INFOMEDIA 18 LIMITED

Registered Office: 503, 504 & 507, 5th Floor, Mercantile House, 15 Kasturba Gandhi Marg, New Delhi - 110 001, India.

MEETING OF EQUITY SHAREHOLDERS

Date: 23rd February 2011
Time: 11.30 a.m.

Venue: FICCI Golden Jubilee Auditorium, Federation House, Tansen Marg, New Delhi- 110001.

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IN THE HIGH COURT OF DELHI AT NEW DELHI

ORIGINAL JURISDICTION

COMPANY APPLICATION (M) NO. 10 OF 2011

In the matter of the Companies Act, 1956

AND

In the matter of Sections 391 to 393 of the Companies Act, 1956 read with Rules 67 to 87 of the Companies (Court) Rules, 1959

AND

In the matter of the Scheme of Arrangement between Infomedia 18 Limited and Network18 Media & Investments Limited

AND

In the matter of Infomedia 18 Limited, a company incorporated under the Indian Companies Act VII of 1913, having its registered office at 503, 504 & 507, 5th Floor, Mercantile House, 15 Kasturba Gandhi Marg, New Delhi- 110001 ..... Applicant Company

NOTICE CONVENING MEETING OF THE EQUITY SHAREHOLDERS OF INFOMEDIA 18 LIMITED

To

The equity shareholders of Infomedia 18 Limited ("the Applicant Company")

TAKE NOTICE THAT by an Order dated January 17, 2011, the Hon'ble High Court of Delhi at New Delhi has directed to convene and hold a meeting of the equity shareholders of the Applicant Company, on Wednesday, February 23, 2011, at 11:30 am at FICCI Golden Jubilee Auditorium, Federation House, Tansen Marg, New Delhi - 110 001 for the purpose of considering and, if thought fit, approving, with or without modification(s), the proposed Scheme of Arrangement between Infomedia 18 Limited and Network18 Media & Investments Limited and their respective shareholders and creditors.

TAKE FURTHER NOTICE THAT in pursuance of the said Order, the meeting of the equity shareholders of the Applicant Company will be held on Wednesday, February 23, 2011, at 11:30 am at FICCI Golden Jubilee Auditorium, Federation House, Tansen Marg, New Delhi - 110 001, at which time and place you are requested to attend.

TAKE FURTHER NOTICE THAT you may attend and vote at the said meeting in person or by proxy, provided that the proxy in the prescribed form duly signed by you or your authorized representative is deposited at the registered office of the Applicant Company at 503, 504 & 507, 5th Floor, Mercantile House, 15 Kasturba Gandhi Marg, New Delhi- 110001, not later than 48 hours before the meeting.

The Court has appointed Mr Rajat Navet, Advocate, as the Chairperson and Mr Fazal Ahmed, Advocate as the Alternate Chairperson of the said meeting.

A copy each of the Scheme of Arrangement, the statement under Section 393 of the Companies Act, 1956, a form of proxy and attendance slips are enclosed.

Rajat Navet
Advocate
(Chairperson appointed for the meeting)

Dated at New Delhi this January 24, 2011

Notes:

(1) All alterations made in the form of proxy must be initialed.

(2) Only registered equity shareholders of the Applicant Company may attend and vote (either in person or proxy) at the equity shareholders meeting. The representative of a body corporate which is a registered equity shareholder of the Applicant Company may attend and vote at the equity shareholders' meeting provided a certified copy of the resolution of the Board of Directors or other governing body of the body corporate is deposited at the registered office of the Applicant Company not later than 48 hours before the meeting authorizing such representative to attend and vote at the equity shareholders' meeting.

IN THE HIGH COURT OF DELHI AT NEW DELHI

ORIGINAL JURISDICTION

COMPANY APPLICATION (M) NO. 10 OF 2011

In the matter of the Companies Act, 1956

AND

In the matter of Sections 391 to 393 of the Companies Act, 1956 read with Rules 67 to 87 of the Companies (Court) Rules, 1959

AND

In the matter of the Scheme of Arrangement between Infomedia 18 Limited and Network18 Media & Investments Limited

AND

In the matter of Infomedia 18 Limited, a company incorporated under the Indian Companies Act VII of 1913, having its registered office at 503, 504 & 507, 5th Floor, Mercantile House, 15 Kasturba Gandhi Marg, New Delhi- 110001 ..... Applicant Company

EXPLANATORY STATEMENT UNDER SECTION 393 OF THE COMPANIES ACT, 1956

1. Pursuant to an order dated January 17, 2011, passed by the Hon'ble High Court of Delhi at New Delhi in the Company Application referred to above, meeting of the equity shareholders of Infomedia 18 Limited, (the "Applicant Company"), has been convened, for the purpose of considering and, if thought fit, approving with or without modification(s), the arrangement embodied in the Scheme of Arrangement (referred to as "Scheme") proposed to be made between Infomedia 18 Limited ("Infomedia 18") and Network18 Media & Investments Limited ("Network18") and their respective shareholders and creditors. A copy of the Scheme is attached to this Explanatory Statement.

2. The Scheme envisages restructuring of Network18 group wherein publishing and other businesses of Infomedia 18 (including publication of business directories, yellow pages and city guides, and publication of special interest publications/ magazines, search business including properties such as www.askme.com, www.askme.in and www.burrp.com) would be housed in Network18. The proposed arrangement is expected to generate synergies and also bring about desired amount of management focus on the respective business and unlock value for its stakeholders and all concerned.

3. Accordingly, the following resolution is submitted for the approval, at the meeting of the equity shareholders of the Applicant Company:

   "RESOLVED that the Arrangement embodied in the Scheme of Arrangement between Infomedia 18 Limited and Network18 Media & Investments Limited and their respective shareholders and creditors as placed before the meeting be and is hereby approved subject to the said Scheme being sanctioned by the Hon'ble High Court of Delhi at New Delhi under Section 391-394 and other applicable provisions, if any, of the Companies Act, 1956, and such other approvals as may be required.

   RESOLVED FURTHER that Mr Haresh Chawla, Managing Director, Mr Senthil Chengalvarayan, Director, Mr Yug Samrat, Company Secretary, Mr Soumen Bose, Authorized Signatory, Mr Sachin Gupta, Authorized Signatory be and are hereby severally authorized to make such alterations or changes or modifications or withdrawal of the Scheme therein as may be expedient or necessary for satisfying the requirement or condition imposed by the jurisdictional High Courts, or other regulatory authority or otherwise."

4. The Board of Directors of the Infomedia 18 and Network18 vide respective resolution(s) passed on July 7, 2010, have approved the Scheme.

5. (a) Infomedia 18 Limited was incorporated on May 30, 1955 under the provisions of the Indian Companies Act VII of 1913 with the Registrar of Companies, Bombay with the name styled as 'Commercial Printing Press Limited'. The name of the company was changed to 'Tata Press Limited' on August 23, 1966. Thereafter, the name of our Company was changed to 'Tata Donnelley Limited' September 12, 1996. The name of the company was further changed to 'Tata Infomedia Limited' on September 28, 2000. It was subsequently changed to 'Infomedia India Limited' on February 17, 2004. Further, the name of the company was changed to its present name i.e. 'Infomedia 18 Limited' w.e.f September 16, 2008.

   (b) The registered office of Infomedia 18 is situated at 503, 504 & 507, 5th Floor, Mercantile House, 15, Kasturba Gandhi Marg, New Delhi 110 001.

   (c) The authorized, issued, subscribed and paid up share capital of Infomedia 18 as on December 31, 2010 is as follows:

Particulars	**Amount (Rs)**
Authorized Capital	
10,00,00,000 Equity Shares of Rs 10 each	1,00,00,00,000
Issued, Subscribed And Paid-Up Capital	
5,00,29,622 Equity Shares of Rs 10 each	50,02,96,220

   (d) Infomedia 18 is inter-alia engaged in publication of business directories, yellow pages & city guides and special interest publication/ magazines, web based search and printing business.

6. (a) Network18 was incorporated on February 16, 1996 under the provisions of the Companies Act, 1956 with the Registrar of NCT of Delhi & Haryana in the name and styled as 'SGA Finance and Management Services Limited'. The name of the company was changed to 'Network18 Fincap Private Limited' on April 12, 2006. Pursuant to its conversion into a public company the name of the company was changed to 'Network18 Fincap Limited' on October 20, 2006 which was further changed to its present name i.e. 'Network18 Media & Investments Limited' on December 1, 2007.

