

BOARD OF DIRECTORS

- MR. MANOJ MOHANKA
- MR. SAMEER MANCHANDA
- MR. RAGHAV BAHL
- MR. SANJAY RAY CHAUDHURI
- MR. G. K. ARORA
- MR. HARI S. BHARTIA
- MR. SHAHZAAD DALAL

- CHAIRMAN
- JT. MANAGING DIRECTOR
- DIRECTOR
- DIRECTOR
- DIRECTOR
- DIRECTOR
- DIRECTOR

AUDITORS

- DELOITTE HASKINS & SELLS
CHARTERED ACCOUNTANTS

JT. MANAGING DIRECTOR

- MR. HARESH CHAWLA

COMPANY SECRETARY

- HITESH KUMAR JAIN

G.M. FINANCE

- GURDEEP SINGH PURI

BANKERS

- ICICI BANK LTD
- ING VYSYA BANK LTD
- YES BANK
- SYNDICATE BANK

REGISTERED OFFICE

- 601,6TH FLOOR, COMMERCIAL TOWER
HOTEL LE-MERIDIEN, RAISINA ROAD
NEW DELHI-110 001

CORPORATE OFFICE

- EXPRESS TRADE TOWER
PLOT NO. 15&16, SECTOR 16A
NOIDA, U.P-201 301
PH. 0120 – 434 1818
FAX. 0120 – 432 4110

REGISTRAR & SHARE TRANSFER AGENT

- INTIME SPECTURM REGISTRY LIMITED
A-40, 2ND FLOOR,
NARAINA INDUSTRIAL AREA PHASE-II
NEAR BATRA BANQUET HALL,
NEW DELHI-110 028

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NOTICE

Notice is hereby given that the 3rd Annual General Meeting of the Members of ibn18 Broadcast Limited (formerly known as Global Broadcast News Limited) will be held on Monday, the 15th day of September 2008 at 11.00 A.M. at MPCU, Shah Auditorium, Mahatma Gandhi Sanskritik Kendra, 2 Raj Niwas Marg, Shree Delhi Gujrati Samaj Marg, Civil Lines, Delhi – 110054 to transact the following business: -

AS ORDINARY BUSINESS

1. To consider & adopt the Audited Profit & Loss Account for the financial year ended 31st March 2008 and Balance Sheet as at that date along with the Reports of the Board of Directors & Auditors thereon.
2. To appoint a Director in place of Mr. G. K. Arora, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Mr. Hari S. Bhartia, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint M/s. Deloitte Haskins & Sells, Chartered Accountants, as Statutory Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of next Annual General Meeting and to fix their remuneration.

By order of the Board
For ibn18 Broadcast Limited

Place: Noida
Dated: July 28, 2008

Sd/-
Hitesh Kumar Jain
Company Secretary

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. A blank Proxy Form is enclosed with this notice 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 commencement of Annual General Meeting.
2. Members/ Proxy are requested to bring a copy of this notice as no copies will be made available at the meeting. Under no circumstances, photocopies of the admission slip will be allowed for admission to the Auditorium. Those members who do not receive copies of Annual Report can collect their copies from the Registered Office of the Company.
3. Members/ proxies should bring the attendance slips filled in for attending the meeting.
4. Corporate Members are requested to send a duly certified copy of the Board resolution/ Power of Attorney authorising their representative to attend and vote at the Annual General Meeting.
5. Members can avail the nomination facility with respect to shares held, by submitting a request in writing to the Company or to M/s Intime Spectrum Registry Ltd., the Registrar and Share Transfer Agent of the Company.
6. Mr. G.K. Arora and Mr. Hari S. Bhartia, Directors, retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment. Brief resume(s) of both the Directors, nature of their expertise and names of other Public

Limited Companies in which they hold Directorship and Chairmanship / membership of Committees of Board as required under Clause 49 of the Listing Agreement entered into with the Stock Exchange(s), are provided in the Corporate Governance Report annexed in the Annual Report. The Board of Directors recommends their respective re-appointments.

7. The Registers of Members will be closed from Monday the 8th day of September 2008 to Monday the 15th day of September 2008, both days inclusive. The Transfer Books of the Company will also remain closed for the aforesaid period.
8. All documents referred to in the accompanying notice are available for inspection at the Registered Office of the Company during working hours between 10.00 A.M. to 1.00 P.M. except holidays upto the date of Annual General Meeting.
9. Members are requested to send all the correspondence concerning registration of transfer, transmission, subdivision, consolidation of shares or any other share related matters and / or change in address to the Company's Registrar & Share Transfer Agent, M/s Intime Spectrum Registry Limited, at A - 40, 2nd Floor, Naraina Industrial Area, Phase – II, Near Batra Banquet Hall, New Delhi – 110 028.
10. The details of the Stock Exchanges, on which the securities of the Company are listed, are given separately in this Annual Report.
11. 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 Annual General Meeting.
12. 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 Agent, M/s Intime Spectrum Registry Limited, for consolidation into a single folio.
13. The members of the Company are requested to note the following disclosures in respect of The GBN Employees Stock Option Plan 2007:
 1. **Exercise Period:**
Exercise Period will commence from the vesting date and extend upto 24 Months from the vesting date.
 2. **Vesting Period:**
Options granted to a grantee under this Plan shall vest with the grantee over such periods from the date of Grant, ranging between 1 year to 5 years, as may be decided by Remuneration/ Compensation Committee.
 3. **Exercise Price:**
Exercise price shall be such discounted price to the Market Price of the Equity Shares of the Company as may be decided by the Remuneration / Compensation Committee. However the exercise price shall not be lower than the Par value of the Equity Shares of the Company.

By order of the Board
For ibn18 Broadcast Limited

Place: Noida
Dated: July 28, 2008

Sd/-
Hitesh Kumar Jain
Company Secretary

DIRECTORS' REPORT

To
The Members

Your Directors are pleased to present the 3rd Annual Report of ibn18 Broadcast Limited (formerly known as Global Broadcast News Limited) together with the audited accounts for the financial year ended March 31, 2008.

FINANCIAL RESULTS

The summarized Financial Results for the year ended March 31, 2008 are as follows:

| Particulars | (Rs. In Lakhs) | |
|---|--|--|
| | Financial Year ended March 31, 2008 | Financial Year ended March 31, 2007 |
| Net Revenues | 13514.73 | 8,087.53 |
| Operating profit (loss) before interest and depreciation | 1244.77 | (1,778.99) |
| Interest | 1211.83 | 829.93 |
| Depreciation | 624.56 | 509.55 |
| Net profit (loss) before tax | (591.62) | (3,118.47) |
| Provision for taxes / deferred tax | 95.00 | 85.00 |
| Profit / (Loss) after tax | (686.62) | (3,203.47) |

RESULT OF OPERATIONS

During the Financial Year 2007-08 your Company generated over Rs. 135.14 Crores in revenues, up from Rs. 80.88 Crores in the Financial Year 2006-07. During the year under review, your Company has earned an operating profit before interest and depreciation of Rs. 12.45 Crores as against the loss of Rs. 17.79 Crores in the previous year and the post tax loss of the current Financial Year fell to Rs. 6.87 Crores from Rs. 32.03 Crores in the previous Financial Year 2006-07. Audited Consolidated Financial Statements for the year ended March 31, 2008 also forms part of this Annual Report.

DIVIDEND

In the absence of profits during the financial year under review, the Directors do not recommend any Dividend for the financial year ended March 31, 2008.

TRANSFER TO RESERVES

Your Company has not made any transfer to the Reserves during the financial year 2007-08.

DEPOSITS

During the year under review your Company has not accepted any deposits from the public under Section 58A of the Companies Act, 1956.

STOCK SPLIT

To improve the liquidity of its shares in the stock markets, your Company split each equity share into five shares, thereby reducing their face value from Rs. 10/- per share pre-split to Rs. 2/- per share post-split. The split was effected vide a resolution passed via Postal Ballot notice dated December 19, 2007, the results of which were declared on January 25, 2008. The Record Date for split was February 28, 2008.

ACQUISITION OF DIRECT STAKE IN JAGRAN TV PVT. LTD.

During the year under review your Company acquired 10.01% stake (aggregating to 1,347,241 equity shares of face value of Rs. 10/- each) in Jagran TV Private Limited from New Vernon Private Equity Limited.

SCHEME OF ARRANGEMENT

The Board of Directors of your Company at their meeting held on December 19, 2007 approved the Scheme of Arrangement (hereinafter referred to as "Scheme") between your Company (hereinafter referred to as "ibn18" or the "Company"), BK Fincap Private Limited (hereinafter referred to as "BK Fincap") and Jagran TV Private Limited (hereinafter referred to as "Jagran TV") under Section 391 read with Section 394 and Sections 100 to 103 of the Companies Act, 1956. The Scheme involves the consolidation of 'IBN 7' the Hindi general news channel, currently housed in Jagran TV with your Company. Accordingly, the Scheme seeks to achieve the demerger of the IBN 7 News Undertaking of Jagran TV into ibn18 with effect from October 1, 2007 and merge BK Fincap into ibn18 with effect from October 2, 2007. The Board of Directors of the Company is of the view that the aforesaid consolidation will unlock significant synergies in the businesses, leading to benefits

that will maximize value for stakeholders.

In accordance with clause 24(f) of the Listing Agreement, the Scheme was approved by the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited vide their letter dated April 29, 2008 and May 5, 2008, respectively and pursuant to that necessary applications were made with the Hon'ble High Court of Delhi and Hon'ble High Court of Allahabad for approval of the Scheme. Currently, the Scheme has been approved by the equity shareholders, secured and unsecured creditors of your Company.

The Scheme will come into force from the date on which the order(s) of the Hon'ble High Court of Delhi and Hon'ble High Court of Allahabad approving the Scheme are filed with the Registrar of Companies. During the intervening period, Jagran TV will carry on all business and activities relating to the IBN 7 News Undertaking on behalf of ibn18, and all profits and losses relating to IBN 7 News Undertaking will be treated as the profits or losses of ibn18.

Post the consolidation of IBN 7 News Undertaking as envisaged in the Scheme, your Company will emerge as an integrated player in the Indian general news segment, thereby leveraging its strong brand name and its affiliation with the Network18 Group to further grow the businesses being consolidated.

CHANGE OF NAME OF THE COMPANY

Your Company is a Network18 group Company and to show its association with the Network18 Group, the name of the Company was changed from Global Broadcast News Limited to "ibn18 Broadcast Limited" vide resolution passed at the Extraordinary General Meeting of the Company held on March 10, 2008. A fresh Certificate of Incorporation confirming the change of name of the Company was issued by the Registrar of Companies, NCT of Delhi & Haryana on April 2, 2008.

IBN (ibn) – These letters form the most integral part of the name of the Television News Channels currently operated by your Company and other group companies i.e. CNN IBN, IBN 7 & IBN Lokmat. Other news channels that the Company may launch in the future are also likely have IBN as an integral part of their names. The Company's television channels are together referred to as the 'IBN Family of Channels'. Thus, IBN forms the common identity of the Company's news broadcasting operations and the name of your Company was changed to reflect it.

18: Network18 is a renowned name in the Media Industry and having the number '18' in the name of your Company was integral to project a common Group identity.

EMPLOYEES STOCK OPTION SCHEME

Your Company firmly believes that skilled and expert professionals are invaluable assets of the Company. In order to retain existing employees and to attract fresh talent, your Company introduced and extended the policy of employee ownership by granting and issuing Options to eligible employees and Directors of the Company and its holding and subsidiary companies. During the year under review your Company has implemented 'The GBN Employees Stock Option Plan 2007' ("ESOP 2007") in accordance with the provisions of Companies Act, 1956 and the Securities and Exchange Board of India (Employee Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999 (SEBI Guidelines) as amended from time to time. ESOP 2007 was ratified and approved by the members of the Company at the Second Annual General Meeting of the Company. The Remuneration / Compensation Committee of the Board of Directors of the Company administer the 'ESOP 2007'.

The total number of options that may be granted under the 'ESOP 2007' were increased vide shareholders resolution passed at the Extra Ordinary meeting of the Company held on March 10, 2008 from 15 Lacs to 17 Lacs. The nominal value of equity shares of the Company was sub-divided from Rs. 10/- per share to Rs. 2/- per share during the year under review and the options under the ESOP 2007 of the Company have been adjusted accordingly to give effect to the same. Therefore, total number of options that can be granted under ESOP 2007 have become 85 Lacs. The details as required to be

disclosed under Clause 12 & 19 of ESOP Guidelines of SEBI are detailed in the Annexure A to this Report.

A Certificate from the Statutory Auditor of the Company for implementation of the 'ESOP 2007' in accordance with the SEBI Guidelines and the resolution passed by the members of the Company, will be made available for inspection by the members at the ensuing Annual General Meeting of the Company

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

In terms of requirement of Clause 49 of the Listing Agreement with the Stock Exchange(s) Management Discussion and Analysis Report disclosing the operations of the Company in detail is provided separately as a part of Director's Report.

DIRECTORS

Mr. G. K. Arora and Mr. Hari S. Bhartia, Directors of the Company, retire by rotation at the ensuing Annual General Meeting and being eligible, have offered themselves for reappointment. The relevant details of the Directors proposed to be re-appointed are provided in the Corporate Governance Report forming a part of this Annual Report.

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, 2008, 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, 2008 on a 'going concern' basis.

'GROUP' AS DEFINED UNDER MONOPOLIES AND RESTRICTIVE TRADE PRACTICES ACT, 1969

Pursuant to intimation received from Promoter(s) the names of Corporate(s) entities constituting the 'Group' as defined under The Monopolies and Restrictive Trade Practices Act, 1969 for the purpose of the SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 1997 is disclosed elsewhere in this Annual Report.

SUBSIDIARY COMPANY

The main thrust of operations of your Company is in Media and Entertainment Industry and to explore more business opportunities in the Media & Entertainment Industry your Company has acquired 100% Equity stake in RVT Media Private Limited to make it a Wholly Owned Subsidiary of the Company w.e.f. January 1, 2008.

A statement of your Company's interest in this Subsidiary Company is attached as Annexure – B in terms of provisions of Section 212 of the Companies Act, 1956.

CONSOLIDATED FINANCIAL STATEMENTS

Pursuant to Accounting Standard AS-21 on Consolidated Financial Statements read with Accounting Standard AS – 23 on the Accounting for Investments in Associates and Accounting Standard AS – 27 on Accounting on Joint Ventures, issued by The Institute of Chartered Accountants of India, the Audited Consolidated Financial Statements are provided in this Annual Report.

AUDITORS & AUDITOR'S REPORT

The term of M/s. Deloitte Haskins & Sells, Chartered Accountants, the Statutory Auditors of your Company, expires at the ensuing Annual General Meeting. The Company has received a certificate from them to the effect that their appointment, if made, would be within the prescribed limit as mentioned under Section 224 (1B) of the Companies Act, 1956. They are also not otherwise disqualified within the meaning of Section 226(3) of the Companies Act, 1956.

Your Board has duly examined the Report issued by the Statutory Auditor's of the Company on the Accounts for the financial year ended March 31, 2008. The Notes on Accounts as presented in this Annual Report are self-explanatory in this regard and hence do not

call for any further clarification.

POSTAL BALLOT

During the year under review your Company has conducted Postal Ballot process thrice, pursuant to provisions of section 192A of the Companies Act, 1956 read with Companies (Passing of Resolution by Postal Ballot) Rules, 2001. The report on Corporate Governance contains the detail on the said Postal Ballot's conducted by the Company.

CORPORATE GOVERNANCE

Corporate Governance philosophy of the Company lies in following strong Corporate Governance practices driven by its core values to enhance its shareholders' worth. A report on Corporate Governance along with Certificate from Practicing Company Secretary confirming the compliance of conditions on Corporate Governance as stipulated in Clause 49 of the Listing Agreement forms a part of this Annual Report.

PARTICULARS OF EMPLOYEES

The names and other particulars of employees are required to be set out as the annexure to the Director's Report as required under Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975. In terms of the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, the Annual Report excluding the aforesaid annexure is being sent out to the members and others entitled to receive the Annual Report of the Company. However any member who is interested in obtaining such information may send a written request for the same, addressed to the Company Secretary of the Company at the following address:

ibn18 Broadcast Limited

Corporate Office:
Express Trade Tower, Plot No. 15-16, Sector 16A, Noida, Uttar Pradesh- 201 301.

RECOGNITION

CNN-IBN, an English news channel of your Company was adjudged as the Best English News Channel at 'NT Awards 2007'. Besides this 'CNN-IBN' has also received awards for the Best Sports News Presenter, Best Sports reporting by a television channel, Best Business News Show, Best Daily Newscast and the Best News Documentary Programme, for their respective English news categories.

CNN-IBN also won the award for Excellence in Journalism Award for Environment Reporting and Excellence in Journalism Award for Political Reporting.

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, Technology Absorption

Your Company is not engaged in any manufacturing activity and is not an energy intensive unit therefore the provisions relating to conservation of energy and technology absorption are not applicable. However to conserve energy, regular efforts are made by the Company at its production & editing facilities, studios, offices etc.

B. Foreign Exchange Earnings and Outgo

Disclosure of foreign exchange earnings and outgo as required under Rule 2(C) is given in Schedule No. 15 "Notes on Accounts" forming part of the Audited Annual Accounts.

The total foreign exchange earnings were Rs. 6.46 lakhs in the financial year 2007-08 as against Rs. 112.59 lakhs during the previous financial year. The total foreign exchange expenditure during the year under review was Rs. 1031.21 lakhs as against Rs. 616.40 lakhs during the previous financial year ended March 31, 2007.

ACKNOWLEDGEMENT

Your Directors take this opportunity to place on record their sincere appreciation for the unstinted support given by all the employees, bankers, and shareholders of the Company as well as various Government departments towards the conduct of efficient and successful operations of your Company.

For and on behalf of the Board of Directors

Place: Noida
Date: July 28, 2008

Sd/-
Chairman

Annexure - A

Information regarding 'The GBN Employees Stock Option Plan 2007' as on March 31, 2008 in terms of Regulation 12 and 19 of SEBI (Employees Stock Option and Employees Stock Purchase Scheme) Guidelines, 1999 is as under:

| Sl. No. | Particulars | Details | |
|---------|--|---|----------------|
| 1 | Options Granted during the year 2007-08 | 2,426,250 | |
| 2 | Exercise price | Options | Exercise Price |
| | | 2283750 | Rs. 101.06 |
| | | 142,500 | Rs. 89.00 |
| 3 | Options Vested | NIL | |
| 4 | Options Exercised | NIL | |
| 5 | Total No. of Shares arising as a result of exercise of Options | NIL | |
| 6 | Options Lapsed | 19,000 | |
| 7 | Variation in terms of Options | There is no variation in terms of options however the number of options that can be granted in the scheme have been increased from 15 Lacs to 17 Lacs, which after adjustment for split of face value of share have become 85 Lacs. | |
| 8 | Money realized by exercise of Options | NIL | |
| 9 | Total number of Options in force | 22,36,250 | |
| 10 | Employee wise details of Options granted to | | |
| | i) Senior Management Personnel | | |
| | • Mr. Karan Bihari Thapar, Director of Subsidiary Company | 142,500 | |
| | ii) Any other employee who received a grant in any one year of Options amounting to 5% or more of Options granted during the year | NIL | |
| | iii) Identified employees who were granted Options, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant | NIL | |
| 11 | Diluted Earnings Per Share (EPS) before exceptional items pursuant to issue of shares on exercise of Options calculated in accordance with Accounting Standard (AS) 20 on 'Earning Per Share'. | (0.51) | |
| 12 | Computation of employee compensation cost and effect on profit and EPS | Intrinsic value as per SEBI ESOP guidelines | |
| | a) Method of calculation of employee compensation cost | Rs. 50,741,221 | |
| | b) Difference between the employee compensation cost so computed at (a) above and the employee compensation cost to P&L account if the Company has used the fair value of the option | | |
| 13 | The impact of this difference on the profits and EPS of the Company: | | |
| | Profit after tax | (68,662,228) | |
| | Less: Additional employees compensation cost based on the aforesaid difference | (50,741,221) | |
| | Adjusted PAT | (119,403,449) | |
| | Adjusted Basic EPS | (0.89) | |
| | Adjusted Diluted EPS | (0.89) | |
| 14 | Weighted average price and fair value of the stock options granted at price below the market price: | | |
| | Total Options granted | 2,426,250 | |
| | Weighted average exercise price (Rs.) | 100.35 | |
| | Weighted average fair value (Rs.) | 65.09 | |
| 15 | 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 option pricing model for valuation of the options. The main assumptions used are as under: | |
| | Risk free rate of interest (%) | 8% | |
| | Expected life of the option from the date of grant (in years) | 6 years | |
| | Expected volatility (%) | 35.77% | |
| | Dividend yield (%) | 0% | |

Statement pursuant to section 212 of the Companies Act, 1956
Annexure -B

| 1 | Name of the subsidiary | RVT Media Private Limited |
|---|--|---------------------------------------|
| 2 | Financial year of the subsidiary ended on | 31.03.2008 |
| 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 |
| | b) Holding Companies interest | 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 |
| | b) For the Previous Financial years since it become Holding Company's Subsidiary | N.A. |
| | (ii) Not dealt with in the Holding Company's accounts: | |
| | a) For the financial year of the subsidiary | (Rs. 30,497/-) |
| | b) For the Previous Financial years since it become Holding Company's Subsidiary | 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. |
| | b) Investments made | N.A. |
| | c) Money lent by subsidiary | N.A. |
| | d) Money borrowed by the subsidiary for any purpose other than that of meeting current liabilities | N.A. |

MANAGEMENT DISCUSSION AND ANALYSIS REPORT
INDUSTRY DEVELOPMENTS, OPPORTUNITIES & THREATS

As television households in India grow from the current estimate of around 120 mn homes to over 132 mn by 2012, most households will become subscribers of cable & satellite services. Cable and DTH services will achieve a much higher penetration across TV homes in India with cable reaching over 85% homes by 2012.

TV Distribution: A growing digitalization of television distribution (with digital cable & DTH) has the potential to generate far higher distribution revenues for broadcasters.

Television distribution, estimated at Rs 16,700 cr in 2008 is expected to grow at an annual rate of 23% to touch Rs 38,000 cr by the year 2012. Emerging technologies such as IPTV and Mobile TV will also expand distribution revenues.

While a large portion of television distribution revenues do not reach broadcasters, the advent of digitalization should increase overall addressability of the market, resulting in increasing revenues for channels.

TV Advertising: Advertising, as a proportion to GDP, continues to be much lower in India than in most developed nations. As India's economy expands, this penetration is expected to increase. Since television is one of the prime destinations for advertisers, the increased ad spends are expected to filter down to broadcasters. Also, different products and services have different target user groups. Networks that reach all segments of the population are hence expected to have a far greater appeal to advertisers.

Overall, TV advertising is expected to grow from an estimated Rs 8,000 cr in 2008 to over Rs 20,000 cr by 2012, growing at an average annual rate of 20%.

Programming: While the television industry continues to be growing with several channels being launched regularly, those who are able to create a robust network of channels will be winners in the long run. Key programme genres include news & current affairs, the general entertainment category, films, talk shows/ interviews and music. To take a larger market share, networks not only need to be present in these genres, but also deliver content that audiences want to watch.

(Acknowledgement: The Indian Entertainment & Media Industry, FICCI PwC, 2008)

RISKS & CONCERNS

Competitive pressures will remain high with lots of new entrants in the industry, creating a fragmented market. This increases pressure on existing players to control costs and retain talent. A slowdown in economic growth could also result in reduced ad spends by companies. Also, increased regulation and government intervention in the news broadcasting space could impact news broadcasters

BUSINESS OVERVIEW AND PERFORMANCE

The year was marked by further consolidation and strengthening of your Company's flagship channel CNN IBN in the English news space. Your Company also announced the merger of IBN7 within itself by acquiring the stake held by its partners in the Joint Venture.

The year also marked your Company's foray in the regional news space through the joint-venture with Lokmat to launch IBN Lokmat, a 24 hour Marathi language news channel.

The Network18 Group also entered the Entertainment space through Viacom18 Media Pvt. Ltd. ("Viacom18"), a 50:50 joint-venture with the US media & entertainment conglomerate Viacom Inc. ibn18 has the option to acquire the Group's stake in Viacom18, currently held by BK Holdings Ltd., a subsidiary of Television Eighteen India Ltd. (TV18).

IBN Lokmat: Regional News Foray

FY 2007 – 08 also saw your Company enter the regional news space through a 50:50 Joint Venture with the Lokmat Group to launch the 24 hour Marathi Language news & current affairs channel IBN Lokmat.

The Joint Venture combines the strengths of the Network18 Group with its market leading television channels and the Lokmat Group, publishers of the largest circulated Marathi language daily.

IBN Lokmat was formally launched in April 2008 and has been well received by Marathi audiences. The channel is structured to meet the needs of the highly aware and conscious Marathi speaking audience in Western India with a delivery style to suit their pace of lives.

Viacom18 – The Comprehensive Entertainment Joint Venture

The Network18 Group entered into a 50:50 Joint-Venture with Viacom, a leading multinational media & entertainment conglomerate, for its entertainment foray. As the entertainment arm of the Group, ibn18 has the option to acquire the Group's stake in Viacom18 through an agreement with BK Holdings Ltd., a subsidiary of TV18.

The J-V, called Viacom18, operates the existing TV channels of Viacom in India (MTV, Vh1 & Nickelodeon). It has also launched a Hindi General Entertainment Channel called 'Colors' in July 2008 to tap the immense potential of the genre.

Besides the channels mentioned above, Studio18, the Network18 Group's film production & distribution arm, was also transferred to the J-V.

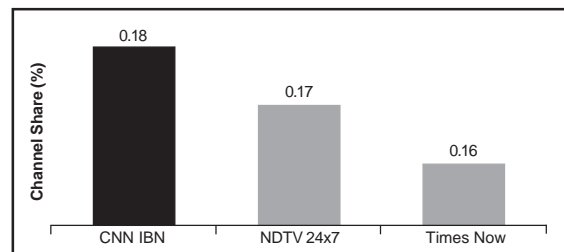
ENGLISH NEWS – CNN IBN, THE UNDISPUTED LEADER

CNN IBN firmed its place at the top of the English news category marking another year filled with cutting edge journalism and news presentation to Indian audiences.

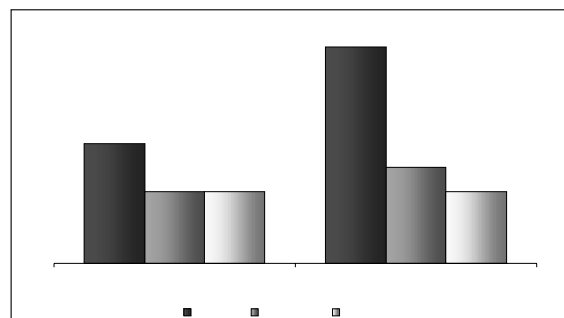
CNN IBN – The Unanimous Choice as Best News Channel

CNN IBN bagged the award for Best English News Channel at all three major awards in the Television Industry:

- BIG-Indian Television Academy Awards 2007
- Indian Telly Awards 2007
- Indiantelevision.com's NT Awards 2007

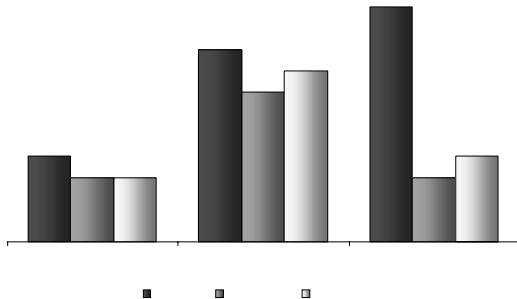
CNN IBN Garner's more Audience Share than its Peers


Source: TAM; Markets: All India; TG: CS 25+, Period: Wk 1 '08 – Wk 17 '08, 700-2400 All Days

CNN IBN is the Prime Time Channel of Choice for Affluent Audiences


Source: TAM; Markets: All India; Period: Wk 1 '08 – Wk 17 '08, 1800-2400 All Days

Audiences Tune Into CNN IBN During Breaking News Stories



Source: TAM, TG: CS M 25-54 AB+ YRS, All India; Jaipur Blasts - Period: 13/05/08, Tuesday, 19:50-21:00; Benazir Assassination – TG: CS M 25-44 AB Period: 27/12/07, Thursday, 18:40-20:00; IPL Auction- TG: CS M 25-44 AB, Date: 20/02/08, Time: 0900-1400 Wednesday

CNN IBN – Recognizing India's Heroes and Achievers Indian of the Year Award

CNN IBN presented the second **Indian of the Year Awards** for the year 2007 instituted to recognize Indians whose contribution to the Country has strengthened the foundation of our society and has helped build Brand India in the process. The awards were given for achievements in the fields of Politics, Business, Entertainment, Sports, Public Service and Global Indian. One of the awardees in the above categories is selected as the CNN IBN Indian of the Year. Besides this, an award in the category of Lifetime Achievement is also given.

