

**LETTER OF OFFER**

Date: September 22, 2009

For private circulation to the equity shareholders of the Company only


**WIRE AND WIRELESS (INDIA) LIMITED**

(Incorporated as Wire and Wireless (India) Limited (the "Company") on March 24, 2006 under the Companies Act, 1956 as a public limited company)

**Registered Office:** Continental Building, 135 Dr Annie Besant Road, Worli, Mumbai- 400 018, India. **Tel:** +91 22 6697 1234 **Fax:** +91 22 2490 0302

**Corporate Office:** Building No. FC 19, Gate No. 3, Sector 16A, Film City, Noida, U.P. - 201304, India; **Tel:** +91 120 4526700 **Fax:** +91 120 4526777

**Compliance Officer:** Mr. Samir Raval, Company Secretary and Compliance Officer; **E-mail:** csandlegal@wwil.net; **Website:** www.wwil.net

Our Promoters who are individuals are: (i) Mr. Ashok Mathai Kurien (ii) Mr. Laxmi Narain Goel (iii) Ms. Sushila Goel. Our Promoters which are companies are (i) Ambience Business Services Private Limited, (ii) Briggs Trading Company Private Limited, (iii) Churu Trading Company Private Limited, (iv) Delgrada Limited, (v) Essel Infraprojects Limited, (vi) Ganjam Trading Company Private Limited, (vii) Jayneer Capital Private Limited, (viii) Lazarus Investments Limited, (ix) Prajatra Trading Company Private Limited, (x) Premier Finance and Trading Company Limited and (xi) Veena Investment Private Limited.

**FOR PRIVATE CIRCULATION TO THE EQUITY SHAREHOLDERS OF THE COMPANY ONLY**
**LETTER OF OFFER**

**ISSUE OF 23,67,67,351 EQUITY SHARES OF FACE VALUE RE. 1 EACH ("EQUITY SHARES") FOR CASH AT A PRICE OF RS. 19 PER EQUITY SHARE INCLUDING A PREMIUM OF RS. 18 PER EQUITY SHARE AGGREGATING APPROXIMATELY RS. 44,985 LAKHS TO THE EQUITY SHAREHOLDERS ON RIGHTS BASIS IN THE RATIO OF 109 EQUITY SHARES FOR EVERY 100 EQUITY SHARES HELD ON THE START OF THE BOOK CLOSURE PERIOD i.e. AUGUST 15, 2009 (THE "ISSUE"). THE ISSUE PRICE IS 19 TIMES OF THE FACE VALUE OF THE EQUITY SHARE. THE ISSUE PRICE FOR THE EQUITY SHARES WILL BE PAID IN TWO INSTALLMENTS: RS. 9 PER EQUITY SHARE WILL BE PAYABLE ON APPLICATION AND THE BALANCE RS. 10 PER EQUITY SHARE WILL BECOME PAYABLE AFTER SIX MONTHS AT THE OPTION OF THE COMPANY BUT WITHIN 12 MONTHS FROM THE DATE OF ALLOTMENT. FOR MORE DETAILS, SEE "TERMS OF THE ISSUE" ON PAGE 361.**

**GENERAL RISKS**

Investments in equity and equity related securities involve a degree of risk and investors should not invest any funds in this Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the Risk Factors carefully before taking an investment decision in this Issue. For taking an investment decision, Investors must rely on their own examination of the Company and the Issue including the risks involved. The securities have not been recommended or approved by the Securities and Exchange Board of India ("SEBI") nor does SEBI guarantee the accuracy or adequacy of this document. **Investors are advised to refer to "Risk Factors" on page ix before making an investment in this Issue.**

**COMPANY'S ABSOLUTE RESPONSIBILITY**

The Company, having made all reasonable inquiries, accepts responsibility for and confirms that this Letter of Offer contains all information with regard to the Company and the Issue, which is material in the context of this Issue, that the information contained in this Letter of Offer is true and correct in all material respects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Letter of Offer as a whole or any such information or the expression of any such opinions or intentions misleading in any material respect.

**LISTING**

The existing equity shares of our Company are listed on the Bombay Stock Exchange Limited ("BSE") and the National Stock Exchange of India Limited ("NSE"). The Company has received "in-principle" approvals from BSE and NSE for listing the Equity Shares arising from this Issue vide letters dated October 7, 2008 and October 20, 2008 respectively. The NSE shall be the Designated Stock Exchange.

**LEAD MANAGER TO THE ISSUE**


**Enam Securities Private Limited**  
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Nariman Point,  
Mumbai- 400 021, India.  
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Fax: +91 22 2284 6824  
Email: wwil@enam.com  
Website: www.enam.com  
Investor Grievance Email: complaints@enam.com  
Contact Person: Mr. Sachin K. Chandiwala  
SEBI Registration No.: INM000006856

**REGISTRAR TO THE ISSUE**


**Sharepro Services (India) Private Limited**  
13AB, Samhita Warehousing Complex,  
Second Floor, Sakinaka Telephone Exchange Lane,  
Off Andheri Kurla Road,  
Sakinaka, Andheri (East),  
Mumbai- 400072, India.  
Tel: +91 22 6772 0300/ 400/ 420/ 422  
Fax: +91 22 2850 8927  
Email: prakashk@shareproservices.com  
Contact Person: Mr. Prakash Khare/Mr. Abraham  
SEBI Registration No.: INR000001476

**ISSUE PROGRAMME**

ISSUE OPENS ON	LAST DATE FOR REQUEST FOR SPLIT APPLICATION FORMS	ISSUE CLOSES ON
SEPTEMBER 29, 2009	OCTOBER 12, 2009	OCTOBER 21, 2009

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## **NO OFFER IN THE UNITED STATES**

The offer of Equity Shares pursuant to the Issue have not been and will not be registered under the United States Securities Act of 1933, as amended (the “Securities Act”), or any U.S. state securities laws and will not be offered, sold, resold or otherwise transferred within the United States of America or the territories or possessions thereof (the “United States” or “U.S.”) or to, or for the account or benefit of, “U.S. Persons” (as defined in Regulation S under the Securities Act (“Regulation S”)), except in a transaction exempt from the registration requirements of the Securities Act. The rights referred to in this Letter of Offer are being offered in India, but not in the United States. The Issue to which this Letter of Offer relates is not, and under no circumstances is to be construed as, an offering of any shares or rights for sale in the United States or as a solicitation therein of an offer to buy any of the said shares or rights. Accordingly, this Letter of Offer should not be forwarded to or transmitted in or into the United States at any time.