(b) The registered office of Network18 is situated at is situated at 503, 504 & 507, 5th Floor, 'Mercantile House', 15, Kasturba Gandhi Marg, New Delhi - 110001.

(c) The authorized, issued, subscribed and paid up share capital of Network18 as on December 31, 2010 is as follows:

Particulars	Amount (Rs)
Authorized Capital	
17,00,00,000 Equity Shares of Rs 5 each	85,00,00,000
11,00,000 Preference Shares of Rs 100 each	11,00,00,000
1,05,00,000 Preference Shares of Rs 200 each	2,10,00,00,000
TOTAL	**3,06,00,00,000**
Issued Capital	
11,56,73,513 Equity Shares of Rs 5 each	57,83,67,565
1,02,96,451 Preference Shares of Rs 200 each	2,05,92,90,200
TOTAL	**2,63,76,57,765**
Subscribed Capital	
11,56,73,513 Equity Shares of Rs 5 each	57,83,67,565
1,02,84,379 Preference Shares of Rs 200 each	2,05,68,75,800
TOTAL	**2,63,52,43,365**
Paid-Up Capital	
11,56,73,513 Equity Shares of Rs 5 each	57,83,67,565
1,02,84,379 Preference Shares of Rs 150 each	1,54,26,56,850
TOTAL	**2,12,10,24,415**

(d) Network18 is engaged in the business of events management, sports management, and investment advisory services and holds strategic investments etc.

7. The salient features of the Scheme are set out hereunder:

7.1 The Scheme shall come into legal operation from the Appointed Date, which is April 1, 2010 though it shall be effective from the Effective Date.

7.2 The Scheme involves the following transaction:

Demerger of

i. publishing business including publication of business directories, yellow pages & city guides;

ii. publication of special interest publication/ magazines;

iii. search business including properties such as www.askme.com, www.askme.in and www.burrp.com;

iv. any other business except Remaining Business of Infomedia 18 Limited.

7.3 Pursuant to the Scheme of Arrangement all the assets, liabilities, rights, interest, title and obligations of the Demerged Undertaking of Infomedia 18 will be transferred to Network18.

7.4 The Scheme does not intend dissolution or winding up of Infomedia 18 and it will remain vested with the printing press business pursuant to the Scheme becoming effective. Notwithstanding anything to the contrary provided in the Scheme, but subject to the requisite approvals, Infomedia 18 in its sole discretion may sell, transfer or dispose-off the Remaining Business (printing press business) during the pendency of this Scheme or otherwise on such terms and conditions as may be deemed fit.

7.5 Upon the coming into effect of the Scheme and without any further act or deed and without any further payment, equity shares will be issued and allotted in the ratio of 7:50 i.e. 7 fully paid-up equity shares of Rs 5 each of Network18 Media & Investments Limited to be issued for every 50 fully paid equity shares of Rs 10 each of Infomedia 18 Limited, by Network18 Media & Investments Limited to equity shareholders of Infomedia 18 Limited.

7.6 However, no new equity shares of Network18 will be issued in respect of the equity shares held by Television Eighteen India Limited ("TV18") in Infomedia 18 in view of the proposed merger of TV18 with Network18 under a separate scheme of arrangement.

7.7 The Scheme provides that pursuant to the provisions of the Scheme and section 100 and all other applicable provisions of the Companies Act, the amount of reduction, duly increased by the expenses incurred in connection with the Scheme, in the balance in Securities Premium Account and other reserves of Network18 as per Clause 8.2 (b) of the Scheme, as the case may be, shall be effected as an integral part of this Scheme only, as the same does not involve either diminution of liability in respect of unpaid capital or payment to any shareholder of any amount paid in respect of shares issued and the order of the Courts sanctioning this Scheme shall be deemed to be an order under Section 102 of the Act confirming the reduction.

7.8 All legal or other proceedings of whatsoever nature by or against the Demerged Undertaking pending and/ or arising on or after the Appointed Date and relating to the Demerged Undertaking or its properties, assets, debts, liabilities, duties and obligations, shall be continued and/ or enforced until the Effective Date as desired by Resulting Company and as and from the Effective Date shall be continued and enforced by or against Resulting Company in the same manner and to the same extent as would or might have been

continued and enforced by or against Demerged Company. On and from the Effective Date, Resulting Company shall and may, if required, initiate any legal proceedings in its name in relation to the Demerged Undertaking in the same manner and to the same extent as would or might have been initiated by Demerged Company.

7.9 The Scheme provides for accounting treatment to be carried for recording the transferred assets and liabilities of the Demerged Undertaking of Infomedia 18 Limited, by Network18 Media & Investments Limited and Infomedia 18 Limited and other incidental matters.

Members are requested to read the entire text of the Scheme to get fully acquainted with the provisions thereof.

8. The Directors of Infomedia 18 and Network18 may be deemed to be concerned or interested in the Scheme to the extent of their shareholding or crossholding in the aforesaid companies provided hereunder or to the extent the said Directors are common Directors in the companies, or to the extent the said Directors are partners, directors, members of the companies, firms, association of persons, bodies corporate and/ or beneficiary of trust that hold shares in any of the companies, or to the extent they may be allotted shares in the Transferee Company as a result of the Scheme. The cross shareholdings are mentioned hereunder:

Infomedia 18

Name of Directors	Infomedia 18	Network18
Mr Raghav Bahl	Nil	1,25,15,181
Mr Haresh Chawla	Nil	4,27,292
Mr Sanjeev Manchanda	Nil	Nil
Mr Manoj Mohanka	Nil	3,00,000
Mr Sai Kumar Ganapathy Balasubramanian	Nil	29,613
Mr Senthil Sinniah Chengalvarayan	Nil	50,256

Network18

Name of Directors	Infomedia 18	Network18
Mr Raghav Bahl	Nil	1,25,15,181
Mr Sanjay Ray Chaudhuri	Nil	6,82,655
Mr Manoj Mohanka	Nil	3,00,000
Ms Subhash Bahl	Nil	42,648
Ms Vandana Malik	Nil	91,251
Mr Hari S. Bhartia	Nil	Nil
Mr Ravi Chandra Adusumalli	Nil	Nil

9. **The pre and post (expected) arrangement shareholding pattern of Infomedia 18 :**

The pre arrangement shareholding pattern of the Infomedia 18 as on December 31, 2010 is as under:

		Infomedia 18	
S No	**Category of shareholder**	**Number of shares**	**% holding**
(A)	**Promoter and Promoter Group**		
	1 Indian		
	Individuals/Hindu Undivided Families	Nil	Nil
	Bodies Corporate	2,39,13,061	47.80%
	Any Trust (any Other)	Nil	Nil
	Sub Total (A)	**2,39,13,061**	**47.80%**
(B)	**Public shareholding**		
	1 Institutions		
	A Mutual Funds/ UTI	1,61,601	0.32%
	B Financial Institutions/ Banks	4,211	0.01%
	C Insurance Companies	6,25,925	1.25%
	D Foreign Institutional Investors	44,17,758	8.83%
	Sub-Total (B)	**52,09,495**	**10.41%**
	2 Non-institutions		
	A Bodies Corporate	33,13,293	6.62%
	B Individuals	1,75,84,231	35.15%
	C Any Other (Trusts)	9,542	0.02%
	Sub-Total(C)	**2,09,07,066**	**41.79%**
	Total (A) + (B) + (C)	**5,00,29,622**	**100%**

Post arrangement (expected) shareholding pattern of Infomedia 18 would remain similar as no equity shares are proposed to be issued or cancelled by Infomedia 18.

10. **Pre & Post (expected) Scheme Capital Structure of Infomedia 18 :**

Pre Scheme Capital Structure (December 31, 2010)

Particulars	Amount in Rs
Authorized Capital	
10,00,00,000 Equity Shares of Rs 10 each	1,00,00,00,000
TOTAL	**1,00,00,00,000**
Issued, Subscribed and Paid up Capital	
5,00,29,622 Equity Shares of Rs 10 each	50,02,96,220
TOTAL	**50,02,96,220**

Post arrangement (expected) Capital Structure of Infomedia 18 would remain similar as no equity shares are proposed to be issued or cancelled by Infomedia 18.

