



EARNINGS RELEASE: Q1 2014-15

Network18 sustains growth in operating profitability

Q1 FY15 consolidated operating income up by 27% YoY, at Rs. 708.4 crores

Reduction in operating losses from Rs. 55.2 crores in Q1 FY14 to Rs. 25 crores in Q1 FY15

One time exceptional adjustment to the Profit and Loss Account for the quarter of Rs. 1045.3 crores, which adjustment will not impact future operating profits and cash flow.

New Delhi, August 12, 2014 – Network18 Media & Investments Limited announced its results for the quarter ending June 30, 2014, today.

Highlights of Operations

- Quarterly operating income on a consolidated basis stood at Rs. 708.4 crores, up 27% from the last year.
- Losses before Tax, Exceptional items and Prior Period items reduced by 37% from Rs. 70.1 crores in Q1 FY14 to Rs. 43.9 crores in Q1 FY15, driven by reduction in operating losses.
- Improvement in operating losses was owing to a strong growth delivered by the Television operations; led by the Entertainment and General News segments and a turnaround performance in the Digital Content business.
- The loss before tax for the quarter ended 30th June 2014 is Rs. 1152.8 crores after considering one time exceptional adjustments of Rs. 1045.3 crores. The adjustments made by way of exceptional items to the P&L account for the quarter ended June 30, 2014, is based on a review of the carrying costs of the investments, current and non-current assets of the company. These adjustments reflect the diminution in the value of certain tangible and intangible assets as well as write-offs and provisions for loans and advances and receivables.

With a YoY quarterly growth of 27%, the Company has made a promising start to the financial year. While certain adjustments have been made as exceptional items in the P&L account for the quarter, these adjustments will not have any impact on the future operating profits and cash flows from the operating businesses of the Company.

Network18 Media & Investments Limited
Consolidated Financial Performance for the Quarter Ended 30th June, 2014

Particulars (in Rs. Crores)	Quarter ended			Year ended (Audited)
	Q1 FY15	Q4 FY14	Q1 FY14	FY14
1. Income from operations				
(a) Income from operations	699.7	738.3	550.6	2684.1
(b) Other operating income	8.7	0.0	6.0	8.3
Total income from operations (net)	708.4	738.3	556.6	2692.4
2. Expenses				
(a) Programming cost	169.5	133.8	88.9	522.5
(b) Distribution, advertising and business promotion	192.2	232.5	205.7	893.2
(c) Cost of materials consumed	3.5	0.1	10.6	16.2
(d) Employee benefits expenses	147.2	124.6	121.4	478.1
(e) Depreciation and amortisation expense	37.8	28.4	16.5	82.8
(f) Other expenses	183.2	206.7	168.8	702.8
Total expenses	733.5	726.1	611.8	2695.6
3. (Loss)/profit from operations before other income, finance costs, exceptional items, prior period items and tax	(25.1)	12.3	(55.2)	(3.2)
4. Other income	12.0	16.9	16.8	57.2
5. (Loss)/ profit before finance costs, exceptional items, prior period items and tax	(13.1)	29.1	(38.4)	54.0
6. Finance costs	30.9	32.1	31.7	122.5
7. Loss after finance costs but before exceptional items, prior period items and tax	(43.9)	(2.9)	(70.1)	(68.5)
8. Exceptional items - (expense)/ income (See Note 3)	(1,045.3)	6.5	92.2	76.6
9. (Loss)/Profit after exceptional items but before prior period items and tax	(1,089.3)	3.6	22.1	8.1
10. Prior period items -(expense)/ income	(63.5)	1.2	(1.0)	8.0
11. (Loss)/ profit before tax	(1,152.8)	4.8	21.1	16.0

Notes to the Consolidated Unaudited Financial Results:

1. Independent Media Trust (IMT), of which Reliance Industries Limited is the sole beneficiary, has acquired a controlling stake of the promoter group entities namely RB Mediasoft Private Limited, RRB Mediasoft Private Limited, Adventure Marketing Private Limited, Watermark Infratech Private Limited, Colorful Media Private Limited, RB Media Holdings Private Limited and RB Holdings Private Limited (collectively referred to as 'Holding Companies') from Raghav Bahl and Ritu Kapur on 7 July, 2014. Pursuant to such acquisition, Raghav Bahl, Ritu Kapur and other existing promoters / promoter group of the Company (other than the 'Holding Companies') have ceased to be promoters / promoter group of the Company from 7 July, 2014. Further, Independent Media Trust, Reliance Industries Limited and the Holding Companies are the promoters of the Company w.e.f 7th July, 2014.
2. Pursuant to the enactment of the Companies Act, 2013 (the Act), the Group has, effective from 1st April, 2014, reassessed the useful life of its fixed assets and has computed depreciation with reference to the useful life of assets as recommended in Schedule II to the Act. Depreciation and consequently net loss of the Group in the consolidated financial results for the quarter ended 30th June 2014 is higher by Rs. 8.62 crores. Further, based on the transitional provision provided in Schedule II, an amount of Rs. 7.13 crores has been adjusted with the opening reserves.
3. During the quarter ended 30th June 30, 2014, based on a review of the (i) investments, and (ii) other current and non-current assets, the Group has accounted for (a) diminution in the value of certain investments to the extent of Rs. 142.82 crores and goodwill Rs. 234.78 crores; (b) obsolescence/impairment in the value of certain tangible and intangible assets to the extent of Rs. 12,7.43 crores and (b) write-off and provisions of non-recoverable and doubtful loans/advances /receivables to the extent of Rs. 519.41 crores and the same has been disclosed as Exceptional Items. Further, Exceptional Items also includes Rs. 20.94 crores towards severance pay and consultancy charges. However, these adjustments will have no impact on the future operating profit and cash flows of the businesses of the Group.
4. Equator Trading Enterprises Private Limited ("Equator") including its subsidiaries Panorama Television Private Limited and Prism TV Private Limited had become wholly owned subsidiary of the Company with effect from 22nd January, 2014. Hence, the consolidated results of the current period includes the results of these subsidiary companies. Eenadu Television Private Limited had also become an associate with effect from 22nd January 2014 and its results have been accounted as "Associate" under accounting standard 23 on Accounting for Investments in Associates in Consolidated Financial Statements. To this extent, the results of this period are not comparable with the corresponding previous period.

