TV18 Network18

TELEVISION EIGHTEEN INDIA LIMITED
AUDITED FINANCIAL RESULTS FOR THE YEAR ENDED 31 MARCH, 2011

(All amounts in Rs. lakhs)

	Particulars	CONSOLIDATED		STANDALONE	
		Year ended 31.03.2011	Year ended 31.03.2010	Year ended 31.03.2011	Year ended 31.03.2010
		(Audited)	(Audited)	(Audited)	(Audited)
1.	**Revenue**	59,033.78	52,860.41	30,762.45	27,719.03
	(a) Revenue from operations	57,977.37	51,980.89	30,253.47	27,690.72
	(b) Other operating income	1,056.41	879.52	508.98	28.31
2.	**Expenditure**	56,949.17	58,423.11	23,633.08	25,825.94
	(a) Material consumed	3,032.33	2,636.37	-	-
	(b) Staff costs	17,684.49	16,579.68	5,859.74	5,511.90
	(c) Distribution, advertising and business promotion	10,517.31	10,628.21	7,588.70	7,890.49
	(d) Employee stock compensation expenses	220.68	379.11	129.47	239.04
	(e) Depreciation	3,930.04	4,862.65	1,587.09	1,718.81
	(f) Other expenditure	21,564.32	23,337.09	8,468.08	10,465.70
3.	**Profit/(Loss) from operations before other income and interest (1-2)**	2,084.61	(5,562.70)	7,129.37	1,893.09
4.	Other income	8,687.61	6,794.11	7,749.16	6,280.36
5.	**Profit/(Loss) before interest (3+4)**	10,772.22	1,231.41	14,878.53	8,173.45
6.	Interest and other financial charges	9,334.90	12,319.79	8,401.10	10,917.69
7.	**Profit/(Loss) from ordinary activities before tax and prior period adjustments (5-6)**	1,437.32	(11,088.38)	6,477.43	(2,744.24)
8.	Prior period adjustments (Net)	(37.71)	(55.05)	-	2.31
9.	**Profit/(Loss) from ordinary activities before tax and after prior period adjustments (7+8) (See note 5)**	1,399.61	(11,143.43)	6,477.43	(2,741.93)
10.	Exceptional items {See note 9(ii)}	1,080.34	-	-	-
11.	Provision for taxes [including current income tax, deferred income tax and fringe benefit tax]	2,781.45	683.84	1,953.26	505.63
12.	**Net profit/(loss) from ordinary activities after tax and prior period adjustments (9-10-11)**	(2,462.18)	(11,827.27)	4,524.17	(3,247.56)
13.	Extraordinary items (net of tax expense)	-	-	-	-
14.	**Net profit/(loss) for the period (12-13) (See note 5)**	(2,462.18)	(11,827.27)	4,524.17	(3,247.56)
15.	Minority interest	816.97	2,425.89	-	-
16.	Share in loss of associates	(366.02)	(2,319.30)	-	-
17.	**Net profit/(loss) for the period (14-15-16) (See note 5)**	(2,011.23)	(11,720.68)	4,524.17	(3,247.56)
18.	Paid-up equity share capital (Face value Rs. 5 each)	9,098.55	9,008.46	9,098.55	9,008.46
19.	Reserves (Net of accumulated losses)	84,218.87	82,886.82	95,633.80	89,105.11
20.	Earnings/ (loss) per share (EPS)				
	(a) EPS before extraordinary items (not annualised)				
	- Basic	(1.10)	(8.85)	2.47	(2.45)
	- Diluted	(1.10)	(8.85)	2.46	(2.45)
	(b) EPS after extraordinary items (not annualised)				
	- Basic	(1.10)	(8.85)	2.47	(2.45)
	- Diluted	(1.10)	(8.85)	2.46	(2.45)
21.	Aggregate of public shareholding				
	(a) Number of shares	73,791,562	76,981,012	73,791,562	76,981,012
	(b) Percentage of shareholding	40.46	42.44	40.46	42.44
22.	Promoters and promoter group shareholding				
	(a) Pledged/Encumbered				
	- Number of shares	60,101,230	40,110,818	60,101,230	40,110,818
	- Percentage of shares (as a % of the total shareholding of promoter and promoter group)	55.34	38.42	55.34	38.42
	- Percentage of shares (as a % of the total share capital of the Company)	32.95	22.12	32.95	22.12
	(b) Non-encumbered				
	- Number of shares	48,499,622	64,281,400	48,499,622	64,281,400
	- Percentage of shares (as a % of the total shareholding of promoter and promoter group)	44.66	61.58	44.66	61.58
	- Percentage of shares (as a % of the total share capital of the Company)	26.59	35.44	26.59	35.44

Notes:

1. The above financial results have been reviewed by the Audit Committee and approved by the Board of Directors at their respective meetings held on 30 May, 2011.

