526.60	221.47	152.34	84.02	1,015.71
(e) Depreciation and amortisation expenses	161.64	201.79	138.48	613.68	18.50	7.78	16.00	88.15
(f) Other expenditure	1,494.91	1,219.18	1,191.47	6,349.09	261.45	335.18	152.30	1,528.71
Total expenses	**5,300.03**	**8,070.45**	**3,945.33**	**23,033.67**	**587.88**	**526.47**	**297.91**	**3,119.23**
								-
3. Loss from operations before other income, finance costs, prior period items and tax (1-2)	**(399.89)**	**(1,476.05)**	**(311.41)**	**(3,595.34)**	**(178.48)**	**(306.41)**	**(142.22)**	**(1,259.97)**
4. Other income	137.52	389.13	300.34	1,327.63	112.21	252.94	120.99	787.21
5. Loss before finance costs, prior period items and tax (3+4)	**(262.37)**	**(1,086.91)**	**(11.06)**	**(2,267.70)**	**(66.27)**	**(53.47)**	**(21.23)**	**(472.76)**
6. Finance costs	885.46	777.07	647.83	2,706.66	429.76	332.28	292.54	1,306.80
7. Loss after finance costs but before prior period items and tax (5-6)	**(1,147.83)**	**(1,863.98)**	**(658.90)**	**(4,974.37)**	**(496.03)**	**(385.76)**	**(313.76)**	**(1,779.57)**
8. Prior period expense/(income)	-	132.67	4.12	-	0.23	(0.19)	4.18	132.56
9. Loss before tax (7-8)	**(1,147.83)**	**(1,996.65)**	**(663.02)**	**(4,974.37)**	**(496.26)**	**(385.57)**	**(317.94)**	**(1,912.13)**
10. Tax expense/(credit)	47.08	(0.32)	31.34	72.42	-	0.02	-	7.18
11. Net loss after tax (9-10)	**(1,194.91)**	**(1,996.33)**	**(694.36)**	**(5,046.79)**	**(496.26)**	**(385.59)**	**(317.94)**	**(1,919.31)**
12. Minority interest	(297.20)	(307.24)	(49.30)	(1,117.28)	-	-	-	-
13. Share in profit/(loss) of associates	(4.34)	6.61	3.30	2.88	-	-	-	-
14. Net loss after tax, minority interest and share in (profit)/ loss of associate (11-12+13)	**(902.05)**	**(1,682.48)**	**(641.76)**	**(3,926.64)**	**(496.26)**	**(385.59)**	**(317.94)**	**(1,919.31)**
15. Paid-up Equity Share Capital(Face value ₹ 5/-)	732.80	714.40	712.95	714.40	732.80	714.40	712.95	714.40
16. Reserves excluding revaluation reserves			-	955.53				8,074.44
17. Loss per share (EPS)								
(a) Basic EPS (₹)	(6.15)	(11.78)	(5.29)	(26.82)	(3.39)	(2.70)	(2.63)	(13.11)
(b) Diluted EPS (₹)	(6.15)	(11.78)	(5.29)	(26.82)	(3.39)	(2.70)	(2.63)	(13.11)

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. Bharti Jani
SEBI Registration No: INM000011674

Bankers to the Issue

Kotak Mahindra Bank Limited

5th Floor, Dani Corporate Park 158
CST Road, Santacruz (E)
Mumbai 400 098, India

Tel: + 91 22 6759 5336
Fax: + 91 22 6759 5374
Email: amit.kr@kotak.com
Website: www.kotak.com
Contact Person: Amit Kumar
SEBI Regn No.: INBI00000927

The Royal Bank of Scotland N.V.

Brady House
Veer Nariman Road, Fort
Mumbai 400 001, India

Tel : +91 22 6658 5817
Fax: +91 22 2204 2673
Email:clara.james@rbs.com
Website: www.rbs.in
Contact Person: Clara James
SEBI Regn. No.: INBI00000968

HDFC Bank Limited

HDFC Bank Limited, FIG-OPS Department-Lodha,
IThink Techno Campus, O-3 Level,
Next to Kanjurmarg Railway Station,
Kanjurmarg (East)
Mumbai- 400 042, India

Tel : +91 22 3075 2927/28
Fax: +91 22 2579 9801
Email: uday.dixit@hdfcbank.com,
figdelhi@hdfcbank.com,
ajit.mann@hdfcbank.com
Website: www.hdfcbank.com
Contact Person: Mr Uday Dixit
SEBI Regn. No.: INBI00000063

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 http://www.sebi.gov.in/cms/sebi_data/attachdocs/1345612849756.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 the Draft Letter of Offer and this 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 Offer and CAF.	Lead Managers	ICICI Securities Limited
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	Lead Managers	ICICI Securities Limited

S. No.	Activity	Responsibility	Coordinator
	get quick estimates of collection and advising such banks about closure of the Issue, based on the correct figures.		
10	Assisting in the listing of the Equity Shares issued pursuant to the Issue on the Stock Exchanges.	Lead Managers	ICICI Securities 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	ICICI Securities 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 July 20, 2012 and July 26, 2012, 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 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 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:	September 18, 2012
Last date for receiving requests for SAF:	September 24, 2012
Issue Closing Date:	October 4, 2012

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 227.

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 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 4]	**27,365,000,000**	
5,000,000,000 Equity Shares	25,000,000,000	
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	**2,275,453,210**	
146,559,272 Equity Shares fully paid up	732,796,360	
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 Letter of Offer		
899,873,930 Equity Shares	4,499,369,650	26,996,217,900
E. Issued, Subscribed and Paid-Up Capital post the Issue		
1,046,433,202 Equity Shares	5,232,166,010	31,392,996,060
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.

1. *Pursuant to the Equity Shareholders resolution passed by postal ballot on July 3, 2012 our authorized share capital has been increased from ₹ 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 to ₹ 27,365 million consisting of 5,000,000,000 Equity Shares, 1,100,000 Preference Shares I, 10,500,000 Preference Shares II and 15,500,000 Preference Shares III.*

2. *As on June 30, 2012 and August 22, 2012, 3,962,736 options have been granted, 3,138,750 options have been exercised, 52,342 options have been forfeited and 771,644 options are outstanding under the ESOP 2007. As on June 30, 2012 and August 22, 2012, 742,307 options are outstanding under the earlier ESOP schemes.*

3. *On June 19, 2012, we have issued and alloted 3,679,356 Equity Shares to the shareholders of Infomedia Press as per the Scheme of Demerger in the ratio of 7:50 i.e.seven fully paid-up Equity Shares of ₹ 5 each for every 50 fully paid-up equity shares of ₹ 10 each of Infomedia Press. This Scheme of Demerger became effective as on June 1, 2012. For details, see "**Business – Scheme of Demerger**" on page 53.*

4. *As on June 30, 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 24 and 227.*

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 August 17, 2012 is as follows:**

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	4	161938	161938	0.11	0.11	0	0
(b)	Central Government/State Government(s)	0	0	0	0.00	0.00	0	0.00
(c)	Bodies Corporate	11	54077137	54077137	36.90	36.90	39623019	73.27
(d)	Financial Institutions / Banks	0	0	0	0.00	0.00	0	0.00
(e)	Others (Trusts)	3	16551014	16551014	11.29	11.29	15922729	96.20
	Sub-Total A(1) :	**18**	**70790089**	**70790089**	**48.30**	**48.30**	**55545748**	**78.47**
(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)	Qualified Foreign Investor	0	0	0	0.00	0.00	0	0.00
(e)	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)	**18***	**70790089**	**70790089**	**48.30**	**48.30**	**55545748**	**78.47**
(B)	**PUBLIC SHAREHOLDING**							
(1)	INSTITUTIONS							
(a)	Mutual Funds /UTI	7	539180	539046	0.37	0.37		
(b)	Financial Institutions /Banks	11	150473	150420	0.10	0.10		
(c)	Central Government / State Government(s)	0	0	0	0.00	0.00		
(d)	Venture Capital Funds	0	0	0	0.00	0.00		
(e)	Insurance Companies	0	0	0	0.00	0.00		
(f)	Foreign Institutional Investors	14	17087617	17087617	11.66	11.66		
(g)	Foreign Venture Capital Investors	0	0	0	0.00	0.00		
(h)	Qualified Foreign Investor	0	0	0	0.00	0.00		
(i)	Others	0	0	0	0.00	0.00		
	Sub-Total B(1) :	**32**	**17777270**	**17777083**	**12.13**	**12.13**		
(2)	NON-INSTITUTIONS							

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)	Bodies Corporate	1439	18322279	18318429	12.50	12.50		
(b)	Individuals							
	(i) Individuals holding nominal share capital upto ₹1 lakh	70024	10324102	10125842	7.04	7.04		
	(ii) Individuals holding nominal share capital in excess of ₹1 lakh	78	7054277	7054277	4.81	4.81		
(c)	Others							
	Foreign Bodies	5	9203164	9202650	6.28	6.28		
	Directors	3	1277242	1277242	0.87	0.87		
	Non Resident Indians	338	163708	162895	0.11	0.11		
	Overseas Corporate Bodies	1	1564	1564	0.00	0.00		
	Clearing Members	87	55762	55762	0.04	0.04		
	Trusts	18	11589815	11589802	7.91	7.91		
(d)	Qualified Foreign Investor	0	0	0	0.00	0.00		
	Sub-Total B(2) :	**71993**	**57991913**	**57788463**	**39.57**	**39.57**		
	Total B=B(1)+B(2) :	**72025**	**75769183**	**75565546**	**51.70**	**51.70**		
	Total (A+B) :	**72043**	**146559272**	**146355635**	**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) :	**72043**	**146559272**	**146355635**	**100.00**	**0.00**	**55545748**	**37.90**

[*] *The above data is as per the record (no. of folios / DP accounts) provided by the depositories. The total number of Promoter and Promoter Group entities of our Company is 66, out of which, as of August 17, 2012, 12 Promoter and Promoter Group entities hold 70,790,089 Equity Shares through 18 folios.*

The list of Equity Shareholders belonging to the category "Promoters and Promoter Group" as on August 17, 2012 is provided below.

Sr. No	Name of the Shareholders	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	Network18 Group Senior Professional Welfare Trust (held in the name of its Trustee Mr. R D S Bawa)	15922729	10.86	15922729	100.00	10.86	0	0.00	0	0.00	0.00
2	RRB Mediasoft Private Limited	12679195	8.65	8696267	68.59	5.93	0	0.00	0	0.00	0.00
3	RB Mediasoft Private Limited**	8283180	5.65	7835752	94.60	5.35	0	0	0	0	0
4	RB Media Holdings Private Limited**	8278722	5.65	0	0	0	0	0	3115264	16.67	1.89
5	Watermark Infratech Private Limited**	8278680	5.65	8278180	99.99	5.65	0	0	3115264	16.67	1.89
6	Colorful Media Private Limited**	8278680	5.65	8171820	98.71	5.58	0	0	3115264	16.67	1.89
7	Adventure Marketing Private Limited**	8278680	5.65	6641000	80.22	4.53	0	0	3115264	16.67	1.89
8	TV 18 Employees Welfare Trust	568407	0.39	0	0.00	0.00	0	0.00	0	0.00	0.00
9	Vandana Malik**	94711	0.06	0	0	0	0	0	0	0	0
10	Network 18 Employees Welfare Trust	59878	0.04	0	0.00	0.00	0	0.00	0	0.00	0.00
11	Subhash Bahl	58818	0.04	0	0.00	0.00	0	0.00	0	0.00	0.00
12	Ritu Kapur	8409	0.01	0	0	0	0	0	0	0	0
13	RB Holdings Private Limited	0	0.00	0	0.00	0.00	0	0.00	6230529	33.33	3.77
14	Manju Kapur*	0	0.00	0	0.00	0.00	0	0.00	0	0.00	0.00
15	Pramod Kapur*	0	0.00	0	0.00	0.00	0	0.00	0	0.00	0.00
16	Infomedia Press Limited*	0	0.00	0	0.00	0.00	0	0.00	0	0.00	0.00
17	Big Tree Entertainment Private Limited*	0	0.00	0	0.00	0.00	0	0.00	0	0.00	0.00
18	Digital 18 Media Limited*	0	0.00	0	0.00	0.00	0	0.00	0	0.00	0.00
19	e-Eighteen.com Limited*	0	0.00	0	0.00	0.00	0	0.00	0	0.00	0.00
20	Moneycontrol dot com India Limited*	0	0.00	0	0.00	0.00	0	0.00	0	0.00	0.00
21	BK Media Private Limited*	0	0.00	0	0.00	0.00	0	0.00	0	0.00	0.00
22	Keyman Financial	0	0.00	0	0.00	0.00	0	0.00	0	0.00	0.00

Sr. No	Name of the Shareholders	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)
	Services Private Limited*										
22	Network18 Publications Limited*	0	0.00	0	0.00	0.00	0	0.00	0	0.00	0.00
24	RB Software Private Limited*	0	0.00	0	0.00	0.00	0	0.00	0	0.00	0.00
25	RRB Investments Private Limited*	0	0.00	0	0.00	0.00	0	0.00	0	0.00	0.00
26	RVT Softech Private Limited*	0	0.00	0	0.00	0.00	0	0.00	0	0.00	0.00
27	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
28	VT Softech Private Limited*	0	0.00	0	0.00	0.00	0	0.00	0	0.00	0.00
29	RRK Finhold Private Limited*	0	0.00	0	0.00	0.00	0	0.00	0	0.00	0.00
30	RVT Finhold Private Limited*	0	0.00	0	0.00	0.00	0	0.00	0	0.00	0.00
31	VT Media Private Limited*	0	0.00	0	0.00	0.00	0	0.00	0	0.00	0.00
32	e - 18 Limited*	0	0.00	0	0.00	0.00	0	0.00	0	0.00	0.00
33	Web18 Holdings Limited*	0	0.00	0	0.00	0.00	0	0.00	0	0.00	0.00
34	Digital Content Private Limited*	0	0.00	0	0.00	0.00	0	0.00	0	0.00	0.00
35	WS Media Ventures Private Limited*	0	0.00	0	0.00	0.00	0	0.00	0	0.00	0.00
36	TV18 Broadcast Limited*	0	0.00	0	0.00	0.00	0	0.00	0	0.00	0.00
37	Setpro18 Distribution Limited*	0	0.00	0	0.00	0.00	0	0.00	0	0.00	0.00
38	Newswire18 Limited*	0	0.00	0	0.00	0.00	0	0.00	0	0.00	0.00
39	TV18 Home Shopping Network Limited*	0	0.00	0	0.00	0.00	0	0.00	0	0.00	0.00
40	Television Eighteen Media and Investments Limited*	0	0.00	0	0.00	0.00	0	0.00	0	0.00	0.00
41	BK Holdings Limited*	0	0.00	0	0.00	0.00	0	0.00	0	0.00	0.00
42	Television Eighteen Mauritius Limited*	0	0.00	0	0.00	0.00	0	0.00	0	0.00	0.00
43	TV18 HSN	0	0.00	0	0.00	0.00	0	0.00	0	0.00	0.00

Sr. No	Name of the Shareholders	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*										
44	Namono Investments Limited*	0	0.00	0	0.00	0.00	0	0.00	0	0.00	0.00
45	RVT Holdings Private Limited*	0	0.00	0	0.00	0.00	0	0.00	0	0.00	0.00
46	Colosceum Media Private Limited*	0	0.00	0	0.00	0.00	0	0.00	0	0.00	0.00
47	Stargaze Entertainment Private Limited*	0	0.00	0	0.00	0.00	0	0.00	0	0.00	0.00
48	Webchutney Studio Private Limited*	0	0.00	0	0.00	0.00	0	0.00	0	0.00	0.00
49	Greycells18 Media Limited*	0	0.00	0	0.00	0.00	0	0.00	0	0.00	0.00
50	Capital18 Limited, Mauritius*	0	0.00	0	0.00	0.00	0	0.00	0	0.00	0.00
51	Capital18 Acquisition Corp***	0	0.00	0	0.00	0.00	0	0.00	0	0.00	0.00
52	RRK Holdings Private Limited*	0	0.00	0	0.00	0.00	0	0.00	0	0.00	0.00
53	RRK Media Private Limited*	0	0.00	0	0.00	0.00	0	0.00	0	0.00	0.00
54	BRR Securities Private Limited*	0	0.00	0	0.00	0.00	0	0.00	0	0.00	0.00
55	BK Media Mauritius Private Limited*	0	0.00	0	0.00	0.00	0	0.00	0	0.00	0.00
56	Web18 Securities Private Limited*	0	0.00	0	0.00	0.00	0	0.00	0	0.00	0.00
57	Network18 Holdings Limited, Mauritius*	0	0.00	0	0.00	0.00	0	0.00	0	0.00	0.00
58	TV18 UK Limited*	0	0.00	0	0.00	0.00	0	0.00	0	0.00	0.00
59	Web18 Software Services Limited*	0	0.00	0	0.00	0.00	0	0.00	0	0.00	0.00
60	Global Broadcast Employees Welfare Trust*	0	0.00	0	0.00	0.00	0	0.00	0	0.00	0.00
61	ibn18 Trust*	0	0.00	0	0.00	0.00	0	0.00	0	0.00	0.00
62	Mst Vidur Bahl*	0	0.00	0	0.00	0.00	0	0.00	0	0.00	0.00
63	Miss Tara Bahl*	0	0.00	0	0.00	0.00	0	0.00	0	0.00	0.00
64	Mr Sandeep Kapur*	0	0.00	0	0.00	0.00	0	0.00	0	0.00	0.00
65	Mr Raghav Bahl*	0	0.00	0	0.00	0.00	0	0.00	0	0.00	0.00
66	RB Investments Private Limited*	0	0.00	0	0.00	0.00	0	0.00	0	0.00	0.00
	TOTAL :	**70790089**	**48.3**	**55545748**	**78.47**	**37.9**	**0**	**0**	**1869158**	**100.0**	**11.31**

* *Currently these entities do not hold any share however they form part of Promoter Group*

** *Shares held through multiple folios*
*** *On July 19, 2012, the Registrar of Companies, Cayman Islands on the application of Capital18 Acquisiton Corporation has issued a strike off certificate, for striking off with effect from September 28, 2012.*

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 August 17, 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)	11586762	7.91	0	0.00	0	0.00	0.00
2	Saif III Mauritius Company Limited*	10974612	7.49	0	0.00	0	0.00	0.00
3	Acacia Banyan Partners	7181684	4.90	0	0.00	0	0.00	0.00
4	Citigroup Global Markets Mauritius Private Limited	4968171	3.39	0	0.00	0	0.00	0.00
5	Reliance Capital Limited	4655000	3.18	0	0.00	0	0.00	0.00
6	Independent Media Trust (held in the name of its trustee Digital Content Private Limited)	2714720	1.85	0	0.00	0	0.00	0.00
	TOTAL :	**42080949**	**28.71**	**0**	**0.00**	**0**	**0.00**	0.00

* *Shares held through 2 folios*

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 as on August 17, 2012 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)	11586762	7.91	0	0.00	0	0.00	0.00
2	Saif III Mauritius Company Limited*	10974612	7.49	0	0.00	0	0.00	0.00
	TOTAL :	**22561374**	**15.39**	**0**	**0.00**	**0**	**0.00**	**0.00**

* *Shares held through 2 folios*

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 Letter of Offer:

Name of the Promoter and Promoter Group	Date of transaction	Type of transaction	Number of Equity Shares
RRB Mediasoft (Private) Limited	August 16, 2012	Acquisition– inter-se Promoter transfer	12,674,195
RB Mediasoft Private Limited	August 13, 2012 and August 14, 2012	Acquisition– inter-se Promoter transfer	8,278,180
Watermark Infratech Private Limited	August 16, 2012	Acquisition– inter-se Promoter transfer	8,278,180
Colorful Media Private Limited	August 16, 2012	Acquisition– inter-se Promoter transfer	8,278,180
Adventure Marketing Private Limited	August 16, 2012	Acquisition– inter-se Promoter transfer	8,278,180
RB Media Holdings Private Limited	August 13, 2012 and August 16, 2012	Acquisition– inter-se Promoter transfer	8,278,222
Mr. Raghav Bahl	July 12, 2012	Acquisition– inter-se Promoter transfer	6,704,725
Ms. Ritu Kapur	June 22, 2012	Acquisition– inter-se Promoter transfer	8,409
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
Network18 Group Senior Professional Welfare Trust	October 10, 2011	Acquisition-market purchase	350,774
Network18 Group Senior Professional	October 4, 2011	Acquisition-market purchase	439,574

Name of the Promoter and Promoter Group	Date of transaction	Type of transaction	Number of Equity Shares
Welfare Trust			
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 the Scheme of Arrangement	356,791
Ms. Ritu Kapur	June 10, 2011	Acquisition under the Scheme of Arrangement	11,377
TV18 Employees Welfare Trust	June 10, 2011	Acquisition under the Scheme of Arrangement	118,443
Ms. Vandana Malik	June 10, 2011	Acquisition under the Scheme of Arrangement	3,460
Ms. Subhash Bahl	June 10, 2011	Acquisition under the Scheme of Arrangement	16,170
Mr. Pramod Kapur	June 10, 2011	Acquisition under the Scheme of Arrangement	1,173
Ms. Manju Kapur	June 10, 2011	Acquisition under the 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 if the Subscribing Companies fail to subscribe for unsubscribed portion in the Issue after the Issue Closing Date, 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 pursuant to exercise of options under ESOP 2007 and previous ESOP schemes, if any, 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 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 ₹ 30.66.

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 including Issue Expenses, 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	26,996.22
2.	Issue expenses	746.22
3.	Net Proceeds of the Issue	26,250.00

The total funds required for the objects of the Issue as stated above are ₹ 26,250 million, and these funds are proposed to be entirely raised from the Net Proceeds of this Issue.

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 (In ₹ million)
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	11,122.7

Sr. No.	Objects of the Issue	Amount proposed to be financed from Net Proceeds (In ₹ million)
2.	Investment in our Subsidiary, TV18	13,840.0
3.	General corporate purposes	1,287.3

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 ₹ 26,250 million. 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 July 31, 2012, we have total outstanding indebtedness of ₹ 11,591.75 million inclusive of secured and unsecured loans. For details see "***Financial Indebtedness***" on page 227.

We propose to utilize an amount of ₹ 11,122.66 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 and availed (₹ million)	Amount Outstanding on July 31, 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 **Purpose:** Keeping liquidity position comfortable and supporting prospective business opportunities	1,500	750.00	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	3,650	3,489.00	1. First and exclusive charge by way of pledge over TV18 shares held by us. 2. First and exclusive charge	The loan shall be repaid on final maturity date being October 15, 2012	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

Name of the Lender* and nature and date of the loan agreement & Purpose of the loan	Amount Sanctioned and availed (₹ million)	Amount Outstanding on July 31, 2012** (₹ million)	Security	Repayment Date/ Schedule	Rate of Interest (% per annum)	Prepayment Clause (if any)
agreements dated February 22, 2012 and February 23, 2012, letter dated July 31, 2012 **Purpose:** General corporate purposes, working capital requirements, capital expenditure and repayment of existing loans			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			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, without premium or penalty.
RBS Financial Services (India) Private Limited Term Loan Facility agreement dated December 26, 2011, amendment agreements dated February 17, 2012, June 26, 2012 and July 31, 2012 **Purpose:** 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.	The loan shall be repaid on final maturity date being six months from the date October 15, 2012	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.

Name of the Lender* and nature and date of the loan agreement & Purpose of the loan	Amount Sanctioned and availed (₹ million)	Amount Outstanding on July 31, 2012** (₹ million)	Security	Repayment Date/ Schedule	Rate of Interest (% per annum)	Prepayment Clause (if any)
			Raghav Bahl			
Axis Bank Limited* Working Capital Limit Sanction letter dated December 30, 2009, reneeal letter dated October 27, 2011 **Purpose:** Working capital requirements	120	57.73	Primary Pari passu first charge on the current assets Collateral Pari passu second charge on the fixed assets	On demand	15.75%	Not applicable
Punjab National Bank* Joint term loan and hypothecation agreement dated May 14, 2009 **Purpose:** To finance expansion and diversification programme	750	87.51	1. First exclusive charge/mortgage on all immovable and moveable assets being acquired out of the term loan 2. Second charge on existing fixed assets	7 years after implementation period of 1.5 years	1% above BPLR plus term premia i.e. 14% per annum	If the loan amount is paid out of refinancing of the term loan, prepayment penalty @ 1% will be charged. However, no prepayment penalty to be levied on prepayment made on reset dates. No prepayment penalty to be paid in case of the prepayment being made out of project cash flows
TOTAL		**4,724.24**				

* *Loans availed by Infomedia18 (name change to Infomedia Press w.e.f July 5, 2012) and transferred to our books consequent to the Scheme of Demerger. We are in the process of getting formal transfer from the Punjab National Bank and Axis Bank and awaiting fresh documentation/terms and security creation in our name. The particulars provided are as per the existing documents issued to Infomedia Press.*

** *As certified by M/s. Mohan L. Jain & Co., Chartered Accountants vide their certificate dated August 22, 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 July 31, 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 227.

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 Letter of Offer, the non-convertible portion of the 10,284,379 Preference Shares II aggregating to ₹ 1,542.66 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 July 31, 2012 there are 7,553 Preference Share II holders.

We intend to redeem the entire outstanding Preference Shares II amounting to ₹ 1,542.66 million out of the Net Proceeds.

d. Public Deposits

As on July 31, 2012, Public Deposits amounting to ₹ 3,702.93 million (excluding interest accrued) 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 227.

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, and Arimas. Arimas is the legal and beneficial owner of 2,000,000,000 equity shares of ₹ 1 each and 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, Arimas 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 63.

Pursuant to the ETV Acquisition, Equator will become wholly owned subsidiary of TV18 and through TV18 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 Arimas. Arimas holds 2,000,000,000 equity shares of ₹ 1 each and 125,700,000 CCDs of ₹ 100 each of Equator.

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, Financial Year 2010-11 and Financial Year 2011-12, please see "***Summary Financial Information of Equator***" on page 179.

For summary financial information of Panorama, Prism and Eenadu, please see "***Summary Financial Information of Panorama, Prism and Eenadu***" on page 186.

3. General Corporate Purposes

We intend to deploy the balance Net Proceeds of ₹ 1,287.30 million for general corporate purposes as may be approved by the Board of Directors or any duly authorised committee including:

1. funding short term working capital requirements;
2. investments in subsidiaries, joint ventures and associates;
3. repayment of short term debt, if any; and
4. meeting exigencies.

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 percentage of total expenses	As a percentage of Issue size
Fees payable to intermediaries including Lead Managers and Registrar to the Issue	30.66	4.11	0.11
Fees payable to Monitoring Agency	2.86	0.38	0.01
Others (printing and distribution, stationery, postage, professional, advisory expenses, auditors fees, SEBI fees, marketing, commission, brokerage, marketing expenses, listing fees, depository fees, out of pocket reimbursements, etc.)	712.7	95.51	2.64
Total estimated Issue expenses	**746.22**	**100.00**	**2.76**

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

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 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 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: August 17, 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 business 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 ₹ 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 ₹ 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) of IT Act 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 market research reports, analyst reports and other publicly available sources, including the 2012 FICCI-KPMG Indian Media and Entertainment Industry Report ("2012 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 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 2012 FICCI-KPMG Report, Indian media and entertainment industry revenues were ₹ 728 billion in 2011 compared to ₹ 652 billion in 2010, demonstrating a growth rate of 12%. Backed by strong consumption in Tier 2 and 3 cities, continued growth of regional media and fast increasing new media businesses, the industry is estimated to achieve a growth of 13% in 2012 to reach ₹ 823 billion. Going forward, the Indian media and entertainment sector is projected to grow at a healthy compounded annual growth rate of 14.9% to reach INR 1,457 billion by 2016 according to the 2012 FICCI-KPMG Report.

The following table illustrates Indian media and entertainment industry growth by segment from 2007 to 2016:

(in ₹ in Billion)

Overall Industry Size (₹ billion)	**2007**	**2008**	**2009**	**2010**	**2011**	**Growth in 2011 over 2010**	**2012(1)**	**2013(1)**	**2014(1)**	**2015(1)**	**2016(1)**	**CAGR % (2011-16)(1)**
Television	**211**	**241**	**257**	**297**	**329.0**	**10.8%**	**380.0**	**435.0**	**514.0**	**618.0**	**735.0**	**17%**
Print	160	172	175.2	192.9	208.8	8.3%	226.0	246.8	270.0	294.9	323.4	9%
Film	**92.7**	**104.4**	**89.3**	**83.3**	**92.9**	**11.5%**	**100.0**	**109.7**	**121.1**	**134.5**	**150.3**	**10%**
Radio	7.4	8.4	8.3	10	11.5	15.0%	13.0	16.0	20.0	24.0	29.5	21%
Music	7.4	7.4	7.8	8.6	9.0	4.7%	10.0	11.3	13.1	15.4	18.2	15%
Out of Home	14	16.1	13.7	16.5	17.8	7.6%	19.5	21.5	23.6	26.0	29.0	10%
Animation and VFX	14	17.5	20.1	23.6	31.0	31.2%	36.3	43.0	51.1	61.0	69.0	17%
Gaming	4	7	8	10	13.0	30.0%	18.0	23.0	29.0	37.0	46.0	29%
Digital Advertising	4	6	8	10	15.4	54.0%	19.9	25.8	33.5	43.7	57.0	30%
Total	**514**	**580**	**587**	**652**	**728**	**11.7%**	**823**	**932**	**1076**	**1254**	**1457**	**14.9%**

Source: 2012 FICCI-KPMG Report
(1)Projected

Increasing Media Penetration. Television is the largest medium for media delivery in India in terms of revenue, representing around 45% of the total media industry. The television industry continues to have headroom for further growth as television penetration in India is still at approximately 60% of total households. According to the 2012 FICCI-KPMG Report, India was estimated to have around 146 million television households in 2011, which implies a television penetration of approximately 60%. In 2016, television penetration is estimated to rise to approximately 70%, which still offers potential for penetration-led growth (post 2016) as income levels rise, based on television penetration levels in other mature as well as emerging economies. Average television viewing time in India continues to be low *vis-a-vis* developed economies. Thus, there is potential for growth not only in terms of penetration / reach, but also in terms of viewing time.

According to the 2012 FICCI-KPMG Report, seminal change is being brought about by the proliferation of screens – making media consumption more personal than ever. Smart phones, tablets, PCs, gaming devices - all form the foundation of a new wave in media usage. This is gradually impacting the way content is being created and distributed. Multiple media including television, films, news, radio, music etc are being impacted with this change.

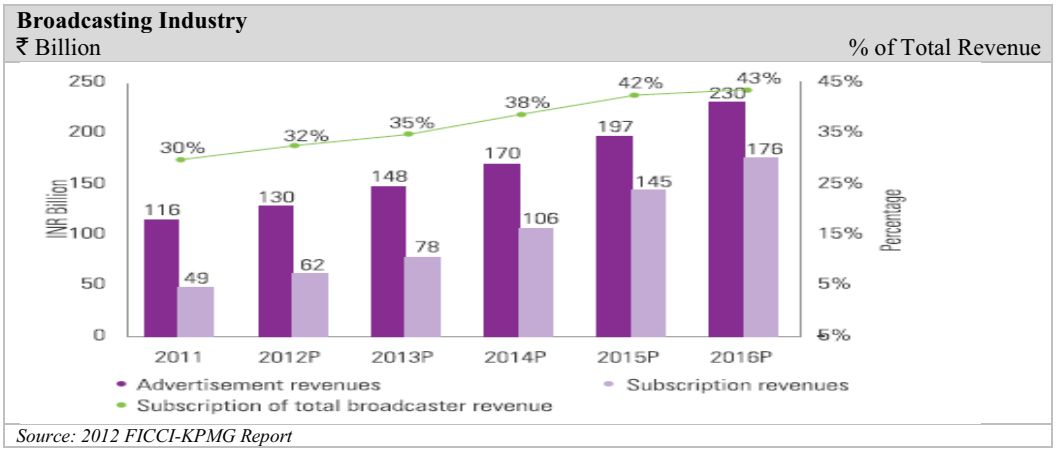
The Indian Television Industry

Third Largest Television Market. India is the world's third largest television market (following China and the United States), according to the 2012 FICCI-KPMG Report. The number of households with televisions in India grew to reach 146 million in 2011 compared to 138 million in 2010, according to the 2012 FICCI-KPMG Report. According to the 2011 FICCI-KPMG Report, Cable and Satellite (C&S) penetration of television households is close to 80%, with DTH driving a significant part of the growth in the last 12 months. With the impending digitisation of all analog cable subscribers imminent, penetration level of digital households is expected to increase significantly, going forward. The industry is expected to grow at a compounded annual growth rate of 17% from 2011 to 2016, according to the 2012 FICCI-KPMG Report.

Increasing Television Advertising Revenues. While there has been a significant increase in advertisement inventory, advertisement rates have generally remained flat or declined in 2011, with advertisers cutting advertisement budgets due to the global and domestic economic slowdown. However, with a large number of untapped advertisers who are currently using only the print platform, there is potential for further growth for television. According to the 2012 FICCI-KPMG Report, television advertising revenue recorded a growth of 13% from the revenue generated in 2010, which is lower than 15% projected earlier. Television advertising revenues are projected to grow at a compounded annual growth rate of 15% from 2011 to 2016 according to the 2012 FICCI-KPMG Report.

Growing Subscription Revenues. Subscription revenue for broadcasters is estimated to grow at a CAGR of 30% from 2011 to 16, driven by higher declaration as a result of digitization, as well as increased bargaining power of broadcasters through aggregation of distribution as per the 2012 FICCI-KPMG Report. According to the 2012 FICCI-KPMG Report, for mature broadcasters, a significant share of subscription revenues is expected to flow to the bottom line. While broadcasters re-align their revenue model, decreasing dependence on advertisement revenues, sustaining strong subscription revenues may require broadcasters to reengineer their offering and deliver high quality content to the consumer, according to the 2012 FICCI-KPMG Report. The proposed digitization also provides an opportunity for the number of channels go up and the niche channels to increase their offering, according to the 2012 FICCI-KPMG Report.

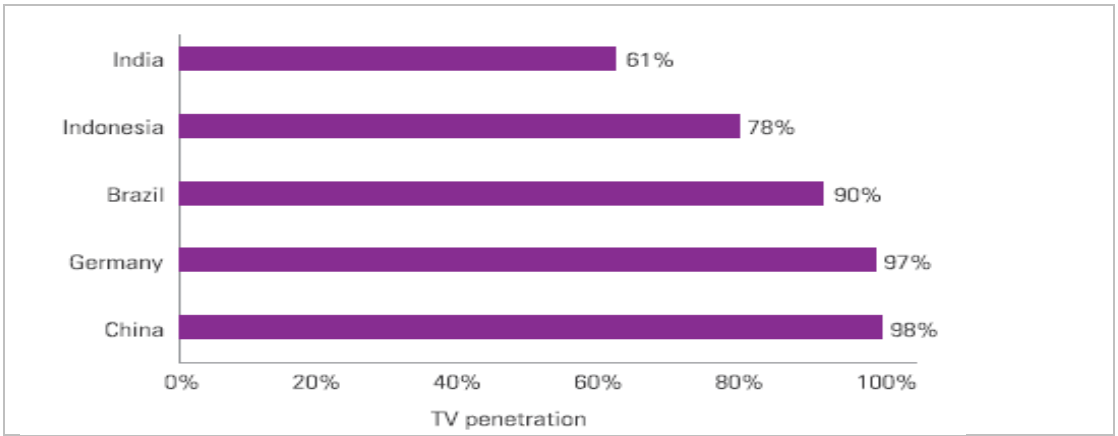
The following graph shows the projected growth of Indian advertising and subscription revenues from 2011 to 2016:



Source: 2012 FICCI-KPMG Report

Relatively Low Viewership. According to the 2012 FICCI-KPMG Report, the number of cable and satellite households increased by 11 million during 2011 to reach 119 million. Penetration of cable and satellite homes increased from 78% of total television households in 2010 to 81% in 2011. However, as per the the 2012 FICCI-KPMG Report, the average television viewing time in India continues to be low vis-a-vis developed economies. According to the 2012 FICCI-KPMG Report, in 2016, television penetration is estimated to rise to approximately 70%, which still offers potential for penetration-led growth (post 2016) as income levels rise, based on television penetration levels in other mature as well as emerging economies. Thus, there is potential for growth not only in terms of penetration / reach, but also in terms of viewing time as per the 2012 FICCI-KPMG Report.

The following graph shows the television penetration in select countries (2011):

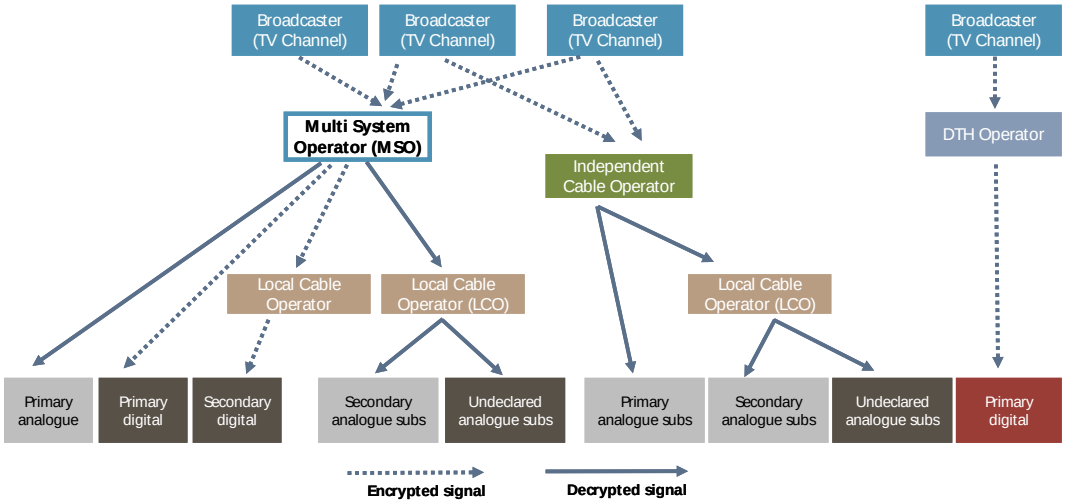


Source: 2012 FICCI-KPMG Report

Flat Average Revenue per User. According to 2012 FICCI-KPMG Report, ARPUs in India appear to be depressed largely due to the prevalence of analog cable, and competition due to fragmentation of the industry. During implementation of digitization, ARPUs may continue to be under pressure, as MSOs and DTH operators target the same subscriber base. However, digitization will also create the opportunity to introduce new and niche channels. This may drive demand for specific content according to 2012 FICCI-KPMG Report. Accordingly, ARPUs are expected to grow at a faster pace as digitization progresses across the various phases, 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

As per the 2012 FICCI-KPMG Report, the cable television industry in India is poised for one of its most significant developments in the last decade – a transformation to the Digital Addressable System (DAS) for television distribution. Cable operators in a DAS regime would be legally bound to transmit only digital signals. Subscribed channels can be received at the customer's premises only through a set-top-box equipped with a conditional access card, and a subscriber management system (SMS). In a nut-shell, each user in the network would be uniquely identifiable to the service provider.

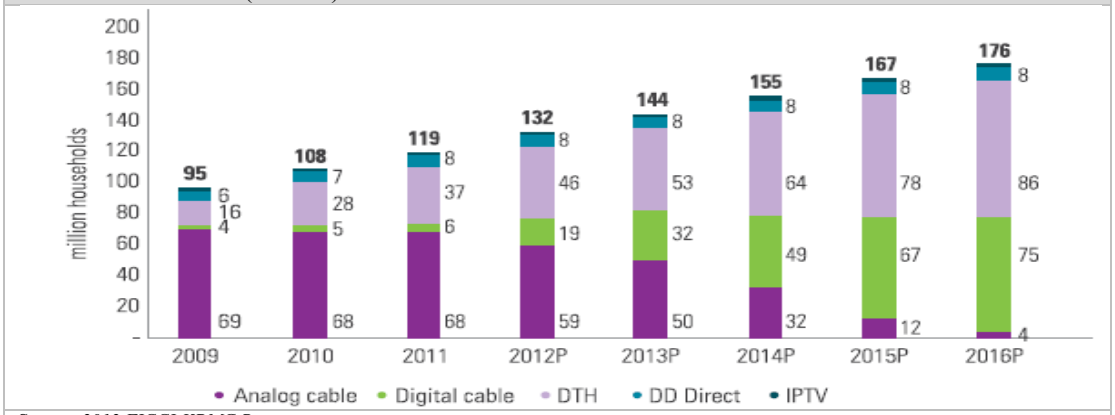
Digital television is expected to provide the consumer access to a higher number of television channels,

customized tariffs, availability of broadband and other value-added-services, and enhanced user experience through better viewing quality and consumer service according to the 2012 FICCI-KPMG Report.

As per the 2012 FICCI-KPMG Report, an August 2010 report by TRAI recommending complete digitization of the cable sector revived the digitization efforts. With the parliament clearing the bill to amend the Cable Television Networks (Regulation) Act in December 2011, the stage has now been set for a significant transition to the digital addressable system, to be implemented across India in four phases. However, this is currently in ordinance form, and the Cable television Act will need to be amended to allow for a smooth roll out of digitization. Some of the changes relate to new licensing requirements of a MSO, revenue share arrangements, etc according to the 2012 FICCI-KPMG Report. TRAI also expects the likely completion of the National Broadband Plan by 2013 to provide the necessary impetus to digitization due to nation-wide availability of fibre optic network according to the 2012 FICCI-KPMG Report.

The following graph shows the projected number of analog and digital television subscribers in India from 2011 to 2016:

Analog and Digital Television Subscribers
Number of Subscribers (millions)



Source: 2012 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.

The DTH segment continued to expand in India, reaching a gross subscriber base of around 44 million at the end of 2011. On a net basis, this is estimated to translate into a subscriber base of 37 million. This represents a 31% penetration of DTH within the C&S subscriber base, compared to 26% in 2010 according to the 2012 FICCI-KPMG Report. As per the said Report, the market appears to be large enough to accommodate both digital cable as well as DTH service providers.

The power equation is expected to shift towards MSOs over the next three years

As per the 2012 FICCI-KPMG Report, in the absence of digital addressability, the industry estimates that a local cable operator declares only 15% to 20% of his actual subscriber base to the MSOs. Subscriber declaration levels are expected to increase to 100% post digitization. However, revenue share between various stakeholders may continue to be negotiation driven. The revenue share is expected to evolve as digitization progresses. Broadcasters and MSOs are expected to see a significant increase in their bargaining power over local cable operators.

With digital addressability and eventual control of the subscriber, the television distribution industry is expected to see a significant shift in power away from the local cable operators towards the MSO. Post complete digitization, the MSO would own and control the infrastructure and generate the bill using the subscriber management system. The local cable operator is expected to take up the role of a collection and servicing agent

of the MSO according to the 2012 FICCI-KPMG Report.

Genres

Hindi GECs led among the genres with a 27.4% share of viewership, but witnessed a decrease from the 2010 figure of 29.6%. Nevertheless, this genre is expected to continue its dominant position going forward. South channels followed with a viewership share of 23.7%, followed by Hindi movies with a genre share of 11.9% while the Kids genre stayed flat at 6.3% as per the 2012 FICCI-KPMG Report.

The following graph shows the viewership share by genres in the year 2011:

Share of channel genres at all India level	
Genre	**2011**
Hindi GEC	27.4%
Hindi movies	11.9%
Kids	6.3%
Music	3.2%
Sports	3.5%
Infotainment	1.1%
English movies	1.0%
English GEC	0.2%
Regional channels	33.4%
Others	12.0%

Source: 2012 FICCI-KPMG Report

Multi-screen television content consumption

Indian consumers are beginning to consume television content on non-television devices like smart-phones, tablets, and personal computers. India is reported to have a subscriber base of one million active users of mobile television, while six million active subscribers have access to 3G services as per the 2012 FICCI-KPMG Report.

According to 2012 FICCI-KPMG Report, while mobile television is yet to pick up in India on a large scale, broadcasters and telecom service providers have already launched television-on-the-go services in larger mobile markets. In 2011, MTNL launched mobile television services for its 2G and 3G subscribers in Mumbai and Delhi.

Digitization will also open up avenues for broadcasters to launch subscription driven, specialty channels in India. On the lines of international markets, niche channels dedicated to cooking, gardening, gaming, automobiles, health or education may find flavor in India. Addressability also provides an opportunity for broadcasters to insert localized content and advertising, translating into premium advertisement rates.

The Indian Film Industry

The Indian film industry was estimated to be ₹ 93 billion in 2011 indicating a growth of 11.5% vis-à-vis 2010 according to the 2012 FICCI-KPMG Report. Quality content combined with the revival of Hindi films with mass connect improved the occupancy rates which in-turn increased domestic box-office collections. According to the 2012 FICCI-KPMG Report, competitive bidding by broadcasters for large budget films resulted in 26% growth of Cable and satellite rights. Albeit on a small base, ancillary revenues such as licensing and merchandising, in-cinema advertising and pay per view also displayed strong growth in 2011. The Home video segment was the only exception to the growth trend with most filmmakers ceasing to consider this as a major line-item in their revenue estimations according to the 2012 FICCI-KPMG Report.

According to the 2012 FICCI-KPMG Report, India continues to be a severely under-screened market resulting in competitive jostling by films to garner domestic theatrical revenues – roughly 10 films struggle for screen-

space every Friday. In addition, an unfavorable tax regime and lack of quality shooting space have hampered the industry's growth to its full potential.

Overall Film Industry Size
₹ billion

Size of the Indian film industry

Film Industry (INR Billion)	2007	2008	2009	2010	2011	CAGR (2007-11)	2012P	2013P	2014P	2015P	2016P	CAGR (2011-16)
Domestic Theatrical	71.5	80.2	68.5	62.0	68.8	-1.0%	73.5	80.2	88.0	97.2	108.0	9.4%
Overseas Theatrical	8.7	9.8	6.8	6.6	6.9	-5.5%	7.5	8.3	9.2	10.2	11.5	10.5%
Home Video	3.3	3.8	4.3	2.3	2.0	-12.0%	1.7	1.4	1.2	1.0	0.9	-15.0%
Cable & Satellite Rights	6.2	7.1	6.3	8.3	10.5	14.0%	12.0	13.7	15.6	17.8	20.3	14.2%
Ancillary Revenue Streams	2.9	3.5	3.5	4.1	4.7	12.3%	5.4	6.2	7.2	8.3	9.6	15.4%
Total Industry Size	**92.7**	**104.4**	**89.3**	**83.3**	**92.9**	**0.1%**	**100.0**	**109.7**	**121.1**	**134.5**	**150.3**	**10.1%**

Source: 2012 FICCI-KPMG Report

The Indian Digital Industry

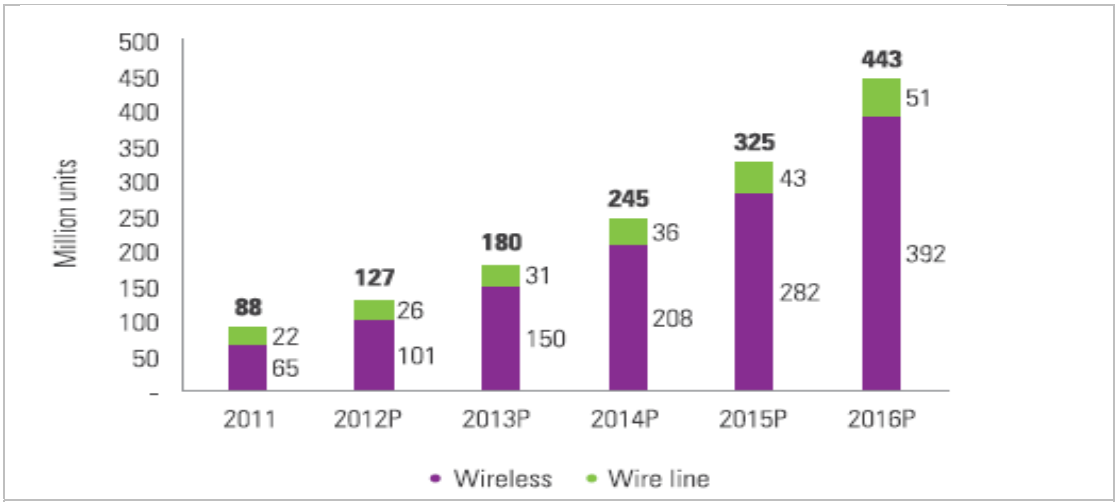
Growing Internet Population. According to the 2012 FICCI-KPMG Report, the digital media ecosystem in India is evolving rapidly. The number of internet connections in India was estimated to be approximately 88 million in 2011 and is expected to grow to over 400 million by 2016. Continued growth in internet penetration and mobile device access is expected to drive consumption. This will further drive adoption by advertisers and developments in the payment ecosystem to facilitate better monetization, and hence revenue growth. Coming in at approximately ₹ 15.4 billion in revenue in 2011, growing over 40% of last year's advertising revenue, digital advertisement spend reached approximately 5% of total media and entertainment industry advertising revenue as per the 2012 FICCI-KPMG Report.

Online. According to the 2012 FICCI-KPMG Report, advertising online has so far been dominated by search and display and while growth rates in these categories have stabilized somewhat (although it is still high compared to off-line), social marketing and video will see strong growth over the next few years. On the back of rising internet penetration and content consumption, online and mobile advertising have seen increased interest from categories that have historically had a limited presence in this space. Large advertiser categories on traditional media like Automobiles, Telecom and FMCG are increasing their ad spend online, resulting in some share shift from traditional media to digital as per the 2012 FICCI-KPMG Report.

The online advertisement market (excluding mobile) in India stands at about ₹ 14 billion currently, and is expected to grow at a 30% CAGR to reach ₹ 57 billion in 2016. Mobile advertising currently accounts for a small share of the market, estimated at ₹ 1 billion but is expected to grow significantly over the coming years, according to the 2012 FICCI-KPMG Report.

While the advertising story remains strong for the online industry in India, the share of online advertising as a percentage of the overall advertising pie still lags global benchmarks, where overall internet spend accounts for 14% of total ad spend. Thus there is a huge potential for growth.

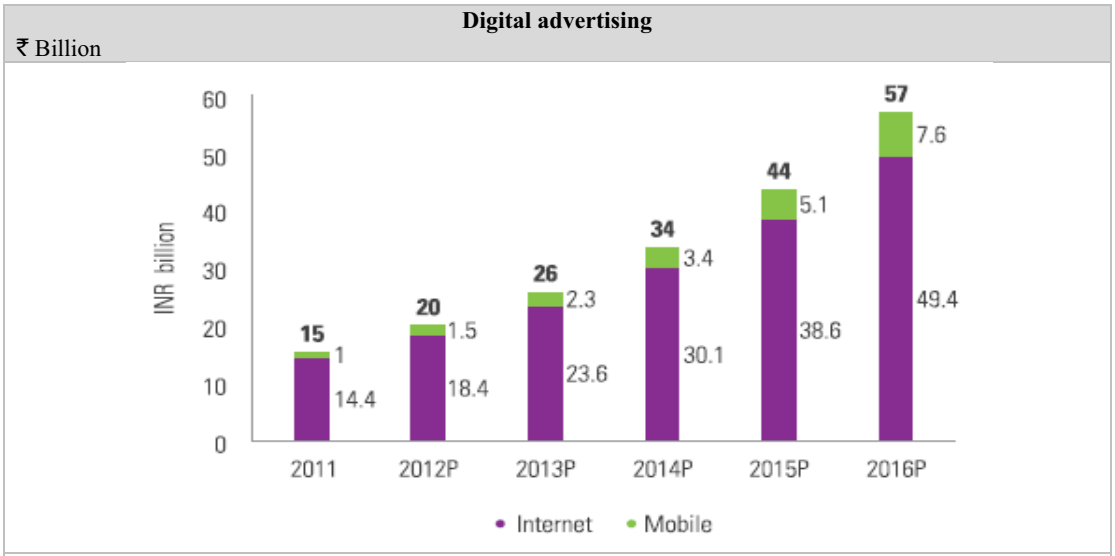
Mobile connectivity will drive the next phase of growth. The next phase of growth in internet usage will largely be driven by mobile and wireless connections. The number of internet connections in India was estimated to be approximately 88 million in 2011 and is expected to grow to over 400 million by 2016. By then, wireless connections are expected to constitute about 90% of all internet connections. The number of broadband wireline connections is expected to grow 25% annually from 14 million in 2012 to 51 million by 2016.



2012 FICCI-KPMG Report

The following graph illustrates the historical and projected growth of Digital advertising revenues from 2011 to 2016:

Historical and Projected Growth of Digital Advertising Revenues from 2011 to 2016



Source: 2012 FICCI-KPMG Report

Digital Commerce. India's digital landscape is still at an early stage of development, with internet penetration at only 10.8%, or 132 million users as of 2011, and while that number is expected to grow to 41.7%, or 546 million users, by 2016 according to the FICCI-KPMG India Media and Entertainment Industry Report 2012.

Content delivery. The Internet has transformed the way media content is delivered to consumers' is an often repeated cliché, but no text on emerging technologies in media and entertainment sector would be complete without touching upon the latest developments in the space of internet and mobile. When it comes to delivery of content there are several new and old technologies and developments which have come together in the last few years to transform the way media is consumed. Delivery of content through the data networks is all set to get a boost with imminent 4G rollout, while at the same time cable networks in the country are rapidly moving towards digitization, according to the 2012 FICCI-KPMG Report.

The Indian Print and Publishing Industry

According to the 2012 FICCI-KPMG Report, in the calendar year 2011, the ₹ 209 billion print industry grew by 8.4% from ₹ 193 billion in 2010, slightly lower than expectation of 9.5%. According to the 2012 FICCI-KPMG Report, in 2011, 94% of total print revenues were contributed by the newspaper publishing sector up from 92% in 2007. The newspaper industry is estimated to be worth ₹ 197 billion while magazine industry is estimated to be ₹ 13 billion.Even though the long term growth story of Indian print industry remains promising, the sector was impacted due to the overall macro environment being depressed which dampened the advertisement spends. The print industry is expected to grow at a compounded annual growth rate of 9% on the back of higher literacy levels, higher per-capita income levels and presence of a large vernacular market. Favourable demographics saw larger players seeking to expand reach by entering new markets by acquiring smaller regional players.

