

FORM A

Format of covering letter of the annual audit report to be filed with the stock exchanges

1.	Name of the Company:	Network18 Media & Investments Limited
2.	Annual financial statements for the year ended	31 March 2013
3.	Type of Audit observation	<p>A. The report of statutory auditors contains the following observations on the Standalone financial statements</p> <p>(i) Emphasis of Matter in the Independent Auditors' Report on the financial statements</p> <p>"We draw attention to Note 4 to the financial statements in connection with the scheme of arrangement between the Company and Infomedia Press Limited ('Infomedia'), a subsidiary company, approved by the Hon'ble High Court of Delhi, made effective on 1 June 2012 with an appointed date of 1 April 2010. Pursuant to the terms of the said Scheme, the Company has adjusted the diminution, other than temporary, in the carrying value of its Non-current investments through Securities Premium Account, which otherwise would have been debited to the Statement of Profit and Loss in accordance with accounting standards, as notified under the Companies (Accounting Standards) Rules, 2006 (as amended) and other recognised accounting practices and policies. Our opinion is not qualified in respect of this matter."</p> <p>(ii) Observation in the annexure to the Independent Auditor's Report under the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956:</p> <p>"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. <i>The Company has incurred cash losses in the current and the immediately preceding financial year.</i>"</p> <p>B. The report of statutory auditors contains the following observation on the Consolidated financial statements:</p> <p>Emphasis of Matter in the Independent Auditors' Report on the consolidated financial statements</p> <p>"We draw attention to Note 36 to the consolidated financial statements in connection with the scheme</p>

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For Network18 Media & Investments Limited

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Yug Samrat
Company Secretary & AVP-Corporate Affairs



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		<p>of arrangement between Viacom18 Media Private Limited ('Viacom'), a joint venture of the Company and its subsidiary, IFC Distribution Private Limited ('IFC'), approved by the Hon'ble High Court of Bombay, made effective on 1 December 2012 with an appointed date of 1 January 2012. Pursuant to the terms of the said Scheme, Viacom has adjusted the debit balance in the Statement of Profit and Loss against Securities Premium Account which otherwise would not have been adjusted as per the Act. Further, in accordance with the said scheme, Viacom has fair valued its assets and liabilities and debited the difference between such fair values and the corresponding book values to the Securities Premium Account, which otherwise would have been debited to the Statement of Profit and Loss in accordance with accounting standards, as notified under the Companies (Accounting Standards) Rules, 2006 (as amended) and other recognised accounting practices and policies. Our opinion is not qualified in respect of this matter."</p>
4.	Frequency of observation	Observations A (i) and B have appeared for the first time and observation A (ii) has been appearing since financial year 2008-09.
5.	<p>Signed by-</p> <ul style="list-style-type: none"> • Managing Director Raghav Bahl • Chief Financial Officer R D S Bawa • Auditor of the company: For Walker, Chandiook & Co Chartered Accountants Firm Registration No.: 001076N per B.P. Singh Partner Membership No.: 70116 • Audit Committee Chairman Manoj Mohanka • Place: New Delhi • Date: 5 July 2013 	<p><i>Raghav Bahl</i></p> <p><i>R D S Bawa</i></p> <p><i>Walker, Chandiook & Co</i></p> <p><i>B.P. Singh</i></p> <p><i>Manoj Mohanka</i></p> 

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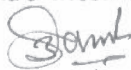
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Company Secretary & AVP-Corporate Affairs

FORM B

Format of covering letter of the annual audit report to be filed with the stock exchanges


1.	Name of the Company:	Network18 Media & Investments Limited
2.	Annual financial statements for the year ended	31 March 2013
3.	Type of Audit qualification	<p>A. The report of statutory auditors contains the following qualification on the Standalone financial statements</p> <p><i>“The Company has paid Rs. 26,388,400 as managerial remuneration to its managing director upto 31 March 2013 (upto 31 March 2012: Rs. 20,100,400), which is in excess of the limits prescribed under the Act. Had the Company accounted for the remuneration in accordance with the Act, the net loss after tax for the year ended 31 March 2013 would have been lower by Rs. 26,388,400 (for the year ended 31 March 2012: Rs. 20,100,400) and Short-term loans and advances would have been higher by Rs. 26,388,400 (as at 31 March 2012: Rs. 20,100,400). Our report on the financial statements for the year ended 31 March 2012 was also qualified in respect of this matter.”</i></p> <p>B. The report of statutory auditors contains the following qualification on the Consolidated financial statements:</p> <p><i>(a) The Company has paid Rs. 26,388,400 as managerial remuneration to its managing director upto 31 March 2013 (upto 31 March 2012: Rs. 20,100,400), which is in excess of the limits prescribed under the Companies Act, 1956 (‘the Act’). Our report on the consolidated financial statements for the year ended 31 March 2012 was also qualified in respect of this matter.</i></p> <p><i>(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 2013 (upto 31 March 2012: Rs. 16,711,996) which is in excess of the limits prescribed under the Act. The auditors of Stargaze had also qualified their report on the financial statements for the year ended 31 March 2012 in respect of this matter.</i></p> <p><i>Had the Company and Stargaze accounted for the remuneration in accordance with the Act, the net loss after tax for the year ended 31 March 2013 would have been lower by Rs. 43,100,396 (for the year ended 31 March 2012: Rs. 36,812,396) and Short-term loans and advances as at 31 March 2013 would have been higher by Rs. 43,100,396 (as at 31 March 2012: Rs. 36,812,396).</i></p>

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4.	Frequency of qualification	Qualifications A and B (a) have been appearing since financial year 2008-09 and qualification B (b) has been appearing since financial year 2011-12
5.	Draw attention to relevant notes in the annual financial statements and management response to the qualification in the directors report:	<p>Relevant notes in the annual financial statements:</p> <p>Note 42 to the standalone financial statements and note 48 to the consolidated financial statements.</p> <p>Management response to the qualifications (Standalone and consolidated financial statements) in the directors report:</p> <p>The Company and its subsidiary are in the process of obtaining the necessary approvals as per the Companies Act, 1956.</p>
6.	Additional comments from the board / audit committee chair:	Nil
7.	<p>Signed by-</p> <ul style="list-style-type: none"> • Managing Director Raghav Bahl • Chief Financial Officer R D S Bawa • Auditor of the company: For Walker, Chandniok & Co Chartered Accountants Firm Registration No.: 001076N per B.P. Singh Partner Membership No.: 70116 • Audit Committee Chairman Manoj Mohanka • Place: <i>New Delhi</i> • Date: <i>5 July 2013</i> 	<p><i>R. Bahl</i></p> <p><i>R D S Bawa</i></p> <p><i>Walker, Chandniok & Co</i></p> <p><i>B.P. Singh</i></p> <p><i>Manoj Mohanka</i></p> 

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