The jury for the awards consisted of eminent and learned personalities from various fields, namely Padma Vibhushan Soli Jehangir Sorabjee, Padma Bhushan Deepak S Parekh, Padma Bhushan Nandan M. Nilekani, Padma Shri Shobhana Bhartia, Padma Shri Geet Sethi, Padma Shri Mohanlal Viswanathan Nair and Magasaysay Award winner and India's first woman IPS Officer Kiran Bedi. The awards also incorporated the public's participation through online/ SMS polling

Delhi Metro Managing Director, Dr E. Sreedharan was awarded the Indian of the Year 2007 for successfully achieving the Herculean task of building a modern metro rail system in one of the smoothest and most efficient executions of any infrastructure project in India. Other recipients included the cartoonist RK Laxman for Lifetime Achievement, Hon'ble Finance Minister, P Chidambaram for contribution to Politics and Chess Grandmaster Vishwanathan Anand for sports.

Real Heroes:

To commemorate 60 years of Indian independence, CNN-IBN and IBN-7 launched a unique initiative in 2007 called Real Heroes. It was an effort to recognise, acknowledge and celebrate ordinary Indians who made a difference to people's lives.

Spread across eight categories including, education, environment and wildlife conservation, 24 real Heroes, handpicked by the CNN-IBN's editorial team were honoured for their selfless efforts. These shortlisted candidates represent India's unsung heroes who showed great courage and perseverance in silently and selflessly contributing to the betterment of society.

The inaugural awards were presented in a ceremony held in April 2008 and were attended by industry leaders, sportspersons and film stars.

CNN IBN – Programmes

Key Programmes in Daily Lineup

Breakfast With India: Aired between 7 am – 9 am, the show provides an executive summary on the main happenings from the previous day and also the events that are expected to become the main news events of the day.

First Trade: Aired between 9:55 am – 10:30 am, coinciding with the market opening bell, the show gives a preview into the main news from the world of business and finance. The show gives opening quotes,

broker opinions & investing advice from experts.

Last Trade: Aired between 3:10 pm-3:35 pm, the show analyses events in the world of business as the markets come to a close after the day's trade. It offers reasons behind the day's movements in the stock markets.

8PM Prime: Aired between 8 pm-8:30 pm, the show provides snippets on the main news events of the day. It is designed as a fast paced, well rounded show covering all aspects of news from all genres.

INDIA 360°: The show, aired from 8:30 pm-9 pm gives an analytical view and an in-depth look into the biggest news stories of the day. The program is driven by reporters from the location.

INDIA at 9: INDIA AT 9, aired between 9 pm-10 pm, is CNN-IBN's flagship evening news show and covers all aspects of news from politics, sports, business, global and entertainment news.

Face the Nation: It is an interactive show which puts a current issue to test with a panel and gets the public's opinions on it. The show is interactive and incorporates audience responses via online posts and SMS, and puts the main topic on an SMS poll.

Key Weekend Shows

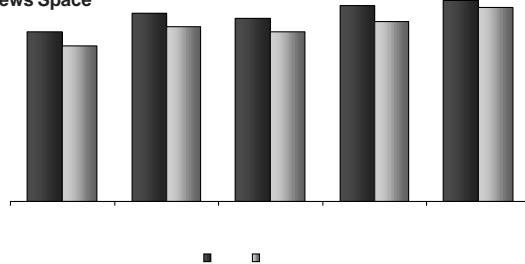
Devil's Advocate: A one-to-one question hour aired on weekends and hosted by India's pre-eminent talk show host, Karan Thapar. The show interviews a key newsmaker every week, putting them through a series of incisive questions to bring out the real facts behind the topics discussed.

What's Cool: Aired on Saturdays, the show previews the latest gadgets, cars, events, people, trends, fashion, and everything else in the sphere of cool. The show educated the audience on where to get the items from, their prices, etc.

HINDI NEWS - IBN7

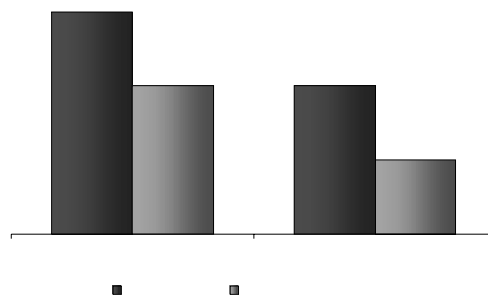
Over the current fiscal, your company's Hindi news venture, IBN7 has consolidated its presence in the Hindi news category. In December 2007, your Company announced the merger of IBN7 within itself through the full acquisition of its partners' stakes in the holding and operating companies of the channel.

IBN7 Has Distinguished Itself in the Highly Competitive Hindi News Space



Source: TAM; Markets: HSM ; 700-2400 All Days; Period: Wk 1 '08 – Wk 17 '08

The Power of the IBN Network – The Leading English-Hindi Combine



Source: TAM; Markets: All India ; Period: Wk 1 '08 – Wk 17 '08; TG: CS25+

IBN7 – Programmes

Key Programmes in Daily Lineup

Newsbreak: Covers the previous day's main events and a preview of the main events for the day ahead.

Breakfast News: The breakfast show from 8 am – 9:30 am hosted by two anchors, covering politics, entertainment, sports, health, weather among others. It caters to audiences across the country with the day's top news events with emphasis on sports & entertainment from India and the rest of the world.

IBN7 Live: Half-hour news wheels from 10 am – 1 pm & 2 pm to 5 pm, covering news as it breaks. It is a complete wrap-up of the events which are making headlines.

Serial Jaisa Koi Nahin: Covers the unfolding stories of various popular TV serials on different channels. Aired from 1:30 pm – 2 pm

IBN 7 Special: A half-hour special from 7:30 pm – 8 pm covering the day's top stories having human and social interest.

News Centre: The channel's flagship one-hour news show from 8 pm – 9pm. The show encompasses news from India and around the world covering stories on politics, metro news, sports, lifestyle & entertainment providing in-depth perspective on them

News Express: A fast paced half-hour coverage of all major news stories of the day aired between 9 pm – 9:30 pm. This show targets those who want maximum news in the shortest time.

Danke Ki Chot Par: A half hour show from 9:30 pm – 10 pm, where Ashutosh deciphers the main political story of the day. This program also draws Rajdeep Sardesai's opinions on these stories. It is an interactive show where the public expresses their opinions or votes through SMS.

Key Weekend Shows

Mudda: A talk show hosted by Sandeep Choudhary on Saturdays that debates the latest and most talked about news story. The show provides the audience a forum to voice their opinions, question politicians and take a stand on burning issues.

Premiere 7: Aired on Sundays, this programme shows audience opinions on the latest films. The anchor randomly selects 4 guests who give their views on the films as they watch them. The show also previews the forthcoming Hindi & foreign films.

Hot Seat: A one-on-one show with personalities who have been in the news recently. Hosted by Ashutosh/ Rajdeep Sardesai, the show is formatted as a no-holds barred question time with the guest.

INTERNET PORTALS

ibnlive.com

The internet news portal, www.ibnlive.com, (owned and managed by group affiliate Web18 Software Services Ltd.) serves as the online platform for your Company. News broadcast on CNN IBN is put up in text and other interactive formats on the site. ibnlive provides streaming video feeds, downloadable tickers and breaking news alerts on cell phones ensuring that viewers have access to CNN IBN's news even when they aren't near their TV sets. The site also hosts IBN Blogs where users can interact and share views and opinions with our journalists through regular online posts.

The website contains a section on investor relations which provides regular updates and statutory notices and press releases for ibn18 shareholders.

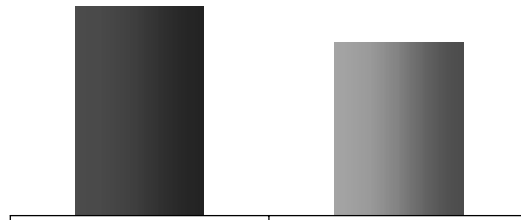
ibnkhobar.com

ibnkhobar.com is the Hindi online platform for IBN7, and has a role similar to what ibnlive.com plays for CNN IBN. The site's content is in the Hindi (Devnagari) script and is probably one of the first such initiatives by any Indian news broadcaster to take news in Hindi to a global audience.

REGIONAL NEWS (MARATHI) – IBN LOKMAT

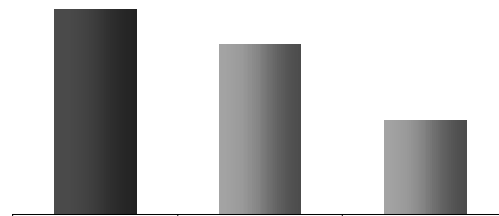
Your Company entered into a 50-50 JV with the Lokmat group to launch IBN Lokmat, the 24 hour Marathi language news and current affairs channel. The channel, launched on April 6, 2008, has reporters in every district of Maharashtra, and access to national and global networks and has already established itself with Marathi audiences.

Maharashtra's Affluent Audience Prefers IBN Lokmat over Zee 24 Taas



Source: TAM, TG: CS A 15+ Yrs, Market: Maharashtra; Time Period: Wk:15-22 '08, All Days

IBN Lokmat is the clear leader of Marathi News in Mah .1 to 1Mn market across time bands



Source: TAM, TG: CS 15+ Yrs, Market: Mah .1 to 1Mn; Time Period: Wk:15-22 '08, All Days

IBN Lokmat – Key Programmes

'Sakaalchya Baatmya': a half-hour show at 7:00 am updating the viewers on the major headlines, including a look at the day's newspapers.

'Salaam Maharashtra': The breakfast show with content ranging from the regular news headlines to stories on culture, music, literature, film, theatre, business, economy, social issues, the environment, etc.

'Market Watch': A brief view of the stock markets 10 minutes before the opening bell.

'Maharashtra Naama': A 1-hour show at 7:00 pm focused on the entire state of Maharashtra. A multi anchor show where all nine of the channel's bureaus report live through OB's.

'Mega Baatmi': A 30 min show at 8:00 pm with a focus on the major stories of the day

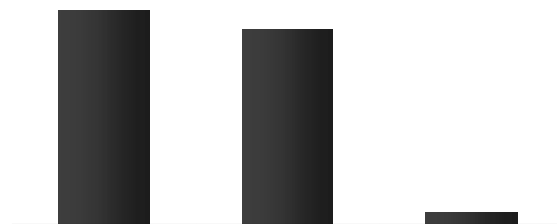
'Prime Time': A half hour prime time special show at 9:00 pm with updates on major developments in the field of politics, business, sports and entertainment.

'Metro Meter': A half-hour special at 10:00 pm that discusses issues related to lifestyle, culture and the everyday problems in metros.

'Show Time': A half hour special aired at 10:30 pm, covering entertainment, music, fashion, films and theatre. Apart from reporting on what's new in these spaces, it also features capsules on Marathi popular culture.

IBN Network - Advertiser Base for 2007 – 08

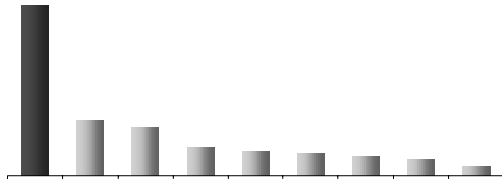
No. of Advertisers on Each Channel



* No. of Advertisers from April 2008 (launch of IBN Lokmat) to June 2008

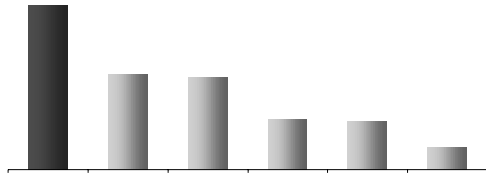
VIACOM18

MTV – The Clear Leader in Music



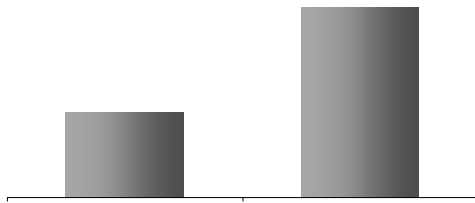
Source: TAM, TG: CS AB 15-34 Yrs, Market: All India, Time Period: Jan-Mar '08

**Successfully Challenging The Leading Entertainment Players
Commands the Highest Audience Share During MTV Roadies
Premiere Episodes**

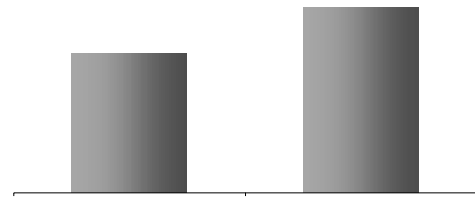


Source: TAM; HSM; CS 15-24 years; SEC AB; Week 6 to Week 15 '08
Daypart 7 to 8pm Sat

Vh1 – Increasing Reach and Share

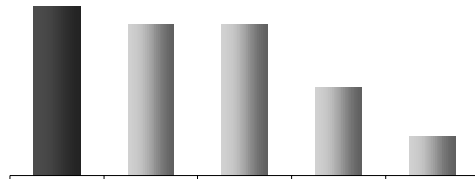


Source: TAM | TG : 15-44 Sec AB | Mkts: 5 Metros | Period: WK 1-
Wk13 '08 | Channel Share



Source: TAM | TG : 15-44 Sec AB | Mkts: 5 Metros | Period: WK 1-
Wk13 '08 | Wkly Reach in '000s

Nickelodeon – A Leader in the Kids Genre



Source: TAM; TG TVR Wk16: 4-14; ABC, HSM 1L+; 07:00 – 22:00

Nick has established itself as one of the Stickiest Channels in the Kids Genre:

- Consistent focus on Innovation, Interactivity and Engagement ensures Nick's Stickiness with kids
- Kids spent 120 mins per week in JFM 2008,
- Chartbusters like Ninja Hattori, Perma & Spongebob Squarepants propelled Nick's TVR, Reach and Time-Spent

BUSINESS STRATEGY AND FUTURE PLANS

Your Company will continue to grow its presence in the television news and entertainment space to transform into a strong media conglomerate. Your Company will consolidate its market leading positions in English and Hindi general news, and expand and strengthen its offerings in regional news. Your company will continue to invest in the growth of its entertainment offerings under the Viacom18 J-V.

Joint Ventures with strong partners are an integral part of your Company's strategy to enter and succeed in new businesses. It will continue to explore such options as and when opportunities present themselves.

INTERNAL CONTROL SYSTEMS

Your Company has put in place a proper system of internal controls that ensures the effectiveness and efficiency of 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. Even the slightest diversions from the standards are reported to the Board and Audit Committee thereof and appropriate curative measures are taken. The Internal Control Systems are periodically reviewed and strengthened to meet the requirements.

HUMAN RESOURCES AND DEVELOPMENT

Your Company firmly believes that a competent work force is the key contributor to the success of any organisation and recognizes that a significant part of its success depends on the quality of its human resources. Your Company continuously recruits skilled professional 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 & 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.

ibn18's Human Resource team continues to make a concerted effort to cultivate your Company's image as an 'employer of choice' at leading campuses across the country. This, coupled with the Group's strong brand equity, continues to attract the best talent in the industry.

The comprehensive *Performance Management System* continues to help employees recognize their strengths and areas of improvement. Your Company has created a dedicated *Organization Development* team which aims to create a *Learning Organization* in the coming years. In our efforts towards building a *High Performance Work Culture*, a set of 5 Values are being deployed along with the Mission statement. The *Reward & Recognition Program* that was introduced last year continues to identify and reward the outstanding performers for their contribution and excellence. *Embedded HR teams* are working closely with different businesses so that there is rigor in the support.

Within a span of just three 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.

DISCLAIMER

Statements in the management discussion and analysis report describing the Company's outlook may differ from the actual situation. Important factors that would make a difference to the Company's operations include market factors, government regulations, developments within the country and abroad and other such factors.

| 'Group' under The Monopolies and Restrictive Trade Practices Act, 1969 | | | |
|---|---|----|--|
| | | 30 | RB Holdings Private Limited |
| | | 31 | RB Investments Private Limited |
| | | 32 | RRB Fincap Private Limited |
| | | 33 | RRB Finhold Private Limited |
| | | 34 | RRB Holdings Private Limited |
| | | 35 | RRB Investments Private Limited |
| | | 36 | RRB Media Private Limited |
| | | 37 | RRK Finhold Private Limited |
| | | 38 | RRK Finvest Private Limited |
| | | 39 | RRK Holdings Private Limited |
| | | 40 | RVT Fincap Private Limited |
| | | 41 | RVT Finhold Private Limited |
| | | 42 | RVT Holdings Private Limited |
| | | 43 | RVT Investments Private Limited |
| | | 44 | RVT Media Private Limited |
| | | 45 | RVT Softech Private Limited |
| | | 46 | setpro18 Distribution Limited |
| | | 47 | SGA News Limited |
| | | 48 | Stargaze Entertainment Private Limited |
| | | 49 | Tangerine Digital Entertainment Private Limited |
| | | 50 | Television Eighteen Commoditiescontrol.com Limited |
| | | 51 | Television Eighteen India Limited |
| | | 52 | Television Eighteen Mauritius Limited |
| | | 53 | TV18 Home Shopping Network Limited |
| | | 54 | TV18 HSN Holdings Limited |
| | | 55 | TV18 Media and Investments Limited |
| | | 56 | TV18 UK Limited |
| | | 57 | Viacom 18 Media Private Limited |
| | | 58 | VT Holdings Private Limited |
| | | 59 | VT Investments Private Limited |
| | | 60 | VT Media Private Limited |
| | | 61 | VT Softech Private Limited |
| | | 62 | Web18 Holdings Limited |
| | | 63 | Web18 Software Services Limited |
| | | 64 | Wespro Digital Private Limited |
| <p>Person(s) constituting the 'Group' as defined in The Monopolies and Restrictive Trade Practices Act, 1969 for the purpose of Regulation 3(1)(e)(i) of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 1997, include the following:</p> | | | |
| Sl. No. | Name of Entity | | |
| 1 | B K Media Private Limited | | |
| 2 | BK Capital Limited | | |
| 3 | BK Communications Limited | | |
| 4 | BK Fincap Private Limited | | |
| 5 | BK Finhold Private Limited | | |
| 6 | BK Holdings Limited | | |
| 7 | BK Media Mauritius Limited | | |
| 8 | BK Ventures Limited | | |
| 9 | Capital18 Limited | | |
| 10 | Care Websites Private Limited | | |
| 11 | Colosseum Media Private Limited | | |
| 12 | digital18 Media Private Limited | | |
| 13 | E-18 Limited, Cyprus | | |
| 14 | e-Eighteen.com Limited | | |
| 15 | greycells18 Media Private Limited | | |
| 16 | IFC Distribution Private Limited | | |
| 17 | India International Film Advisors Private Limited | | |
| 18 | inews.com Limited | | |
| 19 | Jagran TV Private Limited | | |
| 20 | Keyman Financial Services Private Limited | | |
| 21 | Moneycontrol Dot Com India Limited | | |
| 22 | Namono Investments Limited | | |
| 23 | Network18 India Holdings Private Limited | | |
| 24 | Network18 Media & Investments Limited | | |
| 25 | Network18 Publications Private Limited | | |
| 26 | News Wire 18 India Private Limited | | |
| 27 | RB Softech Private Limited | | |
| 28 | RB Software Private Limited | | |
| 29 | RB Finhold Private Limited | | |

CORPORATE GOVERNANCE REPORT
COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Company's philosophy on Corporate Governance lies in adoption & implementation of series of principals, rules, systems to follow the best business practices on continual basis within the applicable legal and regulatory framework. Transparency & integrity in business operations, professionalism, fairness and accountability are the core values that strive us to achieve our goals / objectives with highest ethical standards. Being a responsible corporate your Company is committed to follow good corporate governance practices in true letter and spirit to benefit the internal as well as external environment of the Company.

In align with the requirements of clause 49 of the Listing Agreement with the Stock Exchange(s) the status of compliances thereof is laid as under:

BOARD OF DIRECTORS

The Board of Directors formulates, implements and continuously review the strategies focused to achieve the mission & vision of the Company.

Composition of the Board

The Board of the Company comprises of an apposite mix of independent, learned, expert and eminent personalities of the respective disciplines who provide their inestimable contribution regularly besides framing the business policies, discussions on review of operations and performance of the Company.

Including a Joint Managing Director, there are seven members on the Board of the Company, of which three are Non-Executive Directors and three are Independent Directors. The details of Directors on the Board of Company for the year 2007-08 are set out in the table below:

| Name of Director | Category of Directorship | No. of outside Directorships Held | No. of Chairmanships / Memberships of other Board Committees | |
|--------------------------|---|-----------------------------------|--|------------|
| | | | Chairmanship | Membership |
| Mr. Raghav Bahl | Chairman, Non-Executive Director | 8 | — | — |
| Mr. Sameer Manchanda | Jt. Managing Director, Executive Director | 4 | — | — |
| Mr. Manoj Mohanka | Independent Director | 5 | 4 | 1 |
| Mr. Sanjay Ray Chaudhuri | Non-Executive Director | 7 | — | 5 |
| Mr. Shahzaad Dalal | Non-Executive Director | 10 | 3 | 5 |
| Mr. G. K. Arora | Independent Director | 13 | 1 | 7 |
| Mr. Hari S. Bhartia | Independent Director | 12 | — | 3 |

- In compliance with the latest amendment in Clause 49 of the Listing Agreement with the Stock Exchange(s) Mr. Manoj Mohanka, Non Promoter Independent Director was appointed as Chairman of the Board instead of Mr. Raghav Bahl, Non-Executive Promoter Director vide Company's Board meeting held on April 25, 2008.
- For the purpose of considering the total number of directorships, all Public Limited Companies, whether listed or not, have been considered. Private Limited Companies, whether subsidiary of a Public Limited Company or not, Foreign Companies and Companies under section 25 of The Companies Act, 1956, have not been included.
- For the purpose of considering the total number of Memberships/ Chairmanships of Committee(s) only Audit Committees and Shareholders'/ Investors' Grievance Committees of all Public Limited Companies have been considered.
- None of the Directors is a Chairman / member in more than 5 / 10 committees across all Companies in which they are Directors.

Director's Profile

Brief descriptions of the Directors, whose candidatures are proposed for re-appointment at the Annual General Meeting, as required under Clause 49 IV (G) of the Listing Agreement entered into with the Stock Exchange(s) are as under:

Mr. G. K. Arora

Mr. G. K. Arora is a retired officer from Indian Administrative Services. He holds a postgraduate degree in History from the University of Allahabad and is also a Master of Public Administration (Harvard University, USA). Mr. Arora has held important posts of Finance Secretary in the Ministry of Finance, Government of India for the year 1989-90 and Secretary in the Ministry of Information & Broadcasting, Government of India for the year 1988. He has been the Executive Director to the International Monetary Fund representing India/Bangladesh/Bhutan/ Sri Lanka for 4 years, Economic Minister, Embassy of India, Moscow during 1975-78 and from 1978 to 1981. Mr. Arora has worked as Commissioner, Kumaon Division and Educational Secretary in Uttar Pradesh and also held the posts of Joint Secretary (1983), Additional Secretary (1984-87) and Special Secretary (1987) in the Office of the Prime Minister, Government of India.

Mr. Arora is associated as Director of the Company since September 29, 2006 and is also member of Audit Committee, Remuneration / Compensation Committee and Sub Committee of the Board. The details of his Directorships and Committee memberships in other Public Limited Companies are as under:

| Sr. No. | Name of the Company | Position on the Board and Committees thereof |
|---------|---|--|
| 1 | Television Eighteen India Limited | Chairman of the Board and Member of the Audit Committee, Remuneration Committee and Chairman of Sub Committee. |
| 2 | Network18 Media & Investments Limited | Chairman of the Board and Member of Audit Committee, Shareholders'/ Investors' Grievance Committee, Remuneration / Compensation Committee, Sub Committee and Chairman of Rights Issue Committee. |
| 3 | Noida Toll Bridge Company Limited | Chairman of Board and Chairman of Audit Sub-Committee, HRD Committee and Member of Investors' Grievance Committee. |
| 4 | Roto Pumps Limited | Chairman of Board and member of Audit Sub-Committee and Remuneration Committee. |
| 5 | Jaiprakash Power Venture Limited | Director and Chairman of Finance Committee. |
| 6 | Alps Industries Limited | Director and Member of Audit Sub-Committee, Remuneration Committee and Investor Grievance Committee. |
| 7 | Bengal Ambuja Housing Development Limited | Director |

| Sr. No. | Name of the Company | Position on the Board and Committees thereof |
|---------|---|--|
| 8 | IL&FS Transportation Networks Limited | Chairman of the Board and Remuneration Committee. |
| 9 | Jaiprakash Associates Limited | Director and Chairman of Finance Committee. |
| 10 | Jaiprakash Hydropower Limited | Director |
| 11 | Infrastructure Leasing & Financial Services Limited | Director and member of Remuneration Committee and Chairman of Risk Management Committee. |
| 12 | Jaypee Karcham Hydro Corporation Limited | Director |
| 13 | HSG (India) Limited | Director |

Mr. G. K. Arora doesn't hold any share of the Company as on March 31st, 2008.

Mr Hari S. Bhartia

Mr. Hari S Bhartia is B.Tech Graduate (Chemical) from IIT. He is the Co-Chairman of Jubilant Group. Mr. Bhartia has been instrumental in the establishment of Domino's Pizza India as one of the largest fast food chains in the Country and has also contributed actively through involvement and lead roles in the Young Presidents Organisation Inc. (YPO). Mr. Bhartia has also worked as Chairman, Expert Group to Develop Policy Initiatives for Technician Education through the National Project Implementation Unit, a World Bank assisted project (1998), Chairman of National Committee on Technical Education & Training of CII (1998), Member of CII National Technology Council (1998) and Chairman of National Committee on Chemicals and Petrochemicals (1999-2000).

Mr. Hari S. Bhartia is associated as Director of the Company since September 29, 2006 and is also a member of Audit Committee and Remuneration / Compensation Committee of the Board. Details of his Directorships and Committee memberships in other Public Limited Companies are as under:

| Sr. No. | Name of the Company | Position on the Board and Committees thereof |
|---------|-------------------------------------|--|
| 1 | Jubilant Organosys Ltd. | Co-Chairman of Board and MD |
| 2 | Jubilant Chemistry Ltd. | Director |
| 3 | Jubilant Biosysys Ltd. | Director |
| 4 | Jubilant Innovation (India) Ltd | Director |
| 5 | Jubilant Infrastructure Ltd | Director |
| 6 | Jubilant First Trust Healthcare Ltd | Director |
| 7 | Geo-Enpro Petroleum Ltd | Director |
| 8 | Television Eighteen India Ltd | Director and member of Audit Committee |
| 9 | Vam Holding Ltd | Director |
| 10 | Domino's Pizza India Ltd | Director and member of Audit Committee |
| 11 | Enpro Secan India Ltd | Co-Chairman of the Board |
| 12 | Clinsys Clinical Research Ltd | Director and member of Audit Committee |

Mr. Hari S. Bhartia doesn't hold any share of the Company as on March 31st, 2008.

Attendance at Board Meetings and Annual General Meeting:

The Board Meeting(s) are generally convened in every quarter of the financial year with a maximum gap of four months between the two consecutive meetings. Notice and Agenda of the meeting along with other relevant papers are circulated well in time before the meeting. The Board is provided with the information as required under Annexure IA to Clause 49 of the Listing Agreement.

A total of **nine** meetings were held during the financial year 2007-08 on April 21, 2007, July 5, 2007, August 9, 2007, September 7, 2007, October 31, 2007, December 17, 2007, December 19, 2007, January 31, 2008 and February 5, 2008. The attendance of Directors at the Board Meetings and at the last Annual General Meeting is as under:

| Name of Director | No. of Board meetings attended | Attended last Annual General Meeting |
|--------------------------|--------------------------------|--------------------------------------|
| Mr. Raghav Bahl | 9 | Yes |
| Mr. Manoj Mohanka | 7 | Yes |
| Mr. Sameer Manchanda | 9 | Yes |
| Mr. Sanjay Ray Chaudhuri | 9 | Yes |
| Mr. Shahzaad Dalal | 0 | No |
| Mr. G. K. Arora | 7 | No |
| Mr. Hari S. Bhartia | 2 | No |

The Company Secretary of the Company records the minutes of every Board meeting, which are considered and approved by the Board at its consecutive meeting.

Compensation to Board of Directors

Non-Executive members of the Board are paid sitting fees for attending the Meetings of Board and few committees thereof, within the ceiling as provided under the Companies Act, 1956. Besides this Non-Executive directors do not have any other pecuniary relationship or transaction with the Company. 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.

