

Network 18

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Network 18 Media & Investments Limited.



Network18 Media & Investments Limited

BOARD OF DIRECTORS

Mr. Manoj Mohanka	Chairman
Mr. Raghav Bahl	Managing Director
Mr. Hari S. Bhartia	Director
Ms. Subhash Bahl	Director
Mr. Sanjay Ray Chaudhuri	Director
Ms. Vandana Malik	Director

NETWORK18 GROUP CEO

Mr. Saikumar Ganapathy Balasubramanian

NETWORK18 GROUP CFO

Mr. R.D.S. Bawa

NETWORK18 GROUP SR. VP-CORPORATE AFFAIRS

Mr. Anil Srivastava

COMPANY SECRETARY

Mr. Yug Samrat

AUDITORS

M/s Walker, Chandiok & Co
Chartered Accountants

BANKERS

Indian Overseas Bank
Syndicate Bank
Punjab National Bank
Yes Bank Ltd.

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.)

REGISTRARS & SHARE TRANSFER AGENT

Karvy Computershare Private Limited,
Plot no. 17 - 24, Vittal Rao Nagar,
Madhapur, Hyderabad – 500 081
Tel No: +91 40 2342 0818,
Fax No +91 40 2342 0814,
Email-id: einward.ris@karvy.com
Website: karvycomputershare.com

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Notice

Notice is hereby given that the 17th Annual General Meeting of the Members of **Network18 Media & Investments Limited ("Company")** will be held on Friday, 14th day of September 2012 at 10.30 A.M. at MPCU, Shah Auditorium, Mahatma Gandhi Sanskritik Kendra, 2 Raj Niwas Marg, Shree Delhi Gujarati Samaj Marg, Civil Lines, Delhi – 110 054 to transact the following business: -

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet of the Company as at March 31, 2012 and the Profit and Loss Account for the year ended March 31, 2012, together with the report of the Auditor's thereon and the Director's Report.
2. To appoint a Director in place of Ms. Subhash Bahl who retires by rotation and being eligible, offers herself for re-appointment.
3. To appoint Statutory Auditors of the Company and to fix their remuneration and in this regard, if thought fit, to pass with or without modifications, the following as an **Ordinary Resolution**:-

"RESOLVED THAT subject to the provisions of Sections 224, 225 and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), M/s. Walker, Chandiook & Co, Chartered Accountants, New Delhi, be and are hereby re-appointed as the Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company, on such remuneration as may be fixed by the Board of Directors."

SPECIAL BUSINESS:

4. **Appointment of Mr. Sanjay Ray Chaudhuri as Director**

To consider and, if thought fit, to pass with or without modifications, the following as an **Ordinary Resolution**: -

"RESOLVED THAT Mr. Sanjay Ray Chaudhuri, who was appointed as an Additional Director w.e.f. January 3, 2012 pursuant to Article 81 of the Articles of Association of the Company read with Section 260 of the Companies Act, 1956 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), who holds office upto the date of this Annual General Meeting and being eligible for appointment, and in respect of whom the Company has received a notice in writing under Section 257 of the Companies Act, 1956 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) from a Member

proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company liable to retire by rotation."

5. **Re-appointment of Mr. Raghav Bahl as a Managing Director**

To consider and, if thought fit, to pass with or without modifications, the following as a **Special Resolution**: -

"RESOLVED THAT pursuant to the provisions of Sections 198, 268, 269, 309, 310 and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) (the Act), read with Schedule XIII of the Act, as amended up to date, any amendments or re-enactments thereto and any other acts, rules or other statutes applicable and subject to the approval of the Central Government, approval of the Shareholders be and is hereby accorded for re-appointment of Mr. Raghav Bahl, as the Managing Director of the Company for a period of 3 (three) years i.e. from October 1, 2012 to September 30, 2015 on the following terms and conditions:

A) Salary :

He will be paid a salary of not exceeding Rs.11,00,000 (Rs. Eleven Lacs) per month with the authority to the Board of Directors (hereinafter referred to as the **'Board'** which term shall include a duly constituted Committee of Directors) to determine the salary and grant increases from time to time within the aforesaid limit. Salary to include basic salary and estimated variable pay.

B) Perquisites :

He will be entitled to perquisites, allowances, benefits, facilities and amenities (collectively "allowances & perquisites") including furnished residential accommodation or house rent allowance in lieu thereof, furnishings, education allowance, utility allowance, quarterly allowance, medical reimbursement, holiday travel/leave travel reimbursement/allowance, membership fees for clubs, Personal Accident Insurance and Group Term Assurance and medical benefits for self and family, group and any other "allowances & perquisites" as per the policy/rules of the Company in force and/or as may be approved by the Board from time to time provided that aggregate value of such allowances & perquisites shall not exceed Rs. 60,00,000 (Rs. Sixty Lacs) per annum. Allowances & Perquisites to be valued as per the Income-tax rules,

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wherever provided and/or applicable and at actual cost to the Company in other cases.

In addition to the above, he will also be entitled to the following benefits as per policy/rules of the Company in force or as may be approved by the Board from time to time:

(i) Company maintained car(s) with driver(s); (ii) Telephone(s) and fax at residence; (iii) Company's contribution to Provident Fund and Superannuation Fund; (iv) Payment of gratuity and other retiral benefits and (v) Encashment of leave.

The Board is authorized to fix actual remuneration and revise it from time to time within the aforesaid ceilings.

RESOLVED FURTHER THAT notwithstanding anything to the contrary contained herein and subject to the approval of the Central Government, if necessary and applicable, where in any Financial Year during the tenure of Mr. Raghav Bahl, as Managing Director, the Company has no profits or its profits are inadequate, Mr. Raghav Bahl shall be entitled to remuneration by way of salary and perquisites within the limits prescribed above and consent of the Shareholders be and is hereby accorded, in terms of Sections 309(5A) and 309(5B) of the Act, for waiver of recovery of excess remuneration that may be paid in pursuance of the aforesaid, over and above the limits specified under Sections 198, 269, 309 and other applicable provisions read with the schedule XIII of the Act.

RESOLVED FURTHER THAT for giving effect to the aforesaid resolution Mr. Sanjay Ray Chaudhuri, Director, Mr. R.D.S. Bawa, Group Chief Financial Officer, Mr. Anil Srivastava Group Sr.VP- Corporate Affairs, Mr. Yug Samrat, Company Secretary, Mr. Sachin Gupta, , DGM – Corporate Affairs & Compliance and Ms. Simarjeet Chadha, DGM – Finance & Accounts be and are hereby severally authorized to execute sign and file, submit, withdraw and resubmit inter alia the requisite application(s), form(s), undertaking(s), agreement(s) and document(s) in this regard with the Central Government, Registrar of Companies and other appropriate agencies and authorities, if any, and to do such other incidental acts and deeds, as may be, in their absolute discretion, deemed necessary or expedient to give effect to this resolution."

**By order of the Board of Director
For Network 18 Media & Investments Limited**

Place: Noida
Date: August 4, 2012.

Yug Samrat
Company Secretary

NOTES

- A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING ("THE MEETING") IS ENTITLED TO APPOINT A PROXY AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. A BLANK PROXY FORM IS ENCLOSED HERewith AND IF INTENDED TO BE USED, THE FORM DULY COMPLETED SHOULD BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE TIME OF COMMENCEMENT OF THE MEETING.**
- An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in regard to the Special Business to be transacted at the Meeting has been annexed hereto.
- Members/ Proxy are requested to bring a copy of this notice as no copies will be made available at the Meeting. Photocopies of the admission slip will not be allowed for admission to the meeting venue. Those Members who have not received a copy of Annual Report can collect their copy from the Registered Office of the Company.
- Members/ Proxies should bring the attendance slips duly completed and hand it over at the Meeting to record their attendance.
- Corporate Members are required to send a duly certified copy of the Board Resolution/ Power of Attorney/other valid authority, authorising their representative to attend and vote at the Meeting, pursuant to Section 187 of the Companies Act, 1956.
- Members desirous of making a nomination in respect of their shareholding in the Company, as permitted under Section 109A of the Companies Act, 1956, are requested to write to the Company's Registrar.
- The Registers of Members will be closed from Monday, August 6, 2012 to Tuesday, August 7, 2012 (both days inclusive) for the purposes of the Meeting. The Transfer Books of the Company will also remain closed for the aforesaid period.
- All documents referred to in the accompanying notice are available for inspection at the Registered Office of the Company during working days between 10.00 A.M. to 1.00 P.M., except holidays, up to the date of the Meeting.
- Any query related to the accounts may be sent at the Registered Office of the Company at least 10 days before the date of the Meeting.

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10. Members who hold shares in physical form in multiple folios in identical names or joint accounts in the same order of names are requested to send the share certificates to the Company's Registrar and Transfer Agents, M/s Karvy Computershare Private Limited, for consolidation into a single folio.
11. Relevant details in respect of Director (s) proposed to be appointed/re-appointed, including brief resume, their expertise in specific functional area, names of other companies in which they are directors or committee members, in terms of Clause 49 of the Listing Agreement, are provided in the Corporate Governance Report forming part of the Annual Report.
12. Certificate from the Statutory Auditors of the Company certifying that the Employees Stock Option Plans of the Company have been implemented in accordance with the provisions of the Securities and Exchange Board of India (ESOP & ESPS) Guidelines 1999 shall be placed before the Meeting.
13. Register of Directors' Shareholding pursuant to Section 307 of the Companies Act 1956 shall be kept open and accessible at the Meeting for the inspection of the persons having right to attend the Meeting.
14. Members are requested to note that the Ministry of Corporate Affairs (the "MCA") has taken a "Green Initiative in the Corporate Governance" by allowing the paperless compliances by the companies vide its Circulars no. 17/2011 dated April 21, 2011 and 18/2011 dated April 29, 2011 after considering certain provisions of the Information Technology Act, 2000, permitted the companies to send the notices / annual reports etc. through email to its members. To support this green initiative of the MCA whole heartedly, members who hold shares in electronic mode and have not yet registered their e-mail address, are requested to register their e-mail address with the Depository through their concerned Depository Participant and members who hold shares in physical mode are requested to intimate their e-mail address at which they would like to receive the above documents electronically, either to the Company or to its Registrar and Share Transfer Agent. **Shareholders are also requested to send their consent to receive Annual Report, notice and other communication in electronic mode, in the form given at page no. 183 of the Annual Report.**

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EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956**ITEM NO. 4:**

Pursuant to Section 260 of the Companies Act, 1956 read along with Article 81 of the Articles of Association of the Company, Mr. Sanjay Ray Chaudhuri was appointed as an Additional Director of the Company w.e.f. January 3, 2012. He holds office up to the date of this Annual General Meeting and as such he is eligible for appointment. Further the Company has received a notice from one of the Shareholders under Section 257 of the Companies Act, 1956 proposing his appointment as a Director of the Company.

None of the Directors are concerned or interested in this resolution, save and except to the extent of their shareholding in the Company and Mr. Sanjay Ray Chaudhuri being the appointee himself. The Board of Directors recommends the resolution to the Shareholders for their approval.

ITEM NO. 5

Mr. Raghav Bahl is a Director of the Company since December 10, 2003 and was appointed as the Managing Director on September 1, 2006. His current tenure as the Managing Director is valid upto September 30, 2012, He has contributed significantly in the growth and development of the Company. In view of his contribution in the growth of the Company as well as to derive benefit from his rich and extensive experience in the Media and Entertainment sectors, the Board of Directors on the recommendation of the Remuneration Committee, subject to approval of Shareholders and the Central Government has appointed Mr. Raghav Bahl as Managing Director for a period of three years w.e.f. October 1, 2012 till September 30, 2015 on the terms and conditions as set out in the proposed resolution.

The remuneration proposed is exceeding the limits prescribed under Sections 198, 269, 309 read with Schedule XIII of the Companies Act, 1956 (the Act) and hence, the remuneration is required to be approved by the Central Government.

In view of the above, consent of the Shareholders is also sought in terms of Sections 309(5A) and 309(5B) of the Act, for waiver of recovery of excess remuneration that may be paid to him in pursuance of the aforesaid, over and above the limits specified under Section 198, 269, 309 and other applicable provisions read with the Schedule XIII of the Act.

The particulars required to be disclosed in the Explanatory Statement in accordance with the provisions of Section II

Part II of Schedule XIII of the Act, are enclosed in a separate statement and forms a part of this notice.

The Board recommends the resolution at Item no. 5 for approval of the Shareholders.

None of the Directors are concerned or interested in this resolution, save and except to the extent of their shareholding in the Company, Mr. Raghav Bahl, being appointee himself, Ms. Subhash Bahl, being mother of Mr. Raghav Bahl and Ms. Vandana Malik, being sister of Mr. Raghav Bahl, is concerned or interested in the proposed resolution.

The explanation together with the accompanying Notice may be regarded as an abstract and memorandum under Section 302 of the Companies Act, 1956.

**By Order of the Board of Directors
For Network 18 Media & Investments Limited**

Place: Noida
Date: August 4, 2012.

**Yug Samrat
Company Secretary**

STATEMENT PURSUANT TO THE PROVISIONS OF SECTION II PART II OF SCHEDULE XIII TO THE COMPANIES ACT, 1956 WITH RESPECT TO ITEM NO 5 OF THIS NOTICE**I. GENERAL INFORMATION****1. Nature of Industry**

Network18 Media and Investments ("Network18" or "Company") is a leading company in India in the Media and Entertainment sector with interests in television, internet, filmed entertainment, e-commerce, magazines, mobile content and allied business.

Network18 is engaged in a number of operating businesses-including internet (www.ibnlive.com, www.moneycontrol.com, www.in.com, www.commoditiescontrol.com etc in its Web division), events management (in its E18 division), publishing of specialty magazines and business directories, search business including web properties such as www.askme.com, www.askme.in and www.burrrp.com (in its Publishing Division), sports management (in its Sport18 division), capital advisory business (in its Capital18 division) and also holds investments in various listed and unlisted companies within the group, which are held for strategic purposes and not with the intent of trading.

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2. Date or expected date of commercial production

The Company commenced its operation since the date of incorporation i.e. February 16, 1996.

3. In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus.

Not applicable

4. Financial performance based on given indicators

The financial performance of the Company in last three years is as under:

Particulars	Year ended March 31, 2010	Year ended March 31, 2011	Year ended March 31, 2012
Revenues	561,747,186	672,185,348	2,646,465,220
Net Profit (before tax)	(454,057,009)	(703,776,186)	(1,912,129,130)
Dividend (%)	NIL	NIL	NIL

5. Export Performance

During the year ended March 31, 2012, the Company has earned Rs. 44,207,283 in foreign currencies (converted into INR), as detailed below:-

Particulars	(Amount Rs.)
Advertisement income	37,892,057
Sponsorship income	1,703,901
Event income	1,497,905
Others	3,113,420
Total	44,207,283

6. Foreign investments or collaborations

Pursuant to demerger of Publishing Business of Infomedia Press Limited (formerly known as Infomedia18 Limited) the specialty magazines namely 'Intelligent Computing-Chip', 'Intelligent Entrepreneur' and 'T3 (Tomorrow's Technology Today)' have been transferred to the Company, which are being published in association with foreign publishers namely Vogel Burda, Entrepreneur Media Inc. and Future Publishing Limited, respectively.

The Company, on October 20, 2009 had allotted 9,202,650 equity shares to SAIF III Mauritius Company Limited on a preferential basis. Apart from this the Company has not received any FDI nor does it has any foreign collaborations.

II. INFORMATION ABOUT THE APPOINTEE

1. Background details

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 Group (now Network18 Group) in 1993 and has been instrumental in establishing partnerships with media conglomerates such as CNBC-AP, CNN, Viacom Inc., Time Warner, A&E Television Networks LLC and Forbes. Under his guidance, we now operate India's leading English news channel, *CNN IBN* and the leading English and Hindi business news channels, *CNBC TV18* and *CNBC Awaaz*. He has over 24 years experience in television and journalism.

2. Past Remuneration

Mr. Raghav Bahl was paid a remuneration Rs. 1,09,44,000/- (which includes his salary, allowances and perquisites) by the Company during the FY 2011-12.

3. Recognition or award(s)

Mr. Raghav Bahl was hailed as a Global Leader of Tomorrow by the World Economic Forum and was also selected by Ernst & Young as the Entrepreneur of the Year (2007) for Business Transformation. He has also won numerous awards, including the Sanskriti award for Journalism in 1994.

4. Job profile and suitability

As Managing Director of the Company, Mr. Raghav Bahl is responsible for the overall performance of the Company.

Our Company holds strategic investments in various media companies and Mr. Raghav Bahl has extensive experience in the media and entertainment sectors. He has been instrumental in establishing and operating TV18 Broadcast Limited ("TV18 Broadcast"), our subsidiary which operates well established channels viz. 'CNBC-TV18' 'CNBC Awaaz', 'CNN IBN' and 'IBN7'.

During his association with Network18, Mr. Bahl has shown the highest levels of commitment and adherence to the highest standards of

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journalism. He leads by personal example and has assured success of the Company.

Keeping in view of his contribution since his appointment, the Board considers his re-appointment to be in the best interests of the Company. The Board is confident that Mr. Raghav Bahl's management capabilities will enable the Company to progress further.

5. Remuneration proposed

Proposed remuneration is as set out in the Notice. The remuneration of Mr. Raghav Bahl has been approved by the Board and Remuneration Committee.

6. Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person (in case of expatriates the relevant details with reference to the country of his origin)

The remuneration paid to Mr. Raghav Bahl for the Financial Year 2011-12 was Rs. 1,09,44,000/-, which includes salary, allowances and perquisites. The remuneration proposed to be paid is in line with the industry standards.

7. Pecuniary Relationship directly or indirectly with the Company or relationship with the managerial personnel, if any.

Mr. Raghav Bahl is son of Ms. Subhash Bahl and brother of Ms. Vandana Malik, Directors of the Company and they form part of promoter/promoter group of the Company.

III. OTHER INFORMATION

1. Reasons for loss or inadequate profits

The Company primarily holds investments in group companies. So the major source of income was from the dividend from these group companies. However, the global recession had its impact on all our group companies due to which none of the group companies declared dividend for the current year. Further, the other ventures of the Company like Events and Sport Management are in their initial stages of performances and it may take some time to generate significant revenues. Further, the Company has availed significant amount of debt in order to fund its business including businesses carried via subsidiaries and joint

ventures - such high amount of debt has led to significant interest payments. The aforesaid reasons have led to erosion of profitability of the Company.

2. Steps taken or proposed to be taken for improvement

The Company has taken steps to improve the working of its operating divisions including Web, Sport18 and Events18. Efforts are on to obtain the rights to popular artists as well as rights to sporting events. The Company has taken major cost cutting measures across the operating divisions of the Company and has also proposed a right issue of its equity shares, the proceeds for which are *inter alia* to be used for repayment of debt.

a) Rights Issue

The Board of Directors, at their meeting held on January 3, 2012 decided to raise Rs. 2,700 Crores by issuing shares on rights basis, *inter alia* for (a) Investment in our subsidiary viz. TV18 Broadcast (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 the Securities and Exchange Board of India ("SEBI") and the necessary approval is awaited.

During the Financial Year, TV18 Broadcast entered into a binding agreement with companies effectively wholly owned by Reliance Industries Limited (RIL), for acquiring stake in various ETV channels, being operated and managed by Eenadu Group. Completion of this acquisition is subject to receipt of necessary regulatory approvals and completion of the proposed rights issue of the Company and TV18 Broadcast.

In this regard the Board of Directors of TV18 Broadcast also, at their meeting held on January 3, 2012, had approved the issuance of its equity shares on rights basis for an amount aggregating to Rs. 2,700 Crores for *inter alia* acquisition of ETV channels and

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repayment of certain loans. The DLOO for the Rights Issue of TV18 Broadcast has also been filed with SEBI and the necessary approval is awaited.

Infotel Broadband Services Limited ("Infotel"), a subsidiary of RIL, has entered into a Content License Agreement with the Company and TV18 Broadcast, under which Infotel shall have preferential access to (i) the content of all the media and web properties of the Company and its associates and (ii) programming and digital content of all the broadcasting channels of TV18 Broadcast and its associates on a first right basis as a most preferred customer.

b) Corporate restructuring

Network18 Scheme

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 with an Appointed Date of April 1, 2010. The Scheme was approved by Hon'ble High Court of Delhi on April 26, 2011 and was made effective on June 10, 2011.

Pursuant to the Scheme, "Business News Operations" of erstwhile Television Eighteen India Limited ("erstwhile TV18") comprising of 'CNBC TV18' and 'CNBC Awaaz' channels and teleport business were transferred to TV18 Broadcast. The remaining business of erstwhile TV18 (i.e. post demerger of "Business News Operations") along with its investments was merged with the Company.

In addition, in accordance with the Scheme, 'the Web Undertaking' of Web18 Software Services Limited, Television Eighteen Commoditiescontrol.com Limited have been transferred to the Company.

Infomedia Scheme

The Hon'ble High Court of Delhi approved a Scheme of Arrangement ('the Infomedia Scheme') between the Company and Infomedia Press Limited (*formerly Infomedia 18 Limited*) ("Infomedia") 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, New Media and the Publishing business of Infomedia have been demerged into the Company. The Printing Press business continues to remain with Infomedia.

The above restructuring coupled with the proposed acquisition of regional channels by our subsidiary and proposed rights issues are poised to provide a platform for a quantum leap in the Company's growth. Further after repayment of loans, interest burden shall also reduce significantly.

3. Expected increase in productivity and profits in measurable terms

We expect a reasonable improvement in the revenues and profitability as a result of these efforts.

Network18 Media & Investments Limited

Directors' Report

Dear Members,

Network18 Media & Investments Limited

Your Directors are pleased to present their 17th Annual Report together with the audited Statement of Accounts for the Year ended March 31, 2012.

Financial Results

The key financial figures on standalone basis of your Company for the year ended March 31, 2012 is summarized below:

Amount in Rs.

	2011-12	2010-11
Profit/ (Loss) before interest and depreciation	(51,71,76,967)	11,78,52,719
Interest and finance charges	1,30,68,01,367	81,64,93,300
Depreciation	8,81,50,795	51,35,605
Net operating profit before tax	(1,91,21,29,130)	(70,37,76,186)
Provision for taxes/ deferred taxes	71,76,267	(1,25,00,000)
Net profit/ (loss) after tax	(1,91,93,05,397)	(69,12,76,186)

Operational Results

During the year under review, the Company recorded a turnover of Rs 264.65 Crs. (Pr. Yr. 67.22 Crs.) and recorded EBDIT of Rs. (51.72) Crs. (Pr. Yr. 11.79 Crs.).

Dividend

In view of the losses for the year ended March 31, 2012 and accumulated losses, the Board of Directors of your Company is constrained to recommend any dividend for the year under review.

Transfer to Reserves

The Company has not made any transfer to the reserves during the financial year ended March 31, 2012.

Deposits

Your Company wishes to inform you that the Fixed Deposits Scheme under Section 58A of the Companies Act, 1956 launched by your Company is well supported by public and Shareholders. Your Company had a total of Rs. 313.91 Crs. under the Fixed Deposit Scheme as on March 31, 2012.

There was no failure by the Company in repayment of interest due on Fixed Deposits. Your Company has sent reminders to 2,999 Deposit Holders, who have not

claimed repayment of their fixed deposits, which became due on March 31, 2012, amounting to Rs. 18.73 Crs.

Scheme of Arrangement:

The Board of Directors of the Company, on July 7, 2010, announced and approved a Scheme of Arrangement ("the Scheme") between your Company, Infomedia Press Limited (formerly known as "Infomedia18 Limited") ("Infomedia") and their respective shareholders and creditors with the appointed date being April 1, 2010. The Scheme has been approved by the Hon'ble High Court of Delhi and has been made effective on June 1, 2012 ("Effective Date").

As per the Scheme, Demerged Undertaking comprising of:

- publishing business including publication of business directories, yellow pages & city guides;
- publication of special interest publication/ magazines;
- search business including web properties such as www.askme.com, www.askme.in and www.burpp.com and any other business except printing Press Business.

being carried on by Infomedia on a going concern basis, along with all related assets, liabilities, rights and obligations stand transferred to the Company as on the Appointed Date, while the Printing Press business continues to remain with Infomedia. Your Company has altered the object clause of the Company to include aforesaid business, vide postal ballot resolution of the shareholders dated February 24, 2012.

In consideration of the demerger of the Demerged Undertaking of Infomedia with the Company, on June 19, 2012, the Company had issued and allotted 36,79,356 equity shares to the shareholders of Infomedia 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 has been issued for every fifty fully paid-up equity shares of Rs 10/- each of Infomedia. Further no equity shares were issued in respect of the equity shares held by the Company in Infomedia.

The Company has not issued shares against fractional entitlement. These fractional shares have been consolidated and issued to separate trustee nominated by the Company. The Trust shall sell such shares at the prevailing market prices in due course of time and distribute the net sale proceeds (after deduction of tax, if applicable) to the respective allottees in proportion to their fractional entitlements.

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Directors' Report (Contd.)

RIGHTS ISSUE OF 2,700 CRORES EACH BY COMPANY AND ITS SUBSIDIARY AND PROPOSED ACQUISITION OF ETV AND CONTENT LICENSING AGREEMENT.

The Board of Directors, at their meeting held on January 3, 2012 decided to raise Rs. 2,700 Crores by issuing Equity 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 and the necessary approval is awaited. However, 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 then prevailing market conditions and in accordance with the applicable provisions of laws, rules, regulations and guidelines.

During the year, our subsidiary company namely TV18 Broadcast Limited (TV18), entered into binding agreement with companies effectively wholly owned by Reliance Industries Limited (RIL), for acquiring stake in various ETV channels being operated and managed by Eenadu Group. Completion of this acquisition is subject to receipt of necessary regulatory approvals and completion of the proposed rights issue of Company and TV18.

In this regard the Board of Directors of TV18 at their meeting held on January 3, 2012, have approved issues of equity shares of TV18 on a rights basis for an amount aggregating to Rs. 2,700 crores, inter alia for acquisition of ETV channels and repayment of certain loans. The draft letter of offer for the rights issue of TV18 has also been filed with SEBI and the necessary approval is awaited.

Further Infotel Broadband Services Limited ('Infotel'), a subsidiary of RIL, has entered into a content license agreement with the Company and TV18, under which Infotel shall have preferential access to (i) the content of all the media and web properties of the Company and its associates and (ii) programming and digital content of all the broadcasting channels of TV18 and its associates on a first right basis as a most preferred customer.

Redemption of the preference shares

The Company has 10,284,379 outstanding Preference Share of Rs. 150 each (the 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 carries preferential right in respect of dividends and also that it carries preferential right in regard to repayment of capital in case of winding up. The Company's liability to the Preference Shareholders towards their rights including for payment of dividend or otherwise shall stand extinguished from the date of redemption, in all events and on the Company dispatching the redemption amounts to the Preference Shareholders. Preference Shares are redeemable at the end of five years from May 15, 2008, (the allotment date) at Rs. 150 per share.

Change in Capital Structure

The Company's shares are listed on the National Stock Exchange (NSE) and Bombay Stock Exchange (BSE) and are actively traded.

During the year under review and upto the date of this report, the paid up equity share capital has increased from Rs. 5,944.78 Lakhs to Rs. 7,327.96 Lakhs. The details of the same is mentioned hereunder:

Particulars	No. of Shares issued
Shares allotted pursuant to exercise of ESOP	2,89,231
Shares allotted pursuant to Scheme of Arrangement between Television Eighteen India Ltd, TV18 Broadcast Ltd & others with the Company.	2,36,95,044
Shares allotted pursuant to Scheme of arrangement between inter alia Company and Infomedia Press Limited formerly Infomedia18 Limited).	36,79,356

Further in view of the current market scenario and the future requirements, to accommodate shares issued pursuant to the aforesaid Scheme and in order to accommodate the proposed rights issue of the Company, your Company has increased the authorized share capital from existing Rs. 306,00,00,000/- (Rupees Three Hundred and Six Crore only) to Rs. 531,00,00,000/- (Rupees Five Hundred and Thirty One Crores only) and again to Rs. 936,50,00,000/- (Rupees Nine Hundred Thirty Six Crore Fifty Lacs only) and was further increased to Rs. 2736,50,00,000/- (Rupees Two Thousand Seven Hundred Thirty Six Crore Fifty Lacs only).

Employee Stock Option Plan

Human Resource is the key to the success of any organization. The Company has always valued its human resources and had tried to adopt the best HR practices.

Network18 Media & Investments Limited

Directors' Report (Contd.)

During the year 4,22,736 options were granted to employees of erstwhile Television Eighteen India Limited, which has merged into your company and employees thereof have been transferred to the Company. The Company has allotted 2,89,231 equity shares against the exercise of options by the employees.

The Particulars of options issued under the Employee Stock Option Plans as required by SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 are given in Annexure-I and form part of this report.

The Company has implemented the Employees Stock Options Schemes in accordance with the SEBI Guidelines and the resolutions passed by the shareholders. Certificate(s) confirming the same shall be placed before the Annual General Meeting for inspection.

Corporate Governance

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

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

The detailed Corporate Governance Report of the Company in pursuance of Clause 49 of the Listing Agreement forms part of the Annual Report of the Company.

Directors

During the year under review, Mr. Sanjay Ray Chaudhuri was appointed as an additional director of the Company w.e.f. January 3, 2012. Mr. Sanjay Ray Chaudhuri holds office up to the date of the forthcoming Annual General Meeting. The Company has received notice from a member of the Company under section 257 of the Companies Act 1956 proposing the candidature of Mr. Sanjay Ray Chaudhuri for the Directorship. The Board recommends his appointment.

Further Ms. Subhash Bahl, director of the Company shall retire by rotation at the forthcoming Annual General Meeting of the Company. However, being eligible she has offered herself for re-appointment. Accordingly the Board recommends her re-appointment.

Mr. Raghav Bahl is Director of the Company since December 10, 2003 and was appointed as a Managing Director on September 1, 2006. His current tenure as a Managing Director expires on September 30, 2012. He has contributed significantly in the growth and development of the Company. Accordingly, in view of his contribution as well as rich and extensive experience in the media and entertainment sectors, he has been re-appointed as the Managing Director of the Company for a period of three years starting from 1st October 2012 to 30th September 2015. Such appointment is subject to necessary approval of the Shareholders of the Company and the Central Government.

Brief resume of aforesaid Directors, proposed to be appointed, the nature of their expertise in specific functional areas and name of Companies in which they hold directorships and chairmanship/ memberships of Board Committees as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges in India are provided in the 'Report on Corporate Governance' forming part of this Report.

Mr. Ravi Chandra Adusumalli has resigned from the Directorship of the Company w.e.f. December 1, 2011. The Board hereby records its appreciation for the services rendered by him during his tenure.

Consolidated Financial Statements

In accordance with the Accounting Standard AS-21 on Consolidated Financial Statements read with Accounting Standard AS-23 on Accounting for Investments in Associates and AS-27 on Financial Reporting of Interest in Joint Ventures, the audited Consolidated Financial Statements are provided in the Annual Report.

Subsidiaries

The Ministry of Corporate Affairs, Government of India vide its Circular no. 51/12/2007-CL-III dated February 8, 2011 has granted general exemption under section 212(8) of the Companies Act, 1956 from attaching the Directors' Report, Balance Sheet, Profit & Loss Account and the Report of Auditors of the Subsidiary Companies with the Balance Sheet of the Company. The annual accounts of these subsidiary companies and the related detailed information will be made available to the shareholders seeking such information at any point of time. The annual accounts of the subsidiary companies shall also be kept for inspection by any investor in its registered office and that of the concerned subsidiary companies. The Company shall furnish a hard copy of details of accounts of subsidiaries to any shareholder on demand.

A statement of your Company's interest in its Subsidiary Companies is attached as Annexure – II to the Directors' Report in terms of the provisions of Section 212 of the Companies Act, 1956.