11. The Bombay Stock Exchange Limited ("BSE") and the National Stock Exchange of India Limited ("NSE") have given their approval (to Network18 and Infomedia 18) to the Scheme under Clause 24(f) of the Listing Agreement vide letters dated September 15, 2010 and September 17, 2010, respectively.
12. There are no investigation proceedings pending under Sections 235 to 251 of the Companies Act, 1956 against Network18 and Infomedia 18.
13. The rights and interests of the members and the creditors of the Infomedia 18 and Network18 will not be adversely affected by the Scheme.
14. The proposed Scheme will be in the best interests of Infomedia 18 and Network18, their shareholders, creditors and all concerned with the Scheme.
15. On the Scheme being approved as per the requirements of Section 391 of the Companies Act, 1956, Infomedia 18 will seek the sanction of the Hon'ble High Court of Delhi to the Scheme.
16. The following documents will be open for inspection at the registered office of Infomedia 18 on any working day (except Saturday) from 11 a.m. to 3 p.m. from February 2, 2011 till the date of the meeting.
    (a) Certified copy of the Order of the Hon'ble Delhi High Court dated January 17, 2011, in the above company application directing the convening of the meeting of the equity shareholders.
    (b) Memorandum and Articles of Association of Network18 and Infomedia 18.
    (c) Audited Balance Sheet and Profit and Loss Account for the year ended March 31, 2010 of Infomedia 18 and Network18.
    (d) Scheme of Arrangement.
    (e) Copy of approval letters received from the BSE and NSE pursuant to clause 24(f) of the Listing Agreement.
    (f) Copy of valuation report on share exchange ratio on arrangement between the Network18 and Infomedia 18 as issued by Grant Thornton.
    (g) Copy of fairness report of SPA Merchant Bankers Limited.

Dated at New Delhi this January 24, 2011

For Infomedia 18 Limited

Sd/-

Authorized Signatory

FAIRNESS OPINION

Board of Directors Date: August 20, 2010

Network 18 Media & Investments Limited

Infomedia 18 Limited

Express Trade Tower, Plot No. 15-16,

Sector 16 A, Noida - 201301

We have been engaged to give fairness opinion on the valuation of shares/Fair Exchange Ratio report issued by Grant Thornton in relation to demerger of Publishing Undertaking of Infomedia 18 Limited into Network18 Media and Investments Limited. This report should be read in conjunction with Fair Exchange Ratio report dated July 7, 2010 issued by Grant Thornton.

In our opinion the values derived by Grant Thornton are fair considering circumstances and purpose of valuation. In our opinion, fair share exchange ratio is 7 fully paid-up equity shares of Rs. 5 each of Network18 to be issued for every 50 fully paid-up equity shares of Rs 10 each of Infomedia 18.

For SPA Merchant Bankers Limited

Sd/- Sd/-

(Sudhir Chandi) (Leepika Bakshi)
Sr. Vice President Manager

SCHEME OF ARRANGEMENT

BETWEEN

INFOMEDIA 18 LIMITED

(DEMERGED COMPANY)

AND

NETWORK18 MEDIA & INVESTMENTS LIMITED

(RESULTING COMPANY)

AND THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS IN RESPECT OF DEMERGER OF PUBLISHING UNDERTAKING OF INFOMEDIA 18 LIMITED INTO NETWORK18 MEDIA & INVESTMENTS LIMITED UNDER SECTIONS 391 TO 394 READ WITH SECTIONS 78 AND 100 TO 103 OF THE COMPANIES ACT, 1956

PREAMBLE

This Scheme seeks to achieve demerger of the publishing and other identified businesses ("Demerged Undertaking" as defined later in this Scheme) of Infomedia 18 Limited ("Infomedia 18") into Network18 Media & Investments Limited ("Network18"). This Scheme also provides for matters connected therewith, and is divided into the following four sections:

Section A: Introduction
Section B: Demerger of Demerged Undertaking
Section C: Issue of shares/ Accounting treatment
Section D: Other provisions

SECTION A - INTRODUCTION

A. Network18 is a public limited company, listed on BSE and NSE and is presently engaged *inter alia* in the business of events management (in its E18 division), sports management (in its Sport18 division), investment advisory services and holds strategic stakes in listed and unlisted companies of the Network18 group. Network18 is one of India's leading full play media conglomerates with interests in television, print, internet, filmed entertainment, mobile content and allied businesses.

B. Infomedia 18 is a public limited company, listed on BSE and NSE and is presently engaged *inter alia* in the business of publishing of business directories including yellow pages and city guides, special interest publications/ magazines, local search business and providing printing solutions.

C. The present Scheme involves:

- Demerger (on a going concern basis) of the Demerged Undertaking of Infomedia 18 into Network18 with effect from the Appointed Date.
- In consideration thereof, issue of shares by Network18 to the shareholders of Infomedia 18 on a proportionate basis, in compliance of the Companies Act, 1956, the Income Tax Act, 1961 and all other relevant laws and regulations.
- Capital restructuring of Infomedia 18.

D. Pursuant to the restructuring, the Demerged Undertaking would be housed in Network18, and the management of companies is of the opinion that the proposed demerger should bring about the desired amount of focus and unlock value for its stakeholders.

1. DEFINITIONS

In this Scheme, unless repugnant to the meaning or context thereof, the following expressions shall have the following meaning:

1.1 **Act"** means the Companies Act, 1956 or any statutory modification or re-enactment thereof.

1.2 **"Appointed Date"** means April 1, 2010 or such other date as may be approved by the Hon'ble High Court of Judicature at Bombay and Hon'ble High Court of Delhi at New Delhi.

1.3 **"Board"** or **"Board of Directors"** means Board of Directors of Network18 or Infomedia 18 as may be relevant and includes any Committee of the Board or any person authorized by the Board.

1.4 **"Common Facilities"** shall include the following properties, assets and rights of Infomedia 18 being used by the Demerged Undertaking and Remaining Business of Infomedia 18:

- offices of Infomedia 18 being used by Demerged Undertaking and Remaining Business and
- such other facilities as may be mutually agreed between Infomedia 18 and Network18.

1.5 **"Courts"** means Hon'ble High Court of Delhi at New Delhi in context of Network18 and Hon'ble High Court of Judicature at Bombay in context of Infomedia 18 (or such other Court/ bench having jurisdiction over companies involved in the Scheme).

1.6 **"Demerged Undertaking"** means:

- publishing business including publication of business directories, yellow pages & city guides;
- publication of special interest publication/ magazines;
- search business including properties such as www.askme.com, www.askme.in and www.burrp.com;
- any other business except Remaining Business.

being carried on by Infomedia 18 on a going concern basis, along with all related assets, liabilities, rights and obligations and shall include (without limitation) as on the Appointed Date:

- all properties and assets, moveable and immoveable, tangible and intangible, corporeal and incorporeal, in possession, or in reversion, present and contingent of whatsoever nature, wheresoever situate, with all advances, deposits, sundry debtors, inventories, cash and bank balances, bills of exchange, proceeds from BPO business as appearing/ accruing in the books of accounts of Infomedia 18 pertaining or relatable to the Demerged Undertaking and leases and agency of Infomedia 18

pertaining to the Demerged Undertaking and all other interests or rights in or arising out of or relating to the Demerged Undertaking together with all respective rights, powers, interests, charges, privileges, benefits;

- all liabilities present and future (including the liabilities allocable as per Clause 5.9 (c) of this Scheme) and the specific contingent liabilities pertaining to or relatable to the Demerged Undertaking;
- all rights and licenses, all assignments and grants thereof, all permits, registrations (including with Registrar of Newspapers for India, Hon'ble Ministry of Information and Broadcasting etc.), rights (including rights under any agreement, contracts, applications, letters of intent, or any other contracts), regulatory approvals, entitlements, licenses, municipal permissions, goodwill, approvals, consents, tenancies, easements, advantages, financial assets, hire purchase and lease arrangements, the benefits of guarantees issued by Infomedia 18 in relation to the Demerged Undertaking, privileges, all other claims, rights and benefits (including under any powers of attorney issued by the Infomedia 18 in relation to the Demerged Undertaking or any powers of attorney issued in favour of Infomedia 18 or from or by virtue of any proceeding before a legal, quasi judicial authority or any other statutory authority to which the Infomedia 18 was a party), powers and facilities of every kind, nature and description whatsoever, rights to use and avail of telephones, telexes, facsimile connections and installations, utilities, electricity, water and other services, provisions, funds, benefits of all agreements, contracts and arrangements and all other interests in connection with or relating to the Demerged Undertaking;
- all employees of Infomedia 18 substantially engaged in the Demerged Undertaking and those employees that are determined by the Board of Directors of Infomedia 18, to be substantially engaged in or in relation to the Demerged Undertaking;
- all deposits and balances with Government, Semi-Government, local and other authorities and bodies, customers and other persons, earnest moneys and/ or security deposits paid or received by Infomedia 18, directly or indirectly in connection with or in relation to the Demerged Undertaking;
- all books, records, files, papers, records of standard operating procedures, computer programmes along with their licenses, manuals and back up copies, drawings, other manuals, data catalogues, quotations, sales and advertising materials, lists of present and former customers and suppliers, customer credit information, customer pricing information, and other records whether in physical or electronic form, directly or indirectly in connection with or relating to the Demerged Undertaking;
- all intellectual property rights including all trademarks, trademark applications, trade names, patents and patent applications, domain names, logos, websites, internet registrations, copyrights, trade secrets, and all other interests exclusively relating to the Demerged Undertaking, but shall not include any assets or liabilities relating to the Remaining Business of Infomedia 18.