Neither the Company nor any person acting on behalf of the Company will accept subscriptions from any person, or the agent of any person, who appears to be, or who the Company or any person acting on behalf of the Company has reason to believe is, a resident of the United States and to whom an offer, if made, would result in requiring registration of this Letter of Offer with the United States Securities and Exchange Commission. The Company is informed that there is no objection to a United States shareholder selling its rights in India. Rights will not be transferred or sold to any U.S. Person.

## **PRESENTATION OF CURRENCY, FINANCIAL INFORMATION AND USE OF MARKET DATA**

All references to “Rs.” or “INR” or “Rupees” refer to Indian Rupees, the lawful currency of India, “USD” or “US\$” refers to the United States Dollar, the lawful currency of the United States of America. References to the singular also refers to the plural and one gender also refers to any other gender, wherever applicable, and the words “Lakh” or “Lac” mean “100 thousand” and the word “million” means “10 Lakh” and the word “crore” means “10 million” or “100 Lakhs” and the word “billion” means “1,000 million” or “100 crores”.

Unless stated otherwise, the financial information used in this Letter of Offer is derived from the Company’s consolidated restated financial informations for the period between March 24, 2006 and March 31, 2007, April 1, 2007 to March 31, 2008 and April 1, 2008 to March 31, 2009 prepared in accordance with Indian GAAP and the Companies Act, 1956 and standalone restated financial informations in accordance with applicable SEBIREgulations.

Unless stated otherwise, throughout this Letter of Offer, all figures have been expressed in Lakhs.

Our fiscal year commences on April 1 and ends on March 31 of the next year. Unless stated otherwise, reference herein to a fiscal year (eg. Fiscal 2009) is to the fiscal year ended March 31 of a particular year.

In this Letter of Offer, any discrepancies in any table between the total and the sum of the amounts listed may be due to rounding off.

**Market and industry data used in this Letter of Offer, has been obtained from industry publications and governmental sources. Industry publications generally state that the information contained in those publications has been obtained from sources believed to be reliable and that their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although we believe market data used in this Letter of Offer is reliable, it has not been independently verified.**

## FORWARD-LOOKING STATEMENTS

We have included statements in this Letter of Offer which contain words or phrases such as “will”, “aim”, “is likely to result”, “believe”, “expect”, “will continue”, “anticipate”, “estimate”, “intend”, “plan”, “contemplate”, “seek to”, “future”, “objective”, “goal”, “project”, “should”, “will pursue” and similar expressions or variations of such expressions, that are “forward looking statements”.

All forward looking statements are subject to risks, uncertainties and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Important factors that could cause actual results to differ materially from our expectations include but are not limited to:

- (i) General economic and business conditions in the markets in which we operate and in the local, regional and national economies;
- (ii) Increasing competition in or other factors affecting the industry segments in which we operate;
- (iii) Changes in laws and regulations relating to the industries in which we operate;
- (iv) Our ability to successfully implement our growth strategy and expansion plans, and to successfully launch and implement various projects and business plans;
- (v) Our ability to meet our capital expenditure requirements;
- (vi) Fluctuations in interest rates and operating costs;
- (vii) Our ability to attract and retain qualified personnel;
- (viii) Changes in political and social conditions in India, the monetary policies of India and other countries, inflation, deflation, unanticipated turbulence in interest rates, equity prices or other rates or prices; and
- (ix) The performance of the financial markets in India.

The other risk factors discussed in this Letter of Offer, including those set forth under “*Risk Factors*”.

For a further discussion of factors that could cause our actual results to differ, please refer to the sections titled “Risk Factors”, “Our Business” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” of this Letter of Offer. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated. Neither the Company nor the Lead Manager nor any of their respective affiliates have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with SEBI / Stock Exchanges requirements, the Company and Lead Manager will ensure that investors in India are informed of material developments until the time of the grant of listing and trading permission by the Stock Exchanges.

## DEFINITIONS AND ABBREVIATIONS

Unless the context otherwise indicates or requires, the following terms shall have the meanings given below in this Letter of Offer.

### Issuer company Related Terms

Term	Description
Articles/Articles of Association	Articles of association of our Company.
Auditors	S. R. Batliboi & Associates, Chartered Accountants having their office at Express Towers, 19th Floor, Nariman Point, Mumbai- 400 021, India.
Board of Directors/ Board	The board of directors of our Company or a duly constituted committee thereof.
Corporate Office	Building No. FC 19, Gate No. 3, Sector 16A, Film City, Noida, U.P.- 201304, India
Director(s)	Member(s) of the Board of Directors.
ESOP Scheme	The employee stock option plan of our Company as approved pursuant to a special resolution passed by our shareholders at the AGM held on September 18, 2007.
Group Companies	The top five listed group companies of our Company in terms of market capitalization, identified as per clause IX (C)(2) of Part A of the SEBI Regulations (as defined hereinbelow), being Zee Entertainment Enterprises Limited, ETC Networks Limited, Essel Propack Limited, Zee News Limited and Dish TV India Limited.
Memorandum/ Memorandum of Association	The memorandum of association of our Company.
Promoters	Who are individuals: <ol style="list-style-type: none"> <li>1) Mr. Ashok Mathai Kurien,</li> <li>2) Mr. Laxmi Narain Goel, and</li> <li>3) Ms. Sushila Goel</li> </ol> and Which are companies: <ol style="list-style-type: none"> <li>1) Ambience Business Services Private Limited,</li> <li>2) Briggs Trading Company Private Limited,</li> <li>3) Churu Trading Company Private Limited,</li> <li>4) Delgrada Limited,</li> <li>5) Essel Infraprojects Limited,</li> <li>6) Ganjam Trading Company Private Limited,</li> <li>7) Jayneer Capital Private Limited,</li> <li>8) Lazarus Investments Limited,</li> <li>9) Prajatma Trading Company Private Limited,</li> <li>10) Premier Finance and Trading Company Limited and</li> <li>11) Veena Investment Private Limited.</li> </ol>
Promoter Companies	The Promoters which are companies: <ol style="list-style-type: none"> <li>1) Ambience Business Services Private Limited,</li> <li>2) Briggs Trading Company Private Limited,</li> <li>3) Churu Trading Company Private Limited,</li> <li>4) Delgrada Limited,</li> <li>5) Essel Infraprojects Limited,</li> <li>6) Ganjam Trading Company Private Limited,</li> <li>7) Jayneer Capital Private Limited,</li> <li>8) Lazarus Investments Limited,</li> <li>9) Prajatma Trading Company Private Limited,</li> <li>10) Premier Finance and Trading Company Limited and</li> <li>11) Veena Investment Private Limited.</li> </ol>
Promoter Group	Unless the context otherwise requires, refers to those companies, individuals and entities mentioned in the section titled "Promoters" beginning on page 107 of this Letter of Offer.
Registered Office	Continental Building, 135 Dr Annie Besant Road, Worli, Mumbai- 400 018, India.
Scheme of Arrangement	The scheme of arrangement by which Zee Entertainment Enterprises Limited (formerly Zee Telefilms Limited) and Siti Cable Network Limited have transferred their news and cable business undertaking to Zee News Limited and the Company, respectively, as approved by the order of the High Court