Network18 Media & Investments Limited

Directors' Report (Contd.)

Directors' Responsibility Statement

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

- i) that in the preparation of the annual accounts for the financial year ended March 31, 2012, the applicable Accounting Standards have been followed;
- ii) that the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of profit or loss of the Company for the year under review;
- iii) that the Directors have taken proper and sufficient care for maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) that the Directors have prepared the accounts for the financial year ended March 31, 2012 on a 'going concern' basis.

Auditors & Auditors' Report

The Statutory Auditors, M/s Walker, Chandok & Co, Chartered Accountants, New Delhi retire at the forthcoming Annual General Meeting and are being eligible for re-appointment as such. The Board recommends the re-appointment of M/s Walker, Chandok & Co, Chartered Accountants, New Delhi as the statutory auditors of the Company, who have given their consent to act as such and a certificate to the effect that their appointment, if made, will be within the limits specified under Section 224 (1B) of the Companies Act, 1956.

Cost Auditors

Pursuant to the Cost Audit Order as notified by the Ministry of Corporate Affairs (Cost Audit Branch) vide circular dated May 2, 2011 read with Cost Accounting Records (Telecommunication Industry) Rules 2011 as notified by the Ministry of Corporate Affairs vide GSR 869(E) dated December 7, 2011, the Company has appointed, M/s Pramod Chauhan & Associates, Cost Accountants, as the Cost Auditor of the Company for the financial year 2012-13 for conducting the audit of the Cost Records of the Company.

Explanation to Auditor's Comment:

In regard to reservations/qualifications in the Auditors' Report, the relevant notes on the accounts are self-explanatory and therefore do not call for any further comments of Directors. However, your Directors wish to offer the explanations in regard to note no. 5 of the Auditors Report. It is clarified that the Central Government

has partially accepted the Company's application for approval of the remuneration paid to the Managing Director and the Company has filed a representation for reconsideration of the matter and approval is awaited.

Particulars of Employees

In terms of the Provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, as amended, the name and other particulars of the employees are set out in the Annexure to the Directors' Report. However, having regard to the provisions of Section 219(1) (b) (iv) of the said Act, the Annual Report excluding the aforesaid information is being sent to all the Members of the Company and others entitled to receive the annual report of the Company. Any members interested in obtaining such particulars may write to the Company at its Registered Office.

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

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

a) Conservation of Energy

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

b) Research and Development

The Company continuously makes efforts towards research and developmental activities whereby it can improve the quality and productivity of its programmes.

c) Foreign Exchange Earnings and Outgo

The foreign exchange earnings and expenditure appear in Notes No. 40 and 41 of the 'Notes to the Accounts' forming part of the Audited Annual Account.

Acknowledgement

Your Directors take this opportunity to place on record their deep appreciation for the continuous support extended by all the employees, Shareholders of the Company, various Government Departments and Bankers towards conducting the operation of the Company efficiently.

For and on behalf of the Board

Place : Noida
Date : August 4, 2012.

Chairman

Network18 Media & Investments Limited

Directors' Report (Contd.)

Annexure "I" to the Directors' Report

Information regarding the Employees Stock Option Schemes/ Employees Stock Purchase Plan as on March 31, 2012 in terms of Regulation 12 and 19 of SEBI (Employees Stock Option and Employees Stock Purchase Scheme) Guidelines, 1999

(a) Options granted

Name of Scheme	No. of options granted
Network18 Employee Stock Option Plan 2007	422,736

(b) Pricing Formula

The Exercise Price shall be decided by the Compensation Committee, provided however, that the Exercise Price shall not be less than the par value of the Shares of the Company and shall not be more than the price prescribed under Chapter XIII of SEBI (Disclosure and Investor Protection) Guidelines, 2000. The relevant date will be the date of Grant. In case of a fall in market value of Shares between the Offer Date and the date of Exercise, the Compensation Committee may re-price the Options that have not been vested while ensuring such re-pricing is not detrimental to the interest of the Grantees.

(c) Options vested during the year	703,959
(d) Options exercised during the year	289,231
(e) Total no. of shares arising as a result of exercise of options	289,231
(f) Options lapsed during the year	65,952
(g) Variation in terms of options	Exercise price has been modified on 03-November-2011 for 1,010,539 options and on 29-December-2011 for 1,039,023 options to Rs.63.85 and Rs.37.55 respectively.

(h) Money realised by exercise of options (Rs. in lakhs)

24.19

(I) Total no. of options in force

1,513,951

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

Name of key managerial persons	No. of options granted
Ajay Chacko	24,934
Lakshmi Narasimhan	1,300
N. Dilip Venkatraman	3,250
Senthil Chengalvarayan	58,478
B. Saikumar	59,952
Anil Uniyal	3,250
Total	151,164

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

Name of employee	No. of options granted
Anuradha Sengupta	19,464
Menaka Doshi	19,464
Shereen Bhan	22,497
Udayan Mukherjee	94,228
Total	155,652

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

(k) (i) Basic Earnings per share (in Rs.)	(13.11)
(ii) Diluted Earnings per share (in Rs.)	(13.11)

Network18 Media & Investments Limited

Directors' Report (Contd.)

(l) Computation of employee compensation cost and effect on profit and EPS

(i) Method of calculation of employee compensation cost used by the Company :Intrinsic Value	
(ii) Difference between the employee compensation cost so computed at (i) above and the employee compensation cost to P&L account if the Company had used fair value of the Options (in Rs. lakhs)	(33.74)
(iii) The impact of this difference on the profits and EPS of the Company	(33.74)
Profit after tax (Rs. in lakhs)	(19,193.05)
Less: Additional employee compensation cost based on fair value (Rs. in lakhs)	(33.74)
Adjusted Profit after Tax (Rs. in lakhs)	(19,159.31)
Adjusted Basic EPS	(13.09)
Adjusted Diluted EPS	(13.09)

(m) Weighted average exercise price and fair value of the stock options granted:

	Weighted average exercise price	Weighted average fair value
- Where exercise price exceeds the market price of the stock (Rs.)	142.55	19.17
- Where exercise price is equal to the market price of the stock (Rs.)	-	-
- Where exercise price is less than the market price of the stock (Rs.)	32.77	81.60

(n) Description of the method and significant assumptions used during the year to estimate the fair value of the options, including the following weighted average information

The company has adopted the Black Scholes valuation model for computing the weighted average fair value considering the following assumptions

	As on Grant Date	As on modified date 03-Nov-2011	As on modified date 29-Dec-2011
Risk free rate of interest (in %)	8.26%	8.49%	8.33%
Expected life of the options from the date of grant (in Years)	1.32	0.85	0.69
Expected volatility (in %)	39.93%	56.74%	55.40%
Dividend yield (in %)	0.00%	0.00%	0.00%

Network18 Media & Investments Limited

Directors' Report (Contd.)

Annexure "II" to the Director's Report Statement pursuant to Section 212 of the Companies Act, 1956

1	Name of the subsidiary	TV 18 Broadcast Limited (formerly ibn18 Broadcast Limited)	RVT Media Private Limited	ibn18 (Mauritius) Limited, Mauritius
2	Financial year of the subsidiary ended on	31.03.2012	31.03.2012	31.03.2012
3	Shares of the subsidiary held by the company on the above date			
	a) No. of Shares and face value	185,526,648 Equity shares of Rs. 2 each	96,615 Equity shares of Rs. 10 each	100 Equity shares of US\$1 each
	b) Holding companies interest	51.24%	100.00%	100.00%
4	Net aggregate amount of Profit/Loss of the subsidiary so far as they concern members of the Holding company:			
	<i>(i) Dealt with in the Holding Company's accounts:</i>			
	a) For the financial year of the subsidiary	NIL	NIL	NIL
	b) For the Previous Financial years since it become Holding Company's Subsidiary	NIL	NIL	NIL
	<i>(ii) Not dealt with in the Holding Company's accounts:</i>			
	a) For the financial year of the subsidiary	47,358,549	(34,833)	74,291,696
	b) For the Previous Financial years since it become Holding Company's Subsidiary	(1,207,612,181)	(125,225)	(658,560,867)
5	Material changes in subsidiary between the end of its financial year and the financial year of the holding company			
	a) Fixed Assets	N/A	N/A	N/A
	b) Investments made	N/A	N/A	N/A
	c) Money lent by subsidiary	N/A	N/A	N/A
	d) Money borrowed by the subsidiary for any purpose other than that of meeting current liabilities.	N/A	N/A	N/A

Network18 Media & Investments Limited

Directors' Report (Contd.)

Annexure "II" to the Director's Report Statement pursuant to Section 212 of the Companies Act, 1956

1	Name of the subsidiary	AETN18 Media Private Limited	Setpro 18 Distribution Limited	Network 18 Holdings Limited, Cayman Islands	TV18 HSN Holdings Limited, Cyprus	TV 18 Home Shopping Network Limited
2	Financial year of the subsidiary ended on	31.03.2012	31.03.2012	31.03.2012	31.03.2012	31.03.2012
3	Shares of the subsidiary held by the company on the above date					
	a) No. of Shares and face value	13,019,369 Equity shares of Rs. 10/- each	33,000 Equity shares of Rs 10 each	1,500,000 Equity shares of USD 1 each	46,308,665 ordinary shares of USD 0.04 each	1,240,791 Equity shares of Rs 10 each
	b) Holding companies interest	51.00%	66.00%	100.00%	52.90%	100.00%
4	Net aggregate amount of Profit/Loss of the subsidiary so far as they concern members of the Holding company:					
	<i>(i) Dealt with in the Holding Company's accounts:</i>					
	a) For the financial year of the subsidiary	NIL	NIL	NIL	NIL	NIL
	b) For the Previous Financial years since it become Holding Company's Subsidiary	NIL	NIL	NIL	NIL	NIL
	<i>(ii) Not dealt with in the Holding Company's accounts:</i>					
	a) For the financial year of the subsidiary	(258,261,895)	(62,589,550)	(28,442,187)	(45,503,509)	(567,474,839)
	b) For the Previous Financial years since it become Holding Company's Subsidiary	(4,211,108)	47,170,149	1,145,542,458	3,209,288	(1,710,805,351)
5	Material changes in subsidiary between the end of its financial year and the financial year of the holding company					
	a) Fixed Assets	N/A	N/A	N/A	N/A	N/A
	b) Investments made	N/A	N/A	N/A	N/A	N/A
	c) Money lent by subsidiary	N/A	N/A	N/A	N/A	N/A
	d) Money borrowed by the subsidiary for any purpose other than that of meeting current liabilities.	N/A	N/A	N/A	N/A	N/A

Network18 Media & Investments Limited

Directors' Report (Contd.)

Annexure "II" to the Director's Report Statement pursuant to Section 212 of the Companies Act, 1956

1	Name of the subsidiary	Capital18 Fincap Private Limited (formerly VT holdings Private Limited)	RRK Finhold Private Limited	RVT Finhold Private Limited	Greycells18 Media Limited	Colosceum Media Private Limited	Stargaze Entertainment Private Limited
2	Financial year of the subsidiary ended on	31.03.2012	31.03.2012	31.03.2012	31.03.2012	31.03.2012	31.03.2012
3	Shares of the subsidiary held by the company on the above date						
	a) No. of Shares and face value	10,000 Equity Shares of Rs.10/- each	10,000 Equity Shares of Rs.10/- each	10,000 Equity Shares of Rs.10/- each	5,284,498 Equity Shares of Rs.10/- each	11,23,530 Equity Shares of Rs. 10/- each	80,000 Equity Shares of Rs. 10/- each
	b) Holding companies interest	100.00%	100.00%	100.00%	57.61%	95.50%	89.00%
4	Net aggregate amount of Profit/Loss of the subsidiary so far as they concern members of the Holding company:						
	<i>(i) Dealt with in the Holding Company's accounts:</i>						
	a) For the financial year of the subsidiary	NIL		NIL		NIL	NIL
	b) For the Previous Financial years since it become Holding Company's Subsidiary	NIL	NIL	NIL	NIL	NIL	
	<i>(ii) Not dealt with in the Holding Company's accounts:</i>						
	a) For the financial year of the subsidiary	3,378,108	(36,380)	(45,421)	(35,562,979)	(14,292,072)	(17,256,373.34)
	b) For the Previous Financial years since it become Holding Company's Subsidiary	N/A	N/A	N/A	N/A	N/A	N/A
5	Material changes in subsidiary between the end of its financial year and the financial year of the holding company						
	a) Fixed Assets	N/A	N/A	N/A	N/A	N/A	N/A
	b) Investments made	N/A	N/A	N/A	N/A	N/A	N/A
	c) Money lent by subsidiary	N/A	N/A	N/A	N/A	N/A	N/A
	d) Money borrowed by the subsidiary for any purpose other than that of meeting current liabilities.	N/A	N/A	N/A	N/A	N/A	N/A

Network18 Media & Investments Limited

Directors' Report (Contd.)

Annexure "II" to the Director's Report Statement pursuant to Section 212 of the Companies Act, 1956

1	Name of the subsidiary	Television Eighteen Mauritius Ltd. (TEML)	Television Eighteen Media and Investments Ltd. (TEMIL), Mauritius	Capital 18 Limited, Mauritius	Capital 18 Acquisition Corporation	BK Holdings Limited
2	Financial year of the subsidiary ended on	31.03.2012	31.03.2012	31.03.2012	31.03.2012	31.03.2012
3	Shares of the subsidiary held by the company on the above date					
	a) No. of Shares and face value	12,295,000 Equity Shares of USD 1/- each	1,00,001 Equity Shares of USD 1/- each	1 Equity Shares of USD 1/- each	16,90,501 Equity Shares of USD 1/- each	5000 Equity Shares of USD 1/- each
	b) Holding companies interest	100.00%	100.00%	100.00%	98.00%	100.00%
4	Net aggregate amount of Profit/Loss of the subsidiary so far as they concern members of the Holding company:					
	(i) Dealt with in the Holding Company's accounts:					
	a) For the financial year of the subsidiary	NIL	NIL	NIL	NIL	NIL
	b) For the Previous Financial years since it become Holding Company's Subsidiary	NIL	NIL	NIL	NIL	NIL
	(ii) Not dealt with in the Holding Company's accounts:					
	a) For the financial year of the subsidiary	(23,760,384)	(83,623,849)	(21,282,082)	(15,414)	(176,252,059)
	b) For the Previous Financial years since it become Holding Company's Subsidiary	(143,055,275)	(8,726,474)	72,973,509	(729,439)	(762,238,832)
5	Material changes in subsidiary between the end of its financial year and the financial year of the holding company					
	a) Fixed Assets	N/A	N/A	N/A	N/A	N/A
	b) Investments made	N/A	N/A	N/A	N/A	N/A
	c) Money lent by subsidiary	N/A	N/A	N/A	N/A	N/A
	d) Money borrowed by the subsidiary for any purpose other than that of meeting current liabilities.	N.A.	N/A	N/A	N/A	N/A

Network18 Media & Investments Limited

Directors' Report (Contd.)

Annexure "II" to the Director's Report Statement pursuant to Section 212 of the Companies Act, 1956

1	Name of the subsidiary	Namono Investments Limited	Web 18 Holdings Ltd., Cayman Island	E-18 Limited, Cyprus	e-Eighteen.com Ltd.
2	Financial year of the subsidiary ended on	31.03.2012	31.03.2012	31.03.2012	31.03.2012
3	Shares of the subsidiary held by the company on the above date				
	a) No. of Shares and face value	1 Equity shares of EURO 1/- each	107,248,888 Ordinary Shares of USD 0.00374 each	3,899 Equity shares of USD 1/- each	4,968,902 Equity shares of Rs. 10/- each
	b) Holding companies interest	100.00%	100.00%	100.00%	91.95%
4	Net aggregate amount of Profit/Loss of the subsidiary so far as they concern members of the Holding company:				
	<i>(i) Dealt with in the Holding Company's accounts:</i>				
	a) For the financial year of the subsidiary	NIL	NIL	NIL	NIL
	b) For the Previous Financial years since it become Holding Company's Subsidiary	NIL	NIL	NIL	NIL
	<i>(ii) Not dealt with in the Holding Company's accounts:</i>				
	a) For the financial year of the subsidiary	(359,238)	(25,369,750)	(1,000,161,196)	(13,049,359)
	b) For the Previous Financial years since it become Holding Company's Subsidiary	(2,757,333)	(182,504,464)	(325,931,676)	7,498,540
5	Material changes in subsidiary between the end of its financial year and the financial year of the holding company				
	a) Fixed Assets	N/A	N/A	N/A	N/A
	b) Investments made	N/A	N/A	N/A	N/A
	c) Money lent by subsidiary	N/A	N/A	N/A	N/A
	d) Money borrowed by the subsidiary for any purpose other than that of meeting current liabilities.	N/A	N/A	N/A	N/A

Network18 Media & Investments Limited

Directors' Report (Contd.)

Annexure "II" to the Director's Report Statement pursuant to Section 212 of the Companies Act, 1956

1	Name of the subsidiary	Money Control Dot Com India Ltd.	Web 18 Software Services Ltd.	Big Tree Entertainment Pvt. Ltd.	TV18 UK Limited
2	Financial year of the subsidiary ended on	31.03.2012	31.03.2012	31.03.2012	31.03.2012
3	Shares of the subsidiary held by the company on the above date				
	a) No. of Shares and face value	500,000 Equity share of Rs. 1/- each	491,489 Equity shares of Rs. 10/- each	11,129 Equity shares of Rs. 10/- each	1 Equity share of GBP 1/- each
	b) Holding companies interest	100.00%	100.00%	60.00%	100.00%
4	Net aggregate amount of Profit/Loss of the subsidiary so far as they concern members of the Holding company:				
	<i>(i) Dealt with in the Holding Company's accounts:</i>				
	a) For the financial year of the subsidiary	NIL	NIL	NIL	NIL
	b) For the Previous Financial years since it become Holding Company's Subsidiary	NIL	NIL	NIL	NIL
	<i>(ii) Not dealt with in the Holding Company's accounts:</i>				
	a) For the financial year of the subsidiary	(445,924)	(2,740,811)	8,702,231	(3,269,218)
	b) For the Previous Financial years since it become Holding Company's Subsidiary	318,151	(2,393,611,863)	(127,313,902)	6,272,090
5	Material changes in subsidiary between the end of its financial year and the financial year of the holding company				
	a) Fixed Assets	N/A	N/A	N/A	N/A
	b) Investments made	N/A	N/A	N/A	N/A
	c) Money lent by subsidiary	N/A	N/A	N/A	N/A
	d) Money borrowed by the subsidiary for any purpose other than that of meeting current liabilities.	N/A	N/A	N/A	N/A

Network18 Media & Investments Limited

Directors' Report (Contd.)

Annexure "II" to the Director's Report Statement pursuant to Section 212 of the Companies Act, 1956

1	Name of the subsidiary	NewsWire 18 Limited	Infomedia Press Limited	Digital18 Media Limited	RRB Investments Private Limited
2	Financial year of the subsidiary ended on	31.03.2012	31.03.2012	31.03.2012	31.03.2012
3	Shares of the subsidiary held by the company on the above date				
	a) No. of Shares and face value	13,394,470 Equity Shares of Rs. 2/- each	23,913,061 Equity Shares of Rs. 10/- each	50,000 Equity Shares of Rs.10/- each	10,000 Equity Shares of Rs.10/- each
	b) Holding companies interest	77.50%	47.64%	100.00%	100.00%
4	Net aggregate amount of Profit/Loss of the subsidiary so far as they concern members of the Holding company:				
	<i>(i) Dealt with in the Holding Company's accounts:</i>				
	a) For the financial year of the subsidiary	NIL	NIL	NIL	NIL
	b) For the Previous Financial years since it become Holding Company's Subsidiary	NIL	NIL	NIL	NIL
	<i>(ii) Not dealt with in the Holding Company's accounts:</i>				
	a) For the financial year of the subsidiary	35,339,754	4,976,140	(35,323,278)	21,921,627
	b) For the Previous Financial years since it become Holding Company's Subsidiary	(677,304,135)	(1,187,532,938)	(58,823,184)	198,394,745
5	Material changes in subsidiary between the end of its financial year and the financial year of the holding company				
	a) Fixed Assets	N/A	N/A	N/A	N/A
	b) Investments made	N/A	N/A	N/A	N/A
	c) Money lent by subsidiary	N/A	N/A	N/A	N/A
	d) Money borrowed by the subsidiary for any purpose other than that of meeting current liabilities.	N/A	N/A	N/A	N/A

Network18 Media & Investments Limited

Directors' Report (Contd.)

Annexure "II" to the Director's Report Statement pursuant to Section 212 of the Companies Act, 1956

1	Name of the subsidiary	Webchutenev Studio Private Limited	Blue Stale Media Private Limited	Juxt Consult Research and Consulting Private Limited	Network18 Play Media Private Limited
2	Financial year of the subsidiary ended on	31.03.2012	31.03.2012	31.03.2012	31.03.2012
3	Shares of the subsidiary held by the company on the above date				
	a) No. of Shares and face value	230,410 Equity Shares of Rs.10/- each	1,000 Equity Shares of Rs.10/- each	900 Equity Shares of Rs.10/- each	73 Equity Shares of Rs.10/- each
	b) Holding companies interest	70.06%	100.00%	60.00%	4.89% (100% upto 20th March, 2012)
4	Net aggregate amount of Profit/Loss of the subsidiary so far as they concern members of the Holding company:				
	(i) Dealt with in the Holding Company's accounts:				
	a) For the financial year of the subsidiary	NIL	NIL	NIL	NIL
	b) For the Previous Financial years since it become Holding Company's Subsidiary	NIL	NIL	NIL	NIL
	(ii) Not dealt with in the Holding Company's accounts:				
	a) For the financial year of the subsidiary	44,522,346	1,446,899	(2,276,540)	(28,845,833)
	b) For the Previous Financial years since it become Holding Company's Subsidiary	N/A	N/A	N/A	N/A
5	Material changes in subsidiary between the end of its financial year and the financial year of the holding company				
	a) Fixed Assets	N/A	N/A	N/A	N/A
	b) Investments made	N/A	N/A	N/A	N/A
	c) Money lent by subsidiary	N/A	N/A	N/A	N/A
	d) Money borrowed by the subsidiary for any purpose other than that of meeting current liabilities.	N/A	N/A	N/A	N/A

Network18 Media & Investments Limited

Management Discussion And Analysis Report

Industry Status¹

The Indian M&E industry grew from INR 652 billion in 2010 to INR 728 billion in 2011, registering an overall growth of 12 percent. 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 percent in 2012 to touch INR 823 billion. Going forward, the sector is projected to grow at a healthy CAGR of 14.9 percent to reach INR 1,457 billion by 2016. (Source: FICCI KPMG Report 2012)

Overall Industry size (INR Bn)* (For Calendar Years)	2007	2008	2009	2010	2011	Growth in 2011 over 2010	2012P	2013P	2014P	2015P	2016P	CAGR (2010-15)
Television	211.0	241.0	257.0	297.0	329.0	10.8%	380.0	435.0	514.0	618.0	735.0	17%
Print	160.0	172.0	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	10.0	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	14.0	16.1	13.7	16.5	17.8	7.6%	19.5	21.5	23.6	26.0	29.0	10%
Animation & VFX	14.0	17.5	20.1	23.6	31.0	31.2%	36.3	43.0	51.1	61.0	69.0	17%
Gaming	4.0	7.0	8.0	10.0	13.0	30.0%	18.0	23.0	29.0	37.0	46.0	29%
Digital Advertising	4.0	6.0	8.0	10.0	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%

(Source: FICCI KPMG Report 2012)

Industry Growth – Fundamental Drivers

The Indian media and entertainment industry has benefited from some fundamental growth drivers, which have facilitated its double digit growth in the past decade. They are categorized and summarized as follows:

- Evolving socio-economic environment in India – Led largely by a combination of two key macro factors, India has emerged as a growth engine for discretionary consumption products and services, especially media and entertainment. The first one is the favorable demographic composition of the nation, commonly referred to as the 'demographic dividend', which essentially implies that a large proportion of the country's populace is young and in the working age group, thus allowing for greater future consumption upside. Second, since liberalization, the country has witnessed rapid economic growth, which has corresponded with the influx of foreign capital and brands as well as stronger integration with the global socio-economic environment. This has led to the emergence of an ever increasing large consuming class, with rising disposable incomes, which is globally aware and acquisitive in nature.
- Digitization – This is the process of converting analog information into digital formats. This has been a defining trend in the global media industry especially in TV, music and films and now it is becoming evident in India as well. From an enhanced consuming experience for the end-user to greater addressability and monetization potential for the content provider; digitization can be a great value creator across the value chain. Many digital platforms, ranging from digital cable, DTH, IPTV to digitization of films, print and online sales of music now exist. Digital technology continues to revolutionize media distribution – be it the rapid growth of DTH and digital cable, or increased digitization of film exhibition – and has enabled wider and more cost effective reach across diverse and regional markets, and the development of targeted media content. There has been increased proliferation and consumption of digital media content – be it newspapers and magazines, digital film prints, and online video and music or entirely new categories such as social media. For example, the print players are increasingly becoming available on the digital platforms in order to establish a connect with current readers as well as to establish a relationship with new readers. Accordingly,

¹Source: FICCI KPMG Report 2012

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Management Discussion And Analysis Report (Contd.)

online advertising spends have seen a spurt in growth vis a vis spends on traditional media. At the same time, the ability to develop models that get consumers to pay for online content is still limited. Currently, advertising is the primary source of revenue online but new revenue models are likely to emerge as the payment infrastructure develops and consumers begin to pay for content. Going forward, the adoption of 3G and 4G services could further fuel broadband penetration and offer opportunities for scaling digital media businesses. 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 TV channels, customized tariffs, availability of broadband and other value-added-services, and enhanced user experience through better viewing quality and consumer service.

- Regionalization – This is another one of the most significant growth drivers for the industry. Regional television and print continued its strong growth trajectory owing to growth in incomes and consumption in the regional markets. National advertisers are looking at these markets as the next consumption hubs and local advertisers are learning the benefits of marketing their products. In order to tap the increasing regional budgets of the national advertisers and growing interests of local advertisers, media players are in expansion mode to increase their footprint in these regions.
- Growing importance of new media – Another key trend is the convergence and multi-platform presence of media services in the country. Over the past years, consumers as well as content providers have ensured that the same content is increasingly deployed across platforms, from television to online to mobile and beyond. Whether its e-papers or online streaming of shows or mobile based applications, the convergence of content across key “screens” is a defining phenomenon in the industry. Considering the growth in India's telecom and IT markets especially mobile and wireless market, this wave of convergence is bound to be strengthened. Availability of infrastructure and appropriately pricing content across these new media platforms will be critical success factors for the Indian market.
- Pay led Revenue Models – The Indian media & entertainment industry continues to be highly advertising dependent, especially from the content owner's perspective i.e. television and radio broadcasters, print and online publishers. Advertising spends are expected to grow at a CAGR of 14 percent to reach INR 586 billion in 2016. The media industry's ad revenue dependence is expected to continue for some time, largely due to the relatively low ARPUs on account of hyper competition and lower price elasticity of consumers. Advertising spends across all media accounted for INR 300 billion in 2011, contributing to 41 percent of the overall M&E industry revenues. Advertising revenues witnessed a growth of 13 percent in 2011 as against 17 percent observed in 2010. However, with digitisation and the growth in addressable media, revenue models based on end-user revenues are gaining traction. Audiences are becoming more willing to pay for content and value added services. Technology has enabled convenience and superior quality offerings to consumers who have responded positively. The growth in ticket prices of movies at multiplexes, increasing number of Pay-TV subscribers, increasing penetration of DTH with its user-friendly interface and technology, and introduction of Value Added Services (VAS) by media players are some examples of pay markets gaining importance.
- Narrowcasting – Over the past years, the media industry has witnessed the emergence of niche plays. These niche offerings are highly focused channels, shows and formats which seek to segment audiences and deliver unique offerings to them based on their preferences. This has in turn allowed advertisers to reach out to their consumers more effectively. Narrowcasting is inextricably linked to the growth of addressable media in the country and the digital wave.
- 360 degree connect with consumers – As consumers evolve and with India's growing young population, there is a heightened need to engage with them across platforms and experiences. There is a greater need for integration and innovation across traditional and new media, with changing media consumption habits and preferences for niche content. Media companies today have no choice but to provide more touch points to engage with audiences.

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Management Discussion And Analysis Report (Contd.)

- Other Key Enablers – Apart from the above, there are other important factors such as gradual de-regulation in industry policies, easier availability of institutional capital for funding growth and the opening up of global markets for Indian media content that have facilitated growth.

Opportunities, Growth Drivers and Concerns²

The Indian Entertainment and Media Industry has shown structural shifts in its move towards convergence with consumers increasingly taking control of their media consumption. With the evolution of the Industry, growth is increasingly being driven by increasing consumer spending which has a large impact on revenue streams. Knowledge of evolving consumption trends will be a critical success factor in this scenario. The growth has been evident in varying proportions across the different segments of the Indian Entertainment and Media Industry i.e. Television, Print and Internet (Digital) being the major media in terms of size and growth rates apart from other segments such as radio, out of home, mobile.

We are a media and entertainment company in India, with interests in television, internet, filmed entertainment, e-commerce, magazines, mobile content and allied businesses. We broadcast television channels across genres such as news and general entertainment, primarily in English and Hindi. We entered the Internet industry in June 2000 and have since established a number of digital and mobile properties offering digital content and e-commerce, including home shopping and online ticketing. We also publish special interest business-to-consumer and business-to-business magazines and have a presence in film production and distribution. Through our subsidiary TV18 Broadcast Ltd, we operate one of India's popular television broadcasting networks. 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 A+E Networks|TV18, 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. Our digital and e-commerce segment offers a collection of digital and mobile properties catering to a wide range of interests and services, including teleshopping, news, music and entertainment, markets and finance, social networking, consumer information, local search, online shopping and ticketing, and mobile phone services and applications. We operate digital, publishing and e-commerce assets including the web content properties such as moneycontrol.com, ibnlive.com, in.com and firstpost.com. We also operate e-commerce properties – HomeShop18 and bookmyshow.com, and publish Forbes India, India's first local edition of a foreign news magazine title and the world's most influential business brand, in collaboration with Forbes Media. In addition, we operate Newswire18, which is a real time financial information and news terminal services, and Network18 Publishing, which is in the special interest publishing space as well as E18 and Sport18, our event and sports management ventures.

The Indian Television Industry³

Television is the largest medium for media delivery in India in terms of revenue, representing around 45 percent of the total media industry. The TV industry continues to have headroom for further growth as television penetration in India is still at approximately 60 percent of total households. India continues to be the third largest TV market after USA and China with 146 million television households. Cable and Satellite (C&S) penetration of television households is close to 80 percent, with DTH driving a significant part of the growth in the last 12 months. With the impending digitization of all analog cable subscribers imminent, penetration level of digital households is expected to increase significantly, going forward. The overall television industry was estimated to be INR 329 billion in 2011, and is expected to grow at a CAGR of 17 percent over 2011-16, to reach INR 735 billion in 2016. The share of subscription to the total industry revenue is expected to increase from 65 percent in 2011 to 69 percent in 2016.