It is intended that the definition of Demerged Undertaking under this Clause would enable the transfer of all property, assets and liabilities of the Demerged Undertaking of Infomedia 18 into Network18 pursuant to this Scheme. Any issue as to whether any asset or liability pertains to or is relatable to the Demerged Undertaking or not shall be decided by the Board of Directors of Infomedia 18.

1.7 "**Demerged Company**" or **"Infomedia 18"** means **"Infomedia 18 Limited"**, a company within the meaning of the Act, incorporated on May 30, 1955 and having its registered office at Ruby House, 'A' Wing, J.K. Sawant Marg, Dadar (West), Mumbai 400 028, India. The shifting of registered office of Infomedia 18 from Mumbai to Delhi pursuant to approval of shareholders is in progress.

1.8 **"Effective Date"** means the last of the dates on which all the conditions and matters referred to in Clause 18 hereof have been fulfilled. References in this Scheme to the date of "coming into effect of this Scheme" shall mean the Effective Date.

1.9 **"Remaining Business"** means the printing press undertaking and all related assets, liabilities, employees, contracts, agreements, rights etc of Infomedia 18 (other than the Demerged Undertaking as defined in Clause 1.6).

1.10 **"Resulting Company"** or **"Network18"** means **"Network18 Media & Investments Limited"**, a company incorporated under the Act on February 16, 1996 and having its registered office at 503, 504 & 507, 5th Floor, 'Mercantile House', 15, Kasturba Gandhi Marg, New Delhi - 110001.

1.11 **"Scheme of Arrangement"** or **"this Scheme"** or **"the Scheme"** means this Scheme of Arrangement in its present form or with any modifications made under Clause 20 of the Scheme.

1.12 **"Specified Date"** means the date to be fixed by the Board of Directors or a committee thereof, of Demerged Company in consultation with Resulting Company, for the purpose of determining the members of the Demerged Company, to whom shares will be allotted pursuant to Clause 7.1 of this Scheme.

1A. EXPRESSIONS NOT DEFINED IN THIS SCHEME

The expressions which are used in this Scheme and not defined in this Scheme, shall, unless repugnant or contrary to the context or meaning hereof, have the same meaning ascribed to them under the Act, the Securities Contracts (Regulation) Act, 1956, the Depositories Act, 1996 and other applicable laws, rules, regulations, bye-laws, as the case may be, or any statutory modification of re-enactment thereof from time to time. In particular, wherever reference is made to High Court in the Scheme, the reference would include, if appropriate, reference to the National Company Law Tribunal or such other forum or authority as may be vested with the powers of the Hon'ble High Court under the Act.

2. DATE OF COMING INTO EFFECT

The Scheme shall come into legal operation from the Appointed Date, though it shall be effective from the Effective Date.

3. COMPLIANCE WITH TAX LAW

This Scheme has been drawn up to comply with the conditions relating to "Demerger" as specified under the tax laws, including Section 2(19AA) and other relevant sections of the Income Tax Act, 1961, including Section 47 and Section 72A. If any terms or provisions of the Scheme are found to be or interpreted to be inconsistent with any of the said provisions at a later date, whether as aresult of any amendment of law or any judicial or executive interpretation or for any other reason whatsoever, the aforesaid provisions of the tax laws shall prevail. The Scheme shall then stand modified to the extent determined necessary to comply with the said provisions. Such modification will however not affect other parts of the Scheme, and the power to make any such amendments shall vest with the Board of Directors of Network18.

4. SHARE CAPITAL

The authorized and paid up share capital of Netwok18 as of June 30, 2010 is as follows:

Share Capital	Amount (Rs.)
Authorized Share Capital	
17,00,00,000 Equity Shares of Rs. 5 each	85,00,00,000
11,00,000 Preference Shares of Rs. 100 each	11,00,00,000
1,05,00,000 Preference Shares of Rs. 200 each	2,10,00,00,000
TOTAL	**3,06,00,00,000**
Paid Up Share Capital	
11,56,73,513 Equity Shares of Rs. 5 each	57,83,67,565
1,02,84,379 Preference Shares of Rs. 150 each	1,54,26,56,850
TOTAL	**2,12,10,24,415**

The authorized and paid up share capital of Infomedia 18 as of June 30, 2010 is as follows:

Share Capital	Amount (Rs.)
Authorized Share Capital	
10,00,00,000 Equity Shares of Rs. 10 each	1,00,00,00,000
TOTAL	**1,00,00,00,000**
Paid Up Share Capital	
4,97,05,672 Equity Shares of Rs. 10 each	49,70,56,720
TOTAL	**49,70,56,720**

SECTION B: DEMERGER OF DEMERGED UNDERTAKING

5. TRANSFER OF DEMERGED UNDERTAKING

5.1 Upon the coming into effect of this Scheme and with effect from the Appointed Date, the Demerged Undertaking shall, pursuant to the provisions contained in Sections 391 to 394 of the Act and other provisions of law for the time being in force and without any further act or deed, be demerged from Demerged Company, and be transferred to and vested in or be deemed to have been transferred to and vested in Resulting Company, on a going concern basis at book values, so as to become as and from the Appointed Date, theundertaking of Resulting Company, and to vest in Resulting Company all the rights, title, interest or obligations of Demerged Company therein.

5.2 All assets acquired by Infomedia 18 after the Appointed Date and prior to the Effective Date in relation to or pertaining to Demerged Undertaking shall also stand transferred to and vested in Resulting Company upon the coming into effect of the Scheme. Where any of the assets of Infomedia 18 as on the Appointed Date deemed to be transferred to Resulting Company have been sold or transferred by Infomedia 18 after the Appointed Date and prior to the Effective Date, such sale or transfer shall be deemed to have been for and on account of Resulting Company.

5.3 In respect of such of the assets of the Demerged Undertaking (mentioned in Clause 5.1 and Clause 5.2 above) as are movable in nature or are otherwise capable of transfer by manual delivery, by paying over or by endorsement and delivery, the same may be so delivered, paid over, or endorsed and delivered, by Demerged Company and shall become the property of Resulting Company as an integral part of the Demerged Undertaking transferred to it. The aforesaid transfer shall be deemed to take effect from the Appointed Date without requiring any deed or instrument of conveyance for the same. Such delivery shall be made on a date mutually agreed upon between the Board of Directors of Demerged Company and the Board of Directors of Resulting Company.

5.4 In respect of movables of the Demerged Undertaking other than those specified in Clause 5.3 above, including sundry debtors, outstanding loans and advances, if any, recoverable in cash or in kind or for value to be received, bank balances, deposits and balances, if any, with Government, Semi-Government, local and other authorities and bodies, customers and other persons, it shall not be necessary to obtain the consent of any third party or other person in order to give effect to the provisions of this subclause, and such transfer shall be effected by notice to the concerned persons, or in any manner as may be mutually agreed by Demerged Company and Resulting Company.

5.5 In respect of such of the assets of the Demerged Undertaking other than those referred to in Clauses 5.3 and 5.4 above, the same shall without any further act, instrument or deed, be transferred to and vested in and/ or be deemed to be transferred to and vested in Resulting Company pursuant to the provisions of Section 394 of the Act and other applicable provisions of law.

5.6 It is hereby clarified that the Remaining Business of Demerged Company shall continue under the ownership of Demerged Company. Notwithstanding anything to the contrary provided in the Scheme, but subject to the requisite approvals, Demerged Company in its sole discretion may sell, transfer or dispose-off the Remaining Business during the pendency of this Scheme or otherwise on such terms and conditions as may be deemed fit.

5.7 For the avoidance of doubt and without prejudice to the generality of the foregoing, it is clarified that upon the coming into effect of this Scheme, in accordance with the provisions of relevant laws, consents, permissions, licenses, certificates, authorities, powers of attorneys given by, issued to or executed in favour of Demerged Company, and the rights and benefits under the same shall, in so far as they relate to the Demerged Undertaking and all other interests relating to activities carried on by the Demerged Undertaking, be transferred to and vested in Resulting Company.

