



## EARNINGS RELEASE: Q1 2011-12: Additional Information

Post Network18's Q1 FY11-12 results which were released on 11<sup>th</sup> August, 2011, there have been a few common queries raised by investors and analysts. The company believes that responses to these queries will be of interest to all shareholders and will help provide additional context around the results.

### 1. Gross Debt and Net Debt levels at TV18 and Network18

All figs in INR crores	Gross Debt			Cash & Equivalents			Net Debt			Net Working Capital			Net Debt Net of Working Capital		
	Jun-11	Mar-11	Mar-10	Jun-11	Mar-11	Mar-10	Jun-11	Mar-11	Mar-10	Jun-11	Mar-11	Mar-10	Jun-11	Mar-11	Mar-10
<b>Network18</b>	2,091	1,773	2,111	828	773	1,251	1,263	1,001	860	1,060	918	553	204	83	307
<b>TV18</b>	846	551*	472*	175	220*	257*	671	330*	215*	907	522*	122*	(236)	(192)*	93*

Note: March 11 and March 10 nos. are reported nos. before the Scheme of Arrangement came into effect. \*The nos. are for erstwhile IBN18. Net Working Capital in TV18 (and Network18) includes inventories of Rs. 400 Cr as of 30<sup>th</sup> June 2011 and Rs. 346 Cr as of 31<sup>st</sup> March 2011 respectively.

TV18 Net Debt has increased from Rs. 330 Cr on 31<sup>st</sup> March 2011 to Rs. 671 Cr on 30<sup>th</sup> June 2011. Of the Rs. 341 Cr increase in net debt, Rs. 108 Cr has come from Viacom18 and the balance of Rs. 233 Cr has primarily come from the Scheme of Arrangement under which the Business News division has been merged into the company. The increase in Net Debt as a result of the Scheme of Arrangement is in line with the estimates disclosed in July 2010 that Rs. 208 Cr of Net Debt will be transferred along with the business news assets. In Viacom18, there has been no increase in Gross Debt in the quarter under discussion but cash has been used in acquiring movie rights and working capital for business operations.

### 2. Seasonality of Television Business Results

We would like to observe that historically the revenues and EBITDA for the television business have exhibited material seasonality and have been *positively skewed towards the second half of the financial year* given the festival season in Q3 (entertainment and general news) and the Union Budget in Q4 (business news). Taking FY2010-11 as a case in point, the first quarter of the year accounted for only ~21% of revenues and ~16% of operating profits. We expect that our existing television channel operations' profitability will experience similar seasonality this year as well and hence the finance charges in Q1 being higher than the EBITDA in Q1 is not ordinarily indicative of the following quarters. The reported numbers may be impacted though by the timing of the launch of new channels.

All figs in INR crores unless stated otherwise	Revenue			EBITDA		
	Q1 FY11	FY11	% of Total	Q1 FY11	FY11	% of Total
<b>Business News</b>	64	306	21%	16	87	18%
<b>General News</b>	54	252	21%	(9)	(12)	NM
<b>Entertainment</b>	119	552	22%	13	60	22%
<b>Total TV Business</b>	<b>237</b>	<b>1,110</b>	<b>21%</b>	<b>21</b>	<b>135</b>	<b>16%</b>

**INVESTOR COMMUNICATION:**

Network18's ongoing investor communication endeavors to adopt best international practices and the quarterly investor updates are designed to regularly provide detailed information to investors. Each update covers information pertaining to the reporting period under review. If you would like to get a sequential and continued perspective on the company this report should be read along with the updates sent out earlier. The previous updates can be accessed on request from the contact persons mentioned below, or from the company's website [www.network18online.com](http://www.network18online.com). This update covers the company's financial performance for Q1 FY 2011-12.

For further information on Business and Operations, please contact:

**Haresh Chawla, Group CEO, Network18**

Tel # 022-40019186; Fax # 022-66618984

e-mail: [haresh.chawla@network18online.com](mailto:haresh.chawla@network18online.com)

For further information on financials, please contact:

**R D S Bawa, Group CFO, Network18**

Tel # 0120-4341700; Fax # 0120-4324110;

e-mail: [rds.bawa@network18online.com](mailto:rds.bawa@network18online.com)

Further information on the company is available on its website [www.network18online.com](http://www.network18online.com)

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