Through our subsidiary TV18 Broadcast Ltd, we operate one of India's popular television broadcasting networks. 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 with Viacom Inc., operates general entertainment

²Source: FICCI KPMG Report 2012

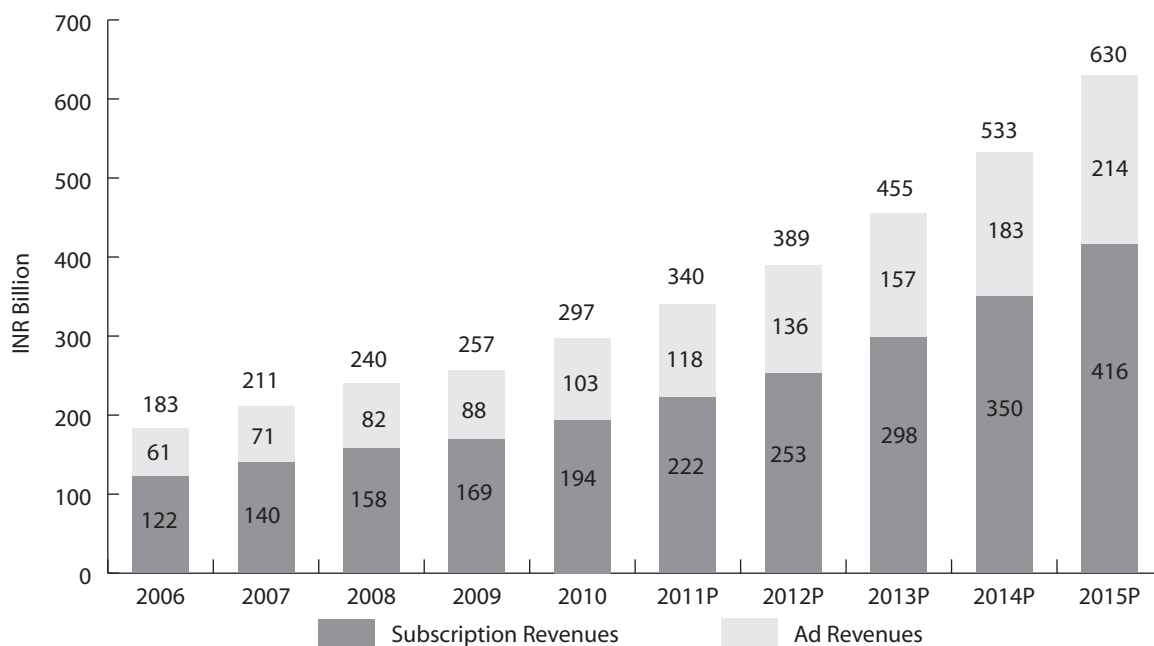
³Source: FICCI KPMG Report 2012

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channels – Colors, Colors HD, MTV, VH1, Nick, Sonic, Comedy Central. We operate a factual entertainment channel HistoryTV18 (through A+E Networks|TV18, a JV in which TV18 holds 51% interest and the remaining 49% interest is held by A+E Television Networks LLC). We also operate a filmed entertainment business through Viacom18 Motion Pictures.

TV INDUSTRY SIZE



Source: KPMG Analysis, Industry Analysis

Key trends & growth drivers for the Indian Television Industry⁴

Following are the key trends that are likely to impact the television industry in the medium to long term:

❖ Significant potential for growth, based on TV penetration levels

India was estimated to have around 146 million TV households in 2011, which implies a TV penetration of approximately 60 percent. In 2016, TV penetration is estimated to rise to approximately 70 percent, which still offers potential for penetration-led growth (post 2016) as income levels rise, based on TV penetration levels in other mature as well as emerging economies.

❖ Digitisation – A paradigm shift

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 nutshell, 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 TV channels, customized tariffs, availability of broadband and other value-added-services, and enhanced user experience through better viewing quality and consumer service. The impact of DAS implementation will be fundamental to the growth of the industry. In a nutshell, the following trends are expected:

- Broadcasters to benefit from increased subscription revenues: Addressability is expected to increase the revenue share of broadcasters, leading to a significant increase in subscription revenue uptakes for broadcasters. For mature broadcasters, a significant share of subscription revenues is expected to flow to

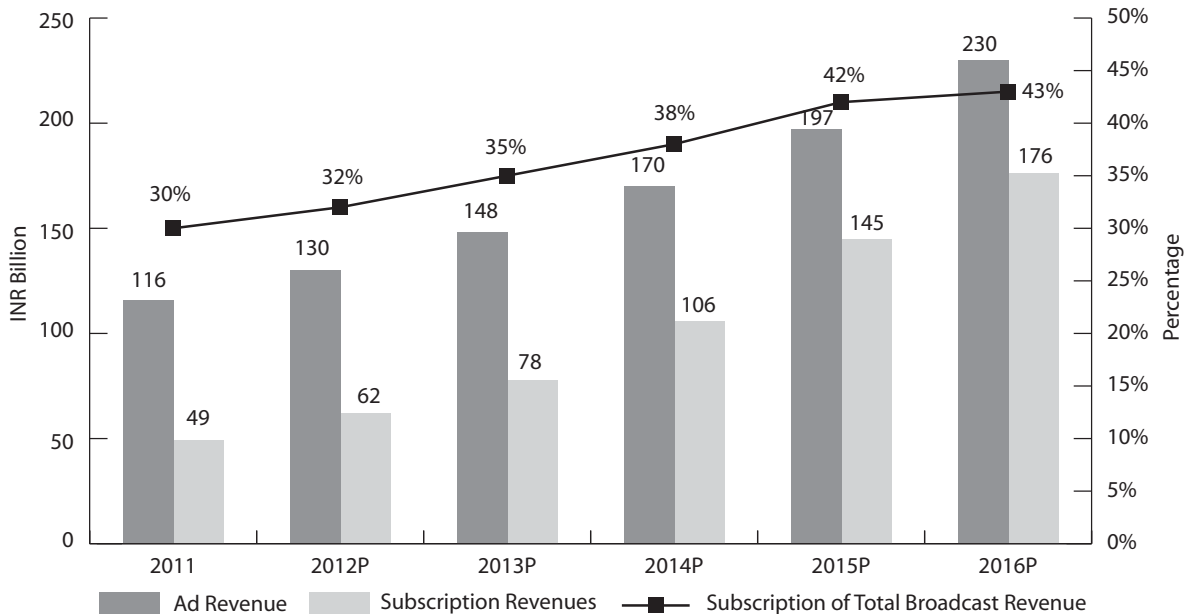
⁴Source: FICCI KPMG Report 2012

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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. Digitization provides an opportunity for the number of channels to go up and the niche channels to increase their offerings.

TV BROADCAST INDUSTRY REVENUES



Source: Industry Discussions, KPMG in India Analysis

- Carriage fee has increased significantly over the last few years. Broadcasters as well as MSOs expect a decline in carriage fee after the implementation of the first phase of digitization. However, there is a lack of consensus on the movement of carriage fee in the medium term. A shift to digital removes the bandwidth constraints of analog cable, and the number of channels that may be carried increases significantly. Digitization will alter the existing skewed revenue model of MSOs - increased subscription revenues will lead to lower reliance on carriage fee, thus providing an impetus for rationalization of carriage per broadcaster. However, placement is expected to remain crucial even on a digital platform, and a decline in the carriage fee may be offset to some extent by an increase in the placement fee.

❖ Slowdown impacts advertising revenues, Long term growth healthy

2011 has been a challenging year for the television broadcasting industry. Advertising rates faced pressure from the global and domestic economic slowdown, resulting in a lower than expected increase in advertising revenues, particularly in the second half of the year. At an aggregate level, the total TV advertising market is estimated to have grown around 12 percent in 2011. Advertisement spends are expected to grow in 2012 at similar levels as experienced in 2011. In the long term, however, India continues to be a growth market, and the advertisement market is expected to grow at a CAGR of 15 percent over 2011-16.

❖ Regional & Niche channels

Regional markets form a sizable portion of the total TV pie - after Hindi GECs, the regional GEC genre is the largest in terms of viewership. Regional channels accounted for approximately 33% of the all India CS4+ television viewership, with Bengali and Marathi channels gaining viewership along with the South Indian channels. Regional advertising markets have grown at a higher rate than the national market, registering a growth of 15% percent in 2011. (Source: FICCI KPMG Report 2012). They appear to have been more insulated

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from the current economic slowdown than national channels. Digitization will also open up avenues for broadcasters to launch subscription driven, specialty channels in India and also provide an opportunity to insert localized content and advertising, translating into premium advertisement rates. Growth in the number of niche and regional channels will have an inclusive and expansionary impact on the television sector. The emergence of targeted and focused channels will allow advertisers to derive maximized value and at the same time increase the participation of local and regional advertisers, thus impacting sector revenue growth.

❖ Potential in HD and premium viewing

Buoyed by increasing LCD and Plasma TV sales, expected to grow at a CAGR of 22% over 2011 to 15, broadcasters and DTH players have expanded their HD offerings this year. With an increasing uptake of affordable HD TVs, consumers may be willing to pay a premium for a better viewing experience on these television sets. While HD penetration amongst the existing subscribers is low, this is expected to increase significantly going forward. The demand for HD channels amongst consumers has gone beyond specific events, sports and movies.

❖ Increasing penetration of TV's and C&S homes

Even today, a large number of Indian households do not have access to television, especially in the rural areas. With strengthening distribution, easing of hardware prices and growing awareness levels, the country's television footprint is set to expand further. With the increase in consumption power, many households are now opting for multiple television sets expanding the market further. Environmental factors such as increasing access to electricity (especially in rural areas) and the continued delivery of quality content are further enablers of greater penetration in the Indian television industry.

❖ Emergence of multi-screen TV content consumption

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

Key risks & challenges for the Indian Television Industry⁵

❖ Implementation of the mandatory digitisation regime

While digitisation has been planned in a phased manner, its successful implementation is critical for the long term growth of the television industry. All Industry stakeholders will need to ensure that issues ranging from infrastructural (Availability of boxes, customer support etc) and funding to customer education are addressed strongly in every successive phase, starting with the first phase in metro cities.

❖ Advertising Environment risks

As an industry, the television sector continues to be substantially dependent on advertising revenues. However, these revenues are in turn strongly linked to changing economic sentiment and thus run the risk of volatility. In recent times, due to the domestic environment and global pressures, advertising growth has been muted considerably.

❖ Competition from other media

Owing to multiple factors, including the mass nature of television, some proportion of advertising revenue is also moving away and into media such as internet, mobile and radio which are relatively cheaper, more measurable and have greater local connect.

❖ Content costs for channels

As a result of the clutter and competitive pressures in the market, there has been a high degree of volatility in content costs which is a cause for concern.

❖ Regulation

The Indian broadcast industry is heavily regulated across a multitude of areas including distribution, taxation etc. Policy changes can have a material impact on the economic and strategic direction of the Industry.

⁵Source: FICCI KPMG Report 2012

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The Indian Digital Media Industry⁶

New media continued its growth trajectory in 2011, with estimated growth in advertising revenues in excess of 40% over last year. Coming in at approximately INR 15.4 billion in revenue in 2011, digital adspend reached approximately 5 percent of total media and entertainment industry advertising revenue. This share is expected to continue to grow over the coming years, driven by significantly higher growth rates in online advertising spend compared to traditional media. (Source: FICCI KPMG Report 2012). The digital media ecosystem in India is evolving rapidly. Continued growth in internet penetration and access to mobile devices 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.

❖ 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 percent of all internet connections. The number of broadband wireline connections are expected to grow 25 percent annually from 14 million today to 43 million by 2016.

❖ Smartphones and tablets will drive online media consumption

A large number of these mobile internet users will access the internet using smart phones and tablets and will have access to a wide range of content online. In 2011, there were about 10 million internet enabled smart phones in India. The balance mobile internet users accessed content over feature phones. Annual shipments of smart phones are expected to reach 301 million by 2015. Using these estimates, the installed internet enable smart phones could reach approximately 264 million by 2016.

❖ Online advertising

Today, the primary means of monetization in the digital world continues to be advertising. As mentioned earlier, the online ad market (excluding mobile) in India stands at about INR 14 billion currently, and is expected to grow at a 30 percent CAGR to reach INR 57 billion in 2016. Mobile advertising currently accounts for a small share of the market, estimated at INR 1 billion but is expected to grow significantly over the coming years.

❖ Video

India saw a growth of 21 percent in unique viewers across video sites in India from 2010 to 2011. Not only are the number of users increasing on video sites, they are spending more time watching videos online. In India, television viewers spend an average of 77 hours a month watching TV. In comparison, users in India spent 7.6 hours per user per month watching videos online in 2011 compared to 4.8 hours per viewer per month in 2010.

❖ Social networking

Social networking sites reached 95 percent of the web audience, and accounted for 24 percent of time spent online in India in December 2011. Multiple features like mail, instant messaging, music, videos and games contribute to the stickiness of social networks causing a significant jump of over 20 percent in the user base from December 2010 to December 2011.

Other digital trends include stronger opportunities in areas such as online classifieds, vernacular internet and search.

❖ E-Commerce

India's e-commerce market is slated for an accelerated growth to build a full-fledged e-consumption economy. In the next five years i.e. by 2016, India's e-tail market is expected to be over USD12bn from the current USD590mn (2011). This would still imply less than 2% of overall retail sales and 3.5% of per capita income of every transacting user. In this non travel segment, categories such as apparels and lifestyle products, books,

⁶Source: FICCI KPMG Report 2012

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Management Discussion And Analysis Report (Contd.)

consumer electronics and computer hardware, software and peripherals are likely to be major revenue grossers. The growth of this market will be driven by: 1) An increase in online transacting users, 2) Shift in buying patterns i.e. online consumption driven by mass marketing by e-commerce players, 3) Online adoption by traditional brick-and-mortar retailers and 4) Developing trust for online shopping.

Though the non travelling market is rising, its growth is not as fast as the travel industry's growth. However, as there has been a surge in multi product e-commerce portals that provide goods and services in a variety of categories, growth in this segment is set to accelerate. Today, the Indian online user is spending much more time online and is involved in different activities compared to a year back indicating the changing usage pattern and online activity. As secure payment interfaces are provided by most websites coupled with the ease of online purchase, the number of online transactions has picked up significantly. A combination of customer pull and business push factors is clearly driving the increase in the number of the transacting users online. In addition to this, the key tipping point in Indian e-commerce has been the Cash-On-Delivery mode of payment. (Source: India Internet Report, Dec 2011, Edelweiss)

Key risks & challenges for the Indian Digital & E-Commerce Industry

❖ Mass access to the Internet, Strengthening of infrastructure

With approximately 100 million internet users, there's a considerable opportunity for growth in this audience base in the future. However, in order to achieve this, deployment of broadband on a mass-scale and inexpensive access to data services will be critical. Availability of power supply, mobile connectivity, tariffs, hardware and device prices are other infrastructural factors that will impact growth in digital media in the country.

❖ Localisation of content and services

Growth in new media is inextricably linked to the localisation of content and services. Publishers, e-commerce players and service industry players are focused on developing an ecosystem of such offerings, the acceptance of which will drive the rate at which digital media option occurs in India.

❖ Piracy⁷

Digital piracy remains a major threat to the monetization of content on digital platforms. Digital piracy has long impacted music, and is increasingly becoming a problem in other sectors:

- Globally, India ranks 4th in terms of illegal movie downloads.
- Academic book piracy has been a major concern for years. It is now beginning to impact the consumer books sector as well. The relatively small file size of digital books and with no clear digital rights management (DRM) standards makes piracy relatively easy in this sector.
- Console/PC gaming companies estimate software sales of pirated games to be at least as large as the legitimate markets in volume terms.

Piracy is not new to this industry; however, the advent of digital technologies has resulted in making piracy a lot more widespread. There are several anti piracy tools at the disposal of companies. Besides working with enforcement agencies and educating consumers on the impact of piracy, the industry also needs to evolve strategies that involve development of quality content suited to the medium available online with appropriate security measures. Historically, it is the strength of this content that has determined success in this industry, this is likely to hold true in the digital world.

❖ Security and Payments eco-system

The rise of a 'digital economy' is fundamentally contingent on the robustness of the online payments infrastructure in the country. The e-commerce industry, which has largely been dominated by the travel segment so far, will be the primary beneficiary of this trend as use of net banking, credit cards and wire transfers increases over time. However, strong risk management measures including data theft and anti-phishing controls, e-transaction support and security processes, m-commerce and strong regulatory oversight will be necessary for this to be a truly mass phenomenon in the country.

⁷Source: FICCI KPMG Report 2012

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❖ Driving advertiser acceptance

The Indian new media industry, especially web publishing, has shown strong growth in recent years especially with rise in social networking and e-commerce. This growth has been evident both in traffic as well as revenues for the industry. However, TV and Print continue to be the mass media of choice in India given the relatively limited reach of the internet. New media players will need to capitalise further on the measurability and interactivity of the internet, in order to garner a great share of the advertising spends in India.

The Indian Film Industry⁸

The Indian film industry was estimated to be INR 93 Billion in 2011 indicating a growth of 11.5 percent vis-à-vis 2010. Quality content combined with the revival of Hindi films with mass connect improved the occupancy rates which in-turn increased domestic box-office collections. Competitive bidding by broadcasters for large budget films resulted in 26 percent 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. With several high budget Hindi releases lined up across the year, 2012 is expected to sustain the growth momentum witnessed in 2011. The Indian film industry is projected to grow at a CAGR of 10.1 percent to touch INR 150 Billion in 2016. The industry expects domestic theatrical revenues to continue dominating the overall pie. However, C&S rights and overseas theatricals revenues are expected to increase their share. Strong marketing of films in the International market could further accelerate the growth of overseas theatricals revenue.

Size of Indian Industry Film Industry (INR Bn)	2007	2008	2009	2010	2011	CAGR (2007-11)	2012P	2013P	2014P	2015P	2016P	CAGR (2010-15)
Domestic Theatrical	71.5	80.2	68.5	62	68.8	-1.0%	73.5	80.2	88	97.2	108	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	-12.0%	1.7	1.4	1.2	1	0.9	-15.0%
Cable & Satellite Rights	6.2	7.1	6.3	8.3	10.5	14.0%	12	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	109.7	121.1	134.5	150.3	10.1%

Source: KPMG in India analysis and industry interviews

Key risks & challenges for the Indian Film Industry⁹

❖ Reliance on Theatrical revenues

While non-theatrical revenue streams, especially cable & satellite, are showing strong signs of growth for the industry, the industry's reliance on pure theatrical revenues continues to be very high. Considering the inherent discontinuous nature of the film business and competing entertainment choices available to consumers, theatrical revenues can be highly volatile. In context of growing competition, costs of production and marketing, it's critical that appropriate risk mitigation strategies are adopted to manage the theatrical volatility.

❖ Release schedules

Typically, any given week during the rest of the year has about three Hindi releases, one regional release, one Hollywood release and some films running from previous weeks. As a result at any point in time about 7-10 films are jostling for screen space. With all three major festival weekends of Diwali, Id and Christmas falling in the last quarter of the year, the industry continues to have a large share of big budget releases during this period. All three top grossing films in last year were released in this period. Given the volatile supply levels in the Industry, apart from a variety of other entertainment options available to consumers, scheduling has become a critical determinant of box office viability and there are a multitude of factors that can impact this process.

⁸Source: FICCI KPMG Report 2012

⁹Source: FICCI KPMG Report 2012, internal reports

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Management Discussion And Analysis Report (Contd.)

❖ Tax rationalisation critical

With theatre viewing limited to 3-5 percent of the Indian population, the film industry stands to gain immensely by increasing the overall size of the addressable market. Firstly, India is a severely under-screened market (12 compared to 31, 81 and 131 in China, Europe and USA respectively). Though there have been recent attempts to improve this scenario, the process is capital and time intensive and return on investment cycles may drag on with higher real estate prices and stagnant occupancy rates. There is a lack of standardization across the country with entertainment being a state subject. Rationalization of the tax structure across the country may increase the total pie of cinema going audience, avoid distortion in theatre density and support the overall growth of the film industry especially for national theater chains and pan-India film production houses.

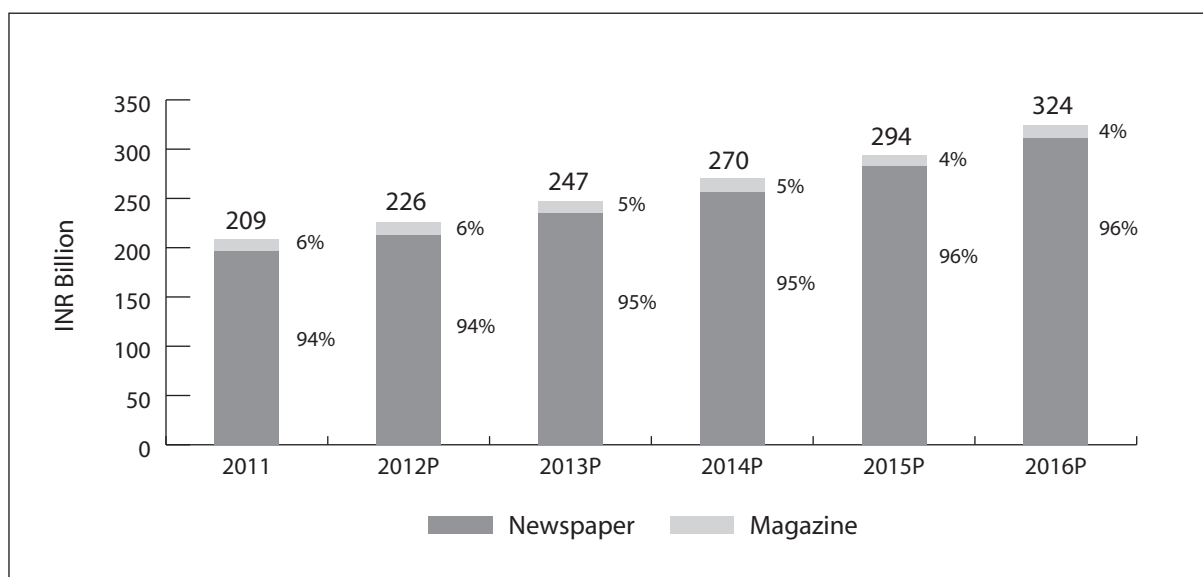
❖ Lack of quality shooting infrastructure

Despite being a huge film-producing nation, there are only four major film cities in the country which are located at Mumbai, Hyderabad, Noida and Chennai. A rapid growth in broadcast and advertising requirements has exerted strong pressure on each of these cities. Though there is a clear potential for absorbing additional floor space, high real estate prices have made this option increasingly difficult.

The Indian Publishing Industry¹⁰

In the calendar year 2011, the INR 209 billion print industry grew by 8.4 percent from INR 193 billion in 2010. The growth in advertisement revenues has been at a CAGR of 8.7 percent, whereas circulation revenues have displayed a CAGR of 3.7 percent between 2007 and 2011. The advertisement revenues continued to be the main source of revenue for the print industry, contributing 67 percent to industry's revenues.

Print Industry: Newspaper v/s Magazine



Source: KPMG India Analysis

The magazine industry was valued at INR 13 billion in 2011. Some of the key trends observed in the magazine space include:

- ❖ Entry of international titles: With the easing of entry norms for international magazines, foreign publishers are entering the Indian magazine market, which has expanded despite the global economic recession. This trend has been most visible in the premium segment of the magazine market.

¹⁰Source: FICCI KPMG Report 2012

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- ❖ Strengthening of cover prices: Most publishing groups increased the cover prices of their magazines. The trend is more dominant in the English language category than in any other language.
- ❖ Diversification of revenue lines: Till recently, a majority of magazine revenues were generated from advertising. However, the industry is observing magazine players moving towards alternate revenue sources such as events, activations, online lead generation and digital media platforms. The last year saw expansion of niche category magazines in the regional markets.

Key risks & challenges for the Indian Publishing Industry¹¹

- ❖ Scaling operating costs

Managing volatility in key operating costs such as printing & raw materials, distribution, marketing is key for the industry, both from the perspective of dailies and magazines.
- ❖ Digital frontier

With the spurt of technological advances, the channels of consumer engagement are rapidly evolving. While Internet penetration is still low in India (2 percent) as compared to the mature markets such as Hong Kong (41 percent), France (35 percent), US (29 percent), etc., the next phase of technological progress is stimulating the industry. As broadband, smart phones and tablets proliferate, the print medium, must prepare to meet this challenge head on. The future of the industry depends on effectively exploiting the digital opportunity as well as improving efficiency by employing innovative business models.
- ❖ Advertiser proposition

With rapid evolution in the media choices and consumption patterns, the publishing industry will need to re-examine its proposition from the advertiser perspective. Apart from a new media presence, delivery of 360 degree solutions to clients will be critical in the future including areas such as events, brand activation etc which are focused on specific communities and interest groups.
- ❖ Talent

The industry will need to attract editorial and production talent that is multi-media ready and can manage a 'digital newsroom' environment.

BUSINESS OVERVIEW

We are a leading media and entertainment company in India, reaching an average of approximately 192.2 million television viewers in the last calendar year (Source: TAM; Cs 4+ yrs; Market All India, All day parts, 1 Jan '11 to 31 Dec '11) and an average of 30.8 million digital unique users each month globally in the year ended December 31st, 2011 (Source: ComScore). We have interests in television, internet, filmed entertainment, e-commerce, magazines, mobile content and allied businesses. We broadcast television channels across genres such as general news, business news, Hindi general entertainment, kids, youth, English entertainment, factual entertainment and teleshopping, primarily in English, Hindi and key regional languages. We entered the Internet industry in June 2000 and have since established a number of digital and mobile properties offering digital content and e-commerce, including home shopping and online ticketing. We also publish special interest business-to-consumer and business-to-business magazines and have a presence in film production and distribution. We also are present in service areas such as events and sport management and financial data terminals.

Through our subsidiary TV18 Broadcast, we operate one of India's leading television broadcasting and distribution assets. We operate business news channels CNBC-TV18, CNBC Awaaz & CNBC-TV18 Prime HD and general news channels – CNN-IBN, IBN7, and IBN-Lokmat, one of the leading Marathi regional news channels in partnership with the Lokmat group. Our subsidiary, TV18 Broadcast also operates general entertainment channels – Colors, Colors HD, MTV, VH1, Nick, Sonic, Comedy Central (through Viacom18, a joint venture with Viacom Inc) and a factual entertainment channel HistoryTV18 (through A+E Networks|TV18, a joint venture with A+E Networks). We also operate a filmed entertainment business through Viacom18 Motion Pictures. Our news and entertainment segments are engaged in the programming, production and broadcasting of business and general news, general entertainment, kids, music, factual entertainment, teleshopping television channels and the acquisition, production, syndication, marketing and distribution of films.

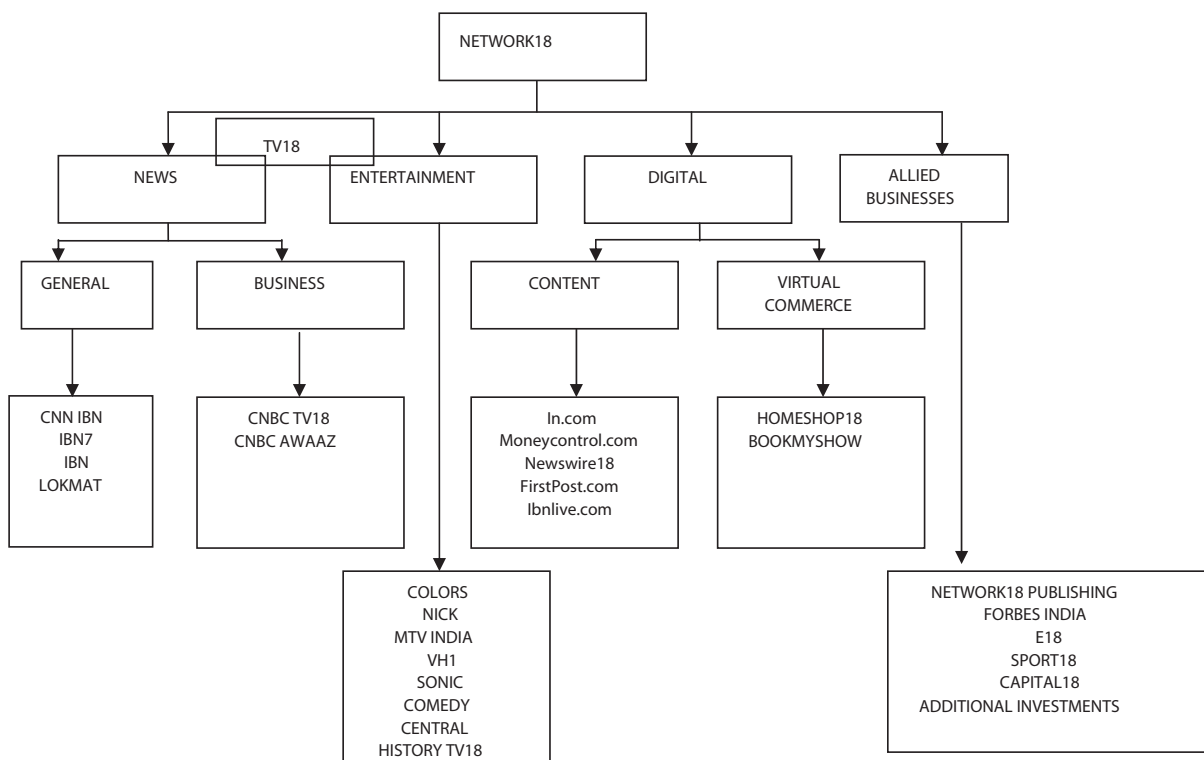
¹¹Source: FICCI KPMG Report 2012

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Our digital and e-commerce segment offers a collection of digital and mobile properties catering to a wide range of interests and services, including news, music and entertainment, markets and finance, social networking, consumer information, local search, online shopping and ticketing, and mobile phone services and applications. We operate digital, publishing and e-commerce assets including one of India's largest internet players, Web18 which houses the country's leading web content properties such as moneycontrol.com, ibnlive.com, in.com and firstpost.com. We also operate one of the leading e-commerce properties – HomeShop18 and bookmyshow.com, and publish Forbes India, India's first local edition of a foreign news magazine title and one of the world's most influential business brands, in collaboration with Forbes Media. In addition, we operate Newswire18, one of the leading real time financial information and news terminal services, and Network18 Publishing, one of the leading players in the special interest publishing space as well as E18 and Sport18, our events and sports management and marketing ventures. According to Comscore, we are one of the most popular Indian digital media companies on a worldwide basis (Source: Comscore Dec 2011) attracting an average of approximately 30.8 million unique visitors globally per month for the year ended December 31st, 2011. Unique visitors to our sites grew to 27.4 million in December 2011, and in the period ended December 31st, 2011, we recorded over 92.3 million total visits to our sites, according to Comscore. HomeShop18 is India's most popular India-based home shopping network with an average market share of 64% amongst 24-hr home shopping TV channels (Source: TAM, TG: CS 4+, Markets: All India, Time Period: Wk 33-53, 2011) and reaching over 11.3 million TV audiences (Source: TAM, TG: CS 4+, Markets: All India, Time Period: 01st January– 07th January '12). Our allied businesses segment primarily publishes business and consumer directories, such as Yellow Pages, and special interest publications, such as Overdrive, 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 hold significant investments, such as those in Yatra Online Inc., an Internet-based travel booking company.

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



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Management Discussion And Analysis Report (Contd.)

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.