5.8 In so far as the various incentives, licenses, subsidies (including applications for subsidies), grants, special status and other benefits or privileges granted by any Government body, local authority or by any other person, enjoyed or availed of by Demerged Company are concerned, the same shall, without any further act or deed, in so far as they relate to the Demerged Undertaking, vest with and be available to Resulting Company on the same terms and conditions.

5.9 It is clarified that, upon the coming into effect of the Scheme, the following liabilities and obligations of Demerged Company as on the Appointed Date and being a part of the Demerged Undertaking shall, without any further act or deed be and shall stand transferred to Resulting Company:

a) the liabilities which arose out of the activities or operations of the Demerged Undertaking;

b) specific loans or borrowings raised, incurred and utilized solely for the activities or operations of the Demerged Undertaking;

c) in cases other than those referred to in sub-clauses (a) and (b) above, proportionate part of the general or multipurpose borrowings and liabilities of Demerged Company allocable to the Demerged Undertaking in the same proportion in which the value of the assets transferred under this Scheme bears to the total value of the assets of Demerged Company immediately before the demerger.

5.10 Where any of the liabilities and obligations of Demerged Company as on the Appointed Date deemed to be transferred to Resulting Company have been discharged by Demerged Company after the Appointed Date and prior to the Effective Date, such discharge shall be deemed to have been for and on account of Resulting Company. Further, all loans, liabilities and obligations utilized by DemergedCompany for the operations of Demerged Undertaking after the Appointed Date and prior to the Effective Date, to the extent they are outstanding on the Effective Date, shall also without any further act or deed be and stand transferred to Resulting Company and shall become its liabilities and obligations.

5.11 Upon the coming into effect of this Scheme, if considered necessary for the sake of convenience and towards facilitating single point creditor discharge, the primary obligation to redeem, repay and provide security in relation to the general/ multipurpose borrowings shall be of Demerged Company. However, the amount equivalent to the portion of general or multipurpose borrowings pertaining to Resulting Company as on the Appointed Date and determined in accordance with Clause 5.9(c) shall be payable by Resulting Company to Demerged Company. Such payment by Resulting Company to Demerged Company (principal, interest or other costs) shall be made one day prior to the due date of payment by Demerged Company to the creditors.

5.12 It is further clarified that the securities or encumbrances created with respect to liabilities retained by Demerged Company over the assets comprised in Demerged Undertaking shall stand discharged from the Effective Date and the assets of Demerged Company shall be offered as security for liabilities retained by Demerged Company. However, the securities or encumbrances created with respect to liabilities retained by Demerged Company on assets of Remaining Business shall continue to subsist. Similarly, securities or encumbrances created with respect to liabilities transferred to Resulting Company over the assets of Demerged Company shall stand discharged from the Effective Date and the assets of Resulting Company shall be offered as security for liabilities transferred to Resulting Company. Notwithstanding the aforesaid, if considered necessary the Board of directors of Demerged Company and Resulting Company shall discuss and make appropriate arrangements with their creditors for offering necessary securities or encumbrances in respect of the borrowings held by respective companies.

5.13 The provisions of the Scheme insofar as they relate to the discharge or subsistence of securities as contained in Clause 5.11 and 5.12 above shall operate notwithstanding anything to the contrary contained in any deed or writing or the terms of sanction or issue or any security document, all of which instruments shall stand modified and/or superseded by the foregoing provisions.

5.14 Without prejudice to the provisions of the foregoing clauses and upon the effectiveness of this Scheme, Demerged Company and Resulting Company shall execute instruments or documents or do all the acts and deeds as may be required, including the filing of necessary particulars and/ or modification(s) of charge, with the Registrar of Companies, to give formal effect to the above provisions, if required.

5.15 Upon the coming into effect of this Scheme, the borrowing limits of Resulting Company in terms of Section 293 (1) (d) of the Act shall be deemed without any further act or deed to have been enhanced by the aggregate liabilities of Demerged Company which are being transferred to Resulting Company pursuant to the Scheme, such limits being incremental to the existing limits of Resulting Company, with effect from the Appointed Date.

5.16 Subject to the other provisions of this Scheme, all licenses, permissions, approvals, consents, registrations and no-objection certificates obtained by Demerged Company for the operations of the Demerged Undertaking and/or to which Demerged Company is entitled to in relation to the Demerged Undertaking in terms of the various statutes and/ or schemes of Union and State Governments, shall be available to and vest in Resulting Company, without any further act or deed and shall be appropriately mutated by the statutory authorities concerned therewith in favour of Resulting Company. Since the Demerged Undertaking will be transferred to and vested in Resulting Company as a going concern without any break or interruption in the operations thereof, Resulting Company shall be entitled to the benefit of all such licenses, permissions, approvals, consents, registrations and no-objection certificates and to carry on and continue the operations of the Demerged Undertaking on the basis of the same upon this Scheme becoming effective.

5.17 It is hereby clarified that the transfer of all assets and liabilities of the Demerged Undertaking shall be at values appearing in the books of account of Demerged Company as on the Appointed Date which are set forth in the closing balance sheet of Demerged Company as of the close of business hours on the date immediately preceding the Appointed Date.

5.18 It is also agreed that Demerged Company and Resulting Company shall mutually discuss and enter into suitable arrangements for sharing of common facilities, corporate name, common trademarks or any other common intellectual property rights to the extent considered necessary.

6. REMAINING BUSINESS TO CONTINUE WITH DEMERGED COMPANY

6.1 The Remaining Business and all the assets, liabilities and obligations pertaining thereto shall continue to belong to and be vested in and be managed by the Demerged Company.

6.2 Further,

a) all legal, taxation or other proceedings, whether civil or criminal (including before any statutory or quasi-judicial authority or tribunal), by or against the Demerged Company under any statute, whether pending on the Appointed Date or which may be instituted at any time thereafter, and in each case relating to the Remaining Business (including those relating to any property, right, power, liability, obligation or duties of the Demerged Company in respect of the Remaining Business) shall be continued and enforced by or against the Demerged Company after the Effective Date. The Resulting Company shall in no event be responsible or liable in relation to any such legal, taxation or other proceeding against the Demerged Company, which relate to the Remaining Business.

b) If proceedings are taken against the Resulting Company in respect of the matters referred to in sub clause (a) above, it shall defend the same in accordance with the advice of the Demerged Company and at the cost of the Demerged Company, and the latter shall reimburse and indemnify the Resulting Company against all costs, damages, liabilities and obligations incurred by the Resulting Company in respect thereof.

6.3 With effect from the Appointed Date and up to and including the Effective Date:

a) the Demerged Company shall carry on and shall be deemed to have been carrying on all business and activities relating to the Remaining Business for and on its own behalf;

b) all profits accruing to the Demerged Company or losses arising or incurred by it (including the effect of taxes, if any, thereon) relating to the Remaining Business shall, for all purposes, be treated as the profits or losses, as the case may be, of the Demerged Company; and

c) all assets and properties acquired by the Demerged Company in relation to the Remaining Business on and after the Appointed Date shall belong to and continue to remain vested in the Demerged Company.

6.4 Upon the coming into effect of this Scheme, Demerged Company and Resulting Company shall be entitled to use all packaging, labels, magazine covers, point of sale material, sign board, samples, closures, video clips, other publicity material etc, lying unused and which Demerged Company was otherwise entitled to use under any statutes/ regulations, till such time as all of such packaging, labels, closures etc are exhausted.

SECTION C – ISSUE OF SHARES/ ACCOUNTING TREATMENT

7. ISSUE OF SHARES

7.1 Upon the coming into effect of the Scheme and in pursuance of the demerger of the Demerged Undertaking into Resulting Company pursuant to this scheme, Resulting Company shall, without any further act or deed and without any further payment, issue and allot equity shares (hereinafter also referred to as the **"New Equity Shares on Demerger"**) at par on a proportionate basis to each member of Demerged Company whose name is recorded in the register of members of the Demerged Company as holding equity shares on the Specified Date in the ratio of **7:50** i.e., seven fully paid-up equity shares of Rs 5 each of Resulting Company to be issued for every fifty fully paid-up equity shares of Rs 10 each of Demerged Company, held by the member.

However, it is clarified that **New Equity Shares on Demerger** will not be issued in respect of the equity shares held by Television Eighteen India Limited (**"TV18"**) in Demerged Company in view of the proposed merger of TV18 with Resulting Company under a separate scheme of arrangement, which shall take effect immediately prior to demerger of Demerged Undertaking into Resulting Company.