2. The Company operates primarily in one segment viz. 'Media Business'.

3. The Company has received 59 complaints from the equity shareholders during the year ended 31 March, 2011 and redressed all 59 complaints. There were no pending complaints at the beginning or at the end of the year.

4. The Earnings Per Share (EPS) has been computed in accordance with mandatory Accounting Standard, AS-20 "Earnings Per Share". The EPS has been computed with reference to weighted average number of equity shares outstanding during each period.

5. (i) The Board of Directors of the Company in its meeting held on 7 July, 2010 considered and approved a Scheme of Arrangement ("the Scheme") between the Company, Network18 Media & Investments Limited ('Network 18'), ibn18 Broadcast Limited ('ibn18') and other group companies, under sections 391 to 394 read with section 78, 100 to 103 of the Companies Act, 1956. As per the Scheme, the Company's television businesses inter-alia consisting of business news channels viz. CNBC TV18 and CNBC Awaaz will be demerged and consolidated with ibn18 Broadcast Limited ("ibn18"). On the same date, the residual businesses of the Company with all its investments will be merged and consolidated with Network18 Media and Investments Limited ("Network18"). As per the Scheme, the shareholders of the Company will be given 68 shares of ibn18 and 13 shares of Network18 in lieu of 100 shares held in the Company. The shareholders of the Company approved the Scheme on 21 December, 2010. The Scheme has been sanctioned by the Hon'ble High Court of Delhi on 26 April, 2011. As per the Scheme sanctioned by the Hon'ble High Court of Delhi, the appointed date for the proposed restructuring is 1 April, 2010 and the effective date shall be when the certified copies of the High Court Orders are filed with the jurisdictional Registrar of Companies, which is still pending. Accordingly no effect of the proposed restructuring has been given in these financial statements. Upon the Scheme becoming effective, the results of operations, assets and liabilities relating to the television business shall be transferred to ibn18 and the residual business will be merged with Network18. The Company will be dissolved in accordance with the p Scheme and the provisions of the Companies Act, 1956.

   (ii) The Board of Directors of Infomedia 18 Limited ("Infomedia 18"), a subsidiary, on 7 July, 2010 approved a Scheme of Arrangement ('the Infomedia Scheme') between Infomedia 18 Limited and Network 18 Media & Investments Limited ('Network 18') and their respective shareholders and creditors. As per the Infomedia Scheme, the Business Directories business, the New Media business and the Publishing business of Infomedia 18 shall be demerged into Network 18 while the Printing Press business will continue to remain with Infomedia 18. The Scheme has been approved by the shareholders and creditors of Infomedia 18 at their meetings held on 23 February, 2011. The sanction of the Hon'ble High Court of Delhi in respect of the Infomedia Scheme is at present pending. The Appointed date for the proposed restructuring is 1 April, 2010 and the Infomedia Scheme shall be effective when the certified copies of the High Court Orders are filed with the Registrar of Companies.

6. The Company has certain long term investments aggregating to Rs. 76,740 lakhs including quoted equity shares of Rs. 27,468.95 lakhs. The market value of the quoted equity shares as at 31 March, 2011 aggregates to Rs. 4,792.24 lakhs. Management is of the view that, having regard to the long term strategic involvement and the proposed restructuring as per the Scheme of Arrangement (see note 5 above), no provision is considered necessary for 'other than temporary diminution' in the value of these investments.

7. (i) During the year ended 31 March, 2010 the Company had made a rights issue of 60,007,121 equity shares of Rs. 5 each at a premium of Rs. 79 per share aggregating to Rs. 50,405.98 lakhs to the existing shareholders of the Company. The rights issue opened on 29 September, 2009 and closed on 14 October, 2009. Pursuant to the approval dated 26 October, 2009 of the Right Issue Committee, the Company had allotted 60,007,121 equity shares of Rs. 5 each at a premium of Rs. 79 per share. The Company had called Rs. 21.00 per share on application, Rs. 29.40 per share on first call and Rs. 33.60 per share on final call on the alloted shares.