Awards - Network18 Group

Given below are the awards won by Network18 Group

COLORS			
Awards	Category	Winners	Gold / Silver / Bronze
Exchange for media OOH Advertising Awards 2012	Entertainment and Media	Big Boss – Season 5 Theatre Activity	Bronze
	Public Service/ Corporate Social Responsibility	Colors, Khatron Ke Khiladi 4	Bronze
Outdoor Advertising Convention Awards 2012	Alternate Media	Big Boss – Season 5 Theatre Activity	Gold

VIACOM18 MOTION PICTURES			
Awards	Category	Winners	Film
Colors Screen Awards	Most promising newcomer male	Divyendu Sharma	Pyar Ka PUNCHnama
ETC Bollywood business awards	Best small budget film	Pyar Ka PUNCHnama	Pyar Ka PUNCHnama
Colors Screen Awards	Best background score	Ranjit Barot	Shaitan
Colors Screen Awards	Best cinematography	Madhi	Shaitan
Colors Screen Awards	Best sound design	Kunal Sharma	Shaitan
Colors Screen Awards	Most Promising Debut Director	Bejoy Nambiar	Shaitan
Zee Cine Awards	Best background score	Ranjit Barot	Shaitan
Global Indian Films and TV honors	Best Actor in Supporting role- Female	Kalki Koechlin	Shaitan

MTV			
Awards	Category	Winners	Gold / Silver / Bronze
Outdoor Advertising Convention Awards 2012	Best Entertainment	Variety promo for MTV True Life	Gold
	Best Entertainment	Variety campaign for MTV True Life	Gold
	Best Reality promo	MTV True Life	Gold
	Best Reality campaign	MTV True Life	Gold
	Best Reality campaign	MTV Roadies	Silver
	Best Editing	MTV True Life	Silver
Promaxbda Asia	Best Entertainment promo	MTV Face of Beauty	Silver
	Best Launch Campaign	MTV True Life	Gold
	Best Launch Campaign	MTV Unplugged	Silver
	Best Script	MTV Chat House	Gold
	Best Brand-Integration promo	MTV Homeshop18	Silver
	Best Editing	MTV True Life	Silver
Promaxbda India	Best Entertainment promo	MTV Face of Beauty	Silver
	Best Launch Campaign	MTV True Life	Gold
	Best Launch Campaign	MTV Unplugged	Silver
	Best Script	MTV Chat House	Gold
	Best Brand-Integration promo	MTV Homeshop18	Silver
	Best Editing	MTV True Life	Silver
	Funniest Spot	MTV Chat House	Gold
	Best Print campaign	MTV True Life	Silver
	Best Programme Title Sequence	MTV Face of Beauty	Gold

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Management Discussion And Analysis Report (Contd.)

MTV (Contd.)			
Awards	Category	Winners	Gold / Silver / Bronze
Digital Awards :- MTV Roadies	Mashable Awards 2011	Winner of the Most Social TV Show in the World 2011	
	Best website BBC presents Campaign	India Digital Media Awards 2011	Silver
	Best Strategic Programme category	IndiaSocial awards 2011	Silver
	Best Website TV show at Exchange4Media	Exchange4Media IDM Awards 2012	Bronze
	Best Use of language	Social Networks at Exchange4Media IDM Awards 2012	Bronze
	Best Gaming Web at Exchange4Media IDM Awards 2012	MTV Roadies Battleground4	Gold
	Best Use Of Videos at Exchange4Media IDM Awards 2012	MTV Unmasked	Silver
	Best website/microsite - public service/cause at Exchange4Media IDM Awards 2011	MTV Ecolution	Bronze
	Best Use of Web based Games/ Gaming - Films at Exchange4Media IDM Awards 2012	MTV Bootycall	Silver
	Best Social Media Apps at Exchange4Media IDM Awards 2012	MTV What's Your FQ	Bronze
	Best use of Blogs - Social Media at Exchange4Media IDM Awards 2012	MTV MyCam	Bronze
	Best Use of Social Networks at Exchange4Media IDM Awards 2012	MTV India Facebook	Bronze
	Best use of Videos - Social Media at Exchange4Media IDM Awards 2012	MTV Unmasked	Silver
	Best Integrated Campaign - Social Cause at Exchange4Media IDM Awards 2012	MTV Caps On	Bronze
	Viral Marketing Campaign Of The Year	London Fakir	Gold
	Best use of viral marketing at Exchange4Media IDM Awards 2011	Jose's Briefs	Bronze
	Best Use Of Twitter at Exchange4Media IDM Awards 2011	MTV India Twitter	Silver

NICKELODEON & SONIC			
Awards	Category	Winners	Gold / Silver / Bronze
Promax World - 2012	Special Project Award	Sonic - Akshay Kumar Brand Promo	Silver
	Children's Program Campaign using Integrated Media	Sonic - Akshay Kumar Brand Promo + Show Promos	Silver
	Comedy Program Promotion Campaign Using Integrated Media	Nickelodeon - The Keymon Spin	Bronze
Promax India - 2012	Best Holiday/Seasonal/ Special Event Promo	Sonic - Akshay Promo	Gold
	Best Children Programme Promo	Sonic - Akshay Kumar Brand Promo	Gold
	Best Children's Programme Promo	Sonic Xtreme – Block Opener	Silver
	Best Entertainment Promo	Sonic - Akshay Kumar Brand Promo	Silver
	Best Programme Title Sequence	Sonic Flix	Silver

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Management Discussion And Analysis Report (Contd.)

NICKELODEON & SONIC (Contd.)			
Awards	Category	Winners	Gold / Silver / Bronze
Promax World - 2011	Children's Program Campaign using Integrated Me	Nickelodeon - Let's Just Play	Silver
	Branding / Image Spot	Nickelodeon ID - Canteen	Bronze
	Branding Image Campaign	Nickelodeon - Marriage, Canteen & Space	Bronze
Promax India - 2011	Best Public Service Announcement	Nickelodeon - Independence day	Gold
	Best Childrens Programme Promo	Nickelodeon - Let's just play Bahar Nikal	Gold
	Best On Air Branding	Nickelodeon - idents: canteen, vada pav and space	Gold
	Best Out of House Ident	Nickelodeon - Canteen	Gold
	Best Childrens Programme Promo	Nickelodeon - Let's just play Pledge	Silver
	Best Animation	Nickelodeon - space ident	Silver
WOW Events and Experiential Marketing -2011	Event Property of the year by a Media Brand'	Nickelodeon - Let's Just Play	Silver
	On – ground brand association with a Media Brand	Nickelodeon - Horlicks Summer Growth Carnival	Bronze
WOW Events and Experiential Marketing -2012	Activation Program of the year by a media brand with on ground connect'	Nickelodeon - Young Astronaut	Bronze
VH1			
Awards	Category	Winners	Gold / Silver / Bronze
Promax Asia 2011	Best programme title sequence	Vh1 jock block	Gold
	Best in house station image promo	Vh1 jock block	Silver
	Best special event promo	Vh1 spread the music	Silver
	Best public speaking announcement	Vh1 spread the music	Silver
COMEDY CENTRAL			
Awards	Category	Winners	Gold / Silver / Bronze
Promax India 2012	Best in house station image spot	Rat catcher	Silver
	Best out of house station image spot	Comedy central launch "funny bone"	Gold
	Best original music composition	Comedy central launch "laugh it off song"	Gold
	Best promo not using programme footage	Comedy central launch "funny bone"	Gold
	Something for nothing	"quickies" packaging	Silver
	Best on-air ident design (in-house)	Ident "ping pong"	Silver
CNBC-TV18			
Awards	Category	Winners	Gold / Silver / Bronze
Promax BDA India 2012	Print Campaign	Budget Campaign 2012	Gold
NT Awards 2012	Technology based Show	Tech Toyz	
	Business News Programme	What's Hot	
ITA Awards 2011	Best Business Channel	CNBC-TV18	

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CNN-IBN			
Awards	Category	Winners	
Asian Television Awards 2011	Best Cross-Platform Content	The Citizen Journalist Show	
Indian Television Academy Awards 2011	Best English News Channel	CNN-IBN	
	Best Anchor - News/Current Affairs Show	Rajdeep Sardesai	
	Best Actor Comedy	Cyrus Broacha	
	Best TV Documentary	30 Minutes	
	Best Cookery Show	Secret Kitchen	
News Television Awards 2011	Investigative News Report	Seemi's Medical Education scam	
	Current Affairs Programme (Home & International)	Devil's Advocate	
	Current Affairs Feature	30 Min (The Ghost of Ayodhya)	
	Lifestyle & Fashion News Show	Living it Up	
	Crime Show	30 Min (On Death Row)	
	Entertainment News Show	Now Showing	
	Business Feature	Axe the Tax	
	Sports News Show	The Beautiful Game	
	Sports News Show	The Big Cricket Debate	
	Sports Feature	Indian Sports Legends Awards	
	Best-Presented Popular News Show	Face The Nation	
	Show on Social/Environment Awareness/ Social Development Campaign	Real Heroes	
	Technology based show	Big Bang 2 (India360 special)	
	TV News Presenter	Rajdeep Sardesai for India at 9	
	TV News Reporter	Bhupendra Chaubey (for Ayodhya coverage & CWG coverage)	
	TV News Anchor	Karan Thapar (for DA & Last Word)	
	Entertainment Critic	Rajeev Masand	
	Young TV Journalist	Priyali Sur	
News Television Awards 2012	Lifestyle & Fashion News Show	Secret Kitchen - Men Can Cook	
	Entertainment Feature	Bollywood Blockbusters Music Maestros - Madan Moh	
	Show on Social / Environment Awareness / Social Development Campaign	The Citizen Journalist - Season 5, Episode 1	
	Sports Feature	Champions Of The World (Documentary)	
	Sports News Show	Kings Of Cricket	
	News Documentary	Limited Episodes - My Child Is Gay	
	Current Affairs Feature	Irom's 10 Year Fast	
	Daily Prime Time Newscast	India @ 9	
	Best-Presented Popular News Show	India @ 9	
	Promo Campaign by a News Channel	Citizen Journalist Films (AB BOL)	
	Promo for a Channel	State Of The Nation	
	News Cinematographer	Prakasam (Mad About Frogs)	
	Coverage of Lokpal Bill	CNN-IBN (Lokpal Coverage In 2011)	

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Management Discussion And Analysis Report (Contd.)

CNN-IBN (Contd.)			
Awards	Category	Winners	
	Sport News Show Presenter	Meha Bhardwaj	
	Young TV Journalist (Below 24 years of age)	Parikshit Luthra	
	Channel Packaging of the Year	CNN-IBN	

IBN 7			
Awards	Category	Winners	
Personality Based Awards		Richa Anirudh	
Madhav Jyoti Samman 2011	For excellence in journalism (announced)		
Manav Rachna University	Women Achievers 2011 (Journalism)		
News Television Awards 2012	News Talk Show	Zindagi Live (Women Fight Back)	
	Entertainment Critic	Rajeev Masand	

NETWORK18 PUBLISHING			
Awards	Category	Winners	
Quality Brand award 2012 - 2014		Infomedia18 Yellow Pages	
Super brand status 2012-13		Infomedia18 Yellow Pages	

HOMESHOP18			
Awards	Category	Winners	
Images Retail Awards 2011	Most Admired Retailer of the Year - Non-store	Organisation	
Asian Leadership Award, 2011	Industry Leadership Award	Individual	
World Brand Congress, 2011	Award for Brand Excellence in Internet business	Organisation	
Global Award for Brand Excellence, 2011	Award for Brand Excellence in Internet Business	Organisation	
Star Retailer Awards 2011	E-Retailer of the Year	Organisation	
Award for Retail Excellence, 2012	Retail Leadership Award	Individual	
	Retailer of the Year Fashion & Lifestyle	Organisation	
	E-Commerce & Online Shopping		
Indian eRetail Awards 2012	eRetailer of the Year	Organisation	
	Innovation in Delivery Award (Special Category)		
National Quality Excellence Award 2012	Quality Excellence Award for Planning, Process & Systems	Organizational	
	Quality Excellence Award for Best Customer Service Result		
	Quality Excellence Award for Best eBusiness		
	CEO of the Year	Individual	

ASK ME			
Awards	Category	Winners	Gold / Silver / Bronze
GOA FEST	Businesses and Home Services	AskMe Number TVC	Silver
		AskMe Pregnant Radio Spot	Bronze
	Best use of Media	Campaign On Radio	Bronze
Golden Mikes Awards 2011	Best Use Of Radio For A Launch	AskMe	Silver
	Best Single Commercial - IT, Telecommunications & Digital Media	AskMe-The "Pregnant" radio commercial	Silver

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Management Discussion And Analysis Report (Contd.)

Financial Performance Summary

Consolidated revenues for the full year 2011-12 stood at Rs. 1943.1 crores on a reported basis, a growth 31% over last year. Consolidated revenues from our consolidated operations stood at Rs. 1784.9 crores, a growth of 21% over last year.

Network18 Consolidated Summary for Continuing Operations*			
<i>All figures in INR crores</i>		FY12	FY11
Revenues		1784.9	1477.9
	News	629.4	566.1
	Entertainment	635.1	549.2
	Digital Content and eCommerce	233.8	198.2
	Allied Businesses	474.5	295.7
	<i>Less: Inter Segmental Revenues</i>	(187.8)	(131.3)
Operating Profit		(150.6)	40.2
	News	50.3	74.4
	Entertainment	33.3	61.0
	Digital Content and eCommerce	(126.3)	(51.5)
	Allied Businesses	(118.8)	(46.0)
	<i>Less: Inter Segmental Operating Profit</i>	10.9	2.3

Television Business

- I. We successfully launched five channels during the year – History TV18, Comedy Central, Sonic, Colors HD and CNBC TV18 Prime HD. History TV18 has emerged as the No. 2 channel in the genre and is challenging the leader.
- II. Our continuing operations for our television business (excluding discontinued operations and new launches) continued to perform well in the backdrop of an extremely challenging macro-economic environment for the industry. Consolidated revenues from continuing operations stood at Rs. 1251.7 crores, a growth of 12% over previous year. Our operating profit from continuing operations stood at Rs. 83.6 crores.

TV18 Consolidated Summary for Continuing Operations*			
<i>All figures in INR crores</i>		FY12	FY11
Revenues		1251.7	1115.0
	News	629.4	566.1
	Entertainment	635.1	549.2
	<i>Less: Inter Segmental Revenues</i>	(12.8)	(0.3)
Operating Profit		83.6	135.4
	News	50.3	74.4
	Entertainment	33.3	61.0
Operating Margin			
	News	7%	12%
	Entertainment	8%	13%
		5%	11%

- III. Our subscription revenues from our television business stood at Rs. 189.9 crores for the full year *growing by over 50% over last year.*

IV. News and Infotainment:

Our revenues from our news business stood at Rs. 629.4 crores for the full year growing by 11% over last year.

- a. Our Business News Channels – CNBC TV18 and CNBC Awaaz continued to be market leaders during the year.
- b. Our General News Operations – CNN IBN, IBN7 and IBN Lokmat performed particularly well in a highly

Network18 Media & Investments Limited

Management Discussion And Analysis Report (Contd.)

competitive market and our revenues for the full year grew by 16%. Our national news operations are now break-even.

News Summary			
		FY12	FY11
Revenues	General News	302.8	260.3
	Business News	326.6	305.8
		50.3	74.4
Operating Profit	General News	(4.3)	(13.6)
	Business News	54.7	88.0
		8%	13%
Operating Margin	General News	-1%	-5%
	Business News	17%	29%

- c. History TV18 was launched in October 2011 and met with unprecedented success. It is already the No. 1 in its genre in the six metros, and at a national No. 2 is challenging the leader. It is available in 9 languages now.

V. Entertainment:

Our revenues from our continuing operations of our entertainment business stood at Rs. 635.1 crores for the full year growing by 16% over last year. Our profits from our continuing operations stood at Rs. 33.3 crores.

- a. Colors turned in another steady year in the Hindi GEC space against the backdrop of a highly competitive market environment. The channel continued to deliver ratings across programming categories: Fiction, Reality and Movies.
- b. MTV is a leader in the youth genre. It has emerged as one India's largest platforms to build and engage youth over various channels.
- c. Nick, our kids channel and Sonic – the channel for the action loving generation launched on December 20th 2011 continue to be market leaders in their genre and innovate continuously.
- d. The world's largest comedy channel Comedy Central was launched in India during the year and has been a runaway success – it is now the No. 1 channel in its genre.
- e. Viacom18 Motion Pictures had a steady year. We released the highly successful and critically acclaimed movie – 'Kahaani' and other successful movies like 'Pyaar ka Punchnama', 'Shaitan', etc. during the year.

Digital Content and eCommerce

Network18 is one of the largest Indian digital media companies in the world in terms of unique visitors as per Comscore. Our revenues for the year for the segment stood at Rs. 233.8 crores, registering a growth of 18%, over the last year on a proforma basis.

Digital Content and eCommerce Summary			
<i>All figures in INR crores</i>		FY12	FY11
Revenues	Web18 (including Bookmyshow)	99.4	86.9
	HomeShop18	89.6	71.4
	Newswire18	44.8	39.8
		233.8	198.2
Operating Profit		(126.3)	(51.5)

Network18 Media & Investments Limited

Management Discussion And Analysis Report (Contd.)

- a. **Web18** (Content Operations + Bookmyshow) recorded revenues of Rs. 99.4 crores. Moneycontrol.com continues to grow rapidly consolidating its leadership position. It had more than 7.8 MM unique visitors in March. lbnlive.in.com and firstpost.com continued to provide breaking news and views to digital audiences and are among the Top10 sites in the news category. In.com continued to build on its content offerings.
- b. **Bookmyshow.com continued on a strong growth trajectory during the year and is now a profitable operation.**
- c. **Newswire 18** delivered revenues of Rs. 44.8 crores for the year registering a growth of 25% over the previous year.
- d. **HomeShop18** had another great year scaling rapidly across all key operating parameters while delivering 'customer service excellence' across touch points. HomeShop18 recorded revenues of Rs. 89.6 crores for the year, revenues grew at 26% over the previous year. Orders executed during the year grew by over 126% YOY. www.homeshop18.com continued to exhibit strong growth momentum and launched India's largest book store with over 10 million titles.

Allied Businesses

Our revenues for the year from our Allied Businesses stood at Rs. 474.5 crores.

- a. Forbes India continued to build on its impressive market leadership. We launched Yellow Pages in eBook format which can be downloaded from our site www.yellowpages.co.in. Our magazines division continued to grow well.
- b. Ask Me – our local search engine was launched in Mumbai during the year and has been received well.
- c. Capital18 investee companies exhibited strong growth momentum over the year and most of the portfolio companies are now break-even or better.
- d. Sport18 and E18 continued to build and innovate in their respective niches.

**The above summary is for continuing Operations only excluding new launches at both Viacom18 and AETN18 and discontinued operations – TIFC and Hindi Movie Channel. One-time losses amounting to Rs. 127.0 crores during the full year were incurred with respect to our discontinued operations - deferment of the Hindi movie channel and TIFC. Rs. 52.6 crores was incurred during the year with respect to costs towards our new channels – Sonic, Comedy Central and Colors HD. Only 50% of these losses at Viacom18 are reported above. We also incurred operating losses amounting to Rs. 48.3 crores for the full year FY12 towards the launch costs of our new channel History TV18.*

Consolidated segmental numbers are on a proforma basis and not audited.

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OUR STRENGTHS

We believe that we have the following competitive strengths:

One of India's leading media and entertainment companies

We are one of India's leading media and entertainment companies, with an integrated cross-media portfolio that attracts a wide spectrum of economic sections and demographic groups in India. We hold leadership positions in our news, entertainment and digital and e-commerce business segments. We are one of the leading news networks in India, operating news television channels: *CNBC-TV18*, *CNN-IBN*, *IBN7*, *CNBC Awaaz*, *IBN-Lokmat*, *CNBC-TV18 Prime HD*. We also operate entertainment television channels: *Colors*, *Colors HD*, *MTV India*, *Vh1*, *Nick*, *Sonic*, *Comedy Central* and *HistoryTV18*. We also hold and operate market-leading digital and e-commerce assets, including *moneycontrol.com*, *ibnlive.com*, *firstpost.com*, *in.com*, *homeshop18.com* and *bookmyshow.com*

We believe that the scale of our platform permits us to leverage our existing media properties through cross-media marketing of our brands and exercise increased bargaining power with our advertisers and other business partners. We believe that the reach of 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 leaders, investors and affluent Indians, which are attractive audiences for advertisers in India.

As a television network, we reached an average of approximately 192.2 million television viewers in the last calendar year (Source: TAM; Cs 4+ yrs; Market All India, All day parts, 1 Jan '11 to 31 Dec '11) . According to Comscore, we are one of the most popular Indian digital media companies on a worldwide basis (Source: Comscore Dec 2011) having attracted an average of approximately 30.8 million unique visitors globally per month for the year ended December 31st, 2011.

Strong portfolio of market-leading brands

We have well-established brands across all the key segments we operate in including television, digital and print publishing, e-commerce etc. *Colors*, our Hindi general entertainment television channel, was among the top ranking television channels in its genre in terms of viewership with a 20% market share (Source: TAM, Avg. Weekly GRP's, Period: wk 1 – 53 (Jan-Dec) 2011, CS 4+, HSM) and a 5.12% viewership market share amongst all TV channels in the year 2011. (Source: TAM; TG: CS 4+; Market: All India; Period: wk 1-53 2011, All Days, 0000-2400 hrs). In the financial year 2011-2012, it was the 2nd ranked television channel in its genre in terms of viewership with a 19% market share (Source: TAM, , Period: 1st Apr '11 – 31st Mar '12, CS 4+, HSM) and a 6.8% market share amongst all TV channels in the fiscal year 2011. (Source: TAM; TG: CS 4+; Market: HSM; Period: 1st Apr '11 – 31st Mar '12, All Days, 0000-2400 hrs). In fact, within a few weeks of its launch, *Colors* had become the No.2 GEC in India (Source: TAM CS4+, HSM, September 28-October 11, 2008 GRPs) and within 9 months from its launch it became India's No.1 Hindi GEC for the first time in the week ended April 11, 2009, (Source: TAM CS4+, HSM, April 5-11, 2009).

CNBC-TV18 and *CNBC Awaaz*, our business news television channels, were leaders in the English and Hindi business news genres with a 57% combined market share in the year ended December 31st, 2011, according to TAM.(Source: TAM; TG : CS AB Males 25+, Market: All India (excl Jharkhand 0.5mn), Period: 1st Jan-31st Dec 2011, All Days, 0600-2400 hrs). *CNN-IBN*, our general English news television channel, was the market leader in the general English news genre with a market share of approximately 35% in the English General news genre (Source: TAM Market Share, Market: All India, Period: Wk 47 '11 – Wk 01 '12, Time Period: 0600-2400, All Days, TG: CS AB Male 15+), in the 8 weeks ending Jan 7th, 2012. We believe that the strength of our brands in the business and general news genres has benefited from our brand licensing alliances with *CNBC* and *CNN*, which we believe provide us with a competitive advantage in the India media and entertainment industry. *Nick*, our entertainment television channel in the kids category, was the market leader in its genre with a market share of approximately 20% in the year 2011, according to TAM. (Source: TAM Period: Wk 1-53 (Jan-Dec) 2011, 4-14 ABC All India 07:00 – 22:00). In the financial year 2011-2012, *Nick* was a leader in reach with 35% in the kids category (Source TAM 4-14 ABC All India 07:00-22:00 Apr'2011-Mar'2012). *MTV*, our music channel, also was a market leader in its genre with a 24% market share (Source: TAM Market Share, Period: Wk 1-53 (Jan-Dec) 2011, 15-24 SEC ABCD, HSM 07:00 – 22:00). In the financial year 2011-2012, *MTV India* with 23% market share was the most preferred youth channel in India with a mix of music & youth

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content in the youth genre (Source: TAM, Period- FY2011-2012 i.e. Apr 2011-Mar 2012, 15-24 SEC AB, HSM, 07:00 – 22:00).

According to Comscore, moneycontrol.com is India's most popular non-bank, financial services portal, attracting approximately an average of 5.1 million unique visitors per month globally in the year ended December 31st, 2011, and in.com is one of India's leading India-based news and entertainment portal, attracting approximately an average of 25.1 million unique visitors per month globally in the year ended December 31st, 2011. HomeShop18 is India's most popular India-based home shopping network with an average market share of 64% amongst 24-hr home shopping TV channels (Source: TAM, TG: CS 4+, Markets: All India, Time Period:Wk 33-53,2011) and reaching over 11.3 million TV audiences (Source: TAM, TG: CS 4+, Markets: All India, Time Period: 01st January– 07th January '12). Our ticketing brand bookmyshow.com is a leader in the entertainment ticketing space in the country. It provides online booking for movies, plays, sporting events and shows across India and its services extend to 100 cities across India. As of December 31st, 2011, bookmyshow.com had approximately 2.7 million registered users and recorded an average of 2 million unique visitors per month in the year ended December 31st, 2011, according to Google Analytics. In December 2011, bookmyshow.com recorded approximately 5.5 million total visits, which represents growth of 58% from approximately 3.5 million visits in December 2010, according to Comscore. We sold an average of over 1,000,000 tickets per month on bookmyshow.com in the in the last nine months ended December 31, 2011.

We believe our market-leading brands allow us to cross-promote our 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 market-leading 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 and knowledge of the Indian media and entertainment industry allows 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, India's most popular India-based home shopping network with an average market share of 64% amongst 24-hr home shopping TV channels (Source: TAM, TG: CS 4+, Markets: All India, Time Period:Wk 33-53,2011) and reaching over 11.3 million TV audiences (Source: TAM, TG: CS 4+, Markets: All India, Time Period: 01st January– 07th January 2012). Another example is Colors, our foray into the highly competitive Hindi general entertainment genre, which was launched in July 2008. Within a few weeks of its launch, Colors had become the No.2 GEC in India (Source: TAM CS4+, HSM, September 28-October 11, 2008 GRPs) and within 9 months from its launch it became India's No.1 Hindi GEC for the first time in the week ended April 11, 2009, (Source: TAM CS4+, HSM, April 5-11, 2009).

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 leading global and Indian media companies. We have forged alliances with several leading global media players including *Viacom* in entertainment, *CNN* in English general news, *CNBC* in business news, *Lokmat* in Marathi regional news, *A+E Networks* in factual entertainment, and *Forbes* in publishing. We believe that we derive substantial benefits from the association with our partners and that our partners recognize 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.

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OUR BUSINESS

We are a leading media and entertainment company in India with interests in television, internet, filmed entertainment, e-commerce, magazines, mobile content and allied businesses. Through our subsidiary 'TV18 Broadcast Ltd.' [BSE: 532800, NSE: TV18BRDCST], the group operates news channels - CNBC-TV18, CNBC-TV18 Prime HD, CNBC Awaaz, CNN-IBN, IBN-7 and IBN-Lokmat (a Marathi regional news channel in partnership with the Lokmat group). TV18 also operates a joint venture with Viacom, called Viacom18, which houses a portfolio of popular entertainment channels - Colors, Colors HD, MTV, SONIC, Comedy Central, VH1 and Nick - and Viacom18 Motion Pictures, the group's filmed entertainment business. TV18 has also forayed into the Indian factual entertainment space through A+E Networks | TV18 (Joint venture between A+E Networks and TV18 Broadcast), which has recently launched a new channel - HistoryTV18. Through 'Network18 Media & Investments Ltd.' [BSE: 532798, NSE: Network18], the group operates its digital, publishing and e-commerce assets including moneycontrol.com, ibnlive.com, in.com and firstpost.com. 'Network18' also operates e-commerce properties like HomeShop18 and bookmyshow.com and publishes Forbes India, the nation's first local edition of a foreign news magazine title and one of the world's most influential business brands, in collaboration with Forbes Media. In addition, through 'Network18', the group operates Newswire18, providing real time financial information and news terminal services, and Network18 Publishing, a player in the special interest publishing space as well as E18, the group's event management venture and Sport18, its sports management and marketing venture. 'Network18' has investments in Yatra, DEN Networks and other Capital18 portfolio companies.

TELEVISION BROADCASTING

We have television channels in news and entertainment genres, including general news, business news, Hindi general entertainment, kids, factual entertainment, youth, English & factual entertainment genres and 1 additional 24-hr home shopping channel. Our TV Network reached an average of approximately 192.2 million television viewers in the last calendar year (Source: TAM; Cs 4+ yrs; Market All India, All day parts, 1 Jan '11 to 31 Dec '11)

NEWS

We operate one of India's leading television news networks. Our business news channels are CNBC-TV18, CNBC Awaaz, CNBC-TV18 Prime HD and our general news channels are CNN-IBN, IBN7 and IBN-Lokmat. Our long term brand licensing arrangements with CNBC and CNN have helped us strengthen our brand recall with Indian audiences. We believe that our strong 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.

Business News

CNBC-TV18 & CNBC Awaaz are pioneers of business news broadcasting in India and have been acclaimed as leaders in the business news genre on Indian Television. The Network18 Group launched its business news operations in India with the launch of CNBC-TV18 in December 1999. In January 2005, the reach was expanded into Hindi-language business news with the launch of CNBC Awaaz. CNBC-TV18 and CNBC Awaaz, our business news television channels, were leaders in the English and Hindi business news genres with a 57% combined market share in the year ended December 31st, 2011, according to TAM. (Source: TAM; TG : CS AB Males 25+, Market: All India (excl Jharkhand 0.5mn), Period: 1st Jan-31st Dec 2011, All Days, 0600-2400 hrs). The majority of our business news programming is researched, produced and edited by our local editorial teams and in-house studios, although we supplement this programming with CNBC's global content through our agreement with CNBC-AP.

The audience for CNBC-TV18 and CNBC Awaaz is highly diversified comprising of key groups such as business leaders, professionals, retail investors, brokers and traders, intermediaries, self employed professionals, high net worth individuals, students and even homemakers.

We believe CNBC-TV18 and CNBC Awaaz attract a considerable level of out-of-home viewership, particularly in corporate offices, public marketplaces and other business areas. Thus, we believe that our viewership in the English and Hindi business news genres is higher than the viewership reported by TAM, which measures only in-home viewership. As evidence of this and the reach of these channels to affluent business leaders in India, the advertising

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power ratios of our business news television channels are higher than those of our entertainment television channels. Amongst all television genres, English General News and English business news enjoy the highest power ratios (ad revenue percentage to viewership percentage ratio) of 8.95 and 8.06 respectively as per FICCI KPMG Frames Report 2011. Our channels, due to their leadership, command a significant proportion of ad revenues in their respective genres.

CNBC-TV18: CNBC-TV18 is India's No.1 English language business news television channel in terms of viewership, with 49% market share in the English business news genre (Source: TAM, Period: 1st Jan-31st Dec 2011, TG : CS AB Males 25+, All India (excl Jharkhand 0.5mn), 0600-2400 hrs). It is a pay channel targeted at English speaking consumers, investors, business leaders 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 its website, 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 of the day's key 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. Over the years, CNBC-TV18 has received numerous awards including:

- Across the years, multiple 'Best Business Channel' citations for CNBC-TV18 at leading forums like the Indian Television Academy Awards, Indian Telly Awards, News Television Awards (NT Awards).
- Awards for CNBC-TV18's leading programs such as 'Young Turks' ('Best Business Talk Show', NT Awards 2007 & 2008), 'India Business Hour' (Daily primetime news cast, NT Awards 2010), 'What's Hot' ('Best Talk Show on News & Current Affairs' 2005), 'Tech Toyz' (Technology show, NT Awards 2010), 'Storyboard' ('Best Business News Show English', NT Awards 2007), 'Overdrive' ('Auto show', NT Awards 2010)
- Awards for CNBC-TV18's leading journalists like Udayan Mukherjee ('Best Business News Anchor', NT Awards 2007, 2010 & 2011, Ramnath Goenka Journalist of the Year(Broadcast) 2012)
- CNBC-TV18 has been rated as 'India's No.1 English News Channel' by the Exchange4media 'Pitch Brandometer Survey' 2009 & 2010
- Awards for numerous channel promos and creative work at acclaimed platforms such as Rapa, Promax & Promax BDA, News Television Awards.

CNBC Awaaz: CNBC Awaaz is India's No.1 Hindi business news television channel in terms of viewership, leading with 65% market share in the Hindi business news genre (Source: TAM, Period: 1st Jan-31st Dec 2011, TG : CS AB Males 25+, HSM (excl Jharkhand 0.5mn), 0600-2400 hrs). 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'.

- 'Numero Uno Business Channel' (NT Awards 2008)
- Awards for programming such as 'Pehla Sauda' ('Live telecast show', NT Awards 2010), 'Awaaz Entrepreneur' ('Business Features Show', NT Awards 2010), 'Tax Guru' ('Best Business Talk Show', NT Awards 2009), 'Kaun Rahega Crorepati' ('Best Business Talk Show', NT Awards 2008) etc

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General News

We operate 3 general news channels, namely CNN-IBN, IBN7 and IBN-Lokmat (In partnership with Lokmat Group). Through the 'IBN Network' of general and regional channels, we have established a strong presence in English, Hindi and regional news categories in the country. In the last few years, CNN-IBN, IBN 7 and IBN-Lokmat have come to represent a new credo in journalism epitomized by the values of 'Whatever it takes' and enlightened citizen activism.

