



## **Network18 and TV18 announce Rights Issues**

**Proceeds to be used for Repayment of Existing Debt, Expansion into Regional News & Entertainment via Acquisition of ETV Channels and Fund Working capital**

**Network18 and TV18 to become Debt Free Companies**

**RIL Trust to Fund Promoter Entities for Subscription to Rights Issues**

**Raghav Bahl to Retain Management and 51% Control Over Network18 and TV18**

**Network 18 and TV18 to Gain Access to Infotel's 4G Broadband Digital Platform**

New Delhi, 3<sup>rd</sup> January 2012 – The Board of Directors of TV18 Broadcast Limited (TV18) at its meeting held today approved the acquisition of (i) 100% interest in regional news channels in Hindi namely ETV Uttar Pradesh, ETV Madhya Pradesh, ETV Rajasthan and ETV Bihar and ETV Urdu channel (“ETV News Channels”); (ii) 50% interest in ETV Marathi, ETV Kannada, ETV Bangla, ETV Gujarati and ETV Oriya (“ETV non Telugu GEC Channels”) and (iii) 24.50% interest in ETV Telugu and ETV Telugu News (“ETV Telugu Channels”). TV18 will have Board and Management Control of ETV News Channels and ETV non Telugu GEC Channels. The Board has approved an outlay of up to Rs. 2,100 crores for this acquisition. Legally binding agreements will be executed for this purpose.

TV18 has an option to buy the balance 50% interest in ETV non Telugu GEC Channels and additional 24.50% interest of ETV Telugu Channels.

Ernst & Young (P) Limited (E&Y) acted as advisors for financial and tax due diligence and valuation of the assets. The legal due diligence was carried out by Khaitan & Co.

ETV is one of the leading TV Networks in South India. It is also among the top five most popularly viewed networks in the country. ETV Channels were one of the first entrants in the regional

markets and have a considerable viewership base. One of the key strengths of ETV Channels is their ability to attract and retain “loyal” viewers who are regular watchers of the quality content on these channels. TV18 is confident of taking these regional channels to even greater success with its strategic inputs, improved content/programming strategies and operational synergies.

On a combined basis, TV18 will be offering a unique mix of national and regional channels catering to diverse genres like Hindi and regional entertainment; general news in English, Hindi and regional languages; business news in Hindi, English and regional languages; music; kids; devotional and infotainment channels. Including the soon-to-be-launched services/variants, this combined bouquet of over 25 channels will be the most powerful and potentially profitable TV operation in the country, especially since India’s television industry is on the verge of a digital revolution.

As a part of the deal for acquisition of ETV Channels, Network18 and TV18 have also entered into a Memorandum of Understanding with Infotel Broadband Services Limited (“Infotel”), a subsidiary of Reliance Industries Limited, under which the Companies and their associates will have the right to distribute the (i) content of all the media and web properties of Network18 and (ii) programming and digital content of all the broadcasting channels (including the ETV Channels which are being acquired by the Company) through 4<sup>th</sup> Generation Broadband Network of Infotel. Infotel shall have preferential access to this content on a first right basis as a most preferred customer.

Infotel Broadband Services Limited is setting up a pan India world class broadband wireless network using state of the art technology. Network18 and TV18 expect Infotel to become one of the leaders in content distribution through broadband technology. As per Images Year Book, more than 70% of India’s population is below 35 years, and 50% of the population is below 25 years of age. This young educated population will be keen to access quality content through wireless devices, thereby ensuring a rapid growth in subscribers similar to the growth of tele-density in India during the last ten years. The key advantage for millions of viewers will be the ability to enjoy an uninterrupted, high quality, 24-hour viewership, even while they are on the move. This tie-up with



Infotel will enable Network18 and TV18 to build on their first-mover advantage for the distribution of their content through the latest broadband technology.

Network18 and TV18 firmly believe that Reliance's technical & execution expertise, ability to manage scale, consumer insights and unique understanding of India's commercial landscape will greatly benefit the Companies and create value for all the stakeholders of both the Groups.

Network 18 Media & Investments Limited (Network18) at the Board Meeting held today approved a Rights Issue of Equity Shares to raise an amount up to Rs 2,700 crores at a price to be determined by the Board in compliance with regulatory requirements, but not exceeding Rs 60 (Rupees Sixty only) per equity share.

TV18 Broadcast Limited (TV18) at the Board Meeting held today approved a Rights Issue of Equity Shares to raise an amount up to Rs 2,700 crores at a price to be determined by the Board in compliance with regulatory requirements, but not exceeding Rs 40 (Rupees Forty only) per equity share.