<b>Term</b>	<b>Description</b>
	of Judicature at Bombay dated November 17, 2006.
“Siti Cable Network Limited” or “Siti Cable”	Siti Cable Network Limited, which had its registered office at Continental Building, 135 Dr Annie Besant Road, Worli, Mumbai- 400 018, India.
Subsidiaries	Central Bombay Cable Network Limited, Indian Cable Net Company Limited, Siticable Broadband South Limited, Wire and Wireless Tisai Satellite Limited and Master Channel Community Network Private Limited.
“Wire and Wireless (India) Limited” “WWIL” or “the Company” or “our Company”	Wire and Wireless (India) Limited, a public limited company incorporated under the Companies Act, 1956, with its registered office at Continental Building, 135 Dr Annie Besant Road, Worli, Mumbai- 400 018, India.
“We” or “us” or “our”	Unless the context otherwise indicates, refers to the Company and its Subsidiaries.
ZEEL	Zee Entertainment Enterprises Limited, one of our Group Companies.

### **Issue Related Terms and Abbreviations**

<b>Term</b>	<b>Description</b>
Act or the Companies Act	The Companies Act, 1956, as amended.
AGM	Annual General Meeting.
Allotment	Unless the context otherwise requires, the allotment of partly paid up Equity Shares pursuant to the Issue.
Allotment Date	The date on which Allotment is made.
ASBA	Application supported by blocked amount.
ASBA Account	Account maintained by an ASBA Investor with an SCSB which will be blocked by such SCSB to the extent of the application money of the ASBA Investor.
ASBA Form	The application form (whether physical or electronic) in terms of which an ASBA Investor shall make an application containing an authorisation to block the application money in an ASBA Account and which will be considered as an application for Allotment, pursuant to the terms of the Letter of Offer.
ASBA Investor	An Investor who applies under the Issue through ASBA in accordance with the terms of the Letter of Offer and: and; (a) holds the shares of the Company in dematerialised form as on the start of the Book Closure Period and has applied for entitlements and / or additional Equity Shares in dematerialised form; (b) has not renounced his / her entitlements in full or in part; (c) is not a Renouncee; and (d) is applying through a bank account maintained with SCSBs
Book Closure Period	August 15, 2009 to August 19, 2009, both days inclusive.
CAF	Composite Application Form.
DP	Depository Participant.
Designated Branches	Such branches of the SCSBs which shall collect the ASBA Form used by ASBA Investors and a list of which is available on <a href="http://www.sebi.gov.in/pmd/scsb.pdf">http://www.sebi.gov.in/pmd/scsb.pdf</a> .
Designated Stock Exchange	NSE.
Draft Letter of Offer	Draft Letter of Offer dated September 29, 2008 filed with SEBI.
Equity Shares	Equity shares of the Company of face value of Re. 1 each.
Equity Shareholders	A holder of Equity Shares.
Investor(s)	Shall mean an Equity Shareholder as on the start of the Book Closure Period, i.e. August 15, 2009 and Renouncee(s).
Issue	Issue of 23,67,67,351 Equity Shares for cash at a price of Rs. 19 per Equity Share including a premium of Rs. 18 per Equity Share aggregating approximately Rs. 44,985 Lakhs to the Equity Shareholders of the Company on rights basis in the ratio of 109 Equity Shares for every 100 Equity Shares held on the start of the Book Closure Period i.e. August 15, 2009. The Issue Price is 19 times of the face value of the Equity Share. The Issue Price for the Equity Shares will be paid in two installments: Rs. 9 per Equity Share will be payable on application and the balance Rs. 10 per Equity Share will become payable after six months, at the option of the Company, but within 12 months from the

<b>Term</b>	<b>Description</b>
	Date Of Allotment.
Issue Closing Date	October 21, 2009
Issue Opening Date	September 29, 2009
Issue Price	Rs. 19 per Equity Share.
Lead Manager	Enam Securities Private Limited.
Letter of Offer	Letter of Offer dated September 22, 2009 filed with the Stock Exchanges after incorporating SEBI comments on the Draft Letter of Offer.
Preference Shares	7.25% Non-Cumulative Redeemable Preference Shares of the Company of face vale of Re. 1 each.
Registrar/ Registrar to the Issue	Sharepro Services (India) Private Limited.
Renounees	Persons who have acquired Rights Entitlements from Equity Shareholders.
Rights Entitlement	The number of Equity Shares that an Equity Shareholder is entitled to in proportion to its shareholding in the Company as on the start of the Book Closure Period i.e. August 15, 2009.
Self Certified Syndicate Bank or SCSB	The banks which are registered with SEBI under the SEBI (Bankers to an Issue) Regulations, 1994 and offers services of ASBA, including blocking of bank account and a list of which is available on <a href="http://www.sebi.gov.in/pmd/scsb.pdf">http://www.sebi.gov.in/pmd/scsb.pdf</a> .
Stock Exchange(s)	The BSE and NSE.