CNN-IBN: CNN-IBN was launched in December 2005 as a 24-hour English news channel in India and has since become one of India's leading English language news and current affairs channels, capturing a genre leading 35% market share (Source: TAM Market Share, Market: All India, Period: Wk 47 '11 – Wk 01 '12, Time Period: 0600-2400, All Days, TG: CS AB 15+). 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 channel has transcended television, and reaches its viewers through various other media like Internet, mobile and voice. 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.com, our mobile applications and various communities. Ibnlive.com provides streaming video feeds, downloadable tickers and breaking news alerts on cell phones.

Key Awards for CNN-IBN:

- Across the years, multiple 'Best English News Channel' awards for CNN IBN at leading forums like the Indian Television Academy Awards, Indian Telly Awards, News Television Awards (NT Awards)
- Multiple Awards for Rajdeep Sardesai, Editor-in-chief for IBN channels and other leading journalists
 - Rajdeep Sardesai: 'Best News Anchor', ITA Awards (2006 to 2011), News Television Award (2007,2008,2010,2011), Ramnath Goenka Excellence in Journalism award (2006-2007)
 - Karan Thapar: Asian Television Awards (2007,2010), News Television Award 2011, Indian News Broadcasting Awards (2008)
- Awards for CNN IBN's leading programs such as 'Citizen Journalist Show' (Asian Television Awards 2010, 2011, Indian Television Academy Awards, Indian Telly Awards 2006,) 'India at 9' (Asian Television Award 2010, NT Awards 2007), 'Secret Kitchen' (Best cookery show Indian Television Awards 2008,2011), 'State of the Nation' (NT Awards 2008, Indian Telly Awards 2006)

IBN7: IBN7, launched in March 2005, is a 24-hour Hindi language general news television channel. IBN-7 is emerging as one of the leading Hindi news channels in the country leading peers such as Zee News, News24, NDTV India in the Hindi general news genre with a market share of 9.71% (Source: TAM Channel Share, Market: HSM, Period: Wk 47 '11 – Wk 01 '12, Time Band:0600-2400, TG: CS Male 25+ yrs). IBN7 provides 24-hour coverage of national and international news relating to politics, business and financial affairs, sports and entertainment. IBN7 also provides its news broadcasts; streaming video feeds, downloadable stock tickers and breaking news alerts for cellular phones via its website, khabar.ibn.in.com. Key IBN7 Awards:

- Multiple Awards for IBN7's leading program 'Zindagi Live' ('Best News Talk Show', NT Awards 2008, 2009,2010), Indian News Broadcasting Award (2010), Indian Television Awards (2010), Laadli Award (2009 & 2010)
- Awards for numerous channel promos and creative work at acclaimed platforms such as Promax & Promax BDA, Indian News Broadcasting Awards.

IBN-Lokmat: IBN-Lokmat, a joint venture launched with Lokmat Newspapers Private Limited, is one of India's leading Marathi language general news and current affairs television channels, with a market share of 32% in its genre (Source: TAM; TG: CS 15+; Market: Maharashtra; Period: 1st Jan-31st Dec 2011, All Days, 0000-2400 hrs). IBN-

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Lokmat provides 24-hour coverage of national and international news relating to politics, business and financial affairs, sports and entertainment. IBN-Lokmat was the recipient of 10 Indian News Television Awards in 2011, including the best daily primetime news show in the Marathi category.

GENERAL ENTERTAINMENT

We operate a network of general entertainment television channels i.e. Colors, Colors HD, MTV India, Vh1, Sonic, Nick and recently launched Comedy Central through Viacom18, a 50-50 joint venture between MTV Asia, a wholly-owned subsidiary of Viacom International Inc. and TV18 Broadcast Ltd. Our general entertainment television channels reach approximately an average of 132.2 million viewers across Hindi Speaking Markets and approximately an average of 156 million viewers across All India every month, according to TAM (Source: TAM; CS 4+ Yrs; 1st Jan'12 - 31st Mar'12). Viacom18 was also named one of the best places to work in the media and entertainment industry by the Great Places to Work Institute in 2012.

COLORS: COLORS is Viacom18's flagship brand in the mass entertainment space in India and one of India's leading 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'. 'COLORS' is dedicated to promoting 'Cohesive viewing', through programmes like Balika Vadhu, Uttaran, Na Aana Is Des Laado, Sasural Simar Ka, Na Bole Tum Na Maine Kuch Kaha amongst others. 'COLORS' is a pay channel. Colors, our Hindi general entertainment television channel, was among the top ranking television channels in its genre in terms of viewership with a 20% market share (Source: TAM, Avg. Weekly GRP's, Period: wk 1 - 53 (Jan-Dec) 2011, CS 4+, HSM) and a 5.12% viewership market share amongst all TV channels in the year 2011. (Source: TAM; TG: CS 4+; Market: All India; Period: wk 1-53 2011, All Days, 0000-2400 hrs). In the financial year 2011-2012, Colors was the 2nd ranked television channel in its genre in terms of viewership with a 19% market share (Source: TAM, , Period: 1st Apr '11 - 31st Mar '12, CS 4+, HSM) and a 6.8% market share amongst all TV channels in the fiscal year 2011. (Source: TAM; TG: CS 4+; Market: HSM; Period: 1st Apr '11 - 31st Mar '12, All Days, 0000-2400 hrs). In fact, within a few weeks of its launch, Colors had become the No.2 GEC in India (Source: TAM CS4+, HSM, September 28-October 11, 2008 GRPs) and within 9 months from its launch it became India's No.1 Hindi GEC for the first time in the week ended April 11, 2009, (Source: TAM CS4+, HSM, April 5-11, 2009). Colors is also available as a high definition service, Colors HD, which is available on key digital platforms that support HD broadcast. We believe that Colors' success has been driven by the introduction of fresh concepts in Hindi GEC programming with reality shows and serials such as 'Fear Factor- Khatron ke Khiladi', 'Bigg Boss', 'Balika Vadhu' and 'Uttaran'. Since its rise to No.1, Colors has consistently remained amongst the top 3 GEC channels. We believe that Colors, with its consistent leadership in the important and lucrative Hindi GEC segment, is well positioned to act as a key value driver for Viacom18 and our Company. Key Awards for Colors:

- Multiple Awards for numerous channel promos and creative work at acclaimed national platforms such as Promax India
- Multiple awards for channel on platforms such as FICCI Frames Excellence Awards 2010, Indian Television Awards (2009)
- Across the years, multiple awards for shows such as 'Balika Vadhu', 'Uttaran' at Indian Television Academy Awards (2009), New Talent Awards (2009)
- Multiple awards for several actors: Avika Gaur, ('Child Prodigy', GR8 Women's Achiever Award 2009), (New Talent Award 2009), Sparsh Khanchandani, ('GR8 Young Achiever', GR8 Women's Achiever Award 2010)

MTV India: MTV India with 23% market share is the most preferred youth channel in India with a mix of Music & Youth content in the youth genre (Source: TAM, Period- FY2011-2012 i.e. Apr 2011-Mar 2012, 15-24 SEC AB, HSM, 07:00 - 22:00). Over 15 years it has become one of the country's most successful youth brands and is one of India's leading brands in social media. Globally MTV has been the number one destination across platforms for young people. On social media, MTV has strong digital presence connecting a 11 MM duplicated fan base across show pages on Facebook. 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

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India's popular television programs include the reality shows MTV Roadies and Splitsvilla. The brand also has a strong presence in India through a consumer products division. Key Awards for MTV:

- Multiple Awards for channel properties such as Indian Television Academy 2010 Best 'Reality show' award for 'MTV Stunt Mania'
- Multiple Awards for numerous channel promos and creative work, year on year, at acclaimed national and international platforms such as Promax and Goafest.

Vh1: Vh1 is a leader in the English music and lifestyle genre with a 17% market share, ahead of all English Entertainment and Lifestyle channels. (Source: TAM, Period: Wk 1-52 (Jan-Dec) 2011, Markets: 7 Metros TG :< 25 years SEC AB, Time Band: 7:00 to 24:00). The channel runs multiple reality shows such as Saturday Night Live, Big Brother, Jersey Shore, Yo Momma and Punk'd.

Nick: Nick is the leading kids' television channel in the country with a market share of approximately 20% in the year ended December 31, 2011 (Source: TAM Period: Wk 1-53 (Jan-Dec) 2011, 4-14 ABC All India 07:00 – 22:00). In the financial year 2011-2012, Nick was the highest reaching channel in the kids' category with 35% (Source TAM 4-14 ABC All India 07:00-22:00 Apr'2011-Mar'2012). It is a 24-hour pay channel in Hindi, with the option of language audio feeds on some platforms including English and Tamil. With an approach that puts 'kids first', Nickelodeon takes pride in encouraging kids to be themselves – funny, messy and free-spirited. Being true to its philosophy of connecting with kids wherever they are, Nickelodeon gives kids a complete multi-platform brand experience. The touch points range from on ground interactions, digital innovation and consumer products to name a few. Nickelodeon has today become the preferred comedy destination for kids in India, with shows like SpongeBob SquarePants, Ninja Hattori, Perma amongst many others. Key Awards for Nick:

- Multiple Awards for numerous channel promos and creative work, year on year, at acclaimed national and international platforms such as Promax India, Promax Asia, Promax Global, Asia Image Apollo Awards
- Across the years, multiple awards for channel properties such as 'Let's Just Play' (WOW Silver Award for 'Best Event Property by a Media Brand 2011', 'On ground brand association with a media brand for Horlicks Summer Growth Carnival 2011', Goa Fest Silver Award for 'Best Use of Media – Television', (2009)

Sonic: Sonic, a new action, adventure and animation channel was launched on December 20, 2011. Sonic is targeted at new young adults, from 10-17 years of age. Sonic is a 24-hour paid channel that will reach out to over 40 million households in multilingual regional feeds. Sonic provides a complete multi-platform brand experience from animation and live action shows to blockbuster 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. Sonic, will also go beyond television to engage and interact with its target audience by building the online community through www.sonicgang.com.

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. We believe Comedy Central is the country's first 24-hour channel dedicated to English language comedy content.

FACTUAL ENTERTAINMENT

We have recently forayed into the Indian factual entertainment space through A+E Networks|TV18, a joint venture between TV18 Broadcast and A+E Networks, the global leader in factual entertainment. This venture recently launched HistoryTV18 in October 2011. Within a few weeks of launch, HistoryTV18 emerged as India's No.1 factual entertainment channel with an average weekly viewership share of 31% in 6 metros market cluster (Source: TAM, CS 15+AB, 6 Metros, Week 42, 2011 - Week 13, 2012, 0600-2400 Hrs; Average Weekly Market Share). HistoryTV18 reaches out to an average of over 22 million viewers every week across the country. (Source: TAM, CS 4+, All India, Week 42'11-13'12). HistoryTV18 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.

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FILM BUSINESS

As part of the Viacom18 venture, 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 Motion Pictures is India's premier full-service motion pictures company, with business spanning concept (or creative) development, production, marketing, distribution, merchandising and syndication, worldwide. To successfully explore newer genres, differentiated concepts and fresh talent, Viacom18 Motion Pictures has launched a new banner – 'Tipping Point Films', which focuses on execution of 'clutter-breaking' projects. In recent times, Viacom18 Motion Pictures has had an unparalleled release slate with projects across genres, across scale and across talent. This includes 'Shaitan', 'Michael' and 'Gangs of Wasseypur' (2 parts), 'Buddah', 'Kahaani' etc. Over the last 3 years, Viacom18 has had to its credit (through Studio18) some of the biggest hits of the decade including Jab We Met, Singh is Kinng, Welcome and Ghajini. 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.

DIGITAL AND E-COMMERCE

We are India's most popular online media company, according to comScore (December 2011), attracting an average of approximately 30.8 million unique visitors globally per month for the year ended December 31st, 2011. Our digital and e-commerce segment includes (i) our content business that includes websites and mobile applications that cover business, sports and general news, social networking and consumer information and (ii) our e-commerce business that includes online and out-of-home shopping and ticketing. Our digital and e-commerce segment includes some of the leading Internet destinations in India. Our Internet and mobile properties deliver easy-to-use, informative and interactive experiences to users. Unique visitors to our sites grew from 23.9 million in December 2010 to 27.4 million in December 2011, and in the period ended December 31st, 2011, we recorded over 92.3 million total visits to our sites, according to Comscore.

DIGITAL CONTENT

moneycontrol.com: According to comScore, moneycontrol.com, which we acquired in June 2000, is one of Asia's popular financial news and services portals attracting approximately an average of 5.1 million unique visitors per month globally in the year ended December 31st, 2011. It is also the most popular financial services portal (excluding corporate banking websites) in India, according to comScore. We leverage 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.

in.com: According to comScore, in.com, which we launched in 2008, is one of India's leading India-based news and entertainment portals, with approximately an average of 25.1 million unique visitors per month globally in the year ended December 31st, 2011. 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.

Firstpost.com: According to comScore, Firstpost.com, which was launched in 2011, attracted approximately an average of 2.7 million unique visitors per month globally in the year ended December 31st, 2011. Firstpost.com is

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an exclusive online news and views website that is truly digital and accessible across platforms and devices. Built on the fundamentals of blogging and the quick post, user interaction, discussion and debate, Firstpost presents a digital newsroom powered by expert writer-editors across the country and the globe to capture what we think is a powerfully shifting news and media consumption reality. Firstpost explores forms of curation, opinion writing, long form and short form that will be defined by sharp and insightful questions, strong commentary, breaking views and skilful selection and analysis. Its apps are also available on the iPhone and iPad.

IBNLive.com: According to comScore, IBNLive.com, which was launched in 2006, attracts approximately an average of 4.3 million unique visitors per month globally in the year ended December 31st, 2011. IBNLive.com provides not just news but 'news with interactivity'. The portals unleashes an era of true cross media convergence with podcasts and live streaming of with definitive content. It gives instant updates on the latest happenings the world over and brings in interactivity, transparency, goodwill and trust. Users get access to Real Time coverage, sports updates, entertainment buzz, anchor blogs & chats and Live TV for CNN-IBN, IBN7 and IBNLokmat. Users can also access ibnlive on their smartphones via apps for iPhone, iPad, Android, Nokia, BlackBerry and Windows phones and also on WAP.

Mobile applications: We have an integrated strategy across our digital and mobile offerings. We have one of the largest mobile Internet user bases in India, with an average of over 13 million visits and 110 million page views each month in the year ended Dec 31st, 2011. (Source: Google Analytics) We have built a subscriber base of over 4 million subscribers for more than 70 subscription services across SMS, WAP, IVR and used mobile platforms. Further, we have mobile-enabled versions of some of our websites and popular mobile applications, such as IBNLive, M3, and Markets on Mobile.

E-COMMERCE

Homeshop18: Homeshop18 is India's first and most popular India-based 24-hour home shopping service, according to TAM. Through Homeshop18, we facilitate the sale of various consumer products, including home appliances, books, music, movies, cameras, mobile phones, jewelry and watches, through a variety of interactive electronic media, such as television, dedicated call centers and the Internet. HomeShop18 carries over 340 brands in more than 20 product categories, which are delivered by our third party distributors to customers' homes in over 1,600 towns and cities in India. Each product sold is backed by a guarantee provided by its manufacturer. In fiscal year 2012, more than 1.9 million transactions were completed through Homeshop18's website and telephonic sales by the end of December 2011, representing a 116% increase during the same period in Financial Year 2011. Homeshop18.com is one of the most popular India-based e-commerce website in terms of unique traffic (as per Comscore, Dec 2011). Homeshop18.com had over 2.1 million unique visitors in Dec 2011, which represents growth of over 300% from approximately 0.53 million unique visitors in December 2010. Homeshop18.com also recorded approximately 49 million page views as per comScore in December 2011. The awards won by HomeShop18 include:

- a) Sundeep Malhotra, CEO and Founder, HomeShop18 awarded for 'Excellence in Business Leadership' by Asian leadership award forum.
- b) Most admired retailer of the year - Non Store retail-Images Retail Forum
- c) E-Retailer of the Year award by Star Retailer at the Franchise opportunity India Awards

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. It is India's leader in entertainment ticketing solutions, including online ticketing. The website services approximately 100 cities and 1000 cinemas in India. As of December 31st, 2011, bookmyshow.com had approximately 2.7 million registered users and recorded an average of 2 million unique visitors per month in the year ended December 31st, 2011, according to Google Analytics. In December 2011, bookmyshow.com recorded approximately 5.5 million total visits, which represents growth of 58% from approximately 3.5 million visits in December 2010, according to Comscore. We sold an average of over 1,000,000 tickets per month on bookmyshow.com in the last nine months ended December 31, 2011. In addition, BookMyShow is also the authorized distributor for ticket management software developed by Vista Entertainment, a New Zealand based company.

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NEWS AND DATA TERMINAL SERVICES

NewsWire18: We also own and operate one of India's leading real-time financial news and data terminal services, NewsWire18. NewsWire18 is in the business of providing real-time news and market data platforms under the brand NewsWire18 WorkStation for different market segments such as fixed income and foreign exchange, equities, commodities, mutual funds etc., including data and products from various exchanges, from Tenfore Pvt. Ltd. (now Morningstar Plc) and from other third party data vendors. It also provides data feeds for real-time financial and economic data and news including corporate and macroeconomic data and related services.

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 & LOCAL SEARCH

Network18 Publishing: Pursuant to the scheme of demerger approved by the honourable High Court of Delhi in 2011, Infomedia18's publishing business has been demerged and consolidated within Network18 under 'Network18 Publishing'. The printing press business will continue to remain with Infomedia18. Network18 Publishing will encompass three divisions of Infomedia18's publishing business — Business to Consumer (B2C) magazines, Business to Business (B2B) magazines and Business Directories Division (BDD).

- **Business and Consumer Directories and Local Search:** Our key asset in the publishing segment is the Infomedia18 Yellow Pages, which has a database of over 1.1 million businesses across 1,500 categories and an advertiser base of 31,000 businesses generating 76,000 advertisements for the year 2011 (Source: Internal estimates). In Q1'2011, the Infomedia Yellow Pages was estimated to have an average of approximately 7.4 million readers, according to the Indian Readership Survey (source: IRS 2011 Q1). It was conferred 'Superbrand' status by International Superbrand Council in 2006/2007 and 2009/2010. Infomedia Yellow Pages directories are published for 38 cities in India each year, including New Delhi and Mumbai. We sell Yellow Pages to both corporate and retail customers, backed by a team of sales people across the country. The Yellow Pages directory is also available at exhibitions, on our recently redesigned portal yellowpages.co.in, and by phone, SMS and email. The acquisition of the brand "AskMe" and the domain name askme.com in 2008 has given us a strong presence in the online business and consumer directory segment. The website allows users to search businesses by industry and location, and call or SMS such businesses for free. In June 2011, we launched askme.com, our integrated voice and online local search product in Mumbai. We intend to extend this product to other major Indian cities in a phased manner over the coming year. In March 2009, we acquired burrrp! a local information website and recommendation engine. As a part of our new media division, burrrp! 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 Machine Tool Guide, Indian Exporters Guide, Construction and Interior Design Guide, Industries State Guide and Motor Pumps and Valves directories.

- **Special interest publications:** We publish 20 special interest magazines, 11 of which are in the business-to-business segment and 9 of which are in the business-to-consumer segment. Among our well-recognized business-to-consumer publications are Overdrive, Better Photography, Better Interiors, Chip and Entrepreneur. 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 are Auto Monitor, Modern Pharma, Chemical World, Search and Modern Medicine. 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.

Forbes India: Among our key business-to-consumer publications is Forbes India, which was launched in May 2009 in partnership with Forbes. Since its launch, Forbes India has established itself as one of the leading business

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magazines in India. Forbes India is available throughout India. In January 2011, we launched Forbes Life India, a quarterly English lifestyle magazine targeting India's affluent and influential individuals, under the Forbes India umbrella. Pursuant to Digital18's license agreement with Forbes, we have the right to use Forbes content for publication in Forbes India and forbesindia.com. We also share Forbes India content with our business news channels, CNBC-TV18 and CNBC Awaaz, the services offered by Newswire18 and our websites, moneycontrol.com.

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 and services to procurement, printing, production and warehousing services.

EVENTS, SPORTS & ADVISORY

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 team with expertise in the creation of mass sports properties and rights management that have synergy with our television and digital assets. We also provide consultancy services to our clients in sports related areas.

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.

Internal Control Systems

Your Company has put in place a proper system of internal controls that ensures the effectiveness and efficiency in all its operations and compliance with applicable laws and regulations. As a part of its internal control measures, an independent Internal Auditor scrutinizes the financials and other operations of the Company. Diversions from set standards are reported to the Board through the Audit Committee and appropriate remedial measures are taken. The Internal Control Systems are periodically reviewed and strengthened to meet the changing requirements of the business. We also have a robust internal evaluation system for all acquisition or investment opportunities based on well defined parameters of financial performance, operating metrics and infrastructure requirements. Each opportunity is evaluated by a cross functional team of senior management, before being referred to our Board for further evaluation and approval.

Human Resources and Development

Your Company firmly believes and recognizes that competent workforce is the key contributor to the success of the organisation and a significant part of its success depends on the quality of its human resources. Your Company continuously recruits skilled professionals from various streams to meet its business requirements. This intellectual capital is reflected in the quality of our programming and broadcasting, our business strategy, our excellent customer relations and our financial health. Robust human resource systems and processes have been implemented to provide an enriching professional experience to employees. A culture of incentives and pay-for-performance has been inculcated to ensure excellence in deliverables.

Network18's Human Resource team continues to make a concerted effort to build Group's strong brand equity, which enables your company to attract the best talent in the industry. Network18 Group has ranked among top media companies by the Great Place to Work Institute and the Economic Times as the 'Best Workplace in the Media Industry' in year – 2008, 2009 and 2011. The comprehensive *Performance Management System* continues to help employees recognize their strengths and areas of improvement. The HR team continues to strive for creating learning organization through its efforts in the field of employee training and development. The team along with the external consultants formulate modules targeted at honing skills and improving managerial capabilities of the

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team members. The *Rewards and Recognition Program* continues to identify and reward the outstanding performers for their contribution and excellence. HR teams are working closely with different businesses so that there is rigor in the support. As on March 31, 2012, 458 employees were on the payroll of the Company. Within a span of just five years from the date of incorporation, your Company has built a pool of talented work force that is versatile and inspired to achieve the mission of the Company.

OUR STRATEGY

Network18 is one of India's leading media groups with a strong leadership position in television broadcasting, filmed entertainment, digital media, e-commerce, special interest publishing and allied businesses. The rapid growth of the group over the years has been driven by an optimal combination of organic ventures, inorganic acquisitions and strategic alliances. We believe that our strong brand recognition and salience, our leadership position in television broadcasting and digital media and ability to leverage our cross-media ecosystem position us well to capitalize on this promising and challenging growth opportunity ahead. The following are the key aspects of the Group's business strategy:

Leverage the network strength to enhance our media offerings through organic and inorganic growth

Our integrated cross-media portfolio, which includes television channels and digital properties, attracts a wide spectrum of economic and age demographics in India. The scale of our platform, we believe, positions us as the focal point of a unique ecosystem of consumers, advertisers, partners and talent in India. We believe we are well-positioned to introduce a range of new offerings to our existing audiences and advertisers, drawing upon insights we have gained from our previous business launches and synergies with our existing operations. When we launch new shows, products or services, we intend to use our experience and cross-media platform to share audiences, advertisers, partnerships and talent from our existing media and entertainment offerings, thereby improving our effectiveness and reducing costs.

Enhance our television broadcasting platform

We believe that there is an opportunity to expand the current reach of our television network by developing innovative content and entering new television genres. Our current television channels are concentrated in general news, business news, Hindi general entertainment, kids, youth, English and factual entertainment and teleshowing genres. In order to expand the reach of these current channels, we plan to experiment with new programming concepts, show formats and marketing initiatives.

Our bouquet comprises of leading television brands across some of the country's most watched genres. This allows each of our channels to benefit from the synergies that accrue as a result of being a part of a 'network'. We believe that as the television broadcast space continues to expand, with new entrants and services being launched in a digitized environment, future growth will greatly rest with 'bouquets' and how well each exploits available synergies. Within our existing bouquet, we continue to capitalize on synergies, from both the revenue and content perspective. Our channels continue to access each other's content as per relevance and requirements and partner each other regularly to capitalize on opportunities of mutual interest. The channels also routinely share best practices and know-how across the network, in order to enhance efficiencies in operations.

As the 'digital eco-system' in India develops further, with imminent broadcast digitization, improved broadband access and growth in mobility, we believe, it's critical for our content to be available across platforms. Our television channels have strong presence across platforms including online, mobile, on-ground, consumer products and social media and we continue to build further on this. We believe that apart from content delivery, these platforms help increase the engagement with our audiences and advertisers and strengthen our brands immensely.

Grow television subscription revenues and content monetization

In contrast with some of our competitors in the television industry, subscription revenues constitute a relatively small proportion of our total revenues as we only recently established our leadership position in the entertainment segment and hence were focused on building advertising revenues and improving audience share. The increasing penetration of direct-to-home television and digital cable in India, together with the Indian government's regulatory push for digitization, will further drive growth of subscription revenues for our network. India's television market

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is currently primarily analog-based and the last-mile access to consumers' homes is controlled by a large number of local cable operators. Under-reporting of subscriber numbers is an industry practice in the Indian analog television industry, which reduces subscription revenues for broadcasters. We believe that the increased digitization of India's television market will enable broadcasters to increase their share of total domestic subscription revenues, which will impact us positively. We expect in the future to grow our subscription revenues substantially by leveraging our distribution alliances and increasing the international distribution of our channel offerings. We also intend to grow our subscription revenues outside of India, through the continued expansion of our international distribution network apart from exploiting opportunities to syndicate our content on multiple platforms including online and mobile devices.

Continue to invest and strengthen our businesses in digital content, e-commerce and publishing segments

We intend to further strengthen our digital and e-commerce segment by investing in our existing market-leading brands and additional related areas that we view as growth opportunities. We believe that our position as one of the most popular Indian digital media companies globally, will help drive improved monetization of our digital assets as digital penetration in India grows and advertisers increase their proportion of spending in the digital medium. We believe that we have the opportunity to monetize our diverse and extensive library of news and entertainment content through emerging 'digital' platforms. All our channels have a strong presence online and on the mobile and we hope to further strengthen this in light of the rapid changes occurring in the digital ecosystem, both in terms of content & distribution. We plan to continue creating new offerings that will leverage the introduction of 4G and broadband wireless access services in India. We believe that going forward, apart from digital publishing, print publishing will also evolve into a platform of agnostic services where content will be available across newsprint, devices and websites. We believe that we have a significant opportunity to expand the reach of our publishing assets by focusing in areas such as new media, events and value added services apart from print. We intend to also continue to grow our ecommerce capabilities, in line with the rapid growth of non-travel ecommerce in the country. We believe that our experience with electronic and new media platforms will help us in expanding our share in the Indian ecommerce space.

DISCLAIMER

Statements in the Management Discussion and Analysis describing the Company's objectives, projections, estimate, expectations may be "forward-looking statements" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could influence the Company's operations include economic developments within the country, demand and supply conditions in the industry, input prices, changes in government regulations, tax laws and other factor such as litigation and industrial relations.

Corporate Governance Report

COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

Corporate Governance is about commitment to values and ethical business conduct. We look upon good corporate governance practices as a key driver of sustainable corporate growth and long-term shareholder value creation. Good corporate governance is about enhancing value for all our stakeholders. The Company is committed to adopting global best practices in corporate governance and disclosure. This includes its corporate and other structures, its culture, policies and the manner in which it deals with various stakeholders. Accordingly, timely and accurate disclosure of information regarding the financial situation, performance, ownership and governance of the Company is an important part of corporate governance.

We believe that sound corporate governance is critical to enhance and retain investors' trust. Your Company always seeks to ensure that we attain our performance rules with integrity. Our corporate governance philosophy is based on the following principles:

1. Primary responsibility of a good corporate entity is maximizing shareholders value.
2. Be transparent and maintain a high degree of disclosures level.
3. Sound system of risk management and internal control.
4. Principles of integrity, transparency, disclosure, accountability and fairness.
5. Upholding the highest standards of professionalism.
6. Management is the trustee of the shareholders capital and not the owner.

The Company complies with all statutory and regulatory requirements on corporate governance and has constituted the requisite committees to look into issues of financial reporting, investor grievance and executive remuneration. This attitude of Network18 has strengthened the bond of trust with its stakeholders including the society at large.

BOARD OF DIRECTORS

The constitution of the Board aims at ensuring Directors commitment to participate in the affairs of the Company with understanding and competence to deal with current and emerging business issues to achieve the organizational goals.

(A) Composition of the Board

The current policy is to have an ideal combination of Executive, Non Executive and Independent Directors to maintain independence of the Board, and to separate the Board functions of governance and management. The Board of Directors of the Company consisted of six members out of which one is Managing Director, who is a Promoter Director and the remaining five are Non-Executive Directors, including two Independent Directors. The Chairman of the Board of Directors is a Non-Executive Independent Director. The Board believes that the current size is appropriate based on the company's present circumstances. The Board periodically evaluates the need for increasing or decreasing its size.

Name	Executive / Non-executive / Independent Director	No. of Directorships Held in Other Companies (a)	No. of Chairmanships / Memberships of other Board Committees (b)		Attendance of the last AGM
			Chairmanship	Membership	
Mr. Manoj Mohanka	Non-executive/ Independent Chairman	6	3	3	Yes
Mr. Raghav Bahl	Executive/ Managing Director	8	1	-	No
Ms. Vandana Malik	Non-executive Director	2	-	1	No
Mr. Sanjay Ray Chaudhuri ¹	Non-executive Director	7	-	2	Yes
Mr. Ravi Chandra Adusumalli ²	Non-executive Director	1	-	-	No
Ms. Subhash Bahl	Non-executive Director	-	-	-	No
Mr. Hari S. Bhartia	Non-executive/ Independent Director	9	-	1	No

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Corporate Governance Report (Contd.)

¹ Mr. Sanjay Ray Chaudhuri has been appointed as an Additional Director w.e.f. January 3, 2012.

² Mr. Ravi Chandra Adusumalli has resigned from the Board of Directors w.e.f. December 1, 2011. Mr. Sanjay Ray Chaudhuri was alternate director to him. Accordingly Mr. Sanjay Ray Chaudhuri ceased to be alternate director simultaneously.

- a. *For the purpose of considering Directorships in Other Companies, all the Public Limited Companies, whether listed or not has been considered. Private Limited Companies including the subsidiaries of Public Limited companies, Foreign Companies and their Indian/ foreign subsidiaries and Companies under Section 25 of the Companies Act, 1956 have not been included.*
- b. *For the purpose of considering the total number of Memberships/ Chairmanships of committee(s) only Audit Committees and Shareholders'/ Investor Grievance Committees of all Public Limited Companies have been considered.*
- c. *None of the Directors is a Member / Chairman in more than 10 / 5 committees of the Board of Directors across all companies in which they are the Directors.*

Appointment or Re-appointment of Directors and Details of Directors proposed to be appointed/re-appointed:

Mr. Sanjay Ray Chaudhuri was appointed as an Additional Director w.e.f. January 3, 2012. His tenure of Directorship expires at the ensuing Annual General Meeting and it is proposed to appoint him as a Director at the ensuing Annual General Meeting. He was alternate Director to Mr. Ravi Chandra Adusumalli and since Mr. Ravi Chandra Adusumalli has resigned from the Board of Directors w.e.f. December 1, 2011, Mr. Sanjay Ray Chaudhuri ceased to be alternate director simultaneously.