7.2 The New Equity Shares on Demerger to be issued and allotted pursuant to Clause 7.1 shall in all respects, rank pari passu from the Specified Date with the existing equity shares of Resulting Company, save and except in relation to dividends, if any, to which they may be entitled to, as and from the Appointed Date.

7.3 The New Equity Shares on Demerger to be issued and allotted in terms thereof will be subject to the relevant Memorandum and Articles of Association of the Resulting Company, and shall, subject to completion of applicable procedures, be listed on the stock exchanges where Resulting Company is currently listed.

7.4 The share entitlement ratio specified in Clause 7.1 shall be suitably adjusted for changes in the capital structure of either Resulting Company or Demerged Company post the date of the Board Meeting approving the Scheme, provided the changes relate to matters such as bonus issue, split of shares and consolidation of shares. All such adjustments to the share entitlement ratio shall be deemed to be carried out as an integral part of this Scheme upon agreement in writing by the Board of Directors of both Resulting Company and Demerged Company.

7.5 In case any member's holding in Demerged Company is such that the member becomes entitled to a fraction of an equity share in Resulting Company, Resulting Company shall not issue fractional shares to such member but shall consolidate such fractions and issue consolidated equity shares to separate trustees nominated by Resulting Company in that behalf, who shall sell such shares at prevailing market prices within a reasonable time frame after the allotment and distribute the net sale proceeds (after deduction of tax, if applicable) to the members of Demerged Company in proportion to their fractional entitlements.

7.6 Insofar as the allotment of shares pursuant to Clause 7.1 is concerned, each member of the Demerged Company shall have the option to be exercised, by giving a notice to Resulting Company, on or before such date as may be determined by the Board of Directors of the Resulting Company, to receive the shares either in physical certificate form or in dematerialized form. In the event the Resulting Company does not receive such notice or requisite details in respect of any member, the Resulting Company may allot shares in dematerialized form to the extent it has the necessary details of the account holder for issue of shares in dematerialized form and in respect of other members, issue share certificates in physical form. In respect of those members exercising the option to receive the shares in dematerialized form, such members shall have opened and maintained an account with a depository participant, and shall provide such other confirmation, information and details as may be required.

7.7 Equity shares to be issued pursuant to Clause 7.1 of this Scheme, in respect of any equity shares of Demerged Company which is held in abeyance under the provisions of Section 206A of the Act or otherwise, shall pending allotment or settlement of dispute by order of Court or otherwise be held by the trustees appointed by Resulting Company.

7.8 In the event of there being any pending and valid share transfers, whether lodged or outstanding, of any shareholder of Demerged Company, the Board of Directors or any committee thereof of Demerged Company shall be empowered in appropriate cases, even subsequent to the Specified Date or the Effective Date, as the case may be, to effectuate such a transfer, as if such changes in registered holder were operative as on the Specified Date.

7.9 In respect of the stock entitlements granted by the Demerged Company, if any, under any of the employees stock options scheme or other employee compensation plans to eligible participants which have not been exercised and are outstanding on the Effective Date, the said eligible participants shall, in lieu of the stock entitlements held by them in Demerged Company ("Demerged Company Stock Options"), receive corresponding stock entitlements in the Resulting Company determined in accordance with the share exchange ratio (as defined in Clause 7.1 hereinbefore) or as may be determined by the Compensation Committee of Network18 with the objective of preserving the interest of the employees.

7.10 Upon the issue of New Equity Shares on Demerger in terms of the Scheme, the provisions of Section 81 (1A) of the Act shall be deemed to have been complied with and such issue shall be an integral part of this Scheme.

7.11 Upon coming into effect of this Scheme and with effect from the Appointed Date, the Memorandum of Association of Resulting Company shall be deemed to be amended to include therein the relevant clauses from the Memorandum of Association ("MOA") of Demerged Company, enabling them to carry on the business of Demerged Undertaking. It is hereby clarified that such amendment shall be deemed to have been undertaken as an integral part of this Scheme and all relevant provisions of the Act, including the procedure prescribed under Section 17 of the Act shall be deemed to have been complied with and no additional steps are required. Accordingly, upon coming into effect of this Scheme the following clauses shall be deemed to be inserted in the main objects clause of MOA of Resulting Company related to carrying on of publishing business:

- *To carry on the business of printers, publishers, commercial artists and advertising agents in all its branches.*

- *To carry on business as Proprietors and Publishers of any newspapers, journals, magazines, business directories, books and other literary works and undertakings.*
- *To carry on business as stationers, lithographers, electrotypers, photographic printers, colour photographers, photo lithographers, photo-gravure printers, aniline and rubber block printers, silk printers, engravers, die-sinkers, process block-makers and account book manufacturers machine rulers, numerical printers, account book makers, box makers, cardboard manufacturers, type founders, photographers, binders, manufacturers of and dealers in playing cards and dealers in parchment and stamps, New Year and presentation cards, advertising novelties, designers, draughtsman, ink manufacturers, book sellers, and dealers in or manufacturers of any other articles or things of a similar or analogous to the foregoing, or any of them or connected there with.*

8. ACCOUNTING TREATMENT

8.1 Treatment in the books of Demerged Company

(a) Upon the coming into effect of this Scheme, with effect from the Appointed Date, the book value of the assets and liabilities of the Demerged Undertaking, at the close of business of the day immediately preceding the Appointed Date, transferred to Resulting Company shall be reduced from the book value of the assets and liabilities of the Demerged Company.

(b) The aggregate of the net assets of the Demerged Undertaking standing in the books of accounts of the Demerged Company transferred to the Resulting Company as increased by the debit balance of Profit and Loss Account of Demerged Company at the close of business of the day immediately preceding the Appointed Date, shall be adjusted against the following, in the order specified, to the extent required:

i. Capital Reserve Account; and

ii. Securities Premium Account.

(c) Insofar as the accounts representing common or multipurpose borrowings referred to in Clause 5.9 are concerned, they shall stand reduced by the amounts transferred to the Resulting Company in accordance with the provisions of this Scheme.

(d) Pursuant to the provisions of this Scheme and Section 100 and all other applicable provisions of the Act, the reduction in the balance in Securities Premium Account and other reserves as per Clause (b) above, as the case may be, shall be effected as an integral part of this Scheme only, as the same does not involve either diminution of liability in respect of unpaid capital or payment to any shareholder of any amount paid in respect of shares issued and the order of the Courts sanctioning this Scheme shall be deemed to be an order under Section 102 of the Act confirming the reduction.

The necessary approvals/ consents to be obtained by the Demerged Company from its shareholders and creditors, as required, for the Scheme shall always deemed to include the approval / consents required to be obtained under Section 100 and the Demerged Company shall not nor shall be obliged to call for a separate meeting of its shareholders and creditors for obtaining their approval sanctioning the reduction of Securities Premium Account, as the case may be, as contemplated herein. Notwithstanding the reduction in capital of the Demerged Company as aforesaid, it shall not be required to add "and reduced" as suffix to its name.

8.2 Treatment in the books of Resulting Company

(a) Upon the coming into effect of this Scheme, Resulting Company shall record all the assets and liabilities of Demerged Undertaking transferred to it in pursuance of this Scheme at their respective book values thereof appearing in the books of account of Demerged Company immediately before the Appointed Date.

(b) The difference between the assets and liabilities transferred pursuant to the demerger of the Demerged Undertaking to the Resulting Company, duly adjusted for face value of the New Equity Shares on Demerger issued pursuant to Clause 7.1, and write down of the investment in Demerged Company [Remaining Business] to fair value, shall be written off by Resulting Company against the following, in the order specified, to the extent required:

i) Capital Reserve Account; and

ii) Share Premium Account.

8.3 It is hereby clarified that all transactions during the period between the Appointed Date and Effective Date relating to the Demerged Undertaking would be duly reflected in the financial statements of Resulting Company, upon the Scheme coming into effect.

8.4 Pursuant to the provisions of this Scheme and Section 100 and all other applicable provisions of the Act, the amount of reduction, duly increased by the expenses incurred in connection with the Scheme, in the balance in Securities Premium Account and other reserves as per Clause 8.2 (b) above, as the case may be, shall be effected as an integral part of this Scheme only, as the same does not involve either diminution of liability in respect of unpaid capital or payment to any shareholder of any amount paid in respect of shares issued and the order of the Courts sanctioning this Scheme shall be deemed to be an order under Section 102 of the Act confirming the reduction.