The newspaper industry, which is facing declining readership in many international markets, continues to thrive in India, driven by increasing literacy rates, consumer spending and the growth of regional markets and specialty newspapers. Newspapers account for 42% of all advertising spend in India, the most of any medium. The newspaper industry has high entry barriers as existing players have developed strong brand equity and have developed control over their distribution network. Hence, regional print companies with strong operating dynamics are expected to raise capital through the capital markets or private equity to expand their presence across the media value chain and also launch niche city centric supplements.

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 73 respectively.*

Overview

We are a media and entertainment company in India, with interests in television, internet, filmed entertainment, digital 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 digital 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, Colors HD*, *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.

In June 2012, TV18 announced a strategic joint venture with Viacom18 to create a multi-platform 'Content Asset Monetization' entity called "IndiaCast", which shall drive domestic, and international channel distribution across all platforms, including Cable, DTH, IPTV, HITS and MMDS, placement services and content syndication for the channels currently operated by TV18 and the ETV Channels, post completion of ETV Acquisition.. As on the date of this Letter of Offer, IndiaCast is a wholly owned subsidiary of TV18.

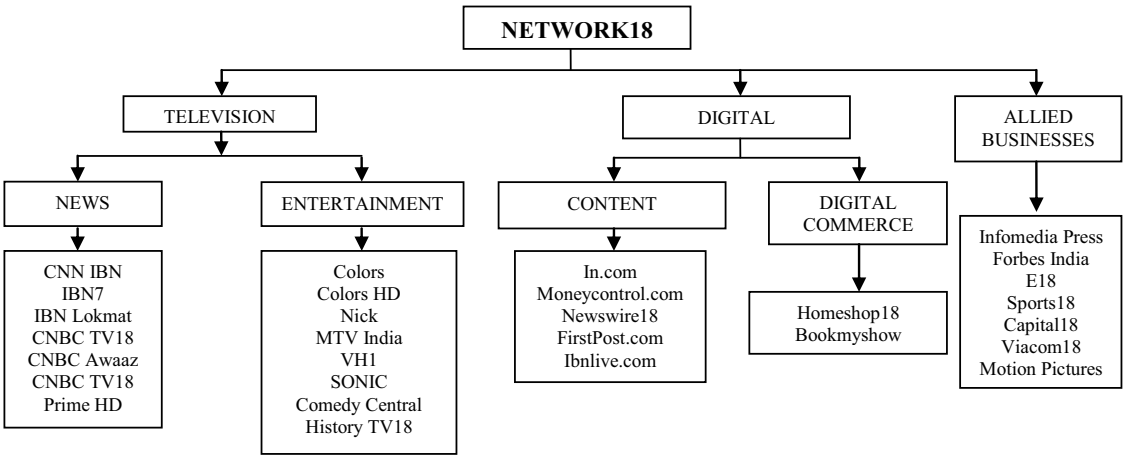
We have entered into the Content License Agreement with Infotel, a subsidiary of RIL for transmission of content through its 4G Broadband network. Infotel shall have preferential access to the content provided by us on first right basis.

Our digital 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 publishing, digital commerce assets including the web content properties such as moneycontrol.com, ibnlive.com, in.com and firstpost.com. We have substantial stakes in digital 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 Infomedia Press, which is in the printing press business, 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.

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 aggregate our channels and distribute them through IndiaCast all over India, except in Tamil Nadu and Pondicherry, where Sun18 shall have distribution rights until March 31, 2013.

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



Recent developments

In June 2012, TV18 has announced a strategic joint venture with Viacom18 to create a multi-platform 'Content Asset Monetization' entity called "IndiaCast", which by itself or through its subsidiary shall drive domestic, and international channel distribution across all platforms, including Cable, DTH, IPTV, HITS and MMDS, placement services and content syndication for the channels currently operated by TV18 and the ETV Channels, post completion of ETV Acquisition in all states of India and abroad. As on the date of this Letter of Offer, IndiaCast distributes channels operated by TV18 and Viacom18 across all platforms in India and abroad, excluding states of Tamil Nadu and Pondicherry where Sun18 shall have these rights until March 31, 2013. In addition to the aforementioned channels, IndiaCast distributes the Sun Network Channels and Disney Channels in the Hindi speaking markets in India which includes all states in India except Tamil Nadu, Andhra Pradesh, Karnataka, Pondicherry, Kerala, Lakshadweep and Andaman and Nicobar Islands upto March 31, 2013.

Scheme of Arrangement

In the last Financial Year, we completed 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 & Software Limited, iNews.com Limited, Care Websites Private Limited, Television Eighteen commoditiescontrol.com Limited, RVT Investments Private Limited and Network18 India Holdings Private Limited under sections 391 to 394 read with section 78, 100 to 103 of the Companies Act, 1956, which was subsequently approved by our shareholders.

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 & Software Limited into TV18.

Following the Scheme of Arrangement, our television broadcasting business is held and operated by our subsidiary TV18. The other businesses, including the digital 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 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 Infomedia Press, 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.

The Scheme of Arrangement which has been duly approved by the Hon'ble High Court of Delhi pursuant to their order dated April 26, 2011 prescribes certain accounting treatments which are at variance with the Accounting Standards issued by ICAI, as mentioned on page 73.

However, the Scheme of Arrangement has attained legal enforceability and is required to be adhered to in its entirety, including compliance with the various accounting treatments prescribed therein, even though they may not be in compliance with other Accounting Standards issued by ICAI.

We have received legal opinions from Justice V N Khare, Former Chief Justice of India dated May 27, 2012 and July 22, 2012, the Auditors opinion dated July 23, 2012 and due diligence opinion of Lead Managers addressed to SEBI dated July 30, 2012 issued in connection with this matter.

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 Financial Year 2011-12 are not comparable. For further details please see risk factor 7 and "Financial Statements" on pages xxi and 73, respectively.

ETV Scheme of Arrangement

Prior to April 1, 2010, UEPL was carrying on the following business:
a. Publication of Newspapers;
b. Food business; and
c. Television Broadcasting division comprised of 12 television channels grouped under the following heads:-

i. "ETV Telugu Channels ", namely, ETV Telugu and ETV 2 ,
ii. "ETV Non Telugu Channels", namely, ETV Kannada, ETV Bangla, ETV Marathi, ETV Gujarati and ETV Oriya and
iii. "ETV News Channels", namely, ETV Rajasthan, ETV Uttar Pradesh, ETV Madhya Pradesh, ETV Bihar, and ETV Urdu.

Pursuant to ETV Scheme of Arrangement, with effect from April 1, 2010 the Television Broadcasting business of UEPL comprising of ETV News Channels, ETV Non Telugu Channels and ETV Telugu Channels were demerged into Panorama, Prism and Eenadu, respectively. The ETV Scheme of Arrangement was approved by Hon'ble High Court of Andhra Pradesh on December 15, 2010 under sections 391 to 394 of the Companies Act, 1956. For further details pertaining to the ETV Scheme of

Arrangements, including the shareholding pattern of Prism, Panorama and Eenadu please refer to the chapter "Material Agreements pertaining to ETV Acquisition" on page 63.

Additionally, we have also included (i) the carve out financials of the television broadcasting business division (comprising of ETV channels) of UEPL for Financial Years 2007-08, 2008-09 and 2009-10 in accordance with Indian GAAP and Guidance Note on Audit Reports and Certificates for Special Purpose issued by ICAI and audited financials of Eenadu, Prism and Panorama for Financial Year 2010-11 and Financial Year 2011-12 to disclose the historical financial performance of the ETV channels in which we are acquiring interest; and (ii) the audited financial statements of Equator for Financial Years 2008-09, 2009-10 , 2010-11 and 2011-12 to disclose the historical financial performance of the corporate entity, Equator being directly acquired by TV18. The Summary Financial statements of Equator are included on page 179. The Summary Financial Information of Eenadu, Prism and Panorama, are included on page 186.

Scheme of Demerger

The Scheme of Demerger between us and Infomedia Press (earlier known as Infomedia 18 Limited) 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, Infomedia Press's publishing business and search business was demerged and consolidated with our business. The printing press business continues to remain with Infomedia Press. The appointed date for the Scheme of Demerger is April 1, 2010. This Scheme of Demerger was approved by the Delhi High Court *vide* its order dated May 22, 2012 read with its orders dated May 3, 2012, February 14, 2012 and November 22, 2011, and has been made effective as on June 1, 2012. However, we are awaiting receipt of MIB approval for transfer of publishing business. The Company has made the necessary applications to the MIB seeking approval for the same. For further details see "***Government Approvals***" on page 245.

Upon the Scheme of Demerger becoming effective, we have issued and alloted, 3,679,356 Equity Shares in the ratio of 7:50 i.e. seven fully paid-up Equity Shares of ₹ 5 each for every 50 fully paid-up equity shares of ₹ 10 each of Infomedia Press.

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 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;

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, Arimas 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 and Eenadu Acquisition, subject to completion of ETV Acquisition in terms of the SPA. For details, see "***Material Agreements Pertaining to ETV Acquisition***" on page 63.

We currently operate 6 news channels, seven 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 24 and 63, 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 six news television channels: *CNBC-TV18, CNBC-TV18 Prime HD*, *CNN-IBN*, *IBN-7*, *CNBC Awaaz* and *IBN-Lokmat*. We also operate seven general entertainment channels: *Colors*, *Colors HD*, *MTV India*, *Vh1*, *Nick*, *Sonic*, *Comedy Central* and one factual entertainment channel *HistoryTV18*. All of our television channels are aggregated to cable, DTH, IPTV, HITS and MMDS operators in India as well as abroad (except in Tamil Nadu and Pondicherry) through IndiaCast. We also operate digital 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.

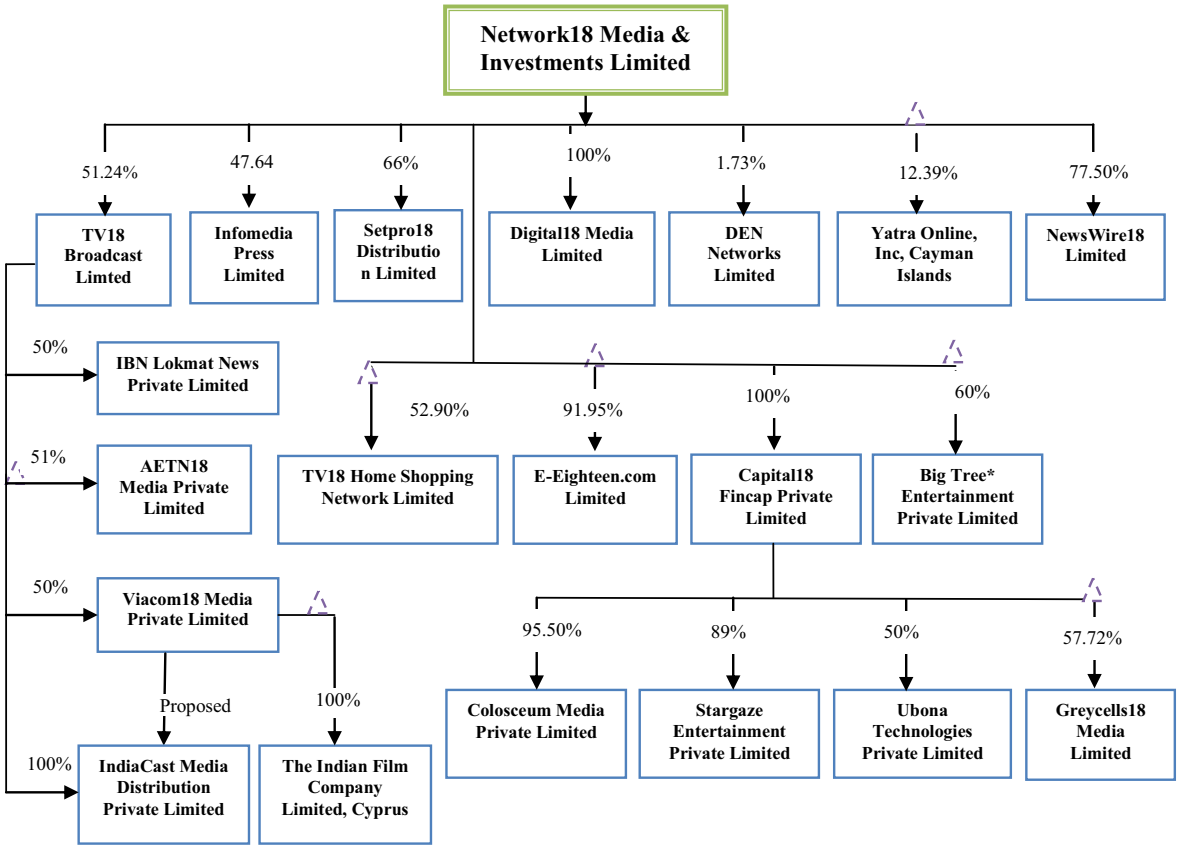
If we choose to enter a new media segment, or develop a business in one of our existing segments, we believe our management and experienced editorial staff will be well-positioned to successfully implement our strategic plans.

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 and television broadcast aggregation, CNN, CNBC and Lokmat in news and A+E Networks in entertainment. 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:



**Pursuant to share subscription and share purchase agreements dated August 22, 2012, entities affiliated with Accel Partners have agreed to invest ₹ 1,000 million in BigTree Entertainment Private Limited ("BigTree"). Upon the closing of the transaction, our stake in BigTree will be reduced to 40%.*

OUR BUSINESS

We are a media and entertainment company based in India, with operations in the following four segments: news, entertainment, digital 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-TV18 Prime HD, 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.

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.

We also operate *CNBC-TV18* in high definition, namely *CNBC-TV18 Prime HD.* This channel offers live access to global markets through the day along with financial data and news alerts through a two window screen architecture, which offers high definition video and data content to viewers simultaneously.

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, www.ibnkhabar.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 seven general entertainment television channels i.e. *Colors*, *Colors HD, MTV India*, *Vh1*, *Sonic, Nick and Comedy Central* (through Viacom18, a 50-50 joint venture between MTV Asia, a wholly-owned subsidiary of Viacom International Inc.) and one factual entertainment channel, *History TV18* (through AETN18 Media Private Limited, a 51-49% joint venture with A+E Television Networks LLC). Viacom18 was also named one of the best place to work in the media and entertainment industry by the Great Place to Work Institute in 2012.

Our general entertainment channels and factual entertainment 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. *Colors* is also available as a high definition service, *Colors HD*, which is available on key digital platforms that support high definition broadcast. We are in the process of launching "*Rishtey*" a new free to air channel in United Kingdom.

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* runs English music and lifestyle shows and it runs 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 Kinng. In recent times, Viacom18 Motion Pictures has released popular films like 'Shaitan', 'Gangs of Wasseypur' (2 parts), 'Kahaani' etc. We have also entered into an alliance with Paramount Pictures International that gives Viacom18 Motion Pictures the rights to distribute all Paramount releases in the Indian subcontinent.

AGGREGATION

In June 2012, TV18 has announced a strategic joint venture with Viacom18 to create a multi-platform 'Content Asset Monetization' entity called "IndiaCast", which shall drive domestic, and international channel distribution

across all platforms, including Cable, DTH, IPTV, HITS and MMDS, placement services and content syndication for the channels currently operated by TV18 and the ETV Channels, post completion of ETV Acquisition in all states of India and abroad. As on the date of this Letter of Offer, IndiaCast is a wholly owned subsidiary of TV18 and distributes channels operated by TV18 and Viacom18 across all platforms in India and abroad, excluding states of Tamil Nadu and Pondicherry where Sun18 shall have these rights until March 31, 2013. In addition to the aforementioned channels, IndiaCast distributes the Sun Network Channels and Disney Channels in the Hindi speaking markets in India which includes all states in India except Tamil Nadu, Andhra Pradesh, Karnataka, Pondicherry, Kerala, Lakshadweep and Andaman and Nicobar Islands until March 31, 2013.

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 xliv.

DIGITAL COMMERCE

Our digital 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 digital 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.

Digital Commerce

Homeshop18: Through Homeshop18, we facilitate the sale, demonstration, marketing and distribution 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.

Consumers may purchase products through our website or our 24-hour multilingual, in-house telephonic sales center, which are sold by our third party distributors to its customers. We provide consumers the option to pay for products via credit card or cash upon delivery.

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

Infomedia Press (earlier known as Infomedia 18)**,** our specialized print services business, was acquired in August 2008 to complement our core television broadcasting and digital businesses. Pursuant to the Scheme of Demerger, the publishing and search business of Infomedia Press was demerged and consolidated with our business while the printing press business continued to remain with Infomedia Press.

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 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 June 30, 2012, the number of people employed by us were 1,675 and the numbers of people employed by, TV18, IBN Lokmat, AETN and Viacom18 were 1,921, 158, 850 and 502 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 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 228 trademarks under several classes of the Trade Marks Act, 1999 out of which 154 trademarks have been registered in our name. Further, pursuant to the Scheme of Arrangement, we had 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 of which 17 are pending. Out of 26 applications for registration of trade marks made by Infomedia Press, 18 have been registered. We are in the process of transferring the same in our name.

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. As of date of this Letter of Offer, transfer of such permissions / licenses from UEPL to Panorama, Prism and Eenadu are pending.

The shareholding pattern of Panorama, Prism and Eenadu as of July 31, 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	-	-	1,251,660	-	2,175	12,519,707	-
Equator	2,750	3,929	5,500	2,494,688	1,251,660	608,869	24,949,630	12,520,529	6,094,190
Arimas	-	-	4,350	-	-	608,984	-	-	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%	-	0.00%	50.00%	-	0.01%	49.98%	-
Equator	21.61%	21.66%	21.69%	100.00%	50.00%	24.50%	99.96%	49.98%	24.50%
Arimas	-	-	17.16%	-	-	24.51%	-	-	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 TV18; and (iii) subscribe to the unsubscribed portion, if any, in the Rights Issue of Network18 and Rights Issue of TV18.

The Subscribing Companies are owned and controlled by Mr. Raghav Bahl and Ms. Ritu Kapur. The shareholding of Mr. Raghav Bahl and Ms. Ritu Kapur in the Subscribing Companies are as follows:

Shareholders	**Equity shares**					
	RB Mediasoft Private Limited	**RRB Mediasoft Private Limited**	**RB Media Holdings Private Limited**	**Adventure Marketing Private Limited**	**Watermark Infratech Private Limited**	**Colorful Media Private Limited**
Raghav Bahl	9500	9500	9500	9500	9500	9500

Ritu Kapur	500	500	500	500	500	500
Total	**10000**	**10000**	**10000**	**10000**	**10000**	**10000**

The following table sets out the shareholding of the Subscribing Companies in Network18 and TV18 as on August 17, 2012:

Name of subscribing entity	Shareholding in Network18	Shareholding in TV18
RRB Mediasoft Private Limited	12,679,195 (8.65%)	500 (0.00%)
RB Mediasoft Private Limited	8,283,180 (5.65%)	500 (0.00%)
RB Media Holdings Private Limited	8,278,722 (5.65%)	200 (0.00%)
Watermark Infratech Private Limited	8,278,680 (5.65%)	200 (0.00%)
Colorful Media Private Limited.	8,278,680 (5.65%)	200 (0.00%)
Adventure Marketing Private Limited	8,278,680 (5.65%)	200 (0.00%)
Total	**54,077,137 (36.90%)**	**1,800 (0.00%)**

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 Digital Content Private Limited which is owned jointly by Mr. Raghav Bahl and Ms. Ritu Kapur.

The Competition Commission of India ("CCI") *vide* its order dated May 28, 2012 ("Order") has approved the proposed combination involving the Issuer, TV18 and Equator.

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

TV18 and Network18 had executed the SPA with Equator, Altitude and Kavindra. Altitude and Kavindra are effectively wholly owned by RIIHL, which is a subsidiary of RIL. Altitude was the legal and beneficial owner of 2,000,000,000 equity shares of ₹ 1 each of Equator and Kavindra was the legal and beneficial owner of

125,700,000 CCDs of ₹ 100 each of Equator, which together represented 100% of the Equity Securities of Equator. Pursuant to and in accordance with provisions of the SPA, Altitude and Kavindra have transferred 2,000,000,000 equity shares of ₹ 1 each and 125,700,000 CCDs of ₹ 100 each of Equator, respectively, to Arimas. Arimas is effectively wholly owned by RIIHL, which is subsidiary of RIL.

Pursuant to the terms of the SPA, Arimas 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.

At the time of execution of the Option Agreement, Devaki was the legal and beneficial owner of 10,000 equity shares of ₹ 10 each and 57,500,000 CCDs of Anu of ₹ 200 each which together represented 100% of the Equity Securities of Anu.

On March 31, 2012, Anu transferred 4,350 equity shares of ₹ 10 each and 608,984 OFCDs of Eenadu of ₹ 100 each ("Eenadu Option Securities") to Arimas. Devaki is currently holding 10,000 equity shares of ₹ 10 each and 31,750,000 CCDs of Anu of ₹ 200 each ("Anu Option Securities"). TV18, Devaki, Anu and Arimas have entered into an addendum 1 dated August 16, 2012 to Option Agreement to reflect the current holding of Arimas and Devaki of Eenadu Option Securities and Anu Option Securites, respectively. Arimas is effectively wholly owned by RIIHL.

In terms of the Option Agreement, TV18 and its affiliates, can exercise the option to purchase all, but not less than all of Anu Option Securities for an aggregate consideration of ₹ 9.300.1 million as adjusted for the net debt of Prism ("Prism Net Debt") and / or Eenadu Option Securities for an aggregate consideration of ₹ 5,150 million as adjusted for the net debt of Eenadu ("Eenadu Net Debt"), on spot delivery basis, from Devaki and/ or Arimas as the case may be on or before March 31, 2013.

Prism Net Debt is defined as aggregate of all monies borrowed from banks by Prism, less the aggregate of all cash and bank balances of Prism as on the call option exercise date.

Eenadu Net Debt is defined as aggregate of all monies borrowed from banks by Eenadu, less the aggregate of all cash and bank balances of Eenadu as on the call option exercise date.

Further, Devaki has agreed not to transfer any of the Anu Option Securities and has also agreed to ensure that Anu does not transfer any of the Equity Securities held by it in Prism, until March 31, 2013. Arimas has also agreed not to transfer any of the Eenadu Option Securities held by it in Eenadu until March 31, 2013 However, Devaki and Arimas may transfer Anu 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 were held by Anu and 51% Equity Securities of Eenadu are held by the Ushodaya Promoters. Pursuant to and in accordance with provisions of the Eenadu SHA, Anu transferred 4,350 equity shares of ₹ 10 each and 608,984 OFCDs of ₹ 100 each of Eenadu to Arimas.

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 Arimas (collectively). Similarly, any transfer of all, and not less than all of the Equity Securities of Eenadu held by Equator and Arimas (collectively) is subject to a right of first refusal in favour of the Ushodaya Promoters (collectively).

In the event Arimas 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 Arimas 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 Arimas 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 Arimas. In case Equator or Arimas, 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 Arimas (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 Arimas (collectively), as the case may be.

Equator and Arimas 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 Arimas 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 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	49	**Indian companies** 1. 3D Technopack Limited 2. India Carbon Limited 3. TV18 Broadcast Limited 4. Infomedia Press 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. Infomedia Press 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. Digital Content 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, Mauritius 6. E-18 Limited, Cyprus 7. Film Investment Managers (Mauritius) Limited 8. Network18 Holdings Limited, Mauritius 9. Television Eighteen Mauritius Limited 10. Television Eighteen Media & Investments Limited, Mauritius 11. TV18 HSN Holdings Limited, Cyprus 12. Web 18 Holdings Limited, Cayman Islands. 13. 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	75	**Indian Companies** 1. RRB Investments Private Limited 2. Capital18 Fincap Private Limited (earlier VT 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 Delhi, India	Indian	55	**Indian Companies** 1. Jubilant Life Sciences Limited 2. Jubilant Biosys Limited 3. Geoenpro Petroleum Limited 4. TV18 Broadcast Limited

Name, Address, Occupation, Term and DIN	Nationality	Age (years)	Other directorships, partnerships and trusteeships
Occupation: Industrialist **Term:** Liable to retire by rotation **DIN:** 00010499			5. Vam Holdings Limited 6. Jubilant FoodWorks Limited 7. Shriram Pistons & Rings Limited 8. Jubilant Industries Limited 9. Export Credit Guarantee Corporation of India Limited 10. Jubilant Enpro Private Limited 11. Jubilant Securities Private Limited 12. American Orient Capital Partners India Private Limited 13. Jaytee Private Limited 14. Nikita Resources Private Limited 15. BT Telecom India Private Limited 16. Jubilant Stock Holding Private Limited 17. Jubilant Retail Consolidated Private Limited 18. Vanthys Pharmaceutical Development Private Limited 19. Jubilant Bhartia Foundation **Foreign Companies** 1. Jubilant Energy NV, Netherlands 2. Jubilant Energy (Holdings) BV, Netherlands 3. Jubilant Energy Limited, Canada
Mr. Sanjay Ray Chaudhari *Non-Executive Director*[*] **Address**: LGG-110, The Leburnun Sector 28, Sushant Lok Block A, Gurgaon Haryana 122 002 **Occupation:** Media Professional **Term:** Holds office upto the conclusion of forthcoming annual general meeting and is proposed to be re appointed DIN: 00015365	Indian	46	**Indian Companies** 1. Digital18 Media Limited 2. India International Film Advisors Private Limited 3. Greycells18 Media Limited 4. Money Control Dot Com India Limited 5. TV18 Broadcast Limited 6. NewsWire18 Limited 7. RVT Media Private Limited 8. Setpro18 Distribution Limited 9. Web 18 Software Services Limited 10. WS Media Ventures Private Limited 11. AETN18 Media Private Limited

[*] *Appointed as additional Director*

[**] *On July 19, 2012, the Registrar of Companies, Cayman Islands on the application of Capital18 Acquisition Corporation has issued a strike off certificate, for striking off with effect from September 28, 2012.*

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 from BSE and NSE	Whether Compulsory / Voluntary	Reason for Delisting	Whether Relisted (Y/N) (Date of Relisting)
1.	Manoj Mohanka	Television Eighteen	BSE and NSE	chairman	June 22, 2011	Voluntary	Merger into Network18 pursuant to Scheme of	No
2.	Raghav Bahl			managing director				

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 from BSE and NSE	Whether Compulsory / Voluntary	Reason for Delisting	Whether Relisted (Y/N) (Date of Relisting)
3.	Subhash Bahl			director			Arrangment	
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 and Brother of Ms. Vandana Malik
Ms. Vandana Malik	Sister of Mr. Raghav Bahl and Daughter of Ms. Subhash Bahl
Ms. Subhash Bahl	Mother of Mr. Raghav Bahl and Mother of Ms. Vandana Malik

Brief biography of our Directors

Mr. Manoj Mohanka is our non-executive independent Chairman. He has a B.Com (Hons) degree from St. Xavier's College, Calcutta University and a Master's degree with a major in strategic marketing from the Michael Smurfit Graduate School of Business,National University of Ireland. In addition, he is 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 also 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**,** our non-executive independent director, is a chemical engineering graduate from Indian Institute of Technology ("IIT"), Delhi and was conferred the Distinguished alumni Award in 2000. 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. He has also 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 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 Network 18 Media & Investments Limited

1. We have audited the attached Balance Sheet of Network 18 Media & Investments Limited ('the Company'), as at 31 March 2012, and also the Statement of Profit and Loss and the Cash Flow Statement for the year ended on that date annexed thereto (collectively referred as the 'financial statements'). These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

3. As required by the Companies (Auditor's Report) Order, 2003 ('the Order') (as amended) issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956 ('the Act'), we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

4. Without qualifying our opinion in respect of the ensuing matter, we draw attention to Note 4 to the financial statements. In accordance with the scheme of arrangement between the Company and some of its subsidiary companies approved by the Hon'ble High Court of Delhi made effective on 10 June 2011 with an appointed date of 1 April 2010, the Company has adjusted the book values of certain assets and liabilities to reflect their fair values and has recorded the resulting adjustment to the Securities Premium Account.

5. We report that, *the Company has paid ₹20,100,400 as managerial remuneration to its managing director upto 31 March 2012 (upto 31 March 2011 ₹15,204,400, the opinion of the predecessor auditor was qualified in this respect) which is in excess of the limits prescribed under the Act. Had the Company accounted for the remuneration in accordance with the Act, the Loss for the year would have been lower by ₹20,100,400 (for the year ended 31 March 2011 ₹15,204,400) and Short- term loans and advances would have been higher by ₹20,100,400 (as at 31 March 2011 ₹15,204,400).*

6. Further to our comments in the Annexure referred to above, we report that:

   (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;

   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

   (c) The financial statements dealt with by this report are in agreement with the books of account;

   (d) On the basis of written representations received from the directors, as on 31 March 2012 and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act;

   (e) In our opinion and to the best of our information and according to the explanations given to us, *subject to the effect on the financial statements of the matter referred to in paragraph 5 above*, the financial statements dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Act and give the information required by the Act, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, in the case of:

(i) the Balance Sheet, of the state of affairs of the Company as at 31 March 2012;
(ii) the Statement of Profit and Loss, of the loss for the year ended on that date; and
(iii) the Cash Flow Statement, of the cash flows for the year ended on that date.

for **Walker, Chandiok & Co**
Chartered Accountants
Firm Registration No.: 001076N

B.P.Singh
Partner
Membership No.: 70116

Place: New Delhi
Date: 4 August 2012

Annexure to the Auditors' Report of even date to the members of Network 18 Media & Investments Limited, on the financial statements for the year ended 31 March 2012

Based on the audit procedures performed for the purpose of reporting a true and fair view on the financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, we report that:

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The fixed assets have been physically verified by the management during the year and no material discrepancies were noticed on such verification. In our opinion, the frequency of verification of the fixed assets is reasonable having regard to the size of the Company and the nature of its assets.

(c) In our opinion, a substantial part of fixed assets has not been disposed off during the year.

(ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year.

(b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.

(c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.

(iii) (a) The Company has granted unsecured loans to one party covered in the register maintained under Section 301 of the Act. The maximum amount outstanding during the year is ₹ 544,804,211 and the year-end balance is ₹544,804,211.

(b) In our opinion, the rate of interest and other terms and conditions of such loans are not, *prima facie*, prejudicial to the interest of the Company.

(c) In respect of loans granted, receipt of the principal amount and interest is regular.

(d) There is no overdue amount in respect of loans granted to such companies, firms or other parties.

(e) The Company has taken secured loans from five parties covered in the register maintained under Section 301 of the Act. The maximum amount outstanding during the year is ₹ 3,135,369,220 and the year-end balance is ₹ 3,135,369,220 .

(f) In our opinion, the rate of interest and other terms and conditions of loans taken by the Company are not, *prima facie,* prejudicial to the interest of the Company.

(g) In respect of loans taken, payment of the principal amount and interest is regular.

(iv) Owing to the nature of its business, the Company does not sell any goods. Accordingly, clause 4(iv) of the Order with respect to sale of goods is not applicable. In our opinion, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of services. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas.

(v) (a) In our opinion, the particulars of all contracts or arrangements that need to be entered into the register maintained under Section 301 of the Act have been so entered.

(b) In our opinion, the transactions made in pursuance of such contracts or arrangements and exceeding the value of rupees five lakhs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.

(vi) In our opinion, the Company has complied with the directives issued by the Reserve Bank of India, the provisions of Sections 58A and 58AA and other relevant provisions of the Act and the Companies (Acceptance of Deposits) Rules, 1975 as applicable with regard to the deposits accepted from the public. According to the information and explanations given to us, no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal, in this regard.

(vii) In our opinion, the Company has an internal audit system commensurate with its size and the nature of its business.

(viii) We have broadly reviewed the books of account maintained by the Company pursuant to the Rules

made by the Central Government for the maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Act in respect of Company's services and are of the opinion that, *prima facie*, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

(ix) (a) Undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service-tax, custom duty, excise duty, cess and other material statutory dues, as applicable, have generally been regularly deposited with the appropriate authorities, though there has been a slight delay in a few cases. No undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they became payable.

(b) There are no dues in respect of income tax, sales tax, wealth tax, service tax, customs duty, excise duty and cess that have not been deposited with the appropriate authorities on account of any dispute.

(x) In our opinion, the Company's accumulated losses at the end of the financial year are less than fifty per cent of its net worth. *The Company has incurred cash losses in the current and the preceding financial year.*

(xi) In our opinion, the Company has not defaulted in repayment of dues to a financial institution or a bank or debenture-holders during the year.

(xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Accordingly, the provisions of clause 4(xii) of the Order are not applicable.

(xiii) In our opinion, the Company is not a chit fund or a nidhi/ mutual benefit fund/ society. Accordingly, the provisions of clause 4(xiii) of the Order are not applicable.

(xiv) In our opinion, proper records have been maintained for the transactions and contracts in respect of dealing and/ or trading in shares, securities, debentures and other investments and timely entries have been made therein. These shares, securities, debentures and other securities have been held by the Company in its own name except to the extent of exemption granted under Section 49 of the Act.

(xv) In our opinion, the terms and conditions on which the Company has given guarantee for loans taken by others from banks or financial institutions are not, *prima facie,* prejudicial to the interest of the Company.

(xvi) In our opinion, the Company has applied the term loans for the purpose for which these loans were obtained.

(xvii) In our opinion, no funds raised on short-term basis have been used for long-term investment.

(xviii) During the year, the Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under Section 301 of the Act. Accordingly, the provisions of clause 4(xviii) of the Order are not applicable.

(xix) The Company has created security in respect of debentures issued during the year.

(xx) The Company has not raised any money by public issues during the year. Accordingly, the provisions of clause 4(xx) of the Order are not applicable.

(xxi) No fraud on or by the Company has been noticed or reported during the period covered by our audit.

For **Walker, Chandiok & Co**
Chartered Accountants
Firm Registration No.: 001076N

B.P. Singh
Partner
Membership No.: 70116

Place: New Delhi
Date: 4 August 2012

Balance Sheet as at 31 March 2012

Particulars	Notes	As at 31 March 2012 ₹	As at 31 March 2011 ₹
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	2,257,056,430	2,137,135,055
Shares pending allotment	3(j)	18,396,780	-
Reserves and surplus	4	8,074,442,778	8,477,165,011
Share application money pending allotment	3(k)	-	367,500
Non-current liabilities			
Long-term borrowings	5	837,372,486	2,478,972,351
Other long term liabilities	6	55,171,352	39,808,607
Long-term provisions	7	2,423,117,322	15,498,968
Current liabilities			
Short-term borrowings	8	5,056,249,713	1,197,465,076
Trade payables	9	817,107,329	153,975,471
Other current liabilities	10	6,244,980,658	1,170,600,923
Short-term provisions	11	27,901,193	732,964
		25,811,796,041	**15,671,721,926**
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	12	196,566,505	22,241,491
Intangible assets	13	53,719,248	980,820
Intangible assets under development		5,658,611	3,708,162
Non-current investments	14	17,920,523,507	10,079,288,410
Long-term loans and advances	15	5,849,540,470	187,544,167
Trade receivables	16	13,815,266	-
Other non-current assets	17	50,624,211	-
Current assets			
Current investments	18	-	2,830,244,854
Inventories	19	18,691,910	-
Trade receivables	20	475,377,335	78,979,314
Cash and bank balances	21	291,265,577	912,433,906
Short-term loans and advances	22	815,040,328	1,473,568,945
Other current assets	23	120,973,073	82,731,857
		25,811,796,041	**15,671,721,926**

Notes 1 to 48 form an integral part of these financial statements
This is the balance sheet referred to in our report of even date

For **Walker Chandiok & Co**
Chartered Accountants

For and on behalf of Board of Directors of

Network18 Media & Investments Limited

B.P.Singh
Partner

Raghav Bahl
Managing Director

Sanjay Ray Chaudhuri
Director

Place : Noida
Date : 4 August 2012

R D S Bawa
Chief Financial Officer

Yug Samrat
Company Secretary

Statement of profit and loss for the year ended 31 March 2012

	Notes	Year ended 31 March 2012 ₹	Year ended 31 March 2011 ₹
Revenue			
Revenue from operations	24	1,832,112,150	399,066,070
Other income	25	814,353,070	273,119,278
Total revenue		**2,646,465,220**	**672,185,348**
Expenses			
Cost of material consumed	26	130,327,122	-
Employee benefits expense	27	1,015,707,078	134,454,097
Other operating expenses	28	1,885,043,769	426,633,615
Depreciation and amortization expense	29	88,150,795	5,135,605
Finance costs	30	1,306,801,367	816,493,300
Prior period expenses /(Income)	31	132,564,219	(6,755,083)
Total expense		**4,558,594,350**	**1,375,961,534**
Loss before tax		**(1,912,129,130)**	**(703,776,186)**
Tax expense			
Current tax		-	-
Income tax prior years (written back)		7,176,267	(12,500,000)
Total tax expense/ (credit)		**7,176,267**	**(12,500,000)**
Loss for the year		**(1,919,305,397)**	**(691,276,186)**
Basic and diluted loss per equity share [nominal value of share ₹5 (31 March 2011 : ₹ 5)]	32	(13.11)	(5.97)

Notes 1 to 48 form an integral part of these financial statements
This is the Statement of profit and loss referred to in our report of even date

For **Walker Chandiok & Co**
Chartered Accountants

For and on behalf of Board of Directors of

Network18 Media & Investments Limited

B.P.Singh
Partner

Raghav Bahl
Managing Director

Sanjay Ray Chaudhuri
Director

Place : Noida
Date : 4 August 2012

R D S Bawa
Chief Financial Officer

Yug Samrat
Company Secretary

Cash flow statement for the year ended 31 March 2012

		Year ended 31 March 2012 ₹	Year ended 31 March 2011 ₹
A.	**CASH FLOW FROM OPERATING ACTIVITIES**		
	Loss before tax	(1,912,129,130)	(703,776,186)
	Adjustments for :		
	Depreciation	88,150,795	5,135,605
	Loss on disposal of assets	8,569,435	497,279
	Provision/write off for non recoverable employee advances (included in "employee benefits expenses")	58,876,640	-
	Employee stock compensation expenses	16,253,707	29,856,206
	Interest and other financial charges	1,306,801,367	816,493,300
	Bad debts /advances written off /provided for	90,987,381	7,283,869
	Amortisation of expenses on proposed issue of securities	54,517,737	-
	Unrealised loss/(gain) on exchange rate fluctuation (net)	(822,335)	3,612,132
	Profit on sale of current investments	(323,370,938)	(132,609,708)
	Profit on sale of long term investments	(233,876,877)	(3,238,615)
	Excess provisions/ liabilities written back	(9,593,445)	(12,201,530)
	Interest income	(229,135,481)	(121,962,476)
	Operating loss before working capital changes	(1,084,771,144)	(110,910,124)
	Adjustments for :		
	Changes in assets other than fixed assets and investments	124,989,412	506,412,769
	Changes in liabilities other than borrowings	(740,092,382)	(180,790,074)
	Cash generated from/(used in) operations	(1,699,874,114)	214,712,571
	Taxes paid (net of refund)	16,478,522	53,856,213
	Net cash (used in)/from operating activities	**(1,683,395,592)**	**268,568,784**
B.	**CASH FLOW FROM INVESTING ACTIVITIES**		
	Purchase of fixed assets (including capital advances)	(105,034,548)	(7,979,604)
	Sale of fixed assets	2,165,600	562,788
	Sale of long term investments		
	- in subsidiaries (equity and preference shares)	-	811,048,615
	- in other companies	233,876,877	-
	Sale /(purchases) of current investments (net)	3,321,988,440	(970,883,792)
	Purchase of long term investments:		
	- in subsidiaries (equity and preference shares)	(338,802,794)	(1,073,025,250)
	- in others	-	(30,000,000)
	Loan given to subsidiaries / others	(5,685,400,000)	1,475,800,000
	Interest received	153,820,264	115,802,731
	Net cash used in investing activities	**(2,417,386,161)**	**321,325,488**
C.	**CASH FLOW FROM FINANCING ACTIVITIES**		
	Interest paid	(1,002,672,664)	(754,166,264)
	Expenses on proposed issue of securities / restructuring	(34,848,491)	(54,517,737)
	Proceeds from issue of equity shares (including securities premium)	2,051,305	488,508,511
	Share application money received	-	367,500
	Dividend paid during the year	248,732	-
	Repayment of borrowings	(3,755,982,647)	(2,762,858,227)
	Proceeds from borrowings	7,685,433,426	2,439,829,000
	Net cash from/(used in) financing activities	**2,894,229,661**	**(642,837,217)**
	Net increase/(decrease) in cash and cash equivalents	(1,206,552,092)	(52,942,945)
	Cash and cash equivalents as at the beginning of the year	912,433,906	965,376,851
	Cash and cash equivalents transferred in the scheme of arrangement	585,383,763	-
	Cash and cash equivalents as at the end of the year	**291,265,577**	**912,433,906**

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

For **Walker Chandiok & Co**
Chartered Accountants

For and on behalf of Board of Directors of

Network18 Media & Investments Limited

B.P.Singh
Partner

Raghav Bahl
Managing Director

Sanjay Ray Chaudhuri
Director

Place : Noida
Date : 4 August 2012

R D S Bawa
Chief Financial Officer

Yug Samrat
Company Secretary

Notes to financial statements for the year ended 31 March 2012

A. Background and Scheme of arrangement

a. Background

Network18 Media & Investments Limited ("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 20 October 2006. The name was further changed to its current name on 1 December 2007.

b. Scheme of arrangement

(i) The Board of Directors of the Company, on 7 July 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 and made effective on 10 June 2011 with an appointed date of 1 April 2010. 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 23 June 2011, the Company had issued 23,695,044 equity shares to the shareholders of TV18 (in the ratio of 13 equity shares of ₹ 5 for every 100 equity shares in TV18 of ₹ 5). This represents 17% of the total issued shares of the Company. 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. The remaining TV18, RVT Investments Private Limited and Network 18 India Holdings Private Limited primarily held investments in other companies. The 'web undertaking' of Web18 Software Service Limited operates certain websites. Television Eighteen Commodities control.com Limited and Care Websites Private Limited do not carry out any significant business operations.

(ii) The Board of Directors of the Company, on 7 July 2010, announced and approved another Scheme of Arrangement ('the Infomedia Scheme') between Infomedia 18 Limited ("Infomedia 18") and the Company and their respective shareholders and creditors. As per the Infomedia Scheme, the Business Directories business, the New Media business and the Publishing business of Infomedia18 shall be demerged into the Company while the Printing Press business of Infomedia 18 will continue to remain with Infomedia18. The Infomedia Scheme has been approved by the Hon'ble High Court of Delhi on 22 May 2012 and made effective on 1 June 2012 with an appointed date of 1 April 2010.

Further, in consideration of the demerger of the Business Directories business, the New Media business and the Publishing business of Infomedia18 into the Company, on 19 June 2012, the Company had issued 3,679,356 equity shares to the shareholders of Infomedia18 (in the ratio of 14 equity shares of Rs. 5 for every 100 equity shares in Infomedia 18 of ₹ 10), This represents 2.5% of the total issued shares of the Company. The demerged undertaking of Infomedia 18 is engaged in publication of Yellow Pages (Business Directories), special interest magazines and operating certain websites.

The above referred schemes of arrangement have been accounted for under the pooling of interests method as modified for the provisions of respective schemes of arrangement. The financial impact of these is as follows:

Notes to financial statements for the year ended 31 March 2012

(₹)

Particulars	Television Eighteen India Limited (Residual business)	Network18 India Holdings Private Limited	RVT Investments Limited	Web18 Software Services Limited	Television Eighteen Commodities control.com Limited	Care website Private Limited	Publishing division of Infomedia18 Limited	Total
Assets taken over								
Fixed assets including capital work in progress	12,628,455	-	-	93,107,832	2,867,615	-	201,802,046	310,405,948
Investments	11,641,548,589	3,085,464,456	2,063,049,300	97,110,129	-	-	1,028,674,786	17,915,847,260
Current assets, loans and advances	1,878,212,935	391,407,004	1,841,914,750	437,722,674	18,746,697	3,235,988	573,131,808	5,144,371,856
Total	**13,532,389,979**	**3,476,871,460**	**3,904,964,050**	**627,940,635**	**21,614,312**	**3,235,988**	**1,803,608,639**	**23,370,625,064**
Liabilities taken over								
Loan funds	4,520,949,795	200,000,000	1,893,487,450	657,212,865	66,043,116	-	712,529,573	8,050,222,799
Current liabilities and provisions	94,965,936	187,716	1,475,096,619	208,458,326	92,406,765	15,864,898	801,556,014	2,688,536,274
Total	**4,615,915,731**	**200,187,716**	**3,368,584,069**	**865,671,191**	**158,449,881**	**15,864,898**	**1,514,085,587**	**10,738,759,074**
Net value of assets transferred pursuant to scheme of arrangement	**8,916,474,248**	**3,276,683,744**	**536,379,981**	**(237,730,556)**	**(136,835,569)**	**(12,628,910)**	**289,523,052**	**12,631,865,990**
Less: Share capital issued as per scheme of arrangement (refer note below)	(118,475,220)	-	-	-	-	-	(18,396,780)	(136,872,000)
	8,797,999,028	**3,276,683,744**	**536,379,981**	**(237,730,556)**	**(136,835,569)**	**(12,628,910)**	**271,126,272**	**12,494,993,990**
Movement in reserves other than surplus in Statement profit and loss during the period from appointed date to 31 March 2011	127,665,870	-	-	-	234,424	-	-	127,900,294
Balance to be credited to reserves	**8,925,664,898**	**3,276,683,744**	**536,379,981**	**(237,730,556)**	**(136,601,145)**	**(12,628,910)**	**271,126,272**	**12,622,894,284**
Balance of securities premium account of entity merged with the Company as per the scheme of arrangement	7,998,650,089	-	-	-	-	-	-	7,998,650,089
Surplus/ (Deficit) in Statement of Profit and Loss of entities merged with the Company as per the scheme of arrangement **(A)**	74,453,697	(363,192,706)	3,209,981	-	(146,265,023)	(20,906,910)	-	(452,700,961)
Capital Reserve of entity merged with the Company as per the scheme of arrangement	-	-	-	-	5,699,627	-	-	5,699,627
General Reserve of entity merged with the Company as per the scheme of arrangement	58,825,177	-	-	-	-	-	-	58,825,177
Investments in wholly owned subsidiaries	-	3,638,361,000	533,170,000	-	23,574,766	-	-	**4,195,105,766**
Profit / (loss) on merger credited to Securities Premium Account	**793,735,934**	**1,515,450**	**-**	**(237,730,556)**	**(19,610,515)**	**8,278,000**	**271,126,271**	**817,314,584**
Profit / (loss) earned during the year 2010-11 **(B)**	102,931,895	(5,500,650)	(126,909,899)	(218,437,242)	(29,143,579)	518,874	(320,979,705)	(597,520,306)
Surplus/ (Deficit) of the merged entities as on 31 March 2011 (A+B)	**177,385,592**	**(368,693,356)**	**(123,699,918)**	**(218,437,242)**	**(175,408,602)**	**(20,388,036)**	**(320,979,705)**	**(1,050,221,267)**

Note: The Company also issued 11,586,782 equity shares to Network 18 Media Trust in respect of shares held by the Company in Television Eighteen India Limited (refer note 14)

B. Basis of Preparation

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, ("the Act") as adopted consistently by the Company.

During the year ended 31 March 2012, the revised Schedule VI notified under the Act has become applicable to the Company, for preparation and presentation of its financial statements. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it has significant impact on presentation and disclosures made in the financial statements. The Company has also reclassified the previous year figures in accordance with the requirements applicable in the current year.

2.1 Summary of Significant accounting policies

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 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 recognized prospectively in the current and future periods.

b. Revenue Recognition

(i) Advertising and sponsorship revenue from websites is recognized ratably over the contractual period of advertisement, commencing when the advertisement is placed on the website, unless the Company has to meet performance conditions in which case revenue is recognized using the proportionate completion method. Advertising revenue from magazines is recognized in the period in which the magazines are delivered and are accounted net of commission and discounts. Revenue from sponsorships of event is recognized after the completion of event.

(ii) Revenue from wireless short messaging service is recognized based on usage of service by the mobile subscribers and share of revenue agreed with the mobile network operator.

(iii) Sale of magazines includes revenue from circulation of magazines and subscription of magazines. Revenue from circulation of magazines includes sales to retail outlets/ newsstands, which are subject to returns. The Company 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 subscription of magazines is recognized on delivery of magazines to subscribers.

(iv) Transactions that involve the exchange of goods or services for other goods or services in respect of web operations are accounted for in accordance with Guidance Note on Accounting for Dot-com Companies issued by the Institute of Chartered Accountants of India (ICAI). Barter transactions are recorded at fair value, being the value at which similar transactions are executed with other parties.

(v) Revenue from sale of stalls at exhibitions organized by the Company is recognized after completion of exhibition.

(vi) Dividend income is accounted for when the right to receive dividend is established.

(vii) Profit / loss on sale of investments are computed on the basis of weighted average cost on date of disposal of investments.

(viii) Interest income is recognized on time proportionate basis, taking into account the amount outstanding and the rate applicable.

c. Fixed assets

Tangible assets

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

Intangible assets
Acquired brands/domain names are capitalised at cost of acquisition and disclosed as intangible assets.

Website development costs that provide additional functions or features to the Company's website are capitalised. Maintenance expenses or costs that do not result in new features or functions are expensed as incurred.

d. Depreciation

Depreciation on fixed assets is calculated on straight line basis using the rates arrived at based on the useful lives estimated by management. The Company has used following useful lives for the fixed assets:

Asset category	Useful life
Building	30 years
Ownership flats	62 years
Plant and equipment	2-21 years
Furniture and fixtures	2-16 years
Vehicles	3-11 years
Information technology and related equipments	2-7 years
Intangible assets:	
-Brands / trademarks	5 years
-Website costs	5 years
-Computer software	3-5 years
Leasehold improvements	Over the lease period or estimated useful life, whichever is shorter

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e. Inventory

Inventory is valued as follows:

Raw materials: Lower of cost and net realizable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost is determined on a weighted average basis.

Work-in-progress and finished goods: Lower of cost and net realizable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. Cost is determined on weighted average basis.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

f. Impairment of tangible and intangible assets

The Company assesses at each balance sheet date whether there is any indication that an asset may

be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount and the reduction is treated as an impairment loss and is recognized in the statement of profit and loss. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost and the same is accordingly reversed in the statement of profit and loss.

g. 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 diminution in the value of such investments. Current investments are carried at lower of cost or fair value.

h. Leases

Operating Lease

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 Statement of Profit and Loss on a straight-line basis over the lease term.

i. Employee benefits

Provident Fund

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 Statement of Profit and Loss during the period in which the employee renders the related service.

Gratuity

The Company provides for gratuity, a defined benefit plan (the "Gratuity Plan") covering eligible employees.

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 recognized immediately in the Statement of profit and loss.

Compensated absences

Benefits comprising long term compensated absences constitute other long term employee benefits. The liability for compensated absences is determined using the Projected Unit Credit Method, on the basis of an actuarial valuation at the period end. Actuarial gains and losses are recognized immediately in the Statement of profit and loss.

Short term employee benefits

Short term employee benefits expected to be paid or payable in exchange for the services rendered is recognized on undiscounted basis.

j. Foreign currency transactions

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

recognized in the Statement of Profit and Loss.

Monetary items denominated in foreign currency and outstanding at the balance sheet date are translated at the exchange rate prevailing on that date and resulting exchange differences are recognized in the Statement of profit and loss.

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.

Deferred tax charge or credit is recognized 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.

l. Earnings/ (loss) per Share

The company reports basic and diluted earnings/ (loss) per share in accordance with Accounting Standard 20 on Earnings per Share. Basic earnings/ (loss) 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 / (loss) 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. Employee stock options plan

Accounting value of stock options is determined on the basis of “Intrinsic Value” representing the excess of the market price on the date of grant over the exercise price of the options granted under the "Employees Stock Option Scheme" of the Company, and is being amortized as "Deferred employee compensation" on a straight-line basis over the vesting period in accordance with the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and Guidance Note 18 "Share Based Payments" issued by the ICAI.

n. Provisions and contingencies

The Company makes provision when there is a present obligation as a result of a past event where the outflow of economic resources is probable and a reliable estimate of the amount of obligation can be made.

A disclosure is made for a contingent liability when there is a:

- Possible obligation, the existence of which will be confirmed by the occurrence/non-occurrence of one or more uncertain events, not fully with in the control of the Company; or

- Present obligation, where it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

- Present obligation, where a reliable estimate cannot be made.

o. Borrowing costs

Borrowing costs that are directly attributable to acquition, construction or production of a qualifying asset are capitalized as part of the cost of that asset when it is probable that they will result in future economic benefits to the Company and the costs can be measured reliably.

Other borrowing costs are recognized as an expense in the period in which they are incurred.

p. Segment reporting

Identification of segments:

The Company's operating businesses are organized and managed separately according to the nature of services provided, with each segment representing a strategic business unit that serves different markets. The Company operates only in India and accordingly there are no geographical segments.

Intersegment transfers:

Inter segment revenues have been accounted for based on the transaction price agreed to between segments which is primarily market led.

Allocation of costs:

Direct revenues and direct expenses have been identified to segments on the basis of their relationship to the operating activities of the segment.

Revenues and expenses, which relate to the Company as a whole and are not allocable to segments on a reasonable basis are presented as "Unallocable" in the segment disclosure.