TV18 Broadcast Limited
Reported Consolidated Financial Performance for the Quarter Ended 30th June, 2014

Particulars (in Rs. crores)		Quarter ended			Year ended (Audited)
		Q1 FY15	Q4 FY14	Q1 FY14	FY14
1.	Income from operations				
	(a) Income from operations	527.7	563.3	393.9	1965.9
	(b) Other operating income	-	-	2.3	2.3
	Total income from operations (net)	527.7	563.3	396.2	1968.1
2.	Expenses				
	(a) Programming cost	165.7	155.3	87.0	508.6
	(b) Employee benefits expense	103.9	79.0	69.7	284.7
	(c) Marketing, distribution and promotional expense	102.2	150.5	140.2	597.4
	(d) Depreciation and amortisation expense	29.5	20.6	10.9	55.8
	(e) Other expenses	108.2	108.4	75.6	366.6
	Total expenses	509.6	513.8	383.4	1813.2
3.	Profit from operations before other income, finance costs and exceptional items	18.2	49.5	12.8	154.9
4.	Other income	5.8	9.0	7.0	32.4
5.	Profit from ordinary activities before finance costs and exceptional items	24.0	58.5	19.8	187.4
6.	Finance costs	14.9	13.2	15.0	60.5
7.	Profit from ordinary activities before exceptional items and tax	9.1	45.3	4.8	126.8
8.	Exceptional items (See Note 3)	223.3	17.1	0.0	27.4
9.	Profit / (loss) from ordinary activities before tax	(214.2)	28.2	4.8	99.4

Business Highlights

■ Network18 Digital Operations

Network18 is one of the largest digital media companies in India with a monthly average reach of approximately 28 million unique visitors in this quarter (Source: Comscore; Monthly average of April 2014 to June 2014; World).

▪ Digital Content

- **News – ibnlive.com, Firstpost.com and News18.com:** Together, our news offering attracted approximately 10 million monthly unique users (Source: Comscore; Monthly average of April'2014 – June'2014; World) in this quarter. During the run up to the General elections and counting day, both IBN Live and Firstpost garnered their highest ever traffic.
- **Business / Finance – moneycontrol.com:** Moneycontrol.com continued to lead the business news category on the web reaching an average of approximately 8.4 million monthly unique visitors (Source: Comscore; Monthly average of April'2014-June'2014; World) in the quarter.

▪ Digital Commerce

- **Bookmyshow.com** – India's premier ticketing platform continued its growth trajectory. The average tickets sold every month grew by 30% to 3.78 million from 2.9 million in Q4 FY14.
- **Homeshop18.com** – Homeshop18 crossed the milestone of a one crore customer base and executed over 2 million orders in this quarter. The business launched a new brand campaign ('Shopping Makes Me Happy') in June 2014.

■ Television Operations

- The TV18 bouquet of channels reach out to a monthly average of 231 million* viewers.
- Business news operations (CNBC TV18, CNBC Awaaz and CNBC TV18 Prime HD) sustained their leadership position in the genre and also prepared for the successful launch of CNBC Bajar, India's first Gujarati language business channel on July 1, 2014.
- Election coverage was a key focus area for the General and Regional news operations (CNN-IBN, IBN7 IBN Lokmat, ETV News channels) in the quarter. ETV News also saw the successful launch of ETV Gujarati in the quarter.
- History TV18 strengthened viewer engagement, with the highest time spent per viewer** and the successful launch of the History TV18 App, India's first truly second-screen channel app, enabling viewers to chat live on TV via a ticker.
- The Entertainment Operations, led by Colors, sustained strong viewership in the quarter. Non-fiction continued to create new milestones with 'Comedy Nights with Kapil' continuing to run as the No.1*** non-fiction show in the genre.
- The Regional Entertainment operations at ETV continued to deliver strong viewership performance.

* (Source: TAM | All India | CS 4+ | All days | 24 hours | Jan – June'14)

** (Source: TAM, CS AB 15+, Wk 14'14-Wk26'14, All days, 24 Hrs, Time Spent Per Viewer (In Mins), 6 Metros)

*** (Source: TAM | CS4+Yrs | HSM)

INVESTOR COMMUNICATION:

Network18's ongoing investor communication endeavors to adopt best international practices and the quarterly investor updates are designed to regularly provide detailed information to investors. Each update covers information pertaining to the reporting period under review. If you would like to get a sequential and continued perspective on the company this report should be read along with the updates sent out earlier. The previous updates can be accessed on request from the contact persons mentioned below, or from the company's website www.network18online.com. This update covers the company's financial performance for Q1 FY2014-15.

For further information on business and operations, please contact:

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Further information on the company is available on its website www.network18online.com

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