The detail of total compensation paid by the Company to Directors on the Board during 1st April 2007 to 31st March 2008 is set out in the table as under:

(Amount in Rs.)

| Name of Director | Business Relationship with Company, if any | Relationship with other Directors | Gross Remuneration | ESOP Compensation | Sitting Fee | Total Compensation |
|--------------------------|--|-----------------------------------|--------------------|-------------------|-------------|--------------------|
| Mr. Raghav Bahl | None | None | NIL | NIL | 95,000/- | 95,000/- |
| Mr. Sameer Manchanda | None | None | 1,22,64,000/- | NIL | NIL | 1,22,64,000/- |
| Mr. Manoj Mohanka | None | None | NIL | NIL | 85,000/- | 85,000/- |
| Mr. Sanjay Ray Chaudhuri | None | None | NIL | NIL | 1,10,000/- | 1,10,000/- |
| Mr. Shahzaad Dalal | None | None | NIL | NIL | NIL | NIL |
| Mr. G. K. Arora | None | None | NIL | NIL | 1,10,000/- | 1,10,000/- |
| Mr. Hari S. Bhartia | None | None | NIL | NIL | 25,000/- | 25,000/- |

Office of Chairman

The Chairman on the Board of the Company is a Non-Executive Director. The Chairman is responsible to follow the best Corporate Governance practices during convening the meetings of the Board. In compliance with the latest amendment in Clause 49 of the Listing Agreement with the Stock Exchange(s) the present Chairman on the Board of Company is a Non Promoter Independent Director.

Shareholding of Directors

Shareholding of the Directors of the Company as on March 31, 2008 is as under:

| Sl. No. | Name of Director | No. of shares held (face value Rs. 2/- each) |
|---------|--------------------------|--|
| 1 | Mr. Raghav Bahl | 36,39,080 |
| 2 | Mr. Sameer Manchanda | 1,06,96,295 |
| 3 | Mr. Sanjay Ray Chaudhuri | NIL |
| 4 | Mr. Shahzaad Dalal | NIL |
| 5 | Mr. G. K. Arora | NIL |
| 6 | Mr. Hari S. Bhartia | NIL |
| 7 | Mr. Manoj Mohanka | NIL |

COMMITTEE(S) OF BOARD

The Board of the Company has constituted its different Committees having their focused attention on various working aspect of the Company. The details of the various Committees of the Board are as under:

1. AUDIT COMMITTEE

(a) Composition

The Audit Committee of the Company is constituted in compliance with the requirement of The Companies Act, 1956 and the Listing Agreement with the Stock Exchange(s). Presently the Audit Committee comprises of four Non-Executive Directors, three of which are Independent namely Mr. G.K. Arora, Mr. Manoj Mohanka and Mr. Hari S. Bhartia. Mr. Sanjay Ray Chaudhuri, Non-Executive Director, is also a member of the Audit Committee. All the members of the Audit Committee are financially literate and Chairman of the Audit Committee is financial expert. The Company Secretary of the Company act as Secretary of the Committee

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

The Committee deals with the various aspects of financial statements, adequacy of internal controls, various audit reports, compliance with accounting standards, Company's financial & risk management policies. It reports to the Board of Directors about its findings & recommendations pertaining to above matters. The Committee also reviews the utilization of funds generated through the Initial Public Offer (IPO) of the Company on quarterly basis.

(c) Number of Committee meetings & attendance

During the year under review five meetings of the Audit Committee were convened on April 30, 2007, July 5, 2007, July 21, 2007, October 31, 2007, and on January 31, 2008. The details of attendance of members at the Committee Meetings are as under:

| Name | Category of Directorship | Position | No. of meetings held | No. of meetings attended |
|------------------------|--------------------------------------|----------|----------------------|--------------------------|
| *Mr. Manoj Mohanka | Non – Executive Independent Director | Chairman | 5 | 3 |
| Mr. G. K. Arora | Non–Executive Independent Director | Member | 5 | 4 |
| Mr. Hari S. Bhartia | Non – Executive Independent Director | Member | 5 | 1 |
| **Mr. Sameer Manchanda | Executive Director | Member | 5 | 5 |

*Mr. Manoj Mohanka was inducted to the Audit Committee on July 5, 2007 and was appointed as Chairman of the Audit Committee on January 31, 2008 in progression to Mr. G. K. Arora.

**On January 31, 2008 the Audit Committee was reconstituted to include Mr. Sanjay Ray Chaudhuri in place of Mr. Sameer Manchanda, who has resigned from the committee.

(d) Review of information by the Audit Committee

The Audit Committee reviews the reports of the Internal Auditors, meets Statutory and Internal Auditors as and when required & discusses their findings, observations, suggestions, internal control systems, scope of audits and other related matters.

2. SHAREHOLDERS/INVESTOR'S GRIEVANCE COMMITTEE**(a) Composition**

The Committee comprises of three Directors, two of whom are Non-Executive namely Mr. Raghav Bahl and Mr. Sanjay Ray Chaudhuri. Mr. Sameer Manchanda is an Executive Director member of the Committee.

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

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

(c) Number of Committee meetings & attendance

The Committee met five times during the year viz. on April 30, 2007, May 30, 2007, July 10, 2007, October 10, 2007 and January 10, 2008. The Committee discussed about the complaints received by the Company and redressed the same. The details of attendance of members at the Committee Meetings are as under:

| Name | Category of Directorship | Position | No. of meetings held | No. of meetings attended |
|--------------------------|--------------------------|----------|----------------------|--------------------------|
| Mr. Raghav Bahl | Non-Executive Director | Chairman | 5 | 5 |
| Mr. Sameer Manchanda | Executive Director | Member | 5 | 5 |
| Mr. Sanjay Ray Chaudhuri | Non-Executive Director | Member | 5 | 5 |

(d) Name and designation of Compliance Officer

Mr. Hitesh Kumar Jain
Company Secretary

(e) Investors' correspondence / complaints & their redressal

The Company received 347 correspondence(s) from the Shareholders / Stock Exchange(s) / SEBI during the period from April 1, 2007 to March 31, 2008 out of which 51 were related to corrections in cheques / Warrants. The rest of the 295 correspondences were general in their nature. All complaints were redressed / attended to the satisfaction of the shareholders effectively within the statutory time limit and no complaint was pending at the end of financial year March 31, 2008.

3. REMUNERATION/ COMPENSATION COMMITTEE**(a) Composition**

The Remuneration / Compensation Committee of the Board comprises of three Directors namely Mr. G. K. Arora, Mr. Sanjay Ray Chaudhuri and Mr. Hari S. Bhartia. The Chairman of the Committee is a Non-Executive, Independent Director.

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

The committee deliberates on the remuneration policy of the Directors including granting options/ equity shares under the Employees Stock Option / Purchase Plans of the Company to the Directors as well as employees of the Company and/or its holding and subsidiaries Companies, if any.

(c) Number of Committee meetings & attendance

The Committee met twice during the period under review on April 21, 2007 and on January 23, 2008. The details of attendance of members at the Committee Meetings are as under:

| Name | Category of Directorship | Position | No. of meetings held | No. of meetings attended |
|--------------------------|-------------------------------------|----------|----------------------|--------------------------|
| Mr. G. K. Arora | Non-Executive, Independent Director | Chairman | 2 | 2 |
| Mr. Hari S. Bhartia | Non-Executive, Independent Director | Member | 2 | NIL |
| Mr. Sanjay Ray Chaudhuri | Non-Executive Director | Member | 2 | 2 |

Besides above-mentioned Committees, the Company has following other working Committees of the Board:

- 1 Share Transfer Committee
- 2 Sub Committee
- 3 Finance Committee
- 4 Allotment Committee
- 5 Preferential Allotment Committee
- 6 QIP Committee
- 7 *IPO Committee

* IPO Committee was dissolved on February 5, 2008.

CODE OF CONDUCT

The Board had laid down a Code of Conduct for all the Director's and Senior Management Executive(s) of the Company as required under Clause 49 I(D) of the Listing Agreement. This code is also posted on the website of the Company www.ibnlive.com. All the Board Members and Senior Management Personnel(s) to whom this Code of Conduct is applicable have affirmed compliance with the Code and a declaration of this affirmation from Joint Managing Director of the Company forms a part of this report as Annexure – B.

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.ibnlive.com.

DISCLOSURES

- None of the transactions with any of the related parties were in conflict with the interest of the Company. Attention of the members is drawn to the disclosures of transactions with the related parties as set out in Note No. 16 of the Notes on Accounts, forming part of this Annual Report.

- The Company has complied with all the requirements, as applicable to the Company, to the best of its knowledge and understanding, of the Listing Agreement with the Stock Exchange(s) and the regulations and guidelines of the Securities and Exchange Board of India (SEBI). SEBI, Stock Exchange(s) or any statutory authorities have imposed no penalties or strictures on matters relating to capital markets from the date of listing i.e. February 8, 2007.
- The Company has complied with all the mandatory requirements under Clause 49, as applicable.
- The Non-executive Directors, apart from receiving sitting fees for attending Board Meetings and Committee Meetings, do not have any other material pecuniary relationship or transaction with the Company.
- Management Discussion and Analysis Report is provided as a part of the Directors' Report published else where in this Annual Report.
- In preparation of the financial statements, the Company has followed the Accounting Standards as issued by 'The Institute of the Chartered Accountants of India', to the extent applicable.
- Business risk evaluation and management is an ongoing process within the Company. During the year under review, a detailed exercise on "Risk Assessment and Management" was carried out covering the entire gamut of business operation and the Company has taken further steps to minimize the risk and the Board was informed of the same.
- The Jt. Managing Director and the General Manager- Finance have furnished to the Board, a certificate in respect of the financial statements and the Cash Flow Statement of the Company for the financial year ended March 31, 2008, which forms part of this report as Annexure - C.

SPECIAL BUSINESS TRANSACTED AT THE LAST THREE ANNUAL GENERAL MEETINGS

The Company was incorporated on June 6, 2005 and hence the details of special business transacted at the First and Second Annual General Meeting(s) of the Company are as follows:

| Meeting | 1 st AGM | 2 nd AGM |
|---------|---|---|
| Date | July 15 th , 2006 | September 7 th , 2007 |
| Time | 4.30 P.M. | 1.30 P.M. |
| Venue | B-2, Kailash Appartments, Lala Lajpat Rai Marg, New Delhi - 110048 | Kamani Auditorium, 1, Copernicus Marg, New Delhi -110001 |
| Sl. No. | Special Business | Special Business |
| 1. | Appointment of Mr. Sameer Manchanda as Joint Managing Director of the Company w.e.f. July 1, 2005 | Alteration in Articles of Association of the Company to insert new Article no. 100A thereby enabling the TV18 Group along with its Subsidiaries / Associates / Affiliates to exercise control over the Company. |
| 2. | NIL | Approval for GBN Employees Stock Option Plan 2007 for employee(s) and Director(s) of the Company. |
| 3. | NIL | Approval for GBN Employees Stock Option Plan 2007 for employees of Holding or Subsidiary Company(ies) of the Company. |
| 4. | NIL | Approval to offer, more than 1% but not more than 3% of issued capital in any one year to any employee or Director of Company or of Holding or Subsidiary Company under the GBN Employees Stock Option Plan 2007. |

MEANS OF COMMUNICATION

Financial results at the end of every quarter and financial year are published regularly within the prescribed time limit in 'Financial Express/ Business Standard' and 'Jansatta'. The Financial results and other shareholders information(s) are also displayed on website of the Company - www.ibnlive.com on regular basis and are also being sent to Stock Exchange(s), in compliance of the Listing Agreement, to enable them to display these on their websites.

POSTAL BALLOT

During the financial year 2007-08, Company has conducted Postal Ballot process thrice as per following details:

- Postal Ballot notice dated April 21, 2007 was dispatched on May 4, 2007 under the Companies (Passing of Resolution by Postal Ballot) Rules, 2001 to members for obtaining their consent on Ordinary / Special resolution(s) relating to approval for raising of fresh capital through International market, Creation of Charges or mortgage/hypothecation of the movable and immovable properties of the Company, Increase in borrowing powers and Inter-Corporate Loans/Investments/Guarantees. Mr. G.N. Mehra, Retd. (IAS) Former Chief Secretary, U.P. was appointed as scrutinizer for overseeing the Postal Ballot process. All the resolution(s) were passed with 99.99% votes casted in favour.
- Postal Ballot notice dated September 7, 2007 was dispatched on September 12, 2007 under the Companies (Passing of Resolution by Postal Ballot) Rules, 2001 to members for obtaining their consent on Special resolution under section 81(1A) for issue of 30,00,000 convertible warrants on preferential allotment basis. Mr. G.N. Mehra, Retd. (IAS) Former Chief Secretary, U.P. was appointed as scrutinizer for overseeing the Postal Ballot process. The resolution was passed with 99.99% votes casted in favour.
- Postal Ballot notice dated December 19, 2007 was dispatched on December 24, 2007 under the Companies (Passing of Resolution by Postal Ballot) Rules, 2001 to members for obtaining their consent on an Ordinary resolution under section 13, 16 and 94 of The Companies Act, 1956 for split of face value of equity shares of the Company. Mr. A.K. Bhayana, Practicing Company Secretary, was appointed as scrutinizer for overseeing the Postal Ballot process. The resolution was passed with 99.99% votes casted in favour.

GENERAL SHAREHOLDERS INFORMATION

Annual General Meeting

| | |
|------------|--|
| Day & Date | Monday the 15 th day of September 2008 |
| Time | 11.00 A.M. |
| Venue | MPCU, Shah Auditorium, Mahatma Gandhi Sanskritik Kendra, 2 Raj Niwas Marg, Shree Delhi Gujrati Samaj Marg, Civil Lines, Delhi – 110054 |

Financial Calendar: [Tentative and subject to change]

| | |
|---|---------------------------|
| Financial Reporting for the 1 st quarter ending June 30, 2008 | Last week of July 2008 |
| Financial Reporting for the 2 nd quarter ending September 30, 2008 | Last week of October 2008 |
| Financial Reporting for the 3 rd quarter ending December 31, 2008 | Last week of January 2009 |
| Financial Reporting for the last Quarter and financial year ending March 31, 2009 | Last week of April 2009 |

Date of Book Closure

Monday the 8th day of September 2008 to Monday the 15th day of September 2008
(Both days inclusive)

Listing on Stock Exchange(s) and Stock Code(s)

The Equity shares of the Company are listed on Bombay Stock Exchange Limited (BSE) under scrip code 532800 and on National Stock Exchange of India Limited (NSE) with scrip code 'IBN18'.

The name of the Company was changed from 'Global Broadcast News Limited' to 'ibn18 Broadcast Limited' vide resolution passed at the Extra ordinary General meeting of the Company held on March 10, 2008. A fresh Certificate of Incorporation confirming the change of name of the Company was issued by the Registrar of Companies, NCT of Delhi & Haryana on April 2, 2008. Prior to the change of name, the shares of Company were traded under scrip code 'GBN' on National Stock Exchange Limited.

The Annual Listing fee for 2008-09 has been paid to the aforesaid Stock Exchange(s) within the stipulated time period.

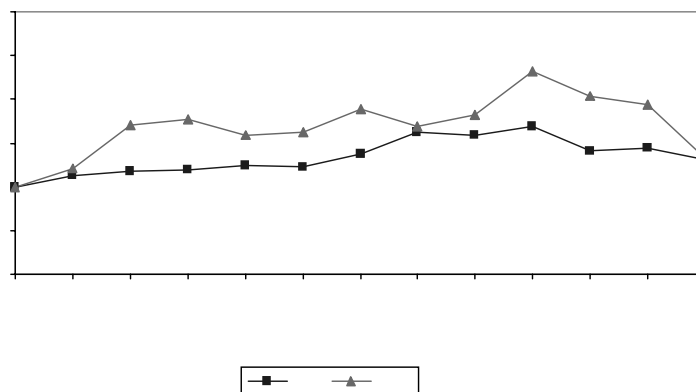
The new International Securities Identification Number (ISIN) allotted to the Company's share under the Depository System after sub division of face value is INE886H01027.

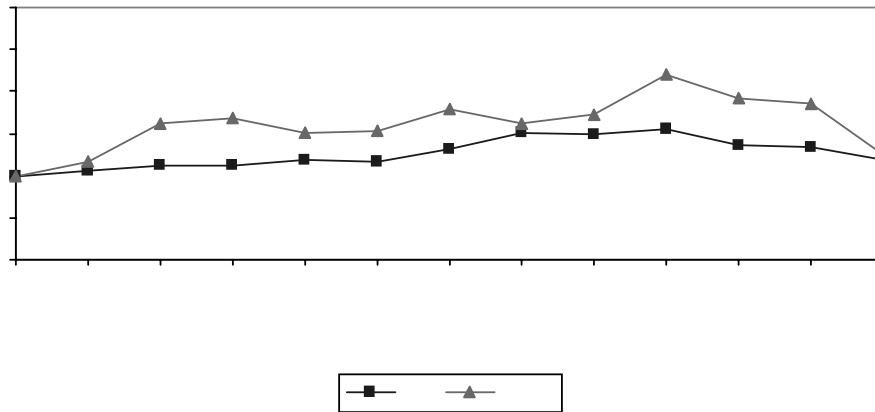
Market Price Data

Equity Shares of the Company are listed and traded on BSE and NSE and the High Low rates of the shares of the Company during the year ended March 31, 2008 are as follows:

| Month | High | | Low | |
|---|---------|---------|---------|---------|
| | NSE | BSE | NSE | BSE |
| April 2007 | 626.80 | 625 | 504.65 | 506 |
| May 2007 | 934.70 | 934.90 | 575 | 606 |
| June 2007 | 973.70 | 969 | 850 | 850.10 |
| July 2007 | 949 | 951.60 | 755.50 | 790.50 |
| August 2007 | 934.80 | 935 | 707.70 | 738 |
| September 2007 | 1128 | 1129 | 800 | 745 |
| October 2007 | 1050 | 1005 | 741.05 | 791 |
| November 2007 | 1000 | 1020 | 817 | 830.05 |
| December 2007 | 1220 | 1220 | 890 | 915 |
| January 2008 | 1264.95 | 1264.90 | 725 | 769 |
| February 2008 (Pre Split of face value of shares) | 1184 | 1165 | 771.25 | 820 |
| February 2008 (Post Split of face value of shares) | *255 | *256 | *195.05 | *196.05 |
| March 2008 | *196 | *196 | *103 | *102 |

* The face value of the shares of the Company were split in the ratio of 1:5 on 21st February, 2008 (Ex-Record date), therefore the Market price of the shares is not comparable with the previous period during the year under consideration.

Stock performance in comparison with NSE NIFTY
Stock Performance [Indexed to 100 as on April 1, 2007]


Stock performance in Comparison with BSE SENSEX
Stock Performance [Indexed to 100 as on April 1, 2007]

Address of the Registrar & Share Transfer Agent:

Intime Sepectrum Registry Limited
 A-40, 2nd Floor, Naraina Industrial Area, Phase - II
 Near Batra Banquet Hall,
 New Delhi - 110 028
 Phone Nos. - 011- 41410592-94
 Fax No. - 011-41410591
 Email: delhi@intimespectrum.com

Name and designation of Compliance Officer

Hitesh Kumar Jain
 Company Secretary
 Ph # (+91 – 120) 434 1818
 Fax # (+91 – 120) 432 4110
 Email : hitesh.jain@network18online.com

Share Transfer System

Intime Spectrum Registry Limited is appointed as the Registrar & Share Transfer Agent of the Company. The transfer of shares is approved at the meetings of Share Transfer Committee which met five times during the year 2007 – 08.

Approximate time taken for share transfer, if the documents are in order in all respects : 15 days
 Total No. of shares transferred during 2007 – 2008 : 50
 Number of Shares pending for Transfer as on 31.03.2008 : NIL

Redressal of Investors Complaints

The philosophy of the Company is to give utmost importance to the redressal of investor's grievances and in furtherance of this philosophy the Company has designated a separate E-mail ID, as mentioned hereunder, for investors to lodge their complaints:

investors.ibn18@network18online.com

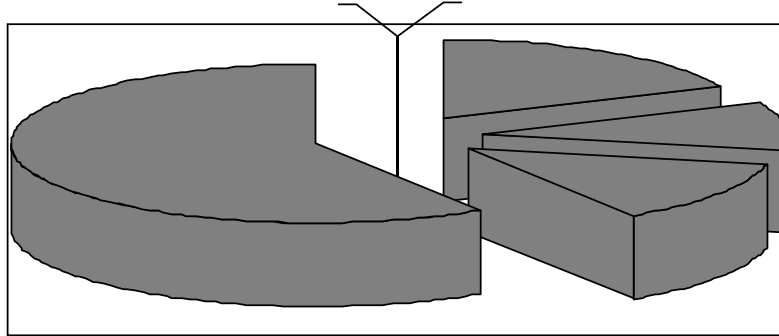
Dematerialization of shares and Liquidity

The shares of the Company are compulsorily traded in dematerialized mode and are registered for trading with both the depository participants i.e. NSDL & CDSL. The status of holding in dematerialized and physical mode, as on March 31, 2008 is as under:

| Sl. No. | Mode of Holding | No. of shares | % of total share capital |
|---------|-----------------|------------------|--------------------------|
| 1 | Demat | 132593785 | 99.22 |
| 2 | Physical | 1047030 | 0.78 |
| | TOTAL | 133640815 | 100.00 |

Distribution of Shareholding as on 31.03.2008

| S. No. | Category | No. of Shareholders | No. of Shares | % |
|--------|---|---------------------|------------------|---------------|
| 1 | Indian Public | 11570 | 24361037 | 18.23 |
| 2 | Bodies Corporates | 376 | 13199336 | 9.88 |
| 3 | FIs / Mutual Funds / UTI / Banks | 35 | 16901886 | 12.65 |
| 4 | Indian Promoters / Person Acting in Concert | 6 | 79148715 | 59.22 |
| 5 | NRIs / OCBs / FIIs | 29 | 28341 | 0.02 |
| 6 | Trust | 6 | 1500 | 0.00 |
| | Total | 12022 | 133640815 | 100.00 |



Graphic presentation of the Shareholding Pattern as on 31.03.2008

Distribution Schedule as on 31.03.2008

| S. No. | Amount (Rs.) | No. of Shareholders | % of Shareholders | Amount of Shares (Rs.) | % of Shareholding |
|--------|------------------|---------------------|-------------------|------------------------|-------------------|
| 1. | 1 – 5000 | 11874 | 98.77 | 2912934 | 1.09 |
| 2. | 5001 – 10000 | 39 | 0.32 | 306682 | 0.12 |
| 3. | 10001 – 20000 | 15 | 0.12 | 214868 | 0.08 |
| 4. | 20001 – 30000 | 16 | 0.13 | 383542 | 0.14 |
| S5. | 30001 – 40000 | 8 | 0.07 | 287576 | 0.11 |
| 6. | 40001 – 50000 | 2 | 0.02 | 84430 | 0.03 |
| 7. | 50001 – 100000 | 30 | 0.25 | 1879560 | 0.70 |
| 8. | 100001 and Above | 38 | 0.32 | 261212038 | 97.73 |
| | Total | 12022 | 100.00 | 267281630 | 100.00 |

Outstanding GDRs/ADRs/Warrants/ Convertible Instruments

- The Company has not issued any ADRs/ GDRs during the year under review.
- The Company has issued 1,50,00,000 (after giving effect of sub division of Equity Share) Optionally Convertible Warrants to Network18 India Holdings Private Limited on October 15, 2007 to be converted into equity shares within a period of 18 months from the date of allotment.
- During the year ended on March 31, 2008 the Company has granted 24,26,250 options under its ESOP Scheme.

Plant Locations

Not applicable

Registered Office Address:

ibn18 Broadcast Limited
 601, 6th Floor, Commercial Tower
 Hotel Le-Meridien, Raisina Road
 New Delhi – 110 001.
 Phone Nos. : (+91 – 11) 4150 6112
 Fax No. : (+91 – 11) 4150 6115

Address for Correspondence-

Corporate Office:
ibn18 Broadcast Limited
 Express Trade Tower,
 Plot No. 15-16,
 Sector-16A, Noida, U. P.
 Phone Nos. : (+91 – 120) 434 1818
 Fax No. : (+91 – 120) 432 4110



CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENT(S)

To the Members
ibn18 Broadcast Limited,
 601, 6th Floor, Commercial Tower,
 Hotel Le-Meridien, Raisina Road,
 New Delhi – 110 001.

1. We have reviewed the implementation of the Corporate Governance procedures by ibn18 Broadcast Limited (the Company) during the year ended March 31st, 2008, with the relevant records and documents maintained by the Company, furnished to us for 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 Agreement with the Stock Exchange(s), as in force.

For A K Bhayana & Associates, Company Secretaries
 Sd/-

Place : New Delhi
 Date : July 28, 2008

(Anil Kumar Bhayana)
 Proprietor
 Membership No. FCS 1585
 Certificate of Practice No. 624

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

Dear Members,
ibn18 Broadcast Limited,

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 had been posted on the website of the Company. 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 2007-08 and there has been no instances of violation of the Code.

For ibn18 Broadcast Limited
 sd/-
Sameer Manchanda
Jt. Managing Director

Place: Noida
 Date: July 28, 2008

CEO AND CFO CERTIFICATION

Dear Members,
ibn18 Broadcast Limited,

We, Sameer Manchanda, Joint Managing Director and Gurdeep Singh Puri, General Manager – Finance, 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 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 ibn18 Broadcast Limited
 Sd/-
Sameer Manchanda
Jt. Managing Director

For ibn18 Broadcast Limited
 Sd/-
Gurdeep Singh Puri
General Manager – Finance

Place: Noida
 Date: July 28, 2008

AUDITORS' REPORT

**TO THE MEMBERS OF
ibn 18 BROADCAST LIMITED
(Formerly known as GLOBAL BROADCAST NEWS LIMITED)**

1. We have audited the attached Balance Sheet of **ibn18 Broadcast Limited**, (the Company) as at 31 March 2008, the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date, both annexed thereto. 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 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 misstatements. 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 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 4 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 Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d. in our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section 3C of the Section 211 of the Companies Act, 1956;
 - e. On the basis of written representations received from the directors, as on 31 March, 2008, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31 March, 2008 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
 - f. in our opinion and to the best of our information and according to the explanations given to us, the said accounts, together with the notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i. in the case of the Balance Sheet, of the state of affairs of the Company as at 31 March, 2008;
 - ii. in the case of the Profit and Loss Account, of the loss of the Company for the year ended on that date; and
 - iii. in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants

New Delhi
28th July, 2008

JITENDRA AGARWAL
Partner
(Membership No. 87104)

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 3 of our report of even date)

- i.
 - a. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - b. According to the information and explanations given to us, the Company has a regular programme of physical verification of its fixed assets by which fixed assets are verified by the management in a phased manner over a period of two years. In accordance with this programme, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable.
 - c. Fixed assets disposed off during the year were not substantial, and therefore, do not affect the going concern assumption.
- ii.
 - a. As explained to us all inventories have been physically verified during the year at reasonable intervals by the management.
 - b. In our opinion and according to the information and explanations given to us, 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. In our opinion and according to the information and explanations given to us, the Company has maintained proper records of inventory and no material discrepancies were noticed on physical verification.
- iii. The Company has not granted or taken any loans, secured or unsecured loans to or from companies listed in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4(ii) of the Order are not applicable to the Company.
- iv. In our opinion, and according to the information and explanations given to us, having regard to the explanation that some of the fixed assets purchased are of a special nature and suitable alternative sources do not exist for obtaining comparable quotations, 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. The Company's operations do not give rise to sale of goods. We have not observed any major weakness in the internal control system during the conduct of the audit.
- v. To the best of our knowledge and belief and according to the information and explanations given to us, we are of opinion that:
 - a. The particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 have been entered in the register required to be maintained under that section; and
 - b. 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 prima facie reasonable having regard to the prevailing market prices at the relevant time
- vi. The Company has not accepted any deposits from the public.
- vii. In our opinion the Company has an adequate internal audit system commensurate with the size and nature of its business.
- viii. According to the information and explanations given to us, the

- Central Government has not prescribed maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Companies Act, 1956 for the Company.
- ix. According to the records of the Company examined by us and according to the information and explanations given to us:
- a. the Company is generally regular in depositing its undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service tax, Customs Duty and Cess within the prescribed time with the appropriate authorities during the year and there are no undisputed amounts pertaining to these dues which have remained outstanding as at 31 March 2008 for a period of more than six months from the date they became payable. The Company's operations do not give rise to any balances in the Investor Education and Protection Fund and dues on account of Wealth Tax and Excise Duty.
 - b. According to the information and explanations given to us, there are no amount of Income Tax, Sales Tax, Customs Duty, Service Tax and Cess which have not been deposited on account of any dispute.
- x. Clause 4 (x) of the Companies (Auditor's Report) Order, 2003 regarding accumulated losses of the Company at the end of the financial year exceeding fifty percent of its net worth is not applicable to the Company since the Company has been registered for a period less than five years.
- xi. According to the information and explanations given to us and the records of the Company examined by us, the Company has not defaulted in the repayment of dues to banks. The Company has not taken loans from financial institutions or issued any debentures.
- xii. According to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by the way of pledge of shares, debentures and other securities. Accordingly, the provisions of clause 4(xii) of the Order are not applicable to the Company.
- xiii. In our opinion and according to the information and explanations given to us, the Company is not a chit fund or a nidhi/mutual benefit fund/society. Accordingly, provisions of clause 4(xiii) of the Order are not applicable to the Company.
- xiv. According to the information and explanations given to us the
- Company is not dealing or trading in shares, securities and debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Order are not applicable to the Company.
- xv. According to the information and explanations given to us and the records of the Company examined by us, the Company has given guarantees for loans taken by others from banks or financial institutions. The terms and conditions of such guarantees are *prima facie* not prejudicial to the interest of the company.
- xvi. According to the information and explanations given to us and the records of the Company examined by us term loans obtained by the Company have been applied for the purpose for which these were obtained.
- xvii. According to the information and explanations given to us, and on an overall examination of the balance sheet of the Company, funds raised on short term basis have *prima facie*, not been utilised for long term investment.
- xviii. The Company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act 1956.
- xix. According to the information and explanations given to us and the records of the Company examined by us the Company has not issued any debentures during the period covered by our report. Accordingly, the provisions of clause 4 (xix) of the Order are not applicable to the Company.
- xx. The Company has not raised any money by way of public issue during the year. As set out in Note 17 of Schedule 15, the management has disclosed the end use of money raised by way of public issue during the previous year and the same has been verified by us.
- xxi. According to the information and explanations given to us and to the best of our knowledge and belief, no fraud on or by the Company has been noticed or reported during the year.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants

New Delhi
28th July, 2008

JITENDRA AGARWAL
Partner
(Membership No. 87104)

BALANCE SHEET AS AT 31 MARCH, 2008

| | Schedule Reference | As at 31.03.2008 (Rs.) | As at 31.03.2007 (Rs.) |
|--|--------------------|------------------------|------------------------|
| SOURCES OF FUNDS | | | |
| 1. SHAREHOLDERS' FUNDS | | | |
| a. Share capital | 1 | 267,281,630 | 267,281,630 |
| b. Optionally convertible equity warrants issued and subscribed (see note 6) | | 266,400,000 | — |
| c. Employee stock options outstanding | 2 | 12,754,876 | — |
| d. Reserves and surplus | 3 | 1,848,502,974 | 1,848,502,974 |
| 2. LOAN FUNDS | | | |
| a. Secured loans | 4 | 709,909,906 | 748,932,375 |
| b. Unsecured loans | 5 | 200,000,000 | 50,000,000 |
| | | <u>3,304,849,386</u> | <u>2,914,716,979</u> |
| APPLICATION OF FUNDS | | | |
| 3. FIXED ASSETS | 6 | | |
| a. Gross block | | 659,339,149 | 517,282,400 |
| b. Less: Depreciation | | 147,088,674 | 84,878,112 |
| c. Net block | | 512,250,475 | 432,404,288 |
| d. Capital work in progress | | 2,113,126 | — |
| | | 514,363,601 | 432,404,288 |
| 4. INVESTMENTS | 7 | 988,111,576 | 1,091,530,632 |
| 5. CURRENT ASSETS, LOANS & ADVANCES | 8 | | |
| a. Inventories | | 737,366 | 899,895 |
| b. Sundry debtors | | 483,583,459 | 399,069,235 |
| c. Cash and bank balances | | 134,366,483 | 158,012,819 |
| d. Loans and advances | | 625,527,325 | 315,543,355 |
| | | 1,244,214,633 | 873,525,304 |
| 6. LESS: CURRENT LIABILITIES AND PROVISIONS | 9 | | |
| a. Current liabilities | | 274,473,915 | 252,863,729 |
| b. Provisions | | 21,663,011 | 15,513,790 |
| | | 296,136,926 | 268,377,519 |
| 7. NET CURRENT ASSETS (6-7) | | 948,077,707 | 605,147,785 |
| 8. PROFIT AND LOSS ACCOUNT (DEBIT BALANCE) | 10 | 854,296,502 | 785,634,274 |
| | | <u>3,304,849,386</u> | <u>2,914,716,979</u> |
| Notes forming part of the accounts | 15 | | |

The above schedules form an integral part of the accounts

As per our report of even date attached

For **DELOITTE HASKINS & SELLS**
Chartered Accountants

JITENDRA AGARWAL
Partner
Membership No. 87104

New Delhi
28 July 2008

For and on behalf of the Board

SAMEER MANCHANDA
Joint Managing Director
GURDEEP SINGH PURI
General Manager - Finance

Noida
28 July 2008

RAGHAV BAHL
Director
HITESH KUMAR JAIN
Company Secretary

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON 31 MARCH, 2008

| | Schedule Reference | Year ended 31.03.2008 (Rs.) | Year ended 31.03.2007 (Rs.) |
|--|-----------------------|-----------------------------------|-----------------------------------|
| 1. INCOME | | | |
| a. Income from operations | | 1,311,835,416 | 788,818,339 |
| b. Other income | 11 | 39,637,503 | 19,934,648 |
| | | 1,351,472,919 | 808,752,987 |
| 2. EXPENDITURE | | | |
| a. Production, administrative and other costs | 12 | 784,687,314 | 665,559,362 |
| b. Personnel expenses | 13 | 442,308,396 | 321,092,686 |
| c. Interest and financial charges | 14 | 121,183,085 | 82,993,173 |
| d. Depreciation | 6 | 62,456,352 | 50,954,821 |
| | | 1,410,635,147 | 1,120,600,042 |
| 3. Profit/(Loss) before tax | | (59,162,228) | (311,847,055) |
| 4. Provision for taxes (Fringe benefit tax) | | 9,500,000 | 8,500,000 |
| 5. Profit/(Loss) after tax carried to balance sheet | | (68,662,228) | (320,347,055) |
| Earning per equity share (See note 11) | | | |
| (Face Value of Rs. 2 per share) | | | |
| Basic | | (0.51) | (2.92) |
| Diluted | | (0.51) | (2.92) |
| Notes forming part of the accounts | 15 | | |

The above schedules form an integral part of the accounts

As per our report of even date attached

For **DELOITTE HASKINS & SELLS**
Chartered Accountants

JITENDRA AGARWAL
Partner
Membership No. 87104

New Delhi
28 July 2008

For and on behalf of the Board

SAMEER MANCHANDA
Joint Managing Director
GURDEEP SINGH PURI
General Manager - Finance

Noida
28 July 2008

RAGHAV BAHL
Director
HITESH KUMAR JAIN
Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2008

| | Year Ended 31.03.2008 (Rs.) | Year Ended 31.03.2007 (Rs.) |
|--|-----------------------------------|-----------------------------------|
| A. CASH FLOW FROM OPERATING ACTIVITIES | | |
| Profit before tax | (59,162,228) | (311,847,055) |
| Adjustments for : | | |
| Depreciation | 62,456,352 | 50,954,821 |
| Profit on sale/disposal of assets | 355,822 | (522,840) |
| Employee stock compensation expenses | 12,754,876 | — |
| Finance expenses | 121,183,085 | 82,993,173 |
| Foreign exchange loss / (gain) | 556,801 | 126,500 |
| Loss on sale of short term investments | — | 389,095 |
| Dividend income | (17,616,601) | (10,019,596) |
| Profit on sale of short term investments | (1,058,686) | — |
| Provisions written back | (6,009,587) | — |
| Interest income | (14,912,033) | (9,392,212) |
| Operating profit before working capital changes | 98,547,801 | (197,318,114) |
| Adjustments for : | | |
| Decrease/(Increase) in Current assets | (238,761,823) | (424,775,788) |
| Increase/(Decrease) in Current liabilities | 37,539,940 | 124,494,217 |
| Cash generated from/ (used in) operations | (102,674,082) | (497,599,685) |
| Tax paid (including Fringe benefit tax) | (54,030,878) | (6,585,000) |
| Net cash from/ (used in) operating activities | (156,704,960) | (504,184,685) |
| B. CASH FLOW FROM INVESTING ACTIVITIES | | |
| Purchase of fixed assets (including capital advances) | (159,143,197) | (26,499,668) |
| Sale of assets/claim received | 1,452,483 | 2,537,599 |
| Investments purchased | | |
| - in subsidiary/affiliates (including share application money) | (400,698,836) | (802,317,740) |
| - in mutual funds and others (net) | 405,176,578 | (310,492,010) |
| Interest received | 12,738,498 | 9,524,839 |
| Dividend received | 17,616,601 | 10,019,596 |
| Net cash from/ (used in) investing activities | (122,857,873) | (1,117,227,384) |
| C. CASH FLOW FROM FINANCING ACTIVITIES | | |
| Interest paid | (121,461,034) | (82,309,383) |
| Proceeds from issue of share warrants | 266,400,000 | — |
| Proceeds from issue of equity shares (Net) | — | 1,296,908,363 |
| Increase / (Decrease) in loans | 110,977,531 | 475,037,808 |
| Net cash from/ (used in) financing activities | 255,916,497 | 1,689,636,788 |
| Net increase/ (decrease) in cash and cash equivalents | (23,646,336) | 68,224,719 |
| Cash and cash equivalents as at the beginning of the year | 158,012,819 | 89,788,100 |
| Cash and cash equivalents as at the end of the year | 134,366,483 | 158,012,819 |

Notes :

- The above Cash flow statement has been prepared under the indirect method set out in AS-3 prescribed in Companies (Accounting Standards) Rules, 2006.
- Figures in brackets indicate cash outflow.
- Cash and cash equivalents includes Rs. 109,685,300 (Previous year Rs. 88,626,393) under lien with banks which are not available for use by the Company.
- Previous year figures have been regrouped and recast wherever necessary to conform to the current year classification.

As per our report of even date attached

 For **DELOITTE HASKINS & SELLS**
 Chartered Accountants

JITENDRA AGARWAL
 Partner
 Membership No. 87104

 New Delhi
 28 July 2008

For and on behalf of the Board

SAMEER MANCHANDA
 Joint Managing Director
GURDEEP SINGH PURI
 General Manager - Finance

 Noida
 28 July 2008

RAGHAV BAHL
 Director
HITESH KUMAR JAIN
 Company Secretary

SCHEDULES FORMING PART OF THE ACCOUNTS

| | As at 31.03.2008 (Rs.) | As at 31.03.2007 (Rs.) |
|--|------------------------------|------------------------------|
|--|------------------------------|------------------------------|

**SCHEDULE 1
SHARE CAPITAL**
AUTHORISED:

| | | |
|--|--------------------|--------------------|
| 200,000,000 (Previous year 40,000,000) Equity shares of Rs. 2 each (Previous year Rs. 10 each) | <u>400,000,000</u> | <u>400,000,000</u> |
|--|--------------------|--------------------|

ISSUED, SUBSCRIBED AND PAID UP:

| | | |
|---|--------------------|--------------------|
| 133,640,815 (Previous year 26,728,163) Equity shares of Rs. 2 each fully paid up (Previous year Rs. 10 each) | <u>267,281,630</u> | <u>267,281,630</u> |
|---|--------------------|--------------------|

Of the above 52,055,140 (Previous year 10,411,028) Equity shares of Rs. 2 each (Previous year Rs. 10 each) fully paid up are held by Network18 Media & Investments Limited (Formerly known as Network18 Fincap Limited), the holding company. These shares were issued for consideration received other than cash pursuant to scheme of amalgamation between the company and SRH Broadcast News Holdings Private Limited

**SCHEDULE 2
EMPLOYEE STOCK OPTIONS OUTSTANDING**

| | | |
|--|-------------------|---|
| i. Employees stock options outstanding | <u>35,479,960</u> | — |
| ii. Less: Deferred employee compensation | <u>22,725,084</u> | — |
| iii. Net balance | <u>12,754,876</u> | — |

**SCHEDULE 3
RESERVES AND SURPLUS**
a. Securities Premium Account

| | | |
|---|----------------------|----------------------|
| i. Opening balance | <u>1,838,504,633</u> | — |
| ii. Add: | | |
| - Premium arising on conversion of debentures | — | 914,677,921 |
| - Amount received during the year through IPO | — | 1,008,000,000 |
| iii. Less: IPO expenses | — | 84,173,288 |
| iv. Closing balance | <u>1,838,504,633</u> | <u>1,838,504,633</u> |

b. General Reserve

| | | |
|---|----------------------|----------------------|
| i. Opening balance | <u>9,998,341</u> | — |
| ii. Add: Amount arising on amalgamation | — | 9,998,341 |
| iii. Closing balance | <u>9,998,341</u> | <u>9,998,341</u> |
| | <u>1,848,502,974</u> | <u>1,848,502,974</u> |

**SCHEDULE 4
SECURED LOANS (from banks)**

| | | |
|--------------------------------|--------------------|--------------------|
| i. Cash credit (see note 7a) | <u>428,506,858</u> | 135,736,944 |
| ii. Term loan (see note 7b)* | <u>280,000,000</u> | 610,000,000 |
| iii. Other loans (see note 7c) | <u>1,403,048</u> | 3,195,431 |
| | <u>709,909,906</u> | <u>748,932,375</u> |
| | <u>80,000,000</u> | 65,000,000 |

* Term Loans repayable within one year

**SCHEDULE 5
UNSECURED LOANS**

| | | |
|-----------------------------|--------------------|-------------------|
| Short term loan from a bank | <u>200,000,000</u> | <u>50,000,000</u> |
| | <u>200,000,000</u> | <u>50,000,000</u> |

**SCHEDULE 6
FIXED ASSETS**

(All amounts in Rupees)

| Particulars | GROSS BLOCK AT COST | | | | DEPRECIATION | | | | NET BLOCK | |
|--------------------------|---------------------|--------------------|---------------------|---------------------|---------------------|-------------------|---------------------|--------------------|---------------------|---------------------|
| | As at 01.04.2007 | Additions | Sale/ Adjustment | As at 31.03.2008 | As at 01.04.2007 | For the year | Sale/ Adjustment | As at 31.03.08 | As at 31.03.2008 | As at 31.03.2007 |
| Tangible Assets | | | | | | | | | | |
| Leasehold improvements | 107,023,294 | 19,544,105 | - | 126,567,399 | 18,054,445 | 13,583,294 | - | 31,637,739 | 94,929,660 | 88,968,849 |
| Plant & machinery | 303,256,068 | 89,809,556 | 2,054,095 | 391,011,529 | 33,682,277 | 27,168,676 | 245,790 | 60,605,163 | 330,406,366 | 269,573,791 |
| Electrical installation | 7,851,249 | 4,534,455 | - | 12,385,704 | 820,232 | 1,596,170 | - | 2,416,402 | 9,969,302 | 7,031,017 |
| Computers | 34,473,216 | 11,682,499 | - | 46,155,715 | 15,559,643 | 6,643,396 | - | 22,203,039 | 23,952,676 | 18,913,573 |
| Furniture & fixtures | 9,510,118 | 2,738,291 | - | 12,248,409 | 2,837,107 | 1,578,215 | - | 4,415,322 | 7,833,087 | 6,673,011 |
| Vehicles | 6,818,162 | - | - | 6,818,162 | 1,005,209 | 647,726 | - | 1,652,935 | 5,165,227 | 5,812,953 |
| Intangible Assets | | | | | | | | | | |
| Computers software | 48,350,293 | 15,801,938 | - | 64,152,231 | 12,919,199 | 11,238,875 | - | 24,158,074 | 39,994,157 | 35,431,094 |
| Total | 517,282,400 | 144,110,844 | 2,054,095 | 659,339,149 | 84,878,112 | 62,456,352 | 245,790 | 147,088,674 | 512,250,475 | 432,404,288 |
| Previous year | 492,937,626 | 26,499,668 | 2,154,894 | 517,282,400 | 34,063,426 | 50,954,821 | 140,135 | 84,878,112 | 432,404,288 | 458,874,200 |

SCHEDULES FORMING PART OF THE ACCOUNTS

| | As at 31.03.2008 (Rs.) | As at 31.03.2007 (Rs.) |
|--|------------------------------|------------------------------|
| SCHEDULE 7 | | |
| INVESTMENTS | | |
| a. Quoted - Current investments (at lower of cost or fair value) | | |
| (other than trade) | | |
| (See note 8) | | |
| i. in units of mutual funds | | |
| Nil (Previous year 3,999,324) units of Rs. 10 each in Kotak Mutual Fund | — | 40,017,255 |
| Nil (Previous year 10,107,246) units of Rs. 10 each in Prudential ICICI Mutual Fund | — | 101,072,494 |
| Nil (Previous year 10,000,000) units of Rs 10 each in UTI Mutual Fund | — | 100,000,000 |
| Nil (Previous year 5,578,321) units of Rs 10 each in Reliance Mutual Fund | — | 55,800,506 |
| Nil (Previous year 10,001,702) units of Rs. 10 each in Principal Mutual Fund | — | 100,017,029 |
| Nil (Previous year 721,643) units of Rs. 10 each in Deutsche Mutual Fund | — | 7,210,608 |
| Aggregate of Quoted - Short Term Investments | — | 404,117,892 |
| Aggregate market value of quoted investments | — | 405,074,998 |
| b. Unquoted - Long term (Trade) (at cost) | | |
| i. in equity shares of subsidiary company | | |
| 10,000 (Previous year Nil) equity shares of RVT Media Private Limited of Rs 10 each fully paid up | 100,000 | — |
| ii in equity shares of joint venture | | |
| 8,625,000 (Previous year Nil) equity shares of IBN Lokmat News Private Limited of Rs. 10 each fully paid up | 86,250,000 | — |
| iii. in equity shares of other companies | | |
| 86,485 (Previous year 86,485) equity shares of B.K. Fincap Private Limited of Rs. 10 each fully paid up (see note 4) | 687,412,740 | 687,412,740 |
| 4,778,603 (Previous year Nil) Class A Ordinary shares of Web 18 Holdings Limited of USD 0.00952 each fully paid up | 1,848,836 | — |
| 1,347,241 (Previous year Nil) equity shares of Jagran TV Private Limited of Rs. 10 each fully paid up (see note 4) | 200,500,000 | — |
| iv. in equity warrants of other companies | | |
| 4,500,000 (Previous year Nil) share warrants of Series "A" of Viacom18 Media Private Limited of Rs. 1 each fully paid up | 4,500,000 | — |
| 4,500,000 (Previous year Nil) share warrants of Series "B" of Viacom18 Media Private Limited of Rs. 1 each fully paid up | 4,500,000 | — |
| 3,000,000 (Previous year Nil) share warrants of Series "C" of Viacom18 Media Private Limited of Rs. 1 each fully paid up | 3,000,000 | — |
| Aggregate of unquoted investments | <u>988,111,576</u> | <u>687,412,740</u> |
| | <u>988,111,576</u> | <u>1,091,530,632</u> |

SCHEDULES FORMING PART OF THE ACCOUNTS

| | As at 31.03.2008 (Rs.) | As at 31.03.2007 (Rs.) |
|--|------------------------------|------------------------------|
| SCHEDULE 8 | | |
| CURRENT ASSETS, LOANS AND ADVANCES | | |
| a. Inventories | | |
| Tapes and compact discs | 737,366 | 899,895 |
| b. Sundry debtors (Unsecured) | | |
| i. Debts outstanding for more than 6 months | | |
| - considered good | 40,079,679 | 18,790,374 |
| - considered doubtful | 6,621,370 | — |
| ii. Other debts | 443,503,780 | 380,278,861 |
| | 490,204,829 | 399,069,235 |
| iii. Less: Provision for doubtful debtors | 6,621,370 | — |
| | 483,583,459 | 399,069,235 |
| c. Cash and bank balances | | |
| i. Cash on hand | 1,109,147 | 1,109,742 |
| ii. Balance with scheduled banks : | | |
| - in current accounts | 23,572,036 | 18,276,684 |
| - in deposit accounts* | 109,685,300 | 138,626,393 |
| | 134,366,483 | 158,012,819 |
| | 109,685,300 | 88,626,393 |
| * Includes fixed deposits under lien with bankers for Bank Guarantee and Letter of Credit | | |
| d. Loans & advances | | |
| (Unsecured, considered good) | | |
| i. Share application money paid | 215,000,000 | 115,000,000 |
| ii. Advance to vendors* | 33,663,994 | 12,425,397 |
| iii. Security and other deposits | 65,407,676 | 24,014,536 |
| iv. Income tax deducted at source | 59,018,819 | 14,380,941 |
| v. Interest accrued but not due | 2,214,630 | 41,095 |
| vi. Advances recoverable in cash or in kind or for value to be received** | 250,222,206 | 149,681,386 |
| | 625,527,325 | 315,543,355 |
| | 15,232,397 | 200,044 |
| * Includes Capital advances | | |
| ** Includes due from the companies under the same management within the meaning of sub section (1B) of section 370 of the Companies Act: | | |
| Web18 Software Services Limited | 12,472,658 | 2,732,535 |
| TV18 Home Shopping Network Private Limited | 2,214,894 | 16,013 |
| Network 18 Media & Investments Limited | 17,225,929 | 25,658 |
| Jagran TV Private Limited | 99,394,224 | 50,439,466 |
| IBN Lokmat News Private Limited | 19,955,181 | — |
| Greycells 18 Media Private Limited | 2,571,086 | — |
| SGA News Limited | 10,132,099 | 168,883 |
| Television Eighteen Commoditiescontrol.com Limited | — | 17,500 |
| Television Eighteen India Limited | — | 6,131,058 |
| Setpro 18 Distribution Private Limited | 7,312,859 | 1,284,232 |
| | 171,278,930 | 60,815,345 |

SCHEDULES FORMING PART OF THE ACCOUNTS

| | Year ended 31.03.2008 (Rs.) | Year ended 31.03.2007 (Rs.) |
|--|-----------------------------------|-----------------------------------|
| SCHEDULE 9 | | |
| CURRENT LIABILITIES & PROVISIONS | | |
| a. Current liabilities | | |
| i. Sundry creditors | | |
| - Micro and small enterprises (see note 20) | — | — |
| - Small scale industrial undertakings (see note 20) | — | — |
| - Others | 177,960,844 | 166,939,948 |
| ii. Interest accrued but not due | 405,841 | 683,790 |
| iii. Other liabilities | 93,245,743 | 83,290,397 |
| iv. Advance from customers | 2,861,487 | 1,949,594 |
| | <u>274,473,915</u> | <u>252,863,729</u> |
| b. Provisions | | |
| i. Retirement benefits | 21,599,011 | 11,956,790 |
| ii. Fringe benefit tax [net of advance of Rs. 17,936,000 (Previous year Rs. 8,543,000)] | 64,000 | 3,557,000 |
| | <u>21,663,011</u> | <u>15,513,790</u> |
| | <u>296,136,926</u> | <u>268,377,519</u> |
| SCHEDULE 10 | | |
| PROFIT AND LOSS ACCOUNT (DEBIT BALANCE) | | |
| a. Opening balance | 785,634,274 | 460,855,373 |
| b. Adjustment for increase in opening provision for retirement and short term employees benefits | — | 4,431,846 |
| c. (Profit) / Loss brought forward from Profit and loss account | 68,662,228 | 320,347,055 |
| | <u>854,296,502</u> | <u>785,634,274</u> |
| SCHEDULE 11 | | |
| OTHER INCOME | | |
| a. Interest on | | |
| - Inter company balances [Including tax deducted at source Rs. 909,896 (Previous year : Rs. 609,663)] | 4,015,422 | 2,946,164 |
| - Fixed deposits [including tax deducted at source Rs. 1,838,224 (Previous year Rs. 1,488,727)] | 10,896,611 | 6,446,048 |
| b. Dividend on short term investments | 17,616,601 | 10,019,596 |
| c. Profit on sale of short term investments | 1,058,686 | — |
| d. Excess provision written back | 6,009,587 | — |
| e. Miscellaneous income | 40,596 | — |
| f. Profit on sale of fixed assets | — | 522,840 |
| | <u>39,637,503</u> | <u>19,934,648</u> |
| SCHEDULE 12 | | |
| PRODUCTION, ADMINISTRATIVE AND OTHER COSTS | | |
| a. Studio and equipment hire charges | 45,982,471 | 44,904,390 |
| b. Telecast and uplinking fees | 31,274,420 | 21,794,889 |
| c. Tapes consumed | 3,895,831 | 5,481,294 |
| d. Content and franchise expenses | 90,075,634 | 71,437,040 |
| e. Media professional fees | 49,935,911 | 34,411,103 |
| f. Other production expenses | 28,032,552 | 25,262,645 |
| g. Rent | 31,110,622 | 30,855,880 |
| h. Electricity expenses | 12,000,677 | 11,367,118 |
| i. Insurance | 2,766,399 | 3,450,825 |
| j. Travelling and conveyance | 98,553,631 | 77,243,232 |
| k. Vehicle running and maintenance | 21,614,486 | 15,377,689 |
| l. Communication expenses | 27,880,783 | 30,700,791 |
| m. Distribution, advertising and business promotion | 277,841,827 | 249,179,130 |
| n. Repairs and maintenance | | |
| - Plant & machinery | 10,548,938 | 2,493,598 |
| - Others | 3,258,013 | 2,095,720 |
| o. Legal and professional expenses | 12,329,899 | 8,323,497 |
| p. Rate fees and taxes | 273,082 | 116,570 |
| q. Office upkeep and maintenance | 19,862,259 | 20,367,923 |
| r. Directors sitting fees | 425,000 | 85,000 |
| s. Loss on sale / disposal of assets | 355,822 | — |
| t. Loss on exchange rate fluctuation (net) | 556,801 | 126,500 |
| u. Loss on sale of investments | — | 389,095 |
| v. Bad debts written off/ provided for | 7,367,767 | 527,427 |
| w. Miscellaneous expenses | 8,744,489 | 9,568,006 |
| | <u>784,687,314</u> | <u>665,559,362</u> |

SCHEDULES FORMING PART OF THE ACCOUNTS

| | Year ended 31.03.2008 (Rs.) | Year ended 31.03.2007 (Rs.) |
|---|-----------------------------------|-----------------------------------|
| SCHEDULE 13 | | |
| PERSONNEL EXPENSES | | |
| a. Salaries and bonus | 373,472,641 | 277,037,699 |
| b. Contribution to provident fund and other funds | 18,094,719 | 13,931,051 |
| c. Staff welfare expenses | 28,161,052 | 23,868,844 |
| d. Retirement benefits | 9,825,108 | 6,255,092 |
| e. Employee stock compensation expenses | 12,754,876 | — |
| | <u>442,308,396</u> | <u>321,092,686</u> |

SCHEDULE 14
INTEREST AND OTHER CHARGES

| | | |
|----------------------------|--------------------|-------------------|
| a. Interest on: | | |
| -Term loans | 81,913,941 | 60,884,487 |
| -Cash credit | 26,851,038 | 9,014,032 |
| -Others | 1,739,540 | 3,637,691 |
| b. Other financial charges | 10,678,566 | 9,456,963 |
| | <u>121,183,085</u> | <u>82,993,173</u> |

SCHEDULE 15
NOTES FORMING PART OF THE ACCOUNTS
1. Background

ibn18 Broadcast Limited (Formerly known as Global Broadcast News Limited) was incorporated on 6 June, 2005 as Global Broadcast News Private Limited. The Company was converted into a public limited Company and a revised Certificate of Incorporation was issued to give effect to this change w.e.f. 12 December, 2005. Later, the name of the Company was changed to ibn18 Broadcast Limited (hereinafter referred as "ibn18") and a revised Certificate of Incorporation was issued to give effect to this change on 02 April, 2008. The Company 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 the Company commenced on 17 December, 2005.

2. Of the total equity share capital of the company, 52,055,140 equity shares of face value of Rs.2 each (Previous year 10,411,028 equity shares of face value of Rs.10 each) are held by Network 18 Media & Investments Limited (Formerly known as Network 18 Fincap Limited). Network 18 Media & Investments Limited is also the holding company by virtue of management control over the company's operations.

3. Significant Accounting Policies

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 as adopted consistently by the Company. The significant accounting policies adopted in presentation of the financial statements are:

a. Revenue Recognition

i. Income from media operations includes:

- ∅ Advertisement revenue comprising:
 - Revenue from sale of advertising time, which is recognised on the accrual basis when advertisements are telecast in accordance with contractual obligations.
 - Revenue from sponsorship contracts, which is recognised proportionately over the term of the sponsorship.
 - ∅ Subscription revenue which is recognised on accrual basis in accordance with the terms of the contract with the distribution and collection agency.
 - ∅ Facility and equipment rental is accounted for on the accrual basis for the period of use of equipment by the customers.
- ii. Dividends on investments are accounted for when the right to receive dividend is established.

b. Fixed Assets

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

c. Depreciation

Depreciation on all assets other than leasehold improvements and computer software is charged on straight line basis over the estimated useful lives, using rates (including double/ triple shift depreciation rates wherever applicable) prescribed by Schedule XIV of the Companies Act, 1956.

Cost of leasehold improvements is being amortised over the remaining period of lease (including renewal options) of the premises. Computer software is depreciated over a period of 5 years. These rates are higher than those prescribed in Schedule XIV of the Companies Act, 1956.

Depreciation on additions is charged proportionately from the date of acquisition/ installation. Assets costing less than Rs. 5,000 individually have been fully depreciated in the year of purchase.

d. Impairment of assets

At each balance sheet date, the Company reviews the carrying amounts of its fixed assets to determine whether there is any

indication that those assets suffered an impairment loss. If any such indication exists, the recoverable amount of the assets is estimated in order to determine the extent of impairment loss.