#### **Abbreviations/conventional/general terms**

<b>Abbreviation</b>	<b>Full Form</b>
AS	Accounting Standards issued by the Institute of Chartered Accountants of India.
BSE	The Bombay Stock Exchange Limited.
CDSL	Central Depository Services Limited.
CEO	Chief Executive Officer.
CSE	The Calcutta Stock Exchange Association Limited.
CFO	Chief Financial Officer.
DIPP	Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India.
DOT	Department of Telecommunication and Information Technology, Government of India.
EGM	Extra Ordinary General Meeting.
EPS	Earnings Per Share.
FDI	Foreign Direct Investment.
FEMA	The Foreign Exchange Management Act, 1999, as amended from time to time, and the regulations framed thereunder.
FII	Foreign Institutional Investor (as defined under the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995) registered with SEBI under applicable laws in India.
FIPB	Foreign Investment Promotion Board, Ministry of Finance, Government of India.
FVCI	Foreign Venture Capital Investors (as defined under the Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000) registered with SEBI under applicable laws in India.
Financial Year/Fiscal Year/Fiscal/FY	Period of twelve months ended March 31 of that particular year, unless otherwise stated.
GoI	Government of India.
HUF	Hindu Undivided Family.
IDBI	Industrial Development Bank of India.
IDFC	Infrastructure Development Finance Company.
IL&FS	Infrastructure Leasing and Financial Services Limited.
IRS	Indian Readership Survey.
ISIN	International Securities Identification Number.
IT	Information Technology.
IT Act	The Income Tax Act, 1961, as amended from time to time.
ITAT	Income Tax Appellate Tribunal.
ISO	International Standards Organisation.
Listing Agreement	The listing agreement entered into with the Stock Exchanges by our Company.

MIB	Ministry of Information and Broadcasting, Government of India.
MoU	Memorandum of Understanding.
Mutual Fund	A mutual fund registered with SEBI under the SEBI (Mutual Funds) Regulations, 1996.
NR	Non Resident.
NRI	Non Resident Indian.
NSDL	National Securities Depository Limited.
NSE	The National Stock Exchange of India Limited.
OCB	Overseas Corporate Bodies.
p.a.	Per annum.
PAN	Permanent Account Number under the IT Act.
RBI	Reserve Bank of India.
RoC	Registrar of Companies.
RoNW	Return on Networth.
Rs./Rupees/INR	Indian Rupees, the official currency of India.
SEBI	Securities and Exchange Board of India.
SEBI Act	The Securities and Exchange Board of India Act, 1992, as amended from time to time.
SEBI Regulations	The SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 issued by SEBI, as amended, including instructions and clarifications issued by SEBI from time to time.
Takeover Code	The SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 as amended.
TDSAT	Telecom Dispute Settlement and Appellate Tribunal.
TRAI	Telecommunications Regulatory Authority of India.
USD	United States Dollars, the official currency of the United States of America.

### Technical and Industry Terms and Abbreviations

Term	Description
Addressable System	An electronic device or more than one electronic devices put in an integrated system through which television signals can be sent in encrypted or unencrypted form, which can be decoded by the device or devices at the premises of the subscriber within limits of the authorization made, on the choice and request of such subscriber, by the service provider to the subscriber.
ARPU	Average Revenue Per User.
ATP	Alternative Tariff Package, a tariff package which a service provider may offer, in addition to the standard tariff package, for supply of a set top box to the subscriber for receiving programmes.
Authority	The Telecom Regulatory Authority of India established under subsection (1) of section 3 of the Telecom Regulatory Authority of India Act, 1997.
B-2-B	Business to Business.
B-2-C	Business to Consumer.
Basic Service Tier	A package of free-to-air channels provided by a cable operator, for a single price to the subscribers of the area in which his cable television network is providing service and such channels are receivable for viewing by the subscribers on the receiver set of a type existing immediately before the commencement of the Cable Television Networks (Regulation) Amendment Act, 2002 without any Addressable System attached to such receiver set in any manner.
Broadcaster	Any person including an individual, group of persons, public or body corporate, firm or any organization or body who or which is providing programming services and includes his or her authorized distribution agencies.
Cable Service	The transmission by cables of programmes including re-transmission by cables of any broadcast television signals.
Cable Television Network	Any system consisting of a set of closed transmission paths and associated signal generation, control and distribution equipment, designed to provide cable service for reception by multiple subscribers.
CAS	Conditional Access System.
CAS Area	The State(s), City(ies), Town(s) or Area(s), where, in terms of a notification issued from time to time under sub section 1 of Section 4A of the Cable Television Networks (Regulation) Act 1995 (7 of 1995), it is obligatory for every multi system operator/cable operator to transmit

	or retransmit programmes of any Pay Channel through an Addressable System.
CMTS	Cable Modem Termination Systems.
C-Band	Certain portion of the electromagnetic spectrum as well as a range of wavelengths of light, used for communication.
C&S	Cable and Satellite.
Commercial Subscriber	Any subscriber who receives a programming service at a place indicated by him to a service provider and uses such signals for the benefit of his clients, customers, members or any other class or group of persons having access to such place.
Distributor	Shall have the same meaning as given in sub-clause (j) of clause (2) of the Telecommunication (Broadcasting and Cable Services) Interconnection Regulation 2004 (13 of 2004).
DTH	Direct to Home.
DVB	Digital Video Broadcasting.
EPG	Electronic Program Guide.
FTA	Free to Air.
HE	Head End.
HITS	Head-end in the Sky.
HPA	High Power Amplifiers.
IPTV	Internet Protocol Television.
ISP	Internet Service Provider.
IVR	Interactive Voice Recording.
LCO	Local Cable Operator.
MDU	Multi Dwelling Unit.
MPEG	Moving Pictures Experts Group.
MPLS	Multi Protocol Label Switching.
MRP	Maximum Retail Price, is the ceiling price (exclusive of taxes) that will be payable by a subscriber to the cable operator or the multi system operator as the case may be for each Pay Channel or bouquet of Pay Channels.
MSO	Multi System Operator; a cable operator who receives a programming service from a Broadcaster or his authorized agencies and retransmits the same or transmits his own programming service for simultaneous reception either by multiple subscribers directly or through one or more cable operators and includes his authorized distribution agencies by whatever name called.
NSS6	The satellite used by our Company for uplinking of channels.
Ordinary Subscriber	Any subscriber who receives a programming service from a service provider and uses the same for his/her domestic purposes.
Pay Channel	A channel for which fees is to be paid to the Broadcaster for its retransmission through electromagnetic waves through cable or through space intended to be received by the general public either directly or indirectly and which would require the use of an Addressable System attached with the receiver set of a subscriber.
SAF	Subscriber Application Form.
SEC	Socio-Economic Class.
Service Provider	The government as a service provider and includes a licensee as well as any Broadcaster, MSO, cable operator or distributor of TV channels.
SMS	Subscriber Management System.
STB	Set Top Box.
STP	Standard Tariff Package, a package of tariff as may be determined by the Authority for supply of a set top box to the subscriber by a service provider for receiving programmes.
Subscriber	A person who receives the signals of a service provider at a place indicated by him to the service provider, without further transmitting it to any other person and includes Ordinary Subscribers and Commercial Subscribers unless specifically excluded.
TV	Television.
VAS	Value Added Services.
WPC	Wireless Planning and Co-ordination Wing of the Ministry of Communications.