The necessary approvals/ consents to be obtained by the Resulting Company from its shareholders and creditors, as required, for the Scheme shall always deemed to include the approval / consents required to be obtained under Section 100 and the Resulting Company shall not nor shall be obliged to call for a separate meeting of its shareholders and creditors for obtaining their approval sanctioning the reduction of Securities Premium Account, as the case may be, as contemplated herein.

8.5 To the extent that there are inter-corporate loans, other outstanding amounts or transactions between the Demerged and Resulting Company, including those between Appointed Date and Effective Date, it is agreed by the Demerged Company and Resulting Company that all the requirements of the Act and any other applicable law with respect to such amounts shall be deemed to have been duly complied with.

8.6 Notwithstanding anything contained in Clause 8 hereinabove, the Board of Directors of the companies are authorized to account for any of these balances in any manner whatsoever, as may be deemed fit, in accordance with the prescribed Accounting Standards issued by the Institute of Chartered Accountants of India and applicable generally accepted accounting principles.

SECTION D - OTHER PROVISIONS

9. LEGAL PROCEEDINGS

All legal or other proceedings of whatsoever nature by or against the Demerged Undertaking pending and/ or arising on or after the Appointed Date and relating to the Demerged Undertaking or its properties, assets, debts, liabilities, duties and obligations, shall be continued and/ or enforced until the Effective Date as desired by Resulting Company and as and from the Effective Date

shall be continued and enforced by or against Resulting Company in the same manner and to the same extent as would or might have been continued and enforced by or against Demerged Company. On and from the Effective Date, Resulting Company shall and may, if required, initiate any legal proceedings in its name in relation to the Demerged Undertaking in the same manner and to the same extent as would or might have been initiated by Demerged Company.

10. CONTRACTS AND DEEDS

Subject to the other provisions of this Scheme, all contracts, deeds, bonds, agreements, insurance policies and other instruments, if any, of whatsoever nature to which Demerged Company (to the extent related to the Demerged Undertaking) is a party and subsisting or having effect on the Effective Date shall be in full force and effect against or in favour of Resulting Company, as the case may be, and may be enforced by or against Resulting Company as fully and effectually as if, instead of Demerged Company, Resulting Company had been a party thereto. Resulting Company may enter into and/ or issue and/ or execute deeds, writings or confirmations or enter into any tripartite arrangements, confirmations or novations, to which Demerged Company will, if necessary, also be party in order to give formal effect to the provisions of this Scheme, if so required or if so considered necessary. Resulting Company shall be deemed to be authorized to execute any such deeds, writings or confirmations on behalf of Demerged Company and to implement or carry out all formalities required on the part of Demerged Company to give effect to the provisions of this Scheme.

11. BUSINESS AND PROPERTY IN TRUST

11.1 As and from the Appointed Date, upto and including the Effective Date:

(i) Demerged Company (to the extent of the Demerged Undertaking), shall carry on and be deemed to have carried on its business and activities and shall stand possessed of all the assets and properties, in trust for Resulting Company and shall account for the same to Resulting Company.

(ii) Income or profit accruing or arising to the Demerged Undertaking and all costs, charges, expenses and losses or taxes incurred by the Demerged Undertaking shall for all purposes be treated as the income, profits, costs, charges, expenses and losses or taxes, as the case may be, of Resulting Company and shall be available to the Resulting Company for being disposed off in any manner as it thinks fit.

12. CONDUCT OF BUSINESS

12.1 With effect from the date of approval of the Scheme by the Board of Directors of Demerged Company and upto the Effective Date:

(i) Demerged Company (to the extent related to the Demerged Undertaking) shall carry on its business with reasonable diligence and in the same manner as it had been doing hitherto fore, and Demerged Company shall not alter or substantially expand the business of the Demerged Undertaking, except with the written concurrence of Resulting Company.

(ii) Demerged Company shall not, without the written concurrence of Resulting Company, transfer, alienate, charge or encumber any business activity of the Demerged Undertaking, or properties (including intellectual property), rights or assets of the Demerged Undertaking, except in the ordinary course of business or pursuant to any pre-existing obligation undertaken prior to the date of acceptance of the Scheme by the Board of Directors of Demerged Company.

(iii) Demerged Company (to the extent of the Demerged Undertaking) shall not without the written concurrence of Resulting Company, vary or alter, except in the ordinary course of its business or pursuant to any pre-existing obligation undertaken prior to the date of acceptance of the Scheme by the Board of Directors of Demerged Company, the terms and conditions of employment of any of its employees, nor shall it conclude settlement with employees.

13. SAVING OF CONCLUDED TRANSACTIONS

The transfer and vesting of the assets, liabilities and obligations of the Demerged Undertaking and the continuance of proceedings by or against Resulting Company shall not affect any transaction or proceedings already concluded by the Demerged Undertaking on or before the date when Demerged Company adopts the Scheme in its Board meeting, and after the date of such adoption till the Effective Date, to the end and intent that Resulting Company accepts and adopts all acts, deeds and things done and executed by the Demerged Undertaking in respect thereto as done and executed on behalf of itself.

14. STAFF AND EMPLOYEES

14.1 Upon the Scheme coming into effect, all staff and employees of the Demerged Undertaking shall be deemed to have become staff and employees of Resulting Company without any break in their service and on the basis of continuity of service and the terms and conditions of their employment with Resulting Company shall not be less favourable than those applicable to them with reference to Demerged Company on the Effective Date.

14.2 Upon the Scheme coming into effect, the accounts of the employees, who are employed who fall under Clause 14.1 above, relating to the Provident Fund, Gratuity Fund and Pension and/or Superannuation Fund and any other Fund, shall be identified, determined and transferred to the respective funds of the Resulting Company and the employees shall be deemed to have become members of such trusts/ respective funds set up by the Resulting Company or set up under any statutory provisions/ schemes framed by Life Insurance Corporation or any other qualified insurer. The Demerged Company and the Resulting Company shall co-operate and take all such steps as may be necessary to give effect to the provisions of this clause, with the end and intent that the interests of employees are protected. The Demerged Company agrees to stand in and support the Resulting Company, during the period that the Funds or employee benefit arrangements of Resulting Company are set up, subject to applicable law.

15. TAXES

Each of the Demerged Company and the Resulting Company is expressly permitted to file/ revise their respective income tax, service tax, sales tax/ value added tax, excise, customs and other statutory returns and filings, consequent to the scheme becoming effective notwithstanding that the period of filing/ revising such returns may have lapsed. Further, each of the Demerged Company and the Resulting Company are expressly permitted to amend their TDS certificates and shall have the right to claim refund, advance tax credits, withholding tax credits, set offs, benefit of compliances and adjustments relating to their respective incomes/ transactions from the Appointed Date. It is specifically declared that the taxes/ duties paid by the Demerged Company or withheld on its behalf in relation to the Demerged Undertaking shall be deemed to be taxes/ duties paid by the Resulting Company and the Resulting Company shall be entitled to claim credit of such taxes deducted/ paid against its tax/ duty liability notwithstanding that the certificates/ challans or other documents for payment of such taxes/ duties are in the name of Resulting Company.

16. CHANGE IN CAPITAL STRUCTURE

Notwithstanding anything else contained in this Scheme, during the pendency of the Scheme, Demerged Company and Resulting Company are expressly authorized to raise capital for the purpose of funding growth or any other purpose, in any manner as considered suitable by their Board of Directors, whether by means of rights issue, preferential issue, public issue or any other manner whatsoever. Further, such funds may be raised by means of any instrument considered suitable by their respective Board of Directors, including equity/ equity linked instruments, convertible/ non convertible bonds, debentures, debt, ADRs/ GDRs etc. Provided that any such capital raising exercise shall be approved in writing by the Board of Directors of both Demerged Company and Resulting Company to preserve the interests of their respective shareholders.

17. APPLICATION TO HIGH COURT AND OTHER AUTHORITY

17.1 Demerged Company and Resulting Company shall, with all reasonable dispatch, make applications to the Courts under Section 391 of the Act, seeking orders for dispensing with or convening, holding and conducting of the meetings of the respective classes of the members and/ or creditors of Demerged Company and Resulting Company as may be directed by the Courts.

17.2 On the Scheme being agreed to by the requisite majorities of the classes of members, Demerged Company and Resulting Company shall, with all reasonable dispatch, apply to the Courts for sanctioning the Scheme under Sections 391 and 394 read with Section 100 of the Act, and for such other order or orders, as the Courts may deem fit for carrying this Scheme into effect.