Recoverable amount is the higher of an asset's net selling price and value in use. In assessing value in use, the estimated future cash flows expected from the continuing use of the asset and from its disposal are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of time value of money and the risks specific to the asset.

Reversal of impairment loss is recognised immediately as income in the profit and loss account.

e. Inventories

Inventories consist of blank videotapes and are stated at cost on First in First out (FIFO) basis.

Stocks of other tapes are written off at the time of purchase.

f. Investments

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.

g. Employee Benefits

i. The Company's employee's provident fund scheme is a defined contribution plan. The Company's contribution to the employees' provident fund is charged to the profit and loss account during the period in which the employee renders the related service.

ii. Short term employee benefits (Medical, Leave travel allowance, etc.) expected to be paid in exchange for the services rendered are recognised on undiscounted basis.

iii. The Company provides for gratuity, a defined benefit retirement plan (the "Gratuity Plan") covering eligible employees. In accordance with the Payment of Gratuity Act, 1972, the Gratuity Plan provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment.

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 profit and loss account.

iv. Benefits comprising long term compensated absences constitute other long term employee benefits. The liability for compensated absences is provided on the basis of an actuarial valuation done by an independent actuary at the year end. Actuarial gains and losses are recognised immediately in the profit and loss account.

h. Foreign Currency Translation

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 year are recognised in the profit and loss account.

Monetary items denominated in foreign currency and outstanding at the balance sheet date are translated at the exchange rate prevailing at the date of balance sheet, the resultant exchange differences are recognised in the profit and loss account.

i. Taxation

Income tax comprises current tax, deferred tax and fringe benefit tax. Current tax and fringe benefit tax are determined in accordance with the provisions of Income Tax Act, 1961. Advance taxes and provisions for current taxes are presented in the balance sheet after off setting advance taxes paid and income tax provisions.

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.

j. Earnings Per Share

The Company reports basic and diluted earnings per equity share in accordance with AS-20, Accounting Standard on Earnings Per Share. Basic earnings per equity share is computed by dividing net profit after tax by the weighted average number of equity shares outstanding during the year ending 31 March, 2008. Diluted earnings per equity share is computed using the weighted average number of equity shares and dilutive potential equity shares outstanding during the year ending 31 March, 2008 except where the results would be anti-dilutive.

k. Borrowing Costs

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

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

l. Use of estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reporting balances of assets and liabilities and disclosures relating to contingent assets and liabilities as at the date of the financial statements and reporting amounts of income and expenses during the year. Examples of such estimates include provision for doubtful debts, future obligations under employee retirement benefit plans, income taxes, foreseeable estimated contract losses and useful life of fixed and intangible assets. Contingencies are recorded when it is probable that a liability will be incurred, and the amount can be reasonably estimated. Actual results could differ from such estimates. Any revision to accounting estimates is recognised prospectively in the current and future periods.

m. Employee Stock Option Scheme (ESOS)

Stock options granted to the employees under the stock options schemes are accounted at intrinsic value as per the accounting

treatment prescribed by the guidance note on Employee share based payments issued by the Institute of Chartered Accountants of India. Accordingly, the excess of market price, determined as per the guidance note, of underlying equity shares (market value), over the exercise price of the options is recognised as deferred stock compensation expense and is charged to profit and loss account on a straight line basis over the vesting period of the options. The amortised portion of the cost is shown under reserves and surplus.

n. Provisions and Contingencies

A provision is recognised when the Company has a present obligation as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and reliable estimate can be made of the amount of the obligation. A contingent liability is recognised where there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources.

o. 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 profit and loss account on a straight-line basis over the lease term.

ii. Finance Lease

Leases under which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. The lower of fair value of asset and present value of minimum lease rentals is capitalised as fixed assets with 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 profit and loss account.

4. Scheme of arrangement between Jagran TV Private Limited, BK Fincap Private Limited and the Company

- a. The Board of Directors have approved the Scheme of Arrangement between BK Fincap Private Limited (BK Fincap), Jagran TV Private Limited (JTV), and the Company for acquisition of "IBN 7" channel business from JTV and merge BK Fincap into the Company with effect from 1st October, 2007 and 2nd October, 2007 respectively. The Company has filed the scheme with the stock exchanges. Consequential to the scheme becoming effective, if approved by the Hon'ble Delhi High Court, the aggregate net loss of Rs. 267.18 million of JTV and BK Fincap for the year ended 31st March, 2008, will be merged with ibn18.
- b. As per the scheme, during the intervening period, BK Fincap and JTV shall be deemed to have been carrying on all business and activities relating to the merged undertaking on behalf of ibn18 and all profits accruing to the Transferor Company, or losses arising or incurred by them relating to the merged undertaking shall be treated as the profits or losses of ibn18.
- c. News Business Undertaking of JTV comprising the business activities of running the 'IBN7' channel along with all related assets, liabilities and employees shall be transferred on a going concern basis at book value to the company from the appointed date of 1 October 2007. In consonance to the abovementioned restructuring scheme, ibn18 shall issue 24.23 fully paid up equity shares of face value of Rs.10 each (121.15 fully paid up equity shares of face value of Rs.2 each) to shareholders of JTV for every 100 Equity shares of face value of Rs.10 each held in JTV.
- d. BK Fincap which is a holding company of JTV, along with all related assets, liabilities and employees shall be merged on a going concern basis at book value to the company from the appointed date of 2 October 2007. In consonance to the abovementioned scheme, ibn18 shall issue 1,662.76 fully paid up equity shares of face value of Rs.10 each (8,313.80 fully paid up equity shares of face value of Rs.2 each) to shareholders of BK Fincap for every 100 Equity shares of face value of Rs.10 each held in BK Fincap. The accounting adjustments on account of proposed scheme of arrangement would be made once the scheme is approved and effective. The proposed scheme of arrangement will be effective from the date on which the certified copy of the order of the High Court is filed with the Registrar of Companies.

5. Capital commitment, contingent liabilities and litigation

- a. Estimated amounts of contracts remaining to be executed on capital account (net of advances) Rs. 21.04 million (Previous year Rs. 0.5 million).
- b. The Company has given corporate guarantees of Rs. 473 million (Previous year Rs. 410 million) towards credit facility given by banks to Jagran TV Private Limited. At the year end Rs. 334 million (Previous year Rs. 315 million) was outstanding in respect of such loans.
- c. The Company has purchased capital equipment under the 'Export Promotion Capital Goods Scheme'. As per the terms of the licenses granted under the scheme, the Company has undertaken to achieve an export commitment of Rs. 539 million over a period of 8 years commencing from 10 August, 2005. In the event the Company is unable to execute its export obligations, the Company shall be liable to pay customs duty of Rs. 67.42 million and interest on the same at the rate of 15 per cent compounded annually. The banks have given a guarantee amounting to Rs. 84.0 million (Previous year Rs. 81.7 million) on behalf of the Company to the custom authorities for the same. The Company is hopeful of meeting the required export obligation.
- d. The Company has given corporate guarantees of Rs. 228 million towards credit facility given by banks to IBN Lokmat. As at the year end Rs. 116 million was outstanding in respect of such loans.
- e. The Company 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. 7,724 million. In the opinion of the management, no material liability is likely to arise on account of such claims/law suits.

6. Equity warrants

The Company through postal ballot dated 7 September 2007, the results of which were declared on 13 October 2007 approved the issue and allotment of 3,000,000 convertible warrants (warrants) of Rs. 888 each in accordance with the provisions of Securities and Exchange Board of India (Disclosures and Investor Protection) Guidelines, 2000 to Network 18 India Holdings Private Limited (N-18 Holding), a fellow subsidiary of the Company. The Company allotted the warrants on 15 October, 2007 pursuant to which the Company received Rs. 266.40 million being 10% of the total amount of Rs. 2,664 million in respect thereof.

As per the terms of allotment each warrant is convertible into a fully paid up equity share of face value of Rs. 10 each at a premium of Rs. 878 per share on exercise of the option to convert the warrant into equity share and is to be further adjusted for corporate actions such as bonus issue, right issue, stock split etc.

Subsequent to the stock split of 1:5, held through postal ballot dated 19 December, 2007, the results of which were declared on 25 January 2008, each warrant held by N-18 Holding are convertible into one fully paid up equity shares of face value of Rs.2 each at a premium of Rs.175.60 per share on exercise of the option to convert the warrants into equity shares.

As at the year end, 15,000,000 warrants were outstanding for conversion into equity shares. Equity warrants issued and subscribed amounting to Rs.266.4 million as at the year end represent monies received pursuant to the allotment of such warrants.

Utilisation of funds raised from issue of share warrants on preferential basis is as under:

| Purpose | (Rs. in million) |
|---|------------------|
| Purchase of equity shares in JTV | 200.50 |
| Purchase of share warrants in Viacom | 12.00 |
| Purchase of equity shares in IBN Lokmat | 53.90 |
| Total | 266.40 |

7. Secured Loans

- a. Cash credit from banks of Rs. 428.51 million are secured by:
 - i. First pari passu charge on all the current assets of the company.
 - ii. Out of above, a cash credit facility amounting to Rs.80.88 million is additionally secured by second charge on the Company's movable fixed assets.
 - iii. Out of above, Cash credit facilities amounting to Rs.347.63 million are additionally secured by unconditional and irrevocable corporate guarantee of Network18 Media & Investments Limited (Formerly known as Network 18 Fincap Limited).
- b. The term loan of Rs. 280 million from a bank is secured by:
 - i. First charge on the Company's movable assets, subject to the charges on current assets created/to be created in favour of the Company's bankers for securing borrowings for working capital requirements.
 - ii. Unconditional and irrevocable personal guarantee of a Director.
 - iii. Letter of comfort from Television Eighteen India Limited (TV18) whereby TV18 undertakes to take all necessary steps to ensure that the Company fulfils all necessary obligations under the agreement including arrangement of funds for payment to the bank in accordance with the terms and conditions of the loan agreement.
- c. Other loans from banks are secured by hypothecation of vehicles.

8. The details of purchase and sales of investments during the year are as follows:

| Particulars | Purchases | | Sales | |
|--------------------------------|------------|-------------|------------|-------------|
| | Units | Rs. | Units | Rs. |
| DWS Mutual Fund | 47,437 | 468,665 | 769,080 | 7,770,781 |
| Prudential ICICI Mutual Fund | 10,113,708 | 106,880,540 | 20,220,954 | 207,953,004 |
| UTI Mutual Fund | 103,152 | 103,151,889 | 10,103,152 | 203,186,143 |
| Kotak Mutual Fund | 4,243,205 | 42,564,001 | 8,242,529 | 83,514,206 |
| Principal Mutual Fund | 5,270,858 | 52,896,427 | 15,272,560 | 152,913,456 |
| Reliance Mutual Fund | 33,776 | 337,855 | 5,612,097 | 56,138,365 |
| Tata Mutual Fund | 90,661 | 101,043,240 | 90,661 | 101,043,240 |
| Standard Chartered Mutual Fund | 111,238 | 111,261,011 | 111,238 | 111,261,011 |

9. Investment in optionally convertible equity warrants of Viacom18 Media Private Limited

During the year, the Company has subscribed to 12 million 'Investor Warrants' of USD 3.33 (Rs. 133.23 approximately) per warrant aggregating to USD 40 million (Rs. 1,599 million approximately) is follows:

- i. Series "A" - 4,500,000 warrants
- ii. Series "B" - 4,500,000 warrants
- iii. Series "C" - 3,000,000 warrants

and has paid Rs. 1 each for these warrants aggregating to Rs. 12 million.

Each warrant is convertible into one fully paid up equity shares of Viacom18 on exercise of options and on payment of the balance of the stipulated warrant consideration price. The option is exercisable during a period of 12, 24 and 36 months from the date of allotment of warrant of "A", "B" and "C" series respectively.

As at the year end, the Company has a commitment towards the balance consideration price (i.e. approximately Rs. 132.23 per warrant) aggregating to approximate Rs. 1,587 million for the subscribed and allotted warrants. The Company intends to fulfill its commitment within the stipulated time period.

10. Additional Information required to be given pursuant to Part II of Schedule VI of the Companies Act, 1956

| Particulars | Year ended 31.03.2008 (Rs.) | Year ended 31.03.2007 (Rs.) |
|---|-----------------------------------|-----------------------------------|
| a. Remuneration paid to Directors | | |
| i. Salary and bonus | 11,400,000 | 43,750,000 |
| ii. Contribution to provident and other funds | 864,000 | 864,000 |
| Total | 12,264,000 | 44,614,000 |
| <p>The Managing Director was appointed vide a resolution passed by the board of directors on 1 July, 2005 when the Company was a private limited company. Subsequently, the Company become a public company w.e.f. 12 December 2005. The Managing Director's remuneration being in excess of that specified under Schedule XIII of the Companies Act, 1956, the Company made an application to the Central Government for approval of the same. The Central Government has accorded its approval for annual remuneration of Rs. 15 million as remuneration for the period 12 December 2005 to 30 June 2010 and one time ex-gratia payment of Rs. 30 million for financial year 2006-07 vide its letter dated 25 September 2007.</p> | | |
| b. Expenditure in Foreign Exchange | | |
| i. Content and franchise expenses | 83,516,495 | 49,564,330 |
| ii. Other production expenses | 5,216,116 | 3,119,308 |
| iii. Travelling and conveyance | 12,677,584 | 3,626,490 |
| Total | 101,410,195 | 56,310,128 |
| c. CIF value of imports | | |
| i. Capital goods | 76,541,881 | 2,768,947 |
| ii. Tapes Purchased | 1,710,801 | 5,329,529 |
| Total | 78,252,682 | 8,098,476 |
| d. Tapes Consumed | | |
| i. Domestic | 1,510,437 | 1,051,660 |
| ii. Imported | 2,385,394 | 4,429,634 |
| Total | 3,895,831 | 5,481,294 |
| e. Earnings in Foreign Exchange | | |
| Income from operations | 2,345,284 | 11,259,366 |
| f. Auditors' remuneration (excluding service tax) | | |
| i. Audit fees: | | |
| a. Statutory audit | 1,800,000 | 1,250,000 |
| b. Quarterly limited reviews/audits | 1,450,000 | 1,450,000 |
| ii. Certification for the initial public offering | — | 2,500,000 |
| iii. Out of pocket expenses | 232,517 | — |
| Total | 3,482,517 | 5,200,000 |

11. Earnings per share

Basic earnings per equity share have been computed by dividing net profit after tax by the weighted average number of equity shares outstanding for the year ended 31 March, 2008. Diluted earnings per equity share have been computed using the weighted average number of equity shares and dilutive potential equity shares outstanding during the year. The details are:

| | Particulars | Units | Year ended 31.03.2008 | Year ended 31.03.2007 |
|----|--|---------------|--------------------------|--------------------------|
| a. | Net profit/(loss) after tax | Rs. | (68,662,228) | (320,347,054) |
| b. | Weighted average of number of equity shares used in computing basic earnings per share (Nominal value is Rs 2/- per share) | No. of shares | 133,640,815* | 109,876,800* |
| c. | Basic/ diluted earnings per share (a/b)* | Rs. | (0.51) | (2.92) |
| d. | Weighted average of the number of shares issued under Options | No. of shares | 2,000,092 | — |
| e. | Adjustment for number of shares that would have been issued at the fair value | No. of shares | (1,789,859) | — |
| f. | Weighted average of number of equity shares used in computing diluted earnings per share (b+d+e) | No. of shares | 133,851,048 | 133,640,815 |
| g. | Diluted earnings per share (a/f)** | Rs. | (0.51) | (2.92) |

* Basic/ diluted earnings per share is calculated after taking the effect of share split in the ratio of 1:5

** Since the effect of dilution is anti-dilutive the diluted EPS is same as basic EPS.

12. Deferred tax

The Company has carried out its tax computation in accordance with the mandatory standard on accounting, AS 22 – 'Accounting for Taxes on Income' referred in Companies (Accounting Standards) Rules, 2006. In view of significant accumulated losses the Company has not provided for deferred tax assets as there is no virtual certainty that there will be sufficient future taxable income available to realise such assets. In accordance with the same no deferred tax asset / liability was required at the year end.

13. Segmental reporting

The Company is engaged in the business of production and telecast of news and current affairs programmes primarily in India. As the Company operates in a single business and geographical segment, the reporting requirements for primary and secondary segment disclosures prescribed by paragraphs 39 to 51 of Accounting Standard 17 - Segment Reporting, have not been provided in these financial statements.

14. Employee Benefits
a. Description of the Gratuity plan

The gratuity liability arises on retirement, withdrawal, resignation and death of an employee. The aforesaid liability is calculated on the basis of fifteen days salary (i.e. last drawn salary plus dearness allowance) for each completed year of service subject to completion of five years service.

b. Defined Benefit Plans

The present value of defined benefit obligations and the related current service cost are measured using the projected unit credit method with actuarial valuation being carried at each balance sheet date. The details are set out as under:

(Amount in Rupees)

| Particulars | Year ended 31.03.2008 | | Year ended 31.03.2007 | |
|---|------------------------------------|-------------------------|------------------------------------|-------------------------|
| | Gratuity benefits | Compensated absences | Gratuity benefits | Compensated absences |
| Change in benefit obligations: | | | | |
| i. Present value of obligation at the year beginning | 4,696,941 | 7,259,849 | 1,595,132 | 3,040,004 |
| ii. Adjustment for increase in opening provision for retirement benefit | - | - | 163,149 | 903,413 |
| iii. Current service cost | 4,039,704 | 5,351,529 | 2,573,683 | 3,971,555 |
| iv. Interest Cost | 375,755 | 580,788 | 140,662 | 315,473 |
| v. Actuarial (Gain)/Loss | (109,656) | (413,012) | 224,315 | (970,596) |
| vi. Benefits paid | - | 182,887 | - | - |
| vii. Present value of obligation at the year end | 90,02,744 | 12,596,267 | 4,696,941 | 7,259,849 |
| Change in plan assets: | | | | |
| Fair value of plan assets at the year end* | - | - | - | - |
| * The fair value of plan assets is nil since both gratuity plan and long term compensated absences plan are wholly unfunded as on 31 March, 2008. | | | | |
| Net liability: | | | | |
| i. Present value of obligation at the year end | 90,02,744 | 12,596,267 | 4,696,941 | 7,259,849 |
| ii. Fair value of plan assets at the year end | - | - | - | - |
| | 90,02,744 | 12,596,267 | 4,696,941 | 7,259,849 |
| Expenses recognised in the profit and loss account: | | | | |
| i. Current service Cost | 4,039,704 | 5,351,529 | 2,573,683 | 3,971,555 |
| ii. Interest Cost | 375,755 | 580,788 | 140,662 | 315,473 |
| iii. Net actuarial (gain)/loss | (109,656) | (413,012) | 224,315 | (970,596) |
| iv. Expected Return on plan assets | - | - | - | - |
| v. Net cost | 4,305,803 | 5,519,305 | 2,938,660 | 3,316,432 |
| Actuarial assumptions used: | | | | |
| i. Discount Rate | 8% | 8% | 8% | 8% |
| ii. Expected Salary Escalation Rate | 6% | 6% | 6% | 6% |
| iii. Expected Rate of Return | 8% | - | 8% | - |
| iv. Mortality Table | LIC (1994-96) duly modified 60 Yrs | | LIC (1994-96) duly modified 60 Yrs | |
| v. Retirement Age | | | | |
| vi. 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 |

Notes:

- The discount rate is based on the prevailing market yields of Indian Government securities as at the balance sheet date for the estimated term of obligations.
- The expected return is based on the expectation of the average long term rate of return expected on investments of the fund during the estimated term of the obligations.
- The estimates of future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors.

- c. During the year ended 31 March, 2007, the Company had adopted Accounting Standard-15 "Employee Benefits" (revised) effective from 1 April, 2006. In accordance with the transitional provisions of the Accounting Standard, the liability in respect of employee benefits was recomputed and an amount of Rs.4.4 million was adjusted against the opening balance of the profit and loss account of that year.

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

- a. During the year, the Company 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. The Company 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. The Company plans to grant upto 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 of the Company and directors of the Company and its holding and subsidiary companies.

Options granted during the year under ESOP 2007 shall vest with the grantee equally over a four years 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. 2 each 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. The Company has granted 2,426,250 options upto 31 March, 2008.

- b. The movement in the scheme is set out as under:

| Particulars | ESOP 2007 | |
|---|----------------------|------------------------------------|
| | Options (Numbers) | Weighted Average Price (Rs.) |
| a. Outstanding at the beginning of year | - | - |
| b. Granted during the year | 2,426,250 | 100.35 |
| c. Exercised during the year | - | - |
| d. Forfeited during the year | 190,000 | 101.06 |
| e. Expired during the year | - | - |
| f. Outstanding at the end of the year | 2,236,250 | 100.29 |
| g. Exercisable at the end of the year | - | - |
| h. Number of equity shares of Rs. 2 each fully paid up to be issued on exercise of option | 2,236,250 | NA |
| i. Weighted average share price at the date of exercise | NA | NA |
| j. Weighted average remaining contractual life (years) | 1.61 | NA |

- c. The Finance Act 2007 has included Fringe Benefit Tax (FBT) on Employees' Stock Option Plan. FBT liability crystallizes on the date of exercise of stock options and the Company would recover the FBT from the employees, hence there is no charge in these financial results.

d. Pro forma Accounting for Stock Option Grants

The Company applies the intrinsic value-based method of accounting for determining compensation cost for its stock-based compensation plan. Had the compensation cost been determined using the fair value approach, the Company's net income and basic and diluted earnings per share as reported would have reduced to the pro forma amounts as indicated:

(Amount in Rupees)

| Particulars | Year ended 31.03.2008 |
|---|--------------------------|
| Net Profit/ (Loss) as reported (a) | (68,662,228) |
| Add: Stock based employee compensation expense debited to Profit and Loss account (i) | 12,754,876 |
| Less: Stock based employee compensation expense based on fair value (ii) | 63,496,097 |
| Difference between (i) and (ii) | (50,741,221) |
| Adjusted pro forma profit/(Loss) (b) | (119,403,449) |
| Difference between (a) and (b) | (50,741,221) |
| Basic earnings per share as reported | (0.51) |
| Pro forma basic earnings per share | (0.89) |
| Diluted earnings per share as reported | (0.51) |
| Pro forma diluted earnings per share | (0.89) |

- e. The fair value of the options, calculated by an external valuer, was estimated on the date of grant using the Black-Scholes model with the following significant assumptions

| Particulars | Year ended 31 March, 2008 |
|---------------------------------|------------------------------|
| Risk free interest rates (in %) | 8% |
| Expected life (in years) | 6 years |
| Volatility (in %) | 35.77% |
| Dividend yield (in %) | 0% |

The volatility of the options is based on the historical volatility of the share price since the Company's equity shares are publicly traded, which may be shorter than the term of the options.

f. Details of weighted average exercise price and fair value of the stock options granted at price below market price

| Particulars | Year ended 31 March, 2008 |
|--|------------------------------|
| Total options granted | 2,426,250 |
| Weighted average exercise price (in Rs.) | 100.35 |
| Weighted average fair value (in Rs.) | 65.09 |

16. Related Party disclosures
A. List of related parties

| Name | Relationship |
|---|--------------------------------|
| i. Television Eighteen India Limited (TV-18) upto 26 September, 2006 | Ultimate Holding |
| ii. Network 18 Media & Investments Limited (Network18) w.e.f. 27 September, 2006 upto 3 December, 2006 (formerly Network 18 Fincap Limited) | Ultimate Holding |
| iii. SRH Broadcast News Holdings Private Limited (SRH) upto 3 December, 2006. | Holding |
| iv. Network 18 Media & Investments Limited (Network18) w.e.f. 4 December, 2006 (formerly Network 18 Fincap Limited) | Holding |
| v. RVT Media Private Limited (RVT Media) w.e.f. 1 January, 2008 | Subsidiary |
| vi. Television Eighteen India Limited (TV18) w.e.f. 27 November, 2006 | Fellow Subsidiary |
| vii. Network 18 Holdings Limited, Cayman Islands (NHL) w.e.f. 27 September, 2006 (formerly TV18 Holdings Limited) | Fellow subsidiary |
| viii. Network 18 India Holdings Private Limited (N-18 Holding) w.e.f. 14 August, 2007 | Fellow subsidiary |
| ix. Setpro18 Distribution Private Limited (Setpro18) w.e.f. 27 September, 2006 (formerly Setpro Holdings Private Limited) | Fellow subsidiary |
| x. Television Eighteen Mauritius Limited, Mauritius (TEML) w.e.f. 27 November, 2006 | Fellow Subsidiary ⁶ |
| xi. iNews.com Limited (iNews) w.e.f. 27 November, 2006 | Fellow Subsidiary ⁶ |
| xii. News Wire 18 India Private Limited (NewsWire) w.e.f. 27 November, 2006 (formerly Livewire Motion Pictures Private Limited) | Fellow Subsidiary ⁶ |
| xiii. RVT Investments Private Limited (RVT) w.e.f. 27 November, 2006 | Fellow Subsidiary ⁶ |
| xiv. Television Eighteen Media and Investment Limited, Mauritius (TEML) w.e.f. 26 November, 2007 (formerly BK Events Limited) | Fellow Subsidiary ⁶ |
| xv. MobileNXT Online Private Limited (MobileNXT Online) w.e.f. 14 January, 2008 | Fellow Subsidiary ⁶ |
| xvi. Web 18 Holdings Limited, Cayman Islands (Web 18 Holding) w.e.f. 27 November, 2006 | Fellow Subsidiary ¹ |
| xvii. BK Holdings Limited, Mauritius (BKH) w.e.f. 17 May 2007 (see note 10) | Fellow Subsidiary ¹ |
| xviii. Capital 18 Limited, Mauritius (Capital 18) w.e.f. 6 June, 2007 (see note 10) | Fellow Subsidiary ¹ |
| xix. TEML Broadcast Mauritius Limited (formerly CNBC India Limited) w.e.f. 27 November, 2006 upto 14 May 2007 | Fellow Subsidiary ¹ |
| xx. Namono Investments Limited (Namono) w.e.f. 19 November, 2007 | Fellow Subsidiary ¹ |
| xxi. TV18 UK Limited (TV 18 UK) w.e.f. 27 November, 2006 | Fellow Subsidiary ¹ |
| xxii. E-18 Limited, Cyprus (E 18, Cyprus) w.e.f. 10 July, 2006 | Fellow Subsidiary ² |
| xxiii. Capital 18 Acquisition Corp., Cayman Islands (C18 AC) w.e.f. 28 November, 2007 | Fellow Subsidiary ³ |
| xxiv. Colosseum Media Private Limited (Colosseum) w.e.f. 15 February, 2008 (formerly RVT Software Private Limited) | Fellow Subsidiary ³ |
| xxv. Webchutney Studio Private Limited (Webchutney) w.e.f. 10 December, 2007 | Fellow Subsidiary ³ |
| xxvi. Stargaze Entertainment Private Limited (Stargaze) w.e.f. 18 February, 2008 | Fellow Subsidiary ³ |
| xxvii. Juxt Consult Research and Consulting Private Limited w.e.f. 10 December, 2007 | Fellow Subsidiary ⁹ |
| xxviii. Goosefish Media Ventures Private Limited w.e.f. 10 December, 2007 | Fellow Subsidiary ⁹ |
| xxix. Blue Slate Media Private Limited w.e.f. 10 December, 2007 | Fellow Subsidiary ⁹ |
| xxx. e-Eighteen.com Limited (E-18) w.e.f. 27 November, 2006 | Fellow Subsidiary ⁴ |
| xxxi. Television Eighteen Commoditiescontrol.com Limited (TECCCL) w.e.f. 27 November, 2006 | Fellow Subsidiary ⁴ |
| xxxii. Web18 Software Services Limited (Web 18) w.e.f. 27 November, 2006 | Fellow Subsidiary ⁴ |
| xxxiii. Big Tree Entertainment Private Limited w.e.f. 3 April, 2007 | Fellow Subsidiary ⁴ |
| xxxiv. Care Websites Private Limited (Care) w.e.f. 14 February, 2008 | Fellow Subsidiary ⁴ |
| xxxv. Moneycontrol Dot Com India Limited (MCD) w.e.f. 27 November, 2006 | Fellow Subsidiary ⁵ |
| xxxvi. TV18 HSN Holdings Limited (TV18 HSN Holding) w.e.f. 27 September, 2006 (formerly 18 Holdings Cyprus Limited) | Fellow subsidiary ⁷ |
| xxxvii. TV18 Home Shopping Network Private Limited (TV18 HSN) w.e.f. 27 September, 2006 | Fellow subsidiary ⁸ |
| xxxviii. IBN Lokmat News Private Limited (IBN Lokmat) w.e.f. 11 June, 2007 (formerly RVT Finhold Private Limited) | JV |
| xxxix. BK Fincap Private Limited (BK Fincap) w.e.f. 31 March, 2007 | Associate |

| Name | Relationship |
|--|--|
| xl. Raghav Bahl (RB) w.e.f. 27 September, 2006 | Individual exercising control (IEC) (by virtue of having a substantial indirect interest in the voting power of the Company) |
| xli. Sameer Manchanda (SM) | Key Managerial Personnel (KMP) |
| xlii. Rajdeep Sardesai (RS) | KMP |
| xliii. Sagarika Ghose (SG) | Relative of KMP (RS) |
| xliv. SGA News Limited (SGA News) w.e.f. 27 September, 2006 | Entity under significant influence of IEC (RB) |
| xlv. Greycells 18 Media Private Limited (Greycells) w.e.f. 27 September, 2006 | Entity under significant influence of IEC (RB) |
| xlvi. Jagran TV Private Limited (Jagran TV) | Entity under significant influence of KMP (SM) |
| xlvii. Setpro18 Distribution Private Limited (Setpro) (formerly Setpro Holdings Private Limited) | Entity under significant influence of KMP (SM) |