				As at 31 March 2012	As at 31 March 2011
				₹	₹
3	**Share capital**				
a.	**Authorized share capital**				
	i. 1,400,000,000 (170,000,000) equity shares of ₹ 5 each			7,000,000,000	850,000,000
	ii. 1,100,000 (1,100,000) preference shares of ₹ 100 each			110,000,000	110,000,000
	iii. 10,500,000 (10,500,000) preference shares of ₹ 200 each			2,100,000,000	2,100,000,000
	iv. 15,500,000 (Nil) preference shares of ₹ 10 each			155,000,000	-
b.	**Issued, subscribed and paid-up capital**				
	i. 142,879,916 (118,895,641) equity shares of ₹ 5 each fully paid up			714,399,580	594,478,205
	ii. 10,284,379 (10,284,379) Non Convertible Cumulative Redeemable Preference shares of ₹ 150 each			1,542,656,850	1,542,656,850
	Total issued, subscribed and fully paid-up share capital			**2,257,056,430**	**2,137,135,055**
c	**Reconciliation of the share capital**				
	i. Equity shares				
	At the beginning of the year	118,895,641	594,478,205	114,340,817	571,704,085
	Issued during the year				
	- Issue under Scheme of arrangement (refer note 1.2)	23,695,044	118,475,220	-	-
	- Exercise of employee stock options	289,231	1,446,155	3,554,824	17,774,120
	- Conversion of secured optionally fully convertible debentures	-	-	1,000,000	5,000,000
	Outstanding at the end of the year	**142,879,916**	**714,399,580**	**118,895,641**	**594,478,205**
	ii. Preference shares				
	There is no movement in number and amount of preference share during the current and previous year.				
d	**Description of the rights, preferences and restrictions attached to each class of shares**				
	Equity shares : The Company has only one class of equity shares having a face value of Rs. 5 per share. All the existing equity shares rank pari passu in all respects including but not limited to entitlement for dividend, bonus issue and rights issue. These equity shares are listed on the National Stock Exchange of India and the Bombay Stock Exchange Limited.				
	Preference shares : The Preference Shares shall be, subject to profitability and at the discretion of the Board of Directors, entitled to a cumulative annual dividend @ 5%. These preference Shares carry preferential right in				

	respect of dividends and also carry preferential right in regard to repayment of capital in case of winding up. Preference Shares are redeemable at the end of five years from 15 May 2008 at ₹ 150 per share.					
e	**Details of shares alloted for consideration other than cash**					
	(Within 5 years preceding the Balance Sheet date)					
	Particulars	**Year (Aggregate No. of Shares)**				
		2011-12	**2010-11**	**2009-10**	**2008-09**	**2007-08**
	Equity Shares :					
	Allotted as fully paid up under Scheme of arrangement (refer note 1.2)	23,695,044	-	-	-	-
f	**Details of shareholders holding more than 5% shares in the Company**					
	Name of Shareholder	**As at 31 March 2012**		**As at 31 March 2011**		
		No. of Shares held	**% of Holding**	**No. of Shares held**	**% of Holding**	
	Equity Shares of ₹ 5 each Fully Paid up					
	RB Investments Private Limited	-	-	25,091,968	21.10	
	RB Holdings Private Limited	43,531,337	30.47	18,181,818	15.29	
	Network18 Group Senior Professional Welfare Trust	15,922,729	11.14	11,460,426	9.64	
	Raghav Bahl	-	-	12,515,181	10.53	
	Network18 Media Trust	11,586,762	8.11	-	-	
	SAIF III Mauritius Company Limited	9,202,650	6.44	10,974,612	9.23	
	ACACIA Banyan Partners	7,181,684	5.03	-	-	
	Non Convertible Cumulative Redeemable Preference shares of ₹ 150 each					
	Keyman Financial Services Private Limited	4,710,000	45.80	4,710,000	45.80	
	RB Investments Private Limited	1,627,771	15.83	1,627,771	15.83	
	Reliance Capital Limited	675,343	6.57	675,343	6.57	
g	**Terms of securities convertible into equity/preference shares**					
	During the year ended 31 March 2012, the Company issued 18,691,585 10% Secured Optionally Fully Convertible Debentures (" SOFCDs"). These SOFCDs were issued at a price of ₹ 160.50 per SOFCD on 15 June 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 29 February 2012 that they (i) shall not exercise the option for conversion of SOFCDs into Equity Shares and (ii) shall not transfer the SOFCDs.					
h	**Shares reserved for issue under options and other commitments**					
	i) As on 31 March 2012, 1,513,951 (1,446,398) Employees Stock Options were outstanding under the Employee Stock Option Plans of the Company. Each option would entitle the holder thereof to subscribe to one Equity Share of ₹ 5 each in the Company					
	ii) As on 31 March 2012, the Company had 18,691,585 10% Secured Optionally Fully Convertible Debenture(s) (SOFCDs) outstanding. For details refer note 'g' above					
i	**Share forfeited**					
	In the financial year 2009-10, 12,072 Partly Convertible Cumulative Redeemable Preference shares on which call money was unpaid were forfeited.					
j	**Shares pending allotment**					
				As at 31 March 2012 (₹)	**As at 31 March 2011 (₹)**	
	3,679,356 Equity share of ₹ 5 each fully paid up to be issued pursuant to the Scheme of arrangement between the Company and Infomedia 18 Limited (refer note 1.2 (ii))			18,396,780	-	
k	**Share application money pending allotment**					
	As on 31 March 2011, the Company had received share application money amounting to ₹ 367,500 in respect of exercise of stock options by certain employees under the ESOP 2007. Under the said plan, the Company was required to allot 5,000 equity shares of ₹ 5 each at a premium of ₹ 68.50 each. The Company had sufficient authorised capital to cover the share capital amount upon allotment of these shares. Shares have been allotted					

	against the same on 25 July 2011.		
		As at 31 March 2012 (₹)	**As at 31 March 2011 (₹)**
4	**Reserves and surplus**		
a.	**Capital reserve**		
	Balance at the beginning of the year	1,207,200	1,207,200
	Add: Additions on account of scheme of arrangement (refer note 1.2)	5,699,627	-
	Balance at the end of the year	**6,906,827**	**1,207,200**
b.	**Securities premium account**		
	Balance at the beginning of the year	9,464,016,617	8,998,282,226
	Add: Amount received pursuant to exercise of employee stock options and conversion of secured optionally fully convertible debentures	81,327,721	465,734,391
	Add :Balance of securities premium account of entity merged with the Company as per the Scheme of arrangement (refer note 1.2)	7,998,650,089	-
	Add :Profit on merger (refer note 1.2)	817,314,584	-
	Less: Difference of book value and fair value of assets adjusted pursuant to the Scheme of arrangement / Dissolution of Trust (refer note below)	(6,334,691,091)	-
	Less: Amount tranferred from deficit in the statement of profit and loss as per the Scheme of arrangement	(497,208,148)	-
	Balance at the end of the year	**11,529,409,772**	**9,464,016,617**
c.	**Employee stock options outstanding**		
	Gross employee stock compensation for options granted in earlier years	108,351,197	184,069,951
	Less: Deferred employee stock compensation	(13,247,345)	(28,644,423)
	Balance at the end of the year	**95,103,852**	**155,425,528**
d.	**General reserve**		
	Balance at the beginning of the year	45,000,000	45,000,000
	Add: Balance of general reserve of entity merged with the Company as per the Scheme of arrangement (refer note 1.2)	58,825,177	-
	Balance at the end of the year	**103,825,177**	**45,000,000**
e.	**Deficit in the statement of profit and loss**		
	Deficit at the beginning of the year	(1,188,484,334)	(497,208,148)
	Loss for the year	(1,919,305,397)	(691,276,186)
	Add: Deficit of the merged entities as at 31 March 2011 (refer note 1.2)	(1,050,221,267)	-
	Less: Amount tranferred to securities premium account pursuant to the Scheme of arrangement	(497,208,148)	-
	Net deficit in the statement of profit and loss	**(3,660,802,849)**	**(1,188,484,334)**
	Total reserves and surplus	**8,074,442,778**	**8,477,165,011**
	Note: Based on accounting prescribed in the Scheme referred to in Note 1.2, the Company has fair valued its assets and liabilities and debited ₹ 6,334,691,091 the difference between such fair values and the corresponding book values to the Securities Premium Account, which otherwise as per Accounting Standards would have been debited to the statement of Profit and Loss in the relevant previous years. If the said amount would have been debited to the Statement of Profit and Loss instead of debiting the Securities Premium Account , the loss for the year ended 31 March 2012 would have substantially increased from ₹ 1,919,305,397 to Rs 8,253,996,488 representing a 330% increase and the balance in Securities Premium Account would have substantially increased from ₹ 11,529,409,772 to ₹ 17,864,100,863 representing a 35% increase.		

		As at 31 March 2012 (₹)	As at 31 March 2011 (₹)
5	**Long-term borrowings**		
	Secured		
	Term loans:		
	-From banks	77,685,486	1,000,703,151
	-From other parties	-	666,580,000
		77,685,486	**1,667,283,151**
	Unsecured		
	-Public deposits(Deposits are repayable at the time of maturity)	759,687,000	811,689,200
		759,687,000	**811,689,200**
	Total	**837,372,486**	**2,478,972,351**
	Security details for borrowings covered under Note 5 and Note 10 is as follows:		
I.	Term loans under Long term borrowings	77,685,486	1,667,283,151
II.	Term loans under Other current liabilities	1,020,131,350	834,279,824
III.	Secured Optionally Fully Convertible Debentures ("SOFCDs")	2,999,999,393	-
		4,097,816,229	**2,501,562,975**
i	In respect of term loan transferred from Infomedia Press Limited (formerly Infomedia18 Limited) ("Infomedia") in pursuance of the Scheme of Arrangement ("the Scheme") between the Company, Infomedia and their respective shareholders and creditors, with the approval of the lender, the Company is in the process of creating necessary charges on this loan to release the existing charge on the assets of Infomedia.	92,006,687	-
ii	Vehicle loans are secured by the hypothecation of vehicles financed.	5,810,149	1,562,975
iii	Term loan secured by first pari passu charge on fixed assets and current assets of the Company. This loan is additionally guaranteed by Mr Raghav Bahl, the Promoter of the Company. The loan is being repaid in 6 quartely instalments starting from 24 November 2011 after an initial moratorium period of 18 months.	1,000,000,000	1,500,000,000
iv	Term loan secured by pledge of a part of the Company's investments, fixed deposits amounting ₹120,000,000 and additionally secured by a second charge on all the movable and immovable assets. This loan is also secured by the personal guarantee by the Promoter of the Company. The loan is being repaid in 36 equal monthly instalments starting from 1 May 2011, after a moratorium of 12 months from the date of first disbursement. The loan has been fully prepaid on 1 January 2012.	-	1,000,000,000
v	10% SOFCDs with a tenure of 18 months, with an option exercisable by the security holder to convert each SOFCD into one equity share of ₹ 5/- of the Company at a price of ₹ 160.50 (including premium of ₹ 155.50). The SOFCD holders have provided an irrevocable undertaking dated 29 February 2012 that they (i) shall not exercise the option for conversion of SOFCDs into Equity Shares and (ii) shall not transfer the SOFCDs. These are secured by way of mortgage of land situated at Gujarat.	2,999,999,393	-
		4,097,816,229	**2,501,562,975**
	Rate of interest- The Company's borrowings from banks are at an effective weighted average rate of 15.67% p.a. (previous year 13.55%).		
6	**Other long-term liabilities**		

	Advance from customers	13,744,982	-
	Interest accrued but not due on borrowings	41,426,370	39,808,607
		55,171,352	**39,808,607**
7	**Long term provisions**		
	Provision for gratuity	20,480,482	9,970,178
	Provision for compensated absences	27,652,211	5,528,790
	Provision for indemnity (refer A below)	2,374,984,629	-
		2,423,117,322	**15,498,968**

A. During the year ended 31 March 2011, Roptonal Limited, Cyprus ("Roptonal") a subsidiary of the Company's jointly controlled entity, Viacom18 Media Private Limited made a public offer for purchase of entire issued capital of The Indian Film Company Limited, Guernsey ('TIFC'). The Company and its subsidiary, Network18 Holdings Limited, Cayman Islands ("Network18 Holdings"), in their capacity as shareholders in TIFC accepted the public offer. Further, pursuant to an agreement between Roptonal and Network 18 Holdings, Network 18 Holdings has agreed to indemnify Roptonal against the amount, if any, by which the net cash generated by TIFC from its existing film library in respect of the period from the date on which the aforementioned public offer becomes unconditional up to 21 July 2014 is less than the net asset value of the film library as per the TIFC's therein mentioned accounts for the year ended 31 March 2010.

Network 18 Holdings has also agreed to indemnify Roptonal against certain Indian tax liabilities that may potentially arise in TIFC or Roptonal in respect of certain withholding tax recoveries stated in TIFC's financial statements and other taxes relating to the sale of Network 18 Holding' shares in TIFC. The aforementioned agreement further provided that if Network18 Holdings does not undertake the indemnity obligations agreed in the agreement, the indemnity shall be provided by the Company.

During the year ended 31 March 2012, the Company carried out a fair valuation exercise of the aforementioned film library and accordingly provided an amount of ₹ 2,374,984,629 towards the said indemnity obligation. In accordance with the Company's agreement with Network18 Holdings, any foreign exchange fluctuations arising at the time of settlement of the aforementioned indemnity liability shall be borne by Network18 Holdings.

8	**Short-term borrowings**		
	Secured		
	Term loans:		
	-From banks	3,489,000,000	666,531,076
	-From others	340,000,000	-
	Cash credit	97,049,239	-
		3,926,049,239	**666,531,076**
	Unsecured		
	Loans and advances from related parties	174,870,474	-
	Public deposits	955,330,000	530,934,000
		1,130,200,474	**530,934,000**
	Total	**5,056,249,713**	**1,197,465,076**
	Security details are as follows:		
i	Term loan secured by second charge by way of hypothecation over the future and present movable fixed assets of the Company. This loan is also secured by the personal guarantee by the Promoter of the Company.	3,489,000,000	-
ii	Term loan secured by second charge by way of hypothecation over the future and present movable fixed assets of the Company. This loan is also secured by the personal guarantee by the Promoter of the Company.	340,000,000	-
iii	Term loan secured by sub-servient charge on the assets and additionally guaranteed by Promoter of the Company.	-	666,531,076
iv	In respect of the cash credit limits transferred from Infomedia Press Limited (formerly Infomedia18 Limited) ("Infomedia") in pursuance of the Scheme of Arrangement ("the Scheme") between the Company, Infomedia and their respective shareholders and creditors, with the approval of the Lender, the Company	97,049,239	-

	is in the process of creating necessary charges on this loan to release the existing charge on the assets of Infomedia.		
		3,926,049,239	**666,531,076**
9	**Trade payables**		
	(a) Due to Micro and Small Enterprises (refer note 45)	1,637,941	-
	(b) Due to others	815,469,388	153,975,471
		817,107,329	**153,975,471**
10	**Other current liabilities**		
	Current maturity of long - term borrowings (refer note 5 - Long term borrowings for the details of security)		
	Term Loans - Secured		
	- from Banks	1,020,131,350	500,859,824
	- from Others	-	333,420,000
	18,691,585 (2011: Nil) 10 % Secured Optionally Fully Convertible Debentures of Rs 160.50 each	2,999,999,393	-
	Public deposits	1,236,675,000	178,078,800
	Interest accrued but not due on borrowings	328,654,513	43,175,202
	Unclaimed dividends	1,503,324	185,588
	Unclaimed matured deposits and interest accrued thereon	213,483,405	77,956,566
	Statutory dues payable	60,377,090	31,711,021
	Bank overdraft	12,590,763	-
	Payable to Infomedia Press Limited (formerly Infomedia18 Limited) on account of merger	33,305,317	-
	Payable for capital goods	10,367,010	726,327
	Advance from customers	312,982,482	4,487,595
	Security deposits	14,911,011	-
	Total	**6,244,980,658**	**1,170,600,923**
11	**Short term provision**		
	Provision for gratuity	3,572,827	325,132
	Provision for compensated absences	4,913,357	407,832
	Provision for sales returns *	19,415,009	-
	Total	**27,901,193**	**732,964**
	*** Provision for sales returns**		
	Opening balance	-	-
	Transferred on account of scheme of arrangement	18,608,627	-
	Addition during the year	45,610,110	-
	Amount utilized during the year	(44,803,728)	-
	Closing balance	**19,415,009**	**-**
	A provision is recognised for expected returns on products sold during the year based on past experience of level of returns. It is expected that most of this cost will be utilised in the next financial year.		

NETWORK18 MEDIA & INVESTMENTS LIMITED
Notes to financial statements for the year ended 31 March 2012

12. Tangible assets

	Land	Leasehold land	Leasehold improvements	Buildings	Ownership flats	Plant and equipment	Furniture and fixtures	Vehicles	Information technology and related equipments	Total
	(₹)	(₹)	(₹)	(₹)	(₹)	(₹)	(₹)	(₹)	(₹)	(₹)
Gross block										
Balance as at 1 April 2010	609,980	-	20,559,788	-	-	4,626,077	1,337,675	12,425,339	5,800,076	45,358,935
Additions	-	-	2,525,320	-	-	2,344,599	300,354	402,626	1,671,315	7,244,214
Deletions	-	-	-	-	-	-	-	(1,329,043)	(85,116)	(1,414,159)
Balance as at 1 April 2011	**609,980**	**-**	**23,085,108**	**-**	**-**	**6,970,676**	**1,638,029**	**11,498,922**	**7,386,275**	**51,188,990**
Additions on merger	-	40,000	83,220,506	14,583,299	23,741,895	65,639,639	103,501,863	18,659,043	404,899,174	714,285,419
Additions	-	-	6,026,580	-	-	14,295,290	9,814,980	11,214,264	27,929,088	69,280,201
Deletions / adjustments	-	-	(2,523,162)	-	-	(1,642,296)	(5,777,099)	387,072	(4,114,564)	(13,670,049)
Balance as at 31 March 2012	**609,980**	**40,000**	**109,809,032**	**14,583,299**	**23,741,895**	**85,263,309**	**109,177,773**	**41,759,301**	**436,099,973**	**821,084,562**
Accumulated depreciation										
Balance as at 1 April 2010	-	-	19,620,480	-	-	998,148	168,934	2,095,090	1,639,009	24,521,661
Charge for the year	-	-	1,187,404	-	-	1,194,644	145,057	1,153,241	1,099,584	4,779,930
Adjustments	-	-	-	-	-	-	-	(341,764)	(12,327)	(354,092)
Balance as at 1 April 2011	**-**	**-**	**20,807,884**	**-**	**-**	**2,192,792**	**313,991**	**2,906,567**	**2,726,266**	**28,947,499**
Additions on merger	-	-	74,443,019	5,411,498	5,946,335	37,713,257	70,967,484	5,624,200	334,743,401	534,849,194
Charge for the year	-	-	9,189,755	472,547	386,993	8,165,944	10,587,562	5,460,943	29,392,633	63,656,377
Adjustments	-	-	441,605	(48,043)	-	(1,031,795)	(850,578)	248,609	(1,694,812)	(2,935,014)
Balance as at 31 March 2012	**-**	**-**	**104,882,263**	**5,836,002**	**6,333,328**	**47,040,198**	**81,018,459**	**14,240,319**	**365,167,488**	**624,518,056**
Net Block										
Balance as at 31 March 2011	**609,980**	**-**	**2,277,224**	**-**	**-**	**4,777,884**	**1,324,038**	**8,592,355**	**4,660,009**	**22,241,491**
Balance as at 31 March 2012	**609,980**	**40,000**	**4,926,769**	**8,747,297**	**17,408,567**	**38,223,111**	**28,159,313**	**27,518,983**	**70,932,485**	**196,566,505**

13. **Intangible assets**

	Brands/ trademarks	Computer software	Website costs	Total
	(₹)	(₹)	(₹)	(₹)
Gross block				
Balance as at 1 April 2010	-	8,456,814	-	8,456,814
Additions	-	102,734	-	102,734
Balance as at 1 April 2011	**-**	**8,559,548**	**-**	**8,559,548**
Additions on merger	96,253,510	11,939,910	19,662,642	127,856,062
Additions	1,595,759	22,901,234	-	24,496,993
Deletions / adjustments	-	-	(1,887,178)	(1,887,178)
Balance as at 31 March 2012	**97,849,269**	**43,400,692**	**17,775,464**	**159,025,425**
Accumulated amortization				
Balance as at 1 April 2010	-	7,223,052	-	7,223,052
Charge for the year	-	355,676	-	355,676
Balance as at 1 April 2011	**-**	**7,578,728**	**-**	**7,578,728**
At 1 April 2011				
Additions on merger	49,855,313	5,602,253	19,662,642	75,120,208
Charge for the year	18,094,074	6,400,344	-	24,494,418
Adjustments	-	-	(1,887,178)	(1,887,178)
Balance as at 31 March 2012	**67,949,387**	**19,581,325**	**17,775,464**	**105,306,176**
Net Block				
Balance as at 31 March 2011	**-**	**980,820**	**-**	**980,820**
Balance as at 31 March 2012	**29,899,882**	**23,819,367**	**-**	**53,719,248**

14. Non-current investments

	As at 31 March 2012	As at 31 March 2011
Equity shares : Quoted		
i. Investment in Subsidiaries		
(a) Nil (Previous year 84,028,954) equity shares of Rs 5 each in Television Eighteen India Limited	-	5,499,264,087
(b) 185,526,648 (Previous year 64,892,544) equity shares of Rs 2 each in TV18 Broadcast Limited	11,792,191,857	1,819,773,323
(c) 23,913,061 (Previous year Nil) equity shares of ₹10 each fully paid up in Infomedia Press Limited (formerly known as "Infomedia 18 Limited")	441,195,975	-
ii. Investment in Joint Ventures		-
Reed Infomedia India Private Limited 4,900,000 Shares (49% of total issued capital) of ₹ 10 each	49,000,000	-
Less:-Provision for diminution	(49,000,000)	-
iii. Investment in others		
(a) 4,020,076 (Previous year Nil) equity shares of ₹ 10 each in DEN Networks Limited	1	-
(b) Beneficiary interest in Network 18 Media Trust (11,586,762 shares of the Company)	1,815,746,185	-
	14,049,134,018	**7,319,037,410**
Market Value of Quoted Investments	6,043,294,961	12,555,653,422
Debentures & Bonds - Quoted		
30 (Previous year 30) unsecured redeemable non covertible, Upper Tier II Bonds of Yes Bank limited of ₹ 1,000,000 each	30,000,000	30,000,000
	14,079,134,018	**7,349,037,410**
Equity shares : Unquoted		
i. Investment in Subsidiaries		
(a) 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
(b) 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
(c) Nil (Previous year 10,000) equity shares of Rs 10 each in	-	100,000

	As at 31 March 2012	As at 31 March 2011
Network 18 India Holdings Private Limited		
(d) 100,001 (Previous year Nil) equity shares of USD 1 each fully paid up in Television Eighteen Media and Investments Limited,Mauritius	3,996,790	-
(e) 2,581 (Previous year Nil) equity shares of ₹ 10 each fully paid up in Bigtree Entertainment Private Limited	48,982,218	-
(f) 50,000 (Previous year Nil) equity shares of Rs 10 each fully paid up in Digital18 Media Limited	500,000	-
(g) 13,394,470 (Previous year Nil) equity shares of ₹ 2 each fully paid up in Newswire18 Limited	133,543,900	-
(h) 12,295,000 (Previous year Nil) equity shares of USD 1 each fully paid up in Television Eighteen Mauritius Limited, Mauritius	160,631,581	-
ii. Investment in others		
6 years National Savings Certificates	5,500	-
	465,549,989	**117,990,000**
Preference shares : Unquoted		
i. Investment in Subsidiaries		
(a) Nil (Previous year 9,471,000) 0.01% Redeemable Non Cumulative Non Convertible Preference Shares of Rs 10 each in Network 18 India Holdings Private Limited	-	2,362,261,000
(b) 49,118,691 (Previous year Nil) preference shares of USD 1 fully paid up in Television Eighteen Media and Investments Limited, Mauritius	2,010,338,250	-
ii. Investment in others		
2,500,000 (Previous year 2,500,000) 8% Cumulative Redeemable Non Convertible Preference Shares of 100/- each in BK Media Private Limited	250,000,000	250,000,000
	2,260,338,250	**2,612,261,000**
Debentures & Bonds - Unquoted		
(a) 1,023,502 (Previous year Nil) Zero coupon Optionally Redeemable Convertible Debentures of Capital18 Fincap Private Limited of ₹ 1,000 each	813,001,250	-
(b) 302,500 (Previous year Nil) Zero coupon Optionally Redeemable Convertible Debentures of Digital18 Media Limited of ₹ 1,000 each	302,500,000	-
	1,115,501,250	**-**
Total	**17,920,523,507**	**10,079,288,410**
Aggregate amount of quoted investments	14,049,134,018	7,319,037,410
Market value of quoted investments	6,043,294,961	15,502,256,943
Aggregate amount of unquoted investments (Net of provision)	3,871,389,489	2,760,251,000
Aggregate provision for the diminution in value of investments	49,000,000	-

		As at 31 March 2012	As at 31 March 2011
15	**Long term loan and advances (usecured, considered good, unless otherwise stated)**		
	Capital advances	28,677,831	-
	Security deposits	137,317,277	5,299,569
	Loans and advances to related parties (refer note 33)	5,484,033,296	-
	Advances recoverable in cash or kind	16,230	-
	Loans and advances to staff	3,836,204	34,895,346
	Other loans and advances		
	- Income Tax Paid (Net of Provisions)	186,275,970	147,349,252
	- Prepaid expenses	1,525,252	-
	- Others	7,858,410	-
	Total	**5,849,540,470**	**187,544,167**

		As at 31 March 2012	As at 31 March 2011
16	**Trade receivables**		
	Secured, considered good	11,474,316	-
	Unsecured, considered good	2,340,951	-
	Doubtful	84,032,298	-
	Less: Provision for doubtful debts	(84,032,298)	-
	Total	**13,815,266**	**-**
17	**Other non current assets**		
	Interest accured but not due on loans	50,624,211	-
	Total	**50,624,211**	**-**
18	**Current investments**		
	Mutual Funds		
	Nil (Previous year 5,908,488) units of B503G Birla Sun Life Cash Plus - Institutional Premium - Growth	-	87,624,324
	Nil (Previous year 6,201,692) units of B321G Birla Sun Life Dynamic Bond Fund - Retail - Growth	-	99,052,935
	Nil (Previous year 16,352,577) units of GCCG IDFC Cash Fund - Super Institutional Plan C - Growth	-	189,456,576
	Nil (Previous year 1,485,116) units of 1565 ICICI Prudential Institutional Liquidity Plan - Super Institutional Growth	-	209,920,811
	Nil (Previous year 20,986) units of Baroda Pioneer Liquid Fund - Institutional Growth Plan	-	22,525,190
	Nil (Previous year 172,687) units of Religare Liquid Fund - Super Institutional Growth	-	221,160,851
	Nil (Previous year 52,154) units of DWS Insta Cash Plus Fund - Super Institutional Plan Growth	-	6,028,355
	Nil (Previous year 7,813,879) units of DWS Insta Cash Plus Fund - Institutional Plan Growth	-	115,075,441
	Nil (Previous year 9,184,508) units of DWS Treasury Insta Fund Cash - Institutional Plan Growth	-	100,000,000
	Nil (Previous year 115,725) units of DSP BlackRock Liquidity Fund - Institutional Plan - Growth	-	154,609,219
	Nil (Previous year 6,727,981) units of JM Money Manager Fund Super Plus Plan - Growth (172)	-	87,012,649
	Nil (Previous year 6,538,512) units of JM Money Manager Fund Super Plus Plan - Growth (94)	-	100,000,000
	Nil (Previous year 84,334) units of TLSG01 TATA Liquid Super High Inv.Fund - Appreciation	-	149,719,791
	Nil (Previous year 104,308) units of Templeton India Treasury Management Account Super Institutional Plan - Growth	-	142,193,335
	Nil (Previous year 14,431,700) units of Relaince Liquidity Fund - Growth Option	-	201,705,780
	Nil (Previous year 171,639) units of Axis Liquid Fund - Growth	-	176,216,383
	Nil (Previous year 3,848,626) units of Kotak Liquid (Institutional Premium) - Growth	-	72,109,961
	Nil (Previous year 4,389,625) units of Kotak Bond (Short Term) - Growth	-	80,000,000
	Nil (Previous year 11,229,653) units of Fidelity Cash Fund (Super Institutional) - Growth	-	142,283,376
	Nil (Previous year 10,264,357) units of NLFSG Canara Robeco Liquid Super Instt Growth Fund	-	114,321,639
	Nil (Previous year 43,246) units of Bharti Liquid Fund - Growth	-	50,000,000
	Nil (Previous year 126,808) units of UTI Liquid Cash Plan Institutional - Growth Option	-	199,228,239
	Nil (Previous year 98,232) units of IDBI Liquid Fund -	-	100,000,000

		As at 31 March 2012	As at 31 March 2011
	Growth		
	Nil (Previous year 1,000,000) units of Edelweiss Liquid Fund - Institutional - Growth Plan	-	10,000,000
	Total	**-**	**2,830,244,854**
19	**Inventories**		
	Raw Materials and components	16,265,131	-
	Work-in-progress	2,426,779	-
	Total	**18,691,910**	**-**
20	**Trade receivables**		
	Trade receivables outstanding for a period less than six months from the date they are due for payment		
	Secured, considered good	-	-
	Unsecured, considered good	398,002,383	71,177,665
	Trade receivables outstanding for a period exceeding six months from the date they are due for payment		
	Secured, considered good	-	-
	Unsecured, considered good	77,374,952	7,801,649
	Unsecured, considered doubtful	62,590,607	1,999,571
	Less: Provision for doubtful debts	(62,590,607)	(1,999,571)
	Total	**475,377,335**	**78,979,314**
21	**Cash and bank balances**		
	Cash and cash equivalents		
	On current accounts	234,314,778	277,244,498
	Cheques/drafts on hand	1,012,087	-
	Cash on hand	756,050	189,408
		236,082,915	**277,433,906**
	Deposits with original maturity for more than 3 months but less than 12 months		
	(i) Unrestricted deposits	182,662	365,000,000
	(ii) On deposit account - earmarked for public deposits	55,000,000	150,000,000
	(iii) On deposit account - held as security for loan taken from Non- Banking Financial Company	-	120,000,000
		55,182,662	**635,000,000**
	Total	**291,265,577**	**912,433,906**
22	**Short term loans and advances (unsecured, considered good, unless otherwise stated)**		
	Security deposits	11,165,757	1,206,000
		11,165,757	**1,206,000**
	Loans and advances to related parties		
	Considered good	567,597,429	91,989,813
	Considered doubtful	56,519,179	-
	Less: Provision for doubtful loans and advances	(56,519,179)	-
		567,597,429	**91,989,813**
	Advances recoverable in cash or in kind		
	Considered good	32,552,833	22,952,847
	Considered doubtful	11,971,742	-
	Less: Provision for doubtful advances	(11,971,742)	-
		32,552,833	**22,952,847**
	Loans and advances to staff	30,880,235	45,264,090
		30,880,235	**45,264,090**
	Other loans and advances		
	Share application money paid	-	1,276,000,000
	Service tax input credit	91,886,942	28,879,126
	Prepaid expenses	25,957,132	7,277,069
	Others	55,000,000	-
		172,844,074	**1,312,156,195**

		As at 31 March 2012	As at 31 March 2011
	Total	**815,040,328**	**1,473,568,945**
23	**Other current assets**		
	Unbilled revenue	37,156,956	3,937,500
	Expenditure incurred on scheme of arrangement and offering of equity shares	34,848,491	54,517,737
	Interest accrued but not due on advances	48,967,626	24,276,620
	Total	**120,973,073**	**82,731,857**
24	**Revenue from operations**		
	Advertising and sponsorship revenue	1,573,857,207	368,756,956
	Wireless short messaging services related income	80,771,447	-
	Sale of magazines	92,054,358	-
	Sale of stalls at exhibitions	58,735,112	-
	Other operating revenue	26,694,026	30,309,114
	Total	**1,832,112,150**	**399,066,070**
25	**Other income**		
	Interest income		
	- Interest on bank deposits	69,851,254	49,940,945
	- Interest on long-term investments	2,857,808	1,592,877
	- Interest on loans and advances	156,426,418	70,428,654
	Profit on sale of current investments	323,370,938	135,848,323
	Profit on sale of non-current investments	233,876,877	-
	Excess provision written back	9,593,445	12,201,530
	Exchange Difference (Net)	822,335	-
	Miscellaneous income	17,553,995	3,106,949
	Total	**814,353,070**	**273,119,278**
26	**Cost of material consumed**		
	Opening stock		
	Raw material	60,151,649	-
	Work in progress	748,511	-
	Add : Purchases	88,118,872	-
		149,019,032	-
	Less : Closing stock		-
	Raw material	16,265,131	-
	Work in progress	2,426,779	-
		130,327,122	**-**
27	**Employee benefits expense**		
	Salaries, wages and bonus	884,540,940	82,443,844
	Contribution to provident fund	38,654,877	9,299,948
	Employee stock compensation expense	16,253,707	29,856,206
	Staff welfare expenses	54,765,007	6,194,097
	Gratuity and compensated absences	21,492,547	6,660,002
	Total	**1,015,707,078**	**134,454,097**
28	**Other operating expenses**		
	Consumption of stores and spares	7,947,919	-
	Power and fuel	30,765,812	2,037,588
	Distribution, advertising and business promotion	356,330,621	48,551,261
	Rent	194,415,789	22,003,782
	Repairs and maintenance - Plant and equipments	16,123,644	863,102
	Repairs and maintenance - Building	270,649	-
	Repairs and maintenance - Others	26,643,622	1,425,661
	Insurance	6,605,537	1,904,215
	Rates and taxes	3,074,903	-
	Legal and professional expenses	207,682,474	24,228,961
	Directors sitting fee	415,000	335,000
	Loss on sale /disposal of assets	8,569,435	497,279
	Bad debts /advances written off /provided for	90,987,381	7,283,869
	Studio and equipment hire charges	44,259,200	22,654,071

		As at 31 March 2012	As at 31 March 2011
	Event expenses	219,724,695	169,369,147
	Content and franchise expenses	119,632,294	34,781,373
	Media professional fee	38,487,130	19,661,247
	License fees	2,550,942	-
	Travelling and conveyance	88,100,324	29,690,699
	Communication costs	105,757,210	7,406,601
	Printing and stationery	14,636,280	5,886,865
	Vehicle running and maintenance	19,270,797	11,009,817
	Membership and subscription expenses	715,494	291,937
	Payment to auditor (Refer details below)	8,409,650	4,478,990
	Printing cost	164,001,955	-
	Exchange difference (net)	-	3,612,132
	Miscellaneous expenses	109,665,011	8,660,018
	Total	**1,885,043,769**	**426,633,615**
	Payment to auditor		
	As auditor:		
	Audit fee	4,800,000	2,681,100
	Limited review	2,451,500	1,522,140
	In other capacity:		
	Other services (certification fees)	1,158,150	275,750
	Total	**8,409,650**	**4,478,990**
29	**Depreciation and amortization expenses**		
	Depreciation of tangible assets	63,656,377	4,779,930
	Amortization of intangible assets	24,494,418	355,676
	Total	**88,150,795**	**5,135,605**
30	**Finance costs**		
	Interest expense on:		
	-Term loan	437,686,493	531,061,750
	-Cash credit	11,026,095	-
	-Public deposits	481,601,850	242,501,572
	Interest on secured optionally fully convertible debentures	239,178,027	-
	Processing and brokerage charges	137,308,902	42,929,978
	Total	**1,306,801,367**	**816,493,300**
31	**Prior period expenses / (Income)**		
	Salaries, wages and bonus	83,084,689	-
	Rent	10,673,525	-
	Printing cost of magzines	7,362,624	-
	Distribution, advertising and business promotion	6,099,321	21,389
	Processing and Brokerage Charges	4,371,744	-
	Miscellaneous expenses	4,361,892	-
	Event expenses	3,077,986	157,346
	Content and frenchise expenses	2,931,283	-
	Travelling and conveyance	2,669,920	-
	Staff welfare expenses	2,654,456	12,493
	Communication costs	2,352,559	-
	Contribution to provident fund	2,242,271	-
	Power and fuel	1,911,197	-
	Communication costs	1,820,859	-
	Repairs and maintenance - Others	1,306,910	-
	Media professional fee	241,952	-
	Rates and taxes	200,079	-
	Insurance	41,263	-
	Repairs and maintenance - Building	25,440	-
	Legal and professional expenses	11,920	-
	Membership and subscription expenses	-	48,004
	Miscellaneous income	(62,500)	-
	Advertising and sponsorship revenue	(658,959)	-

		As at 31 March 2012	As at 31 March 2011
	Interest income	(4,156,212)	(6,994,315)
	Total	**132,564,219**	**(6,755,083)**
	Note: During the year ended 31 March 2012, the Company has expensed off all accrued costs incurred upto 31 March 2011 in respect of business directories not completed and and dispatched upto that date.		
32	**Loss per share**		
	Loss after tax attributable to equity shareholders	(1,919,305,397)	(691,276,186)
	Weighted average number of equity shares in calculating basic loss per share	146,414,689	115,735,050
	Basic loss per share	(13.11)	(5.97)
	Weighted average potential equity shares	285,006	688,231
	Weighted average number of equity shares in calculating diluted loss per share	146,699,695	116,423,282
	Diluted loss per share*	**(13.11)**	**(5.97)**
	*since the potential equity shares are anti-dilutive, diluted loss per share is same as basic loss per share		

- **Relatzed party disclosures**

a. List of related parties

i. Direct subsidiaries by virtue of majority shareholding

- Television Eighteen India Limited (upto 10 June 2011)
- Television Eighteen Mauritius Limited
- Capital18 Fincap Private Limited (formerly know as VT Holdings Private Limited)
- Television Eighteen Media and Investments Limited
- Network18 Holdings Limited, Cayman Islands
- Digital 18 Media Limited
- RRB Investments Private Limited
- NewsWire18 Limited
- Setpro18 Distribution Limited
- Network18 India Holdings Private Limited, (upto 10 June 2011)

ii. Direct subsidiaries by virtue of control of composition of the board of directors

- TV18 Broadcast Limited
- Infomedia Press Limited (formerly known as Infomedia 18 Limited)

iii. Subsidiary companies of subsidiaries

- BK Holdings Limited, Mauritius
- Namono Investments Limited, Cyprus
- TV 18 UK Limited
- Capital 18 Limited, Mauritius
- Capital 18 Acquisition Corporation, Cayman Islands
- Webchutney Studio Private Limited
- RRK Finhold Private Limited
- RVT Finhold Private Limited
- Greycells 18 Media Limited
- Colosceum Media Private Limited
- Stargaze Entertainment Private Limited
- Web 18 Holdings Limited, Cayman Islands
- E-18 Limited, Cyprus
- Web 18 Software Services Limited
- Big Tree Entertainment Private Limited
- e - Eighteen.com Limited
- Moneycontrol Dot Com India Limited
- ibn18 (Mauritius) Limited.
- AETN18 Media Private Limited

- RVT Media Private Limited
- TV18 HSN Holdings Limited, Cyprus
- TV18 Home Shopping Network Limited
- Blue Slate Media Private Limited
- Juxt Consult Research and Consulting Private Limited
- RVT Investments Private Limited (upto 10 June 2011)
- Television Eighteen Commoditiescontrol.com Limited (upto 10 June 2011)

iv. Associates and joint ventures of the subsidiaries

- Viacom18 Media Private Limited.
- IBN Lokmat News Private Limited.
- Reed Infomedia India Private Limited
- Ubona Technologies Private Limited
- 24 X 7 Learning Private Limited
- Viacom 18 US Inc
- Roptonal Limited, Cyprus
- Viacom 18 Media (UK) Limited
- The Indian Film Company Limited, Guernsey
- The Indian Film Company (Cyprus) Limited
- IFC Distribution Private Limited
- Wespro Digital 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/control (With whom transactions have been undertaken during the year)

- Network 18 Publications Limited
- VT Softech Private Limited
- Adventure Marketing Private Limited
- Watermark Infratech Private Limited
- Colorful Media Private limited
- RB Media Holdings Private Limited
- RB Holdings Private Limited
- Web18 Securities Private Limited
- BK Media Mauritius Private Limited
- Network18 Group Senior Professional Welfare Trust
- Network18 Employees Welfare Trust
- Indian International Film Advisors Private Limited
- Studio 18 UK Limited
- Studio 18 USA Limited

Particulars	Subsidiaries	Associates	Joint Ventures	Entity under significant influence / control of KMP or their relatives	Key Management Personnel and their relatives
Transactions during the year					
Income from operations and other income					
TV18 Broadcast Limited	77,692,002 (8,160,731)	- (-)	- (-)	- (-)	- (-)
Television Eighteen India Limited (now merged with the Company)	- (28,506,855)	- (-)	- (-)	- (-)	- (-)
Setpro18 Distribution Limited	- (21,750,000)	- (-)	- (-)	- (-)	- (-)
e - Eighteen.com Limited	11,376,271 (2,388,505)	- (-)	- (-)	- (-)	- (-)
Viacom18 Media Private Limited	- (-)	- (-)	9,648,913 (8,561,116)	- (-)	- (-)
Others	16,296,562 (4,326,410)	1,241,668 (-)	487,928 (-)	- (-)	- (-)
Interest paid to					
RB Media Holdings Private Limited	- (-)	- (-)	- (-)	39,863,002 (-)	- (-)
Watermark Infratech Private Limited	- (-)	- (-)	- (-)	39,863,002 (-)	- (-)
Colorful Media Private Limited	- (-)	- (-)	- (-)	39,863,002 (-)	- (-)
Adventure Marketing Private Limited	- (-)	- (-)	- (-)	39,863,002 (-)	- (-)
RB Holdings Private Limited	- (-)	- (-)	- (-)	79,726,019 (-)	- (-)
Television Eighteen India Limited (now merged with the Company)	- (684,804)	- (-)	- (-)	- (-)	- (-)
Others	10,233,411 (-)	- (-)	- (-)	- (-)	- (-)
Interest received from					
TV18 Broadcast Limited	41,108,723 (2,612,421)	- (-)	- (-)	- (-)	- (-)
Network18 Group Senior Professional Welfare Trust	- (-)	- (-)	- (-)	56,645,288 (55,166,957)	- (-)
TV18 Home Shopping Network Limited	38,084,538 (70,266)	- (-)	- (-)	- (-)	- (-)
Others	17,452,704 (69,28,578)	- (-)	- (-)	- (-)	- (-)
Reimbursement of expenses (Paid)					
TV18 Broadcast Limited	120,597,117 (10,682,396)	- (-)	- (-)	- (-)	- (-)
Television Eighteen India Limited (now merged with the Company)	- (86,777,911)	- (-)	- (-)	- (-)	- (-)
e - Eighteen.com Limited	13,433,419 (-)	- (-)	- (-)	- (-)	- (-)
Others	2,373,241 (5,861,179)	- (-)	227,919 (81,739)	- (-)	- (-)
Reimbursement of expenses (Received)					
e-Eighteen.com Limited	105,646,895 (17,937,302)	- (-)	- (-)	- (-)	- (-)
Television Eighteen India Limited (now merged with the Company)	- (94,594,166)	- (-)	- (-)	- (-)	- (-)
TV18 Broadcast Limited	147,634,184 (85,385,793)	- (-)	- (-)	- (-)	- (-)
Others	43,679,764 (53,922,797)	- (-)	8,275,681 (9,935,425)	- (507,474)	- (-)
Expenditure for services received					
Television Eighteen India Limited (now merged with the Company)	- (24,320,556)	- (-)	- (-)	- (-)	- (-)

Particulars	Subsidiaries	Associates	Joint Ventures	Entity under significant influence / control of KMP or their relatives	Key Management Personnel and their relatives
TV18 Broadcast Limited	58,838,684 (519,288)	- (-)	- (-)	- (-)	- (-)
Raghav Bahl	- (-)	- (-)	- (-)	- (-)	10,944,0 (10,944,0
Others	11,075,495 (2,833,394)		5,903,370 (-)	435,000 (-)	7,200,000 (3,600,000)
Loans/advances given during the year					
TV18 Broadcast Limited	3,049,000,000 (420,000,000)	- (-)	- (-)	- (-)	- (-)
Television Eighteen India Limited (now merged with the Company)	- (380,000,000)	- (-)	- (-)	- (-)	- (-)
Network18 Group Senior Professional Welfare Trust	- (-)	- (-)	- (-)	5,244,400,000 (552,500,000)	- (-)
Others	1,156,000,000 (500,000)	- (-)	- (-)	- (-)	- (-)
Loans/advances received back given during the year					
TV18 Broadcast Limited	3,049,000,000 (870,000,000)	- (-)	- (-)	- (-)	- (-)
Network18 Group Senior Professional Welfare Trust	- (-)	- (-)	- (-)	75,500,000 (2,028,300,000)	- (-)
Others	285,000,000 (380,000,000)	- (-)	- (-)	- (-)	- (-)
Investments purchased during the year					
TV18 Broadcast Limited	- (1,605,841,153)	- (-)	- (-)	- (-)	- (-)
Digital 18 Media Limited	302,500,000 (-)	- (-)	- (-)	- (-)	- (-)
Capital18 Fincap Private Limited	813,001,250 (-)	- (-)	- (-)	- (-)	- (-)
Assets transferred					
TV18 Broadcast Limited	2,429,400 (-)	- (-)	- (-)	- (-)	- (-)
Indian International Film Advisors Private Limited	- (-)	- (-)	- (-)	- (1,205,956)	- (-)
Issue of secured optionally fully convertible debentures					
RB Media Holdings Private Limited	- (-)	- (-)	- (-)	499,999,872 (-)	- (-)
Watermark Infratech Private Limited	- (-)	- (-)	- (-)	499,999,872 (-)	- (-)
Colorful Media Private Limited	- (-)	- (-)	- (-)	499,999,872 (-)	- (-)
Adventure Marketing Private Limited	- (-)	- (-)	- (-)	499,999,872 (-)	- (-)
RB Holdings Private Limited	- (-)	- (-)	- (-)	999,999,905 (-)	- (-)
BALANCES AT END OF THE YEAR					
Amounts due from					
Network18 Group Senior Professional Welfare	-	-	-	5,219,524,21	-

Particulars	Subsidiaries	Associates	Joint Ventures	Entity under significant influence / control of KMP or their relatives	Key Management Personnel and their relatives
Trust	(-)	(-)	(-)	1 (-)	(-)
Network 18 India Holding Private Limited (now merged with the Company)	- (1,276,000,000)	- (-)	- (-)	- (-)	- (-)
Others	940,955,689 (72,634,309)	290,450 (-)	20,390,635 (20,660,328)	28,782,397 (1,300,721)	- (-)
Amounts due to					
B K Media Mauritius Private Limited	- (-)	- (-)	- (-)	209,348 (182,709)	- (-)
RB Holdings Private Limited	- (-)	- (-)	- (-)	1,045,123,188 (-)	- (-)
Network18 Holdings Limited, Cayman Islands	2,374,473,111 (-)	- (-)	- (-)	- (-)	- (-)
Others	423,353,673 (-)	- (-)	1,815,422 (-)	2,090,754,980 (-)	- (-)

* Does not include gratuity and compensated absences as these are provided in the books on the basis of actuarial valuation for the Company as a whole and hence individual figures cannot be determined.

34. Employee benefits

Gratuity and compensated absences

Net employee benefit expense

Particulars	Year ended 31 March 2012		Year ended 31 March 2011	
	Gratuity	Compensated Absences	Gratuity	Compensated Absences
Current service cost	5,249,785	10,706,586	1,805,558	1,670,371
Past service cost	-	-	4,268,850	-
Interest cost	3,172,168	2,064,749	443,190	456,496
Expected return on plan assets	(1,517,519)	-	-	-
Net actuarial (gain)/loss recognized in the year	3,009,359	(1,192,581)	(1,435,996)	(548,467)
Net benefit expense	**9,913,793**	**11,578,754**	**5,081,602**	**1,578,400**
Changes in the present value of the defined benefit obligation are as follows:				
Present value of obligations as at the beginning of the year	10,295,310	5,936,622	5,539,871	5,706,203
On account of amalgamation	27,686,853	20,787,614	-	-
Past service cost	-	-	4,268,850	-
Current service cost	5,249,785	10,706,586	1,805,558	1,670,371
Interest cost	3,172,168	2,064,749	443,190	456,496
Benefits paid	(3,426,623)	(8,224,865)	(326,163)	(1,347,981)
Actuarial (gain)/losses on obligation	(217,162)	1,294,862	(1,435,996)	(548,467)
Present value of obligations as at the end of the year	**42,760,331**	**32,565,568**	**10,295,310**	**5,936,622**

Changes in the fair value of plan assets are as follows:				
			Gratuity	
			31 March 2012	**31 March 2011**
Fair value of plan assets at the beginning of the year			-	-
Transfer on account of amalgamation			18,394,170	-
Expected return			1,517,519	-
Contributions by employer			2,830,991	-
Benefits paid			(2,830,991)	-
Actuarial gains/(losses)			(1,204,667)	-
Closing fair value of plan assets			**18,707,022**	**-**
Return on plan assets			**31 March 2012**	**31 March 2011**
Expected return on plan assets			1,517,519	-
Actuarial gains/(losses)			(1,204,667)	-
Actual return on plan assets			**312,852**	**-**
The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.				
The major categories of plan assets are as follows:				
			Gratuity	
			31 March 2012	**31 March 2011**
Investments with insurer			18,707,022	-
			18,707,022	**-**
Net liability amount recognized in the balance sheet				
Present value of defined benefit obligation	42,760,331	32,565,568	10,295,310	5,936,622
Fair value of plan assets	18,707,022	-	-	-
Net liability recognized in the balance sheet	**24,053,309**	**32,565,568**	**10,295,310**	**5,936,622**
Non current liability	20,480,482	27,652,211	9,970,178	5,528,790
Current liability	3,572,827	4,913,357	325,132	407,832
The principal assumptions used in determining liability towards gratuity and compensated absences are shown below:				
Discount rate	8.50	8.50	8.00	8.00
Expected salary escalation rate	6.00	6.00	6.00	6.00
Mortality table	LIC (1994-96)		LIC (1994-96)	
Withdrawal rate	**Age**	**Percentage**	**Age**	**Percentage**
	Upton 30 years	3	Upton 30 years	3
	Upton 44 years	2	Upton 44 years	2
	Above 44 years	1	Above 44 years	1

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.

Defined contribution plan

The Company has contributed ₹ 36,495,422 (previous year ₹ 9,293,768) to Provident Fund.

Other long term employee benefits

The Company, along with its subsidiary company, TV18 Broadcast Limited, has jointly established an Employee Welfare Plan dated 2 February 2009 for the benefit of their existing and future employees and to administer the same, a Trust named Network18 Group Senior Professional Welfare Trust has been constituted under the Indian Trusts Act, 1881 vide Trust Deed dated 19 February 2009.

The Employee Welfare Plan provides that any accretion to the corpus of the Trust (like dividends, profit on sale of investments, interest income, etc.) will be utilized for the benefit of beneficiaries upon occurrence of certain specific events. It further provides that the amount of benefit to be provided out of such accretion will be at the discretion of the trustees.

During the year ended 31 March 2012 and 31 March 2011, there were no net accretions to the corpus of the aforementioned Trust and accordingly no liability or plan assets have been provided/recognized in these financial statements.

35. **Obligation on long term, non-cancellable operating leases**

The Company has taken various office premises under operating lease agreements. The lease term of these

leases ranges between 11 months to 6 years and they are renewable by mutual consent. There are no sub leases or restrictions imposed by lease arrangements. There are no escalation clauses during the initial lease term. Lease payments during the period recognized in the statement of profit and loss amount to - Rs 194,415,789 (₹ 22,003,782)

Particulars	As at 31 March 2012	As at 31 March 2011
	(₹)	(₹)
Payable not later than one year	183,827,215	24,661,048
Payable later than one year but not later than five years	305,894,975	6,816,947
Payable later than five years	-	-
Total	**489,722,190**	**31,477,995**

36. Contingent liabilities and other commitments

Sr No.	Particulars	As at 31 March 2012	As at 31 March 2011
		(₹)	(₹)
	Capital commitments	125,551,672	122,600
	The Company has issued letters of financial support to certain subsidiary companies - TV18 Home Shopping Network Limited, E-18 Limited (Cyprus) and Web18 Software Services Limited.		
	Corporate guarantees given in connection with borrowings of subsidiaries		
	TV18 Broadcast Limited (Formerly Ibn18 Broadcast Limited)	3,419,600,000	1,670,000,000
	TV 18 Home Shopping Network Limited	-	20,000,000
	Newswire 18 Limited	-	220,000,000
	Television Eighteen India Limited (now merged with the company)	-	800,000,000
	Infomedia Press Limited (formerly Infomedia18 Limited)	-	850,000,000
	B K Holdings Limited, Mauritius	2,174,300,000	1,786,000,000
		5,593,900,000	**5,346,000,000**
	Contingent payments under agreements for sale of subsidiaries- ₹ 16,993,598 (previous year ₹ 16,993,598).		
	Other litigations: 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, now merged with the Company) 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 ₹ 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 18 September 2006 seeking an 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 was dismissed by the High Court on 21 September 2011.		
	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 for the same in the financial statements.		
37	**Utilization of money raised through right issue**		
	The Company had allotted 10,296,451 partly paid preference shares on rights basis to its equity shareholders during the year ended 31 March 2009. Out of this 10,284,379 partly paid preference shares		

Sr No.	Particulars	As at 31 March 2012 (₹)	As at 31 March 2011 (₹)
	were converted into fully paid up shares till 31 March 2012 upon receipt of full and final call money and balance 12,072 Partly paid preference shares have been forfeited in the Board Meeting dated 16 July 2009 for non payment of full and final call money amounting to ₹1,207,200. The status of utilization of rights issue proceeds is set out below:		
			(Amount in ₹)
	Objects of the issue	**Proposed utilization**	**Actual utilization**
	Repayment of loans availed by the Company	608,800,000	608,800,000
	Funding working capital	692,800,000	692,800,000
	Capital expenditure for the audio and video content business	100,000,000	89,275,157
	Investments in media and allied sectors	350,000,000	350,000,000
	General corporate purposes	287,390,000	287,390,000
	Total	**2,038,990,000**	**2,028,265,157**
	The balance unutilized amount ₹ 10,724,843 is temporarily held in bank accounts.		
38	**Value of imports calculated on CIF basis**		
	Raw materials	42,612,751	-
	Components and spare parts	790,455	-
		43,403,206	**-**
	Value of imported and indigenous material consumed		
	Paper, inks, printing and binding materials :	**Year ended 31 March 2012**	**Year ended 31 March 2011**
	Raw materials and components		
	Imported		
	- Amount	43,403,206	-
	- Percentage	33%	
	Indigenous		
	- Amount	86,923,916	-
	- Percentage	67%	
	Total	**130,327,122**	**-**
	Analysis of material consumed		
	Paper sheets	20,344,516	-
	Paper reels	75,616,227	-
	Inks	9,778,537	-
	Operating Supplies	10,250,448	-
	Other ancillary costs	14,337,394	-
		130,327,122	**-**

39. Particulars of unhedged foreign currency exposure as at the reporting date

As at 31 March 2012	
Particulars	**Purpose**
Import trade payable	USD 659,610 (₹ 33,618,656)
	Euro 10,735 (₹ 733,661)
	S$ 4,456 (₹ 180,719)
	GBP 94,216 (₹ 7,706,858)
Export trade receivable	US$ 217,108 (₹ 11,106,752)
	GBP 9,791 (₹ 800,909)
	EURO 45,539 (₹3,112,135)
Particulars	**Purpose**
Trade advance paid	US$ 250,000 (₹ 9,905,000)
	EURO 32,889 (₹ 2,066,741)
As at 31 March 2011	
Particulars	**Purpose**
Trade advance paid	US$ 250,000 (₹ 9,905,000)
	EURO 32,889 (₹ 2,066,741)

40. Expenditure in foreign currency (accrual basis)

Particulars	Year ended 31 March 2012 (₹)	Year ended 31 March 2011 (₹)
Legal and professional expenses	14,889,403	4,158,096
Travelling and conveyance	2,419,596	5,154,685
Media professional fee	9,285,685	3,841,811
Membership and subscription expenses	23,770	445,051
Event expenses	23,547,236	13,331,260
Distribution, advertising and business promotion	12,468,093	-
Content and franchise expenses	12,486,710	-
Miscellaneous expenses	3,358,739	-
Total	**78,479,232**	**26,930,903**

41. Earnings in foreign currency (accrual basis)

Particulars	Year ended 31 March 2012 (₹)	Year ended 31 March 2011 (₹)
Advertisement income	37,892,057	-
Sponsorship income	1,703,901	-
Event income	1,497,905	3,940,849
Others	3,113,420	-
Total	**44,207,283**	**3,940,849**

42. Managerial remuneration paid, up to 31 March 2012, by the Company amounting to ₹ 20,100,400 (31 March 2011- Rs 15,204,400) in excess of the limits prescribed under the Companies Act, 1956 ("the Act"). The Company is in the process of obtaining the necessary approvals as per the Act.