Network18, being the promoter and holder of majority equity in TV18, would be subscribing to about Rs 1,400 crores in the rights issue of TV18 – therefore, once this subscription amount is netted out, the Net Aggregate Rights Issue of both Network18 and TV18 will result in a fund raising of about Rs.4,000 crores. The contribution of the current Promoter Entities of Network18 in this Net Aggregate Rights Issue of both Network18 and TV18 will be about Rs 1,700 crores.

TV18 will utilise the Rights Issue proceeds to repay the existing debt, fund the acquisition of ETV Channels and fund working capital needs. Network18 will utilise the Rights Issue proceeds to repay the existing debt and subscribe to the Rights Issue of TV18.



The Promoters of Network18 will be subscribing to their entitlement in full. The Promoters also reserve the right to subscribe to any unsubscribed public portion of the Rights Issues. Raghav Bahl, the Promoter of Network18 and TV18, has informed that Promoter Companies have entered into an arrangement with Independent Media Trust, a trust set up for the benefit of Reliance Industries Limited, to secure the funding required for this purpose.

Further, Raghav Bahl, Founder and Promoter, shall continue to retain Management and 51% Control over Network18 and 51% Control over TV18 through Network18.

Both the Companies will be filing the Draft Letters of Offer for their respective Rights Issues shortly.

Raghav Bahl, Founder, Editor & Managing Director of Network18, said today: "This is a truly seminal moment in the 18-year-old history of Network18/TV18. By inducting such a significant amount of equity, our Balance Sheets will become among the strongest in the industry. Also, by acquiring this strategic control over several ETV Channels, TV18 will have a bouquet of leading television channels. Riding on the imminent digital wave, I am convinced that this acquisition is a significant move which will catapult TV18 into the forefront of India's broadcasting industry. The proposed preferred access arrangement with Infotel Broadband will ensure that our content & services will be available on India's premier technology distribution platform, with the widest catchment of high quality consumers across the country.

Further, on a debt free basis, both Network18 and TV18 hope to strengthen their position in various media segments like news & entertainment broadcasting, consumer internet, digital & print publications, filmed entertainment, home-shopping, e-commerce and other emerging businesses."

*This press release is being jointly released by Network18 and TV18.*

**About Network18 Group**

The Network18 Group is one of India's leading media companies with interests in television, internet, filmed entertainment, e-commerce, magazines, mobile content and allied businesses. Through its holding in 'TV18 Broadcast Ltd.' [BSE: 532800, NSE: ibn18], the group operates India's leading television broadcasting and distribution assets. This includes India's leading business news channels - CNBC-TV18 and CNBC Awaaz, India's premier general news channels – CNN-IBN and IBN 7, and IBN-Lokmat, a leading Marathi regional news channel in partnership with the Lokmat group. 'TV18 Broadcast' also operates a joint venture with Viacom, called Viacom18, which houses a portfolio of India's market leading entertainment channels – Colors, MTV, VH1 and Nick - and Viacom18 Motion Pictures, the group's filmed entertainment business. In a pioneering foray into television distribution, the group has established a strategic alliance with Sun Group, SUN18, the first truly Pan-India distribution company and slated to be one of the biggest distribution entities in the market. The group has also recently announced a move into the Indian factual entertainment space through AETN18, a joint venture with A+E Networks (formerly A&E Television Networks) which operates acclaimed global brands like History, Bio, Crime & Investigation Network and Lifetime. Through 'Network18 Media & Investments Ltd.' [BSE: 532798, NSE: Network18], the group operates its digital, publishing and e-commerce assets including one of India's largest internet players Web18 which houses the country's leading web content properties such as [moneycontrol.com](http://moneycontrol.com), [ibnlive.com](http://ibnlive.com), [in.com](http://in.com) and [firstpost.com](http://firstpost.com). 'Network18' also operates India's leading ecommerce properties – HomeShop18 and [bookmyshow.com](http://bookmyshow.com), and Forbes India, the nation's first local edition of a foreign news magazine title and the world's most influential business brand, in collaboration with Forbes Media. In addition, through 'Network18', the group operates Newswire18, one of India's leading real time financial information and news terminal services, and Infomedia18, the country's leading player in the special interest publishing space as well as E18, the group's full spectrum event management venture and Sport18, its sports management and marketing venture. 'Network18' holds a controlling interest in 'TV18 Broadcast' and investments in Yatra, DEN Networks and other Capital18 portfolio companies. For more information, log on to [www.network18online.com](http://www.network18online.com)