   (ii) During the quarter and year ended 31 March, 2011, 53,161 equity shares and 1,354,752 equity shares respectively, which were partly paid upto the previous year have been converted into fully paid up equity shares. Further, the Company had allotted 585,525 and 1,019,184 equity shares of Rs. 5 each respectively during the quarter and year ended 31 March, 2011 on account of exercise of ESOP's of the Company under various ESOP's schemes. Consequently, during the year ended 31 March, 2011, the paid up equity share capital of the Company has increased from Rs. 9,008.46 lakhs to Rs. 9,098.55 lakhs, of which an increase of Rs. 30.80 lakhs relates to the current quarter and the securities premium amount has increased by Rs. 1,118.77 lakhs, of which an increase of Rs. 226.58 lakhs relates to the current quarter.

   (iii) The proceeds from the Rights Issue of equity shares aggregated to Rs. 50,087.92 lakhs. Of this, Rs. 49,805.98 lakhs has been utilised for the purposes stated in the "Letter of Offer". The balance of Rs. 281.94 lakhs has been deployed in banks, pending utilisation. The following is the status of utilisation of rights issue proceeds:

(All amounts in Rs. lakhs)

	Objects of the Issue	Proposed Utilisation	Actual Utilisation
1.	Repayment of term loan	30,000.00	30,000.00
2.	Investment in Infomedia rights issue	4,500.00	4,500.00
3.	Investment in proposed ventures with Forbes Media LLC	3,000.00	2,400.00
4.	Invest in acquisitions and other strategic initiatives in media	3,500.00	3,500.00
5.	General corporate purpose	6,905.98	6,905.98
6.	Right issue expenses	2,500.00	2,500.00*
	Total	**50,405.98**	**49,805.98**

* Includes Rs. 870.42 lakhs utilised for repayment of Commercial Paper as the rights issue expenses aggregated to Rs. 1,629.58 lakhs.

8. (i) The Compensation Committee of the Board of Directors has granted 376,000 options under the Employee Stock Option Plan 2007 (New) during the year ended 31 March, 2011.

   (ii) During the year 303,020 options expired which resulted in Rs. 885.75 Lakhs credit to the general reserve.

9. **Additional notes for consolidated results:**

   (i) Infomedia 18 Limited (Infomedia), a subsidiary company, had entered into a Share Purchase Agreement ('SPA') with Knowledgeworks Global Private Limited (a Cenveo Inc company) on 4 May, 2010 to sell its entire equity stake in its 4 subsidiaries, which were engaged in the Publishing BPO business. Accordingly, the consolidated financial results include loss before tax from discontinuing operations of Rs. 4,665.06 lakhs for the year ended 31 March, 2011 and loss after tax from discontinuing operations of Rs. 4,718.55 lakhs for the year ended 31 March, 2011 respectively. Also see note 5(ii) above.

   (ii) As stated in note 9 (i) above, pursuant to the SPA, the sale of all the subsidiaries of Infomedia has been completed during the year ended 31 March, 2011. The net loss on account of sale of these subsidiaries aggregates to Rs. 1,155.94 lakhs for the year ended 31 March, 2011. The aforementioned loss net of a reversal of an impairment provision of Rs. 75.60 lakhs for the year ended 31 March, 2011 has been disclosed as an exceptional item.

   (iii) The Company has certain long term investments aggregating to Rs. 29,468.68 lakhs including quoted equity shares of Rs. 2,850 lakhs. The market value of the quoted equity shares as at 31 March, 2011 aggregates to Rs. 368.32 lakhs. Management is of the view that, having regard to the long term strategic involvement and the proposed restructuring as per the Scheme of Arrangement (see note 5 above), no provision is considered necessary for 'other than temporary diminution' in the value of these investments.

(iv) Goodwill on consolidation relating to acquisition of subsidiaries aggregates to Rs. 52,936.19 lakhs as at 31 March, 2011. Management is of the view that, having regard to the long term strategic involvement and the proposed restructuring as per the Scheme of Arrangement (see note 5), no impairment is considered necessary in respect of goodwill on consolidation.