## RISK FACTORS

*An investment in equity shares involves a high degree of risk. You should carefully consider all the information in this Letter of Offer, including the risks and uncertainties described below, before making an investment in the Equity Shares. If any of the following risks actually occur, our business, results of operations and financial condition could suffer, the price of the Equity Shares could decline, and you may lose all or part of your investment. The financial and other implications of material impact of risks concerned, wherever quantifiable, have been disclosed in the risk factors mentioned below. However there are a few risk factors where the impact is not quantifiable and hence the same has not been disclosed in such risk factors. The numbering of risk factors has been done to facilitate ease of reading and reference and does not in any manner reflect the importance of one risk factor over another.*

*Unless otherwise stated, the financial information used in this section is derived from our consolidated restated financial information.*

### Internal Risk Factors

#### ***1. SEBI has passed certain orders against some of our Promoter Companies and one of our Group Companies***

SEBI has passed an order dated March 19, 2008 (order no. WTM/TCN/91/IVD2/03/2008) against ZEEL, one of our Group Companies, and also against some of our Promoter Companies, namely, Churu Trading Company Private Limited, Briggs Trading Company Private Limited, Prajatma Trading Company Private, Ganjam Trading Company Private Limited, Premier Finance and Trading Company Limited, on grounds of aiding and abetting certain entities related to Mr. Ketan Parekh in large scale market manipulation of shares of ZEEL. Pursuant to the said order, SEBI has warned ZEEL and the said Promoter Companies and has cautioned that any similar activity or instances of violation or non-compliance of the provisions of the SEBI Act, 1992 and the rules and regulations framed thereunder shall be dealt with stringently.

Churu Trading Company Private Limited (“**Churu**”), one of our Promoter Companies, had received a letter dated December 20, 2004 (the “**Letter**”) from SEBI, stating that Churu was required to disclose the change of more than 2% in its shareholding of the share capital of Cranes Software International Limited (“**Cranes**”) under the provisions of Regulation 13(3) of SEBI (Prohibition of Insider Trading) Regulations, 1992 (the “**Insider Trading Regulations**”). Subsequently, SEBI, had issued a notice dated February 4, 2008 to Churu (the “**Notice**”), alleging that Churu has failed to comply with the disclosure requirements under the Insider Trading Regulations and it was asked to show cause as to why an inquiry should not be held against it in terms of relevant SEBI (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 1995 and why a penalty should not be imposed under the provisions of the Section 15A(b) of the SEBI Act, 1992. In response to the Notice, Churu has filed a consent application dated March 24, 2008 with SEBI requesting SEBI, *inter alia*, to drop the enquiry and penalty proposed under the Notice. Subsequently, SEBI had issued a letter bearing reference number EFD/DRA-II/SPV/136218/2008 dated August 28, 2008 to Churu, requiring it to furnish certain details, namely, contact number, facsimile number and e-mail address, within five days from the date of issuance of the letter which was furnished by Churu, pursuant to its letters dated August 29, 2008 and September 2, 2008.

Subsequently, pursuant to a letter dated September 11, 2008 issued by Churu seeking permission to offer Rs. 1,00,000 towards settlement terms and Rs. 50,000 towards administrative expense, and a letter dated October 21, 2008 bearing reference number EFD/DRAII/PT/SPV/141811/2008 issued by SEBI intimating its approval to settle the matter on such payments, Churu paid a total amount of Rs. 1,50,000 pursuant to its letter dated October 31, 2008 to enable the issuance of an order by SEBI as per the consent terms. Pursuant to a consent order dated November 11, 2008 bearing reference number EAD/SD/DT/143861/08, SEBI has disposed the adjudication proceedings against Churu. However, notwithstanding the consent order, SEBI has reserved the right to take enforcement actions against Churu in the event any representations made by it are found to be untrue and that it has breached any clause in the undertakings filed by it during the proceedings.

For details regarding the Notice and other correspondences between Churu and SEBI in this regard, see para on 'Pending Litigations against our Promoters' under section titled 'Outstanding Litigation and Material Developments' on page 334 of this Letter of Offer.

Pursuant to its order dated March 2, 2001, SEBI had initiated an investigation against certain entities including Premier Finance and Trading Company Limited for alleged manipulation of the price of the scrip of Global Trust Bank ("GTB"). An ex-parte ad interim order dated December 31, 2002 was passed by SEBI restraining such entities including Premier Finance and Trading Company Limited from buying, selling, transferring, pledging, disposing off or dealing in other manner, the shares of GTB till the investigations were concluded. On March 3, 2003 and March 4, 2003 the entities, including Premier Finance and Trading Company, filed written submissions to SEBI stating *inter alia* that they are not part of the promoter group of GTB or its technical collaborators, they have not been parties to any synchronized or structured deal and they have not entered into any transactions that are manipulative in nature and have not violated applicable laws. Subsequently, for lack of adequate evidence against the entities for volume and price manipulation of shares of GTB, the said ex-parte ad interim order was vacated pursuant to an order dated June 21, 2004 passed by SEBI.

## ***2. Our Company is involved in a criminal proceeding***

A criminal complaint was lodged under sections 51, 52A, 63a and 68(a) of the Copyright Act 1957 by Mr. Rajesh Ratanshi Vora, being the authorized signatory on behalf of Indian Media Protection Against Copyright Theft Limited (IMPACT), against control room employees and Siti Cable Network Limited (L.A.C No. 147 of 1996) for unauthorized telecast of film 'Bhago Bhoot Aya' on May 14, 1996. After taking cognizance the State had registered a criminal complaint and the Metropolitan Magistrate issued warrants against control room employees of Siti Cable Network Limited. Thereafter the employees were released on bail from Metropolitan Court. Pursuant to the provisions of the Scheme of Arrangement all cases of Siti Cable Network Limited have been transferred to our Company. The complaint is pending before Additional Chief Metropolitan Magistrate, Esplanade, Mumbai for adjudication.

Any adverse order or direction by the court in this matter could have a material adverse impact on our business and reputation.