17.3 For the purpose of issue of equity shares pursuant to the Scheme, the Resulting Company may obtain such approvals and clearances as may be required under applicable law. Where necessary, with respect to a shareholder or class of shareholders, as may be appropriate, without prejudice to Clause 3 of this Scheme, the Resulting Company shall be entitled to make such other arrangements as may be required for the issue and allotment of shares, including the setting up of a trust to hold and/ or to dispose off the shares with the understanding that the interests of shareholders shall be protected at all times subject to applicable law and taxes.

18. CONDITIONALITY OF SCHEME

18.1 The Scheme is conditional upon and subject to:

(i) the Scheme being agreed to by the respective requisite majority of Members and Creditors of Demerged Company and Resulting Company, as applicable either at their meetings or by consent/ no-objection letters; and

(ii) the Scheme being approved by the Courts.

18.2 This Scheme, although to come into operation from the Appointed Date, shall become effective from the date on which certified copies of orders under Sections 391 to 394 of the Act are duly filed by Demerged Company and Resulting Company with the jurisdictional Registrar of Companies. The abovementioned date of such filings shall be the "Effective Date" for the purpose of this Scheme.

19. EFFECT OF NON APPROVALS

In the event any of the said sanctions and approvals referred to in Clause 18 above not being obtained and/ or the Scheme not being passed as aforesaid before December 31, 2011 or within such further period or periods as may be agreed upon between Resulting Company by its Directors and Demerged Company by its Directors (and which the Board of Directors are hereby empowered and authorized to agree to and extend from time to time without any limitations), this Scheme of Arrangement shall stand revoked, cancelled and be of no effect and null and void save and except in respect of any act or deed done prior thereto as is contemplated hereunder or as to any right, liability or obligation which has arisen or accrued pursuant thereto and which shall be governed and be preserved or worked out as may otherwise arise in law and in such event each party shall bear their respective costs, charges and expenses in connection with the Scheme.

20. MODIFICATION OR AMENDMENT

20.1 Demerged Company by its Directors, or Resulting Company by its directors, may assent to any modification(s) or amendment(s) in this Scheme which the Court and/ or any other authorities may deem fit to direct or impose or which may otherwise be considered necessary or desirable for settling any question or doubt or difficulty that may arise for implementing and/ or carrying out the Scheme or which may be considered necessary due to any change in law or other reason, and Resulting Company (by its Directors) and Demerged Company (by its Directors) be and are hereby authorized to take such steps and do all acts, deeds and things as may be necessary, desirable or proper to give effect to this Scheme and to resolve any doubts, difficulties or questions whether by reason of any orders of the Court or of any directive or orders of any other authorities or otherwise howsoever arising out of, under or by virtue of this Scheme and/ or any matters concerning or connected therewith.

20.2 For the purpose of issue and allotment of shares pursuant to the Scheme, Resulting Company shall, if and to the extent required, apply for and obtain the necessary approvals from the appropriate regulatory authority, for the issue and allotment of equity shares of Resulting Company to the shareholders of Demerged Company.

20.3 Any issue as to whether any asset or liability pertains to or is relatable to the Demerged Undertaking or not, shall be decided by the Board of Directors of Demerged Company.

20.4 If any part of this Scheme is found to be unworkable for any reason whatsoever, the same shall not, subject to the decision of the respective Boards of Directors of Demerged Company and Resulting Company, affect the adoption or validity or interpretation of the other parts and/ or provisions of this Scheme. It is hereby clarified that the Board of Directors of Demerged Company and Resulting Company may in their absolute discretion, adopt any part of this Scheme or declare the entire Scheme to be null and void and in that event no rights and liabilities whatsoever shall accrue to or be incurred inter se by the parties or their shareholders or creditors or employees or any other person. In such case each Company shall bear its own cost or bear costs as may be mutually agreed.

21. CHANGE OF NAME OF DEMERGED COMPANY

Upon coming into effect of this Scheme, the name of the Demerged Company shall stand changed to "Infomedia Press Limited" or such other name as may be approved by the Registrar of Companies and/or other applicable regulatory authorities, if any, without any further act or deed. Accordingly, all approvals as required under Section 21 and such other applicable provisions of the Act read with relevant rules and regulations made thereunder from the Board of Directors, Shareholders or any regulatory authority shall be deemed to have been obtained by the Demerged Company.

22. COSTS, CHARGES AND EXPENSES

All costs and expenses including the stamp duty and transfer charges (if any) arising out of or incurred in carrying out and implementing this Scheme shall be equally split and paid by Resulting Company and Demerged Company. All the aforesaid expenses shall be referred to as "Expenses of Scheme".

IN THE HIGH COURT OF DELHI AT NEW DELHI
ORIGINAL JURISDICTION
COMPANY APPLICATION (M) NO 10 OF 2011

In the matter of the Companies Act, 1956

AND

In the matter of Sections 391 to 393 of the Companies Act, 1956 read with Rules 67 to 87 of the Companies (Court) Rules, 1959

AND

In the matter of the Scheme of Arrangement between Infomedia 18 Limited and Network18 Media & Investments Limited

AND

In the matter of Infomedia 18 Limited, a company incorporated under the Indian Companies Act VII of 1913, having its registered office at 503, 504 & 507, 5th Floor, Mercantile House, 15 Kasturba Gandhi Marg, New Delhi- 110 001 ..... Applicant Company

FORM OF PROXY

I/ We _____ the undersigned equity shareholder(s) of Infomedia 18 Limited, ("the Applicant Company"), hereby appoint_____of_____ and failing him/her _____of _____ as my/ our Proxy to act for me/us at the meeting of equity shareholder(s) of "the Applicant Company", to be held at FICCI Golden Jubilee Auditorium, Federation House, Tansen Marg, New Delhi - 110 001 on Wednesday, February 23, 2011, at 11:30 am for the purpose of considering and, if thought fit, approving, with or without modifications, the proposed Scheme of Arrangement between Infomedia 18 Limited and Network18 Media & Investments Limited, at such meeting and any adjournment(s) thereof, to vote, for me/ us, and in my/ our name(s) _____ (here, "if for" insert "for", "if against" insert "against", and in the latter case, strike out the words appearing after "Scheme of Arrangement") the said Scheme of Arrangement either with or without modifications as my/ our proxy may approve.

[Strike out what is not necessary]

Dated this ..... day of 2011

Affix 1 Rupee Revenue Stamp

Name: .....

Address: .....

.....

Folio No/ DP & Client ID No.: .....

No. of shares held: .....

Signature of Proxy holder

(across the revenue stamp)

Signature of Shareholders: Sole holder/ First holder: .....

Second holder: .....

NOTE:

1. The proxy must be deposited at the registered office of Infomedia 18 Limited at 503, 504 & 507, 5th Floor, Mercantile House, 15 Kasturba Gandhi Marg, New Delhi- 110 001, not later than 48 hours before the meeting.
2. In case of multiple proxies, proxy later in time shall be accepted.
3. All alterations made in the form of proxy should be initialed.
4. Please affix revenue stamp before putting signature.
5. Proxy need not to be a shareholder of the Applicant Company.

ATTENDANCE SLIP

(PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND IT OVER AT THE REGISTRATION COUNTER FOR ISSUING GATE PASS FOR ENTERING THE MEETING HALL)

I/ We hereby record my/ our presence at the Court convened meeting of the equity shareholders of Infomedia 18 Limited held at FICCI Golden Jubilee Auditorium, Federation House, Tansen Marg, New Delhi -110 001 on Wednesday, February 23, 2011, at 11:30 am for the purpose of considering and, if thought fit, approving, with or without modification, the Scheme of Arrangement between Infomedia 18 Limited and Network18 Media & Investments Limited and their respective shareholders and creditors and at such meeting and at any adjournment/ adjournments thereof.

Name: .....

Address: .....

.....

Folio No/ DP & Client ID No.: .....

No. of shares held: .....

Signature of Sole holder / First holder / Proxy holder .....

Signature of Second holder .....

NOTES:

1. Members/ proxy holders are requested to bring the original Attendance Slip duly filled with them when they come to the meeting venue and hand it over at the registration counter.
2. Incomplete attendance slips shall not be accepted for issuing the gate pass for entry in the meeting hall.
3. Members who come to attend the meeting are requested to bring their own copy of Notice and Scheme of Arrangement with them for reference.

BOOK POST

UNDER CERTIFICATE OF POSTING

If undelivered please return to:

INFOMEDIA 18 LIMITED
503, 504 & 507, 5th Floor,
Mercantile House,
15 Kasturba Gandhi Marg,
New Delhi - 110 001, India.