43. Employee Stock Option 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 ("SEBI Guidelines") which have been approved by the Board of Directors and the Shareholders are listed below. Schemes listed at serial (i) to (vii) 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 Option Plan 2004 (ESOP 2004)
iii) The Network 18 Senior Employees Stock Option Plan 2004 (Senior ESOP 2004)
iv) The Network 18 Employees Stock Option Plan 2005 (ESOP 2005).
v) The Network 18 Long Term Retention Employees Stock Option Plan 2005 (Long Term Retention ESOP 2005).
vi) The Network 18 Employees Stock Option Plan C 2007 (ESOP C 2007)
vii) The Network 18 Employees Stock Option Plan 2007 (ESOP 2007)

b. Salient terms of the ESOP schemes of the Company, in force, are:

Particulars	ESOP 2002	ESOP 2004	Senior ESOP 2004
Number of options granted	40,020	573,600	575,976
Vesting date	1. 50% of the options, after one year from the date of grant. 2. Balance	After three years from the date of grant except as follows in respect of 213,000 options whose terms have	Except for 143,994 options, vesting details are as follows 1.One third after two years from the date of grant 2. Remaining two third

Particulars	ESOP 2002	ESOP 2004	Senior ESOP 2004
	50% of the options two years after from the date of grant.	been modified : (i) 50% on 11 February 2010 (ii) 50% on 11 February 2011	after 4 years from the grant date. In respect of 143,994 options, vesting details are as follows : (i) 50% on 11 February 2010 (ii) 50% on 11 February 2011
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
Exercise period	During three years after the vesting date.	During two years after the vesting date.	During two years after the vesting date.
Method of settlement	Equity settled	Equity settled	Equity settled

Particulars	ESOP 2005	Long Term Retention ESOP 2005	ESOP (C) 2007	ESOP 2007
Number of options granted	915,600	300,000	700,000	3,962,736
Vesting date	Except for 51,200 options, to vest equally over three years from the date of grant. 51,200 options to vest as follows: (i) 50% on 11 February 2010 (ii) 50% on 11 February 2011	At any time at the end of 4 years 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
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
Exercise period	During one year after vesting date.	During one year after vesting date.	During four years after vesting date.	During four years after vesting date.
Method of settlement	Equity settled	Equity settled	Equity settled	Equity settled

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	5.00	60,600	45.31	192,671	70.44
	(20,010)	(5.00)	(169,500)	(37.46)	(348,662)	(38.15)
b) Granted during the period	-	-	-	-	-	-
	(-)	(-)	(-)	(-)	(-)	(-)

Particulars	ESOP 2002		ESOP 2004		SENIOR ESOP 2004	
	Options	Weighted Average Price	Options	Weighted Average Price	Options	Weighted Average Price
c) Exercised during the period	-	-	26,100	20.00	19,998	13.33
	(-)	(-)	(87,300)	(28.17)	(155,991)	(50.94)
d) Forfeited during the period	-	-	-	-	-	-
	(-)	(-)	(-)	(-)	(-)	(-)
e) Expired during the period	20,010	5.00	3,600	20.00	-	-
	(-)	(-)	(21,600)	(53.01)	(-)	(-)
f) Outstanding at the end of the period	-	-	30,900	29.20	172,673	36.15
	(20,010)	(5.00)	(60,600)	(45.31)	(192,671)	(70.44)
g) Exercisable at the end of the period	-	-	30,900	29.20	172,673	36.15
	(20,010)	(5.00)	(60,600)	(45.31)	(192,671)	(70.44)
h) Weighted average share price at the date of exercise	-	N.A	26,100	124.00	19,998	124.00
	(-)	N.A	(87,300)	(132.02)	(155,991)	(130.60)
i) Weighted average remaining contractual life (years)	-	N.A.	0.41	N.A.	0.20	N.A.
	(0.21)	N.A.	(1.63)	N.A.	(1.27)	N.A.
j) Unvested Option outstanding at the end of the period	-	-	-	-	-	-
	(-)	(-)	(-)	(-)	(-)	(-)

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	10,200	20.00	466,667	5.00
	(300,000)	(348.35)	(33,000)	(20.00)	(700,000)	(5.00)
b) Granted during the period	-	-	-	-	-	-
	(-)	(-)	(-)	(-)	(-)	(-)
c) Exercised during the period	-	-	4,800	20.00	233,333	5.00
	(-)	(-)	(13,200)	(20.00)	(233,333)	(5.00)
d) Forfeited during the period	-	-	-	-	-	-
	(-)	(-)	(-)	(-)	(-)	(-)
e) Expired during the period	-	-	-	-	-	-
	(-)	(-)	(9,600)	(20.00)	(-)	(-)
f) Outstanding at the end of the period	300,000	37.55	5,400	20.00	233,334	5.00
	(300,000)	(348.35)	(10,200)	(20.00)	(466,667)	(5.00)
g) Exercisable at the end of the period	300,000	348.35	5,400	20.00	-	-
	(-)	(-)	(10,200)	(20.00)	(116,667)	(5.00)
h) Weighted average share price at the date of exercise		-	4,800	124.00	233,333	60.65
	(-)	(-)	(13,200)	(145.33)	(233,333)	(124.20)
i) Weighted average remaining	0.62	N.A.	-	N.A.	1.51	N.A.
	(1.62)	N.A.	(0.70)	N.A.	(1.51)	N.A.

contractual life (years)						
j) Unvested Option outstanding at the end of the period	-	-	-	-	233,334	5.00
	(300,000)	(348.35)	(-)	(-)	(350,000)	(5.00)

Particulars	**ESOP 2007**	
	Options	**Weighted Average Price**
a) Outstanding at the beginning of the period	396,250	56.52
	(3,371,250)	(46.99)
b) Granted during the period	422,736	32.52
	(100,000)	(72.00)
c) Exercised during the period	5,000	73.50
	(3,065,000)	(89.41)
d) Forfeited during the period	-	-
	(-)	(-)
e) Expired during the period	42,342	33.94
	(10,000)	(30.00)
f) Outstanding at the end of the period	771,644	33.51
	(396,250)	(56.52)
g) Exercisable at the end of the period	534,827	51.98
	(45,000)	(65.04)
h) Weighted average share price at the date of exercise	5,000	124.00
	(3,065,000)	(139.20)
i) Weighted average remaining contractual life (years)	3.31	N.A
	(5.01)	N.A
j) Unvested Option outstanding at the end of the period	236,817	27.39
	(351,250)	(55.43)

Note :

During the year ended 31 March 2012, pursuant to the amalgamation of TV18 with the Company, 3,251,819 options issued by TV18 were converted into 422,736 options of the Company (in the ratio of 13 options of the Company for every 100 options of TV18).

The exercise price of these options was determined by the Remuneration Committee of the Company in their meeting held on 11 August 2011. The replacement of stock options of TV 18 with the stock options of the Company is a modification to the original grant. However, no incremental intrinsic value was determined as a result of such modification.

The Company has adopted the intrinsic value method as promoted by the SEBI Guidelines and the Guidance Note on Accounting for Employee Share Based Payment issued by the Institute of Chartered Accountants of India for measuring the cost of the options granted.

Had the Company used the fair value method in accordance with Black Scholes Model to determine employee stock compensation, its loss after tax and loss per share as reported would have changed to the amounts indicated below:

	Year ended 31 March 2012	**Year ended 31 March 2011**
	₹	**₹**
Loss after tax as reported	(1,919,305,397)	(691,276,186)
Add: ESOP cost using the intrinsic value method	16,253,707	29,856,206
Less: ESOP cost using the fair value method	12,876,289	172,746,812
Proforma loss after tax	(1,915,927,979)	(834,166,792)
Loss per share		
Basic		
As reported	(13.11)	(5.97)

Proforma	(13.09)	(7.21)
Diluted		
As reported	(13.11)	(5.97)
Proforma	(13.09)	(7.21)

The Black Scholes valuation model has been used for computing the weighted average fair value considering the following inputs:

	31 March 2012	31 March 2011
Dividend yield	0.00%	0.00%
Expected volatility	39.93 %	42.20%
Risk-free interest rate	8.26%	7.98%
Weighted average share price (₹)	109.35	90.79
Weighted average exercise price (₹)	113.44	72.00
Expected life of options granted (in years)	1.32	3.00

During the year, the Company modified the terms of certain stock options by reducing the exercise price to bring the same in line with the market price.

	Modification date -3 November 2011		Modification date -29 December 2011	
	Pre modification	Post modification	Pre modification	Post modification
Dividend yield	0.00%	0.00%	0.00%	0.00%
Expected volatility	56.74%	56.74%	55.40%	55.40%
Risk-free interest rate	8.50%	8.50%	8.33%	8.33%
Weighted average share price (₹)	63.85	63.85	37.55	37.55
Weighted average exercise price (₹)	178.88	63.85	63.63	37.55
Expected life of options granted (in years)	0.99	0.99	0.87	0.87
The volatility of the options is based on the historical volatility of the share price since the Company's equity shares are publicly traded.				

44. Segment information

Business segments

Year ended 31 March 2012 (₹)							
Particulars	**Event Management**	**Sports Management**	**Web Operations**	**Publishing Business**	**Advisory Services**	**Eliminations**	**Total**
Revenue							
External sales	290,714,216	124,086,087	338,768,160	1,067,861,537	10,682,150	-	1,832,112,150
Inter segment sales	570,975	-	4,250,142	3,285,000	-	(8,106,117)	-
Total revenue	**291,285,191**	**124,086,087**	**343,018,302**	**1,071,146,537**	**10,682,150**	**(8,106,117)**	**1,832,112,150**
Segment results	(34,184,877)	(24,679,983)	(322,700,577)	(732,666,734)	(39,697,294)	-	(1,153,929,465)
Unallocated corporate expenses net of unallocated income							548,601,702
Finance costs							1,306,801,367
Profit before tax	**(34,184,877)**	**(24,679,983)**	**(322,700,577)**	**(732,666,734)**	**(39,697,294)**	**-**	**(1,912,129,130)**
Income tax prior years (written back)							7,176,267
Net profit	**(34,184,877)**	**(24,679,983)**	**(322,700,577)**	**(732,666,734)**	**(39,697,294)**	**-**	**(1,919,305,397)**
Segment assets	111,206,454	34,781,050	364,018,273	674,024,876	12,781,603	-	1,196,812,255
Unallocated Corporate assets	-	-	-	-	-		24,614,983,786
Total assets	**111,206,454**	**34,781,050**	**364,018,273**	**674,024,876**	**12,781,603**	**-**	**25,811,796,041**
Segment liabilities	179,570,707	113,934,249	1,167,503,986	941,065,170	77,393,270	-	2,479,467,383
Unallocated Corporate liabilities	-	-	-	-	-		12,982,432,672
Other segment information							
Capital expenditure	2,565,748	272,953	25,851,877	45,290,223	3,024,774	-	
Depreciation	885,470	147,323	33,606,236	48,154,605	212,599	-	
Non Cash	16,510,207	4,178,874	31,653,359	37,465,976	6,300,000	-	
Revenue							

Year ended 31 March 2012 (₹)							
Particulars	**Event Management**	**Sports Management**	**Web Operations**	**Publishing Business**	**Advisory Services**	**Eliminations**	**Total**
External sales	214,495,572	154,261,384	-	-	30,309,114	-	399,066,070
Total revenue	**214,495,572**	**154,261,384**	**-**	**-**	**30,309,114**	**-**	**399,066,070**
Segment results	(28,434,095)	(31,530,799)	-	-	(3,775,715)	-	(63,740,609)
Unallocated corporate expenses net of unallocated income	-	-	-	-	-	-	176,457,723
Finance costs	-	-	-	-	-	-	816,493,300
Profit before tax	**(28,434,095)**	**(31,530,799)**	**-**	**-**	**(3,775,715)**	**-**	**(703,776,186)**
Income taxes							(12,500,000)
Net profit	**(28,434,095)**	**(31,530,799)**	**-**	**-**	**(3,775,715)**	**-**	**(691,276,186)**
Segment assets	118,612,448	46,191,590	-	-	31,497,364	-	196,301,402
Unallocated corporate assets	-	-	-	-	-	-	15,475,420,524
Total assets	**118,612,448**	**46,191,590**	**-**	**-**	**31,497,364**	**-**	**15,671,721,926**
Segment liabilities	150,319,399	107,565,587	-	-	55,203,273	-	313,088,259
Unallocated corporate liabilities	-	-	-	-	-	-	4,743,966,100
Total liabilities	**150,319,399**	**107,565,587**	**-**	**-**	**55,203,273**	**-**	**5,057,054,359**
Other segment information							
Capital expenditure	2,923,321	514,415	-	-	279,167	-	
Depreciation	1,210,650	81,010	-	-	138,330	-	
Non Cash	2,613,378	1,208,872	-	-	-	-	

45. Due to Micro and Small Enterprises

The management has identified enterprises which have provided goods and services to the Company and which qualify under the definition of micro and small enterprises, as defined under Micro, Small and Medium Enterprises Development Act, 2006 (MSMEDA). Accordingly, the disclosure in respect of the amounts payable to such enterprises as at 31 March 2012 has been made in the financial statements based on information received and available with the Company. Further in the view of the management, the impact of interest, if any, that may be payable in accordance with the provisions of the MSMEDA is not expected to be material.

46. Information pursuant to clause 32 of the listing agreements with stock exchanges

Loans and advances in the nature of loans to Subsidiaries and Associates		**Balance as on**		**Maximum balance during the year ended**	
Name of the entity	**Status**	**31 March 2012**	**31 March 2011**	**31 March 2012**	**31 March 2011**
TV18 Home Shopping Network Limited	Subsidiary	544,804,211	-	544,804,211	-
TV18 Broadcast Limited	Subsidiary	-	-	1,515,000,000	451,595,286
Television Eighteen India Limited (now merged with the Company)	Subsidiary	-	-	-	301,153,973
RRB Investments Private Limited	Subsidiary	-	-	31,615,562	-
Infomedia Press Limited (formerly known as Infomedia 18 Limited)	Subsidiary	-	500,000	-	500,000

There are no transactions of loans and advances to subsidiaries, associate firms/ companies in which directors are interested other than as disclosed above.

There are no loans and advances in the nature of loans where there is no repayment schedule or repayment beyond seven years or no interest or interest below section 372A of the Companies Act 1956.

47. Barter transactions

During the year ended 31 March 2012, the Company had entered into barter transactions, which were recorded at the fair value of consideration receivable or payable. The statement of profit and loss for the year 31 March 2012 reflects revenue from barter transactions of ₹ 78,930,412 and expenditure of ₹78,294,251 being the fair value of barter transactions provided and received.

48. The Board of Directors, at their meeting held on 3 January 2012 decided to raise Rs 27,000,000,000 by issuing shares on rights basis for, inter alia, (a) Investment in the Subsidiary, TV 18 Broadcast Limited (b) Repayment/prepayment of certain loans, redemption of Secured Optionally Fully Convertible Debentures, redemption of Preference Shares and repayment of Public Deposits and (c) General

Corporate Purposes. The Draft Letter of Offer for the aforesaid Rights Issue has been filed with Securities and Exchange Board of India ("SEBI") and the necessary approval is awaited. Further 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 SEBI 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 prevailing market conditions and in accordance with the applicable provisions of laws, rules, regulations and guidelines.

For and on behalf of Board of Directors of
Network18 Media & Investments Limited

Raghav Bahl
Managing Director

Sanjay Ray Chaudhuri
Director

Place: Noida
Date: 4 August 2012

R D S Bawa
Chief Financial Officer

Yug Samrat
Company Secretary

Auditors' Report

To the Board of Directors of Network18 Media & Investments Limited

1. We have audited the attached consolidated balance sheet of Network18 Media & Investments Limited, its subsidiaries, associates and joint ventures (hereinafter collectively referred to as 'the Group'), as at 31 March 2012, and also the consolidated statement of profit and loss and the consolidated cash flow statement for the year ended on the date annexed thereto (collectively referred as the 'consolidated financial statements'). These consolidated financial statements are the responsibility of the Group's management and have been prepared by the Group's management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

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

3. We report that:

   (a) the consolidated financial statements have been prepared by the Group's management in accordance with the requirements of Accounting Standard 21 on 'Consolidated Financial Statements', Accounting Standard 23 on 'Accounting for Investments in Associates in Consolidated Financial Statements' and Accounting Standard 27 on 'Financial Reporting of Interests in Joint Ventures' notified pursuant to the Companies (Accounting Standards) Rules, 2006.

   (b) we did not audit the financial statements of certain subsidiaries, associates and joint ventures, whose financial statements reflect total assets (after eliminating intra-group transactions), of ₹ 22,675,469,839 as at 31 March 2012, total revenues (after eliminating intra-group transactions) aggregating to ₹ 16,752,467,346 and net cash out flows aggregating to ₹ 1,503,739,698 for the year then ended**.** These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us by the management, and our opinion is based solely on the reports of the other auditors.

4. Without qualifying our opinion in respect of the ensuing matter, we draw attention to Note 36 of the consolidated financial statements. In accordance with the scheme of arrangement between the Company and some of its subsidiary companies approved by the Hon'ble High Court of Delhi made effective on 10 June 2011 with an appointed date of 1 April 2010, the Company has adjusted the book values of certain assets and liabilities to reflect their fair values and has recorded the resulting adjustment to the Securities Premium Account.

5. *(a) The Company has paid ₹ 20,100,400 as managerial remuneration to its managing director upto 31 March 2012 (upto 31 March 2011 ₹ 15,204,400, 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 ₹ 16,711,996 as managerial remuneration to its erstwhile managing director upto 31 March 2012, 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 Loss for the year would have been lower by ₹ 36,812,396 (for the year ended 31 March 2011, would have been lower by ₹ 15,204,400) and Short- term loans and advances would have been higher by ₹ 36,812,396 (as at 31 March 2011, would have been higher by ₹ 15,204,400).

6. *The auditors of Infomedia Press 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 ₹ 52,921,630 (as at 31 March 2011: ₹ 52,921,630, 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.

7. Based on our audit and on consideration of reports of other auditors on the separate financial statements and on the other financial information of the subsidiaries, associates and joint ventures, and to the best of our information and according to the explanations given to us, in our opinion, *except for the effects of the matters described in the paragraphs 5 and 6 above,* the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India, in case of:

   (a) the consolidated balance sheet, of the state of affairs of the Group as at 31 March 2012;
   (b) the consolidated statement of profit and loss, of the loss for the year ended on that date; and
   (c) the consolidated cash flow statement, of the cash flows for the year ended on that date.

For **Walker, Chandiok & Co**
Chartered Accountants

Firm Registration No: 001076N

B P Singh
Partner
Membership No.: 70116

Place: New Delhi
Date: 4 August 2012

Consolidated Balance Sheet as at March 31, 2012

Particulars	Note	As at 31 March 2012	As at 31 March 2011
		₹	₹
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	4	2,257,056,430	2,137,135,055
Shares pending allotment	4(j)	18,396,780	-
0.01% Convertible Redeemable Cumulative Preference shares of ₹10 each fully paid up issued by joint venture		-	219,677,500
Reserves and surplus	5	955,525,660	8,311,564,160
		3,230,978,870	10,668,376,715
Share application money pending allotment	4(k)	-	4,014,215
Minority interest		3,674,408,432	7,847,307,493
Non-current liabilities			
Long-term borrowings	6	5,925,767,592	5,929,269,813
Deferred tax liabilities	16	599,128	12,855,897
Other long term liabilities	7	124,819,190	111,317,661
Long-term provisions	8	1,561,473,182	175,890,663
		7,612,659,092	6,229,334,034
Current liabilities			
Short-term borrowings	9	11,036,611,595	8,816,792,968
Trade payables	10	4,564,314,455	3,960,906,304
Other current liabilities	11	8,509,514,924	4,748,411,057
Short-term provisions	12	72,130,948	145,131,411
		24,182,571,922	17,671,241,740
TOTAL		38,700,618,316	42,420,274,197
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	13	2,313,991,902	1,961,028,224
Intangible assets	14	274,062,779	172,823,065
Capital work-in-progress		30,659,374	17,409,931
Intangible assets under development		7,183,020	-
		2,625,897,075	2,151,261,220
Goodwill on consolidation		11,657,799,739	13,270,604,402
Non-current investments	15	3,142,226,320	3,737,543,587
Deferred tax assets	16	34,359,197	94,264,149
Long-term loans and advances	17	6,572,824,810	1,060,499,629
Non-current inventories	18	1,964,789,565	3,109,156,209
Trade receivables	19	15,351,501	14,081,228
Other non-current assets	20	229,431,674	480,892,737
		26,242,679,881	23,918,303,161
Current assets			
Current investments	21	-	3,104,642,481
Inventories	22	1,192,448,955	429,791,030
Trade receivables	23	5,564,131,391	5,189,182,049
Cash and bank balances	24	1,706,620,178	4,430,435,885
Short-term loans and advances	25	3,704,522,081	5,044,970,263
Other current assets	26	290,215,830	302,949,328
		12,457,938,435	18,501,971,036
TOTAL		38,700,618,316	42,420,274,197

The accompanying notes form an integral part of the consolidated financial statements
This is the Consolidated Balance Sheet referred to in our report of even date

For **Walker Chandiok & Co**
Chartered Accountants

For and on behalf of Board of Directors of

Network18 Media & Investments Limited

B.P.Singh Partner	**Raghav Bahl** Managing Director	**Sanjay Ray Chaudhuri** Director
Place : Noida Date : 4 August 2012	**R D S Bawa** Chief Financial Officer	**Yug Samrat** Company Secretary

Consolidated Statement of profit and loss for the year ended 31 March 2012

	Note	Year ended 31 March 2012 ₹	Year ended 31 March 2011 ₹
INCOME			
Revenue from operations	27	**19,438,326,704**	**14,778,852,632**
Other income	28	**1,327,634,449**	**2,146,723,531**
Total revenue		**20,765,961,153**	**16,925,576,163**
EXPENDITURE			
Cost of material consumed and traded goods sold	29	178,101,067	299,061,917
Employee benefits expense	30	4,526,595,420	3,407,197,556
Finance costs	31	2,706,662,142	2,258,415,669
Depreciation and amortization expense	32	613,674,794	617,249,675
Other expenses	33	17,715,293,977	10,777,028,232
Total expenses		25,740,327,400	17,358,953,049
Loss before exceptional items and tax		(4,974,366,247)	(433,376,886)
Exceptional items	34	-	108,034,212
Loss before tax		(4,974,366,247)	(541,411,098)
Tax expense			
Current tax		50,799,888	335,661,634
Deferred tax		21,623,459	(4,311,826)
Total tax expense		72,423,347	331,349,808
Loss for the year before minority interest and share in profit of associates		(5,046,789,594)	(872,760,906)
Minority interest		(1,117,277,045)	(505,919,222)
Share in profit of associates		2,876,221	-
Loss for the year		(3,926,636,328)	(366,841,684)
Loss per share (basic and diluted)	35	(26.82)	(3.17)

The accompanying notes form an integral part of the consolidated financial statements

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

For **Walker, Chandiok & Co**
Chartered Accountants

B. P. SINGH
Partner

Place: Delhi
Date: 4 August 2012

For and on behalf of the Board of directors

RAGHAV BAHL — Managing Director
SANJAY RAY CHAUDHURI — Director
R D S BAWA — Chief Financial Officer
YUG SAMRAT — Company Secretary

Place: Noida
Date: 4 August 2012

Consolidated Cash Flow Statement for the year ended 31 March 2012

Particulars	Year ended 31 March 2012 ₹	Year ended 31 March 2011 ₹
A. CASH FLOW FROM OPERATING ACTIVITIES		
Loss before tax	(4,974,366,247)	(541,411,098)
Adjustments for :		
Depreciation and amortisation expenses	613,674,794	617,249,675
(Profit)/loss on sale/disposal of fixed assets	42,251,727	(2,590,362)
Assets written off	3,190,041	-
Employee stock compensation expenses	21,250,425	56,452,126
Finance costs	2,706,662,142	2,258,415,669
Preliminary expenses written off	16,942,912	-
Bad debts and advances written off/ provided for	555,705,777	199,197,608
Exchange fluctuation (net)	63,967,440	31,045,180
Dividend on current investments	(1,428,183)	(15,069,080)
Dividend on long term investments	(199,776)	(100,000)
Profit on sale of current investments	(335,854,779)	(527,013,204)
Profit on sale of long term investments	(441,963,302)	(820,082,964)
Excess provisions written back	(135,641,493)	(77,205,891)
Income from trust on sale of shares	(189,100,000)	(222,000,000)
Interest income	(333,037,926)	(501,695,282)
Operating (loss)/ profit before working capital changes	(2,387,946,448)	455,192,377
Adjustments for :		
Increase in assets other than fixed assets and goodwill	(34,811,956)	(3,901,975,017)
Increase in liabilities other than borrowings	474,738,731	459,259,336
Cash used in operations	(1,948,019,673)	(2,987,523,304)
Taxes paid (net of refund)	(542,023,384)	(331,349,808)
Net cash used in operating activities	**(2,490,043,057)**	**(3,318,873,112)**
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets (including capital advances)	(862,164,551)	(327,035,133)
Sale of fixed assets	22,087,321	3,167,512,369
Sale of long term investments		
- in other companies	609,482,166	1,113,317,820
Sale/ (purchase) of current investments (net)	3,441,358,573	1,831,293,396
Purchase of long term investments:		
- in subsidiaries and joint venture	(604,554,033)	(35,580,716)
Share application money paid	-	(197,600,000)
Decrease/ (increase) in other bank balances	1,061,765,246	(1,057,626,063)
Acquisition of minority interest in subsidiary	-	(663,094,615)
Loans and advances given (net)	(3,945,962,674)	-
Interest received	280,433,767	501,695,282
Dividend received on current investments	1,428,183	15,069,080
Dividend received on long term investments	199,776	100,000
Income from trust on sale of shares	189,100,000	222,000,000
Cash balances of subsidiaries acquired/consolidated during the year	84,888,598	-
Net cash flow from investing activities	**278,062,372**	**4,570,051,420**
C. CASH FLOW FROM FINANCING ACTIVITIES		
Finance costs	(2,367,222,849)	(2,258,415,669)
Share issue expenses	(133,833,510)	(24,672,163)
Proceeds from issue of equity shares / share application money (net)	2,051,305	22,774,120
Dividend paid during the year	248,732	-
Proceeds from Security premium on equity	-	465,734,391
Share application money received	-	(793,761,439)
Proceeds from issue/(repayment) of debentures and bonds	2,999,999,393	(900,783,000)
Repayment of borrowings (including changes in short-term borrowings)	(7,308,362,280)	(2,477,825,424)
Proceeds from borrowings	7,327,795,240	-
Net cash from/(used in) financing activities	**520,676,031**	**(5,966,949,184)**
Net increase decrease in cash and cash equivalents	(1,691,304,654)	(4,715,770,876)
Cash and cash equvalents as at the beginning of the year	2,940,483,171	7,665,752,965
Exchange differences on cash and cash equivalents	31,863,558	(9,498,918)

Cash and cash equivalents as at the end of the year	**1,281,042,075**	**2,940,483,171**

1. The above Cash flow statement has been prepared under the indirect method set out in AS-3 prescribed in Companies (Accounting Standards) Rules, 2006.
2. Figures in brackets indicate cash outflow.
3. Previous year figures have been regrouped and recast wherever necessary to conform to the current year classification.

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

For **Walker Chandiok & Co**
Chartered Accountants

For and on behalf of Board of Directors of

Network18 Media & Investments Limited

B.P.Singh
Partner

Raghav Bahl
Managing Director

Sanjay Ray Chaudhuri
Director

Place : Noida
Date : 4 August 2012

R D S Bawa
Chief Financial Officer

Yug Samrat
Company Secretary

NETWORK18 MEDIA & INVESTMENTS LIMITED

Notes forming part of the consolidated financial statements for the year ended 31 March 2012

(All amounts in Rupees unless otherwise stated)

1. These consolidated financial statements comprise a consolidation of the financial statements of Network 18 Media & Investments Limited ("the Company" or "Network 18" or "the parent"), its subsidiaries, joint ventures and associates (the "Group") as listed below.

S. No.	Name of consolidated entity	Country of Incorporation	Percentage of holding as at 31 March 2012
Direct subsidiaries			
1	Network18 Holdings Limited	Cayman Islands	100.00
2	Capital18 Fincap Private Limited (Formerly VT Holdings Private Limited)	India	100.00
3	Setpro18 Distribution Limited	India	66.00
4	Television Eighteen Mauritius Limited (TEML)	Mauritius	100.00
5	Television Eighteen Media and Investments Limited (TEMIL)	Mauritius	100.00
6	Newswire18 Limited	India	77.50
7	RRB Investments Private Limited	India	100.00
8	Digital18 Media Limited	India	100.00
9	TV18 Broadcast Limited	India	51.24
10	Big Tree Entertainment Private Limited	India	60.00*
Subsidiary by virtue of control of composition of Boards of Directors			
11	Infomedia Press Limited (formerly known as Infomedia18 Limited)	India	47.64
Subsidiaries of subsidiary companies			
Subsidiaries of TV18 Broadcast Limited			
12	RVT Media Private Limited	India	100.00
13	Ibn18 Mauritius Limited	Mauritius	100.00
Subsidiaries of RVT Media Private Limited			
14	AETN18 Media Private Limited	India	51.00
Subsidiaries of Television Eighteen Mauritius Limited, Mauritius			
15	Namono Investments Limited	Mauritius	100.00
16	TV18 UK Limited	U.K.	100.00
17	B K Holdings Limited	Mauritius	100.00
18	Capital18 Limited	Mauritius	100.00
Subsidiaries of Capital18 Limited, Mauritius			
19	Capital18 Acquisition Corporation	Cayman Islands	98.00
20	Webchutney Studio Private Limited	Mauritius	70.06**
Subsidiaries of Webchutney Studio Private Limited			
21	Blue Slate Media Private Limited	India	100.00
22	Network Play Media Private Limited (till 20 March 2012)	India	4.89
23	Juxt Consult Research and Consulting Private Limited	India	60.00
Subsidiaries of Television Eighteen Media & Investments Limited, Mauritius			
24	Web18 Holdings Limited, Cayman Islands	Cayman Islands	100.00***
Subsidiaries of Web18 Holdings Limited, Cayman Islands			
25	E-18 Limited	Cyprus	100.00
Subsidiaries of E-18 Limited, Cyprus			
26	e-Eighteen.com Limited	India	91.95

S. No.	Name of consolidated entity	Country of Incorporation	Percentage of holding as at 31 March 2012
27	Web18 Software Services Limited	India	100.00
Subsidiaries of e-Eighteen.com Limited, India			
28	Moneycontrol Dot Com India Limited	India	100.00
Subsidiaries of Network18 Holdings Limited, Cayman Islands			
29	TV18 HSN Holdings Limited	Cyprus	52.90[#]
Subsidiaries of TV18 HSN Holdings Limited, Cyprus			
30	TV18 Home Shopping Network Limited	India	100.00
Subsidiaries of Capital18 Fincap Private Limited			
31	RRK Finhold Private Limited	India	100.00
32	RVT Finhold Private Limited	India	100.00
33	Stargaze Entertainment Private Limited	India	89.00
34	Colosseum Media Private Limited	India	95.50
Subsidiaries of RVT Finhold Private Limited			
35	Greycells18 Media Limited	India	57.61[##]
Joint ventures of TV18 Broadcast Limited			
36	IBN Lokmat News Private Limited	India	50.00
37	Viacom18 Media Private Limited	India	50.00
38	Viacom18 Media (UK) Limited [###]	UK	50.00
39	Viacom18 Media US Inc [###]	USA	50.00
40	Roptonal Limited [###]	Cyprus	50.00
41	The Indian Film Company Limited, Guernsey [###]	Guernsey	50.00
42	The Indian Film Company (Cyprus) Limited [###]	Cyprus	50.00
43	IFC Distribution Private Limited [###]	India	50.00
Joint Venture of Infomedia Press Limited			
44	Reed Infomedia India Private Limited	India	49.00
Joint ventures of Capital18 Fincap Private Limited			
45	Ubona Technologies Private Limited	India	50.00
Associates of Capital18 Fincap Private Limited			
46	Wespro Digital Private Limited	India	49.00
47	24 X 7 Learning Private Limited	India	37.73

* The Company holds 13.92% of the shareholding directly and 46.08% of the shareholding through E-18 Limited, Cyprus.

** The Company holds 49.42% of the shareholding through Capital18 Limited, Mauritius and 20.64% through Capital18 Fincap Private Limited.

*** The Company holds 10.77% of the shareholding directly, 84.54% of the shareholding through TEMIL and 4.69% of the shareholding through TEML.

[#] Percentage determined as per shareholders agreement between SAIF II Mauritius Company Limited, G S Home Shopping Inc. and Network 18 Holdings Limited.

[##] The Company holds 55.80% of the shareholding through RVT Finhold Private Limited and 1.81% through Capital18 Fincap Private Limited.

[###] Subsidiaries of Viacom18 Media Private Limited.

Network 18 Group Senior Professional Welfare Trust, a trust formed for the welfare of specified employees of the Company and its subsidiaries has not been consolidated since no economic benefit will flow to the Company from this trust.

2. Background

A. In relation to Network18 Media and Investments Limited

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 20 October 2006. The name was further changed to Network18 Media & Investments Limited on 1 December 2007.

B. Brief description of significant subsidiaries and joint ventures

i. Television Eighteen India Limited was incorporated in 1993 and is primarily engaged in content production and broadcasting. The content and news broadcasting business was transferred to TV18 Broadcast Limited and the residual business was merged with the Company as per the Scheme of Arrangement referred to in Note 36.

ii. 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 on 15 June 2006 and subsequent to the sale, E-18 became a subsidiary of E-18 Limited, Cyprus.

iii. Newswire18 Limited (Newswire) was incorporated on 18 September 2006 as Livewire Motion Pictures Private Limited. Newswire became a subsidiary of 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.

iv. Digital 18 Media Limited was incorporated on 16 April 2007, and is engaged in the business of Printing and Publishing Business Magazine.

v. TV18 Broadcast Limited (TV18), formerly known as "ibn18 Broadcast Limited (IBN18)", was incorporated on 6 June 2005. 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 IBN18 commenced on 17 December 2005. 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". Further, pursuant to the merger of business news undertaking of Television Eighteen India Limited with IBN18, it is also broadcasting business news channels CNBC TV18 and CNBC Awaaz. The name of IBN18 has been changed to TV18 Broadcast Limited with effect from 17 June 2011.

vi. 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".

vii. Viacom18 Media Private Limited (Viacom18), a joint venture of TV18 (with 50% shareholding), operates four TV channels ("Colors", "MTV" (India), "Nick" (India) and "VH1").

viii. Setpro18 Distribution Limited was originally incorporated on 28 September 1993 and is engaged in the business of distribution of television channels.

ix. TV18 Home Shopping Network Limited (TV 18 HSN) (Formerly TV18 Home Shopping Network Private Limited), was incorporated on 13 June 2006. TV 18 HSN is primarily engaged in providing the platform to vendors for the distribution of consumer goods through its television channel, website and call centres.

x. Infomedia Press Limited is in the business of printing services.

3. Significant accounting policies

The consolidated 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, ("the Act") as adopted consistently by the Group.

All assets and liabilities have been classified as current or non-current as per the Group's normal operating cycle and other criteria set out in Revised Schedule VI to the Act. Based on the nature of products and services and the time between acquisition of assets for processing and their realisation in cash and cash equivalents, the Group has ascertained its operating cycle as 12 months for the purpose of current / non-current classification of assets and liabilities. Previous year figures have also been reclassified to conform to this year's classification. The adoption of Revised Schedule VI for previous year figures does not impact recognition and measurement principles followed for preparation of consolidated financial statements.

A. Use of estimates

The preparation of consolidated financial statements in conformity with 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 recognized prospectively in the current and future periods.

B. Basis of consolidation

The consolidated financial statements include the financial statements of the Company, its subsidiaries, joint ventures and associates. The consolidated financial statements of the Group have been prepared in accordance with Accounting Standard AS 21 'Consolidated Financial Statements', AS 23 'Accounting for Investments in Associates in Consolidated Financial Statements' and AS 27 'Financial Reporting of Interests in Joint Ventures' (as applicable) notified pursuant to the Companies (Accounting Standards) Rules, 2006. The consolidated financial statements are prepared on the following basis:

i. Consolidated financial statements include consolidated balance sheet, consolidated statement of profit and loss, consolidated statement of cash flows and notes forming part of the consolidated financial statements. The consolidated financial statements are presented, to the extent possible, in the same format as that adopted by the parent for standalone financial statements.

ii. The consolidated financial statements include the financial statements of the Company and all its subsidiaries, which are more than 50 per cent owned or whose composition of Board of Directors is controlled by the Company. Investments in entities that were not more than 50 per cent owned or controlled during the year have been accounted for in accordance with the provisions of Accounting Standard 13 'Accounting for Investments', or Accounting Standard

23 'Accounting for Investments in Associates in Consolidated Financial Statements', or Accounting Standard 27 'Financial Reporting of Interests in Joint Ventures (as applicable) notified pursuant to the Companies (Accounting Standards) Rules, 2006.

iii. The consolidated financial statements have been combined on a line-by-line basis by adding the book values of like items of assets, liabilities, income and expenses after eliminating intra-group balances/ transactions and resulting elimination of unrealised profits in full. The amounts shown in respect of reserves comprise the amount of the relevant reserves as per the balance sheet of the parent company and its share in the post-acquisition increase in the relevant reserves of the entity to be consolidated. Financial interest in joint ventures has been accounted for under the proportionate consolidation method.

iv. Investments in associates are accounted for using the equity method. The excess of cost of investment over the proportionate share in equity of the associate as at the date of acquisition of stake is identified as goodwill and included in the carrying value of the investment in the associate. The carrying amount of the investment is adjusted thereafter for the post acquisition change in the share of net assets of the associate. However, the share of losses is accounted for only to the extent of the cost of investment. Subsequent profits of such associates are not accounted for unless the accumulated losses (not accounted for by the Group) are recouped.

v. Minority interest represents the amount of equity attributable to minority shareholders at the date on which investment in a subsidiary is made and its share of movements in equity since that date. Any excess consideration received from minority shareholders of subsidiaries over the amount of equity attributable to the minority on the date of investment is reflected under Reserves and Surplus.

vi. Notes forming part of the consolidated financial statements, represents notes involving items which are considered material and are accordingly duly disclosed. Materiality for the purpose is assessed in relation to the information contained in the consolidated financial statements. Further, additional statutory information disclosed in separate financial statements of a subsidiary, associate or joint venture having no bearing on the true and fair view of the consolidated financial statements has not been disclosed in the consolidated financial statements.

C. Revenue recognition

Revenue comprises revenue from media operations, commission income, sale of products and services and other operating revenue.

Revenue is recognised when it is measurable, at the time of sale or rendering of service, it would not be unreasonable to expect ultimate collection, and when the criteria of recognition for each of the Group's different activities have been met. These activity-specific recognition criteria are described below.

Revenue from media operations

Advertisement revenue

The Group's advertisement revenue comprises of revenue from sale of advertising time/space in electronic media, sale of advertising space in business directories/special interest magazines and revenue from sponsorship contracts.

Revenue from sale of advertising time/space in electronic media is recognised when advertisements are telecast or displayed in accordance with contractual obligations.

Revenue from sale of advertising space in business directories/special interest magazines is recognized in the period in which the directories/magazines are delivered.

Revenue from sponsorship contracts is recognised when the contractual obligation in respect of key milestone in sponsorship contract are fulfilled.

Subscription revenue

The Group's subscription revenue comprises of income from distribution of channels, income from Group's print publications and income from providing information in connection with the Indian stock markets and commodities markets to a registered user base.

Subscription revenue from distribution of channels is recognised on accrual basis in accordance with the terms of the contract.

Subscription revenue from the Group's print publications is recognised as earned, on a per issue basis over the subscription period.

Subscription revenues from providing information in connection with the Indian stock markets and commodities markets is recognised ratably over the period of the subscription.

Licensing and merchandising revenue

- Revenue from licensing and merchandising are recognised as per the terms of the arrangement
- Revenue from licensing of content is recognised in accordance with the licensing agreement or on physical delivery of content, whichever is later.

Sale of film rights and programmes

- Revenues from theatrical distribution of movies are recognised in accordance with the licensing agreement as the films are screened and are recognised at the minimum guarantee due. and where applicable the Group's share of box office receipts in excess of the minimum guarantee. Revenue from sale of rights such as satellite, broadcasting, or music rights is recognised in accordance with the licensing arrangements. when the Group has no remaining obligations to perform and all other conditions for sale have been met.
- Revenue from sale of television content is recognised on the acceptance of the related content by the customer.
- Revenue from media related professional and consultancy services is recognised in accordance with contracts on rendering of services.

Circulation revenue

Revenue from circulation of magazines includes sales to retail outlets/ newsstands, which are subject to returns. The Company 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 events

Revenue from events is recognised after the completion of event

Barter transactions

Barter transactions are recorded at fair value, being the value at which similar transactions are executed with other parties.

Commission income

Agency commission revenue is recognised as per the terms of agreement with the principals, on rendering of relevant services.

Sale of products and services

Revenue from printing jobs is recognized when the printed material is dispatched and is accounted net of taxes.

Revenue from sale of entry tickets is recognised on receipt basis.

Revenue from online ticket sale is recognised when actual tickets are confirmed.

Rental income

Equipment rental is accounted for on an accrual basis over the period of use by the customer.

Dividend income

Dividend income are recognised when the right to receive dividend is established.

Investment income

Profit / loss on sale of investments are computed on the basis of weighted average cost on the date of disposal of investments.

Interest income

Interest income is recognized on time proportionate basis, taking into account the amount outstanding and the rate applicable.

D. Fixed assets

Tangible assets

Fixed assets are stated at historical cost less accumulated depreciation. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

Intangible assets

Acquired brands/domain names are capitalised at cost of acquisition and disclosed as intangible assets.

Website development costs that provide additional functions or features to the Company's website are capitalised. Maintenance expenses or costs that do not result in new features or functions are expensed as incurred.

E. Depreciation and amortisation

Depreciation and amortisation on fixed assets is calculated on straight line basis using the rates arrived at based on the useful lives estimated by management. The Group has used following useful lives for the fixed assets:

Tangible assets	
Building	30 years
Ownership flats	62 years
Plant and equipment	2-21 years
Furniture and fixtures	2-16 years
Vehicles	3-11 years
Information technology and office equipment	2-7 years
Intangible assets	
Brands/trademarks	5 years
Website costs	5 years
Computer software	3-5 years
News archive	10-21 years
Acquired goodwill	5 years
Programming cost	3 years

Leasehold improvements	Over the initial lease period or estimated useful life which ever is shorter.

F. Goodwill on consolidation

The difference between the cost of investment to the Group in subsidiaries, associates and joint ventures and the proportionate share in the equity of the investee company as at the date of acquisition of stake is recognised in the consolidated financial statements as Goodwill or Capital Reserve, as the case may be.

G. Impairment of assets

The Company assesses at each balance sheet date whether there is any indication that an asset (including goodwill) may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount and the reduction is treated as an impairment loss and is recognized in the Statement of profit and loss. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost and the same is accordingly reversed in the Statement of profit and loss.

H. Inventory valuation

Inventory excluding programme rights, is valued as follows:

Raw materials and consumables: Lower of cost and net realizable value., Materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost is determined on a weighted average basis except in case of video tapes cost of which is determined using First in First out (FIFO) method.

Work-in-progress and finished goods: Lower of cost and net realizable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. Cost is determined on weighted average basis.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

Program rights are expensed over the license period or as determined in this policy as mentioned hereunder, whichever is earlier:

- Cost of shows are amortised at 90% in the first year of telecast and balance is amortised evenly in the subsequent financial year. However, short format shows are expensed in the year of production and telecast.
- Acquired rights of shows are amortised evenly over the license period.
- In-house produced animated shows/movies are amortised evenly over four years and live action shows are amortised equally over the period of two years.
- In case of events where the rights are for more than one year, 60% of the cost are amortised in the year of telecast and the balance is amortised equally in the subsequent years. In case the right is for a single year, the entire amount is expensed in the year of telecast.
- Cost of cable and satellite movie rights acquired are amortised on the exploitation of such rights based on the management estimates of future revenue potential.

- In case of film production and distribution, the Group amortises film cost using the individual-film-forecast method. Under this method, such costs are amortised for each film in the ratio that current period revenue for such films bears to management's estimate of remaining unrecognised ultimate revenue as at the beginning of the current fiscal year. Management regularly reviews and revises, where necessary, its total estimates on a film-by-film basis, which may result in a change in the rate of amortisation and/or a write down of the inventory to recoverable amount.
- The Group evaluates the realizable value and /or revenue potential of inventory on an ongoing basis and appropriate write down is made in cases where accelerated write down is warranted.

I. Investments

Investments are classified as non-current or current, based on management's intention at the time of purchase. Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as non-current investments.

Current investments are stated at lower of cost and fair value determined on an individual investment basis. Non-current investments are stated at cost and provision for diminution in their value, other than temporary, is made in the financial statements.

Profit/loss on sale of investments is computed with reference to the average cost of the investment.

J. Employee benefits

Provident fund

The Employees Provident Fund scheme of entities within the Group is a defined contribution plan. The Company's contribution to the Employees' Provident Fund is charged to the Statement of profit and loss during the period in which the employee renders the related service.

Gratuity

The Group provides for gratuity, a defined benefit plan (the "Gratuity Plan") covering eligible employees.

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 Statement of profit and loss.

Certain entities within the Group make contributions to funds administered and managed by the insurance companies based on for the amount notified by the said insurance companies.

Compensated absences

Benefits comprising long term compensated absences are other long term employee benefits. The liability for compensated absences 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 Statement of profit and loss.

Short term employee benefits

Short term employee benefits expected to be paid or payable in exchange for the services rendered is recognised on undiscounted basis.

Voluntary retirement compensation is fully charged off in the year of severance of service of the employee.

K. Foreign currency transactions

Relating to overseas entities

Indian Rupee is the reporting currency for the Group. However, reporting currencies of certain non-integral overseas subsidiaries are different from the reporting currency of the Group. The translation of local currencies into Indian Rupee is performed for assets and liabilities (excluding share capital and opening reserves and surplus), using the exchange rate as at the balance sheet date.

Revenues, costs and expenses are translated using weighted average exchange rate during the reporting period. The resultant currency translation exchange gain/ loss is carried as foreign currency translation reserve under reserves and surplus. Investments in foreign entities are recorded at the exchange rate prevailing on the date of making the investment.

Relating to Indian entities

Transactions in foreign currency are accounted for at the exchange rate prevailing on the date of the transaction. All monetary items denominated in foreign currency are converted into Indian Rupees at the year-end exchange rate. The exchange differences arising on such conversion and on settlement of the transactions are recognised in the Statement of profit and loss.

L. Borrowing costs

Borrowing costs that are directly attributable to acquisition, construction or production of a qualifying asset are capitalized as part of the cost of that asset when it is probable that they will result in future economic benefits to the Group and the costs can be measured reliably.Other borrowing costs are recognized as an expense in the period in which they are incurred.

M. Employee Stock Option Plan

Accounting value of stock options is determined on the basis of “intrinsic value” representing the excess of the market price on the date of grant over the exercise price of the options granted, and is being amortised as "Deferred employee compensation" on a straight-line basis over the vesting period in accordance with the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and Guidance Note 18 "Share Based Payments" issued by the Institute of Chartered Accountants of India (“ICAI”).

N. Income Tax

Income tax comprises current tax and deferred tax. Current tax is determined in accordance with the provisions of Income Tax Act, 1961.

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 Income Tax Act, 1961, which gives rise to future economic benefit in the form of adjustment from income tax liability, is recognised as an adjustment to current tax when it is certain that the Company will be able to set off the same.
Tax provisions for overseas subsidiaries/ joint ventures are determined in accordance with the tax laws of their respective country of incorporation.

O. 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.

P. Provisions and Contingencies

The Company makes provision when there is a present obligation as a result of a past event where the outflow of economic resources is probable and a reliable estimate of the amount of obligation can be made.

A disclosure is made for a contingent liability when there is a:

- Possible obligation, the existence of which will be confirmed by the occurrence/non-occurrence of one or more uncertain events, not fully within the control of the Company; or
- Present obligation, where it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
- Present obligation, where a reliable estimate cannot be made.

Q. 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 Statement of profit and loss 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 Statement of profit and loss.

R. Earnings/ (loss) per share

The Group reports basic and diluted earnings/ (loss) per share in accordance with Accounting Standard 20 'Earnings per Share'. Basic earnings/ (loss) 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.

S. Segment information

i. Identification of Segments:

The Group's operating businesses are organized and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The analysis of geographical segments is based on the areas in which major operating divisions of the Group operate.

ii. Intersegment transfers

Inter segment revenue have been accounted for based on the transaction price agreed to between the segments which is primarily market led.

iii. Segment policies

The Group prepares its segment information in conformity with the accounting policies adopted for preparation and presenting the financial statements of the Company as a whole.

Notes forming part of the consolidated financial statements for the year ended 31 March 2012

(All amounts in Rupees unless otherwise stated

		As at 31 March 2012	As at 31 March 2011
4	**Share capital**		
a.	**Authorized share capital**		
	i. 1,400,000,000 (170,000,000) equity shares of ₹ 5 each	7,000,000,000	850,000,000
	ii. 1,100,000 (1,100,000) preference shares of ₹ 100 each	110,000,000	110,000,000
	iii. 10,500,000 (10,500,000) preference shares of ₹ 200 each	2,100,000,000	2,100,000,000
	iv. 15,500,000 (Nil) preference shares of ₹ 10 each	155,000,000	-
b.	**Issued, subscribed and paid-up capital**		
	i. 142,879,916 (118,895,641) equity shares of ₹ 5 each fully paid up	714,399,580	594,478,205
	ii. 10,284,379 (10,284,379) Non Convertible Cumulative Redeemable Preference shares of ₹ 150 each	1,542,656,850	1,542,656,850
	Total issued, subscribed and fully paid-up share capital	**2,257,056,430**	**2,137,135,055**

c. Reconciliation of the share capital

i. Equity shares

	Year ended 31 March 2012		Year ended 31 March 2011	
	Numbers	**Amount**	**Numbers**	**Amount**
At the beginning of the year	118,895,641	594,478,205	114,340,817	571,704,085
Issued during the year				
- Issue under Scheme of arrangement (refer note 36)	23,695,044	118,475,220	-	-
- Exercise of employee stock options	289,231	1,446,155	3,554,824	17,774,120
- Conversion of secured optionally fully convertible debentures	-	-	1,000,000	5,000,000
Outstanding at the end of the year	**142,879,916**	**714,399,580**	**118,895,641**	**594,478,205**

ii. Preference shares

There is no movement in number and amount of preference share during the current and previous year.

d. Description of the rights, preferences and restrictions attached to each class of shares

Equity shares : The Company has only one class of equity shares having a face value of Rs. 5 per share. All the existing equity shares rank pari passu in all respects including but not limited to entitlement for dividend, bonus issue and rights issue. These equity shares are listed on the National Stock Exchange of India and the Bombay Stock Exchange Limited.