## ***3. One of our Directors is involved in certain criminal proceedings***

One of our Directors, Mr. Subhash Chandra, has certain criminal proceedings pending against him. These proceedings are at various stages of adjudication before various courts. Any adverse order and/or direction by the court could have a material adverse impact on our business and our reputation. Brief descriptions of the criminal proceedings against Mr. Subhash Chandra are as described in the table below.

<b>S. No.</b>	<b>Complainant/ Applicant</b>	<b>Name &amp; Address of the Court/ Arbitration Panel</b>	<b>Compensation claimed, if any</b>	<b>Brief Description of Case</b>
<b>Mr. Subhash Chandra</b>				
1.	Mr. Sandeep Pal Singh	Fourth Additional Sessions Judge, Thane	-	The complainant had filed the complaint for alleged infringement of the complainant's copyright of the film 'Jaan Se Badhkar' against Mr. Subhash Chandra in his capacity as a director of ZEEL. This matter is currently pending. Simultaneously, a revision petition against this complaint filed by Mr. Subhash Chandra and others was allowed by the Sessions Judge. However, the order of the Session Judge was stayed by the order of the High

S. No.	Complainant/ Applicant	Name & Address of the Court/ Arbitration Panel	Compensation claimed, if any	Brief Description of Case
				Court dated February 10, 2003.
2.	Abhudaya Cooperative Bank Limited	7 <sup>th</sup> Metropolitan Magistrate, Mumbai	Rs. 1,48,98,389	Certain cheques issued by Singhal Swaroop Ispat Limited in favour of the complainant were dishonored. Hence the complainant has filed this complaint against Mr. Subhash Chandra in his capacity as a director of Singhal Swaroop Ispat Limited.
3.	Ceat Financial Services Limited	19 <sup>th</sup> Court, Ballard Pier, Mumbai	Rs. 9,45,440	Certain cheques issued by Singhal Swaroop Ispat Limited in favour of the complainant were dishonored. Hence the complainant has filed this complaint against Mr. Subhash Chandra in his capacity as a director of Singhal Swaroop Ispat Limited.
4.	Maharashtra State Trading Corporation	47 <sup>th</sup> Court, Esplanade, Mumbai	Rs. 1,90,77,000	The complainant has filed this complaint against Singhal Swaroop Ispat Limited, Mr. Subhash Chandra (in his capacity as director of Singhal Swaroop Ispat Limited) and others, on the grounds of failure to make the requisite payments as consideration for certain scrap materials purchased by them.
5.	Maharashtra State Trading Corporation	Small Causes Court, Mumbai	-	The complainant has filed a complaint against Singhal Swaroop Ispat Limited and Mr. Subhash Chandra (in his capacity as director of Singhal Swaroop Ispat Limited), along with an application under section 3(2) of the Criminal Law (Amendment) Ordinance, 1944 seeking attachment of certain specified properties belonging to the Singhal Swaroop Ispat Limited. Mr. Subhash Chandra has moved an application stating that such specified properties are not owned by him and that he has no interest in the same. The application is currently pending.
6.	Mahalaxmi Factories Services Limited	2nd Metropolitan Magistrate, Chennai	Rs. 68,67,240	The complainant filed a complaint against Singhal Swaroop Ispat Limited, Mr. Subhash Chandra (in his capacity as director of Singhal Swaroop Ispat Limited) and others and has alleged that the defendants defaulted in paying the consideration for purchase of certain machineries from it.
7.	Mr. Kanitkar	Agasti Junior Magistrate Class, Pune	First -	The complainant has filed a complaint against Singhal Swaroop Ispat Limited, Mr. Subhash Chandra (in his capacity as director of Singhal Swaroop Ispat Limited) and others for alleged defamation in a news item

S. No.	Complainant/Applicant	Name & Address of the Court/ Arbitration Panel	Compensation claimed, if any	Brief Description of Case
				telecast on Zee Marathi channel on February 15, 2006. The company and the other respondents, including Mr. Subhash Chandra, have filed a writ petition (Criminal writ petition no. 2465 of 2007) before the High Court of Bombay seeking to quash the process issued against them by the Junior Magistrate First Class, Pune in the above mentioned criminal complaint. The High Court by its order dated January 14, 2008 has stayed the proceeding at the lower court.
<b>Aggregate compensation claimed</b>			Rs. 3,49,20,829	

For further details, see the para on “Pending Litigation against our Directors” under section titled “Outstanding Litigations and Material Developments” on page 339 of this Letter of Offer.

#### ***4. Certain of our Promoters and Group Companies have been involved in criminal proceedings***

Certain of our Promoters and Group Companies are involved in criminal proceedings. These proceedings are at various stages of adjudication before various courts and tribunals and any adverse order or direction by the concerned authorities could have a material adverse impact on our business and reputation. A brief description of the criminal proceedings against such Promoters and Group Companies are as described in the table below.

S. No.	Complainant/Applicant	Name & Address of the Court/ Arbitration Panel	Compensation claimed/Nature of punishment if any	Brief Description of Case	
<b>Promoters</b>					
<b>Prajatma Trading Company Private Limited</b>					
1.	Registrar of Companies, Mumbai	Additional Metropolitan Court, 19th Esplanade, Mumbai	Chief Magistrate, Esplanade, Mumbai	Penalty upto Rs. 5,000 under the provisions of the Companies Act	The complaint has been filed against Prajatma Trading Company Private Limited on the grounds of violation of the provisions of section 305(1) of the Companies Act pertaining to irregularities in disclosures to be made by the company upon appointment or relinquishment of office.
2.	Registrar of Companies, Mumbai	Additional Metropolitan Court, 19th Esplanade, Mumbai	Chief Magistrate, Esplanade, Mumbai	Penalty upto Rs. 5,000 under the provisions of the Companies Act	The complaint has been filed against Prajatma Trading Company Private Limited under the provisions of section 629(A) of the Companies Act.
<b>Group Companies</b>					
<b>Zee Entertainment Enterprises Limited</b>					
1.	State of Maharashtra	7 <sup>th</sup> Additional Sessions Judge, Bhoiwada	Additional Sessions Judge, Bhoiwada	Imprisonment upto 3 years or fine of Rs. 2 Lakhs	The complaint has been filed pursuant to a first information report filed by Mr. Rajeew Suri before the 7 <sup>th</sup> Additional Sessions Judge,