10. A subsidary of the Company has received an Income tax demand of Rs. 529.21 lakhs which has been disputed by the Company. The subsidary has filed an appeal before higher tax authority and has also been legally advised that the possibility of the matter being decided against the Company and the demand crystallizing is not likely and hence no provision is required.

11. The statement of assets and liabilities is as follows:

(All amounts in Rs. lakhs)

Particulars	CONSOLIDATED		STANDALONE	
	Year ended 31.03.2011*	Year ended 31.03.2010	Year ended 31.03.2011*	Year ended 31.03.2010
1. Shareholders' funds (a to d)	116,077.80	111,340.42	105,186.08	99,595.79
a. Capital	9,098.55	9,008.46	9,098.55	9,008.46
b. Share application money	36.10	-	36.10	-
c. Employee stock options outstanding	557.97	1,622.29	417.63	1,482.22
d. Reserves and surplus	106,385.18	100,709.67	95,633.80	89,105.11
2. Minority Interest	335.14	3,106.49	-	-
3. Loan funds	73,253.65	108,676.65	61,574.17	80,948.04
4. Deferred tax liability	128.56	99.96	-	-
Total	189,795.15	223,223.52	166,760.25	180,543.83
5. Fixed assets	10,968.67	13,883.34	6,285.58	7,310.73
6. Goodwill on consolidation	52,936.19	48,707.80	-	-
7. Investments	64,927.60	81,030.71	97,878.70	121,989.33
8. Deferred tax assets	334.55	886.41	252.07	745.60
9. Current assets, loans and advances (a to e)	65,524.17	87,297.29	77,114.17	65,345.56
a. Inventories	826.63	696.19	37.18	35.21
b. Sundry debtors	20,567.62	18,318.45	16,610.82	13,294.31
c. Other current assets (Unbilled revenues)	503.81	758.88	-	404.63
d. Cash and bank balances	7,533.72	26,530.57	5,385.20	22,543.68
e. Loans and advances	36,092.39	40,993.20	55,080.97	29,067.73
10. Less: Current liabilities and provisions (a & b)	27,538.33	26,860.14	14,770.27	14,847.39
a. Current liabilities	25,861.26	25,609.31	14,225.72	14,438.33
b. Provisions	1,677.07	1,250.83	544.55	409.06
11. Net Current Assets	37,985.84	60,437.15	62,343.90	50,498.17
12. Miscalleneous expenditure	475.99	455.26	-	-
13. Profit and loss account (Debit balance)	22,166.31	17,822.85	-	-
Total	189,795.15	223,223.52	166,760.25	180,543.83

* See note 5

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

The auditors have in their Audit Report for the year ended March 31, 2011 qualified point number 6 above and point number 9(iii) and 10 above in respect of these matters. The management reply on these points is as follows:

(i) In respect of the qualification referred to in point no 6 above in respect of standalone results [for consolidated results point number 9(iii) above] as contained in the Auditors Report issued by the Auditors for the year ended March 31, 2011 i.e. relating to the carrying value of the long term investments value aggregating to Rs. 76,740 lakhs (for Consolidated TV18 investments aggregating to 29,468.68 lakhs and goodwill on consolidation aggregating to Rs. 52,936.23 lakhs) at the year ended 31 March 2011, it is stated that the Board of Directors and shareholders of the Company had approved a Scheme of Arrangement which has been subsequently sanctioned by the Hon'ble High Court of Delhi on 26 April, 2011. In view of the proposed restructuring and having regard to the long term strategic involvement, management is of the view that there is no 'other than temporary' diminution in the value of these investments and that no impairment is considered necessary in respect of goodwill on consolidation.

(ii) In respect of the qualification referred to in point no. 10 above in respect of consolidated results as contained in the Auditors Report issued by the Auditors for the year ended 31 March, 2011 relating to receipt of Income tax demand of Rs. 529.21 lakhs by a subsidiary of the Company which has been disputed by the Company. The auditors of the subsidiary have modified their audit report on the Consolidated audited financial statements of the subsidiary for the year ended 31 March, 2011 stating that they are unable to comment on this matter. The subsidary has filed an appeal before higher tax authority and has also been legally advised that the possibility of the matter being decided against the Company and the demand crystallizing is not likely and hence no provision for any liability has been made in the financial statements.

For TELEVISION EIGHTEEN INDIA LIMITED

RAGHAV BAHL
Managing Director

Place: Noida
Date: 30 May, 2011