Preference shares : The Preference Shares shall be, subject to profitability and at the discretion of the Board of Directors, entitled to a cumulative annual dividend @ 5%. These preference Shares carry preferential right in respect of dividends and also carry preferential right in regard to repayment of capital in case of winding up. Preference Shares are redeemable at the end of five years from 15 May 2008 at ₹ 150 per share.

e. Details of shares allotted for consideration other than cash

(Within 5 years preceding the Balance Sheet date)

Particulars	Year (Aggregate No. of Shares)				
	2011-12	**2010-11**	**2009-10**	**2008-09**	**2007-08**
Equity Shares :					
Allotted as fully paid up under Scheme of arrangement (refer note 36)	23,695,044	-	-	-	-

f. Details of shareholders holding more than 5% shares in the Company

Name of Shareholder	As at 31 March 2012		As at 31 March 2011	
	No. of Shares held	**% of Holding**	**No. of Shares held**	**% of Holding**
Equity Shares of ₹ 5 each fully paid up				
RB Investments Private Limited	-	-	25,091,968	21.10
RB Holdings Private Limited	43,531,337	30.47	18,181,818	15.29
Network18 Group Senior Professional Welfare Trust	15,922,729	11.14	11,460,426	9.64
Raghav Bahl	-	-	12,515,181	10.53

	Network18 Media Trust	11,586,762	8.11	-	-
	SAIF III Mauritius Company Limited	9,202,650	6.44	10,974,612	9.23
	ACACIA Banyan Partners	7,181,684	5.03	-	-
	Non Convertible Cumulative Redeemable Preference shares of Rs. 150 each				
	Keyman Financial Services Private Limited	4,710,000	45.80	4,710,000	45.80
	RB Investments Private Limited	1,627,771	15.83	1,627,771	15.83
	Reliance Capital Limited	675,343	6.57	675,343	6.57

g.	**Terms of securities convertible into equity/preference shares**
	During the year ended 31 March 2012, the Company issued 18,691,585 10% Secured Optionally Fully Convertible Debentures (" SOFCDs"). These SOFCDs were issued at a price of ₹ 160.50 per SOFCD on 15 June 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 29 February 2012 that they (i) shall not exercise the option for conversion of SOFCDs into Equity Shares and (ii) shall not transfer the SOFCDs.
h.	**Shares reserved for issue under options and other commitments**
	i) As on 31 March 2012, 1,513,951 (1,446,398) Employees Stock Options were outstanding under the Employee Stock Option Plans of the Company. Each option would entitle the holder thereof to subscribe to one Equity Share of ₹ 5 each in the Company
	ii) As on 31 March 2012, the Company had 18,691,585 10% Secured Optionally Fully Convertible Debenture(s) (SOFCDs) outstanding. For details refer note 'g' above
i.	**Share forfeited**
	In the financial year 2009-10, 12,072 Partly Convertible Cumulative Redeemable Preference shares on which call money was unpaid were forfeited.
j.	**Shares pending allotment**

	As at 31 March 2012	**As at 31 March 2011**
3,679,356 Equity share of ₹ 5 each fully paid up to be issued pursuant to the Scheme of arrangement between the Company and Infomedia Press Limited (refer note 36)	18,396,780	-

k.	**Share application money pending allotment**
	As on 31 March 2011, the Company had received share application money amounting to ₹ 367,500 in respect of exercise of stock options by certain employees under the ESOP 2007. Under the said plan, the Company was required to allot 5,000 equity shares of ₹ 5 each at a premium of ₹ 68.50 each. The Company had sufficient authorised capital to cover the share capital amount upon allotment of these shares. Shares have been allotted against the same on 25 July 2011.
	As on 31 March 2011, Television Eighteen India Limited, a subsidiary, which subsequently merged with the Company pursuant to the Scheme of arrangement, had received ₹ 3,646,715 as share application money against which shares of the Company were to be issued in the ratio as specified in the said Scheme referred to in note 36. Further, another subsidiary company had received ₹ 36,836 as share application money
4B	**Share application money pending allotment**
	As on 31 March 2011, the Company had received share application money amounting to ₹ 367,500 in respect of exercise of stock options by certain employees under the ESOP 2007. Under the said plan, the Company was required to allot 5,000 equity shares of ₹ 5 each at a premium of ₹ 68.50 each. The Company had sufficient authorised capital to cover the share capital amount upon allotment of these shares. Shares have been allotted against the same on 25 July 2011.

5	**Reserve and surplus**			
	a.	**Capital reserve**	201,116,274	271,428,842
	b.	**Securities premium account**		
		Balance at the beginning of the year	10,823,761,840	10,358,027,449
		Add: Amount received pursuant to exercise of employee stock options and conversion of secured optionally fully convertible debentures	81,327,721	465,734,391
		Add: Adjustment on account of scheme of arrangement (refer note 36)	4,445,892,281	-
		Less :Adjustment on consolidation of subsidiaries	(1,359,745,223)	-
		Less: Difference of book value and fair value of assets adjusted pursuant to the Scheme of arrangement (refer note 36)	(4,599,476,866)	-
		Less: Amount transferred from deficit in the statement of profit and loss as per the Scheme of arrangement	(497,208,148)	-

		Balance at the end of the year	8,894,551,605	10,823,761,840
	c.	**Employee stock options outstanding**		
		Gross employee stock compensation for option granted	136,323,323	235,141,706
		Less: Deferred employee stock compensation	20,727,146	41,101,012
			115,596,177	194,040,694
	d.	**General reserve**		
		Balance at the beginning of the year	56,182,738	78,003,256
		Add: Amount transferred from employee stock option reserve on expiring of options	2,968,485	-
		Add: Adjustment on account of scheme of arrangement (refer note 36)	30,011,135	-
		Add: Adjustment on account of change in minority interest	-	(21,820,518)
		Balance at the end of the year	89,162,358	56,182,738
	e.	**Foreign currency translation reserve**		
		Balance at the beginning of the year	(69,218,219)	(16,065,011)
		Additions/deletions during the year (net)	232,380,313	(53,153,351)
		Balance at the end of the year	163,162,094	(69,218,362)
	f.	**Capital reserve on consolidation of subsidiaries**	1,103,212,648	121,480,214
	g.	**Foreign currency monetary item translation difference account**		
		Balance at the beginning of the year	-	-
		Add: Amount recognised during the year	(144,476,761)	-
		Less: Amount amortised during the year	(30,659,753)	-
		Balance at the end of the year	(113,817,008)	-
	h.	**Deficit in the statement of profit and loss**		
		Deficit at the beginning of the year	(3,086,111,806)	(3,214,889,626)
		Loss for the year	(3,926,636,328)	(366,841,684)
		Less: Adjustment on account of scheme of arrangement (refer note 36)	(859,917,901)	-
		Less: Adjustment on consolidation of subsidiaries	(445,527,388)	(1,281,379)
		Add: Adjustment on account of change in minority interest	-	495,640,701
		Add: Adjustment of profit on account of disposal	-	1,260,182
		Add: Deficit of subsidiaries held for sale upto 31 March 2011	(1,656,396,096)	-
		Less: Rights issue expenses	(20,077,117)	-
		Add: Amount transferred to securities premium account pursuant to the Scheme of arrangement	497,208,148	-
		Net deficit in the statement of profit and loss	(9,497,458,489)	(3,086,111,806)
			955,525,660	**8,311,564,160**
6	**Long-term borrowings**			
	Secured			
	Term loans			
		- from banks	3,895,272,645	2,461,801,611
		- from others	374,346,076	1,183,072,064
	Long term maturities of finance lease obligations (refer note 41)		8,452,854	1,190,855
	(Secured by hypothecation of fixed assets purchased under finance lease arrangements)			
			4,278,071,575	3,646,064,530
	Unsecured			
	Zero coupon convertible bonds		-	75,905,000
	Term loans			
	- from banks		882,975	-
	- from others		5,201,042	-
	Public deposits		1,641,612,000	2,021,342,642
	Loans and advances from related parties (refer note 42)		-	185,957,641
			1,647,696,017	2,283,205,283
			5,925,767,592	5,929,269,813
I.	Term loans under Long term borrowings		4,269,618,721	3,644,873,675
II.	Term loans under Other current liabilities		1,662,634,495	1,979,515,116
III.	Secured Optionally Fully Convertible Debentures (SOFCDs)		2,999,999,393	-
			8,932,252,609	5,624,388,791
i.	Term loan from Bank is secured by first hypothecation charge/ mortgage on all movable assets of the borrower which are acquired out of Term Loan and		92,006,687	110,006,687

	second charge on all existing fixed assets of the borrower including all immovable properties of the borrower.		
ii.	Vehicle loans are secured by the hypothecation of vehicles financed.	27,190,759	16,694,534
iii.	Term loan secured by first pari passu charge on fixed assets and current assets of the Company. This loan is additionally guaranteed by Mr Raghav Bahl, the Promoter of the Company.	1,000,000,000	1,500,000,000
iv.	Term loan secured by pledge of a part of the Company's investments, fixed deposits amounting ₹120,000,000 and additionally secured by a second charge on all the movable and immovable assets. This loan is also secured by the personal guarantee by the Promoter of the Company.	-	1,000,000,000
v.	10% SOFCDs with a tenure of 18 months, with an option exercisable by the security holder to convert each SOFCD into one equity share of ₹ 5/- of the Company at a price of ₹ 160.50 (including premium of ₹ 155.50). The SOFCD holders have provided an irrevocable undertaking dated 29 February 2012 that they (i) shall not exercise the option for conversion of SOFCDs into Equity Shares and (ii) shall not transfer the SOFCDs. These are secured by way of mortgage of land situated at Gujarat.	2,999,999,393	-
vi	Term loan is secured by first charge over entire fixed assets of IBN7 division of the subsidiary company amounting to Rs 320,400,000 as on 31 March 2009, and unconditional and irrevocable corporate guarantee of the Company.	23,685,065	74,028,565
vii	Term loan 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 division of the subsidiary company and unconditional and irrevocable corporate guarantee of the Company.	7,414,000	20,158,000
viii	Term loan from bank is secured by subservient charge on all movable fixed assets (all present & future) of CNN-IBN and IBN7 divisions of the subsidiary company and unconditional and irrevocable corporate guarantee of the Company, to remain valid during currency of credit facility.	33,333,333	420,833,333
ix	Term loan from bank is secured by first charge on the movable assets of CNN-IBN and IBN 7 divisions of the subsidiary company, subject to the charges on current assets created/to be created in favour of the subsidiary company's bankers for securing borrowings for working capital requirements and unconditional and irrevocable personal guarantee of a Director of the subsidiary company and Letter of comfort from Television Eighteen India Limited (TEIL).	-	40,000,000
x	Term loan from others is secured by first pari passu charge on movable fixed assets of the existing CNBC division of the subsidiary company and is collaterally secured by pledge of shares by the promoters/ group entities and personal guarantee of the promoter of the Company.	499,400,000	633,000,000
xi	Term loan is secured by subservient charge on all current assets and movable fixed assets (all present & future) of the subsidiary company and is secured by personal guarantee of the promoter of the Company and corporate guarantee of the Company.	1,000,000,000	-
xii	Term loan from bank is secured by first pari passu charge over fixed assets and current assets of a Joint Venture company.	1,000,000,000	1,000,000,000
xiii	Term loan is secured by first charge over entire fixed assets amounting to Rs 135,665,000 (50% share) as on 31 March 2012 of a Joint Venture company, and unconditional and irrevocable corporate guarantee of the Company and Joint Venture Partner.	44,125,000	67,375,000
xiv	Term loan is secured by first charge on the project assets of the subsidiary company ranking pari passu with other term lenders of the project and collateral additional security of pledge of shares by the promoters with market value of 150% of debt and personal guarantee of the promoter of the Company.	-	382,292,672
xv	Term loan is secured by subservient charge on all the movable fixed assets and collaterally secured by personal guarantee of the promoter of the Company.	-	250,000,000
xvi	The Term loan is secured by (a) a charge on the entire fixed and current assets of the subsidiary company, present and future (b)Corporate Guarantee of the Company.	-	110,000,000

xv	Term loan from bank is secured by first charge over entire fixed assets of the subsidiary company and unconditional and irrevocable corporate guarantee of the Company.	2,047,598,372	-
xvi	The Term loan is secured by (a) a pari passu charge on the entire fixed and current assets of the subsidiary company, present and future (b) Personal Guarantee of a Director.	157,500,000	-
		8,932,252,609	5,624,388,791
7	**Other long-term liabilities**		
	Advance from customers	13,744,982	9,588,860
	Interest accrued but not due on borrowings	84,365,306	94,220,055
	Payable on account of business acquisition*	22,500,000	-
	Other payables	4,208,902	7,508,746
		124,819,190	111,317,661

* During the year ended 31 March 2012, a subsidiary of the Company acquired an online books portal named CoinJoos.com for a total consideration of ₹ 50,000,000 (out of which payment of ₹ 40,000,000 is contingent upon the promoter of CoinJoos.com continuing in the subsidiary's employment). The acquisition was made to enhance the Group's position in books selling category. Further, as per the agreement with the promoters of CoinJoos.com, the contingent consideration is payable upon achievement of certain milestones. As per management's forecast, such milestones are likely to be achieved and the agreed payments upon achievement of those milestones shall be paid as stipulated in the agreement.

Accordingly, the contingent consideration of ₹ 40,000,000 has been presented as a liability in these financial statements (₹ 22,500,000 presented in note 7 as a non-current liability and ₹ 17,500,000 presented in note 11 as a current liability). Since no identified tangible/intangible fixed assets were acquired from CoinJoos.com, the entire purchase consideration has been accounted for as goodwill and is being amortised over a period of 5 years

8	**Long-term provisions**		
	Provision for gratuity	141,128,732	111,529,014
	Provision for compensated absences	88,196,947	64,020,027
		229,325,679	175,549,041
	Other provisions		
	Provision for indemnity (refer A below)	1,332,141,415	-
	Provision for tax	-	177,662
	Provision for fringe benefit tax	-	159,361
	Proposed preference dividend	6,088	4,599
		1,332,147,503	341,622
		1,561,473,182	175,890,663

A During the year ended 31 March 2011, Roptonal Limited, Cyprus ("Roptonal") a subsidiary of the Company's jointly controlled entity, Viacom18 Media Private Limited made a public offer for purchase of entire issued capital of The Indian Film Company Limited, Guernsey ('TIFC'). The Company and its subsidiary, Network18 Holdings Limited, Cayman Islands ("Network18 Holdings"), in their capacity as shareholders in TIFC accepted the public offer. Further, pursuant to an agreement between Roptonal and Network 18 Holdings, Network 18 Holdings has agreed to indemnify Roptonal against the amount, if any, by which the net cash generated by TIFC from its existing film library in respect of the period from the date on which the aforementioned public offer becomes unconditional up to 21 July 2014 is less than the net asset value of the film library as per the TIFC's therein mentioned accounts for the year ended 31 March 2010.

Network 18 Holdings has also agreed to indemnify Roptonal against certain Indian tax liabilities that may potentially arise in TIFC or Roptonal in respect of certain withholding tax recoveries stated in TIFC's financial statements and other taxes relating to the sale of Network 18 Holdings shares in TIFC. The aforementioned agreement further provided that if Network18 Holdings does not undertake the indemnity obligations agreed in the agreement, the indemnity shall be provided by the Company.

During the year ended 31 March 2012, the Company carried out a fair valuation exercise of the aforementioned film library and accordingly recognised its share of the said indemnity obligation.

9	**Short-term borrowings**		
	Secured		
	Cash credit	1,963,354,340	2,403,694,025
	Working capital demand loan	800,000,000	493,806,872
	Term loans		
	-from banks	3,489,000,000	666,531,076

	-from others	340,000,000	-
		6,592,354,340	3,564,031,973
	Unsecured		
	Commercial paper (payable on maturity)		
	-from banks	750,000,000	-
	-from others	1,000,000,000	2,000,000,000
	Loan from banks (unsecured) (repayable on demand)	1,621,410	249,137,512
	Loans and advances from related parties (refer note 42)	15,000,010	472,062,482
	Public Deposit	2,675,935,835	2,426,161,000
	Other loans and advances	1,700,000	105,400,001
		4,444,257,255	5,252,760,995
	Total	**11,036,611,595**	**8,816,792,968**
Security details for term loans covered under Note no. 9 is as follows:			
i.	Term loan secured by second charge by way of hypothecation over the future and present movable fixed assets of the Company. This loan is also secured by the personal guarantee by the Promoter of the Company.	3,489,000,000	-
ii.	Term loan secured by second charge by way of hypothecation over the future and present movable fixed assets of the Company. This loan is also secured by the personal guarantee by the Promoter of the Company.	340,000,000	-
iii.	Term loan secured by subservient charge on the assets and additionally guaranteed by Promoter of the Company.	-	666,531,076
iv.	Cash credit is secured by pari passu second charge on all fixed assets of the borrower and pari passu first charge on all current assets of the borrower.	97,049,239	99,012,365
v	The cash credit including working capital demand loans is secured against first pari passu charge on all the current assets of CNN IBN and IBN7 divisions of the subsidiary company and additionally secured by unconditional and irrevocable corporate guarantee of the Company.Further out of the total secured amount, ₹ 155,014,479 is additionally secured by second charge on movable fixed assets of CNN IBN and IBN7 divisions of the subsidiary company.	400,844,778	547,357,300
vi	The cash credit is secured against hypothecation of book debts of the subsidiary company.	125,320,388	127,362,078
vii	The cash credit including working capital demand loans is secured against first pari passu charge on all current assets of the CNBC division of the subsidiary company with other working capital lenders.	487,208,515	774,117,170
viii	The cash credit including working capital demand loans is secured by a first pari passu charge over fixed assets and current assets of the joint venture and fixed deposit of ₹ 67,935,000 (50% share) are provided as collateral security.	1,520,637,134	1,255,289,182
ix	The cash credit is secured by first pari passu charge on all the current assets of the joint venture and additionally secured by unconditional and irrevocable corporate guarantee of the Company and joint venture partner	6,746,833	5,813,865
x	The cash credit is secured against (i).first pari passu charge on all the current assets and movable fixed assets (both present and future) of the subsidiary company. (ii). first pari passu charge on immovable property of the subsidiary company.	33,931,919	39,923,748
xi	The cash credit is secured against first charge on book debts and movable assets of subsidiary company, both present and future and personal guarantee of the promoter of the Company.	46,434,863	48,625,189
xii	Loan is secured against first pari passu charge on current assets and movable fixed assets of the borrower and personal guarantee of the promoter of the Company.	45,102,778	-
xiii	Loan is secured against first pari passu charge on all existing and future current assets and fixed assets (movable and immovable other than vehicles specifically charged to other Banks/Financial lnstitutions, etc) of the borrower and personal guarantee of the promoter of the Company.	77,893	-

		6,592,354,340	3,564,031,973
10	**Trade payables**		
	Due to micro and small enterprises	1,637,941	519,604
	Due to others	4,562,676,514	3,960,386,700
		4,564,314,455	3,960,906,304
11	**Other current liabilities**		
	Current maturities of long - term borrowings (refer note 6 - Long term borrowings for the details of security and guarantee)		
	Public deposits (unsecured)	1,354,565,000	723,587,375
	Term loans - secured		
	- Banks	1,515,334,477	1,495,267,725
	- from others	147,300,018	484,247,391
	Current maturities of finance lease obligations	2,263,687	653,853
	18,691,585 (2011: Nil) 10 % Secured Optionally Fully Convertible Debentures of Rs 160.50 each	2,999,999,393	-
	Interest accrued on borrowings	476,790,111	185,409,582
	Advance from customers	948,266,939	807,973,577
		-	
	Unclaimed dividends	2,995,675	9,174,132
	Unpaid matured debentures and interest accrued thereon	-	575,513
	Unpaid matured deposits and interest accrued thereon	235,330,935	121,865,059
	Statutory dues payable	317,990,185	613,535,853
	Bank overdraft	96,978,353	76,315,445
	Payable for capital goods	84,444,880	13,707,477
	Security deposits	21,380,755	19,223,715
	Payable on account of business acquisition (refer note 7)	17,500,000	-
	Other payables	288,374,516	196,874,360
		8,509,514,924	4,748,411,057
12	**Short-term provisions**		
	Provision for gratuity	22,379,838	15,530,986
	Provision for compensated absences	21,002,581	30,331,380
	Provision for sales returns *	19,415,009	14,358,627
	Provision for tax (net of advance tax)	9,333,520	84,910,418
		72,130,948	
		72,130,948	145,131,411
	*** Provision for sales returns**		
	Opening balance	14,358,627	10,886,086
	Addition during the year	49,860,110	32,449,696
	Amount utilized during the year	(44,803,728)	(28,977,155)
	Closing balance	**19,415,009**	**14,358,627**
	A provision is recognised for expected returns on products sold during the year based on past experience of level of returns. It is expected that most of this provision will be utilised in the next financial year.		

NETWORK18 MEDIA & INVESTMENTS LIMITED
Notes forming part of the consolidated financial statements for the year ended 31 March 2012

13. Tangible assets

	Freehold land	Leasehold land	Leasehold improvements	Buildings	Ownership flats	Plant and equipments	Plant and equipments on finance lease	Furniture and fixtures	Vehicles	Information technology and office equipment	Information technology equipment on finance lease	Total	Previous year
Gross block													
Balance as at 1 April 2011	1,356,244	1,873,125	582,753,993	59,083,529	23,741,895	3,539,929,726	1,453,839	187,998,938	106,998,196	770,566,134	385,875	5,276,141,494	5,133,248,869
Additions on consolidation of new subsidiaries	-	-	130,045,216	-	-	36,140,689	-	40,108,930	7,117,124	42,530,086	-	255,942,045	7,080,367
Additions	2,640,500	-	215,252,759	-	-	199,543,811	10,300,693	52,536,419	31,930,610	176,430,127	298,244	688,933,163	290,313,880
Disposal / adjustments	(256,200)	40,000	(9,866,864)	(10,614,714)	-	(82,352,774)	-	(22,296,292)	(13,456,426)	(42,173,426)	-	(180,976,696)	(154,501,622)
Balance as at 31 March 2012	3,740,544	1,913,125	918,185,104	48,468,815	23,741,895	3,693,261,452	11,754,532	258,347,995	132,589,504	947,352,921	684,119	6,040,040,006	5,276,141,494
Accumulated depreciation/impairment													
Balance as at 1 April 2011	-	811,691	409,901,194	38,903,185	5,946,333	2,133,097,785	25,625	112,294,604	36,444,824	577,672,434	15,595	3,315,113,270	2,891,247,887
Additions on consolidation of new subsidiaries	-	-	11,021,845	-	-	2,343,942		4,760,716	2,324,754	17,843,380	-	38,294,637	1,855,858
Charge for the year	-	31,219	110,242,229	1,726,369	386,994	236,598,971	535,709	20,594,805	13,834,359	106,384,194	143,752	490,478,601	510,166,999
Disposal / adjustments	-	-	(8,361,481)	(7,945,000)	-	(44,047,477)		(13,957,409)	(7,499,451)	(36,027,586)	-	(117,838,404)	(88,157,474)
Balance as at 31 March 2012	-	842,910	522,803,787	32,684,554	6,333,327	2,327,993,221	561,334	123,692,716	45,104,486	665,872,422	159,347	3,726,048,104	3,315,113,270
Net block													
Balance as at 31 March 2011	**1,356,244**	**1,061,434**	**172,852,799**	**20,180,344**	**17,795,562**	**1,406,831,941**	**1,428,214**	**75,704,334**	**70,553,372**	**192,893,700**	**370,280**	**1,961,028,224**	**-**
Balance as at 31 March 2012	**3,740,544**	**1,070,215**	**395,381,317**	**15,784,261**	**17,408,568**	**1,365,268,231**	**11,193,198**	**134,655,279**	**87,485,018**	**281,480,499**	**524,772**	**2,313,991,902**	**1,961,028,224**

Note: Depreciation for the period includes ₹ Nil (previous year ₹ 4,115,127) pertaining to transfer to pre operative expenses

NETWORK18 MEDIA & INVESTMENTS LIMITED
Notes forming part of the consolidated financial statements for the year ended 31 March 2012

14 Intangible assets

	News archives	Computers software	Goodwill	Brands/ Trademarks	Total	Previous year
Gross block						
Balance as at 1 April 2011	20,498,422	413,728,035	182,617,439	208,266,638	825,110,534	6,223,606,184
Additions on consolidation of new subsidiaries	-	8,358,591	-	-	8,358,591	3,135,262
Additions	-	168,844,484	50,000,000	1,905,147	220,749,631	21,903,351
Deletions / adjustments	-	(62,739,733)	-	(3,143,652)	(65,883,385)	(5,423,534,263)
Balance as at 31 March 2012	**20,498,422**	**528,191,377**	**232,617,439**	**207,028,133**	**988,335,371**	**825,110,534**
Accumulated amortisation						
Balance as at 1 April 2011	13,222,913	354,278,691	163,837,473	120,948,392	652,287,469	3,953,284,273
Additions on consolidation of new subsidiaries	-	3,471,560	-	-	3,471,560	986,487
Charge for the year	976,343	58,459,074	26,057,197	37,703,579	123,196,193	107,082,676
Deletions / adjustments	-	(61,955,699)	-	(2,726,931)	(64,682,630)	(3,409,065,967)
Balance as at 31 March 2012	**14,199,256**	**354,253,626**	**189,894,670**	**155,925,040**	**714,272,592**	**652,287,469**
Net block						
Balance as at 31 March 2011	**7,275,509**	**59,449,344**	**18,779,966**	**87,318,246**	**172,823,065**	**-**
Balance as at 31 March 2012	**6,299,166**	**173,937,751**	**42,722,769**	**51,103,093**	**274,062,779**	**172,823,065**

			As at 31 March 2012	As at 31 March 2011
15	**NON CURRENT INVESTMENTS**			
	1	**Investment in equity shares : Quoted**		
		Investments in others		
		474,308 (Previous year 474,308) equity shares ₹ 4 each fully paid	8,869,560	119,999,905
		up in KSL and Industries Limited *		
		500,000 (Previous year 500,000) equity shares of Re. 1 each fully	13,529,310	110,000,000
		paid up in Provogue (India) Limited *		
		500,000 (Previous year Nil) equity shares of ₹ 2 each fully paid	5,520,690	-
		up in Prozone Capital Shopping Center Limited		
		275,000 (Previous year 275,000) equity shares of ₹ 10 each fully	8,566,250	55,000,000
		paid up in Refex Refrigerants Limited *		
		2,20,000 (Previous year 2,20,000) equity shares of ₹ 10 each	2,200,000	2,200,000
		fully paid up in Royal Traders Limited		
		8,100 (Previous year 8,100) equity shares of ₹ 10 each	1,513,960	1,513,960
		fully paid up in Inca Finlease Limited		
		4,020,076 (Previous year 9,005,348) equity shares of Rs 10 each	40,717,536	65,580,672
		fully paid up in Den Network Limited (formerly known as Den		
		Digital Entertainment Network Private Limited)		
		Beneficiary interest in Network 18 Media Trust (11,586,762	1,815,746,185	-
		shares of the Company)		
	2	**Investments in equity shares : Unquoted**		
		(a) Investments in subsidiaries **		
		Nil equity shares (Previous year 5,000) of USD 1	-	223,250
		each fully paid up in BK Holdings Limited, Mauritius		
		Nil equity share (Previous year 1) of USD 1 each	-	45
		fully paid up in Capital 18 Limited, Mauritius		
		(b) Investments in associates		
		1,07,593 (Previous year-Nil) equity shares of ₹10 each	204,505,429	-
		in 24x7 Learning Private Limited		
		9,800 (Previous year Nil) equity shares of ₹ 10 each fully paid up	55,110,011	-
		in Wespro Digital Private Limited		
		(c) Investments in others		
		73 (Previous year Nil) Equity shares of Network Play Private Limited	7,300	-
		of Rs 100/-each fully paid up		
		898,500 (Previous year 898,500) equity shares of ₹ 10 each fully	-	62,895,000
		paid up in Delhi Stock Exchange Association Limited *		

			As at 31 March 2012	As at 31 March 2011
		3,192 (Previous year 3,192) equity shares of ₹ 10 each fully	-	60,000,000
		paid up in Skorydove Systems Private Limited *		
		83,763 (Previous year 83,763) equity shares of ₹ 10 each fully	-	60,000,000
		paid up in Ensemble Infrastructure India Limited *		
		2,700,000 (Previous year 2,700,000) ordinary shares of USD 0.0001	113,933,320	99,435,550
		each of Yatra Online Inc.		
		Nil equity shares (Previous year 5,000) of USD 1 each fully	-	45
		paid up in Film Investments Managers Mauritius Limited		
		3,01,876 Equity shares (Previous year Nil) of Rs 10 each fully paid up in	151,190,000	-
		MobileNXT Teleservices Private Limited		
	3	**In equity warrants - Unquoted**		
		Nil (Previous year 1,500,000) Series "C" share warrants of Viacom18	-	1,500,000
		Media Private Limited of ₹ 1 each fully paid up		
	4	**Investments in Preference shares : Unquoted**		
		(a) Investment in Joint Venture		
		220,000 (Previous year 220,000) 0.10% Non Cumulative Redeemable Preference		
		Shares of Series "I" of IBN Lokmat News Private Limited of ₹ 100 each fully paid up	25,000,000	25,000,000
		(b) Investment in others		
		2,500,000 (Previous year 2,500,000) 8% Cumulative Redeemable	250,000,000	250,000,000
		Non Convertible Preference Shares of 100 each in BK Media Private Limited		
		2,500,000(Previous Year 2,500,000) Preference shares of ₹100 each	25,000,000	25,000,000
		of Den Entertainment Network Private Limited		
		1,500,015 (Previous year 1,500,015) Series A Preference Shares of USD 0.0001	33,580,350	29,307,322
		each fully paid up in Yatra Online Inc.		
		975,700 (Previous year 975,700) Series B Preference shares of USD 0.0001	63,950,000	55,812,500
		each fully paid up in Yatra Online Inc.		
		437,459 (Previous year 437,459) Series C Preference Shares of USD 0.0001	72,064,948	62,894,838
		each fully paid up in Yatra Online Inc.		
	5	**In government securities - Unquoted**		
		National Saving Certificates	974,500	5,500
	6	**In Debentures and Bonds**		
		Quoted		
		30 (Previous year 30) unsecured redeemable non convertible, Upper	30,000,000	30,000,000
		Tier II Bonds of Yes Bank Limited of ₹ 1,000,000 each		
		Unquoted		
		43 (Previous year 55) Loan Bonds of USD 100,000 each	219,988,000	245,575,000
	7	**In Mutual Funds - Quoted**		
		154.21 units (previous year Nil) of DSP BlackRock Strategic Bond Fund	161,025	-
		97.83 units (previous year Nil) of DSP BlackRock Money Manager Fund	97,946	-
	8	**Investment in units of Trust**		
		Nil (previous year 23,756) units of ₹ 100,000 each in Media	-	2,375,600,000
		Venture Capital Trust II		
			3,142,226,320	**3,737,543,587**
		* During the year these investment have been fair valued and Rs 431,409,095 has been debited to Securities premium account of the subsidiary (refer note 36).		
		** The investments in these subsidiaries were held for sale unto 31 March 2011 and thus not considered for consolidation purpose in the consolidated financial statements for the year ended 31 march 2011.		
16		**Deferred tax (liability)/ assets**		
		Deferred tax liability arising on account of		
		Depreciation, amortization and impairment	(11,433,326)	(54,463,584)
		Inventory amortisation	(36,027,065)	(8,287,767)
		Gross deferred tax liability	**(47,460,391)**	**(62,751,351)**
		Deferred tax assets arising on account of		
		Expenditure charged to the statement of profit and loss but allowable for tax purpose in subsequent years	13,310,600	54,437,642
		Provision for diminution in the value of investments	840,508	-
		Provision for doubtful debts and advances	37,738,549	68,849,445
		Depreciation and amortisation	16,701,910	16,701,910
		Provision for employee benefits	2,242,798	2,242,798
		Brought forward losses/ unabsorbed depreciation	10,386,095	1,927,808
		Gross deferred tax assets	81,220,460	144,159,603

			As at 31 March 2012	As at 31 March 2011
		Net deferred tax assets/ (liabilities)	33,760,069	81,408,252
		Recognised as deferred tax asset	34,359,197	94,264,149
		Recognised as deferred tax liability	(599,128)	(12,855,897)
17	**Long term loans and advances**			
	(unsecured, considered good, unless otherwise stated)			
		Capital advances	56,383,649	30,610,025
		Security deposits		
		Considered good	469,879,362	236,049,909
		Considered doubtful	2,122,360	-
		Less: Provision for doubtful deposits	(2,122,360)	-
			469,879,362	236,049,909
		Loans and advances to related parties (refer note 42)	5,168,562,674	-
		Advances recoverable in cash or in kind		
		Considered good	195,726,894	8,947,349
		Considered doubtful	47,867,195	46,250,001
		Less: Provision for doubtful advances	(47,867,195)	(23,125,000)
			195,726,894	32,072,350
		Income tax paid	608,993,094	659,833,719
		Prepaid expenses	1,738,384	2,847,329
		Loans and advances to employee		
		Considered good	71,540,753	99,086,297
		Considered doubtful	60,689,307	-
		Less: Provision for doubtful advances to employees	(60,689,307)	-
			71,540,753	99,086,297
			6,572,824,810	1,060,499,629
	18	**Non-current inventories**		
		Programming and film rights	997,988,803	2,420,765,046
		Projects in progress	966,800,762	688,391,163
			1,964,789,565	3,109,156,209
	19	**Trade receivables**		
		Secured, considered good	11,474,317	459,244
		Unsecured, considered good	3,877,184	13,621,984
		Unsecured, considered doubtful	88,090,717	3,129,931
		Less: Provision for doubtful receivables	(88,090,717)	(3,129,931)
			15,351,501	14,081,228
	20	**Other non current assets**		
		Interest accrued but not due	51,479,572	-
		Share application money paid	-	320,100,000
		Fixed deposits with banks *	177,952,102	160,792,737
			229,431,674	480,892,737
		* Fixed deposit of ₹167,731,286 (previous year ₹160,637,737) is under lien with banks against bank guarantees to certain authorities to meet export obligation and is restricted from being exchanged or used to settle a liability for more than 12 months from the balance sheet date.		
	21	**Current investments - Quoted**		
		Nil (Previous year 5,908,488) units of B503G Birla Sun Life Cash Plus - Institutional Premium - Growth	-	87,624,324
		Nil (Previous year 6,201,692) units of B321G Birla Sun Life Dynamic Bond Fund - Retail - Growth	-	99,052,935
		Nil (Previous year 16,352,577) units of GCCG IDFC Cash Fund - Super Institutional Plan C - Growth	-	189,456,576
		Nil (Previous year 1,485,116) units of 1565 ICICI Prudential Institutional Liquidity Plan - Super Institutional Growth	-	209,920,811
		Nil (Previous year 273,500) units of ICICI Prudential Mutual Fund	-	50,000,000
		Nil (Previous year 20,986) units of Baroda Pioneer Liquid Fund - Institutional Growth Plan	-	22,525,190
		Nil (Previous year 172,687) units of Religare Liquid Fund - Super Institutional Growth	-	221,160,851
		Nil (Previous year 2,456) units of Religare Mutual Fund	-	3,224,936
		Nil (Previous year 52,154) units of DWS Insta Cash Plus Fund - Super Institutional Plan Growth	-	6,028,355
		Nil (Previous year 152,898) units of DWS Insta Cash Plus Mutual Fund	-	1,536,614
		Nil (Previous year 7,813,879) units of DWS Insta Cash Plus Fund - Institutional Plan Growth	-	115,075,441

			As at 31 March 2012	As at 31 March 2011
		Nil (Previous year 9,184,508) units of DWS Treasury Insta Fund Cash - Institutional Plan Growth	-	100,000,000
		Nil (Previous year 115,725) units of DSP BlackRock Liquidity Fund - Institutional Plan - Growth	-	154,609,219
		Nil (Previous year 4,507) units of DSP Merrill Lynch Mutual Fund	-	6,198,804
		Nil (Previous year 1,542,681) units of HDFC Liquid Fund	-	15,475,422
		Nil (Previous year 6,865,020) units of ₹ in SBI Mutual Fund	-	-
		Nil (Previous year 6,727,981) units of JM Money Manager Fund Super Plus Plan - Growth (172)	-	87,012,649
		Nil (Previous year 6,538,512) units of JM Money Manager Fund Super Plus Plan - Growth (94)	-	100,000,000
		Nil (Previous year 5,162,689) units of LIC Mutual Fund	-	51,634,116
		Nil (Previous year 5,000,862) units of DSP BlackRock Liquidity Fund	-	50,008,620
		Nil (Previous year 84,334) units of TLSG01 TATA Liquid Super High Inv.Fund - Appreciation	-	149,719,791
		Nil (Previous year 104,308) units of Templeton India Treasury Management Account Super Institutional Plan - Growth	-	142,193,335
		Nil (Previous year 14,431,700) units of Reliance Liquidity Fund - Growth Option	-	201,705,780
		Nil (Previous year 171,639) units of Axis Liquid Fund - Growth	-	176,216,383
		Nil (Previous year 3,848,626) units of Kotak Liquid (Institutional Premium) - Growth	-	72,109,961
		Nil (Previous year 1,394,105) units of Kotak Mutual Fund	-	14,056,484
		Nil (Previous year 4,389,625) units of Kotak Bond (Short Term) - Growth	-	80,000,000
		Nil (Previous year 11,229,653) units of Fidelity Cash Fund (Super Institutional) - Growth	-	142,283,376
		Nil (Previous year 2,048,229) units in Fidelity Cash Fund (Institutional) - Daily Dividend	-	10,243,704
		Nil (Previous year 3,998,430) units in Fidelity Ultra Short Term Debt Fund Super Institutional - Daily Dividend Option	-	20,013,940
		Nil (Previous year 10,264,357) units of NLFSG Canara Robeco Liquid Super Instt Growth Fund	-	114,321,639
		Nil (Previous year 43,246) units of Bharti Liquid Fund - Growth	-	50,000,000
		Nil (Previous year 126,808) units of UTI Liquid Cash Plan Institutional - Growth Option	-	199,228,239
		Nil (Previous year 5,200,499)units of UTI Mutual Fund	-	52,004,986
		Nil (Previous year 98,232) units of IDBI Liquid Fund - Growth	-	100,000,000
		Nil (Previous year 1,000,000) units of Edelweiss Liquid Fund - Institutional - Growth Plan	-	10,000,000
			-	3,104,642,481
	22	**Inventories**		
		Raw materials and components	23,912,284	67,623,318
		Projects-in-progress	45,927,522	70,348,000
		Work-in-progress	156,994,431	2,008,033
		Stock-in-trade	3,187,226	1,533,076
		Stores and spares	7,666,625	7,596,371
		Tapes and compact discs	22,965,702	4,600,621
		Programming and film rights	931,795,165	276,081,611
			1,192,448,955	429,791,030
	23	**Trade receivables**		
		Trade receivables outstanding for a period exceeding six months from the date they were due for payment		
		Secured, considered good	30,747,744	7,277,261
		Unsecured, considered good	490,285,999	938,828,394
		Unsecured, considered doubtful	409,372,216	454,126,382
		Less: Provision for doubtful receivables	(409,372,216)	(454,126,382)
			521,033,743	946,105,655
		Other receivables		
		Secured, considered good	49,735,333	2,659,038
		Unsecured, considered good	4,993,362,315	4,240,417,356
		Unsecured, considered doubtful	55,445,246	10,243,868
		Less: Provision for doubtful receivables	(55,445,246)	(10,243,868)
			5,043,097,648	4,243,076,394
			5,564,131,391	5,189,182,049
	24	**Cash and bank balances**		

			As at 31 March 2012	As at 31 March 2011
		Cash and cash equivalents		
		Balances with banks:		
		In current accounts	912,179,464	2,623,248,794
		In deposit account	201,772,696	24,740,820
		Cheques/drafts in hand	150,827,910	288,723,220
		Cash in hand	16,262,005	3,770,337
			1,281,042,075	**2,940,483,171**
		Other bank balances		
		Deposits with original maturity of more than 3 months	133,750,423	867,324,329
		In current account - Earmarked balances	4,856,280	4,635,288
		In deposit account - Held as security	14,550,000	-
		In Deposit account - Earmarked balances		
		Balance with banks held as per Rule 3A of Companies (Acceptance of deposits) Rules, 1975	58,029,400	312,990,600
		Balances held as margin money against borrowings	167,935,000	172,910,497
		Unutilised money of rights issue	46,457,000	132,092,000
			425,578,103	1,489,952,714
			1,706,620,178	**4,430,435,885**
	25	**Short term loans and advances**		
		(unsecured, considered good, unless otherwise stated)		
		Security deposits	53,273,841	151,366,589
		Loans and advances to related parties (refer note 42)		
		Considered good	588,646,188	2,329,285,485
		Considered doubtful	38,277,714	-
		Less: Provision for doubtful loans and advances	(38,277,714)	-
			588,646,188	2,329,285,485
		Advances recoverable in cash or in kind		
		Considered good	610,385,668	871,457,976
		Considered doubtful	11,971,742	-
		Less: Provision for doubtful loans and advances	(11,971,742)	-
			610,385,668	871,457,976
		Income tax paid (net of provisions)	1,130,967,145	491,351,411
		Fringe benefit tax paid	494,196	604,035
		Service tax input credit	489,297,072	306,803,102
		Loans and advances to employees	111,676,822	281,681,405
		Prepaid expenses	288,251,242	309,866,777
		Other loans and advances	431,529,907	302,553,483
			2,452,216,384	1,692,860,213
			3,704,522,081	5,044,970,263
	26	**Other current assets**		
		Expenditure incurred on scheme of arrangement and offering of equity shares	145,303,792	66,395,891
		Unbilled revenue	75,305,793	57,354,366
		Interest receivable	68,963,288	65,504,079
		Share application money paid	-	48,983,421
		Pre operative expenses	-	63,840,990
		Others	642,957	870,581
		Total	290,215,830	302,949,328
	27	**Revenue from operations**		
		Income from media operations	17,262,569,444	13,252,512,136
		Commission income	889,097,416	713,909,715
		Income from sale of products and services	1,151,018,351	747,978,625
		Other operating revenue	135,641,493	64,452,156
			19,438,326,704	14,778,852,632
	28	**Other income**		
		Interest income on		

			As at 31 March 2012	As at 31 March 2011
		-Long-term investments	2,857,808	223,592,877
		-Others	330,180,118	278,102,405
		Dividend income on		
		-Current investments	1,428,183	15,069,080
		-Long-term investments	199,776	100,000
		Profit on sale of short term investments	335,854,779	527,013,204
		Profit on sale of long term investments	441,963,302	820,082,964
		Income from trust on sale of shares	189,100,000	222,000,000
		Profit on sale of fixed assets	-	6,778,741
		Miscellaneous income	26,050,483	53,984,260
			1,327,634,449	2,146,723,531
	29	**Cost of material consumed and traded goods sold**		
	a.	**Cost of material consumed**		
		Opening balance		
		-Raw material	67,623,318	48,440,234
		-Work in progress	2,008,033	3,778,624
		-Add : Purchase of paper, inks and binding material	218,928,858	312,302,828
			288,560,209	364,521,686
		Less: Closing balance		
		-Raw material	23,912,284	67,623,318
		-Work in progress	4,406,684	2,008,033
			28,318,968	69,631,351
			260,241,241	294,890,335
	b.	**Cost of traded products**		
		Opening balance (including opening balance of subsidiary held for sale upto 31 March 2011)	2,720,793	4,898,769
		Add : Purchase of paper, inks and binding material	27,427,171	805,889
		Less: Closing balance	3,187,226	1,533,076
			26,960,738	4,171,582
	c.	**Change in inventory of work in progress**		
		Work in progress at the beginning of the year of subsidiary held for sale upto 31 March 2011	43,486,835	-
		Less :Work in progress at the end of the year	152,587,747	-
			(109,100,912)	-
			178,101,067	299,061,917
	30	**Employee benefits expense**		
		Salaries, wages and bonus	4,021,169,256	2,946,897,844
		Contribution to provident fund and other funds	172,657,224	142,092,269
		Employee stock compensation expenses	21,250,425	56,452,126
		Staff welfare expenses	246,888,342	190,462,787
		Employee benefits	64,630,173	71,292,530
			4,526,595,420	3,407,197,556
	31	**Finance costs**		
		Interest expenses	2,454,461,576	2,231,661,867
		Other financial charges	252,200,566	26,753,802
			2,706,662,142	2,258,415,669
	32	**Depreciation and amortization expense**		
		Depreciation on tangible assets	490,478,601	510,166,999
		Amortization of intangible assets	123,196,193	107,082,676
			613,674,794	617,249,675
	33	**Other expenses**		
		Programming, film production and shoot expenses	5,294,044,342	2,945,483,440

			As at 31 March 2012	As at 31 March 2011
		Studio and equipment hire charges	229,691,620	108,238,474
		Telecast and uplinking fee	156,437,728	240,604,271
		Content and franchise expenses	752,789,657	642,925,545
		Media professional fees	368,206,868	253,782,557
		Other production expenses	44,411,407	48,425,580
		Event expenses	432,953,786	141,695,909
		Site support cost	67,297,375	81,086,960
		Consumption of stores and spares	17,220,467	16,628,265
		Distribution, advertising and business promotion	6,072,163,645	3,581,532,436
		Electricity expenses	164,820,072	151,251,256
		Rent	662,290,450	497,660,467
		Repairs and maintenance - Plant and equipment	141,525,944	134,327,837
		Repairs and maintenance - Building	283,485	21,746,921
		Repairs and maintenance - Others	87,200,187	44,003,826
		Insurance	41,338,094	27,581,820
		Rates and taxes	29,773,151	7,704,609
		Legal and professional expenses	557,020,698	355,574,115
		Directors sitting fee	6,856,743	3,135,103
		Loss on sale / disposal of assets	42,251,727	4,188,379
		Bad debts and advances written off/ provided for	555,705,777	199,197,608
		Office upkeep and maintenance expenses	94,777,999	91,239,701
		Prior period expenses /(income) (refer note below)	134,195,550	-
		Brokerage and discounts	38,839,377	259,113
		Travelling and conveyance	702,293,706	436,835,206
		Postage and communication costs	299,383,281	224,957,383
		Printing and stationery	25,586,577	17,170,927
		Outwork and ancillary printing	57,831,824	72,162,585
		Assets written off	3,190,041	-
		Exchange difference (net)	63,967,440	31,045,180
		Vehicle running and maintenance	115,874,092	129,124,695
		Miscellaneous expenses	455,070,867	267,458,064
			17,715,293,977	10,777,028,232
	Note			
		Prior period expenses / (income)		
		Salaries, wages and bonus	83,084,689	-
		Rent	10,673,525	-
		Printing and stationery	7,362,624	-
		Distribution, advertising and business promotion	6,099,321	-
		Other financial charges	4,371,744	-
		Miscellaneous expenses	6,018,663	-
		Event expenses	3,077,986	-
		Content and franchise expenses	2,931,283	-
		Travelling and conveyance	2,669,920	-
		Staff welfare expenses	2,654,456	-
		Postage and communication costs	4,173,419	-
		Contribution to provident fund and other funds	2,242,271	-
		Electricity expenses	1,911,197	-
		Repairs and maintenance - Others	1,306,910	-
		Media professional fee	241,952	-
		Rates and taxes	200,080	-
		Insurance	41,263	-
		Legal and professional expenses	11,920	-
		Miscellaneous income	(62,500)	-
		Advertising and sponsorship revenue	(658,959)	-
		Interest income	(4,156,212)	-
			134,195,550	-
	34	**Exceptional items**		
		Loss on sale of subsidiary	-	115,594,260
		Impairment provision reversal	-	(7,560,048)
			-	108,034,212

35. Loss per share

Basic and diluted loss per equity share have been computed by dividing the net loss after tax by the number of equity shares outstanding for the year, as below.

Particulars	Units	Year ended 31 March 2012	Year ended 31 March 2011
a. Net loss after tax	₹	3,926,636,328	366,841,684
b. Weighted average number of equity shares used in computing basic loss per share	No. of Shares	146,414,689	115,735,050
c. Basic loss per share (a/b)	₹	26.82	3.17
d. Weighted average number of potential equity shares	No. of Shares	285,006	688,231
e. Weighted average of number of equity shares used in computing diluted loss per share (b+d)	No. of Shares	146,699,695	116,423,282
f. Diluted loss per share (a/e)*	₹	26.82	3.17
*Since the potential equity shares are anti dilutive, diluted loss per share is same as basic loss per share			

36. Schemes of Arrangement

(i) The Board of Directors of the Company, on 7 July 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 and made effective on 10 June 2011 with an appointed date of 1 April 2010. 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 23 June 2011, the Company had issued 23,695,044 equity shares to the shareholders of TV18 (in the ratio of 13 equity shares of ₹ 5 for every 100 equity shares in TV18 of ₹ 5). This represents 17% of the total issued shares of the Company. 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. The remaining TV18, RVT Investments Private Limited and Network 18 India Holdings Private Limited primarily held investments in other companies. The 'web undertaking' of Web18 Software Service Limited operates certain websites. Television Eighteen Commodities control.com Limited and Care Websites Private Limited do not carry out any significant business operations.

Further, as per the Scheme, ibn18 Media & Software Limited (ibn18 Media) a subsidiary of TV18 Broadcast Limited and iNews.com Limited (iNews) a subsidiary of TV18 were merged into TV18 Broadcast Limited. Since these were the wholly owned subsidiary companies of TV18 Broadcast Limited and TV18 respectively, no consideration was paid to their shareholders. As per the Scheme, the shareholders of TV18 were issued 68 shares of TV18 Broadcast Limited in lieu of 100 shares held in TV18 thereby constituting 34.23% of the total issued share capital of TV18 Broadcast Limited.

(ii) The Board of Directors of the Company, on 7 July 2010, announced and approved another Scheme of Arrangement ('the Infomedia Scheme') between Infomedia 18 Limited ("Infomedia 18") and the Company and their respective shareholders and creditors. As per the Infomedia Scheme, the Business Directories business, the New Media business and the Publishing business of Infomedia18 stands demerged into the Company while the Printing Press business of Infomedia 18 continues to remain with Infomedia18. The Infomedia Scheme has been approved by the Hon'ble High Court of Delhi on 22 May 2012 and made effective on 1 June 2012 with an appointed date of 1 April 2010.

Further, in consideration of the demerger of the Business Directories business, the New Media business and the Publishing business of Infomedia18 into the Company, on 19 June 2012, the Company had issued

3,679,356 equity shares to the shareholders of Infomedia18 (in the ratio of 14 equity shares of ₹ 5 for every 100 equity shares in Infomedia 18 of ₹ 10), This represents 2.5% of the total issued shares of the Company. The demerged undertaking of Infomedia 18 is engaged in publication of Yellow Pages (Business Directories), special interest magazines and operating certain websites.

The amalgamations have been accounted for under the pooling of interests method as modified for the provisions of respective schemes of arrangement. Since the aforementioned schemes of arrangement were entered into between the subsidiaries of the Group, from the perspective of consolidated financial statements, no consideration was transferred to or net identifiable assets were acquired from outside the Group.

Based on accounting prescribed in the Scheme, the Group has fair valued its assets and liabilities and debited ₹ 4,599,476,866 the difference between such fair values and the corresponding book values to the Securities Premium Account, which otherwise as per Accounting Standards would have been debited to the Statement of Profit and Loss in the relevant previous years. If the said amount would have been debited to the Statement of Profit and Loss instead of debiting the Securities Premium Account, the loss for the year ended 31 March 2012 would have substantially increased from ₹ 3,926,636,328 to ₹ 8,526,113,194 representing a 117% increase and the balance in Securities Premium Account would have substantially increased from ₹ 8,894,551,605 to ₹ 13,494,028,471 representing a 52% increase.

37. Contingent liabilities and commitments not provided for

Particulars	31 March 2012	31 March 2011
(i) Contingent liabilities		
Liabilities under export obligation in "Export Promotion Capital Goods Scheme"	109,207,905	92,579,917
Bank guarantee given by joint venture	750,000	-
Guarantees given by banks for subsidiaries	11,193,125	30,000,000
Corporate guarantees given on behalf of joint ventures	101,743,668	146,377,730
Guarantees for loans to employees	47,441,177	47,480,833
Demand in excess of provisions		
- Income tax	492,862,082	587,195,670
- Sales/ Works contract matters	36,717,487	41,556,776
- Service tax	16,993,598	16,993,598
Claims not acknowledged as debt	5,740,124,021	5,747,855,000
Security given in favour of a lender	-	2,552,000,000
Indemnity to joint venture	-	1,834,312,499
(ii) Capital commitments		
Capital expenditure commitments	162,831,873	3,287,600

A. In the case of the Company

i. Contingent payment under agreement for sale of subsidiaries of ₹ 16,993,598 (Previous year Nil).

ii. Security provided in favour of the lender in connection with the loan to Network 18 Group Senior Professional Welfare Trust – ₹ Nil (Previous year ₹ 2,552,000,000).

B. In the case of TV 18 Broadcast Limited

i. TV18 Broadcast Limited has purchased capital equipment under the 'Export Promotion Capital Goods Scheme'. As per the terms of the licenses granted under the scheme, TV18 Broadcast Limited has undertaken to achieve an export commitment of ₹ 873,663,241 (Previous year ₹ 740,639,339) over a period of 8 years commencing from 10 August 2005. The difference between the previous year and the current year amount pertains to the obligation transferred from iNews .com Limited (subsidiary of TV18) pursuant to the Scheme. In the event TV18 Broadcast Limited is unable to execute its export obligations, it shall be liable to pay customs duty of ₹ 109,207,905 (Previous year ₹ 92,579,917) and interest on the same at the rate of 15 per cent compounded annually. The banks have given a guarantee amounting to ₹ 115,272,170 (Previous year ₹ 115,272,170) on behalf of TV18 Broadcast Limited to

the custom authorities for the same. TV18 Broadcast Limited is hopeful of meeting the required export obligation.

ii. Guarantees given by banks on behalf of TV18 Broadcast Limited - ₹ 6,193,125 (Previous year ₹ 25,000,000).

iii. TV18 Broadcast Limited has given corporate guarantees of ₹ 249,000,000 (Previous year ₹ 249,000,000) towards credit facility given by banks to IBN Lokmat News Private Limited. As at the year-end ₹ 101,743,668 (previous year ₹ 146,377,730) was outstanding in respect of such loans.

iv. TV18 Broadcast Limited has extended corporate guarantee of ₹ 50,900,000 (Previous year 50,900,000) in favour of a non-banking financial company in consideration of loan facility extended to its employees. As at the year end ₹ 47,441,177 (Previous year ₹ 47,480,833) was outstanding in respect of such loans.

v. Claim against TV18 Broadcast Limited not acknowledged as debts include demands raised by Income Tax authorities aggregating to ₹ 239,330,980 (Previous year 84,932,421). Amounts deposited against these claims – ₹ 82,406,373 (Previous year 82,406,373) which are included in Advance Income Tax. No provision has been made in the accounts for these demands as TV18 Broadcast Limited expects a favourable decision in appeal. This liability is related to TV18 operations transferred to TV18 Broadcast Limited pursuant to the Scheme.

vi. Damages/ claims of ₹ 2,600,000,000 (previous year ₹ 2,600,000,000) have been filed against TV18 Broadcast Limited by the former channel distributor TV18 Broadcast Limited. A counter claim has been filed for damages of ₹ 2,540,000,000 (previous year ₹ 2,540,000,000) along with a claim for recovery of dues of ₹ 214,000,000 (previous year ₹ 214,000,000) 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 TV18 Broadcast Limited expects a favourable decision.

vii. TV18 Broadcast Limited 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 ₹ 3,123,653,000 (Previous year ₹ 3,124,110,000). In the opinion of the management of TV18 Broadcast Limited, no material liability is likely to arise on account of such claims/law suits and thus no provision has been made against these in the consolidated financial statements.