S. No.	Complainant/Applicant	Name & Address of the Court/ Arbitration Panel	Compensation claimed/Nature of punishment if any	Brief Description of Case
				Bhoiwada, against Mr. Santosh Shinde and Zee Entertainment Enterprises Limited for telecasting the song 'Rim Jhim Barse' from the film "Manzil" without obtaining requisite permission for the same.
2.	Mr. Santosh Shinde	High Court of Bombay	-	The writ petition has been filed seeking to quash the first information report filed by Mr. Rajeev Suri based on a terms of settlement executed between Mr. Rajeev Suri and Zee Entertainment Enterprises Limited.
<b>ETC Networks Limited</b>				
1.	U.V Educational Society	Chief Judicial Magistrate, Kanpur	Penalty as per applicable provisions of Indian Penal Code	The matter has been filed against ETC Networks Limited for alleged criminal breach of trust and cheating under sections 120B, 406 and 420 of the Indian Penal Code, 1860.
<b>Zee News Limited</b>				
1.	Mr. Mukti Nath Jha	Chief Judicial Magistrate, Howrah	Rs. 40,00,000	The complaint has been filed against Zee News Limited for the telecast of allegedly defamatory material during the course of the programme titled 'Oder Bolte Dao' telecast in the Zee Bangla channel.
2.	Mr. Deepak Nikhalje	High Court of Bombay	-	The complaint has been filed against Zee News Limited alleging defamation under sections 500 and 501 of the Indian Penal Code, 1860 in a news item telecast on May 28, 2007.
<b>Dish TV India Limited</b>				
1.	Mr. Umesh Chandra Bansal	Chief Judicial Magistrate, Kanshiram Nagar	Penalty as per applicable provision of Indian Penal code	The criminal complaint has been filed against the company under section 405 of Indian Penal Code alleging criminal breach trust on the part of the Company in not refunding the security deposit. The complainant has now filed an application for withdrawal of the complaint.

For further details, see para on 'Pending Litigation against our Promoters' and 'Pending litigations against top five listed Group Companies' under the section titled "Outstanding Litigations and Material Developments" beginning on page 334 and 307 of this Letter of Offer.

**5. Equity shares of one of our Group Companies, Solid Containers Limited, are currently suspended from trading on the BSE**

The equity shares of the Solid Containers Limited ("SCL") are currently suspended from trading on the BSE with effect from May 13, 2002 due to non-compliance of certain provisions of Listing Agreement. Certain letters were received by SCL from the BSE prior to suspension highlighting the following non-compliances of the Listing Agreement:

- Clause 41 – Non submission of quarterly results for the period ended on June 30, 2001, September 30, 2001 and December 30, 2001. (Ref: BSE letter dated April 12, 2002)

- Clause 16 – Non closure or non submission of intimation of closure of Register of Members during 2001 (Ref: BSE letter dated January 29, 2002)
- Clause 16 – Non closure or non submission of intimation of closure of Register of Members during 2000 (Ref: BSE letter dated September 7, 2001)
- Clause 47 – Appointment of Compliance officer and necessary certificate at the end of half year (Ref: BSE letter dated April 17, 2001).

Subsequently, pursuant to its letter dated October 11, 2004, SEBI highlighted the non-compliance with the following provisions of the Listing Agreement,

- Clause 15/16 (book closure)- Not informed for calendar year 2000, 2001, 2002, 2003.
- Clause 31 (Annual report)- Not submitted for year ended 2001, 2002, 2004
- Clause 35 (Shareholding pattern)- Not submitted for quarter ended March 2001, June 2001, September 2001, December 2001, March 2002.
- Clause 47- Failure to appoint compliance officer; non submission of compliance certificate for half year ended March 2002, September 2002, March 2003, September 2003, March 2004; non-submission of information regarding common agency, registrar and transfer agent and memorandum of understanding with registrar and transfer agent
- Clause 49 (corporate governance)- non submission of quarterly reports for quarter ended March 2003, June 2003, September 2003, December 2003, March 2004, June 2004, September 2004.
- Clause 49- non submission of annual reports for year ended 2003, 2004.
- Non submission of secretarial audit for quarter ended December 2002, March 2003, June 2003, September 2003, December 2003, March 2004, June 2004, September 2004.
- One pending investor complaint.

Further, the abovementioned letter also stipulated additional requirements to be complied with by SICL for revocation of suspension,

- (a) Signing agreement with depository, either CDSL, NSDL or both;
- (b) undertaking, company profile and director profile in prescribed format; and
- (c) payment of re-instatement of fees.

SCL had filed an application to the BSE by its letter dated March 5, 2007 bearing number SCL/Legal/2007, for revocation of suspension of trading of its securities. The BSE had replied by its letter dated March 14, 2007, bearing number DCS/COMP/OT/NM/158/2007, wherein the BSE had informed SCL that the request for revocation would be considered after meeting the following requirements:

- (a) All the accumulated losses of SCL are wiped off.
- (b) After SICL is discharged from the purview of BIFR/SICA.
- (c) After SICL entering into agreements with both the depositories.
- (d) After the removal of qualifications of auditors.

#### ***6. We are involved in certain legal and other proceedings and may face certain liabilities***

There are outstanding litigations against us, our Directors, our Promoters, our Subsidiaries, and Group Companies. We are defendants in legal proceedings incidental to our business and operations. These legal proceedings are pending at different levels of adjudication before various courts and tribunals. Should any new developments arise, such as a change in Indian law or rulings against us by appellate courts or tribunals, we may need to make provisions in our financial statements, which could adversely impact our business results. Furthermore, if significant claims are determined against us and we are required to pay all or a portion of the disputed amounts, it could have a material adverse effect on our business and profitability. The details of litigations against us, in addition to criminal proceeding mentioned above, are tabulated as under:

S. No.	Type of case	Cases Filed Against our Company	Amount (Approx.)	Cases Filed by Our Company	Amount (Approx.)
1.	Criminal cases	One	NA.	10	Rs. 25 Lakhs
2.	Under the Foreign Exchange	One	Rs. 125 Lakhs	-	-

S. No.	Type of case	Cases Filed Against our Company	Amount (Approx.)	Cases Filed by Our Company	Amount (Approx.)
3.	Regulation Act, 1973. Under Copyright Act, 1957	Seven	NA. These cases have been filed seeking a permanent injunction against our Company restraining us from telecasting the material under copyright	-	-
4.	Labour related cases	Three	Rs. 20.29 Lakhs	-	-
5.	Civil cases	Seven	Rs. 288.44 Lakhs	14	Rs. 308.86 Lakhs
6.	Income tax cases	Three	Nil.	-	-
7.	Indirect tax cases	Two	Rs. 12.50 Lakhs	One	Rs. 52.74 Lakhs
8.	Proceedings under arbitration	One	Rs. 612 Lakhs	Seven	Rs. 1,255 Lakhs
		Total	Rs. 1,058.23 Lakhs	Total	Rs. 1,641.60 Lakhs