Notes:

1. Subsidiary of TEML
2. Subsidiary of Web 18 Holding
3. Subsidiary of Capital 18
4. Subsidiary of E 18, Cyprus
5. Subsidiary of E-18
6. Subsidiary of TV 18
7. Subsidiary of NHL
8. Subsidiary of TV 18 HSN Holding
9. Subsidiary of Webchutney
10. Held for disposal by TEML

B. Balances outstanding/transactions with related parties:

| Particulars | Holding (Rs.) | Entity under significant influence (Rs.) | Subsidiary (Rs.) | Fellow Subsidiary (Rs.) | Key Management Personnel and their Relatives (Rs.) | Associate/ JV (Rs.) |
|--|-------------------|--|------------------|--|--|---------------------|
| | Note 1 | Note 2 | | Note 3 | | |
| (i) Transactions during the year (Note 4) | | | | | | |
| Income from operations and Other income | | | | | | |
| 1. Network18 | 28,485,867 | - | - | - | - | - |
| 2. Jagran TV | - | 38,291,235 (23,063,307) | - | - | - | - |
| 3. TV 18 | - | - | - | 31,293,571 (6,755,165) | - | - |
| 4. Web 18 | - | - | - | 7,401,608 (6,873,411) | - | - |
| 5. TV 18 HSN | - | - | - | 39,435,454 | - | - |
| 6. Setpro18 | - | - | - | (3,477,429) | - | - |
| 7. Others | - | 2,597,844 | - | 561,800 | - | - |
| Total | 28,485,867 | 40,889,079 (23,063,307) | - | 78,692,433 (17,106,005) | - | - |
| Expenditure for services received | | | | | | |
| 1. Setpro18 | - | - | - | 229,989,351 (224,413,679) | - | - |
| 2. TV 18 | - | - | - | 50,955,702 (45,792,000) | - | - |

| Particulars | Holding (Rs.) | Entity under significant influence (Rs.) | Subsidiary (Rs.) | Fellow Subsidiary (Rs.) | Key Management Personnel and their Relatives (Rs.) | Associate/ JV (Rs.) |
|--|-------------------|---|---------------------|-------------------------------|--|---------------------------|
| | Note 1 | Note 2 | | Note 3 | | |
| 3. SM | - | - | - | - | 12,264,000 | - |
| | - | - | - | - | (44,614,000) | - |
| 4. RS | - | - | - | - | 11,664,000 | - |
| | - | - | - | - | (14,724,711) | - |
| 5. Others | - | - | - | 17,204,022 | 1,158,466 | - |
| | - | - | - | (13,202,443) | (1,151,337) | - |
| Total | - | - | - | 298,149,075 | 25,086,466 | - |
| | - | - | - | (283,408,122) | (60,490,048) | - |
| Reimbursement of expenses (paid) | | | | | | |
| 1. Network18 | 13,042,338 | - | - | - | - | - |
| | - | - | - | - | - | - |
| 2. SGA News | - | - | - | - | - | - |
| | - | (10,796,185) | - | - | - | - |
| 3. Jagran TV | - | 17,200,038 | - | - | - | - |
| | - | (2,702,760) | - | - | - | - |
| 4. TV 18 | - | - | - | 196,713,636 | - | - |
| | - | - | - | (77,714,181) | - | - |
| 5. IBN Lokmat | - | - | - | - | - | 3,688,103 |
| | - | - | - | - | - | - |
| 6. Others | - | - | - | 1,274,782 | - | - |
| | - | - | - | (63,768) | - | - |
| Total | 13,042,338 | 17,200,038 | - | 197,988,418 | - | 3,688,103 |
| | - | (13,498,945) | - | (77,777,949) | - | - |
| Expenses incurred towards fixed assets by the Company | | | | | | |
| 1. Setpro18 | - | - | - | 99,644 | - | - |
| | - | - | - | - | - | - |
| Expenses incurred towards fixed assets on behalf of the Company | | | | | | |
| 1. SGA News | - | - | - | - | - | - |
| | - | (803,796) | - | - | - | - |
| 2. Jagran TV | - | 149,809 | - | - | - | - |
| | - | - | - | - | - | - |
| Total | - | 149,809 | - | - | - | - |
| | - | (803,796) | - | - | - | - |
| Reimbursement of expenses (received) | | | | | | |
| 1. Network 18 | 1,078,738 | - | - | - | - | - |
| | (22,860) | - | - | - | - | - |
| 2. SGA News | - | 2,600,723 | - | - | - | - |
| | - | (1,759,186) | - | - | - | - |
| 3. Jagran TV | - | 58,335,176 | - | - | - | - |
| | - | (29,092,411) | - | - | - | - |
| 4. Setpro 18 | - | - | - | 17,581,284 | - | - |
| | - | - | - | (336,013) | - | - |
| 5. TV 18 | - | - | - | 115,706,731 | - | - |
| | - | - | - | (34,432,134) | - | - |
| 6. IBN Lokmat | - | - | - | - | - | 24,394,570 |
| | - | - | - | - | - | - |
| 7. Others | - | - | - | 9,139,373 | - | - |
| | - | - | - | (46,966) | - | - |
| Total | 1,078,738 | 60,935,899 | - | 142,427,288 | - | 24,394,570 |
| | (22,860) | (30,851,597) | - | (34,815,113) | - | - |

| Particulars | Holding (Rs.) | Entity under significant influence (Rs.) | Subsidiary (Rs.) | Fellow Subsidiary (Rs.) | Key Management Personnel and their Relatives (Rs.) | Associate/ JV (Rs.) |
|---|-------------------------------|---|---------------------|-----------------------------------|--|------------------------------------|
| | Note 1 | Note 2 | | Note 3 | | |
| Investment in equity shares / warrants | | | | | | |
| 1. Jagran TV | 200,500,000 | - | - | - | - | - |
| 2. RVT Media | - | - | 100,000 | - | - | - |
| 3. Web18 Holding | - | - | - | 1,848,836 | - | - |
| 4. BK Fincap | - | - | - | - | - | (687,412,740) |
| 5. IBN Lokmat | - | - | - | - | - | 86,250,000 |
| Total | - | 200,500,000 | 100,000 | 1,848,836 | - | 86,250,000 (687,412,740) |
| Transfer of business (IBN Live.com) by Company | | | | | | |
| 1. Web 18 | - | - | - | (1,691,000) | - | - |
| (ii) Balances at the year end Loans/advances | | | | | | |
| 1. Network 18 | 17,225,929 (25,658) | - | - | - | - | - |
| 2. SGA News | - | 10,132,099 (168,883) | - | - | - | - |
| 3. Jagran TV | - | 99,394,224 (50,439,466) | - | - | - | - |
| 4. Greycells 18 | - | 2,571,086 | - | - | - | - |
| 5. TV 18 | - | - | - | (6,131,058) | - | - |
| 6. TV 18 HSN | - | - | - | 2,214,894 (16,013) | - | - |
| 7. Web 18 | - | - | - | 12,472,658 (2,732,535) | - | - |
| 8. Setpro18 | - | - | - | 7,312,859 (1,284,232) | - | - |
| 9. IBN Lokmat | - | - | - | - | - | 19,955,181 |
| 10. Others | - | - | - | 629,666 (17,500) | - | - |
| Total | 17,225,929 (25,658) | 112,097,409 (50,608,349) | - | 22,630,077 (10,181,338) | - | 19,955,181 - |
| Creditors | | | | | | |
| 1. SGA News | - | (1,057,259) | - | - | - | - |
| 2. Setpro18 | - | - | - | (3,905,462) | - | - |
| 3. TV 18 | - | - | - | 20,694,989 (17,094,902) | - | - |
| 4. SM | - | - | - | - | 528,350 (2,950,000) | - |
| 5. RS | - | - | - | - | 503,790 (1,040,000) | - |
| 6. Others | - | - | - | 74,305 (3,812,497) | 59,838 - | - |
| Total | - | (1,057,259) | - | 20,769,294 (24,812,861) | 1,091,978 (3,990,000) | - |

| Particulars | Holding (Rs.) | Entity under significant influence (Rs.) | Subsidiary (Rs.) | Fellow Subsidiary (Rs.) | Key Management Personnel and their Relatives (Rs.) | Associate/ JV (Rs.) |
|---|--------------------|--|------------------|-------------------------|--|---------------------|
| | Note 1 | Note 2 | | Note 3 | | |
| Share application money paid pending allotment | | | | | | |
| 1. BK Fincap | - | - | - | - | - | - |
| | - | - | - | - | - | (115,000,000) |
| 2. Jagran TV | - | 100,000,000 | - | - | - | - |
| | - | - | - | - | - | - |
| Total | - | 100,000,000 | - | - | - | - |
| | - | - | - | - | - | (115,000,000) |
| Guarantees given | | | | | | |
| 1. JTV | - | 63,700,000 | - | - | - | - |
| | - | (409,500,000) | - | - | - | - |
| 2. IBN Lokmat | - | - | - | - | - | 228,000,000 |
| | - | - | - | - | - | - |
| Total | - | 63,700,000 | - | - | - | 228,000,000 |
| | - | (409,500,000) | - | - | - | - |
| Guarantees given outstanding | | | | | | |
| 1. JTV | - | 473,200,000 | - | - | - | - |
| | - | (409,500,000) | - | - | - | - |
| 2. IBN Lokmat | - | - | - | - | - | 228,000,000 |
| | - | - | - | - | - | - |
| Total | - | 473,200,000 | - | - | - | 228,000,000 |
| | - | (409,500,000) | - | - | - | - |
| Guarantees taken | | | | | | |
| 1. Network18 | 420,000,000 | - | - | - | - | - |
| | - | - | - | - | - | - |
| Guarantees taken outstanding | | | | | | |
| 1. Network18 | 620,000,000 | - | - | - | - | - |
| | (200,000,000) | - | - | - | - | - |

Figures in brackets indicate amounts pertaining to the previous year.

Notes:

1. includes ultimate holding
2. includes entity under significant influence of individuals having direct/indirect significant influence, their relative, KMP and their relatives.
3. includes subsidiaries of fellow subsidiary
4. includes amount of service tax

17. Utilisation of Initial Public Offering

- a. The details of utilisation of the funds amounting to Rs. 1,050 million received through Initial Public Offer (IPO) are as follows:

(Amount Rupees in millions)

| Particulars | Projected Utilisation as per Prospectus | Actual utilization as at 31 March, 2008 |
|---|---|---|
| IPO expenses | 79.7 | 84.2 |
| Investment in B.K. Fincap Private Limited | 458.5 | 458.5 |
| Amount utilised for general use | 261.8 | 257.3 |
| Repayment of Term Loan | 250.0 | 250.0 |
| Unutilized Amount as at 31 March, 2008 | - | Nil |

18. Transactions with parties referred to in Section 297 of the Companies Act

The Company has entered into an agreement with a Company in which directors are interested, for distribution and strategic placement of its channel CNN-IBN. The agreement is recorded in the register maintained under section 301 of the Companies Act 1956. The Company has paid Rs.230 million (Previous year Rs.224.4 million), including service tax, as distribution costs under this agreement. This agreement has the approval of the Central Government for the period 22 October, 2006 to 31 March, 2009.

19. Transfer Pricing

As per the Transfer Pricing Rules of the Income tax Act, 1961 every company is required to get a transfer pricing study conducted to determine whether the international transactions with associated enterprises were undertaken at an arm's length basis for each financial

year end. Transfer pricing study for the transactions during the year ended 31 March, 2008 is currently in progress and hence adjustments if any which may arise there from have not been taken into account in these financial statements for the year ended 31 March, 2008 and will be effective in the financial statements for the year ended 31 March, 2009. However in the opinion of the Company's management, adjustments, if any, are not expected to be material.

20. Disclosures as per Micro, Medium and Small Enterprises Development Act, 2006 (MSMED)

Pursuant to amendments to Schedule VI to the Companies Act, 1956 vide Notification No. GSR 719 (E) dated 16 November, 2007, the amounts due to micro and small enterprises only are to be disclosed as against the earlier disclosure requirement of amounts due to small scale industrial undertakings.

Based on the information available with the Company, the balance due to micro and small enterprises as defined under the MSMED Act, 2006 is Rs. Nil (Previous year Rs. Nil) and no interest has been paid or is payable under the terms of the MSMED Act, 2006.

Further, during the previous year no amounts were payable to small scale undertakings which were outstanding for more than 30 days.

21. Foreign exchange forward contracts

The Company does not use foreign currency forward contracts to hedge its risks associated with foreign currency fluctuations relating to certain firm commitments and forecasted transactions.

The Company's foreign currency exposure not hedged by a derivative instrument or otherwise as on 31 March, 2008 is as follows:

| Currency | Payable | Rupee equivalent (Rs.) | Investments | Rupee equivalent (Rs.) |
|----------|-----------|------------------------|-------------|------------------------|
| USD | 1,699,310 | 67,921,421 | 45,492 | 1,848,836 |

22. Obligation on long term, non-cancellable operating leases

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 profit and loss account. The Company has taken various residential/ commercial premises under cancelable/non cancelable operating leases. The cancelable lease agreements are normally renewed on expiry. Rent amounting to Rs. 31,110,622 (Previous year Rs. 30,855,880) has been debited to profit and loss account during the year. The details of future minimum lease payments under leases are as under:

| Particulars | Year ended 31.03.2008 | Year ended 31.03.2007 |
|---|-----------------------|-----------------------|
| Not later than one year | 69,492,220 | 24,813,372 |
| Later than one year but not later than five years | 216,385,107 | 61,779,066 |
| More than five years | 15,991,944 | — |

23. Previous year's amounts have been reclassified/ regrouped to conform to the current year's presentation.

For and on behalf of the Board

SAMEER MANCHANDA

Joint Managing Director

GURDEEP SINGH PURI

General Manager - Finance

Noida

28 July 2008

RAGHAV BAHL

Director

HITESH KUMAR JAIN

Company Secretary

(Currency : Indian Rupees in Thousands)

Additional Information pursuant to Part IV of Schedule VI to the Companies Act, 1956, of India
Balance Sheet Abstract & Company's General Business Profile
I. Registration Details :

 Registration No.

 State code

 Balance sheet Date :
II. Capital raised during the year

(All amounts in Rs. thousands)

 Public Issue

 Right Issue

 Bonus Issue

 Private Placement

 Others
III. Position of Mobilisation and Deployment of Funds (Amount in Rs. thousands)

 Total Liabilities (including Shareholders' Funds)

 Total Assets
Sources of Funds

 Paid up Capital

 Reserves & Surplus

 Secured Loans

 Unsecured Loans

 Deferred Tax Liability

 Equity Warrants
Application of Funds

 Net Fixed Assets (including capital work in progress)

 Investment

 Net Current Assets

 Miscellaneous Expenditure
IV. Performance of Company (All amounts in Rs. thousands except per share data)

 Turnover (including Other Income)

 Total Expenditure

 Profit/Loss Before Tax + -

 Profit/Loss After Tax + -

(Please tick appropriate box + for Profit, - for Loss)

(Please tick appropriate box + for Profit, - for Loss)

 Earning per Share (in Rs.) - Annualised + -

 Dividend Rate %

(Please tick appropriate box + for Positive, - for Negative)

V. Generic names of principal products/services of the company

 Item Code No. (ITC Code)

 Product Description

Note : Face value of the Equity Shares of the Company sub divided to Rs. 2/- from Rs. 10/- w.e.f. 28th February, 2008

For and on behalf of the Board
SAMEER MANCHANDA
Joint Managing Director

RAGHAV BAHL
Director

GURDEEP SINGH PURI
General Manager - Finance

HITESH KUMAR JAIN
Company Secretary

 Noida
28 July 2008

AUDITORS' REPORT**TO THE BOARD OF DIRECTORS OF ibn18 BROADCAST LIMITED (Formerly known as GLOBAL BROADCAST NEWS LIMITED) ON THE CONSOLIDATED FINANCIAL STATEMENTS OF ibn18 BROADCAST LIMITED AND ITS SUBSIDIARY**

1. We have audited the attached consolidated Balance Sheet of ibn18 Broadcast Limited, its subsidiary, its joint venture and an associate (collectively defined as 'ibn18 Group') as at 31 March, 2008, and the consolidated Profit and Loss account for the year ended on that date both annexed thereto. These financial statements are the responsibility of the management of ibn18 Broadcast Limited and have been prepared by the management on the basis of separate financial statements and other financial informations regarding components. 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 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. We did not audit the financial statements of the subsidiary, which reflects total assets of Rs.69,503 as at 31 March, 2008. We also did not audit the financial statements of a joint venture, which reflects total assets of Rs.109,622,732 (being proportionate share of the Company) as at 31 March, 2008, and total revenues of Rs.861,665 (being proportionate share of the Company) for the year then ended. We also did not audit the financial statements of an associate, which reflects Company's share of loss in associates aggregating to Rs. 130,914,649 (being proportionate share of the Company) for the year ended 31 March, 2008.

These financial statements and other financial information of the subsidiary, joint venture and associate have been audited by other auditors, whose reports have been furnished to us, and our opinion, in so far as it relates to the amounts included in respect of these subsidiary, joint venture and associate is based solely on the report of other auditors.

4. We report that the Consolidated Financial Statements have been prepared by the Company's management in accordance with the requirements of Accounting Standard (AS) 21, Consolidated Financial Statements, Accounting Standard (AS) 23, Accounting for Investments in Associates in Consolidated Financial Statements, Accounting Standard (AS) 27, Financial Reporting of Interests in Joint Ventures, prescribed by Companies (Accounting Standards) Rules, 2006.
5. 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 components, and to the best of our information and according to the explanations given to us we are of the opinion that the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of the Consolidated Balance Sheet, of the state of affairs of the ibn18 Group as at 31 March 2008.
 - (b) in the case of the Consolidated Profit and Loss Account, of the loss of the ibn18 Group for the year ended as on that date.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants

New Delhi
28 July, 2008

JITENDRA AGARWAL
Partner
(Membership No. 87104)

CONSOLIDATED BALANCE SHEET AS AT 31 MARCH, 2008

| | Schedule Reference | As at 31.03.2008 (Rs.) |
|--|-----------------------|------------------------------|
| SOURCES OF FUNDS | | |
| 1. SHAREHOLDERS' FUNDS | | |
| a. Share capital | 1 | 267,281,630 |
| b. Optionally convertible equity warrants issued and subscribed (see note 6) | | 266,400,000 |
| c. Employee stock options outstanding | 2 | 12,754,876 |
| d. Reserves and surplus | 3 | 1,848,502,974 |
| 2. LOAN FUNDS | | |
| a. Secured loans | 4 | 768,121,150 |
| b. Unsecured loans | 5 | 200,000,000 |
| | | 3,363,060,630 |
| APPLICATION OF FUNDS | | |
| 3. FIXED ASSETS | 6 | |
| a. Gross block | | 772,195,001 |
| b. Less: Depreciation | | 150,327,381 |
| c. Net block | | 621,867,620 |
| d. Capital work in progress | | 2,113,126 |
| | | 623,980,746 |
| 4. INVESTMENTS | 7 | 770,846,927 |
| 5. CURRENT ASSETS, LOANS & ADVANCES | 8 | |
| a. Inventories | | 737,366 |
| b. Sundry debtors | | 483,583,459 |
| c. Cash and bank balances | | 165,954,447 |
| d. Loans and advances | | 621,966,430 |
| | | 1,272,241,702 |
| 6. LESS: CURRENT LIABILITIES AND PROVISIONS | 9 | |
| a. Current liabilities | | 301,703,489 |
| b. Provisions | | 22,385,416 |
| | | 324,088,905 |
| 7. NET CURRENT ASSETS (6-7) | | 948,152,797 |
| 8. PROFIT AND LOSS ACCOUNT (DEBIT BALANCE) | 10 | 1,020,080,160 |
| | | 3,363,060,630 |
| Notes forming part of the accounts | 15 | |

The above schedules form an integral part of the accounts

As per our report of even date attached

For **DELOITTE HASKINS & SELLS**
Chartered Accountants

JITENDRA AGARWAL
Partner
Membership No. 87104

New Delhi
28 July 2008

For and on behalf of the Board

SAMEER MANCHANDA
Joint Managing Director
GURDEEP SINGH PURI
General Manager - Finance

Noida
28 July 2008

RAGHAV BAHL
Director
HITESH KUMAR JAIN
Company Secretary

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON 31 MARCH, 2008

| | Schedule Reference | Year ended 31.03.2008 (Rs.) |
|--|-----------------------|-----------------------------------|
| 1. INCOME | | |
| a. Income from operations | | 1,311,835,416 |
| b. Other income | 11 | 39,817,447 |
| | | 1,351,652,863 |
| 2. EXPENDITURE | | |
| a. Production, administrative and other costs | 12 | 803,109,649 |
| b. Personnel expenses | 13 | 454,342,518 |
| c. Interest and financial charges | 14 | 122,181,874 |
| d. Depreciation | 6 | 65,695,059 |
| | | 1,445,329,100 |
| 3. Profit/(Loss) before tax | | (93,676,237) |
| 4. Provision for taxes (Fringe benefit tax) | | 9,855,000 |
| 5. Profit/(Loss) after tax carried to balance sheet | | (103,531,237) |
| Add: Share in losses of associate | | (130,914,649) |
| 6. Profit/(Loss) after tax carried to balance sheet | | (234,445,886) |
| Earning per equity share (See note 9) | | |
| (Face Value of Rs. 2 per share) | | |
| Basic | | (1.75) |
| Diluted | | (1.75) |
| Notes forming part of the accounts | 15 | |

The above schedules form an integral part of the accounts

The above schedules form an integral part of the accounts

As per our report of even date attached

For **DELOITTE HASKINS & SELLS**
Chartered Accountants

JITENDRA AGARWAL
Partner
Membership No. 87104

New Delhi
28 July 2008

For and on behalf of the Board

SAMEER MANCHANDA
Joint Managing Director
GURDEEP SINGH PURI
General Manager - Finance

Noida
28 July 2008

RAGHAV BAHL
Director
HITESH KUMAR JAIN
Company Secretary

SCHEDULES FORMING PART OF THE ACCOUNTS

As at
31.03.2008
(Rs.)

**SCHEDULE 1
SHARE CAPITAL**
AUTHORISED :

200,000,000 (Previous year 40,000,000) Equity shares of Rs. 2 each (Previous year Rs. 10 each) **400,000,000**

ISSUED, SUBSCRIBED AND PAID UP:

133,640,815 (Previous year 26,728,163) Equity shares of Rs. 2 each fully paid up (Previous year Rs. 10 each) **267,281,630**

Of the above 52,055,140 (Previous year 10,411,028) Equity shares of Rs. 2 each (Previous year Rs. 10 each) fully paid up are issued for consideration received other than cash pursuant to scheme of amalgamation between the company and SRH Broadcast News Holdings Limited

**SCHEDULE 2
EMPLOYEE STOCK OPTIONS OUTSTANDING**

i. Employees stock options outstanding 35,479,960
ii. Less: Deferred employee compensation 22,725,084
iii. Net balance **12,754,876**

**SCHEDULE 3
RESERVES AND SURPLUS**
a. Securities Premium Account

i. Opening balance carried forward 1,838,504,633

b. General Reserve

i. Opening balance carried forward 9,998,341

1,848,502,974

**SCHEDULE 4
SECURED LOANS (from banks)**

i. Cash credit (see note 7a) 428,506,858
ii. Term loan (see note 7b and 7c) 337,855,475
iii. Other loans (see note 7d) 1,758,817
768,121,150

**SCHEDULE 5
UNSECURED LOANS**

Short term loan from a bank 200,000,000
200,000,000

**SCHEDULE 6
FIXED ASSETS**

(All amounts in Rupees)

| Particulars | GROSS BLOCK AT COST | | | | DEPRECIATION | | | | NET BLOCK | |
|--------------------------|---------------------|--------------------|---------------------|---------------------|---------------------|-------------------|---------------------|---------------------|---------------------|--|
| | As at 01.04.2007 | Additions | Sale/ Adjustment | As at 31.03.2008 | As at 01.04.2007 | For the year | Sale/ Adjustment | As at 31.03.2008 | As at 31.03.2008 | |
| Tangible Assets | | | | | | | | | | |
| Leasehold improvements | 107,023,294 | 37,343,789 | - | 144,367,083 | 18,054,445 | 14,046,970 | - | 32,101,415 | 112,265,668 | |
| Plant & machinery | 303,256,068 | 149,732,438 | 2,054,095 | 450,934,411 | 33,682,277 | 28,594,081 | 245,790 | 62,030,568 | 388,903,843 | |
| Electrical installation | 7,851,249 | 11,394,705 | - | 19,245,954 | 820,232 | 1,654,822 | - | 2,475,054 | 16,770,900 | |
| Computers | 34,473,216 | 28,028,306 | - | 62,501,522 | 15,559,643 | 7,013,695 | - | 22,573,338 | 39,928,184 | |
| Furniture & fixtures | 9,510,118 | 5,589,758 | - | 15,099,876 | 2,837,107 | 2,071,948 | - | 4,909,055 | 10,190,821 | |
| Vehicles | 6,818,162 | 415,567 | - | 7,233,729 | 1,005,209 | 667,520 | - | 1,672,729 | 5,561,000 | |
| Intangible Assets | | | | | | | | | | |
| Computers software | 48,350,293 | 24,462,133 | - | 72,812,426 | 12,919,199 | 11,646,023 | - | 24,565,222 | 48,247,204 | |
| Total | 517,282,400 | 256,966,696 | 2,054,095 | 772,195,001 | 84,878,112 | 65,695,059 | 245,790 | 150,327,381 | 621,867,620 | |

SCHEDULES FORMING PART OF THE ACCOUNTS

As at
31.03.2008
(Rs.)