C. In the case of Viacom18 Media Private Limited ('Viacom18')

i. Claim against Viacom18 not acknowledged as debts include demands raised by Income Tax authorities aggregating to ₹ 122,419,039 (Previous year ₹ 370,325,000). No provision has been made in the accounts for these demands as Viacom18 expects a favourable decision in appeal.

ii. Other claims against Viacom18 not acknowledged – ₹ 16,471,021 (previous year ₹ 23,745,000).

iii. Guarantees given by banks – ₹ 750,000 (previous year ₹ Nil)

D. In the case of Infomedia Press Limited ('Infomedia')

i. Claim against Infomedia not acknowledged as debts include demands raised by Income Tax authorities aggregating to ₹ 109,870,463 (Previous year ₹ 109,870,463). No provision has been made in the accounts for these demands as Infomedia expects a favourable decision in appeal.

ii. Contingent payment under agreement for sale of subsidiaries of Nil (Previous year ₹ 16,993,598).

iii. Bank guarantee given to Bombay Stock Exchange ('BSE') towards issue of Equity shares on rights basis amounting to ₹ 5,000,000 (Previous year ₹ 5,000,000).

iv. Sales tax/works contract tax matters disputed by Infomedia relating to issue of applicability, allowability, etc. for the F.Y 2000-2001, 2001-2002 and 2002-03 aggregating to ₹ 36,717,487 (Previous year ₹ 41,556,776).

E. In the case of Big Tree Entertainment Private Limited ('Big Tree')

i. Claim against Big Tree not acknowledged as debts include demands raised by Income Tax authorities aggregating to ₹ 21,241,600 (Previous year ₹ 22,067,786). No provision has been made in the accounts for these demands as the Company expects a favourable decision in appeal.

Other litigations against the Group

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, TV 18 and other TV18 group entities (now subsidiaries of the Company). 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 ₹ 31,140,600,000 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 18 September 2006 seeking an 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 was dismissed by the High Court on 21 September 2011.

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 consolidated financial statements

38. Employee Stock Option / Stock Purchase / Stock Awards Plans

A) Employee share-based payment plans 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 ("SEBI Guidelines") 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.

a) The Network 18 Employees Stock Option Plan 2002 (ESOP 2002)
b) The Network 18 Employees Stock Option Plan 2004 (ESOP 2004)
c) The Network 18 Senior Employees Stock Option Plan 2004 (Senior ESOP 2004)
d) The Network 18 Employees Stock Option Plan 2005 (ESOP 2005).
e) The Network 18 Long Term Retention Employees Stock Option Plan 2005 (Long Term Retention ESOP 2005).
f) The Network 18 Employees Stock Option Plan C 2007 (ESOP C 2007)
g) The Network 18 Employees Stock Option Plan 2007 (ESOP 2007)

ii. Salient terms of the ESOP schemes of the Company, in force, are:

Particulars	ESOP 2002	ESOP 2004	Senior ESOP 2004
Number of options granted	40,020	573,600	575,976
Vesting date	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 date of grant except as follows in respect of 213,000 options whose terms have been modified : (i) 50% on 11 February 2010 (ii) 50% on 11	Except for 143,994 options, vesting details are as follows 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
		February 2011	In respect of 143,994 options, vesting details are as follows : (i) 50% on 11 February 2010 (ii) 50% on 11 February 2011
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
Exercise period	During three years after the vesting date.	During two years after the vesting date.	During two years after the vesting date.
Method of settlement	Equity settled	Equity settled	Equity settled

Particulars	ESOP 2005	Long Term Retention ESOP 2005	ESOP (C) 2007	ESOP 2007
Number of options granted	915,600	300,000	700,000	3,962,736
Vesting date	Except for 51,200 options, to vest equally over three years from the date of grant. 51,200 options to vest as follows: (i) 50% on 11 February 2010 (ii) 50% on 11 February 2011	At any time at the end of 4 years 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
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
Exercise period	During one year after vesting date.	During one year after vesting date.	During four years after vesting date.	During four years after vesting date.
Method of settlement	Equity settled	Equity settled	Equity settled	Equity settled

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 year	20,010	5.00	60,600	45.31	192,671	70.44
	(20,010)	(5.00)	(169,500)	(37.46)	(348,662)	(38.15)
b) Granted during the year	-	-	-	-	-	-
	(-)	(-)	(-)	(-)	(-)	(-)
c) Exercised during the year	-	-	26,100	20.00	19,998	13.33
	(-)	(-)	(87,300)	(28.17)	(155,991)	(50.94)
d) Forfeited during the year	-	-	-	-	-	-
	(-)	(-)	(-)	(-)	(-)	(-)
e) Expired during the year	20,010	5.00	3,600	20.00	-	-
	(-)	(-)	(21,600)	(53.01)	(-)	(-)

Particulars	ESOP 2002		ESOP 2004		SENIOR ESOP 2004	
	Options	Weighted Average Price	Options	Weighted Average Price	Options	Weighted Average Price
f) Outstanding at the end of the year	-	-	30,900	29.20	172,673	36.15
	(20,010)	(5.00)	(60,600)	(45.31)	(192,671)	(70.44)
g) Exercisable at the end of the year	-	-	30,900	29.20	172,673	36.15
	(20,010)	(5.00)	(60,600)	(45.31)	(192,671)	(70.44)
h) Weighted average share price at the date of exercise	-	N.A	26,100	124.00	19,998	124.00
	(-)	N.A	(87,300)	(132.02)	(155,991)	(130.60)
i) Weighted average remaining contractual life (years)	-	N.A.	0.41	N.A.	0.20	N.A.
	(0.21)	N.A.	(1.63)	N.A.	(1.27)	N.A.
j) Unvested Option outstanding at the end of the year	-	-	-	-	-	-
	(-)	(-)	(-)	(-)	(-)	(-)

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 year	300,000	348.35	10,200	20.00	466,667	5.00
	(300,000)	(348.35)	(33,000)	(20.00)	(700,000)	(5.00)
b) Granted during the year	-	-	-	-	-	-
	(-)	(-)	(-)	(-)	(-)	(-)
c) Exercised during the year	-	-	4,800	20.00	233,333	5.00
	(-)	(-)	(13,200)	(20.00)	(233,333)	(5.00)
d) Forfeited during the year	-	-	-	-	-	-
	(-)	(-)	(-)	(-)	(-)	(-)
e) Expired during the year	-	-	-	-	-	-
	(-)	(-)	(9,600)	(20.00)	(-)	(-)
f) Outstanding at the end of the year	300,000	37.55	5,400	20.00	233,334	5.00
	(300,000)	(348.35)	(10,200)	(20.00)	(466,667)	(5.00)
g) Exercisable at the end of the year	300,000	348.35	5,400	20.00	-	-
	(-)	(-)	(10,200)	(20.00)	(116,667)	(5.00)
h) Weighted average share price at the date of exercise	-	-	4,800	124.00	233,333	60.65
	(-)	(-)	(13,200)	(145.33)	(233,333)	(124.20)
i) Weighted average remaining contractual life (years)	0.62	N.A.	-	N.A.	1.51	N.A.
	(1.62)	N.A.	(0.70)	N.A.	(1.51)	N.A.
j) Unvested Option outstanding at the end of the year	-	-	-	-	233,334	5.00
	(300,000)	(348.35)	(-)	(-)	(350,000)	(5.00)

Particulars	ESOP 2007	
	Options	Weighted Average Price
a) Outstanding at the beginning of the year	396,250	56.52
	(3,371,250)	(46.99)
b) Granted during the year	422,736	32.52
	(100,000)	(72.00)
c) Exercised during the year	5,000	73.50
	(3,065,000)	(89.41)
d) Forfeited during the year	-	-
	(-)	(-)
e) Expired during the year	42,342	33.94
	(10,000)	(30.00)
f) Outstanding at the end of the year	771,644	33.51
	(396,250)	(56.52)
g) Exercisable at the end of the year	534,827	51.98
	(45,000)	(65.04)
h) Weighted average share price at the date of exercise	5,000	124.00
	(3,065,000)	(139.20)
i) Weighted average remaining contractual life (years)	3.31	N.A
	(5.01)	N.A
j) Unvested Option outstanding at the end of the year	236,817	33.51
	(351,250)	(55.43)

Note

During the year ended 31 March 2012, pursuant to the amalgamation of TV18 with the Company, 3,251,819 options issued by TV18 were converted into 422,736 options of the Company (in the ratio of 13 options of the Company for every 100 options of TV18).

The exercise price of these options was determined by the Remuneration Committee of the Company in their meeting held on 11 August 2011. The replacement of stock options of TV18 with the stock options of the Company is a modification to the original grant. However, no incremental intrinsic value was determined as a result of such modification.

The Company has adopted the intrinsic value method as promoted by the SEBI Guidelines and the Guidance Note on Accounting for Employee Share Based Payment issued by the Institute of Chartered Accountants of India for measuring the cost of the options granted.

During the year, the Company modified the terms of certain stock options by reducing the exercise price to bring the same in line with the market price.

	Modification date -3 November 2011		Modification date -29 December 2011	
	Pre modification	Post modification	Pre modification	Post modification
Dividend yield	0.00%	0.00%	0.00%	0.00%
Expected volatility	56.74%	56.74%	55.40%	55.40%
Risk-free interest rate	8.50%	8.50%	8.33%	8.33%
Weighted average share price (₹)	63.85	63.85	37.55	37.55
Weighted average exercise price (₹)	178.88	63.85	63.63	37.55
Expected life of options granted (in years)	0.99	0.99	0.87	0.87

B) Employee share based payment plans of Web 18 Holdings Limited

The employees of Web 18 Holdings Limited and its subsidiaries were granted options, which have 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 15 April 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 the options and weighted average prices:

Particulars	Year ended 31 March 2012			Year ended 31 March 2011		
	Option	Weighted average exercise price	Weighted average remaining contractual life	Options	Weighted average exercise price	Weighted average remaining contractual life
		(USD)	(Years)		(USD)	(Years)
a) Outstanding at the beginning of the year	9,424,118	1.00	1.04	10,313,118	1.00	2.04
b) Granted during the year	-	-	-	-	-	-
c) Forfeited /Cancelled during the year	9,424,118	1.00	-	889,000	1.00	-
d) Exercised during the year	-	-	-	-	-	-
e) Outstanding at the end of the year	-	-	-	9,424,118	1.00	1.04
f) Exercisable at the end of the year	-	-	-	4,712,059	1.00	1.04

During the current financial year all options have been cancelled by Web18 Holdings Limited.

C) Employee share based payment plans of Infomedia Press Limited

Infomedia has provided share based payment schemes to its employees. During the year ended 31 March 2012 the following schemes were in operation:

Employee Stock Option Plan 2004 (ESOP 2004):

Particulars	Grant 1	Grant 2	Grant 3	Grant 4	Grant 5	Grant 6
Date of Grant/ Board Approval	25 October 2004	10 May 2005	28 October 2005	27 June 2006	27 October 2006	22 November 2007
No of Options Granted	1,64,000	1,00,000	1,55,500	17,500	18,500	38,500
Exercise Price Per Option (Rs)	86.85	141.45	150.80	180.50	154.05	209.85
Revised Exercise Price per Option (₹) vide Board Approval dated July 15, 2010	-	-	10	10	10	10

Method of Settlement	Equity		Equity		Equity		Equity		Equity		Equity	
Vesting period	Date	Option	Date	Option	Date	Option	Date	Option	Date	Option	Date	Option
	24 October 2005 (1 Year)	40,000	30 May 2006 (1 Year & 21 days)	20,000	27 October 2006 (1Year)	77,750	26 June 2007 (1 Year)	8,750	26 October 2007 (1 Year)	9,250	21 November 2008 (1 Year)	19,250
	30 May 2006 (1 Year & 217 days)	60,000	30 May 2006 (2 Year & 21 days)	80,000	27 October 2007 (2 Years)	77,750	26 June 2008 (2 Years)	8,750	26 October 2008 (2 Years)	9,250	21 November 2009 (1 Year)	19,250
	31 Mar 2006 (1 Year & 157 days)	32,000										
	31 Mar 2007 (2 Years & 157 days)	32,000										
Exercise Period	Three Years		Three Years		Three Years		Three Years		Three Years		Three Years	

The exercise price of options granted at Grant 3, 4, 5 and 6 above was revised to ₹ 10 vide Board approval dated 25 February 2010.

This scheme (ESOP 2004) is covered under the approval of the shareholders of Infomedia Press Limited vide their Annual General Meeting held on 28 July 2004 as modified at Extra Ordinary General Meeting held on 20 January 2005 and Annual General Meeting held on 10 October 2006 and further modified through postal ballot resolution, results whereof were declared on 15 July 2010.

The details of activity under the plan are summarized below:

Particulars	Year ended 31 March 2012		Year ended 31 March 2011	
	No. of Shares	Weighted Average Exercise Price (₹)	No. of Shares	Weighted Average Exercise Price (₹)
Outstanding at the beginning of the year	9,750	10.00	36,750	187.17
Grant during the year	-	-	-	-
Exercised during the year	-	-	16,750	10.00
No of options lapsed during the year	8,000	10.00	10,250	10.00
Outstanding at the end of the year	1,750	10.00	9,750	10.00
Exercisable at the end of the year	1,750		9,750	
Weighted average remaining contractual life (in years)	0.32		0.46	
Weighted average fair value of the options granted (₹)	-		18.76	

Details of exercise price for Stock Options outstanding at the end of the year are:

Year End	Range of Exercise Price (₹)	No. of Options Outstanding	Weighted average remaining contractual life (in years)	Weighted average exercise price (₹)
31 March 2012	10	1,750	0.32	10
31 March 2011	10	9,750	0.46	10

Employee Stock Option Plan 2007 (ESOP 2007):

Particulars	Grant 1		Grant 2		Grant 3	
Date of Grant/ Board Approval	2 April 2009		26 October 2010		16 June 2011	
No of Options Granted	9,67,500		2,00,000		1,30,000	
Exercise Per Option (₹)	Exercise price of 667,500 options was revised from ₹57.30/- to ₹10 vide Compensation Committee approval dated 25 February 2010		10		10	
Method of Settlement	**Equity**		**Equity**		**Equity**	
Vesting Period	**Date**	**Options**	**Date**	**Options**	**Date**	**Options**
	1 April 2010 (1 Year)	3,87,000	26 October 2011 (1 Year)	80,000	16 June 2012 (1 Year)	52,000
	1 April 2011 (2 Years)	2,90,250	26 October 2012 (2 Years)	60,000	16 June 2013 (2 Years)	39,000
	1 October 2011 (2 Years 6 months)	2,90,250	26 October 2013 (3 Years)	60,000	16 June 2014 (3 Years)	39,000
Exercise Period	Three Years		Three Years		Three Years	

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 were declared on 7 May 2010.

The details of activity under the plan are summarized below:

Particulars	Year ended March 31, 2012		Year ended March 31, 2011	
	No. of Shares	Weighted Average Exercise Price (₹)	No. of Shares	Weighted Average Exercise Price (₹)
Outstanding at the beginning of the year	712,400	10.00	911,000	10.00
Grant during the year	130,000	10.00	200,000	10.00
Exercised during the year	164,550	10.00	307,200	10.00
No. of options lapsed during the year	139,300	10.00	91,400	10.00
Outstanding at the end of the year	538,550	10.00	712,400	10.00
Exercisable at the end of the year	288,550	10.00	34,800	10.00
Weighted average remaining contractual life (in years)	1.56		1.77	
Weighted average fair value of the options granted (₹)	15.80		28.24	

Details of exercise price for stock options outstanding at the end of the year are:

Year End	Range of Exercise Price (₹)	No. of Options Outstanding	Weighted average remaining contractual life (in years)	Weighted average exercise price (₹)
31 March 2012	10.00	538,550	1.56	10.00
31 March 2011	10.00	712,400	1.77	10.00

Employee Stock Purchase Plan 2010 (ESPP 2010):

Infomedia Press Limited 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.

D) Share based payment plans of TV 18 Broadcast Limited

GBN Employees Stock Option Plan 2007 ("ESOP 2007")

- TV18 Broadcast Limited 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. TV18 Broadcast Limited had declared stock split of 1 equity share of face value of ₹ 10 each in 5 equity share of ₹ 2 each through postal ballot dated 19 December 2007, the results of which were declared on 25 January 2008. TV18 Broadcast Limited plans to grant up to 1,700,000 (8,500,000 options pursuant to split of 1 share of face value of ₹10 in 5 shares of face value of ₹2 each) options to eligible employees and directors of the TV18 Broadcast Limited and its subsidiaries and the Company.
- 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 ₹ 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.

- During the year the Remuneration/Compensation Committee of the Board of Directors has granted 2,211,207 options of the Company under GBN Employee Stock Option Plan 2007 to those employees of TV18 who have become employees of the TV18 Broadcast Limited pursuant to the Scheme, under a single plan existing in TV18 Broadcast Limited.

The vesting period, vesting terms and exercise period for these options are kept as same as in the original scheme and are as follows:

Particulars	Employee Stock Option Plan 2004	Senior Employee Stock Option Plan 2004	Long Term Retention Employee Stock Option Plan 2005
Options granted	49,028	303,790	476,000
Vesting date	Option to vest after one year from the date of grant within such period not exceeding ten years as may be determined by the Remuneration/ 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 Remuneration/ Compensation Committee.	After four year from the date of grant of options.
Vesting requirements	Three years of service from the date of grant of option	Two to four years of service from the date of grant of option	Four years of service from the date of grant of option.
Exercise Period	During two years after vesting date.	During a period of two/three years from the vesting date.	During two years after vesting date.

Particulars	Stock Option Plan 2005	Stock Option Plan 2007	Stock Option Plan 2007 (New)
Options granted	10,472	36,737	1,335,180
Vesting date	Option to vest after one year from the date of grant within such period not exceeding ten years as may be determined by the Remuneration/ 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 Remuneration/ Compensation Committee.	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 Remuneration/ Compensation Committee.
Vesting requirements	Three years of service from the date of grant of option.	One to four 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 Remuneration/ Compensation Committee provided the employee continues in service.
Exercise Period	During one year after vesting date.	During four years after vesting date.	Exercise period will commence from the vesting date and extend upto the expiry period of the option as may be decided by the Remuneration/ Compensation Committee.

TV18 Broadcast Limited has granted 7,231,849 options upto 31 March, 2012.
The movement in the scheme is set out as under:

	Particulars	ESOP 2007 Year ended 31 March 2012		ESOP 2007 Year ended 31 March 2011	
		Options	Weighted Average Price	Options	Weighted Average Price
		(Numbers)	(₹)	(Numbers)	(₹)
a	Outstanding at the beginning of year*	2,450,717	68.91	3,192,242	55.00
b	Granted during the year*	-	-	1,100,000	86.00
c	Granted during the year pursuant to scheme of arrangement	2,211,207	61.72	-	-
d	Exercised during the year	320,304	55.00	1,720,379	55.00
e	Forfeited during the year	64,217	55.00	121,146	55.00
f	Expired during the year	277,424	27.48	-	-
g	Outstanding at the end of the year	3,999,979	25.40	2,450,717	68.91
h	Exercisable at the end of the year	2,178,656	27.19	957,769	55.00
i	Weighted average share price at the date of exercise	320,304	90.06	1,720,379	92.50
j	Weighted average remaining contractual life (years)	1.80	NA	2.81	NA

* Remuneration/Compensation committee ("Committee") of TV18 Broadcast Limited vide resolution dated 4 November 2011 has re-priced its existing 3,849,374 options at market price of ₹ 45.50 on the date of re-pricing. Subsequently taking into consideration further decline in the share prices of TV18 Broadcast Limited, the Committee vide its resolution dated 30 December 2011 has again re-priced its 3,731,770 options at market price ₹ 27.70 on the date of re-pricing, for the benefit of the employees covered under the ESOP scheme.

E) Share based payment plans of Viacom18 Media Private Limited (Viacom 18)

Pursuant to the resolution passed by the Board of Directors on 23 September 2008, the Viacom18 had introduced Employee Stock Option Plan 2008 ("the Plan") for employees of the Viacom18, as may be decided by the Benefits Committee/Board. The Plan provided that the total number of options granted there under will be 3,700,000. Each option, on exercise, was convertible into one equity share of the Viacom18 having face value of ₹ 10. The options had been granted at an exercise price which was equivalent to the prevailing Fair Market Value as on the date of the grant. Accordingly, Viacom18 has not recognised any expense on account of grant of stock options. However, during the year the Plan was cancelled/annulled and the outstanding options as on 1 April 2011 stood cancelled as approved by the Benefits Committee.

The details of the activity under the Plan during the year are as follows:

Particulars	As at March 31, 2012	As at March 31, 2011
Option outstanding at the beginning of the year	2,186,445	2,307,717
Options granted during the year	-	-
Options exercised during the year	-	-
Options lapsed during the year	777,785	117,272
Options annulled during the year	1,408,660	-
Options outstanding at the year end	-	2,186,445

F) Share based payment plans of TV18 HSN Holdings Limited ('HSN Holdings')

HSN Holdings has implemented an equity-settled employee share based payment arrangement by offering employee stock options to the employees of its subsidiary company in India viz. TV18 Home Shopping Network Limited.

In 2008, HSN Holdings established a share option programme in Cyprus, named the TV18 HSN Holdings Limited Employee Stock Option Plan, 2008 ("ESOP 2008"), which was approved by the shareholders of HSN Holdings vide shareholders resolution dated 7 April 2008. The ESOP 2008 entitles the eligible employees to purchase ordinary shares of HSN Holdings. A description of the share based payment arrangement is given below:

Particulars	TV18 HSN Holdings Limited Share Option Plan 2008
Exercise price	The exercise price in respect of the options shall be decided by the Compensation Committee
Vesting conditions	**Options granted till 22 October 2010**: Graded vesting - 25% on the expiry of one year from the grant date, 25% on the expiry of two years from the grant date, 25% on the expiry of three years from the grant date and 25% on the expiry of four years from the grant date. **Options granted after 22 October 2010:** Options will vest on the expiry of one year from the grant date.
Exercise Period	The stock options can be exercised within a period of 48 months from the date of vesting.

The number and weighted average exercise price of share options are as follows:

Particulars	Options (nos.)	Weighted average exercise price (US$)
Year ended 31 March 2011		
Outstanding as of 1 April 2010	1,852,000	0.13
Granted	619,000	0.09
Forfeited	64,500	0.18
Exercised	7,500	0.11
Outstanding as of 31 March 2011	**2,399,000**	0.12
Exercisable as of 31 March 2011	**177,500**	1.09
Weighted average remaining contractual life	**2.19**	-
Year ended 31 March 2012		
Outstanding as of 1 April 2011	2,399,000	0.12
Granted	45,000	0.10
Forfeited	72,500	0.17
Exercised	194,500	0.10
Outstanding as of 31 March 2012	**2,177,000**	0.12
Exercisable as of 31 March 2012	**1,936,500**	0.12
Weighted average remaining contractual life	**1.17**	-

The weighted average equity value of the Company close to the date of options exercised during the year ended 31 March 2011 and 31 March 2012 was US$ 1.58 and US$ 2.33 respectively.

Pro forma Accounting for Stock Option Grants

The Group has adopted the intrinsic value method as prescribed by the SEBI Guidelines and the Guidance Note on Accounting for Employee Share Based Payment issued by the Institute of Chartered Accountants of India for measuring the cost of the options granted.

Had the Group used the fair value method in accordance with Black Scholes Model to determine employee stock compensation, its loss after tax and loss per share as reported would have changed to the amounts indicated below:

Particulars	Year ended	Year ended

		31 March 2012	31 March 2011
a.	Net loss after tax as reported	(3,926,636,328)	(366,841,684)
i.	Add: Stock based employee compensation expense debited to Statement of Profit and Loss	21,250,425	56,452,126
ii.	Less: Stock based employee compensation expense based on fair value	34,260,192	258,133,400
b.	Difference between (i) and (ii)	(13,009,767)	201,681,274
c.	Adjusted proforma loss	(3,939,646,095)	(568,522,958)
d.	Difference between (a) and (c)	(13,009,767)	(201,681,274)
e.	Basic loss per share as reported	(26.82)	(3.17)
f.	Proforma basic loss per share	(26.91)	(4.91)
g.	Diluted loss per share as reported	(26.82)	(3.17)
h.	Proforma diluted loss per share	(26.91)	(4.91)

The following principal assumptions were used in the valuation:

Black Scholes Model has been used for computing the weighted average fair value considering the following inputs:

a) Network18 & Media Investment Limited

	31 March 2012	31 March 2011
	₹	₹
Dividend yield	0.00%	0.00%
Expected volatility	39.93 %	42.20%
Risk-free interest rate	8.26%	7.98%
Weighted average share price (₹)	109.35	90.79
Weighted average exercise price (₹)	113.44	72.00
Expected life of options granted (in years)	1.32	3.00

The volatility of the options is based on the historical volatility of the share price since the Company's equity shares are publicly traded.

b) Infomedia Press Limited

Employee Stock Purchase Plan 2010 (ESPP 2010)

ESOP 2004	2011-2012	2010-2011
Expected Dividend yield	1.2%	1.4%
Expected Volatility of Share price	68.85%	38.59% to 68.85%
Risk Free Interest Rate	8.46%	7% to 7.64%
Weighted average share price on date of exercise	-	₹25.90
Exercise price ₹	10	10
Expected life of the option	0.32 Years	0.12 to 0.82 years

Employee Stock Option Plan 2007 (ESOP 2007)

ESOP 2007	2011-2012	2010-2011
Expected Dividend yield	1.2%	1.4%
Expected Volatility of Share price	61.80% to 66.20%	66.20% to 69.20%
Risk Free Interest Rate	8.47% to 8.51%	7.35% to 7.42%
Weighted average share price on date of exercise	₹ 19.00	₹ 28.64
Exercise price ₹	10	10
Expected life of the option	0.50 to 2.61 Years	1.00 to 2.79 years

The expected life of the options is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may also not necessarily be the actual outcome.

c) TV18 Broadcast Limited

GBN Employees Stock Option Plan 2007 ("ESOP 2007")

Particulars	Year ended 31 March 2012	Year ended 31 March 2011
Risk free interest rates (in %)	7.85%	7.96%
Expected life (in years)	2.80 years	3.01 years
Volatility (in %)	33.43%	39.36%
Dividend yield (in %)	0%	0%

d) TV18 HSN Holdings Limited

Particulars		
Grant Date	29 April 2011	29 February 2011
Vesting Date	29 April 2012	29 February 2012
Fair value of option at grant date (US$)	1.86	2.25
Weighted average equity value (US$)	1.95	2.33
Exercise price	0.10	0.09
Expected volatility	57.93%	59.35%
Option life (in years)	5	5
Dividend yield	0.00%	0.00%
Risk-free interest rate	1.97%	0.77%

39. Disclosures as required by Accounting Standard 15

(i) Defined benefit plan

The following table sets out the funded / unfunded status of the defined benefits plans and the amount recognised in the financial statements:

Changes in defined benefit obligation:

Particulars	Gratuity	
	Year ended 31 March 2012	Year ended 31 March 2011
Opening balance	187,560,000	150,908,782
Acquisition of new business	-	15,895,058
Current service cost	36,519,119	34,484,525
Interest cost	16,194,763	11,380,144
Actuarial gain	(126,116)	(5,152,379)
Benefits paid	(10,817,239)	(19,956,130)
Closing balance	229,330,527	187,560,000

Change in plan assets:

Particulars	Gratuity	
	Year ended 31 March 2012	Year ended 31 March 2011
Opening balance	60,500,000	58,945,788
Fair value of plan assets from acquisition of new business	-	4,662,965
Expected return on plan assets	5,038,250	4,782,187
Employer's contributions	11,492,529	6,638,087
Benefits paid	(8,730,780)	(7,053,157)
Actuarial loss	(2,478,042)	(7,475,870)
Closing balance	**65,821,957**	**60,500,000**

Net liability:

Particulars	Gratuity	
	Year ended 31 March 2012	Year ended 31 March 2011
Present value of obligation at the year end	229,330,527	187,560,000
Fair value of plan assets at the year end	(65,821,957)	(60,500,000)
Net liability	163,508,570	127,060,000

Cost for the year:

Particulars	Gratuity	
	Year ended 31 March 2012	Year ended 31 March 2011
Current service cost	36,519,119	34,484,525
Interest cost	16,194,763	11,380,144
Actuarial loss	(2,351,926)	(2,323,491)
Expected return on plan assets	(5,038,250)	(4,782,187)
Net cost	45,323,706	38,758,991

Actuarial assumptions used:

Particulars	Gratuity			
	Year ended 31 March 2012		Year ended 31 March 2011	
Discount rate	8% - 8.5%		8%	
Expected salary escalation rate	6%		6%	
Mortality table	LIC(1994-96) duly Modified		LIC(1994-96) duly Modified	
Retirement Age	60 Yrs		60 Yrs	
Withdrawal Rates	Age	Percentage	Age	Percentage
	Upto 30 Year	3	Upto 30 Year	3
	Upto 44 Year	2	Upto 44 Year	2
	Above 44 year	1	Above 44 year	1

(ii) Defined contribution plan

The Group has contributed ₹ 172,657,224 (previous year ₹ 142,092,269) to Provident Fund and the same is recognised as an expense in the Statement of Profit and Loss.

(iii) Other long term employee benefits

The Company, along with its subsidiary company, TV18 Broadcast Limited, has jointly established an Employee Welfare Plan dated 2 February 2009 for the benefit of their existing and future employees and

to administer the same, a Trust named Network18 Group Senior Professional Welfare Trust has been constituted under the Indian Trusts Act, 1881 vide Trust Deed dated 19 February 2009.

The Employee Welfare Plan provides that any accretion to the corpus of the Trust (like dividends, profit on sale of investments, interest income, etc.) will be utilized for the benefit of beneficiaries upon occurrence of certain specific events. It further provides that the amount of benefit to be provided out of such accretion will be at the discretion of the trustees.

During the year ended 31 March 2012 and 31 March 2011, there were no net accretions to the corpus of the aforementioned Trust and accordingly no liability or plan assets have been provided/recognized in these consolidated financial statements.

40. Segmental reporting:

	Year ended 31 March 2012					Year ended 31 March 2011				
	Media operations	**Film Production and Distribution**	**Others**	**Unallocable**	**Total**	**Media operations**	**Film Production and Distribution**	**Others**	**Unallocable**	**Total**
Revenue										
Income from operations	17,162,197,343	1,958,118,577	348,145,000	-	19,468,460,920	14,334,120,239	97,801,512	392,004,393	-	14,823,926,144
Inter segment Revenue	-	-	-	-	(30,134,216)	-	-	-	(45,073,512)	(45,073,512)
Total revenue	**17,162,197,343**	**1,958,118,577**	**348,145,000**	**-**	**19,438,326,704**	**14,334,120,239**	**97,801,512**	**392,004,393**	**(45,073,512)**	**14,778,852,632**
Segment results	**(3,324,377,575)**	**(29,100,907)**	**(596,819)**	**-**	**(3,354,075,301)**	**(200,144,924)**	**(40,269,198)**	**22,364,443**	**-**	**(218,049,679)**
Add: Unallocated income	-	-	-	1,327,634,449	1,327,634,449	-	-	-	2,146,723,531	2,146,723,531
Less: Unallocated expenses	-	-	-	241,263,253	241,263,253	-	-	-	211,669,281	211,669,281
Less: Finance cost	-	-	-	2,706,662,142	2,706,662,142	-	-	-	2,258,415,669	2,258,415,669
(Loss)/ profit before tax	**(3,324,377,575)**	**(29,100,907)**	**(596,819)**	**(1,620,290,946)**	**(4,974,366,247)**	**(200,144,924)**	**(40,269,198)**	**22,364,443**	**(323,361,419)**	**(541,411,098)**
Tax expense	-	-	-	72,423,347	72,423,347	-	-	-	331,349,808	331,349,808
(Loss)/ profit after tax and before minority interest and share in profit of associates	**(3,324,377,575)**	**(29,100,907)**	**(596,819)**	**(1,692,714,292)**	**(5,046,789,594)**	**(200,144,924)**	**(40,269,198)**	**22,364,443**	**(654,711,227)**	**(872,760,906)**
Segment assets	**23,337,900,442**	**3,463,628,082**	**237,600,170**	**-**	**27,039,128,694**	**29,567,827,856**	**1,928,143,427**	**271,597,358**	**-**	**31,767,568,641**
Unallocated assets	-	-	-	11,661,489,622	11,661,489,622	-	-	-	10,652,705,556	10,652,705,556
Total assets	**23,337,900,442**	**3,463,628,082**	**237,600,170**	**11,661,489,622**	**38,700,618,316**	**29,567,827,856**	**1,928,143,427**	**271,597,358**	**10,652,705,556**	**42,420,274,197**
Segment liabilities	**6,113,001,101**	**467,598,625**	**91,240,599**	**-**	**6,671,840,325**	**5,828,619,406**	**5,157,579**	**107,627,385**	**-**	**5,941,404,370**
Unallocated liabilities	-	-	-	25,123,390,689	25,123,390,689	-	-	-	17,959,171,404	17,959,171,404
Total liabilities	**6,113,001,101**	**467,598,625**	**91,240,599**	**25,123,390,689**	**31,795,231,014**	**5,828,619,406**	**5,157,579**	**107,627,385**	17,959,171,404	**23,900,575,774**
Capital expenditure	312,566,650	547,191,791	2,406,110	-	862,164,551	252,490,434	59,726,797	-	-	312,217,231
Depreciation and amortisation	273,279,405	335,294,522	5,100,866	-	613,674,794	432,633,806	175,963,575	8,652,308	-	617,249,689
Non-cash expenditure other than depreciation and amortisation	135,629,709	461,412,649	46,797	-	597,089,155	138,295,716	116,033,149	1,320,868	-	255,649,733

41. Leases

Operating leases (as lessee)

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 in respect of non-cancellable operating leases: ₹ 613,914,130

(previous year ₹ 496,641,580)

iii. The future minimum lease payments under non-cancelable operating leases are:

Particulars	Current year	Previous Year
Not later than one year	605,808,741	370,190,880
Later than one year but not later than five years	1,306,336,641	528,931,020
Later than five years	1,085,620,780	10,274,350

Finance leases (as lessee)

The Group has entered into finance lease arrangements for certain equipments which provide the Group an option to purchase the assets at the end of the lease period. Minimum lease payments amounting to ₹ 824,973 (Previous year ₹ 163,447) have been made during the year. The details of future minimum lease payments under finance leases are as under:

Particulars	As at 31 March 2012	As at 31 March 2011
Not later than one year	2,263,687	653,853
Later than one year but not later than five years	8,452,854	1,190,855
More than five years	-	-

42. Related party disclosures

A.	**List of related parties**
i.	**Subsidiaries**
	▪ Capital 18 Limited, Mauritius *
	▪ B.K. Holding Limited *
i.	**Joint ventures**
	▪ IBN Lokmat News Private Limited
	▪ Viacom 18 Media Private Limited
	▪ Ubona Technologies Private Limited
	▪ Roptonal Limited
ii	**Associates**
	▪ 24X7 Learning Private Limited
	▪ Wespro Digital Private Limited
iii.	**Key Management Personnel (KMP)**
	▪ Raghav Bahl (Also exercises control by virtue of having a substantial interest in the voting power of the Company)
	▪ Rajdeep Sardesai
	▪ Sagarika Ghose
	▪ Sanjay Ray Chaudhuri
iv.	**Relatives of Key Management Personnel**
	▪ Subhash Bahl
	▪ Ritu Kapur
	▪ Vandana Malik

v.	**Enterprises over which KMP is able to exercise significant influence or control (with whom transactions were undertaken during the year)**
	▪ 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
	▪ RVT Softech Private Limited
	▪ Keyman Financial Services Private Limited
	▪ RRK Finhold Private Limited
	▪ VT Softech Private Limited
	▪ Network 18 Publications Limited
	▪ RVT Finhold Private Limited ▪ Colorful Media Private Limited
	▪ Film Investment Managers (Mauritius) Limited
	▪ Media Venture Capital Trust II ('MVCT') (upto 10 June 2011)
	▪ BK Communications Limited
	▪ BK Ventures Limited
	▪ BK Capital Limited
	▪ BK Network Limited
	▪ International Media Advisors Private Limited, Mauritius
	▪ BRR Securities Private Limited (Earlier Kishore Securities Private Limited)
	▪ Capital 18 Advisors Limited, Mauritius
	▪ Web 18 Securities Private Limited
	▪ RRK Media Private Limited
	▪ RB Holdings Private Limited
	▪ The Network 18 Trust
	▪ Jagran 18 Publications Limited
	▪ VT Media Private Limited
	▪ Network 18 Employee Welfare Trust
	▪ India International Film Advisors Private Limited (Formerly RB Fincap Private Limited)
	▪ RB Holdings Private Limited
	▪ RB Media Holdings Private Limited
	▪ International Media Advisors Private Limited
	▪ SRC Media Limited
	▪ Watermark Infratech Private Limited ▪ Adventure Marketing Private Limited
	▪ Network 18 Group Senior Professional Welfare Trust

* These companies were held for sale upto 31 March 2011 and accordingly did not form part of the consolidated financial statements.

B. Related party transactions and balances

PARTICULARS	Joint Ventures	Associates	Enterprises over which KMP is able to exercise significant influence or control	Key Management Personnel	Relatives of Key Management Personnel
Income from operations and other income					
Viacom18 Media Private Limited	52,824,545	-	-	-	-
	(59,806,523)	*(-)*	*(-)*	*(-)*	*(-)*
IBN Lokmat News Private Limited	10,043,964	-	-	-	-
	(9,800,000)	*(-)*	*(-)*	*(-)*	*(-)*
Wespro Digital Private Limited	-	-	-	-	-
	(-)	*(39,416,362)*	*(-)*	*(-)*	*(-)*
Ubona Technologies Private Limited	1,116,668	-	-	-	-
	(-)	*(-)*	*(-)*	*(-)*	*(-)*
Network 18 Trust	-	-	-	-	-
	(-)	*(-)*	*(222,000,000)*	*(-)*	*(-)*
Others	125,000	-	-	-	-
	(-)	*(-)*	*(47,354,507)*	*(-)*	*(-)*
Interest income					
Network18 Group Senior Professional Welfare Trust	-	-	135,555,635	-	-
	(-)	*(-)*	*(237,850,718)*	*(-)*	*(-)*
Wespro Digital Private Limited	-	-	-	-	-
	(-)	*(2,574,000)*	*(-)*	*(-)*	*(-)*
Others	-	-	-	-	-
	(-)	*(-)*	*(-)*	*(19,002,740)*	*(-)*
Expenditure for services received					
Viacom18 Media Private Limited	12,624,646	-	-	-	-
	(2,990,417)	*(-)*	*(-)*	*(-)*	*(-)*
Raghav Bahl	-	-	-	10,944,000	-
	(-)	*(-)*	*(-)*	*(10,944,000)*	*(-)*
Ritu Kapur	-	-	-	-	-
	(-)	*(-)*	*(-)*	*(-)*	*(2,389,137)*
Rajdeep Sardesai	-	-	-	18,028,500	-
	(-)	*(-)*	*(-)*	*(14,424,000)*	*(-)*
Sagarika Ghose	-	-	-	2,233,614	-
	-	-	-	*(1,724,358)*	-
Vandana Malik	-	-	-	-	7,200,000
	(-)	*(-)*	*(-)*	*(-)*	*(4,794,519)*
IBN Lokmat News Private Limited	1,085,056	-	-	-	-
	(-)	*(-)*	*(-)*	*(-)*	*(-)*
Ubona Technologies Private Limited	558,334	-	-	-	-

PARTICULARS	Joint Ventures	Associates	Enterprises over which KMP is able to exercise significant influence or control	Key Management Personnel	Relatives of Key Management Personnel
	(-)	*(-)*	*(-)*	*(-)*	*(-)*
Network 18 Publication Limited	-	-	4,937,430	-	-
	(-)	*(-)*		*(-)*	*(-)*
Others	-	-	-	-	-
	(-)	*(-)*	*(279,615,255)*	*(53,781,912)*	*(1,438,800)*
Interest expense					
Media Venture Capital Trust II	-	-	-	-	-
	(-)	*(-)*	*(35,917,891)*	*(-)*	*(-)*
RB Media Holdings Private Limited	-	-	39,863,002	-	-
	(-)	*(-)*	*(-)*	*(-)*	*(-)*
Watermark Infratech Private Limited	-	-	39,863,002	-	-
	(-)	*(-)*	*(-)*	*(-)*	*(-)*
Colorful Media Private Limited	-	-	39,863,002	-	-
		(-)	*(-)*	*(-)*	*(-)*
Adventure Marketing Private Limited	-	-	39,863,002	-	-
	(-)	*(-)*	*(-)*	*(-)*	*(-)*
RB Holdings Private Limited	-	-	79,726,019	-	-
	(-)	*(-)*	*(-)*	*(-)*	*(-)*
Reimbursement of expenses (received)					
Wespro Digital Private Limited	-	-	-	-	-
	(-)	*(12,828,400)*	*(-)*	*(-)*	*(-)*
IBN Lokmat News Private Limited	63,207,918	-	-	-	-
	(51,582,596)	*(-)*	*(-)*	*(-)*	*(-)*
Viacom18 Media Private Limited	26,681,886	-	-	-	-
	(4,292,742)	*(-)*	*(-)*	*(-)*	*(-)*
IFC Distribution Private Limited	-	-	-	-	-
	(-)	*(-)*	*(507,481)*	*(-)*	*(-)*
Indian International Advisors Private Limited	-	-	4,057,363	-	-
	-	-	-	-	-
Reimbursement of expenses (paid)					
IBN Lokmat News Private Limited	528,445	-	-	-	-
	(2,347,871)	*(-)*	*(-)*	*(-)*	*(-)*
Viacom18 Media Private Limited	7,447,669	-	-	-	-
	(3,691,795)	*(-)*	*(-)*	*(-)*	*(-)*

PARTICULARS	Joint Ventures	Associates	Enterprises over which KMP is able to exercise significant influence or control	Key Management Personnel	Relatives of Key Management Personnel
VT Softech Private Limited	-	-	-	-	-
	(-)	*(-)*	*(101,146)*	*(-)*	*(-)*
	(-)	*(-)*	*(-)*	*(-)*	*(-)*
Loans/advances given during the year					
Network18 Group Senior Professional Welfare Trust	-	-	5,551,900,000	-	-
	(-)	*(-)*	*(2,815,100,000)*	*(-)*	*(-)*
Network 18 Trust	-	-	-	-	-
	(-)	*(-)*	*(2,262,600,000)*	*(-)*	*(-)*
Rajdeep Sardesai	-	-	-	50,000,000	-
	(-)	*(-)*	*(-)*	*(-)*	*(-)*
Others	-	-	-	-	-
	(-)	*(-)*	*(208,945,575)*	*(150,000,000)*	*(-)*
Loans/advances received back during the year					
Network 18 Trust	-	-	-	-	-
	(-)	*(-)*	*(1,034,500,000)*	*(-)*	*(-)*
Network18 Group Senior Professional Welfare Trust	-	-	1,605,600,000	-	-
	(-)	*(-)*	*(3,062,800,000)*	*(-)*	*(-)*
Other	-	-	-	-	-
	(-)	*(-)*	*(206,500,000)*	*(-)*	*(-)*
Share application money paid during the year					
MVCT	-	-	-	-	-
	(-)	*(-)*	*(492,100,000)*	*(-)*	*(-)*
Share application money refunded during the year					
MVCT	-	-	-	-	-
	(-)	*(-)*	*(492,100,000)*	*(-)*	*(-)*
Purchase of fixed assets					
IBN Lokmat News Private Limited	-	-	-	-	-
	(26,524)	*(-)*	*(-)*	*(-)*	*(-)*
Issue of Secured Optionally Fully Convertible Debentures					
RB Media Holdings Private Limited	-	-	499,999,872	-	-
	(-)	*(-)*	*(-)*	*(-)*	*(-)*
Watermark Infratech	-	-	499,999,872	-	-

PARTICULARS	Joint Ventures	Associates	Enterprises over which KMP is able to exercise significant influence or control	Key Management Personnel	Relatives of Key Management Personnel
Private Limited					
	(-)	*(-)*	*(-)*	*(-)*	*(-)*
Colorful Media Private Limited	-	-	499,999,872	-	-
	(-)	*(-)*	*(-)*	*(-)*	*(-)*
Adventure Marketing Private Limited	-	-	499,999,872	-	-
	(-)	*(-)*	*(-)*	*(-)*	*(-)*
RB Holdings Private Limited	-	-	999,999,905	-	-
	(-)	*(-)*	*(-)*	*(-)*	*(-)*
Balances outstanding at the year end					
Amount due from (Trade receivables)					
Viacom18 Media Private Limited	64,391,236	-	-	-	-
	(43,104,331)	*(-)*	*(-)*	*(-)*	*(-)*
IBN Lokmat News Private Limited	18,814,703	-	-	-	-
	(8,298,308)	*(-)*	*(-)*	*(-)*	*(-)*
Network18 Employee Welfare Trust	-	-	700,000	-	-
	(-)	*(-)*	*(700,000)*	*(-)*	*(-)*
Network18 Publications Private Limited	-	-	39,680,681	-	-
	(-)	*(-)*	*(19,398,877)*	*(-)*	*(-)*
RVT Holdings Private Limited	-	-	2,816,613	-	-
	-	*(-)*	-	*(-)*	*(-)*
Other	-	-	-	-	-
	-	*(-)*	*(209,545,094)*	*(-)*	*(-)*
Loans/advances receivable at the year end					
Network18 Group Senior Professional Welfare Trust *	-	-	5,747,450,285	-	-
	(-)	*(-)*	*(1,847,608,892)*	*(-)*	*(-)*
B K Holdings Limited, Mauritius	-	-	-	-	-
	(-)	*(-)*	*(44,679,380)*	*(-)*	*(-)*
VT Softech Private Limited	-	-	7,010,397	-	-
	(-)	*(-)*	*(7,010,397)*	*(-)*	*(-)*
Others	-	-	-	-	-
	(-)	*(-)*	*(112,653,473)*	*(169,002,740)*	*(-)*
Amounts due to					
RB Media Holdings Private Limited	-	-	499,999,872	-	-

PARTICULARS	Joint Ventures	Associates	Enterprises over which KMP is able to exercise significant influence or control	Key Management Personnel	Relatives of Key Management Personnel
	(-)	*(-)*	*(-)*	*(-)*	*(-)*
Watermark Infratech Private Limited	-	-	499,999,872	-	-
	(-)	*(-)*	*(-)*	*(-)*	*(-)*
Colorful Media Private Limited	-	-	499,999,872	-	-
	(-)	*(-)*	*(-)*	*(-)*	*(-)*
Adventure Marketing Private Limited	-	-	499,999,872	-	-
	(-)	*(-)*	*(-)*	*(-)*	*(-)*
RB Holdings Private Limited	-	-	999,999,905	-	-
	(-)	*(-)*	*(-)*	*(-)*	*(-)*
Ubona Technologies Private Limited	165,450	-	-	-	-
	(-)	*(-)*	*(-)*	*(-)*	*(-)*
B.K. Media Private Limited	-	-	15,000,000	-	-
	(-)	*(-)*	*(-)*	*(-)*	*(-)*
Viacom18 Media Private Limited	1,1729,191	-	-	-	-
	(-)	*(-)*	*(-)*	*(-)*	*(-)*
IBN Lokmat News Private Limited	1,029,709	-	-	-	-
	(-)	*(-)*	*(-)*	*(-)*	*(-)*
Raghav Bahl	-	-	-	238,500	-
	(-)	*(-)*	*(-)*	*(-)*	*(-)*
Others	-	-	718,296	-	-
	(-)	*(-)*	*(52,840,132)*	*(-)*	*(-)*
Interest due to					
RB Media Holdings Private Limited	-	-	22,561,508	-	-
	(-)	*(-)*	*(-)*	*(-)*	*(-)*
Watermark Infratech Private Limited	-	-	22,561,508	-	-
	(-)	*(-)*	*(-)*	*(-)*	*(-)*
Colorful Media Private Limited	-	-	22,561,508	-	-
	(-)	*(-)*	*(-)*	*(-)*	*(-)*
Adventure Marketing Private Limited	-	-	22,561,508	-	-
	(-)	*(-)*	*(-)*	*(-)*	*(-)*
RB Holdings Private Limited	-	-	45,123,283	-	-
	(-)	*(-)*	*(-)*	*(-)*	*(-)*
Indemnity liability payable to					
Roptonal Limited	1,332,141,415	-	-	-	-
	(-)	*(-)*	*(-)*	*(-)*	*(-)*
Corporate					

PARTICULARS	Joint Ventures	Associates	Enterprises over which KMP is able to exercise significant influence or control	Key Management Personnel	Relatives of Key Management Personnel
guarantees at the year end to secure the debts of					
IBN Lokmat News Private Limited	249,000,000	-	-	-	-
	(249,000,000)	*(-)*	*(-)*	*(-)*	*(-)*
B K Holdings Limited, Mauritius	-	-	-	-	-
	(-)	*(-)*	*(1,897,630,000)*	*(-)*	*(-)*
Investment pledged in connection with loan availed by					
Network18 Group Senior Professional Welfare Trust	-	-	-	-	-
	(-)	*(-)*	*(2,552,000,000)*	*(-)*	*(-)*

* includes interest receivable of ₹ 50,961,537.

43. Details of foreign currency exposures that are not hedged by derivative instruments in entities where the reporting currency is INR

Currency	Payable	Rupee equivalent (₹)	Receivable	Rupee equivalent (₹)
USD	7,323,762	374,683,169	7,680,915	392,779,517
	(5,123,387)	(228,759,640)	(6,629,223)	(294,737,266)
GBP	31,578	2,583,114	310,866	25,428,816
	(47,800)	(3,425,158)	(45,123)	(2,946,739)
EURO	84,260	5,758,294	10,735	733,661
	(28,500)	(1,802,340)	(22,310)	(1,410,886)
AUD	2,413	129,912	24,335	1,245,899
	(-)	(-)	(-)	(-)
SGD	1,327	54,743	45,670	1,880,364
	(-)	(-)	(-)	(-)
CAD	-	-	1,225	63,688
	(-)	(-)	(-)	-

Details of foreign currency exposures not hedged by derivative instruments in entities where the reporting currency is USD

Particulars	Currency	₹	Equivalent amount in USD
Payable	INR	456,095	8,915
(liabilities)		(13,994,460)	(313,426)

44. Interests in Joint Ventures

The Group's interests in joint ventures is as follows:

Name of the entity	Country of incorporation	Group share
IBN Lokmat News Private Limited	India	50%
Ubona Technologies Private Limited	India	50%
Viacom 18 Media Private Limited	India	50%

The financial statements of the jointly controlled entities have been incorporated into the consolidated financial statements using the proportionate consolidation method. The aggregate amounts relating to those joint ventures are as follows:

Particulars	31 March 2012	31 March 2011
Current assets	5,012,182,161	4,751,676,950
Non- current assets	4,089,190,004	3,313,948,237
Total assets	**9,101,372,165**	**8,065,625,187**
Current liabilities	3,884,009,795	3,621,982,460
Non- current liabilities	1,013,316,855	1,046,806,650
Total liabilities	**4,897,326,650**	**4,668,789,110**
Revenue	8,047,764,909	5,607,706,197
Expenses	9,054,036,310	5,237,326,387
Profit /(loss) before exceptional items and tax	(1,006,271,401)	370,379,810
Exceptional items	393,300,000	-
Profit/(loss) before tax	(612,971,401)	370,379,810
Income tax expenses	29,093,789	43,308,875
Profit/(loss) after tax	**(642,065,190)**	**327,070,935**

45. Utilisation of rights issue proceeds

A. In relation to the Company

The Company had allotted 10,296,451 partly paid Preference shares on rights basis to its equity shareholders during the year ended 31 March 2009. Out of this 10,284,379 partly paid Preference shares were converted into fully paid up shares till 31 March 2012 upon receipt of full and final call money and balance 12,072 Partly paid Preference shares have been forfeited in the Board Meeting dated 16 July 2009 for non payment of full and final call money amounting to ₹ 1,207,200. The status of utilization of rights issue proceeds is set out below:

Objects of the issue	Proposed utilization	Actual utilization
Repayment of loans availed by the Company	608,800,000	608,800,000
Funding working capital	692,800,000	692,800,000
Capital expenditure for the audio and video content business	100,000,000	89,275,157
Investments in media and allied sectors	350,000,000	350,000,000
General corporate purposes	287,390,000	287,390,000
Total	**2,038,990,000**	**2,028,265,157**
The balance unutilized amount ₹ 10,724,843 is temporarily parked with the banks.		