Ms. Subhash Bahl, a Director is retiring by rotation and being eligible, has offered herself for re-appointment.

Mr. Raghav Bahl was appointed as a Managing Director on September 1, 2006. His current tenure as a Managing Director expires on September 30, 2012. Accordingly, in view of his contribution as well as rich and extensive experience in the media and entertainment sectors, he has been re-appointed as the Managing Director of the Company for a period of three years from 1st October 2012 to 30th September 2015 and in this regard, Company shall seek approval of its shareholders at the forthcoming Annual General Meeting.

Brief Profiles of the aforesaid directors are given hereunder

Mr. Sanjay Ray Chaudhuri, 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.

Ms. Subhash Bahl holds a bachelor's degree in arts and a bachelor's degree in teacher's training from Punjab University, Chandigarh, India. She has over 41 years experience in the educational sector. She was a teacher at the Cambridge School, and thereafter she joined Navyug School, as its chairperson. She is mother of Mr. Raghav Bahl and Ms. Vandana Mailk.

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 Broadcast Limited (earlier known as ibn18 Broadcast Limited) 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 channels namely 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 Causa by Amity University, Uttar Pradesh (2011). He has over 24 years experience in television and journalism. He is son of Ms. Subhash Bahl and brother of Ms. Vandana Malik, directors of the Company.

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Corporate Governance Report (Contd.)

Other Directorship / Committee Membership of the proposed appointees are given below:

Name of Director	Other Directorships/Committee Membership details	
	Name of the Public Limited Companies	Position on the Board and Committee thereof
Ms. Subhash Bahl	NIL	NIL
Mr. Sanjay Ray Chaudhari	Digital18 Media Limited	Director
	Greycells18 Media Limited	Director
	TV18 Broadcast Limited	Director & Member of Shareholders'/Investors', Preferential Allotment, Finance, Sub, Audit, Remuneration/Compensation, Share Transfer, Allotment, Capital Issues Committee.
	Moneycontrol. Dot Com India Limited	Director
	Newswire18 Limited	Director
	Setpro18 Distribution Limited	Director
	Web18 Software Services Limited	Director
Mr. Raghav Bahl	digital18 Media Limited	Director
	Greycells18 Media Limited	Director
	TV18 Broadcast Limited	Director & Member of Preferential Allotment, Finance, Sub, Audit, Share Transfer, Capital Issues Committee & Chairman of Shareholders'/Investors' Committee
	Infomedia Press Limited	Director
	Network18 Publications Limited	Director
	NewsWire18 Limited	Director
	TV18 Home Shopping Network Limited	Director & Member of Allotment & Accounts Committee.
	Web18 Software Services Limited	Director

Board Meetings

During the financial year ended on March 31, 2012, Six Board Meetings were held. The Agenda and other relevant papers were circulated well in time.

Board meetings held during 2011-12 and Attendance of Directors

Date of Meeting	No. of Directors present	Total Strength of the Board
May 6, 2011	5	6
May 30, 2011	5	6
August 08, 2011	6	6
November 04, 2011	5	6
January 03, 2012	4	5
February 09, 2012	5	6

BOARD COMMITTEES

AUDIT COMMITTEE

The Primary objective of the audit committee of Network18 Media & Investments Limited (the Company) is to monitor and provide effective supervision of the management's financial reporting process with a view to ensure accurate, timely and proper disclosures and transparency, integrity and quality of financial reporting.

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Corporate Governance Report (Contd.)

The Audit Committee is constituted in accordance with the provisions of Clause 49 of the Listing Agreement and Section 292A of the Companies Act, 1956.

(a) Terms of reference

The Committee deals with various aspects of financial statements, adequacy of internal controls, various audit reports, compliance with accounting standards, Company's financial & risk management policies besides monitoring the utilization of funds raised through Rights Issue. It reports to the Board of Directors about its findings & recommendations pertaining to above matters. The committee oversees the work carried out in the financial reporting process by the management, the internal auditors and the independent auditor, and notes the processes and safeguards employed by each.

(b) Composition

The Audit Committee comprises of three Directors, two being Independent Non-Executive Directors and one is Non-Executive Director. All the members of the Committee are financially literate. Mr. Manoj Mohanka is a financial expert. The Company Secretary acts as the Secretary to the Committee.

Name	Executive / Non-executive / Independent	Position held
Mr. Manoj Mohanka	Non – Executive, Independent	Chairman
Mr. Hari S. Bhartia	Non – Executive, Independent	Member
Ms. Vandana Malik	Non-Executive	Member

(c) Meetings & Attendance

During the year, the Committee met six times and the maximum time gap between any two audit committee meetings during the year was less than four months. Minutes of the Audit Committee meetings were placed before and discussed by the Board.

Audit Committee Meetings held during 2011-12 and Attendance of Directors

Date of Meeting	No. of Directors present	Total Strength of Audit Committee
May 6, 2011	2	3
May 30, 2011	2	3
August 08, 2011	3	3
November 04, 2011	2	3
February 09, 2012	2	3
February 13, 2012	3	3

d) Review of information by the Audit Committee

The Audit Committee shall mandatorily review the following information:

1. Management discussion and analysis of financial condition and results of operations;
2. Statement of significant related party transactions (as defined by the audit committee), submitted by management;
3. Management letters / letters of internal control weaknesses issued by the statutory auditors;
4. Internal audit reports relating to internal control weaknesses; and
5. The appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the Audit Committee

Network18 Media & Investments Limited

Corporate Governance Report (Contd.)

REMUNERATION COMMITTEE

(a) Terms of reference, power & role of Committee

The Committee deliberates on the remuneration policy of the Directors including granting options/ equity shares under various Employees Stock Option/ Purchase Plans of the Company. The purpose of the remuneration committee of the Board of Directors shall be to discharge the Boards responsibilities relating to compensation of the Company's executive directors and senior management. The Committee has overall responsibility for approving and evaluating the executive directors and senior management compensation plans, policies and programs.

(b) Composition

Our Remuneration Committee consists entirely of the Non-Executive Directors, including two Independent Directors.

Name	Executive / Non-executive / Independent	Position held
Mr. Manoj Mohanka	Non-executive, Independent	Chairman
Mr. Hari S Bhartia	Non-executive, Independent	Member
Ms. Subhash Bahl	Non-executive	Member

(c) Meetings & Attendance

Three Remuneration committee meetings were held during the year ended March 31, 2012 as detailed below:-

Date of Meeting	No. of Directors present	Total Strength of Remuneration Committee
August 08, 2011	3	3
November 04, 2011	2	3
January 04, 2012	2	3

(d) Remuneration Policy

The Remuneration Policy of the Company is directed towards rewarding and motivating its employees for higher levels of individual performance that would have a direct bearing on the Company's performance in a competitive landscape.

(e) Details of the remuneration/sitting fee paid to all the Directors

Remuneration of Non-executive Directors During the financial year 2011-2012, except for the sitting fees, no remuneration was paid to the Non-executive Directors.

Sitting fee/remuneration paid to the Non-Executive Director & Executive Directors, for 2011-2012 are as detailed below:

Name	Business Relationship with Company, if any	Relationship with other Directors	Remuneration (Rs.)	Sitting Fee (Rs.)	Total (Rs.)
Mr. Raghav Bahl	-	Son of Ms. Subhash Bahl and brother of Ms. Vandana Malik	10,944,000	-	10,944,000
Mr. Manoj Mohanka	-	-	-	1,25,000	1,25,000
Mr. Sanjay Ray Chaudhuri	-	-	-	60,000	60,000
Mr. Hari S. Bhartia	-	-	-	25,000	25,000
Ms. Subhash Bahl	-	Mother of Mr. Raghav Bahl & Ms. Vandana Malik	-	75,000	75,000
Ms. Vandana Malik	-	Sister of Mr. Raghav Bahl & daughter of Ms. Subhash Bahl	-	1,05,000	1,05,000

Network18 Media & Investments Limited

Corporate Governance Report (Contd.)

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

There were no other pecuniary relationships or transactions of the Non-Executive Directors vis-à-vis the Company apart from receiving sitting fee for attending Board Meetings and Committee Meetings

SHAREHOLDERS/INVESTORS' GRIEVANCE COMMITTEE

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

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

(b) Composition

The Shareholders/Investors' Grievance Committee is constituted in accordance with the provisions of Clause 49 of the Listing Agreement. The Committee comprises of two Non-Executive Directors including one Independent Director. The details of the Committee are:

Name	Executive / Non-executive / Independent	Position held
Mr. Manoj Mohanka	Non-executive, Independent	Chairman
Ms. Vandana Malik	Non-executive	Member

(c) Number of Committee meetings & attendance

Two investors' grievance committee meetings were held during the year under review, as detailed below:

Date	No. of Directors present	Total Strength of Investor Grievance Committee
May 30, 2011	2	2
November 4, 2011	2	2

d) Name and Designation of Compliance Officer

Yug Samrat
 Company Secretary
 Ph (+91 120) 4341818
 Fax: (+91 120) 4324110
 e-mail: yug.samrat@network18online.com

(e) Investors Grievance Committee report for the year ended March 31, 2012

The Committee expresses satisfaction with the Company's performance in dealing investors grievances. The Company received 10 complaints from the equity shareholders during the year, and Nil complaints from the holders of 5% Non Convertible Cumulative Preference Shares.

All complaints were resolved to the satisfaction of shareholders. Number of pending complaints as on March 31, 2012 was Nil.

Further, the Company has created an E-mail ID investors.n18@network18online.com exclusively for the purpose of registering complaints by investors.

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

1. Share Transfer Committee
2. Rights Issue Committee
3. Finance Committee
4. Sub Committee
5. Allotment Committee
6. Postal Ballot Committee

Network18 Media & Investments Limited

Corporate Governance Report (Contd.)

GENERAL BODY MEETINGS

Details of last three Annual General Meetings

Year	Venue	Date	Time	Any special resolution
2009	M.P.C.U Shah Auditorium, Mahatma Gandhi Sanskritik Kendra, 2 Raj Nivas Marg, Shree Delhi Gujarati Samaj Marg, Civil Lines, Delhi – 110 054	August 28, 2009	11:30 A.M.	NO
2010	M.P.C.U Shah Auditorium, Mahatma Gandhi Sanskritik Kendra, 2 Raj Nivas Marg, Shree Delhi Gujarati Samaj Marg, Civil Lines, Delhi – 110 054	August 27, 2010	10:30 A.M.	NO
2011	M.P.C.U Shah Auditorium, Mahatma Gandhi Sanskritik Kendra, 2 Raj Nivas Marg, Shree Delhi Gujarati Samaj Marg, Civil Lines, Delhi – 110 054	September 9, 2011	12:00 NOON	NO

Details of last three years' special resolutions

No special resolution was passed in last three Annual General Meetings.

Details of Postal Ballot conducted

During the year, the company conducted 1 postal ballot for the equity shareholders in accordance with the provisions of section 192A of the Companies Act, 1956 read with the Companies (Passing of the Resolutions by Postal Ballot) Rules, 2011. Postal Ballot Notices containing proposed resolutions and explanatory statements thereto were sent to the registered addresses of the shareholders along with the Postal Ballot form and a postage pre paid envelop containing the address of the Scrutinizer appointed by the Board. The Postal Ballot Forms received within 30 days of dispatch were considered by the Scrutinizer and thereafter Scrutinizer submitted his report to the Company for declaration of results. Details of the voting pattern and resolutions are given below:

Date of Declaration of Postal Ballot Result and Name of the Scrutinizer	Brief particulars of Resolution(s)	Percentage of votes cast in favour of resolution
Date of Declaration of Postal Ballot Result: February 24, 2012 Name of the Scrutinizer : Mr. Anil Bhayana, Practicing Company Secretary	1. Special Resolution pursuant to Section 81 and 81(1A) and other applicable provisions, if any, of the Companies Act, 1956 approving rights issue of equity shares aggregating to an amount not exceeding Rs.2700 Crores (Rupees Two thousand seven hundred crores only), including share premium.	98.99%
	2. Ordinary Resolution pursuant to sections 16, 94 and other applicable provisions, if any, of the Companies Act, 1956 to increase the Authorised Share Capital of the Company from Rs.531 Crores to Rs.936.50 Crores.	98.99%
	3. Special Resolution pursuant to Section 372A and other applicable provisions, if any, of the Companies Act, 1956, to approve, ratify and confirm additional loans/investments guarantee in other bodies corporate, in excess of 60 percent of the paid up share capital & free reserves of the Company or 100 percent of the free reserves of the Company, whichever is higher, not exceeding an amount of Rs.1500 Crores.	98.99%

Network18 Media & Investments Limited

Corporate Governance Report (Contd.)

	Brief particulars of Resolution(s)	Percentage of votes cast in favour of resolution
	4. Special Resolution under Section 17 and other applicable provisions, if any, of the Companies Act, 1956 approving alteration of the existing object clause of the Memorandum of Association of the Company by inserting new line of business.	99.94%
	5. Ordinary Resolution under Section 293(1)(d) and other applicable provisions, if any, of the Companies Act, 1956, to approve borrowing in excess of the aggregate of the paid up capital of the Company and its free reserves, upto an amount not exceed Rs.1800 Crores (Rupees One thousand eight hundred crores).	99.12%
	6. Ordinary Resolution under Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956, proving consent to create charges, mortgages, security and hypothecations in addition to the existing charges, mortgages and hypothecations created by the Company together with power to take over the management and concern of the Company in certain events in favour of Banks/Financial Institutions, Lender(s) etc.	99.12%

DISCLOSURE

I. Related Party Transactions

None of the transactions with any of the related parties were in conflict with the interest of the Company. The Company has made full disclosures of transactions with the related parties set out in Note No. 33 of Notes on Accounts, forming part of the Annual Report.

II. No penalty or strictures

There have been no instance of non-compliance by the Company on any matter related to capital markets during the last three years and no penalties, strictures have been imposed on the Company by Stock Exchanges or SEBI or any statutory authority.

III. The Company has complied with the mandatory requirements of Clause 49 of the Listing Agreement.

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

COMPLIANCE WITH OTHER MANDATORY REQUIREMENTS

Management Discussion and Analysis

A Management Discussion and Analysis report have been provided separately as a part of this Annual Report and includes discussions on various matters specified under Clause 49(IV)(F) of the Listing Agreement.

Network18 Media & Investments Limited

Corporate Governance Report (Contd.)

Disclosure of Accounting Treatment

In the preparation of financial statements, the Company has followed the Accounting Standards issued by the Institute of Chartered Accountants of India to the extent applicable.

Code of Conduct

The Board has laid down a code of conduct for all Directors and Senior Management Executives of the Company as required under Clause 49(D) of the Listing Agreement. This code is also posted on the website of the Company www.network18online.com. All the Board Members and Senior Management Personnel's to whom this code of conduct is applicable have affirmed compliance has been annexed in this report.

Corporate Social Responsibility

At Network18, we strive to put in our best efforts towards being socially responsible. We have different programs running for the benefit of our employees and their families. Some of them are as follows:

SUCES (Supporting Child Education of Staff): This program is aimed at aiding the education of children of our lowest rung employees, the staff. These are typically our drivers, peons, riders, etc. whose low income does not help much with the well being and education of their children. It is a voluntary program where an employee of the Network can contribute money to the SUCES corpus on a monthly basis. Based on the funds generated, every quarter the eligible children are provided monetary support on submission of proper documentary proof from the school. Children studying in KG to Undergraduate College are covered as part of this program. Currently, we are supporting around 200 such children.

Family Healthcare: As part of our Benefits plan, we have covered the employee and their families under a Medical cover which comprises of various illnesses. The employee is further covered towards Life and Personal Accident. We believe such coverage further reinforces our commitment towards the well being and welfare of our employees and their families.

Voluntary contribution in times of need: As a company we also encourage our employees to contribute money voluntarily towards supporting a colleague's dire need which could be a family crisis or a severe medical reason. The company also steps in to help in such cases.

Support to NGOs: From time to time, the Company allows various NGOs to put stalls in the Company premises which aid the agencies to sell their products, attain membership of our employees and join hands towards the cause, donate books & clothes, etc. In time of National calamities, the Company has aided the work of various NGOs who provide on the ground support to the victims. Our employees too have stepped up to support in such times.

Code of Conduct for Prohibition of Insider Trading

The Company has also adopted the Code of Conduct for Prohibition of Insider Trading of shares of the Company as provided under 'The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 as amended from time to time. This Code has also been posted on the website of the Company www.network18online.com

Number of Equity Shares held by the Non Executive Directors as on March 31, 2012 are given below:-

S.No.	Name of Director	No. of shares
1.	Mr. Sanjay Ray Chaudhuri	8,86,242
2.	Ms. Subhash Bahl	58,818
3.	Mr. Manoj Mohanka	3,91,000
4.	Ms. Vandana Malik	94,711

RECONCILIATION OF CAPITAL

A qualified practicing Company Secretary carried out quarterly Secretarial Audit which is now known as reconciliation of share capital to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. It has been confirmed that the total issued/ paid-up capital was in agreement with the aggregate of the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL.

Network18 Media & Investments Limited

Corporate Governance Report (Contd.)

MEANS OF COMMUNICATION

The Company has been sending Annual Reports, notices and other communications through post or courier modes. However, the Ministry of Corporate Affairs ("MCA") has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by companies and has issued a circular on April 21, 2011 stating that the service of document by a company can be made through electronic mode.

The Quarterly, Annual Results of the Company as per the statutory requirement under Clause 41 of the Listing Agreement with stock exchanges are generally published in the Financial Express/Business Standard (English Newspapers) and Jansatta/ Business Standard (Hindi Newspapers) and are sent to the Stock Exchanges.

The quarterly and Annual Results along with additional information are posted on the website of the Company www.network18online.com

Official News Releases and Presentations made to Institutional Investors or to the analysts are also displayed on the website of the Company.

GENERAL SHAREHOLDER INFORMATION

Forthcoming Annual General Meeting

Time	10:30 AM
Venue	M.P.C.U Shah Auditorium, Mahatma Gandhi Sanskritik Kendra, 2 Raj Nivas Marg, Shree Delhi Gujarati Samaj Marg, Civil Lines, Delhi – 110 054
Day and date	Friday, September 14, 2012

Financial Calendar: [tentative]

Our tentative Calendars for declaration of results for the FY 2012-13 is given below:

Financial Reporting for the quarter ending June 30, 2012	By second week of August 2012
Financial Reporting for the quarter ending September 30, 2012	By second week of November 2012
Financial Reporting for the quarter ending December 31, 2012	By second week of February 2013
Financial Reporting for the year ending March 31, 2013	Unaudited financials by second week of May 2013 and Audited financials by Last week of May 2013.

- **Dates of Book Closure:** The share transfer books and register of members of the Company shall remain closed from **6th day of August 2012 to 7th day of August 2012**, both days inclusive.
- **Dividend Payment date:** No Dividend is proposed/declared during the year.
- **Outstanding GDRs/ADRs/ and Convertible Bonds, Conversion**
 1. The Company has not issued any ADRs/GDRs during the year under review.
 2. The Company has no outstanding Convertible warrants as on March 31, 2012.
 3. There is no outstanding GDRs/ADRs and Convertible Bonds,
 4. The Company has outstanding 18,691,585 10% Secured Optionally Fully Convertible Debentures (SOFCDs) of a par value of Rs. 160.50 per SOFCDs, each convertible into 1 fully paid up Equity Share of face value of Rs.5 each at a price of Rs. 160.50 per Equity Share (including premium of Rs.155.50 per Equity Share) for an aggregate consideration of Rs. 2,999 million were allotted to certain Promoters and Promoter Group entities.

The SOFCDs 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.

- **Corporate Identity Number ('CIN')**

Our Corporate Identity Number (CIN) allotted by Ministry of Corporate Affairs, Government of India is "L65910DL1996PLC076419" and the Company Registration No. is 076419. The registered office of the Company is situated in the National Capital Territory of Delhi.

Network18 Media & Investments Limited

Corporate Governance Report (Contd.)

- **Dematerialization of shares**

The Company's shares are admitted into both the depositories i.e. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

- **Listing on Stock Exchanges & Stock Code**

Equity Shares and Preference Shares of the Company are listed and traded on Bombay Stock Exchange and National Stock Exchange.

Stock Exchange	Code-Equity	Code-Preference Shares
Bombay Stock Exchange	532798	700132
National Stock Exchange	Network18	Network18
ISIN Code	Equity Share-INE870H01013	Preference Share INE870H03019

The Company has paid the listing fees to the concerned Stock Exchanges.

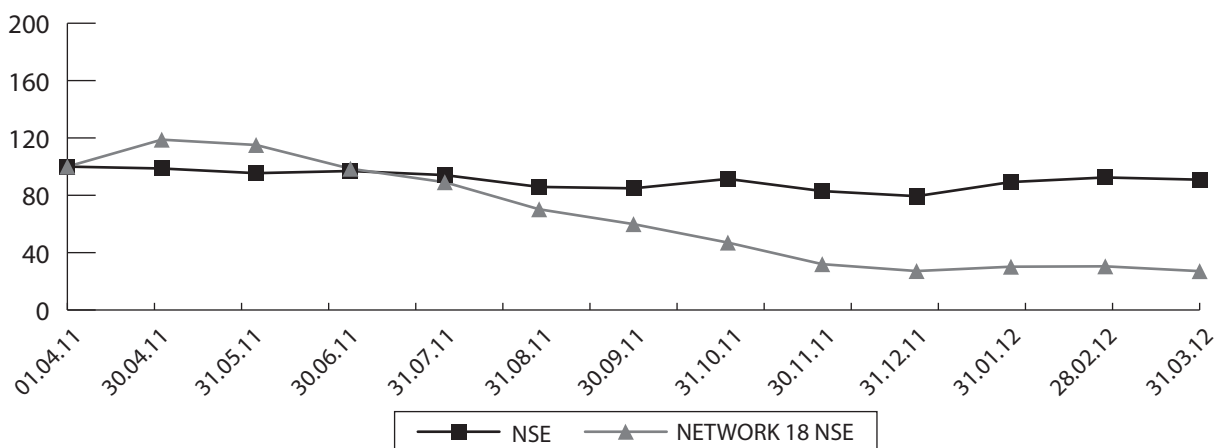
Market Price Data: High Low Rates of Equity Shares during each month in the last financial year are as follows:

Rs./ Per Share

Month	High		Low	
	NSE	BSE	NSE	BSE
APRIL'2011	164.80	168.10	132.00	132.10
MAY' 2011	164.90	175.60	152.00	154.00
JUNE' 2011	161.90	163.00	131.00	132.60
JULY' 2011	142.90	139.00	120.00	118.30
AUGUST' 2011	124.65	124.70	90.05	89.00
SEPTEMBER'2011	98.80	100.00	73.65	73.35
OCTOBER'2011	79.40	78.75	58.50	58.55
NOVEMBER'2011	65.00	65.30	41.00	42.45
DECEMBER'2011	45.10	45.05	35.05	35.00
JANUARY'2012	55.35	55.50	36.50	36.55
FEBRUARY'2012	50.25	50.30	39.40	39.40
MARCH'2012	42.00	42.30	35.75	35.65

Comparison of the stock performances with NSE NIFTY

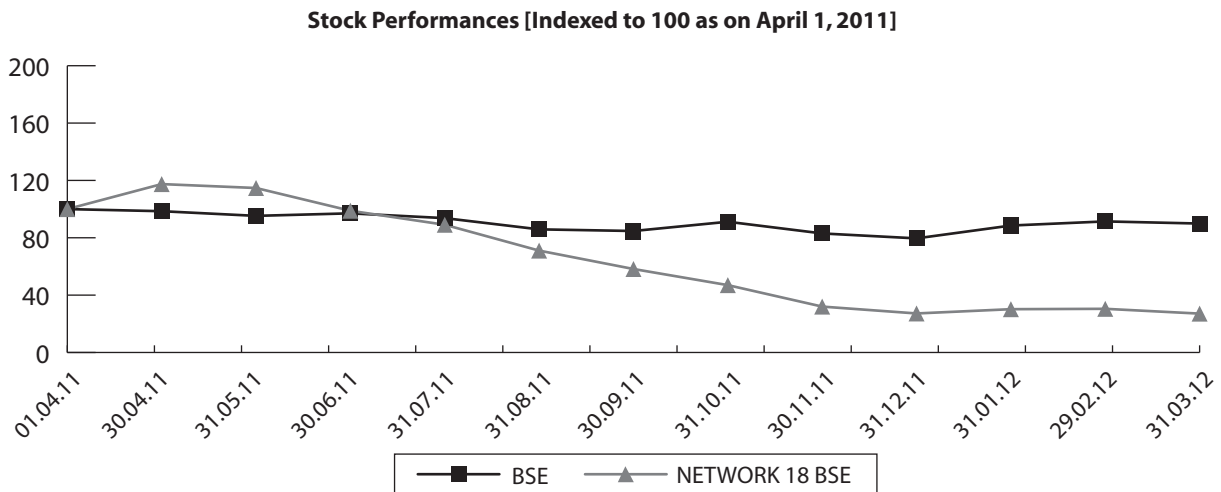
Stock Performances [Indexed to 100 as on April 1, 2011]



Network18 Media & Investments Limited

Corporate Governance Report (Contd.)

Comparison of the stock performances with BSE SENSEX



Address of the Registrars & Share Transfer Agent

Karvy Computershare Private Limited,
 Plot no. 17 - 24, Vittal Rao Nagar, Madhapur, Hyderabad – 500 081
 Telephone, Fax and E-mail: Tel No: +91 40 2342 0818, Fax No +91 40 2342 0814,
 Email id: einward.ris@karvy.com/ www.karvycomputershare.com

Share Transfer System

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

The shares of the Company are freely tradable on BSE and NSE. As on March 31, 2012 there were 1,11,308 shares in physical form constituting 0.08% of the total shareholding of the Company.

Other details are as under:

- Approximate time taken for share transfer if the Documents are clear in all respects : 21days
- Total No. of shares dematerialized as on 31.03.2012 : 14,27,68,608
- Total No. of Shares in physical form : 1,11,308*
- Total No. of shares transferred in physical form during 2011-2012 : 214
- Number of Shares pending / Rejection for Transfer as on 31.03.2012. : 416

* includes 1,269 Equity shares that were rejected in Corporate Action due to mismatch of Demat Account. These shares are included in physical form mentioned above.

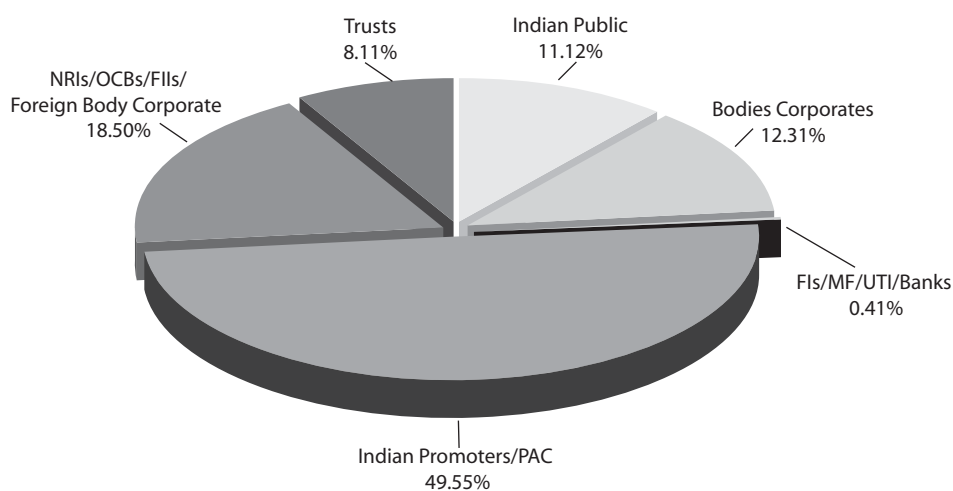
Network18 Media & Investments Limited

Corporate Governance Report (Contd.)

Distribution of Shareholding as on March 31, 2012

S.No.	Category	No. of Equity shareholders	No. of Equity shares	%age
1.	Indian Public	55,296	1,58,99,593	11.12
2.	Bodies Corporate	1,248	1,75,90,099	12.31
3.	FIs/ Mutual Funds/ UTI/ Banks	6	5,76,148	0.41
4.	Indian Promoters	21	7,07,90,089	49.55
5.	NRIs/ OCBs/ FIIs/ Foreign Body Corporate	270	2,64,35,474	18.5
6.	Trusts	14	1,15,88,513	8.11
	Total		14,28,79,916	100%

Graphic presentation of the Shareholding Pattern as on 31.03.2012



Distribution Schedule as on 31.03.2012

S. No.	No. of Shares	No. of Holders	% of Holders	Amount (In Rs.)	% of Holding
1.	1 – 5000	55,041	96.81	2,13,84,005	2.99
2.	5001 – 10000	782	1.38	57,67,450	0.81
3.	10001 – 20000	432	0.76	62,13,490	0.87
4.	20001 – 30000	179	0.31	44,55,925	0.62
5.	30001 – 40000	83	0.15	28,90,950	0.40
6.	40001 – 50000	66	0.12	30,64,620	0.43
7.	50001 – 100000	118	0.21	81,76,045	1.14
8.	1,00,000 & above	154	0.27	66,24,47,095	92.73
	TOTAL	56,885	100.00	71,43,99,580	100.00

Network18 Media & Investments Limited

Corporate Governance Report (Contd.)

Registered Office Address
Network 18 Media & Investments Limited
503, 504 and 507, 5th floor,
Mercantile House, 15, K G Marg,
New Delhi - 110001
Phone Nos. : (011) 498 12600
Fax No. : (011) 415 06115

Address for Correspondence/Corporate Office
Network 18 Media & investments Limited
Express Trade Tower,
Plot No. 15-16,
Sector-16A, Noida, U. P.
Phone Nos. : (0120) 434 1818
Fax No. : (0120) 432 4110
E-mail : yug.samrat@network18online.com

MD AND CFO CERTIFICATION

We, Raghav Bahl, Managing Director and R. D. S. Bawa, Network18 Group CFO, responsible for the finance function and the compliance of the Code of Conduct of the Company certify that:

1. We have reviewed financial statements and the cash flow statement for the year ended March 31, 2012 and to the best of our knowledge and belief:
 - i) These statements do not contain any material untrue statement or omit any material fact or contains statements that might be misleading.
 - ii) These statements together represent a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
2. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or volatile of the Company's Code of Conduct.
3. We accept the responsibility for establishing and maintaining internal controls and that we have evaluated the effectiveness of the internal control systems of the Company and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we were aware and the steps we have taken or propose to take to rectify these deficiencies.
4. During the year there were no –
 - (i) Changes in internal control.
 - (ii) Changes in accounting policies; and
 - (iii) Instances of fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system.

For Network18 Media & Investments Limited,

Raghav Bahl
Managing Director

R. D. S. Bawa
Network18 Group CFO

Place: Noida
Date: August 04, 2012

Network18 Media & Investments Limited

Corporate Governance Report (Contd.)

DECLARATION UNDER CLAUSE 49-I(D) OF THE LISTING AGREEMENT

Dear Members,

In compliance with the provisions of Clause 49 of the Listing Agreement, the Company had laid down a "Code of Conduct" to be followed by all the Board members and senior management personnel which received the sanction of the Board and has been posted on the website of the Company – www.network18online.com. The Code lays down the standards of ethical and moral conduct to be followed by the members in the course of proper discharge of their official duties and commitments. All the members are duly bound to follow and confirm to the Code.

It is hereby certified that all the members of the Board and senior management personnel have confirmed to and complied with the "Code of Conduct" during the financial year 2011-2012 and there has been no instances of violation of the Code.