**SCHEDULE 7
INVESTMENTS**

| | | |
|---|------------------|---------------------------|
| a. Unquoted - Long term (Trade) (at cost) | | |
| i. in equity shares of other companies | | |
| 86,485 equity shares of B.K. Fincap Private Limited of Rs. 10 each fully paid up (Includes Goodwill amounting Rs. 549,089,490) | 556,498,091 | |
| 4,778,603 Class A Ordinary shares of Web 18 Holdings Private Limited USD 0.00952 each fully paid up | 1,848,836 | |
| 1,347,241 equity shares of Jagran TV Private Limited of Rs. 10 each fully paid up | 200,500,000 | |
| ii. in equity warrants of other companies | | |
| 4,500,000 share warrants of Series "A" of Viacom18 Media Private Limited of Rs. 1 each fully paid up | 4,500,000 | |
| 4,500,000 share warrants of Series "B" of Viacom18 Media Private Limited of Rs. 1 each fully paid up | 4,500,000 | |
| 3,000,000 share warrants of Series "C" of Viacom18 Media Private Limited of Rs. 1 each fully paid up | 3,000,000 | |
| Aggregate of unquoted investments | <u>3,000,000</u> | |
| | | <u>770,846,927</u> |

**SCHEDULE 8
CURRENT ASSETS, LOANS & ADVANCES**

| | | |
|---|--------------------|---------------------------|
| a. Inventories | | |
| Tapes and compact discs | | <u>737,366</u> |
| b. Sundry debtors (Unsecured) | | |
| i. Debts outstanding for more than 6 months | | |
| - considered good | 40,079,679 | |
| - considered doubtful | 6,621,370 | |
| ii. Other debts | <u>443,503,780</u> | |
| iii. Less: Provision for doubtful debtors | 490,204,829 | |
| | <u>6,621,370</u> | |
| | | <u>483,583,459</u> |
| c. Cash and bank balances | | |
| i. Cash on hand | | 1,147,568 |
| ii. Balance with scheduled banks : | | |
| - in current accounts | 35,709,071 | |
| - in deposit accounts* | 129,097,808 | |
| | | <u>165,954,447</u> |
| d. Loans & advances | | |
| (Unsecured, considered good) | | |
| i. Share application money paid | 215,000,000 | |
| ii. Advance to vendors | 37,542,926 | |
| iii. Security and other deposits | 65,505,676 | |
| iv. Income tax deducted at source | 59,018,819 | |
| v. Interest accrued but not due | 2,214,630 | |
| vi. Advances recoverable in cash or in kind or for value to be received | 242,684,379 | |
| | | <u>621,966,430</u> |

**SCHEDULE 9
CURRENT LIABILITIES & PROVISIONS**

| | | |
|----------------------------------|-------------|---------------------------|
| a. Current liabilities | | |
| i. Sundry creditors | 201,996,770 | |
| ii. Interest accrued but not due | 787,510 | |
| iii. Other liabilities | 96,057,722 | |
| iv. Advance from customer | 2,861,487 | |
| | | <u>301,703,489</u> |
| b. Provisions | | |
| i. Retirement benefits | 21,966,416 | |
| ii. Fringe benefit tax | 419,000 | |
| | | <u>22,385,416</u> |
| | | <u>324,088,905</u> |

**SCHEDULE 10
PROFIT AND LOSS ACCOUNT (DEBIT BALANCE)**

| | |
|---|-----------------------------|
| a. Opening balance | 785,634,274 |
| b. (Profit) / Loss brought forward from Profit and loss account | <u>234,445,886</u> |
| | <u>1,020,080,160</u> |

SCHEDULES FORMING PART OF THE ACCOUNTS

| | Year ended 31.03.2008 (Rs.) |
|---|-----------------------------------|
| SCHEDULE 11 | |
| OTHER INCOME | |
| a. Interest on | |
| - Inter company balances | 3,333,701 |
| - Fixed deposits | 11,758,276 |
| b. Dividend on short term investments | 17,616,601 |
| c. Profit on sale of short term investments | 1,058,686 |
| d. Excess provision written back | 6,009,587 |
| e. Miscellaneous income | 40,596 |
| | 39,817,447 |

SCHEDULE 12
PRODUCTION, ADMINISTRATIVE AND OTHER COSTS

| | |
|---|--------------------|
| a. Studio and equipment hire charges | 47,849,105 |
| b. Telecast and uplinking fees | 31,799,846 |
| c. Tapes consumed | 3,917,685 |
| d. Content and franchise expenses | 90,075,634 |
| e. Media professional fees | 50,935,009 |
| f. Other production expenses | 28,773,398 |
| g. Rent | 35,590,759 |
| h. Electricity expenses | 12,934,920 |
| i. Insurance | 2,791,058 |
| j. Travelling and conveyance | 100,463,502 |
| k. Vehicle running and maintenance | 22,323,818 |
| l. Communication expenses | 28,500,059 |
| m. Distribution, advertising and business promotion | 277,938,880 |
| n. Repairs and maintenance | |
| - Plant & machinery | 10,549,076 |
| - Others | 4,410,667 |
| o. Legal and professional expenses | 14,351,468 |
| p. Rate fees and taxes | 827,239 |
| q. Office upkeep and maintenance | 20,696,305 |
| r. Directors sitting fees | 425,000 |
| s. Loss on sale / disposal of assets | 355,822 |
| t. Loss on exchange rate fluctuation (net) | 902,309 |
| u. Bad debts written off/ provided for | 7,367,767 |
| v. Miscellaneous expenses | 9,330,323 |
| | 803,109,649 |

SCHEDULES FORMING PART OF THE ACCOUNTS

Year ended
31.03.2008
(Rs.)

SCHEDULE 13
PERSONNEL EXPENSES

| | |
|---|--------------------|
| a. Salaries and bonus | 381,985,803 |
| b. Contribution to provident fund and other funds | 18,627,088 |
| c. Staff welfare expenses | 30,782,239 |
| d. Retirement benefits | 10,192,512 |
| e. Employee stock compensation expenses | 12,754,876 |
| | 454,342,518 |

SCHEDULE 14
INTEREST AND OTHER CHARGES

| | |
|----------------------------|--------------------|
| a. Interest on: | |
| -Term loans | 82,291,796 |
| -Cash credit | 26,851,038 |
| -Others | 2,095,943 |
| b. Other financial charges | 10,943,097 |
| | 122,181,874 |

SCHEDULE 15
NOTES FORMING PART OF THE ACCOUNTS (CONSOLIDATED)

1. These financial statements comprise a consolidation of the accounts of ibn18 Broadcast Limited, the Parent and following:

| Company | Relation | Country of Incorporation | Percentage stake of the Parent (%) |
|---------------------------------|---------------|--------------------------|------------------------------------|
| RVT Media Private Limited | Subsidiary | India | 100 |
| IBN Lokmat News Private Limited | Joint Venture | India | 50 |
| B.K. Fincap Private Limited | Associate | India | 49 |

This is the first year of consolidation hence previous year figures are not provided.

2. **Background**

The parent company ibn18 Broadcast Limited (Formerly known as Global Broadcast News Limited) was incorporated on 6 June, 2005 as Global Broadcast News Private Limited. The parent company was converted into a public limited Company and a revised Certificate of Incorporation was issued to give effect to this change w.e.f 12 December, 2005. Later, the name of the parent company was changed to ibn18 Broadcast Limited (hereinafter referred as "ibn18") and a revised Certificate of Incorporation was issued to give effect to this change on 02 April, 2008. 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 the Company commenced on 17 December, 2005.

RVT Media Private Limited (RVT Media), a 100% subsidiary of ibn18, is incorporated to engaged in the business of broadcasting, telecasting, transmitting or distributing in any manner, any audio, video or other programmes or software.

IBN Lokmat News Private Limited (IBN Lokmat), 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".

B.K. Fincap Private Limited (BK Fincap), an associate of ibn18 (49% shareholding), is engaged in the business of investing in media companies. BK Fincap is currently holding 89.99% of shareholding of Jagran TV Private Limited which is operating Hindi news channel "IBN7".

Hereinafter ibn18 Broadcast Limited, RVT Media Private Limited, IBN Lokmat News Private Limited and B.K. Fincap Private Limited are collectively termed as "Group".

Of the total equity share capital of the group, 52,055,140 equity shares of face value of Rs.2 each (Previous year 10,411,028 equity shares of face value of Rs.10 each) are held by Network 18 Media & Investments Limited (Formerly known as Network 18 Fincap Limited). Network 18 Media & Investments Limited is also the holding company by virtue of management control over the Group's operations.

3. **Significant Accounting Policies'**

The consolidated financial statements are prepared under the historical cost convention on the accrual basis of accounting and in accordance with the Generally Accepted Accounting Principles (GAAP) in India and comply with the Accounting Standards prescribed by the Companies (Accounting Standards) Rules, 2006 to the extent applicable and in accordance with the provisions of the Companies Act, 1956 as adopted consistently by the Group. The significant accounting policies adopted in presentation of the consolidated financial statements are:

a. **Basis of consolidation**

The financial statements of the subsidiary, joint venture and associate used in the consolidation are drawn up to the same reporting dates as that of the Parent.

The Consolidated Financial Statements have been prepared on the following basis:

- i. The financial statements of the Company and its subsidiary company have been combined on a line-by-line basis by adding together like items of assets, liabilities, income and expenses. Inter-company balances and transactions and unrealised profits

- or losses have been fully eliminated.
- ii. Interest in a jointly controlled entity is reported using proportionate consolidation.
 - iii. The consolidated financial statements include the share of profit/loss of associates companies, which are accounted under the 'Equity method' as per which the share of loss of the associates company has been reduced to the cost of investment. Goodwill/ Capital reserve arising on the date of acquisition is included in the cost of investments. An associate is an enterprise in which the investor has significant influence and which is neither a subsidiary nor a joint venture.
- b. Revenue Recognition**
- i. Income from media operations includes:
 - Ø Advertisement revenue comprising:
 - Revenue from sale of advertising time, which is recognised on the accrual basis when advertisements are telecast in accordance with contractual obligations.]
 - Revenue from sponsorship contracts, which is recognised proportionately over the term of the sponsorship.
 - Ø Subscription revenue which is recognised on accrual basis in accordance with the terms of the contract with the distribution and collection agency.
 - Ø Facility and equipment rental is accounted for on the accrual basis for the period of use of equipment by the customers.
 - ii. Dividends on investments are accounted for when the right to receive dividend is established.
- c. Fixed Assets**
- Fixed assets are stated at their original cost of acquisition/installation less depreciation. All direct expenses attributable to acquisition/installation of assets are capitalised.
- d. Depreciation**
- Depreciation on all assets other than leasehold improvements and computer software is charged on straight line basis over the estimated useful lives, using rates (including double/ triple shift depreciation rates wherever applicable) prescribed by Schedule XIV of the Companies Act, 1956.
- Cost of leasehold improvements is being amortised over the remaining period of lease (including renewal options) of the premises. Computer software is depreciated over a period of 5 years. These rates are higher than those prescribed in Schedule XIV of the Companies Act, 1956.
- Depreciation on additions is charged proportionately from the date of acquisition/ installation. Assets costing less than Rs. 5,000 individually have been fully depreciated in the year of purchase.
- e. Impairment of assets**
- At each balance sheet date, the Group reviews the carrying amounts of its fixed assets to determine whether there is any indication that those assets suffered an impairment loss. If any such indication exists, the recoverable amount of the assets is estimated in order to determine the extent of impairment loss.
- Recoverable amount is the higher of an asset's net selling price and value in use. In assessing value in use, the estimated future cash flows expected from the continuing use of the asset and from its disposal are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of time value of money and the risks specific to the asset.
- Reversal of impairment loss is recognised immediately as income in the profit and loss account.
- f. Inventories**
- Inventories consist of blank videotapes and are stated at cost on First in First out (FIFO) basis. Stocks of other tapes are written off at the time of purchase.
- g. Investments**
- 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. Employee Benefits**
- i. The Group's employee's provident fund scheme is a defined contribution plan. The Group's contribution to the employees' provident fund is charged to the profit and loss account during the period in which the employee renders the related service.
 - ii. Short term employee benefits (Medical, Leave travel allowance, etc.) expected to be paid in exchange for the services rendered are recognised on undiscounted basis.
 - iii. The Group provides for gratuity, a defined benefit retirement plan (the "Gratuity Plan") covering eligible employees. In accordance with the Payment of Gratuity Act, 1972, the Gratuity Plan provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment.

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 profit and loss account.
 - iv. Benefits comprising long term compensated absences constitute other long term employee benefits. The liability for compensated absences is provided on the basis of an actuarial valuation done by an independent actuary at the year end. Actuarial gains and losses are recognised immediately in the profit and loss account.
- i. Foreign Currency Translation**
- 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 year are recognised in the profit and loss account.
- Monetary items denominated in foreign currency and outstanding at the balance sheet date are translated at the exchange rate prevailing at the date of balance sheet, the resultant exchange differences are recognised in the profit and loss account.
- j. Taxation**
- Income tax comprises current tax, deferred tax and fringe benefit tax. Current tax and fringe benefit tax are determined in accordance

with the provisions of Income Tax Act, 1961. Advance taxes and provisions for current taxes are presented in the balance sheet after off setting advance taxes paid and income tax provisions.

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.

k. Earnings Per Share

The Group reports basic and diluted earnings per equity share in accordance with AS-20, Accounting Standard on Earnings Per Share. Basic earnings per equity share is computed by dividing net profit after tax by the weighted average number of equity shares outstanding during the year ending 31 March, 2008. Diluted earnings per equity share is computed using the weighted average number of equity shares and dilutive potential equity shares outstanding during the year ending 31 March 2008 except where the results would be anti-dilutive.

l. Borrowing Costs

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

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

m. Use of estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reporting balances of assets and liabilities and disclosures relating to contingent assets and liabilities as at the date of the financial statements and reporting amounts of income and expenses during the year. Examples of such estimates include provision for doubtful debts, future obligations under employee retirement benefit plans, income taxes, foreseeable estimated contract losses and useful life of fixed and intangible assets. Contingencies are recorded when it is probable that a liability will be incurred, and the amount can be reasonably estimated. Actual results could differ from such estimates. Any revision to accounting estimates is recognised prospectively in the current and future periods.

n. Employee Stock Option Scheme (ESOS)

Stock options granted to the employees under the stock options schemes are accounted at intrinsic value as per the accounting treatment prescribed by the guidance note on Employee share based payments issued by the Institute of Chartered Accountants of India. Accordingly, the excess of market price, determined as per the guidance note, of underlying equity shares (market value), over the exercise price of the options is recognised as deferred stock compensation expense and is charged to profit and loss account on a straight line basis over the vesting period of the options. The amortised portion of the cost is shown under reserves and surplus.

n. Provisions and Contingencies

A provision is recognised when the Group has a present obligation as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and reliable estimate can be made of the amount of the obligation. A contingent liability is recognised where there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources.

o. 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 profit and loss account 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 asset and present value of minimum lease rentals is capitalised as fixed assets with 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 profit and loss account.

4. Scheme of arrangement between Jagran TV Private Limited, BK Fincap Private Limited and ibn18 Broadcast Limited

a. The Board of Directors have approved the Scheme of Arrangement between BK Fincap Private Limited (BK Fincap), Jagran TV Private Limited (JTV), and the Company for acquisition of "IBN 7" channel business from JTV and merge BK Fincap into the Company with effect from 1st October, 2007 and 2nd October, 2007 respectively. The Company has filed the scheme with the stock exchanges. Consequential to the scheme becoming effective, if approved by the Hon'ble Delhi High Court, the net aggregate loss of Rs. 267.18 million of JTV and BK Fincap for the year ended 31st March, 2008, will be merged with ibn18.

b. As per the scheme, during the intervening period, BK Fincap and JTV shall be deemed to have been carrying on all business and activities relating to the merged undertaking on behalf of the ibn18 and all profits accruing to the Transferor Company, or losses arising or incurred by them relating to the merged undertaking shall be treated as the profits or losses of the ibn18.

c. News Business Undertaking of JTV comprising the business activities of running the 'IBN7' channel along with all related assets, liabilities and employees shall be transferred on a going concern basis at book value to the company from the appointed date of 1 October 2007. In consonance to the abovementioned restructuring scheme, ibn18 shall issue 24.23 fully paid up equity shares of face value of Rs.10 each (121.15 fully paid up equity shares of face value of Rs.2 each) to shareholders of Jagran TV Private Limited for every 100 Equity shares of face value of Rs.10 each held in Jagran TV Private Limited.

d. BK Fincap Private Limited which is a holding company of JTV, along with all related assets, liabilities and employees shall be merged on a going concern basis at book value to the company from the appointed date of 2 October 2007. In consonance to the abovementioned scheme, ibn18 shall issue 1,662.76 fully paid up equity shares of face value of Rs.10 each (8,313.80 fully paid up equity shares of face value of Rs.2 each) to shareholders of BK Fincap Private Limited for every 100 Equity shares of face value of Rs.10 each held in BK Fincap Private Limited.

The accounting adjustments on account of proposed scheme of arrangement would be made once the scheme is approved and effective. The proposed scheme of arrangement will be effective from the date on which the certified copy of the order of the High Court is filed with the Registrar of Companies.

5. Contingent liabilities

a. The Parent has given corporate guarantees of Rs. 473 million towards credit facility given by banks to Jagran TV Private Limited. At

the year end Rs. 334 million was outstanding in respect of such loans.

- b. The Parent has purchased capital equipment under the 'Export Promotion Capital Goods Scheme'. As per the terms of the licenses granted under the scheme, the Parent has undertaken to achieve an export commitment of Rs.539 million over a period of 8 years commencing from 10 August, 2005. In the event the Parent is unable to execute its export obligations, the Parent shall be liable to pay customs duty of Rs. 67.42 million and interest on the same at the rate of 15 per cent compounded annually. The banks have given a guarantee amounting to Rs. 84.0 million (Previous year Rs. 81.7 million) on behalf of the Group to the custom authorities for the same. The Parent is hopeful of meeting the required export obligations.
- c. The Parent has given corporate guarantees of Rs. 228 million towards credit facility given by banks to IBN Lokmat. As at the year end Rs. 116 million was outstanding in respect of such loans.
- d. The Parent 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. 7,724 million. In the opinion of the management, no material liability is likely to arise on account of such claims/law suits.

6. Equity warrants

ibn18 through postal ballot dated 7 September 2007, the results of which were declared on 13 October 2007 approved the issue and allotment of 3,000,000 convertible warrants (warrants) of Rs.888 each in accordance with the provisions of Securities and Exchange Board of India (Disclosures and Investor Protection) Guidelines, 2000 to Network 18 India Holdings Private Limited (N-18 Holding), a fellow subsidiary of the parent. The parent has allotted the warrants on 15 October, 2007 pursuant to which the parent received Rs.266.4 million being 10% of the total amount of Rs.2,664 million in respect thereof.

As per the terms of allotment each warrant is convertible into a fully paid up equity share of face value of Rs.10 each at a premium of Rs.878 per share on exercise of the option to convert the warrant into equity share and is to be further adjusted for corporate actions such as bonus issue, right issue, stock split etc.

Subsequent to the stock split of 1:5, held through postal ballot dated 19 December 2007, the results of which were declared on 25 January 2008, each warrant held by N-18 Holding are convertible into one fully paid up equity shares of face value of Rs.2 each at a premium of Rs.175.60 per share on exercise of the option to convert the warrants into equity shares.

As at the year end, 15,000,000 warrants were outstanding for conversion into equity shares. Equity warrants issued and subscribed amounting to Rs.266.4 million as at the year end represent monies received pursuant to the allotment of such warrants.

Utilisation of funds raised from issue of share warrants on preferential basis is as under:

| Purpose | (Rs. in million) |
|---|------------------|
| Purchase of equity shares in JTV | 200.50 |
| Purchase of share warrants in Viacom | 12.00 |
| Purchase of equity shares in IBN Lokmat | 53.90 |
| Total | 266.40 |

7. Secured Loans

a. Cash credit from banks of Rs. 428.51 million are secured by:

- i. First pari passu charge on all the current assets of the Parent.
- ii. Out of above, a cash credit facility amounting to Rs.80.88 million is additionally secured by second charge on the Parent's movable fixed assets.
- iii. Out of above, Cash credit facilities amounting to Rs.347.63 million are additionally secured by unconditional and irrevocable corporate guarantee of Network18 Media & Investments Limited (Formerly Network 18 Fincap Limited).

b. The term loan of Rs. 280 million from a bank is secured by:

- i. First charge on the Parent's movable assets, subject to the charges on current assets created/to be created in favour of the Parent's bankers for securing borrowings for working capital requirements.
- ii. Unconditional and irrevocable personal guarantee of a Director.
- iii. Letter of comfort from Television Eighteen India Limited (TV18) whereby TV18 undertakes to take all necessary steps to ensure that the Parent fulfils all necessary obligations under the agreement including arrangement of funds for payment to the bank in accordance with the terms and conditions of the loan agreement.

c. The term loan of Rs. 57.9 million from a bank is secured by:

- i. Charge on the IBN Lokmat's machineries present and future.
- ii. Collateral Security of all other fixed assets of the IBN Lokmat.
- iii. Corporate Guarantee from ibn18 and Lokmat Newspapers Private Limited.

d. Other loans from banks are secured by hypothecation of vehicles.

8. Investment in optionally convertible equity warrants of Viacom-18 Media Private Limited

During the year, the Parent has subscribed to 12 million 'Investor Warrants' of USD 3.33 (Rs. 133.23 approximately) per warrant aggregating to USD 40 million (Rs. 1,599 million approximately) as follows:

- i. Series "A" - 4,500,000 warrants
- ii Series "B" - 4,500,000 warrants
- iii. Series "C" - 3,000,000 warrants

and has paid Rs. 1 each for these warrants aggregating to Rs. 12 million.

Each warrant is convertible into one fully paid up equity share of Viacom18 on exercise of options and on payment of the balance of the stipulated warrant consideration price. The option is exercisable during a period of 12, 24 and 36 months from the date of allotment of warrants of "A", "B" and "C" series respectively.

As at the year end, the Parent has a commitment towards the balance consideration price (i.e. approximately Rs. 132.23 per warrant) aggregating to approximate Rs. 1,587 million for the subscribed and allotted warrants. The Parent intends to fulfill its commitment within the stipulated time period.

9. Earnings per share

Basic earnings per equity share have been computed by dividing net profit after tax by the weighted average number of equity shares outstanding for the year ended 31 March, 2008. Diluted earnings per equity share have been computed using the weighted average

number of equity shares and dilutive potential equity shares outstanding during the year. The details are:

| Particulars | Units | Year ended 31.03.2008 |
|---|---------------|-----------------------|
| a. Net profit/(loss) after tax | Rs. | (234,445,886) |
| b. Weighted average of number of equity shares used in computing basic earnings per share (Nominal value is Rs 2/- per share) | No. of shares | 133,640,815* |
| c. Basic/ diluted earnings per share (a/b)* | Rs. | (1.75) |
| d. Weighted average of the number of shares issued under Options | No. of shares | 2,000,092 |
| e. Adjustment for number of shares that would have been issued at the fair value | No. of shares | (1,789,859) |
| f. Weighted average of number of equity shares used in computing diluted earnings per share (b+d+e) | No. of shares | 133,851,048 |
| g. Diluted earnings per share (a/f)** | Rs. | (1.75) |

* Basic/ diluted earnings per share is calculated after taking the effect of share split in the ratio of 1:5

** Since the effect of dilution is anti-dilutive the diluted EPS is same as basic EPS

10. Deferred tax

The Group has carried out its tax computation in accordance with the mandatory standard on accounting, AS 22 – 'Accounting for Taxes on Income' referred in Companies (Accounting Standards) Rules, 2006. In view of significant accumulated losses the Group has not provided for deferred tax assets as there is no virtual certainty that there will be sufficient future taxable income available to realise such assets. In accordance with the same no deferred tax asset / liability was required at the year end.

11. Segmental reporting

The Group is engaged in the business of production and telecast of news and current affairs programmes primarily in India. As the Group operates in a single business and geographical segment, the reporting requirements for primary and secondary segment disclosures prescribed by paragraphs 39 to 51 of Accounting Standard 17 - Segment Reporting, have not been provided in these financial statements.

12. Employee Benefits

a. Description of the Gratuity plan

The gratuity liability arises on retirement, withdrawal, resignation and death of an employee. The aforesaid liability is calculated on the basis of fifteen days salary (i.e. last drawn salary plus dearness allowance) for each completed year of service subject to completion of five years service.

b. Defined Benefit Plans

The present value of defined benefit obligations and the related current service cost are measured using the projected unit credit method with actuarial valuation being carried at each balance sheet date. The details are set out as under:

(Amount in Rupees)

| Particulars | Year ended 31.03.2008 | |
|---|-----------------------------|----------------------|
| | Gratuity benefits | Compensated absences |
| Change in benefit obligations: | | |
| i. Present value of obligation at the year beginning | 4,696,941 | 7,259,849 |
| ii. Current service cost | 4,095,877 | 5,587,560 |
| iii. Interest Cost | 375,755 | 580,788 |
| iv. Actuarial (Gain)/Loss | (44,199) | (403,269) |
| v. Benefits paid | — | 182,887 |
| vi. Present value of obligation at the year end | 9,124,375 | 12,842,041 |
| Change in plan assets: | | |
| Fair value of plan assets at the year end* | | |
| * The fair value of plan assets is nil since both gratuity plan and long term compensated absences plan are wholly unfunded as on 31 March, 2008. | | |
| Net liability: | | |
| i. Present value of obligation at the year end | 9,124,375 | 12,842,041 |
| ii. Fair value of plan assets at the year end | — | — |
| | 9,124,375 | 12,842,041 |
| Expenses recognised in the profit and loss account: | | |
| i. Current service Cost | 4,095,877 | 5,587,560 |
| ii. Interest Cost | 375,755 | 580,788 |
| iii. Net actuarial (gain)/loss | (44,199) | (403,269) |
| iv. Expected Return on plan assets | — | — |
| v. Net cost | 4,427,434 | 5,765,079 |
| Actuarial assumptions used: | | |
| i. Discount Rate | 8% | 8% |
| ii. Expected Salary Escalation Rate | 6% | 6% |
| iii. Expected Rate of Return | 8% | — |
| iv. Mortality Table | LIC (1994-96) duly modified | |
| v. Retirement Age | 60 Yrs | |
| vi. Withdrawal Rates | Age | Percentage |
| | Upto 30 Year | 3 |
| | Upto 44 Year | 2 |
| | Above 44 year | 1 |

Notes:

1. The discount rate is based on the prevailing market yields of Indian Government securities as at the balance sheet date for the estimated term of obligations.
2. The expected return is based on the expectation of the average long term rate of return expected on investments of the fund during the estimated term of the obligations.
3. The estimates of future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors.

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

- a. During the year, the Parent 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. The Parent 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. The Parent plans to grant upto 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 of the Group and directors of the Group and holding company of the Parent.

Options granted during the year under ESOP 2007 shall vest with the grantee equally over a four years 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 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. The Parent has granted 2,426,250 options upto 31 March, 2008.

- b. The movement in the scheme is set out as under:

| Particulars | ESOP 2007 | |
|---|-------------------|------------------------------|
| | Options (Numbers) | Weighted average price (Rs.) |
| a. Outstanding at the beginning of year | — | — |
| b. Granted during the year | 2,426,250 | 100.35 |
| c. Exercised during the year | — | — |
| d. Forfeited during the year | 190,000 | 101.06 |
| e. Expired during the year | — | — |
| f. Outstanding at the end of the year | 2,236,250 | 100.29 |
| g. Exercisable at the end of the year | — | — |
| h. Number of equity shares of Rs. 2 each fully paid up to be issued on exercise of option | 2,236,250 | NA |
| i. Weighted average share price at the date of exercise | NA | NA |
| j. Weighted average remaining contractual life (years) | 1.61 | NA |

- c. The Finance Act 2007 has included Fringe Benefit Tax (FBT) on Employees' Stock Option Plan. FBT liability crystallizes on the date of exercise of stock options and the Group would recover the FBT from the employees, hence there is no charge in these financial results.

d. Pro forma Accounting for Stock Option Grants

The Parent applies the intrinsic value-based method of accounting for determining compensation cost for its stock-based compensation plan. Had the compensation cost been determined using the fair value approach, the Group's net income and basic and diluted earnings per share as reported would have reduced to the pro forma amounts as indicated:

(Amount in Rupees)

| Particulars | Year ended 31.03.2008 |
|---|-----------------------|
| Net profit / (loss) as reported (a) | (234,445,886) |
| Add: Stock based employee compensation expense debited to Profit and Loss account (i) | 12,754,876 |
| Less: Stock based employee compensation expense based on fair value (ii) | 63,496,097 |
| Difference between (i) and (ii) | (50,741,221) |
| Adjusted pro forma profit / (loss) (b) | (285,187,107) |
| Difference between (a) and (b) | (50,741,221) |
| Basic earnings per share as reported | (1.75) |
| Pro forma basic earnings per share | (2.13) |
| Diluted earnings per share as reported | (1.75) |
| Pro forma diluted earnings per share | (2.13) |

- e. The fair value of the options, calculated by an external valuer, was estimated on the date of grant using the Black-Scholes model with the following significant assumptions

| Particulars | Year ended 31 March, 2008 |
|---------------------------------|---------------------------|
| Risk free interest rates (in %) | 8.00% |
| Expected life (in years) | 6.00 |
| Volatility (in %) | 35.77% |
| Dividend yield (in %) | 0% |

The volatility of the options is based on the historical volatility of the share price since the Parent's equity shares are publicly traded, which may be shorter than the term of the options.