B. In relation to TV18 Broadcast Limited

TV18 had allotted 54,495,443 partly paid shares on rights basis to its equity shareholders during the year ended 31 March 2011. Out of this 54,446,407 shares were converted into fully paid up shares till 31 March 2012 upon receipt of full and final call money and balance 49,036 shares have been forfeited in the Board Meeting dated 19 January 2012 for non payment of full and final call money amounting to ₹ 3,064,750. The status of utilization of rights issue proceeds is set out below:

Objects of the issue	Proposed utilisation	Actual utilisation
Repay certain loans	2,150,000,000	2,150,000,000
Investment in Viacom18	1,500,000,000	1,500,000,000
Investment in IBN Lokmat Private Limited	250,000,000	209,250,000
General corporate purposes	995,324,000	995,320,000
Rights issue expenses	200,000,000	191,227,714
Total	**5,095,324,000**	**5,045,801,714**

Surplus available after actual expenses incurred (including provisions) on rights issue have been utilized towards investment in Viacom18.
The balance unutilised amount ₹ 49,522,286 are temporarily parked with the banks.

46. Barter transactions

During the year ended 31 March 2012, the Group had entered into barter transactions, which were recorded at the fair value of consideration receivable or payable. The statement of profit and loss for the year 31 March 2012 reflect revenue from barter transactions of ₹ 192,347,188 and expenditure of ₹196,972,125 being the fair value of barter transactions provided and received.

47. The net-worth of the Joint Venture Company, Reed Infomedia India Private Limited ('Reed' or 'JV') has been completely eroded as at 31 March 2012. Reed Elsevier Overseas B.V ("REOBV"), one of the joint ventures had communicated to Infomedia Press Limited (Infomedia), the 49% shareholder, in their meeting held on 25 March 2009 their intention not to provide any further financial support to the JV to meet the JV's obligations. REOBV and Infomedia 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.

48. Managerial remuneration paid upto 31 March 2012, by the Company amounting to ₹ 20,100,400 (upto 31 March 2011 ₹ 15,204,400) and by one of its subsidiaries amounting to ₹ 16,711,996 is in excess of the limits prescribed under the Act. The Company and its subsidiary are in the process of obtaining the necessary approvals as per the Act.

49. During the year ended 31 March 2012, the Company exercised the option granted by notification G.S.R. 914(E) dated 29 December 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, is being amortised over the maturity period of such monetary items. The unamortised balance in Foreign Currency Monetary Item Translation Difference account as on 31 March 2012 is a debit of ₹ 113,817,008.

50. The Board of Directors, at their meeting held on 3 January 2012 decided to raise Rs 27,000,000,000 by issuing shares on rights basis for, inter alia, (a) Investment in the Subsidiary, TV18 Broadcast Limited (b) repayment/prepayment of certain loans, redemption of Secured Optionally Fully Convertible Debentures, redemption of Preference Shares and repayment of Public Deposits and (c) General Corporate Purposes. The Draft Letter of Offer ('DLOO') for the aforesaid Rights Issue has been filed with Securities and Exchange Board of India ("SEBI") and the necessary approval is awaited. Further 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 SEBI 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/- (₹ Sixty Only) per equity share which will be fixed keeping in view the prevailing market conditions and in accordance with the applicable provisions of laws, rules, regulations and guidelines.

The Board of Directors of a subsidiary company (TV18 Broadcast Limited), at their meeting held on 3 January 2012 have considered and approved the issue of equity shares on rights basis for the amount aggregating to Rs 27,000,000,000 for acquisition of ETV Channels and repayment of certain loans. The DLOO for the Rights Issue of TV18 Broadcast Limited has also been filed with SEBI and the necessary approval is awaited.

51. Figures pertaining to the subsidiaries, associates and joint ventures have been reclassified wherever necessary to bring them in line with the Group's financial statements.

52. 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.

Note:

Previous year's figures have been regrouped /reclassified, wherever necessary to conform to the current year's presentation.

For and on behalf of Board of Directors of

Network18 Media & Investments Limited

Raghav Bahl Managing Director	**Sanjay Ray Chaudhuri** Director
R D S Bawa Chief Financial Officer	**Yug Samrat** Company Secretary

Date: 4 August 2012
Place: Noida

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 ("SFI") 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 24.5% of Eenadu Television Private Limited.

4. We have been informed that the Summary Financial Information of Equator is prepared by Equator's Management 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 14-08-2012 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, 2011 and 2012 of Equator - Annexure 1(a);

   b. Statement of Profit and Loss for the year ended 31st March, 2009, 2010, 2011 and 2012 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 relying on the statutorily audited financials of Equator as at and for the years ended 31st March, 2009, 2010 and 2011 statutorily audited by Arun Arora & Co., Chartered Accountants and as at and for the year ended 31st March 2012 statutorily audited by us, A.K. Sabat & Co., Chartered Accountants.

8. We have not conducted any audit of the accounts of Equator for the years 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 neither 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 to 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 : 22.08.2012

For A.K. Sabat & Co.

Chartered Accountants
(Firm Registration No. 321012E)

(D. Vijaya Kumar)
Partner
Membership No. : 051961

SUMMARY FINANCIAL INFORMATION
Annexure 1 (a)
EQUATOR TRADING ENTERPRISES PRIVATE LIMITED
STATEMENT OF ASSETS AND LIABILITIES AS AT MARCH 31, 2009, 2010, 2011 and 2012

(in Million ₹)

	As at 31.03.2009	As at 31.03.2010	As at 31.03.2011	As at 31.03.2012
EQUITY AND LIABILITIES				
Shareholders' funds				
Share capital	**2,000.00**	**2,000.00**	**2,000.00**	**2,000.00**
Reserves and surplus	**(6.15)**	**(10.77)**	**(15.03)**	**(19.98)**
	1,993.85	**1,989.23**	**1,984.97**	**1,980.02**
Non-Current Liabilities				
Long-term borrowings	**12,570.00**	**12,570.00**	**12,570.00**	**13,006.50**
Current liabilities				
Other current liabilities	0.02	0.02	0.02	0.93
Short-term provisions	0.02	0.06	0.11	0.04
	0.04	**0.08**	**0.13**	**0.97**
TOTAL	**14,563.89**	**14,559.31**	**14,555.10**	**14,987.49**
ASSETS				
Non-current assets				
Non-Current investments	**14,542.73**	**14,542.73**	**14,542.73**	**14,978.25**
Current assets				
Cash and bank balances	3.52	3.35	3.53	4.80
Other current assets	17.64	13.23	8.84	4.44
	21.16	**16.58**	**12.37**	**9.24**
TOTAL	**14,563.89**	**14,559.31**	**14,555.10**	**14,987.49**

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 part of Summary Financial Information - Annexure 2 ' form part of Summary Financial Information referred in Chartered Accountants' Report issued in this regard.

As per our report of even date attached
For A.K.Sabat & Co.
Chartered Accountants

For Equator Trading Enterprises Private Limited

D. VIJAYA KUMAR
Partner
Membership No. 050961
Place : Hyderabad
Date : 22-08-2012

Director

Annexure 1 (b)

EQUATOR TRADING ENTERPRISES PRIVATE LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2009, 2010, 2011 and 2012

(in Million ₹)

	Period ended 31.03.2009	Year ended 31.03.2010	Year ended 31.03.2011	Year ended 31.03.2012
Other Income				
Interest income	0.12	0.24	0.24	0.33
Dividend income	0.17			
Total Revenue	**0.29**	**0.24**	**0.24**	**0.33**
Expenses				
Loss on sale of investments	1.96			
Auditor's remuneration	0.02	0.02	0.02	0.91
Other expenses	0.02	0.36	0.01	0.04
Preliminary expenses written off	4.40	4.40	4.40	4.40
Total expenses	**6.40**	**4.78**	**4.43**	**5.35**
Profit/(Loss) before Tax	**(6.11)**	**(4.54)**	**(4.19)**	**(5.02)**
Tax expense				
Tax for current year	0.04	0.07		
Tax for previous year			0.07	(0.07)
Loss for the year	**(6.15)**	**(4.61)**	**(4.26)**	**(4.95)**
Earnings per Equity share				
Basic	**(0.0030)**	**(0.0023)**	**(0.0021)**	**(0.0025)**
Diluted	**(0.0023)**	**(0.0018)**	**(0.0016)**	**(0.0003)**

Note:

1. This Statement of Profit and Loss are the Financial Information from the statutorily audited statements of Equator Trading Enterprises Private Limited.

2. This Statement of Profit and Loss read with ' Statement of Accounting Policies and Notes Annexed to and forming part of Summary Financial Information - Annexure 2 ' form part of Summary Financial Information referred in Chartered Accountants' Report issued in this regard.

As per our report of even date attached

For A.K.Sabat & Co.
Chartered Accountants

For Equator Trading Enterprises Private Limited

D. VIJAYA KUMAR
Partner
Membership No. 050961
Place : Hyderabad
Date : 22-08-2012

Director

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. 24.5% 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. As of March 31, 2012, 100% equity shares of Equator are held by Altitude Mercantile Private Limited ('Altitude'), a company registered under Indian Companies Act, 1956 and 100% Compulsorily Convertible Debentures ("CCDs") of Equator are held by Arimas Trading Private Limited ('Arimas'), a company registered under Indian Companies Act, 1956. Subsequently i.e. after March 31, 2012, 100% equity shares of Equator have been transferred and are held by Arimas.

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, 2011 and 2012 have been prepared by the Management of Equator by extracting from the statutorily audited financials of Equator as at and for the years ended 31st March, 2009, 2010 and 2011 audited by Arun Arora & Co., Chartered Accountants and as at and for the year ended 31st March, 2012 audited by us, A K Sabat & 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 requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognised in the period in which the results are known/ materialised.

3. Borrowing costs

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are charged to Profit and Loss account.

4. Impairment of Assets

An asset is treated as impaired when the carrying cost of asset exceeds its recoverable value. An impairment loss is charged to the Profit and Loss Account in the year in which an asset is identified as impaired. The impairment loss recognised in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

5. Investments

Current investments are carried at lower of cost and quoted/fair value, computed category wise. Long Term Investments are stated at cost. Provision for diminution in the value of long-term investments is made only if such a decline is other than temporary.

6. Revenue recognition

Revenue is recognised when it is earned and no significant uncertainty exists as to its realisation or collection.

Dividend income is recognized when the right to receive dividend is established.

Interest on deployment of funds is recognised using the time-proportion method basis taking into account the amount outstanding and rate applicable.

7. Income tax

Provision for current tax is made after taking into consideration benefits admissible under the provisions of the Income-tax Act, 1961. Deferred tax resulting from "timing difference" between taxable and accounting income is accounted for using the tax rates and laws that are enacted or substantively enacted as on the balance sheet date.

Deferred tax asset is recognised and carried forward only to the extent that there is a virtual certainty that the asset will be realised in future.

8. Provisions and contingent liabilities

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of

resources. Contingent Liabilities are not recognised but are disclosed in the notes. Contingent Assets are neither recognized nor disclosed in the financial statements.

C. NOTES TO SUMMARY FINANCIAL INFORMATION

1. Equator operates solely in one segment and hence no separate segment information provided.

2. Related party Disclosure:

   a) Related party and their relationship

   Altitude Mercantile Private Limited - Holding Company

   b) Transactions – NIL

3. Earnings per share

	As at 31.03.2012	As at 31.03.2011	As at 31.03.2010	As at 31.03.2009
Net (Loss) for the period attributable to Equity shareholders (Rupees)	(4,945,542)	(4,266,345)	(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	2,000,000,000
Add, weighted average number of convertible debentures	12,570,000,000	628,500,000	628,500,000	628,500,000
Weighted average number of equity shares outstanding during the period for diluted earnings per share	14,570,000,000	2,628,500,000	2,628,500,000	2,628,500,000
Basic earnings per share (Rupees)	(0.0025)	(0.0021)	(0.0023)	(0.0030)
Diluted earnings per share (Rupees)	(0.0003)	(0.0016)	(0.0018)	(0.0023)
Nominal Value Per Share (Re.)	1	1	1	1

For and on behalf of the Board of Directors of

Equator Trading Private Limited

Director

Place: Hyderabad
Date: 22-08-2012

As per our report of even date

A.K. Sabat & Co.
Chartered Accountants

(D.Vijaya Kumar)
Partner
Membership No.: 051961

SUMMARY FINANCIAL INFORMATION OF PANORAMA, PRISM AND EENADU

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 ("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, 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 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 24.5% of Eenadu Television Private Limited.

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 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") and is on the following basis:

   i. Summary Financial Information for year ended 31st March, 2011 and from the Statutorily Audited accounts; and
   ii. Summary Financial Information for the year ended 31st March, 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 14-08-2012 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:

   i. Statement of Assets and Liabilities as at 31st March, 2008, 2009, 2010, 2011 and 2012 of Eenadu - Annexure 1(a) ;

   ii. Statement of Profit and Loss for the year ended 31st March, 2008, 2009, 2010, 2011 and 2012 of Eenadu - Annexure 1(b) ;

   iii. Statement of Assets and Liabilities as at 31st March, 2008, 2009, 2010, 2011 and 2012 of Prism - Annexure 2(a) ;

   iv. Statement of Profit and Loss for the year ended 31st March, 2008, 2009, 2010, 2011 and 2012 of Prism - Annexure 2(b) ;

   v. Statement of Assets and Liabilities as at 31st March, 2008, 2009, 2010, 2011 and 2012 of Panorama - Annexure 3(a) ;

   vi. Statement of Profit and Loss for the year ended 31st March, 2008, 2009, 2010, 2011 and 2012 of Panorama - Annexure 3(b) and

   vii. Statement of Accounting Policies and Notes Annexed to and Forming Integral Part of Summary Financial Information - Annexure 4.

7. We have verified the Summary Financial Information as at and for the year ended 31st March, 2012, statutorily audited by us, A.K. Sabat & Co., Chartered Accountants and have relied on the following :

   i. Information pertaining to as at and for the year ended 31st March, 2011 on the statutorily Audited Financials of Eenadu, Prism and Panorama statutorily audited by S R Batliboi & Co., Chartered Accountants; and

   ii. Information pertaining to the year ended 31st March, 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, and as at 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 :

   i. the Accounts of Eenadu, Prism and Panorama for the year ended 31st March, 2011 ; and

   ii. the Accounts of the Television Broadcasting Business Division of Ushodaya for year ended 31st March, 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, 2008, 2009, 2010 and 2011.

10. This Chartered Accountant's Report is not in any way be construed neither as a restated or reissued or re-dated 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. 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 : 22-08-2012

For A.K. Sabat & Co.
Chartered Accountants
(Firm Registration No. 321012E)

(D. Vijaya Kumar)
Partner
Membership No. : 051961

SUMMARY FINANCIAL INFORMATION **Annexure 1 (a)**

EENADU TELEVISION PRIVATE LIMITED

STATEMENT OF ASSETS AND LIABILITIES AS AT 31st MARCH, 2008, 2009, 2010, 2011 and 2012

(in Million Indian Rupees)

	As at 31-03-2008	As at 31-03-2009	As at 31-03-2010	As at 31-03-2011	As at 31-03-2012
EQUITY AND LIABILITIES					
Shareholders' Funds					
Share capital				0.25	0.25
Reserves and surplus				4,170.54	3,866.48
Inter-division balance	9,556.47	8,270.19	4,780.45		
Non-Current Liabilities					
Long-term borrowings	0.67	0.37	811.17		248.49
Long-term provisions	11.08	5.76	9.70	5.89	15.71
Current liabilities					
Short-term borrowings	3.14	2.46	1.27	0.29	
Trade payables	98.53	116.25	77.17	172.36	82.41
Other current liabilities	85.59	78.72	769.03	898.66	56.67
Short-term provisions				0.25	0.33
Total	**9,755.48**	**8,473.75**	**6,448.79**	**5,248.24**	**4,270.34**
ASSETS					
Non-current assets					
Fixed assets					
- Tangible assets	305.70	322.58	281.40	237.15	220.45
- Intangible assets	8,030.56	6,703.40	5,342.01	3,983.85	2,609.15
- Capital work-in-progress	35.29	1.35	9.80	8.65	0.55
Long-term loans and advances				21.17	21.01
Other non-current assets				43.72	33.31
Current assets					
Inventories	51.85	91.57	62.38	73.76	75.07
Trade receivables	433.50	469.39	495.60	461.05	589.22
Cash and Bank balances	760.27	763.74	196.57	330.91	338.07
Short-term loan and advances	135.64	107.33	60.78	84.72	380.65
Other current assets	2.67	14.39	0.25	3.26	2.86
Total	**9,755.48**	**8,473.75**	**6,448.79**	**5,248.24**	**4,270.34**

Note:

1. This Statement of Assets and Liabilities are the Financial Information related to i) 31st March, 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 and 2012 from Statutorily Audited Statements of the Undertaking.

2. This Statement of Assets and Liabilities related to 31st March, 2008, 2009 and 2010 do not contain Deficit balance in the Statement of Profit and Loss under 'Reserves and Surplus' as the same is appropriated under 'Inter-division balance', Ushodaya Enterprises Private Limited - Demerged Company.

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.

SUMMARY FINANCIAL INFORMATION **Annexure 1 (b)**
EENADU TELEVISION PRIVATE LIMITED

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2008, 2009, 2010, 2011 and 2012

(in Million Indian Rupees)

	Year ended 31-03-2008	Year ended 31-03-2009	Year ended 31-03-2010	Year ended 31-03-2011	Year ended 31-03-2012
Revenue from operations					
Sale of trading Products	10.64	1.96	1.91	2.90	2.56
Sale of services	1,388.00	1,456.14	1,480.37	1,756.28	2,071.63
Other operating revenues	0.43	0.43	0.11	0.39	6.14
Total revenue from operations	**1,399.07**	**1,458.53**	**1,482.39**	**1,759.57**	**2,080.33**
Other income	42.18	59.25	31.57	15.16	14.69
Total Revenue	**1,441.25**	**1,517.78**	**1,513.96**	**1,774.73**	**2,095.02**
Expenses					
Production costs	433.69	492.29	517.81	587.18	641.70
Purchases of stock-In-trade (Traded goods)	3.36	17.79		1.48	1.46
Change in inventory of stock-In-trade	5.78	(13.02)	17.27	0.38	(0.81)
Employee benefits expense	117.61	130.59	127.06	116.07	139.62
Finance costs	2.71	169.95	234.90	141.54	59.44
Depreciation and amortisation expense	1,436.63	1,440.40	1,435.92	1,437.48	1,434.39
Other expenses	98.18	96.52	122.12	114.91	123.27
Total Expenses	**2,097.96**	**2,334.52**	**2,455.08**	**2,399.04**	**2,399.08**
Loss before prior period items	**(656.71)**	**(816.74)**	**(941.12)**	**(624.31)**	**(304.06)**
Prior year expenses	8.36		1.74		
Loss before tax	**(665.07)**	**(816.74)**	**(942.86)**	**(624.31)**	**(304.06)**
Tax expense					
Loss for the period	**(665.07)**	**(816.74)**	**(942.86)**	**(624.31)**	**(304.06)**
Earnings per equity share of ₹ 10 each (in ₹)					
Basic				**(24,622.00)**	**(11,992.00)**
Diluted				**(24,622.00)**	**(87.00)**

Note:

1. This statement of Profit and Loss are the Financial Information related to (i) 31st March, 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 and 2012 from Statutorily Audited Statements of the Undertaking.

2. This Statement of Profit and Loss 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.

SUMMARY FINANCIAL INFORMATION **Annexure 2 (a)**

PRISM TV PRIVATE LIMITED

STATEMENT OF ASSETS AND LIABILITIES AS AT 31st MARCH, 2008, 2009, 2010, 2011 and 2012

(in Million Indian Rupees)

	As at 31-03-2008	As at 31-03-2009	As at 31-03-2010	As at 31-03-2011	As at 31-03-2012
EQUITY AND LIABILITIES					
Shareholders' Funds					
Share capital				0.18	0.18
Reserves and surplus				2,765.30	2,580.10
Inter-division balance	5,175.41	4,443.95	3,011.37		
Non-Current Liabilities					
Long-term borrowings	1.67	0.92	519.82		250.33
Long-term provisions	15.09	8.60	20.51	13.63	1.28
Current liabilities					
Short-term borrowings	67.51	94.52	103.14	58.74	52.02
Trade payables	163.64	206.52	93.66	224.96	206.54
Other current liabilities	124.35	138.39	388.51	668.96	143.79
Short-term provisions				0.62	0.32
Total	**5,547.67**	**4,892.90**	**4,137.01**	**3,732.39**	**3,234.56**
ASSETS					
Non-current assets					
Fixed assets					
- Tangible assets	242.32	273.73	243.26	217.84	186.34
- Intangible assets	4,323.12	3,612.33	2,894.48	2,161.60	1,439.37
- Capital work-in-progress			1.69	2.08	0.53
Long-term loans and advances				27.74	28.83
Other non-current assets				95.65	65.10
Current assets					
Inventories	61.32	68.43	31.92	86.05	96.54
Trade receivables	754.84	819.19	845.07	830.71	951.24
Cash and Bank balances	81.62	33.85	52.86	52.74	103.85
Short-term loan and advances	84.45	85.37	67.73	257.98	360.83
Other current assets					1.93
Total	**5,547.67**	**4,892.90**	**4,137.01**	**3,732.39**	**3,234.56**

Note :

1. This Statement of Assets and Liabilities are the Financial Information related to i) 31st March, 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 and 2012 from Statutorily Audited Statements of the Undertaking.
2. This Statement of Assets and Liabilities related to 31st March, 2008, 2009 and 2010 do not contain Deficit balance in the Statement of Profit and Loss under 'Reserves and Surplus' as the same is appropriated under 'Inter-division balance', Ushodaya Enterprises Private Limited - Demerged Company.
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.

SUMMARY FINANCIAL INFORMATION **Annexure 2 (b)**

PRISM TV PRIVATE LIMITED

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2008, 2009, 2010, 2011 and 2012

(in Million Indian Rupees)

	Year ended 31-03-2008	Year ended 31-03-2009	Year ended 31-03-2010	Year ended 31-03-2011	Year ended 31-03-2012
Revenue from operations					
Sale of trading Products	27.91	4.30	1.96	1.08	0.87
Sale of services	2,263.05	2,354.95	2,579.22	2,658.41	2,931.00
Other operating revenues	1.07	1.80	0.63	0.96	1.07
Total revenue from operations	**2,292.03**	**2,361.05**	**2,581.81**	**2,660.45**	**2,932.94**
Other income	21.01	20.83	14.97	9.57	12.28
Total Revenue	**2,313.04**	**2,381.88**	**2,596.78**	**2,670.02**	**2,945.22**
Expenses					
Production costs	1,103.20	1,314.28	1,314.57	1,568.18	1,713.64
Purchases of stock-In-trade (Traded goods)	6.48	28.00			
Change in inventory of stock-In-trade	11.15	(18.35)	24.21	1.23	0.34
Employee benefits expense	232.72	244.08	250.32	252.33	255.63
Finance costs	5.54	92.86	125.28	91.51	40.04
Depreciation and amortisation expense	823.89	848.91	811.46	810.81	815.86
Other expenses	197.23	211.48	253.97	291.60	304.89
Total Expenses	**2,380.21**	**2,721.26**	**2,779.81**	**3,015.66**	**3,130.41**
Loss before prior period items	**(67.17)**	**(339.38)**	**(183.03)**	**(345.64)**	**(185.19)**
Prior year expenses	1.85		2.92		
Loss before tax	**(69.02)**	**(339.38)**	**(185.95)**	**(345.64)**	**(185.19)**
Tax expense					
Loss for the period	**(69.02)**	**(339.38)**	**(185.95)**	**(345.64)**	**(185.19)**
Earnings per equity share of ₹ 10 each (in ₹)					
Basic				**(19,054)**	**(10,209)**
Diluted				**(19,054)**	**(53)**

Note:

1. This statement of Profit and Loss are the Financial Information related to (i) 31st March, 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 and 2012 from Statutorily Audited Statements of the Undertaking.
2. This Statement of Profit and Loss 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.

SUMMARY FINANCIAL INFORMATION **Annexure 3 (a)**
PANORAMA TELEVISION PRIVATE LIMITED
STATEMENT OF ASSETS AND LIABILITIES AS AT 31st MARCH, 2008, 2009, 2010, 2011 and 2012

(in Million Indian Rupees)

	As at 31-03-2008	As at 31-03-2009	As at 31-03-2010	As at 31-03-2011	As at 31-03-2012
EQUITY AND LIABILITIES					
Shareholders' Funds					
Share capital				0.13	0.13
Reserves and surplus				396.86	512.59
Inter-division balance	476.06	471.39	456.29		
Non-Current Liabilities					
Long-term borrowings	1.67	0.92	23.62		249.47
Long-term provisions	9.58	5.59	10.79	7.57	0.62
Current liabilities					
Short-term borrowings	9.35	11.25	10.87	5.71	
Trade payables	24.01	46.40	77.67	231.21	47.53
Other current liabilities	16.00	52.65	48.33	86.35	136.66
Short-term provisions				0.17	12.63
Total	**536.67**	**588.20**	**627.57**	**728.00**	**959.63**
ASSETS					
Non-current assets					
Fixed assets					
- Tangible assets	250.14	259.88	216.48	205.37	166.92
- Intangible assets	191.02	157.97	124.95	92.76	59.64
- Capital work-in-progress					0.37
Long-term loans and advances				2.87	2.93
Other non-current assets				51.77	87.31
Current assets					
Inventories	12.42	9.89	12.77	10.71	7.31
Trade receivables	56.06	143.62	244.70	320.13	433.92
Cash and Bank balances	10.47	2.58	3.98	10.66	37.46
Short-term loan and advances	16.56	14.26	19.60	33.73	161.81
Other current assets			5.09		1.96
Total	**536.67**	**588.20**	**627.57**	**728.00**	**959.63**

Note:

1. This Statement of Assets and Liabilities are the Financial Information related to i) 31st March, 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 and 2012 from Statutorily Audited Statements of the Undertaking.
2. This Statement of Assets and Liabilities related to 31st March, 2008, 2009 and 2010 do not contain Deficit balance in the Statement of Profit and Loss under 'Reserves and Surplus' as the same is appropriated under 'Inter-division balance', Ushodaya Enterprises Private Limited - Demerged Company.
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.

SUMMARY FINANCIAL INFORMATION **Annexure 3 (b)**

PANORAMA TELEVISION PRIVATE LIMITED

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2008, 2009, 2010, 2011 and 2012

(in Million Indian Rupees)

	Year ended 31-03-2008	Year ended 31-03-2009	Year ended 31-03-2010	Year ended 31-03-2011	Year ended 31-03-2012
Revenue from operations					
Sale of trading Products		0.87	0.75	0.44	0.15
Sale of services	177.35	290.84	431.70	738.09	822.04
Other operating revenues	1.07	1.09	0.29	0.96	0.01
Total revenue from operations	**178.42**	**292.80**	**432.74**	**739.50**	**822.20**
Other income	6.26	8.97	1.43	16.89	40.57
Total Revenue	**184.68**	**301.77**	**434.17**	**756.39**	**862.77**
Expenses					
Production costs	314.92	331.42	324.22	348.70	393.27
Purchases of stock-In-trade (Traded goods)	2.29	4.06		3.56	
Change in inventory of stock-In-trade	3.94	(0.24)	(0.97)	(2.42)	1.08
Employee benefits expense	112.19	110.27	123.60	134.27	139.05
Finance costs	5.23	9.51	9.12	5.22	3.78
Depreciation and amortisation expense	96.85	96.25	89.59	83.29	84.14
Other expenses	116.63	135.42	113.16	128.65	125.72
Total Expenses	**652.05**	**686.69**	**658.72**	**701.28**	**747.04**
Loss before prior period items	**(467.37)**	**(384.92)**	**(224.55)**	**55.11**	**115.73**
Prior year expenses	1.49		2.92		
Loss before tax	**(468.86)**	**(384.92)**	**(227.47)**	**55.11**	**115.73**
Tax expense					
Minimum alternative tax				11.03	23.35
Minimum alternative tax entitlement				(11.03)	(23.35)
Loss for the period	**(468.86)**	**(384.92)**	**(227.47)**	**55.11**	**115.73**
Earnings per equity share of ₹ 10 each (in ₹)					
Basic				**4,330**	**9093**
Diluted				**4,330**	**33**

Note:

1. This statement of Profit and Loss are the Financial Information related to (i) 31st March, 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 and 2012 from Statutorily Audited Statements of the Undertaking.

2. This Statement of Profit and Loss 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 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 :

   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.

   d. "Equity Securities" means equity shares or other securities convertible into, or exercisable or exchangeable for, equity shares.

2. 100% equity shares of Equator and 100% Compulsorily Convertible Debentures ("CCDs") of Equator is held by Arimas Trading Private Limited ("Arimas"), a company registered under Indian Companies Act, 1956.

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 for the year ended 31st March 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.

ii. 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.

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 4' has been prepared in connection with proposed Right Issues of equity shares to be made by TV18 Broadcasting Limited ("TV 18") and Network18 Media & Investments Limited ("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

i. 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.

ii. 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

i. Depreciation is provided using the Written down value method at the rates prescribed under schedule XIV of the Companies Act, 1956.

ii. Assets costing five thousand rupees or less are fully depreciated in the year of purchase.

iii. 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;

a. 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.

b. 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

i. 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.

ii. Film Telecast Rights

a. 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.

b. 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.

iii. Other Intangibles

a. 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.

b. 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

i. 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.

ii. After impairment, loss is provided on the revised carrying amount of the asset over its remaining useful life.

7. Leases

i. 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.

ii. 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

i. 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.

ii. Serial and programs costs

a. 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. Episodes of Serials and programs not telecasted for more than one year, provision is made.

b. 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:

i. Advertisement income

Advertising income is recognized when the related commercial or programme is telecast on the channels.

ii. Televoting / SMS income

Televoting / SMS income is recognized as per the terms of the contract with the mobile service provider and the production house.

iii. 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.

iv. Deferred revenue

Billings in excess of revenue recognized are disclosed as "Deferred revenue" under current liabilities.

v. Interest income

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

vi. 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

i. 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.

ii. Conversion

Foreign currency monetary items are reported using the closing rate.

iii. 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

i. 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.

ii. 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.

iii. 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.

iv. Actuarial gains/losses are immediately taken to profit and loss account and are not deferred.

21. Taxes on Income

1. 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.

2. 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.

3. 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.

4. 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

i. 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.

ii. 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

i. 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.

ii. 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.

iii. 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. Accordingly, the common expenditure incurred up to 31st January 2012 (being the date up to which common books are maintained) is systematically allocated / apportioned among the respective Demerged Undertakings.

iv. 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.

v. Share exchange ratio as per the Scheme is :

a. Eenadu : 1 (One) fully paid equity share of ₹10 each of Eenadu for every 5 (Five) equity shares of ₹100 each held in the Ushodaya.

b. Prism: 1 (One) fully paid equity share of ₹10 each of Prism for every 7 (Seven) equity shares of ₹100 each held in the Ushodaya.

c. Panorama: 1 (One) fully paid equity share of ₹10 each of Panorama for every 10 (Ten) equity shares of ₹100 each held in the Ushodaya.

vi. The shares allotted, Assets taken over and Liabilities taken over is summarized below:

	Eenadu	Prism	Panorama
Asset taken over	7,449.22	5,248.00	1,063.48
Less : Liabilities taken over	2,654.12	2,136.89	721.62
Net Assets	4,795.10	3,111.11	341.87
Shares allotted	0.25	0.18	0.13
Capital Reserve	4,794.85	3,110.93	341.74

2. Capital Commitments as at 31st March, 2012: Estimated amount of contracts remaining to be executed on capital account and not provided for :

	Eenadu	Prism	Panorama
Acquisition of fixed assets	1.54	0.09	0.23
Acquisition of films	13.24	-	-

3. Contingent liabilities not provided for as at 31st March, 2012:

	Eenadu	Prism	Panorama
Outstanding bank guarantees(excluding performance obligations)	16.81	-	-
Claims against the undertaking not acknowledged as debts	1.65	1503.02	10.00
Direct and indirect taxes	51.13	127.82	127.82

4. Intangible Assets

i. 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.

ii. 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, 2012 is as per (4) under the table given below.

iii. 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, 2012 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	3,490.40	1,819.50	82.80
(2) For Production support and "non-compete"	1,725.70	912.90	41.47
ii. Film and programming content			
(3) Value	5,016.10	2,614.90	119.00
(4) carrying value as at March 31, 2012	2,487.15	1,296.56	59.00
iii. Databases and related Documentation			
(5) Consideration recorded in books	4,314.20	2282.20	103.68
(6) Carrying value as at March 31, 2012.Net Assets	-	-	

5. 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.

i. Profit and Loss account

Net employee benefit expense (recognized in Personnel expense) :

For the year ended 31st March, 2012	Eenadu	Prism	Panorama
Current service cost	1.19	1.91	1.32
Interest Cost on benefit Obligation	0.86	1.73	1.17
Net Actuarial Loss recognized in the year	10.89	(7.32)	(6.25)
Net Employee benefit expenses	12.95	(3.68)	(3.76)
Actual return on plan assets	(0.40)	(0.50)	(0.30)

ii. Balance sheet

Provision for gratuity:

As at 31st March, 2012	Eenadu	Prism	Panorama
Defined benefit obligation	23.26	13.82	10.02
Fair value of plan assets	(10.89)	(16.25)	(12.29)
Plan Liability	12.37	(2.44)	(2.28)

iii. Changes in the present value of the defined benefit obligation :

As at 31st March, 2012	Eenadu	Prism	Panorama
Opening defined benefit obligation	10.77	21.56	14.56
Interest cost	0.86	1.73	1.17
Current service cost	1.19	1.91	1.32
Benefits paid	(0.46)	(4.05)	(0.79)
Actuarial loss on obligation	10.89	(7.32)	(6.25)
Closing defined benefit obligation	23.26	13.82	10.02

iv. Changes in the fair value of plan assets :

As at 31st March, 2012	Eenadu	Prism	Panorama
Opening fair value of plan assets	5.82	11.34	7.91
Expected return	0.37	0.50	0.31

Contributions	5.16	8.31	4.86
Benefits paid	(0.46)	(3.90)	(0.79)
Closing fair value of plan assets	10.89	16.25	12.29

The

v. principal assumptions used in determining gratuity obligations for the plans of Eenadu, Prism and Panorama as at 31st March, 2012 are shown below :

Particulars	Eenadu	Prism	Panorama
Discount rate	8%	8%	8%
Increase in compensation cost	8%	8%	8%
Attrition rate	10%	20%	20%
Expected rate of return on plan assets	9%	9%	9%

vi. 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.

6. Related party transactions during the year ending 31st March, 2012

(i) 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. Colorama Printers Private Limited
6. Margadarsi Marketing Private Limited
7. Suman Advertising Private Limited
8. News Today Private Limited
9. Various entities of RamojiRao HUF
10. Ushodaya Enterprises Private Limited

b) Eenadu Undertaking: 1.Prism TV Pvt. Ltd. and 2.Panorama Television Pvt. Ltd.

c) Prism Undertaking: 1.Eenadu Television Pvt. Ltd. and 2.Panorama Television Pvt. Ltd.

d) Panorama Undertaking: 1.Prism TV Pvt.ltd. 2.Eenadu Television Pvt. Ltd.

e) Key management personnel : 1.Ramoji Rao and 2.Ch.Kiron

(ii) Transactions with related parties for the year ending 31st March, 2012 :

a)	Enterprises over which shareholders, key management personnel and their relatives exercise control or significant influence	Eenadu	Panorama	Prism
i)	Colorama Printers Private Limited			
	Purchase of stationery	0.34	0.68	0.69
	Payments made towards purchases	0.32	0.70	0.71
ii)	Dolphin Hotels Limited			
	Boarding and lodging expenses	2.32	0.99	5.74
	Expenses Reimbursement to	0.95	0.47	0.77

a)	Enterprises over which shareholders, key management personnel and their relatives exercise control or significant influence	Eenadu	Panorama	Prism
	Expenses Reimbursement from	0.03	-	-
	Payments made towards expenses	-	1.67	0.58
	Income	1.08	-	6.87
	Collection received towards Income	1.78	-	-
iii)	Margadarsi Marketing Private Limited		-	
	Gift Purchases	1.36	-	-
	Services provided	0.01	-	-
	Payments made towards purchases	3.25	0.05	-
	Collections received towards services rendered	-	-	-
iv)	Margadarsi Chit Fund Private Limited	-	-	
	Expenses Reimbursement to	-	-	2.06
	Services provided	11.41	1.00	0.58
	Payments made	0.05	0.14	-
v)	Manpower Selection and Management Services Pvt. Ltd.			
	Services received	1.17	0.16	0.15
	Payments made towards services received	0.06	0.16	0.15
vi)	Ushakiron Movies Limited			
	Acquisition of Film Rights	15.75	-	-
	Services received	29.71	0.46	61.12
	Expenses Reimbursement to	20.66	36.83	1.37
	Services provided	0.77	4.26	2.45
	Expenses Reimbursement from	4.91	0.59	2.21
	Payments made	59.63	38.86	62.14
	Adjustment	0.71	-	0.06
	UshaKiron Enterprises	17.70	-	-
vii)	Various entities of Ramoji HUF			
	Expenses Reimbursement from	2.07	2.26	20.71
	Expenses Reimbursement to	8.30	15.07	1.79
	Services provided	0.01	0.01	-
	Payments made towards services received	5.63	14.51	17.24
viii)	Suman Advertising Pvt Ltd		-	
	Services received	0.31	-	-
	Payments made towards services received	0.35	-	-
ix)	Ushodaya Enterprises Private Limited		-	
	Expenses Reimbursement to	215.60	-	168.67
	Expenses Reimbursement from	326.70	-	170.70
x)	News Today Private Limited			-
	Expenses reimbursement to	5.39	-	-
	Expenses Reimbursement from	1.49	-	-
	Payments made	2.37	-	-
b)	Eenadu Television Private Limited			
	Expenses Reimbursement to	-	536.63	39.28
	Expenses Reimbursement from	-	662.91	71.93
c)	Prism TV Private Limited			-
	Expenses Reimbursement to	14.81	0.29	-
	Expenses Reimbursement from	47.46	305.87	-
d)	Panorama Television Private Limited			
	Expenses Reimbursement to	536.74	-	242.36
	Expenses Reimbursement from	662.99	-	67.66
e)	Key Management Personnel			-
	Ch. Kiron	-	-	-
	Rent expense	1.06	-	-

a)	Enterprises over which shareholders, key management personnel and their relatives exercise control or significant influence	Eenadu	Panorama	Prism
	Payments made towards rent	1.06	-	-
	Relatives of Key Management Personnel			
	Ch. Suman	-	-	-
	Rent expense	1.23	-	-
	Payments made towards rent	1.23	-	-

(iii) Closing Balances (debit)/ credit as at 31st March, 2012 :

a)	Enterprises over which shareholders, key management personnel and their relatives exercise control or significant influence	Eenadu	Prism	Panorama
i)	Colorama Printers Private Limited	0.05	0.04	0.02
ii)	Dolphin Hotels Limited	0.51	0.88	0.15
iii)	Margadarsi Chit Funds private limited	(6.02)	(1.88)	(0.22)
iv)	Maragadarsi Marketing Private Limited	0.11	(0.15)	(0.05)
v)	Ushakiron Movies Limited	5.69	3.71	3.56
vi)	Various Entities of Ramoji HUF	0.79	(28.52)	0.76
vii)	Suman Advertising Private Ltd	0.06	-	-
viii)	Ushodaya Enterprises Private Limited	3.10	-	-
ix)	Panorama Television Private Limited	(151.96)	6.26	-
x)	Prism TV Private Limited	(32.65)	-	6.26
xi)	Eenadu Television Private Limited	-	32.65	151.96
xii)	News Today Private Limited	1.53	0.78	3.38

7. 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, 2012 is Nil.

8. Earnings per share

Earnings per share are computed based on the following ;

As at 31st March, 2012	Eenadu	Prism	Panorama
Net profit/(loss) considered for calculating basic and diluted earnings per share (₹)	(304,059,530)	(185,192,283)	115,733,668
Weighted average number of equity shares considered for basic earnings per share (No's)	25,356	18,140	12,728
Weighted average number of equity shares considered for diluted earnings per share (No's)	3,487,905	3,506,373	3,489,211
Face Value of each Equity Share (₹)	10	10	10
Basic (₹)	(11,992)	(10,209)	9,093
Diluted (₹)	(87)	(53)	33

9. 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.

10. Material Regroupings

i. 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 2012 and as per the requirements of Securities and Exchange Board of India (Issue of Capital & Disclosure Requirements) Regulations, 2009.

ii. Figures in the Summary Financial Information are rounded off to the million rupees in decimals, unless otherwise stated.

iii. The Revised Schedule IV has become effective from April 1, 2011 for the preparation of financial statements. This has significantly impacted the disclosure and presentation made in the financial statements. Previous years figures have been regrouped/reclassified wherever necessary to correspond with figures as at and for the year ended 31st March 2012 classification /disclosure.

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 and 2012 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, 2012 is verbatim given below:

A. **In respect of Eenadu Television Private Limited**

1. *"Para 4 :As more fully discussed in Additional Notes 29.4 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 Rs24,872 Lakhs as at March 31, 2012.*

2. *Para 5 : As at March 31, 2012 the Company had certain overdue debtors aggregating to ₹ 203.34 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 Additional Notes 28.4to 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 Rs12,966 Lakhs as at March 31, 2012.*

2. *Para 5: As at March 31, 2012 the Company had certain overdue debtors aggregating to ₹ 679.32 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 Additional Notes 29.4 to the financial statements, gross block of intangible Assets comprise ₹ 1190 Lakhs for the purchase of film and programming content and ₹ 1037 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 ₹590 Lakhs as at March 31, 2012.*

2. *Para 5: As at March 31, 2012 the Company had certain overdue debtors aggregating to ₹ 66.49 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."*

For and on behalf of the Board of Directors

a) **Eenadu Television Private Limited**

Director

b) **Prism TV Private Limited**

Director

c) **Panorama Television Private Limited**

Director

Place: Hyderabad
Date: 22-08-2012

As per our report of even date
For A.K. Sabat & Co.
Chartered Accountants

(D.Vijaya Kumar)
Partner
Membership No.: 051961

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, 2012 included in the "***Financial Statements***" on page 73.

A. Standalone

Particulars	
Number of equity shares outstanding at the end of the year ended March 31, 2012	146,559,272
Weighted average number of equity shares outstanding during the year	146,414,689
Earnings Per Share (₹):	
- Basic	(13.11)
- Diluted	(13.11)
Return on Net Worth (%)	(21.88)
Net Asset Value Per Share (₹)	59.86

B. Consolidated

Particulars	
Number of equity shares outstanding at the end of the year ended March 31, 2012	146,559,272
Weighted average number of equity shares outstanding during the year	146,414,689
Earnings Per Share (₹):	
- Basic	(26.82)
- Diluted	(26.82)
Return on Net Worth (%)	(254.48)
Net Asset Value Per Share (₹)	10.53

Notes:

1) The ratio has been computed as below:

$$\text{Loss per equity share - Basic and Diluted} = \frac{\text{Net loss attributable to equity shareholders (excluding revaluation reserves)}}{\text{Weighted average number of Equity shares outstanding during the year}}$$

$$\text{Net asset value per equity share (₹)} = \frac{\text{Net worth at the end of the year (excluding revaluation reserves)}}{\text{Number of shares as at year end}}$$

$$\text{Return on networth (\%)} = \frac{\text{Net loss after tax}}{\text{Net worth as at year end}}$$

2) Computation of Networth = Equity share capital + shares pending allotment + 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, 2012 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.

5) The potential equity shares are anti-dilutive, accordingly diluted loss per share is same as basic loss per share.

6) Number of equity shares outstanding at the year end include 3,679,356 shares proposed to be issued to shareholders of Infomedia under pursuant to the Scheme of arrangement between the Company and Infomedia Press.

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 March 31, 2012	Adjusted for the Issue
Borrowings		
Short-term debt	10,500.48	10,500.48
Long-term debt	837.37	837.37
Total debt	**11,337.85**	**11,337.85**
Shareholders' funds:		
Share capital		
Equity share capital	714.40	5,232.17
Preference share capital	1542.66	1,542.65
Shares pending allotment	18.40	-
Reserves and surplus*	8,039.59	30,536.44
Total shareholders' funds	**10,315.05**	**37,311.26**
Long-term debt/equity ratio	**0.08**	**0.02**
Total debt/equity ratio	**1.10**	**0.30**

*Net of the debit balance of statement of profit and loss and miscellaneous expenditure

Consolidated

(₹ in millions)

Particulars	Pre Issue as at March 31, 2012	Adjusted for the Issue
Borrowings		
Short-term debt	17,263.69	17,263.69
Long-term debt	5,925.77	5,925.77
Total debt	**23,189.46**	**23,189.46**
Shareholders' funds:		
Share capital		
Equity share capital	714.40	1542.66
Preference share capital	1,542.66	1,542.65
Reserves and surplus surplus*	810.22	23,307.07
Share pending allotment	18.40	-
Total shareholders' funds	**3,085.68**	**30,081.89**
Long-term debt/equity ratio	**1.92**	**0.20**
Total debt/equity ratio	**7.52**	**0.77**

*Net of the debit balance of statement of profit and loss and miscellaneous expenditure

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 March 31, 2012
4. Long term debt is considered as debt other than short term debt, as defined above.

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 (₹)*
2012	175.60	02-May-2011	8,653	1.38	35.00	21-Dec-2011	54,682	2.04	88.31
2011	191.00	19-Nov-2010	11,243	2.05	112.10	1-Apr-2010	393,897	47.34	150.20
2010	166.85	4-Jun-2009	328,769	51.63	64.90	3-Nov-2009	122,242	8.46	99.69

(*Source: www.bseindia.com*)
** Average of the 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 (₹)*
2012	164.90	05-May-2011	3,151	0.51	35.05	21-Dec-2011	213,160	7.94	88.53
2011	191.00	19-Nov-2010	34,712	6.35	113.00	1-Apr-2010	1,261,204	151.88	150.49
2010	166.70	4-Jun-2009	908,123	142.70	65.00	3-Nov-2009	295,440	20.44	99.76

(*Source: www.nseindia.com*)
** Average of the daily closing prices.*

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
August, 2012	27-Aug-2012	39.40	25,338	29-Aug-2012	30.40	12,025	32.61	21
July, 2012	02-Jul-2012	37.45	40,793	30-Jul-2012	29.50	22,723	33.94	22
June, 2012	27-Jun-2012	39.35	287,128	01-Jun-2012	29.10	14,512	33.54	21
May, 2012	03-May-2012	40.65	36,325	31-May-2012	30.10	25,528	34.00	22
April, 2012	03-Apr-2012	42.40	335,882	27-Apr-2012	36.50	14,080	38.43	20
March, 2012	01-Mar-2012	42.30	46,971	28-Mar-2012	35.65	45,730	38.25	22

(*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
August, 2012	24-Aug-2012	35.40	464,434	29-Aug-2012	30.25	83,759	32.60	21
July, 2012	02-Jul-2012	37.40	86,205	26-Jul-2012	30.00	63,745	33.90	22
June, 2012	27-Jun-2012	39.20	716,185	01-Jun-2012	28.75	52,827	33.56	21
May, 2012	03-May-2012	40.70	159,758	31-May-2012	29.80	162,451	33.93	22
April, 2012	03-Apr-2012	42.00	855,935	24-Apr-2012	36.20	60,972	38.42	20
March, 2012	01-Mar-2012	42.00	205,533	28-Mar-2012	35.75	206,006	38.24	22

(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 (₹)
Aug 31, 2012	32.00	31.55
Aug 24, 2012	34.25	34.40
Aug 17, 2012	33.10	33.10
Aug 10, 2012	31.50	31.45

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	39.40	27-Aug-2012	30.40	29-Aug-2012
NSE	35.40	24-Aug-2012	30.25	29-Aug-2012

The market price of our Equity Shares on August 31, 2012 was ₹ 32.00 and ₹ 31.55 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, 2012 to June 30, 2012:

(₹ in million)

Particulars	**Amount**
Revenue from operations	409.40
Other income	112.21
Total Income	**521.61**
Loss before depreciation and taxes	(477.77)
Provision for Depreciation	18.50
Provision for Tax	-
Loss after Tax	**(496.26)**

Except as stated in this Letter of Offer, to our knowledge no circumstances have arisen since March 31, 2012 which materially and adversely affect or are likely to affect our operations, performance, prospects or profitability, or the value of our assets or our ability to pay material liabilities within the next 12 months.

Limited Review Report

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 ended June 30, 2012, 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 ₹ 201.00 lakhs as managerial remuneration to its managing director upto June 30, 2012 (upto March 31, 2012: ₹ 201.00 lakhs and our previous report qualified in respect of the same), 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 ended June 30, 2012 would have been lower by ₹ 201.00 lakhs (for the quarter ended March 31, 2012 ₹ 201.00 lakhs and our previous report qualified in respect of the same).*

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.

for **Walker, Chandiok & Co**
Chartered Accountants
Firm Registration No: 001076N

Mr. **B P Singh**
Partner
Membership No. 70116

Place: New Delhi
Date: August 4, 2012

Limited Review Report

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 ended June 30, 2012, 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 financial results of 39 entities, included in the Statement, whose financial results reflect total revenues (after eliminating intra-group transactions) of ₹ 40,260.38 lakhs and net loss after tax and prior period items (after eliminating intra-group transactions) of ₹ 3,692.74 lakhs for the quarter ended June 30, 2012. 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 reports of such other auditors.

4. *(a) The Company has paid ₹ 201.00 lakhs as managerial remuneration to its managing director upto June 30, 2012 (upto March 31, 2012 ₹ 152.04 lakhs with our previous report qualified in respect of the same), 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 ₹ 167.12 lakhs as managerial remuneration to its erstwhile managing director upto June 30, 2012 (upto March 31, 2012 ₹ 167.12 lakhs with the report of the related auditor also qualified for this and the previous quarter in respect of the same), which is in excess of the limits prescribed under the Act.