For **Network18 Media & Investments Limited**

Raghav Bahl
Managing Director

Place: Noida

Date: August 04, 2012

Certificate on Compliance with the conditions of Corporate Governance under Clause 49 of the Listing Agreements(s)

Network18 Media & Investments Limited

503, 504 & 507, 5th Floor, Mercantile House,
15, Kasturba Gandhi Marg,
New Delhi-110 001

1. We have reviewed the implementation of the corporate governance procedures by Network18 Media & Investments Limited (the Company) during the year ended March 31st 2012, with the relevant records and documents maintained by the Company, furnished to us for our review and report on Corporate governance, as approved by the Board of Directors.
2. The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of the opinion on the financial statements of the Company.
3. We further state that such compliance is neither an assurance as to the future viability of the company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.
4. On the basis of our review and according to the best of our information and according to the explanations given to us, the Company has been complying with the conditions of Corporate Governance, as stipulated in the clause 49 of the Listing agreements (s) with the Stock Exchanges, as in force, except that only one of the two independent directors has attended only two audit committee meetings. However all the businesses transacted, at the meetings where only one independent director was present, were unanimously ratified and confirmed by the Audit Committee at a meeting held thereafter during the financial year, wherein all the members of the Audit Committee, including the independent directors, were present.

For **N.K.J. & Associates**
Company Secretaries

Neelesh Kr. Jain
Proprietor
Membership No. FCS 5593
Certificate of Practice No. 5233

Place: New Delhi

Date: August 04, 2012

Network18 Media & Investments Limited

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 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).

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, Chandiook & Co**
Chartered Accountants
Firm Registration No.: 001076N

per **B.P.Singh**
Partner
Membership No.: 70116

Place: New Delhi
Date: 4 August 2012

Annexure

Annexure to the Auditors' Report of even date, to the members of **Network18 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 Rs. 544,804,211 and the year-end balance is Rs.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 Rs. 3,135,369,220 and the year-end balance is Rs. 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

Network18 Media & Investments Limited

Annexure (Contd.)

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, Chandio & Co**
Chartered Accountants
Firm Registration No.: 001076N

per **B.P. Singh**
Partner

Membership No.: 70116

Place: New Delhi
Date: 4 August 2012

Network18 Media & Investments Limited

Balance Sheet as at 31 March, 2012

	Notes	As at 31 March 2012 (Rs.)	As at 31 March 2011 (Rs.)
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, Chandio & Co**
Chartered Accountants

per **B P Singh**
Partner

Place : Noida
Date : 4 August 2012

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

Raghav Bahl
Managing Director

R D S Bawa
Chief Financial Officer

Sanjay Ray Chaudhuri
Director

Yug Samrat
Company Secretary

Network18 Media & Investments Limited

Statement Profit and Loss for the year ended 31 March, 2012

	Notes	Year ended 31 March 2012 (Rs.)	Year ended 31 March 2011 (Rs.)
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 Rs.5 (31 March 2011 : Rs. 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, Chandiook & Co**
Chartered Accountants

per **B P Singh**
Partner

Place : Noida
Date : 4 August 2012

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

Raghav Bahl
Managing Director

R D S Bawa
Chief Financial Officer

Sanjay Ray Chaudhuri
Director

Yug Samrat
Company Secretary

Cash Flow Statement for the year ended 31 March, 2012

	Year Ended 31 March 2012 (Rs.)	Year Ended 31 March 2011 (Rs.)
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

Network18 Media & Investments Limited

Cash Flow Statement for the year ended 31 March, 2012 (Contd.)

	Year Ended 31 March 2012 (Rs.)	Year Ended 31 March 2011 (Rs.)
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

per **B P Singh**
Partner

Place : Noida
Date : 4 August 2012

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

Raghav Bahl
Managing Director

R D S Bawa
Chief Financial Officer

Sanjay Ray Chaudhuri
Director

Yug Samrat
Company Secretary

Network18 Media & Investments Limited

Notes to financial statements for the year ended 31 March, 2012

1 Background and Scheme of arrangement

1.1 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.

1.2 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 Rs. 5 for every 100 equity shares in TV18 of Rs. 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 Rs. 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:

Network18 Media & Investments Limited

Notes to financial statements for the year ended 31 March, 2012 (Contd.)

(Rs.)	Particulars	Television Eighteen 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 Infomedias 18 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)
	Movement in reserves other than surplus in Statement profit and loss during the period from appointed date to 31 March 2011	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
		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)

Network18 Media & Investments Limited

Notes to financial statements for the year ended 31 March, 2012 (Contd.)

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)

2. 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.

Network18 Media & Investments Limited

Notes to financial statements for the year ended 31 March, 2012 (Contd.)

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.

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.

Network18 Media & Investments Limited

Notes to financial statements for the year ended 31 March, 2012 (Contd.)

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

Network18 Media & Investments Limited

Notes to financial statements for the year ended 31 March, 2012 (Contd.)

measured using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

i. 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 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.

o. 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 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.

Network18 Media & Investments Limited

Notes to financial statements for the year ended 31 March, 2012 (Contd.)

	As at 31 March 2012 (Rs.)	As at 31 March 2011 (Rs.)
3 Share capital		
a. Authorized share capital		
i. 1,400,000,000 (170,000,000) equity shares of Rs. 5 each	7,000,000,000	850,000,000
ii. 1,100,000 (1,100,000) preference shares of Rs. 100 each	110,000,000	110,000,000
iii. 10,500,000 (10,500,000) preference shares of Rs. 200 each	2,100,000,000	2,100,000,000
iv. 15,500,000 (Nil) preference shares of Rs. 10 each	155,000,000	-
b. Issued, subscribed and paid-up capital		
i. 142,879,916 (118,895,641) equity shares of Rs. 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 Rs. 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 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 Rs. 150 per share.

Network18 Media & Investments Limited

Notes to financial statements for the year ended 31 March, 2012 (Contd.)

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 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 Rs. 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 Rs. 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

- 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 Rs. 5 each in the Company
- 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 (Rs.)	As at 31 March 2011 (Rs.)
3,679,356 Equity share of Rs. 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	-

Network18 Media & Investments Limited

Notes to financial statements for the year ended 31 March, 2012 (Contd.)

k Share application money pending allotment

As on 31 March 2011, the Company had received share application money amounting to Rs. 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 Rs. 5 each at a premium of Rs. 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 (Rs.)	As at 31 March 2011 (Rs.)
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 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	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 transferred 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 Rs. 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 Rs. 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 Rs. 11,529,409,772 to Rs. 17,864,100,863 representing a 35% increase.

Network18 Media & Investments Limited

Notes to financial statements for the year ended 31 March, 2012 (Contd.)

	As at 31 March 2012 (Rs.)	As at 31 March 2011 (Rs.)
5 Long-term borrowings		
Secured		
Term loans:		
- From banks	77,685,486	1,000,703,151
- From other parties	-	666,580,000
	<u>77,685,486</u>	<u>1,667,283,151</u>
Unsecured		
- Public deposits (Deposits are repayable at the time of Maturity)	759,687,000	811,689,200
	<u>759,687,000</u>	<u>811,689,200</u>
Total	<u>837,372,486</u>	<u>2,478,972,351</u>
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	-
	<u>4,097,816,229</u>	<u>2,501,562,975</u>
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 quarterly 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 Rs.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 Rs. 5/- of the Company at a price of Rs. 160.50 (including premium of Rs. 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	-
	<u>4,097,816,229</u>	<u>2,501,562,975</u>

Network18 Media & Investments Limited

Notes to financial statements for the year ended 31 March, 2012 (Contd.)

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%).

	As at 31 March 2012 (Rs.)	As at 31 March 2011 (Rs.)
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 Rs. 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.

	As at 31 March 2012 (Rs.)	As at 31 March 2011 (Rs.)
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

Network18 Media & Investments Limited

Notes to financial statements for the year ended 31 March, 2012 (Contd.)

	1,130,200,474	530,934,000
Total	5,056,249,713	1,197,465,076
	As at	As at
	31 March 2012	31 March 2011
	(Rs.)	(Rs.)
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 is in the process of creating necessary charges on this loan to release the existing charge on the assets of Infomedia.	97,049,239	-
	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

Network18 Media & Investments Limited

Notes to financial statements for the year ended 31 March, 2012 (Contd.)

	As at 31 March 2012 (Rs.)	As at 31 March 2011 (Rs.)
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.

12 Tangible assets

	Land	Leasehold land	Leasehold improvements	Buildings	Ownership flats	Plant and equipment	Furniture and fixtures	Vehicles	Information technology and related equipments	Total
	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)
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

Network18 Media & Investments Limited

Notes to financial statements for the year ended 31 March, 2012 (Contd.)

13 Intangible assets

	Brands/trademarks	Computer software	Website costs	Total
	(Rs.)	(Rs.)	(Rs.)	(Rs.)
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

Network18 Media & Investments Limited

Notes to financial statements for the year ended 31 March, 2012 (Contd.)

	As at 31 March 2012 (Rs.)	As at 31 March 2011 (Rs.)
14 Non-current investments		
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 Rs.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 Rs. 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 Rs. 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 convertible, Upper Tier II Bonds of Yes Bank limited of Rs. 1,000,000 each	30,000,000	30,000,000
	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 Network 18 India Holdings Private Limited	-	100,000
(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 Rs. 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 Rs. 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	-

Network18 Media & Investments Limited

Notes to financial statements for the year ended 31 March, 2012 (Contd.)

	As at 31 March 2012 (Rs.)	As at 31 March 2011 (Rs.)
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 Rs. 1,000 each	813,001,250	-
(b) 302,500 (Previous year Nil) Zero coupon Optionally Redeemable Convertible Debentures of Digital18 Media Limited of Rs. 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	-
15 Long term loan and advances (unsecured, 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

Network18 Media & Investments Limited

Notes to financial statements for the year ended 31 March, 2012 (Contd.)

	As at 31 March 2012 (Rs.)	As at 31 March 2011 (Rs.)
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 accrued 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 TMSG01 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 4,389,625) units of Kotak Bond (Short Term) - Growth	-	80,000,000

Network18 Media & Investments Limited

Notes to financial statements for the year ended 31 March, 2012 (Contd.)

	As at 31 March 2012 (Rs.)	As at 31 March 2011 (Rs.)
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 - Growth	-	100,000,000
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

Network18 Media & Investments Limited

Notes to financial statements for the year ended 31 March, 2012 (Contd.)

	As at 31 March 2012 (Rs.)	As at 31 March 2011 (Rs.)
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
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

Network18 Media & Investments Limited

Notes to financial statements for the year ended 31 March, 2012 (Contd.)

	Year ended 31 March 2012 (Rs.)	Year ended 31 March 2011 (Rs.)
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	-

Network18 Media & Investments Limited

Notes to financial statements for the year ended 31 March, 2012 (Contd.)

	Year ended 31 March 2012 (Rs.)	Year ended 31 March 2011 (Rs.)
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
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

Network18 Media & Investments Limited

Notes to financial statements for the year ended 31 March, 2012 (Contd.)

	Year ended 31 March 2012 (Rs.)	Year ended 31 March 2011 (Rs.)
31 Prior period expenses / (Income)		
Salaries, wages and bonus	83,084,689	-
Rent	10,673,525	-
Printing cost of magazines	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 franchise 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)	-
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

Network18 Media & Investments Limited

Notes to financial statements for the year ended 31 March, 2012 (Contd.)

33. Related 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
- Colosseum 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)

Network18 Media & Investments Limited

Notes to financial statements for the year ended 31 March, 2012 (Contd.)

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

Network18 Media & Investments Limited

Notes to financial statements for the year ended 31 March, 2012 (Contd.)

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 (-)	- (-)	- (-)	- (-)	- (-)

Network18 Media & Investments Limited

Notes to financial statements for the year ended 31 March, 2012 (Contd.)

Particulars	Subsidiaries	Associates	Joint Ventures	Entity under significant influence / control of KMP or their relatives	Key Management Personnel and their relatives
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)	- (-)	- (-)	- (-)	- (-)
TV18 Broadcast Limited	58,838,684 (519,288)	- (-)	- (-)	- (-)	- (-)
Raghav Bahl	- (-)	- (-)	- (-)	- (-)	10,944,000* (10,944,000)
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 (-)	- (-)	- (-)	- (-)	- (-)

Network18 Media & Investments Limited

Notes to financial statements for the year ended 31 March, 2012 (Contd.)

Particulars	Subsidiaries	Associates	Joint Ventures	Entity under significant influence / control of KMP or their relatives	Key Management Personnel and their relatives
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 Trust	- (-)	- (-)	- (-)	5,219,524,211 (-)	- (-)
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.

Network18 Media & Investments Limited

Notes to financial statements for the year ended 31 March, 2012 (Contd.)

34 Employee benefits

Gratuity and compensated absences

Net employee benefit expense

Particulars	Year ended 31 March 2012		Year ended 31 March 2011	
	Gratuity Benefits	Compensated Absences	Gratuity Benefits	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:

Particulars	Year ended 31 March 2012		Year ended 31 March 2011	
	Gratuity Benefits	Compensated Absences	Gratuity Benefits	Compensated Absences
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	-

Network18 Media & Investments Limited

Notes to financial statements for the year ended 31 March, 2012 (Contd.)

Return on plan assets	Gratuity	
	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

Particulars	Year ended 31 March 2012		Year ended 31 March 2011	
	Gratuity	Compensated Absences	Gratuity	Compensated Absences
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:

Particulars	Year ended 31 March 2012		Year ended 31 March 2011	
	Gratuity	Compensated Absences	Gratuity	Compensated Absences
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
	Up to 30 years	3	Up to 30 years	3
	Up to 44 years	2	Up to 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.

Network18 Media & Investments Limited

Notes to financial statements for the year ended 31 March, 2012 (Contd.)

Defined contribution plan

The Company has contributed Rs. 36,495,422 (previous year Rs. 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 (Rs. 22,003,782)

Particulars	As at 31 March 2012 (Rs.)	As at 31 March 2011 (Rs.)
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

	As at 31 March 2012 (Rs.)	As at 31 March 2011 (Rs.)
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- Rs. 16,993,598 (previous year Rs. 16,993,598).

Network18 Media & Investments Limited

Notes to financial statements for the year ended 31 March, 2012 (Contd.)

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 Rs. 31,140.60 million and have, inter alia, prayed that Mr. Raghav Bahl, TV18 and other TV18 group entities be ordered to transfer to e-Eighteen.com Limited all their businesses, activities and ventures along with all assets and intellectual property.

The plaintiffs had filed a notice of motion on 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 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 Rs.1,207,200. The status of utilization of rights issue proceeds is set out below:

(Amount in Rs.)

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 Rs. 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	-

Network18 Media & Investments Limited

Notes to financial statements for the year ended 31 March, 2012 (Contd.)

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

Network18 Media & Investments Limited

Notes to financial statements for the year ended 31 March, 2012 (Contd.)

40 Expenditure in foreign currency (accrual basis)

	Year ended 31 March 2012 (Rs.)	Year ended 31 March 2011 (Rs.)
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)

	Year ended 31 March 2012 (Rs.)	Year ended 31 March 2011 (Rs.)
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 Rs. 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)

Network18 Media & Investments Limited

Notes to financial statements for the year ended 31 March, 2012 (Contd.)

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 data	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 February 2011	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. 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.

Network18 Media & Investments Limited

Notes to financial statements for the year ended 31 March, 2012 (Contd.)

Particulars	ESOP 2005	Long Term Retention ESOP 2005	ESOP (C) 2007	ESOP 2007
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 (20,010)	5.00 (5.00)	60,600 (169,500)	45.31 (37.46)	192,671 (348,662)	70.44 (38.15)
b) Granted during the period	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)
c) Exercised during the period	- (-)	- (-)	26,100 (87,300)	20.00 (28.17)	19,998 (155,991)	13.33 (50.94)
d) Forfeited during the period	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)
e) Expired during the period	20,010 (-)	5.00 (-)	3,600 (21,600)	20.00 (53.01)	- (-)	- (-)
f) Outstanding at the end of the period	- (20,010)	- (5.00)	30,900 (60,600)	29.20 (45.31)	172,673 (192,671)	36.15 (70.44)
g) Exercisable at the end of the period	- (20,010)	- (5.00)	30,900 (60,600)	29.20 (45.31)	172,673 (192,671)	36.15 (70.44)
h) Weighted average share price at the date of exercise	- (-)	N.A. N.A.	26,100 (87,300)	124.00 (132.02)	19,998 (155,991)	124.00 (130.60)
i) Weighted average remaining contractual life (years)	- (0.21)	N.A. N.A.	0.41 (1.63)	N.A. N.A.	0.20 (1.27)	N.A. N.A.
j) Unvested Option outstanding at the end of the period	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)

Network18 Media & Investments Limited

Notes to financial statements for the year ended 31 March, 2012 (Contd.)

Particulars	LONG TERM RETENTION		ESOP 20045		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 (300,000)	348.35 (348.35)	10,200 (33,000)	20.00 (20.00)	466,667 (700,000)	5.00 (5.00)
b) Granted during the period	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)
c) Exercised during the period	- (-)	- (-)	4,800 (13,200)	20.00 (20.00)	233,333 (233,333)	5.00 (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 (300,000)	37.55 (348.35)	5,400 (10,200)	20.00 (20.00)	233,334 (466,667)	5.00 (5.00)
g) Exercisable at the end of the period	300,000 (-)	348.35 (-)	5,400 (10,200)	20.00 (20.00)	- (116,667)	- (5.00)
h) Weighted average share price at the date of exercise	- (-)	- (-)	4,800 (13,200)	124.00 (145.33)	233,333 (233,333)	60.65 (124.20)
i) Weighted average remaining contractual life (years)	0.62 (1.62)	N.A. N.A.	- (0.70)	N.A. N.A.	1.51 (1.51)	N.A. N.A.
j) Unvested Option outstanding at the end of the period	- (300,000)	- (348.35)	- (-)	- (-)	233,334 (350,000)	5.00 (5.00)

Network18 Media & Investments Limited

Notes to financial statements for the year ended 31 March, 2012 (Contd.)

Particulars	ESOP 2007	
	Options	Weighted Average Price
a) Outstanding at the beginning of the period	396,250 (3,371,250)	56.52 (46.99)
b) Granted during the period	422,736 (100,000)	32.52 (72)
c) Exercised during the period	5,000 (3,065,000)	73.50 (89.41)
d) Forfeited during the period	- (-)	- (-)
e) Expired during the period	42,342 (10,000)	33.94 (30.00)
f) Outstanding at the end of the period	771,644 (396,250)	33.51 (56.52)
g) Exercisable at the end of the period	534,827 (45,000)	51.98 (65.04)
h) Weighted average share price at the date of exercise	5,000 (3,065,000)	124.00 (139.20)
i) Weighted average remaining contractual life (years)	3.31 (5.01)	N.A N.A
j) Unvested Option outstanding at the end of the period	236,817 (351,250)	27.39 (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:

Network18 Media & Investments Limited

Notes to financial statements for the year ended 31 March, 2012 (Contd.)

	Year ended 31 March 2012 (Rs.)	Year ended 31 March 2011 (Rs.)
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 (Rs.)	109.35	90.79
Weighted average exercise price (Rs.)	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.

Particulars	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 (Rs.)	63.85	63.85	37.55	37.55
Weighted average exercise price (Rs.)	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.

Network18 Media & Investments Limited

Notes to financial statements for the year ended 31 March, 2012 (Contd.)

44. Segment information

Business segments

Year ended 31 March 2012

							(Rs.)
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							548,601,702
net of unallocated income							1,306,801,367
Finance costs							
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)
As at 31 March 2012							
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	-	

							(Rs.)
Particulars	Event Management	Sports Management	Web Operations	Publishing Business	Advisory Services	Eliminations	Total
Year ended 31 March 2011							
Revenue							
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							176,457,723
net of unallocated income							816,493,300
Finance costs -							
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)
As at 31 March 2011							
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	-	-	-	-	

Network18 Media & Investments Limited

Notes to financial statements for the year ended 31 March, 2012 (Contd.)

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-Mar-12	31-Mar-11	31-Mar-12	31-Mar-11
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 Rs. 78,930,412 and expenditure of Rs.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 the 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

Place : Noida
Date : 4 August 2012

Auditor's 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 Venture's 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 Rs. 22,675,469,839 as at 31 March 2012, total revenues (after eliminating intra-group transactions) aggregating to Rs. 16,752,467,346 and net cash out flows aggregating to Rs. 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 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 Companies Act, 1956 ('the Act').*
 - (b) *Stargaze Entertainment Private Limited ('Stargaze'), a subsidiary of the Company, has paid Rs. 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 Rs. 36,812,396 (for the year ended 31 March 2011, would have been lower by Rs. 15,204,400) and Short-term loans and advances would have been higher by Rs. 36,812,396 (as at 31 March 2011, would have been higher by Rs. 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 Rs. 52,921,630 (as at 31 March 2011: Rs. 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.*

Network18 Media & Investments Limited

Auditor's Report (Contd.)

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

per **B P Singh**
Partner
Membership No.: 70116

Place : New Delhi
Date : 4 August 2012

Network18 Media & Investments Limited

Consolidated Balance Sheet as at March 31, 2012

(All amounts in Rupees unless otherwise stated)

	Notes	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 Rs.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, Chandio & Co**
Chartered Accountants

For and on behalf of the Board of directors

RAGHAV BAHL
Managing Director

SANJAY RAY CHAUDHURI
Director

per **B. P. SINGH**
Partner

R D S BAWA
Chief Financial Officer

YUG SAMRAT
Company Secretary

Place: New Delhi
Date: 4 August 2012

Place: Noida
Date: 4 August 2012

Network18 Media & Investments Limited

Consolidated Profit & Loss Account for the year ended March 31, 2012

(All amounts in Rupees unless otherwise stated)

	Notes	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

For and on behalf of the Board of directors

RAGHAV BAHL
Managing Director

SANJAY RAY CHAUDHURI
Director

per **B. P. SINGH**
Partner

R D S BAWA
Chief Financial Officer

YUG SAMRAT
Company Secretary

Place: New Delhi
Date: 4 August 2012

Place: Noida
Date: 4 August 2012

Network18 Media & Investments Limited

Consolidated Cash Flow Statement for the year ended March 31, 2012

(All amounts in Rupees unless otherwise stated)

	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 Cost	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, investments 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

Network18 Media & Investments Limited

Consolidated Cash Flow Statement for the year ended March 31, 2012 (Contd.)

(All amounts in Rupees unless otherwise stated)

	Year ended 31 March 2012	Year ended 31 March 2011
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 equivalents 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 confirm to the current year classification.

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

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

For and on behalf of the Board of directors

RAGHAV BAHL
Managing Director

SANJAY RAY CHAUDHURI
Director

per **B. P. SINGH**
Partner

R D S BAWA
Chief Financial Officer

YUG SAMRAT
Company Secretary

Place: New Delhi
Date: 4 August 2012

Place: Noida
Date: 4 August 2012

Network18 Media & Investments Limited

Notes forming part of consolidated financial statements for the year ended March 31, 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 (TEML)	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
27	Web18 Software Services Limited	India	100.00

Network18 Media & Investments Limited

Notes forming part of consolidated financial statements for the year ended March 31, 2012 (Contd.)

(All amounts in Rupees unless otherwise stated)

S. No.	Name of consolidated entity	Country of Incorporation	Percentage of holding as at 31 March 2012
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	Colosceum 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 TEMPL.

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.

Network18 Media & Investments Limited

Notes forming part of consolidated financial statements for the year ended March 31, 2012 (Contd.)

(All amounts in Rupees unless otherwise stated)

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

Network18 Media & Investments Limited

Notes forming part of consolidated financial statements for the year ended March 31, 2012 (Contd.)

(All amounts in Rupees unless otherwise stated)

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

Network18 Media & Investments Limited

Notes forming part of consolidated financial statements for the year ended March 31, 2012 (Contd.)

(All amounts in Rupees unless otherwise stated)

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.

Network18 Media & Investments Limited

Notes forming part of consolidated financial statements for the year ended March 31, 2012 (Contd.)

(All amounts in Rupees unless otherwise stated)

- 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.

Network18 Media & Investments Limited

Notes forming part of consolidated financial statements for the year ended March 31, 2012 (Contd.)

(All amounts in Rupees unless otherwise stated)

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.

Network18 Media & Investments Limited

Notes forming part of consolidated financial statements for the year ended March 31, 2012 (Contd.)

(All amounts in Rupees unless otherwise stated)

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

Network18 Media & Investments Limited

Notes forming part of consolidated financial statements for the year ended March 31, 2012 (Contd.)

(All amounts in Rupees unless otherwise stated)

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.

Network18 Media & Investments Limited

Notes forming part of consolidated financial statements for the year ended March 31, 2012 (Contd.)

(All amounts in Rupees unless otherwise stated)

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.

Network18 Media & Investments Limited

Notes forming part of consolidated financial statements for the year ended March 31, 2012 (Contd.)

(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 Rs. 5 each	7,000,000,000	850,000,000
ii. 1,100,000 (1,100,000) preference shares of Rs. 100 each	110,000,000	110,000,000
iii. 10,500,000 (10,500,000) preference shares of Rs. 200 each	2,100,000,000	2,100,000,000
iv. 15,500,000 (Nil) preference shares of Rs. 10 each	155,000,000	-
b. Issued, subscribed and paid-up capital		
i. 142,879,916 (118,895,641) equity shares of Rs. 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 Rs. 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		

	Year ended 31 March 2012		Year ended 31 March 2011	
	Numbers	Amount	Numbers	Amount
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 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 Rs. 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	-	-	-	-

Network18 Media & Investments Limited

Notes forming part of consolidated financial statements for the year ended March 31, 2012 (Contd.)

(All amounts in Rupees unless otherwise stated)

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 Rs. 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 Rs. 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

- 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 Rs. 5 each in the Company.
- 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 shares of Rs. 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 Rs. 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 Rs. 5 each at a premium of Rs. 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 Rs. 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 Rs. 36,836 as share application money.

Network18 Media & Investments Limited

Notes forming part of consolidated financial statements for the year ended March 31, 2012 (Contd.)

(All amounts in Rupees unless otherwise stated)

	As at 31 March 2012	As at 31 March 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	(9,497,458,488)	(3,086,111,806)
	955,525,660	8,311,564,160

Network18 Media & Investments Limited

Notes forming part of consolidated financial statements for the year ended March 31, 2012 (Contd.)

(All amounts in Rupees unless otherwise stated)

	As at 31 March 2012	As at 31 March 2011
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) (Secured by hypothecation of fixed assets purchased under finance lease arrangements)	8,452,854	1,190,855
	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
Security details for borrowings covered under note no. 6 and note no. 11 is as follows:		
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 second charge on all existing fixed assets of the borrower including all immovable properties of the borrower.	92,006,687	110,006,687
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 Rs.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 Rs. 5/- of the Company at a price of Rs. 160.50 (including premium of Rs. 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

Network18 Media & Investments Limited

Notes forming part of consolidated financial statements for the year ended March 31, 2012 (Contd.)

(All amounts in Rupees unless otherwise stated)

6 Long-term borrowings (Contd.)	As at 31 March 2012	As at 31 March 2011
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 collaterlly 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
xvii 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	-
xviii 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

Network18 Media & Investments Limited

Notes forming part of consolidated financial statements for the year ended March 31, 2012 (Contd.)

(All amounts in Rupees unless otherwise stated)

	As at 31 March 2012	As at 31 March 2011
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 Rs. 50,000,000 (out of which payment of Rs. 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 Rs. 40,000,000 has been presented as a liability in these financial statements (Rs. 22,500,000 presented in note 7 as a non-current liability and Rs. 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
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.

Network18 Media & Investments Limited

Notes forming part of consolidated financial statements for the year ended March 31, 2012 (Contd.)

(All amounts in Rupees unless otherwise stated)

	As at 31 March 2012	As at 31 March 2011
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, Rs. 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 Rs. 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

Network18 Media & Investments Limited

Notes forming part of consolidated financial statements for the year ended March 31, 2012 (Contd.)

(All amounts in Rupees unless otherwise stated)

	As at 31 March 2012	As at 31 March 2011
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 Institutions, 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	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 consolidated financial statements for the year ended March 31, 2012 (Contd.)

(All amounts in Rupees unless otherwise stated)

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	112,294,680	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	490,478,600	510,166,999
Disposal / adjustments	-	-	(8,361,481)	(7,945,000)	-	(44,047,477)	-	(13,957,409)	(7,499,451)	(36,027,596)	-	(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	123,692,766	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	70,533,372	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 Rs. Nil (previous year 4,115,127) pertaining to transfer to pre operative expenses.

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	-	(62,739,742)	-	(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

Network18 Media & Investments Limited

Notes forming part of consolidated financial statements for the year ended March 31, 2012 (Contd.)

(All amounts in Rupees unless otherwise stated)

	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 Rs. 4 each fully paid up in KSL and Industries Limited *	8,869,560	119,999,905
500,000 (Previous year 500,000) equity shares of Re. 1 each fully paid up in Provogue (India) Limited *	13,529,310	110,000,000
500,000 (Previous year Nil) equity shares of Rs. 2 each fully paid up in Prozone Capital Shopping Center Limited	5,520,690	-
275,000 (Previous year 275,000) equity shares of Rs. 10 each fully paid up in Refex Refrigerants Limited *	8,566,250	55,000,000
2,20,000 (Previous year 2,20,000) equity shares of Rs. 10 each fully paid up in Royal Traders Limited	2,200,000	2,200,000
8,100 (Previous year 8,100) equity shares of Rs. 10 each fully paid up in Inca Finlease Limited	1,513,960	1,513,960
4,020,076 (Previous year 9,005,348) equity shares of Rs 10 each fully paid up in Den Network Limited (formerly known as Den Digital Entertainment Network Private Limited)	40,717,536	65,580,672
Beneficiary interest in Network 18 Media Trust (11,586,762 shares of the Company)	1,815,746,185	-
2 Investments in equity shares : Unquoted		
(a) Investments in subsidiaries **		
Nil equity shares (Previous year 5,000) of USD 1 each fully paid up in BK Holdings Limited, Mauritius	-	223,250
Nil equity share (Previous year 1) of USD 1 each fully paid up in Capital 18 Limited, Mauritius	-	45
(b) Investments in associates		
1,07,593 (Previous year-Nil) equity shares of Rs.10 each in 24x7 Learning Private Limited	204,505,429	-
9,800 (Previous year Nil) equity shares of Rs. 10 each fully paid up in Wespro Digital Private Limited	55,110,011	-
(c) Investments in others		
73 (Previous year Nil) Equity shares of Network Play Private Limited of Rs 100/-each fully paid up	7,300	-
898,500 (Previous year 898,500) equity shares of Rs. 10 each fully paid up in Delhi Stock Exchange Association Limited *	-	62,895,000
3,192 (Previous year 3,192) equity shares of Rs. 10 each fully paid up in Skorydove Systems Private Limited *	-	60,000,000
83,763 (Previous year 83,763) equity shares of Rs. 10 each fully paid up in Ensemble Infrastructure India Limited *	-	60,000,000
2,700,000 (2,700,000) ordinary shares of USD 0.0001 each of Yatra Online Inc.	113,933,320	99,435,550
Nil equity shares (Previous year 5,000) of USD 1 each fully paid up in Film Investments Managers Mauritius Limited	-	45

Network18 Media & Investments Limited

Notes forming part of consolidated financial statements for the year ended March 31, 2012 (Contd.)