- f. Details of weighted average exercise price and fair value of the stock options granted at price below market price

| Particulars | Year ended 31 March, 2008 |
|--|---------------------------|
| Total options granted | 2,426,250 |
| Weighted average exercise price (in Rs.) | 100.35 |
| Weighted average fair value (in Rs.) | 65.09 |

14. Related Party disclosures
A. List of related parties

| | Name | Relationship |
|----------|--|--|
| i. | Network 18 Media & Investments Limited (Network18) (formerly Network 18 Fincap Limited) | Holding |
| ii. | Television Eighteen India Limited (TV18) | Fellow subsidiary |
| iii. | Network 18 Holdings Limited, Cayman Islands (NHL) | Fellow subsidiary |
| iv. | Network 18 India Holdings Private Limited (N-18 Holding) w.e.f. 14 August, 2007 | Fellow subsidiary |
| v. | Setpro18 Distribution Private Limited (Setpro18) (formerly Setpro Holdings Private Limited) | Fellow subsidiary |
| vi. | Television Eighteen Mauritius Limited, Mauritius (TEML) | Fellow Subsidiary ⁶ |
| vii. | iNews.com Limited (iNews) | Fellow Subsidiary ⁶ |
| viii. | News Wire 18 India Private Limited (Newswire) (formerly Livewire Motion Pictures Private Limited) | Fellow Subsidiary ⁶ |
| ix. | RVT Investments Private Limited (RVT) | Fellow Subsidiary ⁶ |
| x. | Television Eighteen Media and Investment Limited, Mauritius (TEML) w.e.f. 26 November, 2007 (formerly BK Events Limited) | |
| xi. | MobileNXT Online Private Limited (MobileNXT Online) w.e.f. 14 January, 2008 | Fellow Subsidiary ⁶ |
| xii. | Web 18 Holdings Limited, Cayman Islands (Web 18 Holding) | Fellow Subsidiary ¹ |
| xiii. | BK Holdings Limited, Mauritius (BKH) w.e.f. 17 May 2007 | Fellow Subsidiary ¹ |
| xiv. | Capital 18 Limited, Mauritius (Capital 18) w.e.f. 6 June, 2007 | Fellow Subsidiary ¹ |
| xv. | TEML Broadcast Mauritius Limited (formerly CNBC India Limited) w.e.f. 27 November, 2006 upto 14 May 2007 | Fellow Subsidiary ¹ |
| xvi. | Namono Investments Limited (Namono) w.e.f. 19 November, 2007 | Fellow Subsidiary ¹ |
| xvii. | TV18 UK Limited (TV 18 UK) | Fellow Subsidiary ¹ |
| xviii. | E-18 Limited, Cyprus (E 18, Cyprus) | Fellow Subsidiary ² |
| xix. | Capital 18 Acquisition Corp., Cayman Islands (C18 AC) w.e.f. 28 November, 2007 | Fellow Subsidiary ³ |
| xx. | Colosceum Media Private Limited (Colosceum) w.e.f. 15 February, 2008 (formerly RVT Software Private Limited) | Fellow Subsidiary ³ |
| xxi. | Webchutney Studio Private Limited (Webchutney) w.e.f. 10 December, 2007 | Fellow Subsidiary ³ |
| xxii. | Stargaze Entertainment Private Limited (Stargaze) w.e.f. 18 February, 2008 | Fellow Subsidiary ³ |
| xxiii. | Juxt Consult Research and Consulting Private Limited w.e.f. 10 December, 2007 | Fellow Subsidiary ⁹ |
| xxiv. | Goosefish Media Ventures Private Limited w.e.f. 10 December, 2007 | Fellow Subsidiary ⁹ |
| xxv. | Blue Slate Media Private Limited w.e.f. 10 December, 2007 | Fellow Subsidiary ⁹ |
| xxvi. | e-Eighteen.com Limited (E-18) | Fellow Subsidiary ⁴ |
| xxvii. | Television Eighteen Commoditiescontrol.com Limited (TECCL) | Fellow Subsidiary ⁴ |
| xxviii. | Web18 Software Services Limited (Web 18) | Fellow Subsidiary ⁴ |
| xxix. | Big Tree Entertainment Private Limited w.e.f. 3 April, 2007 | Fellow Subsidiary ⁴ |
| xxx. | Care Websites Private Limited (Care) w.e.f. 14 February, 2008 | Fellow Subsidiary ⁴ |
| xxxi. | Moneycontrol Dot Com India Limited (MCD) | Fellow Subsidiary ⁵ |
| xxxii. | TV18 HSN Holdings Limited (TV18 HSN Holding) (formerly 18 Holdings Cyprus Limited) | Fellow subsidiary ⁸ |
| xxxiv. | IBN Lokmat News Private Limited (IBN Lokmat) w.e.f. 11 June, 2007 (formerly RVT Finhold Private Limited) | JV |
| xxxv. | BK Fincap Private Limited (BK Fincap) | Associate |
| xxxvi. | Raghav Bahl (RB) | Individual exercising control (IEC) (by virtue of having a substantial indirect interest in the voting power of the Company) |
| xxxvii. | Sameer Manchanda (SM) | Key Managerial Person (KMP) |
| xxxviii. | Rajdeep Sardesai (RS) | KMP |
| xxliii. | Sagarika Ghose (SG) | Relative of KMP (RS) |
| xxxix. | SGA News Limited (SGA News) | Entity under significant influence of IEC (RB) |
| xli. | Greycells 18 Media Private Limited (Greycells) | Entity under significant influence of IEC (RB) |
| xlii. | Jagran TV Private Limited (Jagran TV) | Entity under significant influence of KMP (SM) |
| xliii. | Setpro18 Distribution Private Limited (Setpro) (formerly Setpro Holdings Private Limited) | Entity under significant influence of KMP (SM) |

1. Subsidiary of TEML
2. Subsidiary of Web 18 Holding
3. Subsidiary of Capital 18
4. Subsidiary of E 18, Cyprus
5. Subsidiary of E-18
6. Subsidiary of TV 18
7. Subsidiary of NHL
8. Subsidiary of TV18 HSN Holding
9. Subsidiary of Webchutney
10. Held for disposal of TEML

B. Balances outstanding/transactions with related parties:

| Particulars | Holding (Rs.) Note 1 | Entity under significant influence (Rs.) Note 2 | Fellow Subsidiary (Rs.) Note 3 | Key Management Personnel and their Relatives (Rs.) | Associate/ JV (Rs.) |
|--|--------------------------------|--|---|---|---------------------------|
| (i) Transactions during the year (Note 4) | | | | | |
| Income from operations and Other income | | | | | |
| 1. Network18 | 28,485,867 | - | - | - | - |
| 2. Jagran TV | - | 38,291,235 | - | - | - |
| 3. TV 18 | - | - | 31,293,571 | - | - |
| 4. Web 18 | - | - | 7,401,608 | - | - |
| 5. TV 18 HSN | - | - | 39,435,454 | - | - |
| 6. Others | - | 2,597,844 | 561,800 | - | - |
| Total | 28,485,867 | 40,889,079 | 78,692,433 | - | - |
| Expenditure for services received | | | | | |
| 1. Setpro18 | - | - | 229,989,351 | - | - |
| 2. TV 18 | - | - | 50,955,702 | - | - |
| 3. SM | - | - | - | 12,264,000 | - |
| 4. RS | - | - | - | 11,664,000 | - |
| 5. Others | - | - | 17,204,022 | 1,158,466 | - |
| Total | - | - | 298,149,075 | 25,086,466 | - |
| Reimbursement of expenses (paid) | | | | | |
| 1. Network18 | 13,042,338 | - | - | - | - |
| 2. Jagran TV | - | 17,200,038 | - | - | - |
| 3. TV 18 | - | - | 196,713,636 | - | - |
| 4. IBN Lokmat | - | - | - | - | 3,688,103 |
| 5. Others | - | - | 1,274,782 | - | - |
| Total | 13,042,338 | 17,200,038 | 197,988,418 | - | 3,688,103 |
| Expenses incurred towards fixed assets by the Company | | | | | |
| 1. Setpro18 | - | - | 99,644 | - | - |
| Expenses incurred towards fixed assets on behalf of the Company | | | | | |
| 1. Jagran TV | - | 149,809 | - | - | - |
| Reimbursement of expenses (received) | | | | | |
| 1. Network 18 | 1,078,738 | - | - | - | - |
| 2. SGA News | - | 2,600,723 | - | - | - |
| 3. Jagran TV | - | 58,335,176 | - | - | - |
| 4. Setpro 18 | - | - | 17,581,284 | - | - |
| 5. TV 18 | - | - | 115,706,731 | - | - |
| 6. IBN Lokmat | - | - | - | - | 24,394,570 |
| 7. Others | - | - | 9,139,373 | - | - |
| Total | 1,078,738 | 60,935,899 | 142,427,288 | - | 24,394,570 |
| Investment in equity shares / warrants | | | | | |
| 1. Jagran TV | - | 200,500,000 | - | - | - |
| 2. Web18 Holding | - | - | 1,848,836 | - | - |
| 3. IBN Lokmat | - | - | - | - | 86,250,000 |
| Total | - | 200,500,000 | 1,848,836 | - | 86,250,000 |
| (ii) Balances at the year end | | | | | |
| Loans/advances | | | | | |
| 1. Network 18 | 17,225,929 | - | - | - | - |
| 2. SGA News | - | 10,132,099 | - | - | - |
| 3. Jagran TV | - | 99,394,224 | - | - | - |
| 4. Greycells 18 | - | 2,571,086 | - | - | - |
| 5. TV 18 HSN | - | - | 2,214,894 | - | - |
| 6. Web 18 | - | - | 12,472,658 | - | - |
| 7. Setpro18 | - | - | 7,312,859 | - | - |
| 8. IBN Lokmat | - | - | - | - | 19,955,181 |
| 9. Others | - | - | 629,666 | - | - |
| Total | 17,225,929 | 112,097,409 | 22,630,077 | - | 19,955,181 |

| Particulars | Holding (Rs.) Note 1 | Entity under significant influence (Rs.) Note 2 | Fellow Subsidiary (Rs.) Note 3 | Key Management Personnel and their Relatives (Rs.) | Associate/ JV (Rs.) |
|---|--------------------------------|--|---|---|---------------------------|
| Creditors | | | | | |
| 1. TV 18 | - | - | 20,694,989 | - | - |
| 2. SM | - | - | - | 528,350 | - |
| 3. RS | - | - | - | 503,790 | - |
| 4. Others | - | - | 629,740 | 59,838 | - |
| Total | - | - | 21,324,729 | 1,091,978 | - |
| Share application money paid pending allotment | | | | | |
| 1. Jagran TV | - | 100,000,000 | - | - | - |
| Guarantees given | | | | | |
| 1. JTV | - | 63,700,000 | - | - | - |
| 2. IBN Lokmat | - | - | - | - | 228,000,000 |
| Total | - | 63,700,000 | - | - | 228,000,000 |
| Guarantees given outstanding | | | | | |
| 1. JTV | - | 473,200,000 | - | - | - |
| 2. IBN Lokmat | - | - | - | - | 228,000,000 |
| Total | - | 473,200,000 | - | - | 228,000,000 |
| Guarantees taken | | | | | |
| 1. Network18 | 420,000,000 | - | - | - | - |
| Guarantees taken outstanding | | | | | |
| 1. Network18 | 620,000,000 | - | - | - | - |

Notes:

1. includes ultimate holding
2. includes entity under significant influence of individuals having direct/indirect significant influence, their relative, KMP and their relatives.
3. includes subsidiaries of fellow subsidiary
4. includes amount of service tax

15. Utilisation of Initial Public Offering

- a. The details of utilisation of the funds amounting to Rs. 1,050.0 million received by Parent through Initial Public Offer (IPO) are as follows:

(Amount Rupees in millions)

| Particulars | Projected Utilisation as per Prospectus | Actual utilization as at 31 March, 2008 |
|---|--|--|
| IPO expenses | 79.7 | 84.2 |
| Investment in B.K. Fincap Private Limited | 458.5 | 458.5 |
| Amount utilised for general use | 261.8 | 257.3 |
| Repayment of Term Loan | 250.0 | 250.0 |
| Unutilized Amount as at 31 March, 2008 | | Nil |

16. Foreign exchange forward contracts

The Group does not use foreign currency forward contracts to hedge its risks associated with foreign currency fluctuations relating to certain firm commitments and forecasted transactions. The Group's foreign currency exposure not hedged by a derivative instrument or otherwise as on 31 March, 2008 is as follows:

| Currency | Payable | Rupee equivalent (Rs.) | Investments | Rupee equivalent (Rs.) |
|----------|-----------|---------------------------|-------------|---------------------------|
| USD | 1,699,310 | 67,921,421 | 45,492 | 1,848,836 |

17. Transactions with parties referred to in Section 297 of the Companies Act

The Company has entered into an agreement with a Company in which directors are interested, for distribution and strategic placement of its channel CNN-IBN. The agreement is recorded in the register maintained under section 301 of the Companies Act 1956. The Parent has paid Rs.230 million, including service tax, as distribution costs under this agreement. This agreement has the approval of the Central Government for the period 22 October, 2006 to 31 March, 2009.

18. Transfer Pricing

As per the Transfer Pricing Rules of the Income tax Act, 1961 every company is required to get a transfer pricing study conducted to determine whether the international transactions with associated enterprises were undertaken at an arm's length basis for each financial year end. Transfer pricing study for the transactions during the year ended 31 March, 2008 is currently in progress and hence adjustments if any which may arise there from have not been taken into account in these financial statements for the year ended 31 March, 2008 and will be effective in the financial statements for the year ended 31 March, 2009. However in the opinion of the Group's management, adjustments, if any, are not expected to be material.

19. Obligation on long term, non-cancellable operating leases

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 profit and loss account. The Parent has taken various residential/ commercial premises under cancelable/non cancelable operating leases. The cancelable lease agreements are normally renewed on expiry. Rent amounting to Rs. 35,590,759 has been debited to profit and loss account during the year. The details of future minimum lease payments under lease are as under:

| Particulars | Year ended 31.03.2008 |
|---|--------------------------|
| Not later than one year | 69,492,220 |
| Later than one year but not later than five years | 216,385,107 |
| More than five years | 15,991,944 |

20. Interest in Joint Ventures

The Parent's interests, as a venturer, in jointly controlled entity as at March 31, 2008 is:

| Name of the Company | Country of Incorporation | % Voting power held |
|---------------------------------|--------------------------|---------------------|
| IBN Lokmat News Private Limited | India | 50% |

The following amounts represent the Parent's share of the assets and liabilities and revenue and expenses of the joint venture and are included in the consolidated balance sheet and consolidated profit and loss account:

| Particulars | (Amount Rupees in million) As at 31 March, 2008 |
|----------------------------------|--|
| Assets | |
| Current Assets | 37.92 |
| Liabilities | |
| Current Liabilities & Provisions | 37.92 |
| Reserves & Surplus | (34.84) |
| Revenues | |
| Sales | 0.86 |
| Expenditure | 35.35 |
| Profit before Tax | (34.49) |
| Provision for Tax | 0.35 |
| Profit after tax | (34.84) |

21. Figures pertaining to the subsidiary company and joint venture have been reclassified wherever necessary to bring them in line with the Group financial statements.

For and on behalf of the Board

SAMEER MANCHANDA
Joint Managing Director

RAGHAV BAHL
Director

GURDEEP SINGH PURI
General Manager - Finance

HITESH KUMAR JAIN
Company Secretary

Noida
28th July 2008

DIRECTORS' REPORT

To
The Members

Your Directors are pleased to present the 1st Annual Report of the Company together with the Audited Accounts for the period ended on March 31, 2008.

YEAR UNDER REVIEW

Your Company was incorporated on 31st August 2007. The first audited financials of the Company pertain to the period beginning from the date of incorporation of the Company and ending on March 31, 2008. During the first year of operation, your Company has incurred an operating loss of Rs. 30,497/-, which mostly relates to the expenses incurred towards the incorporation of the Company.

REGISTERED OFFICE

The Registered Office of your Company is situated at the 507 Prabhat Kiran, 17 Rajendra Place New Delhi-110 0028.

DIVIDEND

Since the Company has not recorded profits for the year ended March 31, 2008, the Directors do not recommend any Dividend.

PUBLIC DEPOSITS

During the period under review your Company has not accepted any deposits under section 58A of the Companies Act, 1956.

HOLDING COMPANY

Your Company has become a Wholly Owned Subsidiary of ibn18 Broadcast Limited (formerly known as Global Broadcast News Limited) w.e.f. January 1, 2008.

DIRECTORS

Mr. Raghav Bahl and Ms. Ritu Kapur, first Directors of the Company, retire by rotation at the ensuing Annual General Meeting and being eligible, have offered themselves for re-appointment. Mr. Karan Behari Thapar was inducted on the Board of the Company at the meeting of the Board of Directors held on January 1, 2008 as an Additional Director under Section 260 of the Companies Act, 1956. The Company has received a notice in writing from a member proposing the candidature of Mr. Karan Behari Thapar to be appointed as a Director of the Company.

AUDITORS AND AUDITORS' REPORT

M/s. Mohan L. Jain & Co., Chartered Accountants were appointed as the First Auditors of the Company & their term of office expires on the conclusion of the ensuing Annual General Meeting of the Company. They being eligible have expressed their willingness to be appointed as Statutory Auditors of the Company. Your Directors recommend their appointment for the ensuing year.

Your Board has duly examined the Report issued by the Statutory Auditor's of the Company on the Accounts for the period ended March 31, 2008. The Notes on Accounts as presented in this Annual Report are self explanatory in this regard and hence do not call for any further clarification.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION

Your Company is not engaged in any manufacturing activity; as such particulars relating to conservation of energy and technology absorption are not applicable. However, in your Company's offices and workplaces adequate energy conservation initiatives have been implemented.

PARTICULARS OF EMPLOYEES

None of the employees of the Company is in receipt of the remuneration in excess of the limits as specified in section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

FOREIGN EXCHANGE EARNINGS AND OUTGO

During the period under review there was no foreign exchange earnings and outgo.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956 with respect to Directors Responsibility statement, it is hereby confirmed by your Directors:

- i) That in the preparation of the annual accounts, the applicable Accounting Standards have been followed and no material departures have been made there from;
- ii) That such accounting policies have been selected which have been applied 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 the profit of the company for the said financial period;
- iii) That proper and sufficient care has been taken for the 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; and
- iv) That the annual accounts have been prepared on "going concern basis".

ACKNOWLEDGEMENT

Your Directors would like to express their grateful appreciation for the support and co-operation extended by the banks and all other associated authorities. Your Directors wish to place on record their deep sense of appreciation for the devoted services of consultants and other Associates.

For and on behalf of the Board of Directors
RVT Media Private Limited

Place: New Delhi
Date: July 21, 2008

Sd/-
Chairman

AUDITOR'S REPORT

To,
The Members of **M/s RVT MEDIA PVT. LTD.**

1. We have audited the annexed Balance Sheet of **M/s RVT MEDIA PVT. LTD** as at 31st March, 2008 and the Profit and Loss Account for the year ended on that date annexed thereto. 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.
 - (a) We have obtained all the information and explanations, which, to the best of our knowledge and belief, were necessary for the purpose 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 such books;
 - (c) The Balance Sheet and the annexed Profit and Loss Account referred to in this report are in agreement with the books of accounts;
2. We conducted our audit in accordance with 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 (Auditors' report) order 2003, as amended by the Companies (Auditor's Report) Amend Order, 2004, issued by the Central Government in terms of section 227(4A) of the Companies Act, 1956. The matters specified in paragraphs 4 & 5 of the said order are not given as it is not applicable to the company.
 - (d) In our opinion, the Profit and Loss Account and Balance Sheet comply with the mandatory Accounting standards referred to in Sub-Section 3(c) of section 211 of the Companies Act, 1956.
 - (e) As per the information and explanations given to us, and representation obtained by the company none of the Directors of the company are disqualified from being appointed as Directors under clause "g" of sub-section (1) of section 274 of Companies Act, 1956.
 - (f) In our opinion and to the best of our information and according to the explanations given to us the said Balance Sheet and annexed Profit and Loss Account read together with the notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view,
 - i) in so far as it relates to the Balance Sheet, of the state of affairs of the Company as at 31st March, 2008
 - ii) in so far as it relates to the Profit and Loss Account, of the loss for the year ended on that date.
 - iii) In so far as it relates to the Cash Flow Statement of the company as at 31st March 2008.
4. Further to our comments in the annexure referred to in paragraph 3 above, we state that :
 - (a) We have obtained all the information and explanations, which, to the best of our knowledge and belief, were necessary for the purpose 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 such books;
 - (c) The Balance Sheet and the annexed Profit and Loss

For **Mohan L. Jain & Co.**
Chartered Accountants

(Amit Kumar Goyal)

Partner

Membership No. 509499

Place: New Delhi
Dated: 21st July 2008

BALANCE SHEET AS AT 31ST MARCH, 2008

| | Schedule No. | As at 31.03.2008 (Amt in Rs.) |
|---|-----------------|----------------------------------|
| SOURCES OF FUNDS | | |
| SHARE HOLDERS FUND | | |
| Share Capital | 1 | 100,000 |
| TOTAL | | 100,000 |
| APPLICATION OF FUNDS | | |
| CURRENT ASSETS, LOANS & ADVANCES | | |
| Cash and Bank Balances | 2 | 80,739 |
| | | 80,739 |
| Less: Current Liabilities & Provisions | 3 | 11,236 |
| NET CURRENT ASSETS | | 69,503 |
| MISCELLANEOUS EXPENDITURE | | |
| (To the extent not written Off or adjusted) | | |
| Profit & loss Account | | 30,497 |
| TOTAL | | 100,000 |
| Notes forming part of the accounts | 5 | |

As per our report of even date attached

 For Mohan L. Jain & Co.
Chartered Accountants

For and on behalf of the Board

(Amit Kumar Goyal)
Partner
Membership No. 509499

(Raghav Bahl) Director
(Ritu Kapur) Director

 Place: New Delhi
Dated: 21st July 2008

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2008

| | Schedule No. | As at 31.03.2008 (Amt in Rs.) |
|--|-----------------|----------------------------------|
| INCOME | | |
| TOTAL | | - |
| EXPENDITURE | | |
| Administrative & Other Expenses | 4 | 30,497 |
| TOTAL | | 30,497 |
| Profit/(loss) before Income Tax | | (30,497) |
| Provision for Income Tax | | - |
| Profit/(loss) after Income Tax | | (30,497) |
| Profit/(loss) brought Forward last year | | - |
| Profit/(Loss) transferred to Balance Sheet | | (30,497) |
| Notes forming part of the accounts | 5 | |

The above schedule form an integral part of the accounts

As per our report of even date attached

 For Mohan L. Jain & Co.
Chartered Accountants

For and on behalf of the Board

(Amit Kumar Goyal)
Partner
Membership No. 509499

(Raghav Bahl) Director
(Ritu Kapur) Director

 Place: New Delhi
Dated: 21st July 2008

CASH FLOW STATEMENT FOR THE PERIOD ENDED 31st MARCH 2008

| | Year Ended 31.03.2008 (Rs.) |
|---|-----------------------------------|
| A. CASH FLOW FROM OPERATING ACTIVITIES | |
| Profit before tax | (30,497) |
| Operating profit before working capital changes | (30,497) |
| Adjustments for : | |
| Preliminary Expenses | - |
| Decrease/(Increase) in Current assets | - |
| Increase/(Decrease) in Current liabilities | 11,236 |
| Tax on Operational Income | - |
| Net cash from/ (used in) operating activities | (19,261) |
| B. CASH FLOW FROM INVESTING ACTIVITIES | |
| Purchase of fixed assets | - |
| Investment in Equity/Mutual Funds | - |
| Net cash from/ (used in) investing activities | - |
| C. CASH FLOW FROM FINANCING ACTIVITIES | |
| Issue of Subscribed & Paid up share capital | 100,000 |
| Increase/(Decrease) in Loans | - |
| Share Application Money | - |
| Net cash from/ (used in) financing activities | 100,000 |
| Net increase/ (decrease) in cash and cash equivalents | 80,739 |
| Cash and cash equivalents as at the beginning of the year | - |
| Cash and cash equivalents as at the end of the year | 80,739 |

 For Mohan L. Jain & Co.
Chartered Accountants

For and on behalf of the Board

(Amit Kumar Goyal)
Partner
Membership No. 509499

(Raghav Bahl) Director
(Ritu Kapur) Director

 Place: New Delhi
Dated: 21st July 2008

SCHEDULE AS ANNEXED TO AND FORMING PART OF BALANCE SHEET OF RVT MEDIA PRIVATE LIMITED

| | As at 31.03.2008 (Amt in Rs.) |
|---|-------------------------------------|
| Schedule 1 : Share Capital | |
| Authorised Capital | |
| 10,000 Equity shares of Rs. 10/- each | 100,000 |
| | 100,000 |
| Issued, Subscribed and Paid Up Capital | |
| 10,000 Equity shares of Rs. 10/- each fully paid up | 100,000 |
| | 100,000 |
| Schedule 2 : Current Assets, Loans and Advances | |
| Cash and Bank Balance | |
| Cash in Hand | 4,660 |
| Bank Account | 76,079 |
| | 80,739 |
| Schedule 3 : Current Liabilities | |
| Audit fees Payable | 11,236 |
| | 11,236 |
| Schedule 4 : Administrative & Other Expenses | |
| Fee & Subscription | 16,157 |
| Printing & Stationary | 2,964 |
| Audit fees | 11,236 |
| Misc Expenses | 140 |
| | 30,497 |

**SCHEDULE -5
NOTES ON ACCOUNTS**
Additional Information Pursuant to Part IV of Schedule VI of the Companies Act, 1956
BACKGROUND

RVT Media Private Limited (the Company) incorporated on 31st August 2007 in New Delhi to engage in the business of broadcasting, telecasting, transmitting or distributing in any manner, any audio, video or other programmes or software. The company is a 100% subsidiary of **ibn18 Broadcast Limited**.

RECOGNITION OF INCOME & EXPENDITURE

All revenues, costs, assets and liabilities are accounted for on accrual basis.

1. These accounts have been prepared on historical cost convention, on accrual basis, and comply materially with the mandatory accounting standards issued by the Institute of Chartered Accountants of India.

2. Additional information as far as applicable pursuant to Part-II of Schedule VI of the Companies Act 1956:-

**31-03-2008
(Rs.)**

- | | |
|---|--------|
| a) Directors Remuneration | Nil |
| b) Payment to Auditors: Statutory Audit Fees | 11,236 |
| c) Information Pursuant to Part-II of Sch-VI of Companies Act, 1956 are not applicable. | |
| d) Expenditure and earnings in foreign currency: | |
| i) Expenditure in foreign currency | Nil |
| ii) Earnings in foreign currency | Nil |
3. Schedule 1 to 5 forms an integral part of the Balance Sheet.
4. The management has given a view that the operational activities of the company have not yet been started. The company has written off full amount of preliminary expenses in the first year of the company.
5. Related Party Disclosures:
- a. List of Related Parties:
- i) Holding Company
- Ibn18 Broadcast Limited
- ii) Key Management Personal
- Raghav Bahl
 - Ritu Kapur
 - Karan Thapar
- iii) Relatives of Key Management Personal
- P.N. Bahl
 - Subhash Bahl
 - Vandana Malik

For and on behalf of the Board of Directors

(Raghav Bahl) **(Ritu Kapur)**
 Director Director

Place: New Delhi
Dated: 21st July 2008

Balance Sheet Abstract and Company's General Business Profile
I. Registration Details

| | | | |
|--------------------|------------|------------|----|
| Registration No. | 55-167579 | State Code | 55 |
| Balance Sheet Date | 31.03.2008 | | |

II. Capital Raised during the year (Amount in Thousand Rs.)

| | | | |
|--------------|-----|-------------------|-----|
| Public Issue | NIL | Bonus Issue | NIL |
| Right Issue | NIL | Private Placement | NIL |

III. Position of Mobilisation and Deployment of Funds
(Amount in Thousand)

| | | | |
|-------------------|--------|--------------|--------|
| Total Liabilities | 100.00 | Total Assets | 100.00 |
|-------------------|--------|--------------|--------|

Sources of Funds

| | | | |
|-----------------|--------|-------------------|-----|
| Paid-up Capital | 100.00 | Reserve & Surplus | NIL |
| Secured Loans | NIL | Unsecured Loans | NIL |

Application of Funds

| | | | |
|--------------------|-------|------------------------|-----|
| Net Fixed Assets | NIL | Investments | NIL |
| Net Current Assets | 69.50 | Misc. Expenditure | - |
| Accumulated Losses | NIL | Deferred Tax Liability | NIL |

IV. Performance of the Company (Amount in Thousand Rs.)

| | | | |
|--------------------------|---------|-----------------------|---------|
| Turnover | NIL | Total Expenditure | 30.50 |
| Profit/Loss before Tax | (30.50) | Profit/Loss after Tax | (30.50) |
| Earning per share in Rs. | NIL | Dividend rate % | NIL |

V. Generic Names of three principal products/services of the Company (as per monetary terms)
V. Generic names of principal products/services of the company

| | |
|--------------------------|-----------------------------------|
| Item Code No. (ITC Code) | - |
| Product Description | Broadcasting/Telecasting services |

For and on behalf of the Board of Directors

(Raghav Bahl) **(Ritu Kapur)**
 Director Director

Place: New Delhi
Dated: 21st July 2008

IBN 18 ibn18 BROADCAST LIMITED
(Formerly known as Global Broadcast News Limited)

Regd. Off.: 601, 6th Floor, Commercial Tower, Hotel Le-Meridien, Raisina Road, New Delhi-110 001.

ATTENDANCE SLIP

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

I/We hereby record my/our presence at the 3RD ANNUAL GENERAL MEETING of the above named Company held at 11.00 a.m. on Monday, the 15th day of September, 2008 at MPCU, Shah Auditorium, Mahatma Gandhi Sanskritik Kendra, 2 Raj Niwas Marg, Shree Delhi Gujrati 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)

Member's/Proxy's Signature

IBN 18 ibn18 BROADCAST LIMITED
(Formerly known as Global Broadcast News Limited)

Regd. Off.: 601, 6th Floor, Commercial Tower, Hotel Le-Meridien, Raisina Road, New Delhi-110 001.

PROXY FORM

I/We of being a Member(s) of ibn18 BROADCAST LIMITED hereby appoint of or falling him/her of or falling 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 3rd ANNUAL GENERAL MEETING of the Company to be held at 11.00 a.m. on Monday, the 15th day of September, 2008 at MPCU, Shah Auditorium, Mahatma Gandhi Sanskritik Kendra, 2 Raj Niwas Marg, Shree Delhi Gujrati Samaj Marg, Civil Lines, Delhi -110054

AS WITNESSED under my/our hand(s) this day of2008

Signed by the said

Regd. Folio No./Client ID No.

DP ID No.

NOTES :

1. This Proxy need not be a member
2. The 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.

Re. 1
Revenue
Stamp