

## FOR THE ATTENTION OF EQUITY SHAREHOLDERS OF TELEVISION EIGHTEEN INDIA LIMITED

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Pursuant to the Scheme of Arrangement (“Scheme”) between Network18 Media & Investments Limited (“Network18”), ibn18 Broadcast Limited (ibn18”), Television Eighteen India Limited (“TV18” or “Company”), Web18 Software Services Limited (“Web18”), IBN18 Media and Software Limited (“IBN18 Media”), iNews.com Limited (“iNews.com”), Care Websites Private Limited (“Care Websites”), Television Eighteen Commodities Control.Com Limited (“TECC”), RVT Investments Private Limited (“RVT”) and Network18 India Holdings Private Limited (“Network18 India”), the ‘News Business Undertaking’ of the Company, as defined in the Scheme, has been demerged to ibn18 with an Appointed Date of April 1, 2010.

In this regard, the Board of Directors of the Company had fixed June 22, 2011 as the Record Date for determining your entitlements in terms of the said Scheme. Accordingly, pursuant to the demerger of ‘News Business Undertaking’ to ibn18, new shares of ibn18 (“New Shares”) are being issued in the following manner against your holding in the Company:

*68 fully paid-up Equity Shares of Rs 2 each of ibn18 for every 100 Equity Shares of Rs 5 held in TV18”*

In this regard, please note the following:

1. The Company has been advised by its tax advisors that as per Section 47(vii) of the Income Tax Act, 1961 (“the Act”), the issue of New Shares by ibn18 to the shareholders of TV18 as a consideration of demerger of the ‘News Business Undertaking’ of TV18 would not be considered as transfer and accordingly, there would not be any Capital Gains implications on the shareholders of TV18. In respect of the New Shares, the Date of Acquisition for the purpose of computation of Capital Gains shall be same as the Date of Acquisition of the original shares of TV18 in accordance with Clause (g) in Explanation 1 to Section 2 (42A) of the Act.
2. With regard to the Cost of Acquisition of New Shares in ibn18, Section 49(2C) of the Act provides the formula for splitting the original Cost of Acquisition of shares of TV18 between itself and the New Shares allotted in ibn18. An extract of the provisions of Section 49(2C) is reproduced below for your reference:

*“...the cost of acquisition of shares in the resulting company shall be the amount which bears to the cost of acquisition of the shares held by the assessee in the demerged company the same proportion as the net book value of the assets transferred in a demerger bears to the net worth of the demerged company immediately before such demerger...”*

*“...Explanation – for the purpose of this section, net worth shall mean the aggregate of the paid up share capital and general reserves as appearing in the books of accounts of the demerged company immediately before the demerger...”*

3. With regard to the Cost of Acquisition of Original Shares in TV18, Section 49(2D) of the Act provides the formula for splitting the original Cost of Acquisition of shares of TV18 between New Shares allotted in ibn18 and Original Shares in TV18. An extract of the provisions of Section 49(2D) is reproduced below for your reference:

*“...the cost of acquisition of the original shares held by the shareholder in the demerged company shall be deemed to have been reduced by the amount so arrived at under sub-section (2C)...”*

The information in this communication 3 above should be preserved carefully, as it will be relevant for calculating taxable Capital Gains under the Act on any transfer of shares in future.

For the purpose of determining the post demerger cost of acquisition of equity shares of TV18 and the cost of New Shares in ibn18 under the Act, the shareholders are advised to apportion their pre-demerger cost of acquisition of TV18 equity shares in the following manner:

Name of the Company	Classification of shares	Percentage of cost of acquisition
ibn18 Broadcast Limited	New Shares allotted pursuant to demerger of News Business Undertaking	50.03%
Television Eighteen India Limited ( <i>merged with Network18 Media and Investments Limited</i> )	Original Shares ( <i>merged with Network18 Media and Investments Limited</i> )	49.97%
<b>Total</b>		<b>100.00%</b>

*This communication is merely for the general guidance of shareholders and is based on an expert opinion obtained by the Company in accordance with the interpretation of the legislations as on the date of this communiqué. This guidance should not be considered as a substitute for any independent opinion that the shareholders may obtain at their own discretion.*

*Please note that if there is a change, including a change having a retrospective effect, in the statutory laws and regulations, the comments expressed in this communiqué would necessarily have to be re-evaluated in light of the changes. We do not undertake any responsibility of updating this communiqué at any time in future.*

*The concerned regulatory, statutory or judicial authorities, including any assessing officer/appropriate appellate authority, could take a different view. The Company takes no express or implied liability in relation to this guidance.*

**For Television Eighteen India Limited**

Anil Srivastava

Company Secretary

June 10, 2011