(All amounts in Rupees unless otherwise stated)

	As at 31 March 2012	As at 31 March 2011
3,01,876 Equity shares (Previous year Nil) of Rs 10 each fully paid up in MobileNXT Teleservices Private Limited	151,190,000	-
3 In equity warrants - Unquoted		
Nil (Previous year 1,500,000) Series "C" share warrants of Viacom18 Media Private Limited of Rs. 1 each fully paid up	-	1,500,000
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 Rs. 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 Non Convertible Preference Shares of 100 each in BK Media Private Limited	250,000,000	250,000,000
2,500,000 (Previous Year 2,500,000) Preference shares of Rs.100 each of Den Entertainment Network Private Limited	25,000,000	25,000,000
1,500,015 (Previous year 1,500,015) Series A Preference Shares of USD 0.0001 each fully paid up in Yatra Online Inc.	33,580,350	29,307,322
975,700 (Previous year 975,700) Series B Preference shares of USD 0.0001 each fully paid up in Yatra Online Inc.	63,950,000	55,812,500
437,459 (Previous year 437,459) Series C Preference Shares of USD 0.0001 each fully paid up in Yatra Online Inc.	72,064,948	62,894,838
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 Tier II Bonds of Yes Bank Limited of Rs. 1,000,000 each	30,000,000	30,000,000
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 Rs. 100,000 each in Media Venture Capital Trust II	-	2,375,600,000
	3,142,226,320	3,737,543,587

* During the year these investments 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 upto 31 March 2011 and thus not considered for consolidation purpose in the consolidated financial statements for the year ended 31 march 2011.

Network18 Media & Investments Limited

Notes forming part of consolidated financial statements for the year ended March 31, 2012 (Contd.)

(All amounts in Rupees unless otherwise stated)

	As at 31 March 2012	As at 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
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 employees		
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

Network18 Media & Investments Limited

Notes forming part of consolidated financial statements for the year ended March 31, 2012 (Contd.)

(All amounts in Rupees unless otherwise stated)

	As at 31 March 2012	As at 31 March 2011
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)
	<u>15,351,501</u>	<u>14,081,228</u>
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
	<u>229,431,674</u>	<u>480,892,737</u>

* Fixed deposit of Rs.167,731,286 (previous year Rs.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
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 6,727,981) 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 TSLG01 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

Network18 Media & Investments Limited

Notes forming part of consolidated financial statements for the year ended March 31, 2012 (Contd.)

(All amounts in Rupees unless otherwise stated)

	As at 31 March 2012	As at 31 March 2011
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
	<u>-</u>	<u>3,104,642,481</u>
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
	<u>1,192,448,955</u>	<u>429,791,030</u>
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)
	<u>521,033,743</u>	<u>946,105,655</u>
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)
	<u>5,043,097,648</u>	<u>4,243,076,394</u>
	<u>5,564,131,391</u>	<u>5,189,182,049</u>

Network18 Media & Investments Limited

Notes forming part of consolidated financial statements for the year ended March 31, 2012 (Contd.)

(All amounts in Rupees unless otherwise stated)

	As at 31 March 2012	As at 31 March 2011
24 Cash and bank balances		
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

Network18 Media & Investments Limited

Notes forming part of consolidated financial statements for the year ended March 31, 2012 (Contd.)

(All amounts in Rupees unless otherwise stated)

	Year ended 31 March 2012	Year ended 31 March 2011
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		
- 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

Network18 Media & Investments Limited

Notes forming part of consolidated financial statements for the year ended March 31, 2012 (Contd.)

(All amounts in Rupees unless otherwise stated)

	Year ended 31 March 2012	Year ended 31 March 2011
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
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	-

Network18 Media & Investments Limited

Notes forming part of consolidated financial statements for the year ended March 31, 2012 (Contd.)

(All amounts in Rupees unless otherwise stated)

33 Other expenses (Contd.)

	Year ended 31 March 2012	Year ended 31 March 2011
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

Network18 Media & Investments Limited

Notes forming part of consolidated financial statements for the year ended March 31, 2012 (Contd.)

(All Amounts in Rupees unless otherwise stated)

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 March 31, 2012	Year ended March 31, 2011
a. Net loss after tax	Rs.	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)	Rs.	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)*	Rs.	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 Rs. 5 for every 100 equity shares in TV18 of Rs. 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

Network18 Media & Investments Limited

Notes forming part of consolidated financial statements for the year ended March 31, 2012 (Contd.)

(All Amounts in Rupees unless otherwise stated)

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 Rs. 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 Rs. 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 Rs. 3,926,636,328 to Rs 8,526,113,194 representing a 117% increase and the balance in Securities Premium Account would have substantially increased from Rs. 8,894,551,605 to Rs. 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

- Contingent payment under agreement for sale of subsidiaries of Rs. 16,993,598 (Previous year Nil).
- Security provided in favour of the lender in connection with the loan to Network 18 Group Senior Professional Welfare Trust - Rs. Nil (Previous year Rs. 2,552,000,000).

B. In the case of TV 18 Broadcast Limited

- 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 Rs. 873,663,241 (Previous year Rs. 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

Network18 Media & Investments Limited

Notes forming part of consolidated financial statements for the year ended March 31, 2012 (Contd.)

(All Amounts in Rupees unless otherwise stated)

liable to pay customs duty of Rs. 109,207,905 (Previous year Rs. 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 Rs. 115,272,170 (Previous year Rs. 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 - Rs. 6,193,125 (Previous year Rs. 25,000,000).
- iii. TV18 Broadcast Limited has given corporate guarantees of Rs. 249,000,000 (Previous year Rs. 249,000,000) towards credit facility given by banks to IBN Lokmat News Private Limited. As at the year-end Rs. 101,743,668 (previous year Rs. 146,377,730) was outstanding in respect of such loans.
- iv. TV 18 Broadcast Limited has extended corporate guarantee of Rs. 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 Rs. 47,441,177 (Previous year Rs. 47,480,833) was outstanding in respect of such loans.
- v. Claims against TV 18 Broadcast Limited not acknowledged as debt include demands raised by Income Tax authorities aggregating to Rs. 239,330,980 (Previous year 84,932,421). Amounts deposited against these claims - Rs. 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 TV 18 Broadcast Limited expects a favourable decision in appeal. This liability is related to TV18 operations transferred to TV 18 Broadcast Limited pursuant to the Scheme.
- vi. Damages/ claims of Rs. 2,600,000,000 (previous year Rs. 2,600,000,000) have been filed against TV 18 Broadcast Limited by the former channel distributor of TV 18 Broadcast Limited. A counter claim has been filed for damages of Rs. 2,540,000,000 (previous year Rs. 2,540,000,000) along with a claim for recovery of dues of Rs. 214,000,000 (previous year Rs. 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 TV 18 Broadcast Limited expects a favourable decision.
- vii. TV 18 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 Rs. 3,123,653,000 (Previous year Rs. 3,124,110,000). In the opinion of the management of TV 18 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. Claims against Viacom18 not acknowledged as debt include demands raised by Income Tax authorities aggregating to Rs. 122,419,039 (Previous year Rs. 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 - Rs. 16,471,021 (Previous year Rs. 23,745,000).
- iii. Guarantees given by banks - Rs. 750,000 (Previous year Rs. Nil)

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

- i. Claims against Infomedia not acknowledged as debt include demands raised by Income Tax authorities aggregating to Rs. 109,870,463 (Previous year Rs. 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 Rs. Nil (Previous year Rs. 16,993,598).
- iii. Bank guarantee given to Bombay Stock Exchange ('BSE') towards issue of Equity shares on rights basis amounting to Rs. 5,000,000 (Previous year Rs. 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 Rs. 36,717,487 (Previous year Rs. 41,556,776).

Network18 Media & Investments Limited

Notes forming part of consolidated financial statements for the year ended March 31, 2012 (Contd.)

(All Amounts in Rupees unless otherwise stated)

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

- i. Claims against Big Tree not acknowledged as debt include demands raised by Income Tax authorities aggregating to Rs. 21,241,600 (Previous year Rs. 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 Rs. 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)

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Notes forming part of consolidated financial statements for the year ended March 31, 2012 (Contd.)

(All Amounts in Rupees unless otherwise stated)

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 February 2011	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. 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.	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.
	51,200 options to vest 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.	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.

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Notes forming part of consolidated financial statements for the year ended March 31, 2012 (Contd.)

(All Amounts in Rupees unless otherwise stated)

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 (20,010)	5.00 (5.00)	60,600 (169,500)	45.31 (37.46)	192,671 (348,662)	70.44 (38.15)
b) Granted during the year	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)
c) Exercised during the year	- (-)	- (-)	26,100 (87,300)	20.00 (28.17)	19,998 (155,991)	13.33 (50.94)
d) Forfeited during the year	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)
e) Expired during the year	20,010 (-)	5.00 (-)	3,600 (21,600)	20.00 (53.01)	- (-)	- (-)
f) Outstanding at the end of the year	- (20,010)	- (5.00)	30,900 (60,600)	29.20 (45.31)	172,673 (192,671)	36.15 (70.44)
g) Exercisable at the end of the year	- (20,010)	- (5.00)	30,900 (60,600)	29.20 (45.31)	172,673 (192,671)	36.15 (70.44)
h) Weighted average share price at the date of exercise	- (-)	N.A. N.A.	26,100 (87,300)	124.00 (132.02)	19,998 (155,991)	124.00 (130.60)
i) Weighted average remaining contractual life (years)	- (0.21)	N.A. N.A.	0.41 (1.63)	N.A. N.A.	0.20 (1.27)	N.A. N.A.
j) Unvested Option outstanding at the end of the year	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)

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Notes forming part of consolidated financial statements for the year ended March 31, 2012 (Contd.)

(All Amounts in Rupees unless otherwise stated)

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

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

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Notes forming part of consolidated financial statements for the year ended March 31, 2012 (Contd.)

(All Amounts in Rupees unless otherwise stated)

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: 3rd November 2011		Modification date: 29th 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 (Rs.)	63.85	63.85	37.55	37.55
Weighted average exercise price (Rs.)	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.

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Notes forming part of consolidated financial statements for the year ended March 31, 2012 (Contd.)

(All Amounts in Rupees unless otherwise stated)

Details of the options and weighted average prices:

Particulars	Year ended 31 March 2012			Year ended 31 March 2011		
	Options	Weighted Average exercise Price (USD)	Weighted Average remaining contractual life (Years)	Options	Weighted Average exercise Price (USD)	Weighted Average remaining contractual life (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, Oct 04	10, May 05	28, Oct 05	27, Jun 06	27, Oct 06	22, Nov 07
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 (Rs.) vide Board Approval dated July 15, 2010	-	-	10	10	10	10

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Notes forming part of consolidated financial statements for the year ended March 31, 2012 (Contd.)

(All Amounts in Rupees unless otherwise stated)

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 (1Year)	8,750	26 October, 2007 (1Year)	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 March, 2006 (1 Year & 157 days)	32,000										
	31 March, 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 Rs. 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 (Rs.)	No. of Shares	Weighted Average Exercise Price (Rs.)
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 (Rs.)	-	-	18.76	-

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

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

Network18 Media & Investments Limited

Notes forming part of consolidated financial statements for the year ended March 31, 2012 (Contd.)

(All Amounts in Rupees unless otherwise stated)

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 (Rs.)	Exercise price of 667,500 options was revised from Rs.57.30/- to Rs.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 (Rs.)	No. of Shares	Weighted Average Exercise Price (Rs.)
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 (Rs.)	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 (Rs.)	No. of Options Outstanding	Weighted average remaining contractual life (in years)	Weighted average exercise price (Rs.)
31 March 2012	10.00	538,550	1.56	10.00
31 March 2011	10.00	712,400	1.77	10.00

Network18 Media & Investments Limited

Notes forming part of consolidated financial statements for the year ended March 31, 2012 (Contd.)

(All Amounts in Rupees unless otherwise stated)

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 TV18 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 Rs. 10 each in 5 equity share of Rs. 2 each through postal ballot dated 19 December 2007, the results of which were declared on 25 January 2008. 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 Rs.10 in 5 shares of face value of Rs.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 Rs. 10 each (for one equity share of Rs 2 each after split) fully paid up on payment of exercise price (as determined by the remuneration/ compensation committee) of share determined with respect to the date of grant.
- 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.

Network18 Media & Investments Limited

Notes forming part of consolidated financial statements for the year ended March 31, 2012 (Contd.)

(All Amounts in Rupees unless otherwise stated)

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		ESOP 2007	
	Year ended March 31, 2012		Year ended March 31, 2011	
	Options (Numbers)	Weighted Average Price (Rs.)	Options (Numbers)	Weighted Average Price (Rs.)
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 Rs. 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 Rs. 27.70 on the date of re-pricing, for the benefit of the employees covered under the ESOP scheme.

Network18 Media & Investments Limited

Notes forming part of consolidated financial statements for the year ended March 31, 2012 (Contd.)

(All Amounts in Rupees unless otherwise stated)

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 Rs. 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	<p>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.</p> <p>Options granted after 22 October 2010: Options will vest on the expiry of one year from the grant date.</p>
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\$)
<i>Year ended 31 March 2011</i>		
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	-

Network18 Media & Investments Limited

Notes forming part of consolidated financial statements for the year ended March 31, 2012 (Contd.)

(All Amounts in Rupees unless otherwise stated)

Particulars	Options (nos.)	Weighted average exercise price (US\$)
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 31 March 2012	Year ended 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 Rs.	31 March 2011 Rs.
Dividend yield	0.00%	0.00%
Expected volatility	39.93 %	42.20%
Risk-free interest rate	8.26%	7.98%
Weighted average share price (Rs.)	109.35	90.79
Weighted average exercise price (Rs.)	113.44	72.00
Expected life of options granted (in years)	1.32	3.00

Network18 Media & Investments Limited

Notes forming part of consolidated financial statements for the year ended March 31, 2012 (Contd.)

(All Amounts in Rupees unless otherwise stated)

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	-	Rs.25.90
Exercise price Rs.	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	Rs. 19.00	Rs. 28.64
Exercise price Rs.	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%

Network18 Media & Investments Limited

Notes forming part of consolidated financial statements for the year ended March 31, 2012 (Contd.)

(All Amounts in Rupees unless otherwise stated)

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

Network18 Media & Investments Limited

Notes forming part of consolidated financial statements for the year ended March 31, 2012 (Contd.)

(All Amounts in Rupees unless otherwise stated)

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 Rs. 172,657,224 (Previous year Rs. 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

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Notes forming part of consolidated financial statements for the year ended March 31, 2012 (Contd.)

(All Amounts in Rupees unless otherwise stated)

41. Leases

Operating leases (as lessee)

- i. The Group has taken various office premises under operating lease agreements. These are generally non cancellable and are renewable by mutual consent on mutually agreed terms.
- ii. Lease payments for the year in respect of non-cancellable operating leases: Rs. 613,914,130 (Previous year Rs. 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 Rs. 824,973 (Previous year Rs. 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 *

ii. Joint ventures

- IBN Lokmat News Private Limited
- Viacom 18 Media Private Limited
- Ubona Technologies Private Limited
- Roptonal Limited

iii. Associates

- 24X7 Learning Private Limited
- Wespro Digital Private Limited

iv. 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

Network18 Media & Investments Limited

Notes forming part of consolidated financial statements for the year ended March 31, 2012 (Contd.)

(All Amounts in Rupees unless otherwise stated)

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.

Network18 Media & Investments Limited

Notes forming part of consolidated financial statements for the year ended March 31, 2012 (Contd.)

(All Amounts in Rupees unless otherwise stated)

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)	- (-)	- (-)	- (-)
Ubono 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 Ghosh	- (-)	- (-)	- (-)	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 (-)	- (-)	- (-)	- (-)	- (-)

Network18 Media & Investments Limited

Notes forming part of consolidated financial statements for the year ended March 31, 2012 (Contd.)

(All Amounts in Rupees unless otherwise stated)

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)	- (-)	- (-)	- (-)	- (-)
VT Softech Private Limited	- (-)	- (-)	- (101,146)	- (-)	- (-)

Network18 Media & Investments Limited

Notes forming part of consolidated financial statements for the year ended March 31, 2012 (Contd.)

(All Amounts in Rupees unless otherwise stated)

PARTICULARS	Joint Ventures	Associates	Enterprises over which KMP is able to exercise significant influence or control	Key Management Personnel	Relatives of Key Management Personnel
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 Private Limited	- (-)	- (-)	499,999,872 (-)	- (-)	- (-)
Colorful Media Private Limited	- (-)	- (-)	499,999,872 (-)	- (-)	- (-)
Adventure Marketing Private Limited	- (-)	- (-)	499,999,872 (-)	- (-)	- (-)

Network18 Media & Investments Limited

Notes forming part of consolidated financial statements for the year ended March 31, 2012 (Contd.)

(All Amounts in Rupees unless otherwise stated)

PARTICULARS	Joint Ventures	Associates	Enterprises over which KMP is able to exercise significant influence or control	Key Management Personnel	Relatives of Key Management Personnel
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 (-)	- (-)	- (-)
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 (-)	- (-)	- (-)	- (-)	- (-)

Network18 Media & Investments Limited

Notes forming part of consolidated financial statements for the year ended March 31, 2012 (Contd.)

(All Amounts in Rupees unless otherwise stated)

PARTICULARS	Joint Ventures	Associates	Enterprises over which KMP is able to exercise significant influence or control	Key Management Personnel	Relatives of Key Management Personnel
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 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 Rs. 50,961,537.

Network18 Media & Investments Limited

Notes forming part of consolidated financial statements for the year ended March 31, 2012 (Contd.)

(All Amounts in Rupees unless otherwise stated)

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

Currency	Rupee equivalent		Rupee equivalent	
	Payable	(Rs.)	Receivable	(Rs.)
USD	7,323,762 (5,123,387)	374,683,169 (228,759,640)	7,680,915 (6,629,223)	392,779,517 (294,737,266)
GBP	31,578 (47,800)	2,583,114 (3,425,158)	310,866 (45,123)	25,428,816 (2,946,739)
EURO	84,260 (28,500)	5,758,294 (1,802,340)	10,735 (22,310)	733,661 (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	Rs.	Equivalent amount in USD
Payable (liabilities)	INR	456,095 (13,994,460)	8,915 (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

Network18 Media & Investments Limited

Notes forming part of consolidated financial statements for the year ended March 31, 2012 (Contd.)

(All Amounts in Rupees unless otherwise stated)

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 Rs. 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 Rs. 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 Rs. 3,064,750. The status of utilization of rights issue proceeds is set out below:

Objects of the issue	Proposed utilization	Actual utilization
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 Rs. 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 Rs. 192,347,188 and expenditure of Rs.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,

Network18 Media & Investments Limited

Notes forming part of consolidated financial statements for the year ended March 31, 2012 (Contd.)

(All Amounts in Rupees unless otherwise stated)

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 Rs. 20,100,400 (upto 31 March 2011 Rs. 15,204,400) and by one of its subsidiaries amounting to Rs. 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 Rs. 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/- (Rs. 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

Network18 Media & Investments Limited

Financial Details of Subsidiaries for the Financial year ended March 31, 2012

Name of Subsidiary Company	Capital	Reserves	Total Assets	Total Liabilities	Investments (Except in case of investment insubidiaries)	Turnover	Profit before taxation	Provision for taxation	Profit after taxation	Proposed Dividend
1 TV 18 Broadcast Limited	724,188,260 475,629,098	7,049,936,019 6,395,522,487	(1,555,963,261) 10,447,517,709	(9,330,087,540) (3,607,457,987)	9,120,411,057 7,183,824,111	6,873,524,453 2,527,697,766	121,167,564 (492,497,144)	28,742,605	92,424,959 (492,497,144)	-
2 RVT Media Private Limited	966,150 26,200,000	345,433,792 (125,225)	346,444,371 27,411,330	44,429 1,336,555	-	6,943 1,262,466	(34,833) (64,515)	-	(34,833) (64,515)	-
3 ibn18(Mauritius) Limited, Mauritius	5,075 5,075	(444,092,390) (658,589,640)	- 1,257,494,949	1,701,582,264 658,584,565	-	76,539,772 25,892	75,841,666 (164,492)	1,549,970	74,291,696 (164,492)	-
4 Setpro 18 Distribution Limited	500,000 500,000	(20,438,737) 74,393,914	312,594,343 293,654,341	332,333,079 218,760,427	-	1,432,118,666 935,887,420	(94,990,625) (15,310,718)	(157,973) (248,858)	(94,832,652) (15,061,860)	-
5 Network 18 Holding Ltd, Cayman Islands	67,890,044 67,890,044	848,639,535 1,036,878,402	3,703,682,171 1,431,926,604	2,787,152,592 327,158,158	-	32,004,804 1,098,485,586	(28,442,187) 1,060,626,864	-	(28,442,187) 1,060,626,864	-
6 TV18 HSN Holding Ltd,Cyprus	595,341,124 217,158,209	2,160,948,129 2,168,089,941	2,758,036,009 2,386,147,981	1,746,756 899,831	-	192,853 678,989	(86,017,966) (4,729,770)	(67,893)	(86,017,966) (4,729,663)	-
7 TV18 Home Shopping Network Limited	51,725,810 50,683,950	(82,440,475) 574,140,111	1,123,768,224 962,336,845	1,154,482,889 337,512,784	-	909,028,895 676,120,137	(1,072,731,264) (509,252,552)	-	(1,072,731,264) (509,252,552)	-
8 Network 18 India Holdings Private Limited	1,370,810,000	1,900,373,094	3,278,841,863	7,658,769	-	22,944,288	17,327,978	22,536,848	(5,500,650)	-
9 Television Eighteen Mauritius Limited	548,971,750 548,971,750	(169,135,325) (195,412,511)	687,359,594 627,234,359	307,523,169 273,675,120	219,988,000 245,575,000	2,449,686 1,383,793	(23,760,384) (45,940,861)	-	(23,760,384) (45,940,861)	-
10 Television Eighteen Media and Investment Limited	2,197,614,598 2,197,614,598	215,933,716 (13,559,223)	4,093,929,146 2,745,944,370	1,680,380,832 561,888,995	-	1,792,641 2,440,478	(83,623,849) (12,604,769)	-	(83,623,849) (12,604,769)	-
11 News Wire 18 Limited	34,566,370 34,566,370	(252,416,332) (298,016,015)	291,987,434 214,253,745	509,837,396 477,703,390	-	453,821,121 399,136,880	45,599,683 (9,900,064)	-	45,599,683 (9,900,064)	-
12 RRR Finhold Private Limited	100,000	(21,792,923)	49,015,437	70,708,360			(36,380)		(36,380)	
13 RVT Finhold Private Limited	100,000	(43,922,063)	183,282,617	227,104,680			(45,421)		(45,421)	
14 Greycells18 Media Limited	96,400,610 122,986,110	(98,092,081) (98,514,014)	87,154,878 85,977,800	88,846,348 61,505,704	81,005,709 35,116,527	81,005,709 35,116,527	(61,730,567) (83,891,807)	-	(61,730,567) (83,891,807)	-
15 Capital 18 Limited Mauritius	45 45	(686,188,011) 72,793,163	90,393,840 731,065,529	776,581,806 658,272,321	-	6,265 78,112,082	(21,282,082) 77,416,357	-	(21,282,082) 77,416,357	-
16 Capital 18 Fincap Private Limited	25,580,000	336,075,151	1,385,256,309	1,023,601,158		3,492,374	3,378,108		3,378,108	
17 Webchutney Studio Private Limited	3,288,660	108,615,939	173,047,899	61,143,300		215,551,585	76,881,173	13,332,292	63,548,881	
18 Blue Stale Media Private Limited	100,000	(1,890,770)	4,449,513	6,240,283		8,559,591	1,470,487	23,588	1,446,899	

Network18 Media & Investments Limited

Financial Details of Subsidiaries for the Financial year ended March 31, 2012

Name of Subsidiary Company	Capital	Reserves	Total Assets	Total Liabilities	Investments (Except in case of investment insubsidiaries)	Turnover	Profit before taxation	Provision for taxation	Profit after taxation	Proposed Dividend
19 Network18 Play Media Private Limited	149,400	8,860,254	104,981,628	95,971,974	-	198,407,986	(28,611,470)	234,363	(28,845,833)	-
20 Juxt Consult. Research and Consulting Private Limited	150,000	(97,011)	4,316,243	4,263,254	-	17,018,204	(3,794,233)	-	(3,794,233)	-
21 BK Holdings Limited Mauritius	223,250	(1,358,396,994)	898,494,748	2,256,668,492	-	22,335,618	(176,252,059)	-	(176,252,059)	-
	223,250	(630,993,755)	1,178,108,601	1,808,879,106	75,905,000	43,197,802	(205,957,794)	-	(205,957,794)	-
22 TV18 UK Limited UK	72	(724,775)	2,657,606	3,382,309	-	8,886,512	(1,702,206)	1,367,012	(3,269,218)	-
	72	1,493,986	3,195,418	1,701,360	-	4,237,600	(2,619,488)	906,798	(3,526,286)	-
23 Namono Investments Limited Cyprus	45	(1,291,707)	76,470	2,368,131	-	-	(359,238)	-	(359,238)	-
	45	(1,666,651)	66,573	1,733,179	-	-	(349,858)	-	(349,858)	-
24 Web18 Holdings Limited, Cayman Islands	24,001,714	1,774,337,668	1,798,439,400	100,018	-	559,134	(25,369,750)	-	(25,369,750)	-
	20,947,547	1,572,102,210	1,594,474,138	1,424,381	-	14,862	(25,651,578)	-	(25,651,578)	-
25 Colosseum Media Private Limited	12,846,010	109,530,067	337,465,821	215,089,744	-	465,249,908	(15,870,332)	(904,811)	(14,965,521)	-
	119,500,000	16,168,361	201,845,994	66,177,633	232,005	331,044,317	6,456,479	-	3,407,514	-
26 Stergaze Entertainment Private Limited	3,505,000	169,489,114	398,081,887	220,087,773	969,000	327,838,625	(19,389,184)	-	(19,389,184)	-
	2,802,000	164,135,866	476,725,686	309,787,820	219,636,981	62,790,106	(29,760,458)	-	(29,760,458)	-
27 Capital 18 Acquisition Corporation cayman Islands	7,724	(5,119,068)	145,755	5,257,099	-	-	(15,729)	-	(15,729)	-
	7,724	(4,454,061)	139,487	4,585,824	-	-	(123,367)	-	(123,367)	-
28 E-18 Limited Cyprus	1,148,066,672	(706,791,567)	441,942,642	667,536	283,528,618	16,197,434	(1,000,161,196)	-	(1,000,161,196)	-
	1,040,599,907	311,377,223	1,415,273,461	63,296,331	247,450,211	-	(3,647,109)	-	(3,647,109)	-
29 Web 18 Software Services Limited	10,533,690	(12,780,828)	3,387,249	5,634,387	-	1,228,000	(2,740,811)	-	(2,740,811)	-
	10,533,690	(466,207,818)	591,945,901	1,047,620,029	3,224,925	340,377,282	(224,090,705)	57,446	(224,148,151)	-
30 Big Tree Entertainment Private Limited	185,480	55,261,833	268,516,571	213,069,257	-	294,729,348	15,189,499	685,781	14,503,718	-
	185,480	40,758,114	147,833,582	106,889,988	15,475,403	160,945,444	(4,500,734)	(369,191)	(4,131,543)	-
31 Moneycontrol Dot Com India Limited	500,000	(261,136)	2,271,827	2,032,963	-	1,563,246	(445,924)	-	(445,924)	-
	500,000	184,788	2,296,099	1,611,311	-	1,634,984	152,050	28,821	123,229	-
32 Infomedia Press Limited (formally Infomedia 18 Limited)	501,941,720	(355,582,149)	237,600,170	91,240,599	-	365,861,540	(2,410,598)	12,855,897	10,445,298	-
	500,322,008	(403,489,255)	1,193,544,659	1,096,711,906	153,653,223	1,450,991,834	(303,111,592)	3,452,577	(306,564,169)	-
33 e-Eighteen.com Limited	54,040,000	127,364,460	384,57,025	203,132,565	-	357,907,883	(19,695,098)	(5,503,299)	(14,191,799)	-
	54,040,000	141,556,259	478,523,342	282,936,083	6,198,821	379,186,879	100,972,807	24,057,942	76,914,865	-
34 Digital18 Media Limited	500,000	(353,411,058)	91,391,534	444,302,592	-	209,439,057	(35,323,278)	-	(35,323,278)	-
	240,500,000	(316,087,780)	86,486,627	166,074,407	-	212,340,695	(56,823,184)	-	(58,823,184)	-
35 RRB Investments Private Limited	20,100,000	(214,595,880)	33,586,848	228,082,728	-	34,071,274	31,951,168	10,029,541	21,921,627	-
	20,100,000	(236,517,506)	119,315,353	335,732,859	111,454,301	292,024,375	247,795,588	49,400,843	198,394,745	-
36 AETN18 Limited	473,582,708	(310,547,688)	366,433,528	203,398,508	-	96,702,771	(506,395,873)	-	(506,395,873)	-
	26,100,000	(8,257,075)	29,132,451	11,289,526	-	-	(8,257,075)	-	(8,257,075)	-

These Companies were not the Subsidiaries of the Company in the previous year, hence only current year figures are given.
Note: Figures in bold and italics are the figures for the financial year ended March 31, 2011.

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Network18 Media & Investments Limited

Regd. Office : 503, 504 & 507, 5th floor, Mercantile House, 15 Kasturba Gandhi Marg, New Delhi-110001.

CONSENT FOR RECEIVING DOCUMENTS IN ELECTRONIC MODE

(Pursuant to circulars no. 17/2011 dated April 21, 2011 and 18/2011 dated April 29, 2011)

Unit : Network18 Media & Investments Limited

To,
Karvy Computershare Private Limited,
Plot no. 17 to 24, Vithalrao Nagar,
Hyderabad – 500 081.

Dear Sir,

I/We shareholder (s) of Network 18 Media & Investments Limited, agree to receive all notices and documents including the Annual Report, Notice for General Meetings and other Shareholders Communication, from time to time, in electronic mode (through e-mail).

I/We request you to kindly register my/our below mentioned email id in the Company's records for sending such communication through e-mail.

Folio No. _____/DP ID No.* _____ & Client ID No.* _____

*Applicable for members holding shares in electronic form.

Name of the Sole/ First Shareholder : _____

Name of the Joint Shareholders (if any) : _____

No. of shares held : _____

E-mail id for receipt of documents in electronic mode : _____

Date:

Place:

Signature: _____
(Sole/ First Shareholder)

Note:

1. Shareholders are requested to inform the Company's Registrar and Share Transfer Agents as and when there is change in their registered email id.
2. For shares held in demat form, shareholders are also requested to inform/ update their email-ids to their respective Depository Participants.

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NETWORK18 MEDIA & INVESTMENTS LIMITED

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

ATTENDANCE SLIP

(TO BE SIGNED AND HANDED OVER AT THE ENTRANCE OF THE MEETING HALL)

I/We hereby record my/our presence at the 17th ANNUAL GENERAL MEETING of the above named Company held at 10.30 A.M. on Friday, the 14th day of September, 2012 at MPCU, Shah Auditorium, Mahatma Gandhi Sanskritik Kendra, 2 Raj Niwas Marg, Shree Delhi Gujarati Samaj Marg, Civil Lines, Delhi - 110054.

NAME(S) OF THE MEMBER(S)	Registered Folio No.
	Client ID No.
	DP ID No.
	No. of shares held

Name of Proxy (in block letters)

(To be filled in, if the Proxy attends instead of the Member)

Signature of Member/Proxy



NETWORK18 MEDIA & INVESTMENTS LIMITED

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

PROXY FORM

I/We _____ of _____ being a Member(s) of **NETWORK18 MEDIA & INVESTMENTS LIMITED** hereby appoint _____ of _____ or failing him/her _____ of _____ or failing him/her _____ of _____

as my/our Proxy in my/our absence to attend and vote for me/us and on my/our behalf at the 17th ANNUAL GENERAL MEETING of the Company to be held at 10.30 A.M. on Friday, the 14th day of September, 2012 at MPCU, Shah Auditorium, Mahatma Gandhi Sanskritik Kendra, 2 Raj Niwas Marg, Shree Delhi Gujarati Samaj Marg, Civil Lines, Delhi - 110054.

AS WITNESSED under my/our hand(s) this _____ day of _____ 2012

Signed by the said _____

DP ID No. _____

Affix
Re. 1
Revenue
Stamp

NOTES :

1. This Proxy need not be a member
2. This Proxy form must be deposited at the Registered Office of the Company not less than 48 hours before the time fixed for holding the meeting.