   Had the Company and Stargaze accounted for the remuneration in accordance with the Act, the net loss after tax for the quarter ended June 30, 2012 would have been lower by ₹ 368.12 lakhs (for the quarter ended March 31, 2012, net loss after tax would have been lower by ₹ 368.12 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 ₹ 529.22 lakhs (as at March 31, 2012: ₹ 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.

for **Walker, Chandiok & Co**
Chartered Accountants
Firm Registration No: 001076N

Mr. B P Singh
Partner
Membership No. 70116

Place: New Delhi
Date: August 4, 2012

Part I: Statement of Standalone and Consolidated Unaudited Results for the Quarter Ended 30.06.2012

Part I: Statement of Standalone and Consolidated Unaudited Results for the Quarter Ended 30.06.2012

₹ in million

Particulars	Consolidated				Standalone			
	Quarter ended 30.06.2012 (Unaudited)	Quarter ended 31.03.2012 (Unaudited)	Quarter ended 30.06.2011 (Unaudited)	Year ended 31.03.2012 (Audited)	Quarter ended 30.06.2012 (Unaudited)	Quarter ended 31.03.2012 (Unaudited)	Quarter ended 30.06.2011 (Unaudited)	Year ended 31.03.2012 (Audited)
1. Income from operations								
(a) Income from operations	4,888.72	6,428.60	3,575.81	19,302.69	406.13	210.48	150.96	1,832.11
(b) Other operating income	11.42	165.80	58.12	135.64	3.27	9.58	4.73	27.15
Total income from operations	**4,900.14**	**6,594.40**	**3,633.93**	**19,438.33**	**409.40**	**220.06**	**155.69**	**1,859.26**
2. Expenses								- -
(a) Programming cost	1,136.60	2,740.36	721.80	5,294.04	-	-	-	-
(b) Distribution, advertising and business promotion	1,298.50	2,556.00	947.26	6,072.16	61.57	31.18	45.58	356.33
(c) Cost of material consumed	118.04	89.34	80.39	178.10	24.90	-	-	130.33
(d) Employee benefits expenses	1,090.34	1,263.77	865.93	4,526.60	221.47	152.34	84.02	1,015.71
(e) Depreciation and amortisation expenses	161.64	201.79	138.48	613.68	18.50	7.78	16.00	88.15
(f) Other expenditure	1,494.91	1,219.18	1,191.47	6,349.09	261.45	335.18	152.30	1,528.71
Total expenses	**5,300.03**	**8,070.45**	**3,945.33**	**23,033.67**	**587.88**	**526.47**	**297.91**	**3,119.23**
3. Loss from operations before other income, finance costs, prior period items and tax (1-2)	**(399.89)**	**(1,476.05)**	**(311.41)**	**(3,595.34)**	**(178.48)**	**(306.41)**	**(142.22)**	**- (1,259.97)**
4. Other income	137.52	389.13	300.34	1,327.63	112.21	252.94	120.99	787.21
5. Loss before finance costs, prior period items and tax (3+4)	**(262.37)**	**(1,086.91)**	**(11.06)**	**(2,267.70)**	**(66.27)**	**(53.47)**	**(21.23)**	**(472.76)**
6. Finance costs	885.46	777.07	647.83	2,706.66	429.76	332.28	292.54	1,306.80

Part I: Statement of Standalone and Consolidated Unaudited Results for the Quarter Ended 30.06.2012

₹ in million

Particulars	Consolidated				Standalone			
	Quarter ended 30.06.2012 (Unaudited)	Quarter ended 31.03.2012 (Unaudited)	Quarter ended 30.06.2011 (Unaudited)	Year ended 31.03.2012 (Audited)	Quarter ended 30.06.2012 (Unaudited)	Quarter ended 31.03.2012 (Unaudited)	Quarter ended 30.06.2011 (Unaudited)	Year ended 31.03.2012 (Audited)
7. Loss after finance costs but before prior period items and tax (5-6)	**(1,147.83)**	**(1,863.98)**	**(658.90)**	**(4,974.37)**	**(496.03)**	**(385.76)**	**(313.76)**	**(1,779.57)**
8. Prior period expense/(income)	-	132.67	4.12	-	0.23	(0.19)	4.18	132.56
9. Loss before tax (7-8)	**(1,147.83)**	**(1,996.65)**	**(663.02)**	**(4,974.37)**	**(496.26)**	**(385.57)**	**(317.94)**	**(1,912.13)**
10. Tax expense/(credit)	47.08	(0.32)	31.34	72.42	-	0.02	-	7.18
11. Net loss after tax (9-10)	**(1,194.91)**	**(1,996.33)**	**(694.36)**	**(5,046.79)**	**(496.26)**	**(385.59)**	**(317.94)**	**(1,919.31)**
12. Minority interest	(297.20)	(307.24)	(49.30)	(1,117.28)	-	-	-	-
13. Share in profit/(loss) of associates	(4.34)	6.61	3.30	2.88	-	-	-	-
14. Net loss after tax, minority interest and share in (profit)/ loss of associate (11-12+13)	**(902.05)**	**(1,682.48)**	**(641.76)**	**(3,926.64)**	**(496.26)**	**(385.59)**	**(317.94)**	**(1,919.31)**
15. Paid-up Equity Share Capital(Face value Rs. 5/-)	732.80	714.40	712.95	714.40	732.80	714.40	712.95	714.40
16. Reserves excluding revaluation reserves			-	955.53				8,074.44
17. Loss per share (EPS)								
(a) Basic EPS (Rs.)	(6.15)	(11.78)	(5.29)	(26.82)	(3.39)	(2.70)	(2.63)	(13.11)
(b) Diluted EPS (Rs.)	(6.15)	(11.78)	(5.29)	(26.82)	(3.39)	(2.70)	(2.63)	(13.11)

Part II: Selected Information for the Quarter Ended 30.06.2012

Particulars	Quarter ended 30.06.2012	Quarter ended 31.03.2012	Quarter ended 30.06.2011	Year ended 31.03.2012	Quarter ended 30.06.2012	Quarter ended 31.03.2012	Quarter ended 30.06.2011	Year ended 31.03.2012
	Consolidated				Standalone			
A. PARTICULARS OF SHAREHOLDING								
1. Public shareholding								
(a) Number of shares	75,769,183	72,089,827	59,957,465	72,089,827	75,769,183	72,089,827	59,957,465	72,089,827
(b) Percentage of shareholding	51.70%	50.45%	42.05%	50.45%	51.70%	50.45%	42.05%	50.45%
(c) Face value per share (Rs.)	5/-	5/-	5/-	5/-	5/-	5/-	5/-	5/-
2. Promoter and promoter group shareholding								
a) Pledged/Encumbered								
-Number of shares	55,545,748	48195748	31,251,854	48195748	55,545,748	48195748	31,251,854	48195748
-Percentage of shares (as a % of the total shareholding of promoter and promoter group)	78.47%	68.08%	37.82%	68.08%	78.47%	68.08%	37.82%	68.08%
-Percentage of shares (as a % of the total share capital of the Company)	37.90%	33.73%	21.92%	33.73%	37.90%	33.73%	21.92%	33.73%
b) Non-encumbered								
-Number of shares	15,244,341	22,594,341	51,381,366	22,594,341	15,244,341	22,594,341	51,381,366	22,594,341
-Percentage of shares (as a % of the total shareholding of promoter and promoter group)	21.53%	31.92%	62.18%	31.92%	21.53%	31.92%	62.18%	31.92%
-Percentage of shares (as a % of the total share capital of the Company)	10.40%	15.82%	36.03%	15.82%	10.40%	15.82%	36.03%	15.82%

Particulars	Quarter ended 30.06.2012
B. INVESTOR COMPLAINTS	
Pending at the beginning of the quarter	-
Received during the quarter	2
Disposed of during the quarter	2
Remaining unresolved at the end of the quarter	-

SEGMENT WISE REVENUE, RESULTS AND CAPITAL EMPLOYED (STANDALONE) **₹ in million**

Particulars	Quarter ended 30.06.2012	Quarter ended 31.03.2012	Quarter ended 30.06.2011	Year ended 31.03.2012
Segment Revenue				
a) Event Management	80.64	95.13	34.33	291.29
b) Sports Management	1.37	17.45	34.83	155.95
c) Web Operations	87.81	101.60	82.52	343.62
d) Advisory Services	1.88	3.12	1.56	10.69
e) Publishing Business	237.71	-	-	1,075.63
Total	**409.40**	**217.30**	**153.25**	**1,877.17**
f) Other unallocable revenue	-	2.76	2.44	2.66
g)Less: Inter segment revenue	-	-	-	20.57
Net Sales/Income from Operations	**409.40**	**220.06**	**155.69**	**1,859.26**
Segment Results				
Loss before tax and interest				
a) Event Management	(0.08)	(6.04)	(10.36)	(34.19)
b) Sports Management	(7.44)	(7.09)	(3.14)	(24.68)
c) Web Operations	(71.97)	(61.31)	(96.77)	(322.70)
d) Advisory Services	(8.26)	(14.09)	(7.15)	(39.70)
e) Publishing Business	(60.51)	-	-	(732.67)

SEGMENT WISE REVENUE, RESULTS AND CAPITAL EMPLOYED (STANDALONE)

₹ in million

Particulars	**Quarter ended 30.06.2012**	**Quarter ended 31.03.2012**	**Quarter ended 30.06.2011**	**Year ended 31.03.2012**
Total	**(148.26)**	**(88.53)**	**(117.41)**	**(1,153.93)**
Less: **1)** Interest	429.76	332.28	292.54	1,306.80
2) Other un-allocable expenses	30.45	220.43	32.15	241.26
3) Other un-allocable income	(112.21)	(255.67)	(124.15)	(789.87)
Total loss before tax	**(496.26)**	**(385.57)**	**(317.94)**	(1,912.13)
Capital employed				
(Segment Assets-Segment Liabilities)				
a) Event Management	(58.55)	(68.36)	32.23	(68.36)
b) Sports Management	(84.81)	(79.15)	19.10	(79.15)
c) Web Operations	(804.90)	(803.49)	160.87	(803.49)
d) Advisory Services	(73.10)	(64.61)	5.71	(64.61)
e) Publishing Business	(240.26)	-	-	(267.04)
f) Unallocated	11,081.47	12,139.70	13,856.75	11,597.70
Total capital employed	9,819.84	11,124.08	14,074.66	10,315.05

Segment wise Revenue, Results and Capital Employed

(All amount in Rs. Million)

Particulars	Quarter ended 30.06.2012	Quarter ended 31.03.2012	Quarter ended 30.06.2011	Year ended 31.03.2012
		Consolidated		
	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
Segment revenue				
(a) Media operations	4,652.60	5,562.59	3,453.83	17,162.20
(b) Film production and distribution	169.29	973.67	85.37	1,958.12
(c) Others	96.00	66.02	102.03	348.15
Total	**4,917.89**	**6,602.28**	**3,641.22**	**19,468.46**
(d) Other unallocable revenue	137.52	389.13	300.34	1,327.63
(e) Inter segment revenue	(17.74)	(7.88)	(7.30)	(30.13)
Total revenue	**5,037.66**	**6,983.53**	**3,934.27**	**20,765.96**
Segment results				
Profit/(loss) before interest and tax for each segment				
(a) Media operations	(230.41)	(1,428.69)	(243.68)	(3,324.38)
(b) Film production & distribution	(125.88)	185.13	(41.36)	(29.10)
(c) Others	(13.16)	(12.06)	5.77	(0.60)
Total	**(369.44)**	**(1,255.62)**	**(279.26)**	**(3,354.08)**
Less:	-	-	-	-
(d) Interest expense	885.46	777.07	647.83	2,706.66
(e) Other unallocable expenditure (net of unallocable income)	(107.07)	(36.04)	(264.07)	(1,086.37)
Total loss before tax	**(1,147.83)**	**(1,996.65)**	**(663.02)**	**(4,974.37)**
Capital employed				
(Segment assets – Segment liabilities)				

(a) Media operations	15,918.10	17,210.53	21,172.36	17,210.53
(b) Film production & distribution	3,003.89	2,996.03	1,727.96	2,996.03
(c) Others	132.71	146.36	166.73	146.36
Total	**19,054.70**	**20,352.92**	**23,067.05**	**20,352.92**
(d) Unallocable assets less liabilities	(13,212.10)	(13,447.53)	(463.44)	(13,447.53)
Total capital employed	**5,842.61**	**6,905.39**	**22,603.62**	**6,905.39**

UNAUDITED FINANCIAL RESULTS FOR THE QUARTER ENDED JUNE 30, 2012

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 August 4, 2012.

2. The Statutory Auditors of the Company have reviewed the above standalone and consolidated financial results for the quarter ended June 30, 2012.

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, 2012.

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 and made effective on June 10, 2011 with an appointed date of April 1, 2010. 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 ₹ 5 for every 100 equity shares in TV18 of ₹ 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.

5. During the year, the Hon'ble High Court of Delhi approved the Scheme of Arrangement ('the Infomedia Scheme') between the Company and Infomedia Press Limited (formerly Infomedia 18 Limited) ("Infomedia18") and their respective shareholders and creditors vide its order dated May 22, 2012 (read with orders dated May 3, 2012, February 14, 2012 and November 22, 2011). The Infomedia Scheme has been made effective on June 1, 2012 with an appointed date of April 1, 2010.

   Pursuant to the Infomedia Scheme, the Business Directories business, the New Media business and the Publishing business of Infomedia 18 stands demerged into the Company. The Printing Press business continues to remain with Infomedia18.

   Further, in consideration of the merger of the demerged undertaking of Infomedia 18 with the Company, on June 19, 2012, the Company has issued and allotted 3,679,356 equity shares to the shareholders of Infomedia18 at par on a proportionate basis in the ratio of 7:50 i.e., seven fully paid-up equity shares of Rs 5/- each of the Company have been issued for every fifty fully paid-up equity shares of Rs 10/- each of Infomedia18.

   Since the effective date is June 1, 2012, the effect of the Infomedia Scheme was not given in the standalone and consolidated unaudited financial results of the Company for any of the quarters in the year ended March 31, 2012 and has been given in the audited standalone financial statements of the Company for the year ended March 31, 2012. Accordingly, the standalone and consolidated unaudited results of the Company for the current quarter are not comparable with those of the quarters of the previous year. In addition, consequently the aggregate of the standalone and consolidated unaudited financial results of the company for the quarters of the previous year are not comparable with those of the corresponding audited amounts for the year ended March 31, 2012.

6. The Board of Directors, at their meeting held on January 3, 2012 decided to raise ₹ 27,000 million by issuing shares on rights basis, inter alia for (a) Investment in our subsidiary, TV18 Broadcast Limited (b) repayment/prepayment of certain loans, redemption of Secured Optionally Fully Convertible Debentures, redemption of Preference shares and repayment of public deposits and (c) general corporate purposes. The Draft Letter of Offer ("DLOO") for the aforesaid Rights Issue has been filed with Securities and Exchange Board of India ("SEBI") and the necessary approval is awaited. Further 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 SEBI 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 ₹ 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 Board of Directors of a subsidiary company (TV18 Broadcast Limited), at their meeting held on January 3, 2012, have considered and approved the issues of its equity shares on rights basis for an amount aggregating to ₹ 27,000 million for acquisition of ETV channels and repayment of certain loans. The DLOO for the Rights Issue of TV18 Broadcast Limited has also been filed with SEBI and the necessary approval is awaited.

7. The Company raised ₹ 2,038.99 million through Rights Issue of Partly Convertible Cumulative Preference Shares (PCCPS) and out of that a sum of ₹ 2,029.01 million has been utilized till June 30, 2012 for the objects for which it was raised and the balance funds are temporarily invested with certain banks.

8. The audit/review reports on annual/quarterly results for previous year/periods carried following qualifications / reservations which continue to be reported by the auditors in their limited review report on the above financial results:

(i) Managerial remuneration paid, upto June 30, 2012, by the Company amounting to ₹ 20.10 million (upto March 31, 2012: ₹ 20.10 million) and by one of its subsidiaries amounting to ₹ 16.71 million (upto March 31, 2012: ₹ 16.71 million) is in excess of the 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 ₹ 52.92 million received by a subsidiary, Infomedia 18, which continues to be disputed by Infomedia18. Infomedia18 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.

9. The Company, on June 15, 2011, has allotted 18,691,585, 10% Secured Optionally Fully Convertible Debentures (SOFCDs) at the par value of ₹160.50, to promoter group entities on a preferential basis. The holder(s) of SOFCDs had a right to convert each SOFCD into one equity share of ₹ 5 each in the Company. However, the SOFCD holders have provided an irrevocable undertaking that they (i) will not exercise the option for conversion of SOFCDs into Equity Shares and (ii) will not transfer the SOFCDs.

10. The Company has 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, is being amortised over the maturity period of such monetary items. The unamortised balance in Foreign Currency Monetary Item Translation Difference account as on June 30, 2012 is a debit of ₹ 189.71 million.

11. The consolidated financial results include the results of the Company and all of its subsidiaries, joint ventures and associates.

12. Previous year/period figures have been regrouped, wherever necessary, to confirm to current period's presentation.

For **NETWORK18 MEDIA & INVESTMENTS LIMITED**

Raghav Bahl
Managing Director

Place : Noida
Dated: August 4, 2012

FINANCIAL INDEBTEDNESS

As at July 31, 2012, we have total outstanding indebtedness of ₹ 11,591.75 million inclusive of secured and unsecured loans on a standalone basis. A summary of our significant borrowings are as under:

Secured borrowings

Summary of our significant outstanding term loans and cash credits 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 July 31, 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 **Purpose:** Keeping liquidity position comfortable and supporting prospective business opportunities	1,500	750.00	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, letter dated July 31, 2012 **Purpose:** General corporate purposes, working capital requirements, capital expenditure and repayment of existing loans	3,650	3,489.00	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 October 15, 2012	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, without premium or penalty.

Name of the Lender* and nature and date of the loan agreement & Purpose of the loan	Amount Sanctioned and availed (₹ million)	Amount Outstanding on July 31, 2012 (₹ million)	Security	Repayment Date/ Schedule	Rate of Interest (% per annum)	Prepayment Clause (if any)
RBS Financial Services (India) Private Limited Term Loan Facility agreement dated December 26, 2011, amendment agreements dated February 17, 2012, June 26, 2012 and July 31, 2012 **Purpose:** 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 October 15, 2012	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.
Axis Bank Limited* Working Capital Limit Sanction letter dated December 30, 2009, reneeal letter dated October 27, 2011 **Purpose:** Working capital requirements	120	57.73	Primary Pari passu first charge on the current assets Collateral Pari passu second charge on the fixed assets	On demand	15.75%	Not applicable
Punjab National Bank* Joint term loan and hypothecation agreement dated May 14, 2009 **Purpose:** To finance expansion	750	87.51	1. First exclusive charge/mortgage on all immovable and moveable assets being acquired out of the term loan 2. Second charge on existing fixed	7 years after implementation period of 1.5 years	1% above BPLR plus term premia i.e. 14% per annum	If the loan amount is paid out of refinancing of the term loan, prepayment penalty @ 1% will be charged. However, no prepayment penalty to be levied on prepayment made

Name of the Lender* and nature and date of the loan agreement & Purpose of the loan	Amount Sanctioned and availed (₹ million)	Amount Outstanding on July 31, 2012 (₹ million)	Security	Repayment Date/ Schedule	Rate of Interest (% per annum)	Prepayment Clause (if any)
and diversification programme			assets			on reset dates. No prepayment penalty to be paid in case of the prepayment being made out of project cash flows
Kotak Mahindra Bank Master facility agreement dated August 9, 2012 **Purpose:** Bank guarantee facility	240	Nil	1. Subservient charge on all existing anf future current assets 2. Personal guarantee of Mr. Raghav Bahl	Maximum 12 months (including claim period)	Not applicable	Not applicable
TOTAL		**4,724.24**				

* *Loans availed by Infomedia18 (name change to Infomedia Press w.e.f July 5, 2012) and transferred to our books consequent to the Scheme of Demerger. We are in the process of getting formal transfer from the Punjab National Bank and Axis Bank and awaiting fresh documentation/terms and security creation in our name. The particulars provided are as per the existing documents issued to Infomedia Press.*

In addition we have availed car loans from various banks amounting to ₹ 5.04 million outstanding as on July 31, 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 July 31, 2012 the total outstanding amount (excluding interest accrued) is ₹ 3,702.93 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

SCHEME (A) NON CUMULATIVE		
Period Months / Year(s)	**Minimum amount (₹)**	**Rate of Interest* (₹ p.a.)**
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 July 31, 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 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. Victor Fernandes, Sangeeta Fernandes, Priti Khanderia and Manoj Khanderia, the minority shareholders of e-Eighteen.com Limited ("**EEL**") (together referred to as the "**Plaintiffs**") have on August 25, 2006 filed a suit (no. 2709 of 2006) as derivative action on behalf of EEL before the High Court of Judicature at Bombay ("**High Court**") against Raghav Bahl, Television Eighteen India Limited, e-Eighteen.com Limited, Network 18 Fincap Private Limited, Television Eighteen Commodities, SGA News Limited, SRH Broadcast News Holdings Private Limited, Global Broadcast News Limited, Web 18 Software Services Limited, TV18 Home Shopping Network Private Limited (together referred to as the "**Defendants**"). 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 we and Mr. Raghav Bahl 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 us shall only be pursued or taken up through EEL or its wholly owned subsidiary. The Plaintiffs have alleged that we and Mr. Raghav Bahl 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 we and Mr. Raghav Bahl 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 we, Mr. Raghav Bahl 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. This appeal was dismissed by the High Court on September 21, 2011. The suit filed by the Plaintiffs 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 employees of Digital18 Media Limited), Mr. Senthil Chengalvaryan (an editor working with TV18), Infomedia Press 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 were summoned *vide* the High Court's order dated January 10, 2012. The Defendants Nos 1 to 7 have filed their written statements on April 30, 2012. The matter is currently pending.

Complaints to SEBI

3. Mr. Victor Fernandes ("Complainant") filed a complaint dated February 7, 2012 ("Complaint") with the Chairman of the Securities and Exchange Board of India ("SEBI") alleging abuse of fiduciary responsibility, breach of code of conduct and fraud on minority shareholders on the part of Mr. Raghav Bahl ("Accused") as our promoter, TV18 Broadcast Limited ("TV18"), us and e-Eighteen.com Limited ("EEL"). The Accused, *vide* the Complaint, has sought an investigation by SEBI into:

    a. the code of conduct documents filed by us and TV18 with the National Stock Exchange of India Limited and BSE Limited;

    b. the business objectives of and promoters' covenants to EEL as given in a subscription-cum-shareholders agreement dated September 12, 2000 ("SA200");

    c. wrongful and willful breach of promoters' covenants by the Accused;

    d. the list of opportunities availed by the Accused through entities other than EEL and EEL's wholly owned subsidiary;

    e. the plans of us and TV18 to acquire economic stakes in various "ETV" channels by availing funding from Independent Media Trust, an entity of Reliance Industries Limited ("RIL") as announced on January 3, 2012;

    f. EEL being deprived of its rightful opportunities, thereby causing loss to EEL, its parent company and minority shareholders by the Accused;

    g. abuse of fiduciary responsibility to EEL by the Accused by diversion of opportunities to himself;

    h. inadequacy of public disclosures relating to transactions of us and TV18 with RIL; and

    i. Non-compliance with SEBI guidelines for publicly listed companies, including non-compliance with clause 49 of the listing agreement by failure to appoint one of its parent company's independent directors as an independent director on the board of EEL.

    The Complainant has requested SEBI to initiate the following actions:

    a. Review and confirmation of the business objectives of EEL as given in SA200

    b. Investigation and confirmation that amendments in the business objectives and promoters' covenants of EEL were never communicated to EEL's shareholders

    c. Review of all acts of the Accused in respect of TV18 and EEL since September 12, 2000 and all other entities owned/ controlled or connected with the Accused

    d. Review of the role played by Mr. Mohan Lal Jain (auditor of EEL) and Ms. Ritu Kapur in this regard

    e. Taking of steps to prevent the Accused from engaging in opportunities identified in the corporate announcement dated January 3, 2012 through any entity other than EEL

    f. Taking of steps/ actions to ensure that the Accused compensates the public shareholders of TV18 for losses caused to him on his account

    g. Investigation of the transactions entered into between Reliance Industries Limited and the Accused and his companies

    h. To bar the Accused, us and TV18 from accessing the capital markets until these issues are

resolved

i. To not grant approval for the rights issues being contemplated by us and TV18 until these issues are resolved

j. Review of the intent of the Accused and non-compliance with clause 49 of the listing agreements

k. To forward the Complaint to analyst/ investor associations and other such bodies as deemed fit by SEBI to raise awareness of these problems

l. To forward the Complaint to the Institute of Chartered Accountants of India to investigate the role played by Mr. Mohan Lal Jain

m. Review of the conduct of our Company, TV18 and EEL's board of directors and senior management; and

n. Review of averments made by the Accused and the senior management in the Accused's companies in certification documents over the years.

The Complainant has further sought an early response from SEBI with feedback on the actions that SEBI has initiated and/ or plans to initiate against the Accused and related entities. The Complainant, has *vide* letter dated February 24, 2012, addressed to Mr. Manoj Mohanka, forwarded a copy of the Complaint filed with SEBI and requested Mr. Mohanka to review the Complaint and initiate/ take all actions necessary to protect the interests of public shareholders. 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. Dr. Ajai Agarwal filed criminal complaint (no. 3955/2008, presently 793 / 09) before the Court of the Judicial Magistrate, Junior Division, Ghaziabad ("Court") against Mr. Rajdeep Sardesai, Mr. Ashutosh, Mr. Raghav Bahl, Mr. Arunodaya Mukherji, Mr. Sanjay Ray Chaudhuri, Mr. Haresh Chawla and Mr. Sameer Manchanda (together, the "Accused") alleging defamation under section 500 of the Indian Penal Code, 1860 in respect of a story dated July 29, 2006 aired on IBN7 related to sting operation on doctors involved in amputation of limbs of healthy people. The Court issued an order dated August 1, 2008 ("Impugned Order") for issuing non-bailable warrants against the Accused. We approached the Court of the Sessions Judge, Ghaziabad ("Sessions Court") for quashing the non-bailable warrants and the Sessions Court through its order dated January 28, 2011 quashed the Impugned Order and the asked the Court to review the matter. The matter is currently pending before the Court which has issued summons against all the respondents vide its order dated December 14, 2011. The Accused have filed criminal miscellaneous application (no. 2830/2012) before the High Court of Judicature at Allahabad

("High Court") under section 482 of the Code of Criminal Procedure, 1973 praying the High Court to quash the proceedings before the Court. The High Court has stayed proceedings in the Court *vide* its order dated January 25, 2012. The matter is currently pending.

3. Venus Remedies Limited ("Complainant") filed criminal complaint (no. 30339/2011) ("Complaint") before the Court of the Chief Judicial Magistrate, Chandigarh ("Court") against Mr. Raghav Bahl, Mr. Senthil Chengalvarayan, Mr. Charles Assisi, Mr. Shishir Prasad, Mr. Indrajit Gupta ("Defendants") and others alleging defamation under section 499, 500, 501 and 120B of the Indian Penal Code, 1860 in respect of a story dated June 05, 2009 featured on the Forbes India magazine containing defamatory statements against the Complainant. The Court issued summons on the Defendants vide its order dated February 17, 2011 ("Order"). The Defendants filed three criminal miscellaneous application (nos. 14016, 14996 and 20577 of 2011) before the High Court of Punjab and Haryana at Chandigarh ("High Court") under section 482 of the Code of Criminal Procedure, 1973 praying the High Court to quash the Order and the proceedings initiated *vide* the Complaint. The High Court has stayed proceedings in the Complaint against Mr. Raghav Bahl and Mr. Senthil Chengalvarayan *vide* its order dated May 09, 2011, against Mr. Charles Assisi and Mr. Shishir Prasad *vide* its order dated May 17, 2011 and against Mr. Indrajit Gupta *vide* its order dated July 14, 2011. The defendants have filed their replies in the said matter. The matter is currently pending.

4. Devender Kumar Bansal ("Complainant") filed criminal complaint (no. 1255/2006) ("Complaint") before the Court of the Judicial Magistrate First Class, Ambala ("Court") against Sidhhartha Gautam and Rajdeep Sardesai ("Accused") and TV18 alleging defamation under section 500 of the Indian Penal Code, 1860 in respect of a story dated that aired on CNN IBN news channel containing defamatory statements against the Complainant. The Court issued non-bailable warrants against the Accused vide its order dated August 17, 2007. Siddhartha Gautam and Rajdeep Sardesai filed two criminal miscellaneous application (nos. 43190M/2007 and 45958/2007) respectively before the High Court of Punjab and Haryana at Chandigarh ("High Court") under section 482 of the Code of Criminal Procedure, 1973 praying the High Court to quash the proceedings initiated *vide* the Complaint. The High Court has stayed proceedings in the Complaint against the Accused *vide* its order dated August 21, 2007, and has also stayed execution of non-bailable warrants issued on a condition of their personal appearance before the Court and to seek interim bail. The application for bail on behalf of the Accused were filed and listed on September 19, 2007 in the Court and the Court granted bail to them on furnishing surety of ₹ 20,000 each. The High Court has further directed the Court to grant the Accused permanent exemption from appearance in respect of proceedings in the Complaint. The High Court also disposed application number 43190M/2007 as infructuous upon the Court recalling the warrants. The High Court has admitted application number 45958/2007 *vide* its order dated September 18, 2007. The matter is currently pending.

5. Maulana Mumtaz Ahmed Qureshi ("Complainant") filed appeal (no. 798/2008) ("Appeal") before the High Court of Himachal Pradesh at Shimla ("High Court") against TV18 and others alleging defamation under section 500 of the Indian Penal Code, 1860 in respect of a story dated June 27, 2006 aired on IBN7 news channel allegedly containing defamatory statements regarding bribery involving Haj Committees of various states who were allegedly taking bribe to allow people to go for the Haj without following procedures. The Complainant had previously filed criminal complaint (no. 208-3 of 2007) before the Court of Judicial Magistrate First Class, Shimla ("Court") and the same was dismissed by the Court *vide* order dated May 9, 2008 ("Order"). On appeal, the High Court has remanded the matter to the trial court with direction to review its order on merits, *vide* its order dated May 7, 2012.

6. Rahmat Fatima Amanullah ("Complainant") filed criminal complaint (no. 2101C/2011) before the Court of the Chief Judicial Magistrate, Patna ("Court") against TV18, Mr. Sukesh Ranjan, Political Editor, IBN7, Mr. Ashutosh, Managing Editor, IBN7, Mr. Chandra Mohan Kumar, correspondent, IBN7, Mr. Rajdeep Sardesai, our editor-in-chief and Mr. Raghav Bahl, alleging defamation under section 500 of the Indian Penal Code, 1860 in respect of a story dated July 18, 2011 aired on IBN7 news channel allegedly containing defamatory statements against the Complainant. The Court passed a summoning order dated September 9, 2011. We have filed a quashing petition (criminal miscellaneous no. 45228 of 2011) before the High Court of Bihar at Patna ("High Court") under section 482 of the Code of Criminal Procedure, 1973 ("CrPC") praying the High Court to quash the proceedings initiated *vide* order dated September 9, 2011 against Mr. Raghav Bahl. Mr. Raghav Bahl, Mr. Rajdeep Sardesai and Mr. Ashutosh have filed separate applications dated January 25, 2012 before the Court seeking exemption from personally appearing in this matter under section 205 of the CrPC and the same has

been allowed *vide* order May 14, 2012. The matter is currently pending.

7. Based on a representation made by Mr. Rajiv Trivedi, Indian Police Service, Inspector General of Police, Hyderabad to the State of Andhra Pradesh, the Public Prosecutor for the State of Andhra Pradesh had filed a complaint (no. 1 of 2008) ("Complaint") against Mr. Rajdeep Sardesai and others ("Accused") before the Metropolitan Sessions Judge, Nampally, Hyderabad ("Trial Court") under sections 500 and 120-B of the Indian Penal Code, 1860 alleging criminal defamation of a serving public servant. The Accused were summoned by the Trial Court *vide* order dated January 9, 2008 ("Trial Court Order"). It was alleged that in one of the stories of CNN-IBN, Rajiv Trivedi, a serving police officer of the State of Andhra Pradesh, had been falsely alleged by the Accused as having aided a team of police officers from Gujarat in carrying out the alleged fake encounter of one Sohrabuddin Sheikh. The Accused filed four separate petitions (nos. 1590/2008, 1646/2008, 1638/2008 and 1874/2008) ("Petitions") before the High Court of Andhra Pradesh at Hyderabad ("High Court") for quashing the Compliant and the proceedings before the Trial Court. The High Court , *vide* its order dated March 24, 2008, stayed all proceedings before the Trial Court including the personal appearance of the Accused. Subsequently, the High Court dismissed the Petitions before the High Court *vide* its order dated April 29, 2011 ("High Court Order"). The Accused filed six special leave petitions (nos. 3985/2011, 3987/2011, 3988/2011, 5574/2011, 5576/2011 and 5610/2011) ("SLP(s)") before the Supreme Court of India ("Supreme Court") praying the Supreme Court to grant them special leave to appeal against the High Court Order. The Supreme Court granted stay on proceedings before the Trial Court *vide* its order dated May 11, 2011 during pendency of the SLP numbers 3985/2011, 3987/2011 and 3988/2011 and *vide* its order dated August 8, 2011 during the pendency of SLP numbers 5574/2011, 5576/2011 and 5610/2011. The matter is currently pending.

8. Mr. Ravi Prakash Sharma ("Complainant") filed criminal complaint (no. 179/2011) against the Mr. Rajdeep Sardesai as chief editor/ chief operating officer/ principal head of IBN7, Mr. Kumar Ashish (a news correspondent working for IBN7) and Cobra Post, a unit of IBN7 (together, the "Accused") before the Court of the Metropolitan Magistrate, Karkardooma Courts, Delhi ("Court") alleging defamation under section 499, 500, 503, 120B and 34 of the of the Indian Penal Code, 1860 in respect of stories dated December 6, 2011 and December 7, 2011 aired on IBN7 related to a sting operation on the Complainant. The Court issued summons on the person acting as chief editor/ chief operating officer/ principal head of IBN7 *vide* its order dated February 6, 2012 ("Order"). The matter is currently pending.

9. Mr. PK Shahi ("Complainant") filed criminal complaint (no. 2009(c)/2011) against IBN7, Mr. Rajdeep Sardesai, Mr. Ashutosh Kumar, Mr. Sukesh Ranjan and Mr. Chandra Mohan Kumar (together, the "Accused") before the Court of the Chief Judicial Magistrate, Patna ("Court") alleging defamation under section 499, 500, 501 and 120B of the of the Indian Penal Code, 1860 in respect of a story dated July 18, 2011 aired on IBN7 related to a scam in the allotment of land. The Complainant has also sought compensation of ₹ 50 million under section 357 of the CrPC. The matter is currently pending.

10. 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.

11. Mr. Ajit Singh Tokas has filed criminal complaint (CC no. 7/12) before the Court of the Metropolitan Magistrate, Dwarka ("Court") against the Managing Director of TV18, Mr. Rajdeep Sardesai, Mr. Raghav Bahl and Ms. Kshipra Jatana (together, the "Accused") alleging defamation under sections 499, 500 and 34 of the Indian Penal Code, 1860 in respect of a story aired on *CNN IBN* and *IBN7* on December 6, 7 and 8 of 2011 in relation to a sting operation on MCD Councillors to expose corruption in building practices. Mr. Rajdeep Sardesai had moved a Criminal Miscellaneous Application before the High Court of Delhi to *interalia* stay the proceedings and exempt Mr. Sardesai from personal appearance. The High Court *vide* its order dated May 15, 2012 has granted the exemption to Mr. Sardesai from personal appearance and has also allowed the Complainant to be impleaded as a party to the criminal case. The matter is currently pending.

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 232,

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. 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.

3. 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.

4. 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.

5. Mr. R N Merani ("**Petitioner**") filed public interest litigation (Writ Petition No 965 of 2012) under Article 226 and 227 of the Constitution of India against the Union of India, the News Broadcasters Association and us (together referred to as the "**Respondents**") before the High Court of Karnataka at Bangalore. The cause of action arose on November 9, 2011, when CNN-IBN represented a previously recorded interview with Sri Sri Ravi Shankar, a spiritual leader and founder of the "Art of Living" head, as being a live interview/debate. It was alleged that the news channel gave a false impression to the viewers that Sri Sri Ravi Shankar was expressing his views on the questions put to him in the interview, whereas his responses were edited responses to different questions put to him earlier. Petitioner submitted that this incident was in clear violation of the Cable Television Networks (Regulation) Act, 1995 and the rules framed there under.

The Petitioner in the present petition seeks for a direction by the Court to Union of India and News Broadcasters Association to ensure impartiality and inaccuracy in television news by formulating a constitutionally compliant enforceable code of standards and conduct to be followed by television news channels, and in the interim, to entrust the Press Council of India to oversee television news broadcasters through an interim complaints redress mechanism; and to direct News Broadcasters Association to take appropriate action against CNN-IBN for its misrepresentation on the 'Face the Nation' programme including revoking/suspending the license to operate. The matter is currently pending.

6. Ms. Rahmat Fatima Amanullah ("Plaintiff") filed a suit (Money Suit No 72 of 2012) against TV18, Mr. Raghav Bahl and Others (together referred to as the "Defendants") before the Court of Sub- Judge I dated August 17, 2012, Patna alleging that the Defendants on July 18, 2011, in their primetime show captioned as "Sushaasan Ka Parda Faash" defamed the Plaintiff and her parents and then continued to do so as the news story was re-aired. The Plaintiff sent a legal notice dated July 19, 2011 to the Defendants and also filed a criminal complaint (no 2101C/2011) against the Defendants.

   The Plaintiff has alleged that the comments and statements in the programme were defamatory and caused incalculable mental agony, strain, harassment and humiliation besides bringing disrepute to the Plaintiff and her family and all the allegations, imputations and statements made by the Defendants directly affected Plaintiff in her personal as well as professional capacity.

   In the present suit, the Plaintiff seeks damages of ₹ 1,000 million as compensation for the irreparable loss, both in personal life as well as her professional life suffered by her and her parents. Summon for settlement of issues were issued to appear on August 17, 2012. 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") making demand of ₹ 213.81 million 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.

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 amending 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 along with revised statement reflecting the revenues towards TV18 Channels to be around ₹ 169.50 million *(plus service tax)* and adding a claim of ₹ 2,595.4 million to the other reliefs already prayed for in Star's Petition. The Petitioners also filed an application before the Tribunal to amend 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 parties have expressed their intentions to settle the matter. The Tribunal has on August 16, 2012 granted further time for parties to report on settlement. 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 Viacom18 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 Viacom18, Mr. Anuj Poddar, as Managing Director, MTV ("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 Sewri Sessions Court for quashing of the complaint. On March 28, 2012 the Sessions Judge passed an interim order for the stay of lower court proceedings. 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. A detailed reply and counter claim has been filed by Viacom18 and BCCI is required to file its rejoinder and reply to Viacom18's counter claim by July 2, 2012. BCCI sought an extension of one month which has been allowed by the Arbitrators, after considering that the parties are under discussions for settlement. The matter is currently pending.

2. A suit (Suit (Lod.) No. 941 of 2012) was filed by Ms. Maya Krishnan, Proprietor of Clockwork Studio ("Plaintiff") on April 10, 2012 against Viacom18 and others ("Defendant") in the Bombay High Court for restraining the channel MTV from airing its show based on travel and music called "Sound

Trippin". The Plaintiff claimed that this show is based on similar concept / format which was shared by her with the Defendant No. 2, in August 2011. The show which was developed by the plaintiff was titled "Sound Yatra" which comprised of 13 episodes and one song. The show developed by MTV titled "Sound Trippin" comprises of 10 episode and 10 songs and is hosted by a music composer Ms. Sneha Khanvilkar. The Defendants claimed that "Sound Trippin" is a totally different show and there are many shows based on travel & music which were aired throughout the world including on the channel "Star World" titled "Devwarists" and further there is no novelty in this type of show based on music and travel, hence no copyright should be protected. The matter was fixed for hearing on April 13, 2012 for interim injunction and the same was rejected by the Hon'ble of High Court of Bombay. MTV "Sound Trippin" went on air from April 14, 2012 and last episode aired on June 23, 2012. The matter is pending hearing.

3. A suit (CS (OS) 1161/2012) was filed by Manish Kumar proprietor of Soul and Alpana Borpatra, Partner of Openmind ("Plaintiffs") against Viacom18 and others ("Defendants") on April 18, 2012 in Delhi High Court claiming copyrights in a format of the show "Sound Trippin" aired on MTV channel. The suit filed prays for a permanent injunction against the telecast of "Sound Trippin" and for claiming damages for such usage. The matter listed for hearing before the Hon'ble High Court but no injunction was granted against the defendants till May 25, 2012. On May 25, 2012 the Hon'ble Court passed an order directing the Defendant No. 1 to submit the agreement signed with Defendant No. 2 for production of the show, the revenue details and to suggest the name of technical person who can give his expert opinion on both the shows. Last episode of "Sound Trippin" aired on June 23, 2012. The matter is fixed for hearing on October 5, 2012.

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 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.

3. One show cause notice has been issued to Viacom18 in respect of service tax. The aggregate amount claimed through these show cause notices is approximately ₹ 33.84 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, 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.

3. Viacom18 filed complaint no. 107/S/2003 (new no. 485/S/2005) and 67/S/ 2003 (new no. 487/S/2005) 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 ₹ 80,00,000 and ₹ 30,00,000 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.

4. 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 towards the settlement against the consideration payable under an agreement executed 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.

V. Cases filed against Infomedia Press

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 232, Infomedia Press is involved in the following litigations that could have a material adverse effect on the business of Infomedia Press:

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 Infomedia Press, Mr. A.R. Iyer (who is an employee of Infomedia Press) and the 'Outlook' magazine alleging that Infomedia Press 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 chargesheet has been filed in this instant case on July 12, 2102. The matter is currently pending.

Tax litigation

1. Eight proceedings are pending against Infomedia Press 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 Infomedia Press. 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 and the same has been granted by the Hon'ble 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.

VIII. Cases filed against Greycells18

1. Mr. Sunil Khanna and Mr. Sricharan Iyengar (referred to as the "**Petitioners**") have filed a petition (O.M.P. No 561 of 2012) on June18, 2012 before the High Court of Delhi against Greycells18 Media Limited ("Greycells18"), Mr. Raghav Bahl and Mr. Shantanu Prakash (together referred to as the "**Respondents**") alleging that the Respondents were trying to oust the Petitioners from the management of the Company and were trying to buy out their shareholding in the Company at meager values to the prejudice of the Petitioners. Petitioners are the minority shareholders (holding 8.16% each) of Greycells18 and were managing the entity. As part of the expansion plans, the shareholders of Greycells18 infused further capital into the Company while the petitioners did not infuse their share of capital into the entity which resulted in the stake of each of the Petitioners was diluted to 8.16% each from 10% each. Meanwhile the board of directors of Greycells18, decided to postpone the decision to infuse any further funds pending a full review and audit of the process by which the business of the Company was being handled and for that matter to carry our an in-depth study of the working of the business venture and various assignments.

   On June 22, 2012, an ex-parte order was passed by the Court directing that status quo regarding the shareholding of the Company be maintained. Petitioners subsequently preferred an application for rectification of the said order. The Hon'ble Presiding Officer *vide* his order dated July 2, 2012 clarified that the stay granted in the June 22, 2012 order was also in relation to control and operations of the Company and was not limited only to shareholding.
   Meanwhile, a board resolution was passed by the Company on June 26, 2012 whereby the authorized

signatories of the Company was altered, inasmuch as in addition to the earlier power of signing cheques of unlimited amounts as available to Mr. Raghav Bahl and his nominee/s, it was also resolved that any cheques can be signed only with two signatures, one being that of either of the Petitioners and the other being of Mr. Bahl or any of his nominees/directors on the Board of the Company. The Petitioners filed another application (I.A. No 11590 of 2012 in O.M.P. No 561 of 2012) on June 29, 2012 for ex-parte ad-interim stay on the operation of the said resolution. The High Court of Delhi *vide* its order dated July 6, 2012 held that the resolution was partially valid and in the interest of the Company. The Petitioners were directed to file their rejoinder to the reply filed by the Respondents. The Petitioners filed their rejoinder on July 25, 2012 and also preferred an application under Section 11 of the Arbitration and Conciliation Act, 2012 for appointment of Arbitrator. On 8 August 2012, the Hon'ble Court heard the parties and directed that the status quo order would continue to subsist but it was open to the Respondents to seek modification of the said order before the Arbitrator, Mr. Justice R.C. Chopra, retired Judge of the Hon'ble Delhi High Court. It was also directed that the Company shall hold a board meeting on August 18, 2012 to take up issues raised by the Respondents in the note handed over to the Hon'ble Court on August 8, 2012 and any other issue that could be raised in the course of the meeting. The Petitioners were further directed to clearly set out the mechanism that they proposed to ensure better flow of information to the Board on a regular basis. If for some reason, a mechanism was not possible or acceptable to the Board, it was left open to the parties to approach the arbitrator.

IX. Cases filed against Web -18 Software Services

1. Mr. Nitin Agarwal ("Complainant") filed an application (no. 590/2012) under Section 156(3) Cr.P.C. on May 30, 2012 before the Court of the 1st Additional Chief Judicial Magistrate ("ACJM"), Gautam Budh Nagar to allow the Complainant to register a First Information Report ("FIR") against Mr. Raghav Bahl. The AJCM by its order dated June 7, 2012 allowed the application and directed the concerned Station House Officer ("SHO") to register the FIR and conduct investigation. An FIR (no. 287/2012) was filed against Mr. Raghav Bahl ("Petitioner") on June 8, 2012 whereby the Complainant alleged that TV18 and Web18 Software Services Limited, companies operated by Mr. Raghav Bahl, Mr. Jaggan Nath and Mr. Venky Vambu, posted false articles on January 18, 2012 and April 18, 2012 on their website www.firstpost.com, with the intention to defame, downgrade and harm the reputation of the Indo China C.O. Firm and its Chairman Mr. Anil Dhirubhai Ambani. The said articles allegedly stated that the Research and Analysis Wing ("RAW") was keeping a close watch on Mr. Anil Dhirubhai Ambani and his business involvement with certain Chinese companies having links with Chinese Army and the Chinese Securities Agency, and that such involvement was posing a threat to the national security of India. Pursuant to the FIR, a legal notice was served on Mr. Raghav Bahl on April 21, 2012. Mr. Raghav Bahl replied to the legal notice on April 24 2012.

   Mr. Raghav Bahl on July 31, 2012 filed a writ petition (Criminal Misc. Writ Petition No. 10452 of 2012) against the State of Uttar Pradesh; Senior Superintendent of Police, Gautam Budh Nagar; SHO Police Station- Sector 24, Noida, District- Gautam Budh Nagar and Reliance Communication Limited (together referred to as the "Respondents") before the High Court at Allahabad. The petition was filed under Section 66A of the Information Technology Act, 2000 and Section 383, Section 389, Section 463, Section 464, Section 469, Section 499, Section 500, Section 501 and Section 502 of the IPC to challenge the legality, validity and correctness of the registration and investigation pursuant to the FIR filed by the Complainant. The Petitioner in the present petition had also sought stay on the arrest of the Petitioner during the pendency of the present writ petition and quashing of the impugned FIR. The Court at Allahabad pursuant to its order dated August 17, 2012 allowed the petition and granted a stay on the arrest of the Petitioner. The matter is currently pending.

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 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 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.

II. Pending Approvals and Registrations:

As on date of this Letter of Offer the following applications are pending with respect to our business:

1. 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.

2. 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.

3. We have filed applications for the registration of 228 trademarks under several classes of the Trade Marks Act, 1999 out of which 154 trademarks have been registered in our name. Further, pursuant to the Scheme of Arrangement, we had 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 of which 17 are pending. Out of 26 applications for registration of trade marks made by Infomedia Press, 18 have been registered. We are in the process of transferring the same in our name.

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 August 31, 2012 determined the Issue Price as ₹ 30 per Equity Share and the Rights Entitlement as 307 Equity Shares for every 50 fully paid up Equity Shares 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 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 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 THE DRAFT LETTER OF OFFER HAS BEEN SUBMITTED TO SEBI. IT IS TO BE DISTINCTLY UNDERSTOOD THAT THE SUBMISSION OF THE 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 LETTER OF OFFER. THE LEAD MANAGERS, ICICI SECURITRIES LIMITED AND RBS EQUITIES (INDIA) LIMITED HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THIS 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 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 THE 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) THE 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 THE 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 THE 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 THE 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 THE 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 THE 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 THE 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 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 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 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 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 Letter of Offer. You must not rely on any unauthorized information or representations. This 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 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 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 the NSE.

Disclaimer Clause of BSE

"BSE Limited ("the Exchange") has given vide its letter dated July 20, 2012, permission to this Company

to use the Exchange's name in this Letter of Offer as one of the stock exchanges on which this Company's securities are proposed to be listed. The Exchange has scrutinized this letter of offer for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Company. The Exchange does not in any manner:

i. warrant, certify or endorse the correctness or completeness of any of the contents of this Letter of Offer ; or
ii. warrant that this Company's securities will be listed or will continue to be listed on the Exchange; or
iii. take any responsibility for the financial or other soundness of this Company, its promoters, its management or any scheme or project of this Company;

and it should not for any reason be deemed or construed that this Letter of Offer has been cleared or approved by the Exchange. Every person who desires to apply for or otherwise acquires any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever."

Disclaimer Clause of NSE

"As required, a copy of this letter of offer has been submitted to National Stock Exchange of India Limited (hereinafter to as NSE). NSE has given vide its letter Ref. No. NSE/LIST/176268-J dated July 26, 2012 permission to the Issuer to use the Exchange's name in this Letter of Offer as one of the stock exchanges on which this Issuer's securities are proposed to be listed. The Exchange has scrutinised this Letter of Offer for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Issuer. It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed that the Letter of Offer has been cleared or approved by NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this letter of offer; nor does it warrant that this Issuer's securities will be listed or will continue to be listed on the Exchange; nor does it take any responsibility for the financial or other soundness of this Issuer, its promoters, its management or any scheme or project of this Issuer.

Every person who desires to apply for or otherwise acquire any securities of this Issuer may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription / acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever."

Filing

The Draft Letter of Offer was 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. SEBI has *vide* its letter CFD/DIL-II/SK/AEA/OW/18637/2012 dated August 17, 2012 issued its final observations and the final Letter of Offer has been filed with the Designated Stock Exchange as per the provisions of the Companies Act.

Selling Restrictions

The distribution of this 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 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 the Draft Letter of Offer was filed with SEBI for observations. Accordingly, the rights or Equity Shares may not be offered or sold, directly or indirectly, and this Letter of Offer may not be distributed in any jurisdiction, except in accordance with legal requirements applicable in such jurisdiction.

Receipt of this 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 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 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 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 Letter of Offer.

Neither the delivery of this 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 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 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 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 obtained in-principle approval from the BSE and the NSE 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 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 Letter of Offer and such consent and report have not been withdrawn up to the date of this 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 ₹ 746.22 million (approximately 2.76 % of the total Issue size) and will be met out of the proceeds of the Issue.

Particulars	Amount *(₹ in million)*	As percentage of total expenses	As a percentage of Issue size
Fees payable to intermediaries including Lead Managers and Registrar to the Issue	30.66	4.11	0.11
Fees payable to Monitoring Agency	2.86	0.38	0.01
Others (printing and distribution, stationery, postage, professional, advisory expenses, auditors fees, SEBI fees, marketing, commission, brokerage, marketing expenses, listing fees, depository fees, out of pocket reimbursements, etc.)	712.7	95.51	2.64
Total estimated Issue expenses	**746.22**	**100.00**	**2.76**

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 June 30, 2012, 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 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, in terms of SEBI circular CIR/CFD/DIL/1/ 2011 dated April 29, 2011, QIB applicants, Non Institutional Investors 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 (i) QIBs, (ii) Non-Institutional Investors or (iii) investors whose application amount is more than ₹ 200,000, can participate in the Issue either through the ASBA process or the non ASBA process. 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 264.

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., September 12, 2012, you are entitled to the number of Equity Shares as set out in Part A of the CAFs.

The distribution of this 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 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 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 ₹ 30 for cash at a premium of ₹ 25 per Equity Share. The Issue Price has been arrived at by us in consultation with the Lead Managers.

Rights Entitlement Ratio

The Equity Shares are being offered on a rights basis to the Equity Shareholders in the ratio of 307 Equity Shares for every 50 Equity Shares held on the Record Date.

Terms of Payment

The full amount of ₹ 30 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 307 Equity Shares for every 50 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 less than 50 Equity Shares or is not in a multiple of 50 Equity Shares, 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 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 their Rights Entitlement.

For example, if an Equity Shareholder holds 10 Equity Shares, he will be entitled to 61 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.

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 had 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 DCS/PREF/SI/IP-RT/795/12-13 and NSE/LIST/176268-J, dated July 20, 2012 and July 26, 2012 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 271.

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, Non-Institutional Investors and other applicants whose application amount exceeds ₹ 200,000 can participate in the Issue only through the ASBA process. The Investors who are not (i) QIBs, (ii) Non-Institutional Investors or (iii) investors whose application amount is more than ₹ 200,000, 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 279.

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 271.

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.

Pursuant to letters dated May 25, 2012 and August 24, 2012, the RBI has allowed the renunciation of Rights Entitlements by a (i) non resident Equity Shareholder to a resident investor, (ii) a non resident Equity Shareholder to a non resident investor and (iii) a resident Equity Shareholder to a non resident investor, on the floor of the Stock Exchanges. However, renunciation of Rights Entitlements by way of private arrangement by (i) non resident Equity Shareholder to a resident investor, (ii) a non resident Equity Shareholder to a non resident investor and (iii) a resident Equity Shareholder to a non resident investor, would require prior approval of the RBI.

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

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 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 September 24, 2012.
- 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 atleast seven days prior to the Issue Closing 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 ₹ 30 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 October 4, 2012. 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 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 271.

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 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, Non-Institutional Investors or other applicants whose application amount exceeds ₹ 200,000 can participate in the Issue only through the ASBA process. The Investors who are not (i) QIBs, (ii) Non-Institutional Investors or (iii) investors whose application amount is more than ₹ 200,000, can participate in the Issue either through the ASBA process or the non ASBA process.

The list of banks which have been notified by SEBI to act as SCSBs for the ASBA Process is provided on http://www.sebi.gov.in/cms/sebi_data/attachdocs/1345612849756.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, Non-Institutional Investors or other applicants whose application amount exceeds ₹ 200,000 can participate in the Issue only through the ASBA process. The Investors who are not (i) QIBs, (ii) Non-Institutional Investors or (iii) investors whose application amount is more than ₹ 200,000, can participate in the Issue either through the ASBA process or the non ASBA process.

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 271.

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 Equity Shareholder shall submit the plain paper application to the SCSB for authorising such SCSB to block an amount equivalent to the amount payable on the application in the said bank account maintained with the same SCSB.

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 ₹ 30 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 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, Non-Institutional Investors and other applicants whose application amount exceeds ₹ 200,000 can participate in the Issue only through the ASBA process. The Investors who are not (i) QIBs, (ii) Non-Institutional Investors or (iii) investors whose application amount is more than ₹ 200,000, can participate in the Issue either through the ASBA process or the non ASBA process.

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 263.

(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 277, 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, Non-Institutional Investors and other Equity Shareholders applying for Equity Shares in this Issue for value of more than ₹ 200,000 who holds Equity Shares in dematerialised form and is not a Renouncer or a 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

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:	September 18, 2012
Last date for receiving requests for SAFs:	September 24, 2012
Issue Closing Date:	October 4, 2012

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 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 50. 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 256.

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 263 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 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 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 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 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;
- CAFs submitted by Renouncees where Part B of the CAF is incomplete or is unsigned. In case of joint holding, all joint holders must sign Part 'B' of the CAF;
- 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 QIB, Non-Institutional Investors 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 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 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 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, Non-Institutional Investors 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, Non-Institutional Investors or 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, Non-Institutional Investors 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 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 (includes investment made as a QFI and FDI). 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, Non-Institutional Investors 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 - R***";

- 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 - R***" 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

  Unit: Network18 – Rights Issue
  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 "***Network18 Media & Investments Limited – Rights Issue – NR***", 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 Bankers to the Issue, crossed "A/c Payee only" and marked "***Network18 Media & Investments Limited – Rights Issue – NR***" 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 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 Letter of Offer and confirm that to the best of its knowledge and belief, there are no other facts the omission of which makes any statement made in this 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 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 Letter of Offer, Abridged 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

Unit: Network18 – Rights Issue
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 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 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 as amended on August 25, 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. Consents in writing of the Directors, the Lead Managers, the Legal Counsels, the Registrar to the Issue, the Monitoring Agency, the Bankers to the Issue, M/s. Walker, Chandiok & Co, Chartered Accountants, the 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.

6. The Report of the Auditors being, M/s. Walker, Chandiok & Co, Chartered Accountants as set out herein dated August 4, 2012 in relation to the audited financial statements for the Financial Year 2011-12.

7. The limited review report of the Auditors being, M/s. Walker, Chandiok & Co, Chartered Accountants as set out herein dated August 4, 2012 in relation to the limited reviewed standalone and consolidated financial results for the quarter ended June 30, 2012.

8. The Report of the M/s. A. K. Sabat & Co, Chartered Accountants as set out herein dated August 22, 2012 in relation to the summary financial information of Panorama, Prism and Eenadu for Financial Years 2007-08, 2008-09, 2009-10, 2010-11 and 2011-12.

9. The Report of the M/s. A. K. Sabat & Co, Chartered Accountants as set out herein dated August 22, 2012 in relation to the summary financial information of Equator for Financial Years 2008-09, 2009-10, 2010-11 and 2011-12.

10. A statement of tax benefits dated August 17, 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 2007-08, 2008-09, 2009-10, 2010-11 and 2011-12 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 July 20, 2012 and July 26, 2012 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.

16. Approval dated May 25, 2012 and subsequent clarification dated August 24, 2012 received from RBI in relation to renunciation of rights entitlement by and to persons resident outside India.

17. Ernst & Young valuation report dated January 3, 2012.

18. Observation letter CFD/DIL-II/SK/AEA/OW/18637/2012 dated August 17, 2012 received from SEBI.

Any of the contracts or documents mentioned in this 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 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 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: August 31, 2012

Mr. Raman Deep Singh Bawa
Chief Financial Officer