The criminal case mentioned in the table above is regarding a criminal complaint lodged under sections 51, 52A, 63a and 68(a) of the Copyright Act 1957 by Mr. Rajesh Ratanshi Vora, being the authorized signatory on behalf of Indian Media Protection Against Copyright Theft Limited (IMPACT), against control room employees and Siti Cable Network Limited (L.A.C No. 147 of 1996) for unauthorized telecast of film 'Bhago Bhoot Aya' on May 14, 1996. After taking cognizance the State had registered a criminal complaint and the Metropolitan Magistrate issued warrants against control room employees of Siti Cable Network Limited. Thereafter the employees were released on bail from Metropolitan Court. Pursuant to the provisions of the Scheme of Arrangement all cases of Siti Cable Network Limited have been transferred to our Company. The complaint is pending before Additional Chief Metropolitan Magistrate, Esplanade, Mumbai for adjudication.

For further details see the para on "Pending Litigations against our Company" under section titled "Outstanding Litigations and Material Developments" beginning on page 299 of this Letter of Offer.

Our Promoters, Group Companies and our Subsidiaries are also involved in several proceedings as tabulated below, in addition to criminal proceedings mentioned above:

S. No.	Relation with our Company	Name	Type of case	Number of cases filed against the company	Amount involved
1.	Promoter	Ambience Services Private Limited	Business Income Tax cases	Four	Rs. 24 Lakhs
		Ambience Services Private Limited	DRT	One	-
		Essel Infraprojects Limited	Civil cases	Three	N.A.
2.	Group Company	Zee Enterprises Limited	Entertainment Civil cases	Forty Three	Rs. 756.72 Lakhs
		ETC Networks Limited	Civil cases	Five	Rs. 21.50 Lakhs
		ETC Networks Limited	Consumer cases	Five	Rs. 3.76 Lakhs
		ETC Networks Limited	Arbitration proceedings	One	Rs. 6.69 Lakhs
		Zee News Limited	Civil cases	Four	Rs. 5,030 Lakhs
		Zee News Limited	Proceedings under arbitration	Two	Rs. 17.50 Lakhs
		Dish TV India Limited	Tax cases	One	Rs. 404 Lakhs
		Dish TV India Limited	Civil cases	Seven	Rs. 19,700
		Dish TV India Limited	Intellectual Property	One	Rs. 5 Lakhs

S. No.	Relation with our Company	Name	Type of case	Number of cases filed against the company	Amount involved
			cases		
		Dish TV India Limited	Consumer cases	One hundred and Nineteen	Rs. 79.20 Lakhs
3.	Subsidiary	Master Channel Community Network Private Limited	Tax related cases	One	Rs. 52.75 Lakhs
		Indian Cable Net Company Limited	Tax related cases	Four	Rs. 307.98 Lakhs
		Indian Cable Net Company Limited	Civil cases	Three	Rs. 55 Lakhs
		Indian Cable Net Company Limited	Criminal case(s)	One	N.A.

For further details see the section titled “Outstanding Litigations and Material Developments” beginning on page 299 of this Letter of Offer.

***7. Our results of operations may not be exactly comparable to the past financials.***

We have undertaken corporate restructuring wherein the entire cable business undertaking of Zee Entertainment Enterprises Limited and Siti Cable Network Limited, which comprised of all of their assets, liabilities, approvals and intellectual property rights, in connection with or pertaining to or relatable to their cable business undertaking, were transferred to our Company as a going concern. Therefore, our results of financial operations may not be exactly comparable with our past performance.

For details of the Scheme of Arrangmenmt, see the section titled “History and Certain Corporate Matters” on page 91 of this Letter of Offer.

***8. We have incurred losses in the past and have a negative networth***

We have incurred losses during the Financial Year 2009, Financial Year 2008 and Financial Year 2007 amounting to Rs. 9,461.98 Lakhs, Rs. 10,775.91 Lakhs and Rs. 15,473.90 respectively as per our restated consolidated financial information. Our networth as on March 31, 2009 is Rs. (19,389.12) Lakhs as per our restated consolidated financial information. Additionally, we have recorded negative earnings per share (EPS) ratio for Financial Year 2007, Financial Year 2008 and Financial Year 2009, where our EPS was (7.26), (4.97) and (4.36) respectively.

In the event we continue to incur such losses in the future, it would adversely affect our results of operations.

***9. Our Promoters and certain of our Directors are also the promoters and directors in one of our Group Companies, engaged in business activities which compete with our business***

Our Promoters and certain of our Directors are also the promoters and directors respectively in Dish TV India Limited which is involved in similar line of business as our Company, engaged in business of providing DTH services, and the target customers may be the same for our Company and Dish TV India Limited. We cannot assure you that such Promoters and Directors will not act in a manner that is adverse to our interests, in the event of a conflict of interest between our Company and Dish TV India Limited. Further, we may lose some of our target Subscribers to Dish TV India Limited which would affect our Subscriber base. In the past, we have lost our Subscribers to Dish TV India Limited and we cannot assure you that this will not occur in future and any such occurrence may adversely affect our financial conditions and prospects.

***10. We operate in a highly capital intensive sector and import a major part of the business equipments like cable and set top boxes***

We operate in a highly capital intensive industry. The cost of set top boxes, updating the network and laying of new cable lines is capital intensive. The returns on our ventures would only start at a later date. Our return on capital investment depends upon, among other things, competition, demand, government policies, rate of interest and general economic conditions. We are dependant on external vendors for a regular supply of business equipments and majority of such equipments are imported from foreign suppliers. We have imported plant and machinery worth Rs. 4317.30 Lakhs during the Financial Year 2008. These imports, constituting 100 percent of our total imports, are from Korea, Israel, Japan, Germany, Spain, Hong Kong, United States of America, Singapore, United Kingdom, Italy and Canada.

We have not entered into any firm/long term arrangements for supply of such equipments with the vendors. We may not guarantee a regular supply of such equipments at competitive prices. Further, any change in government policy on imports of such goods, including import duties, may affect our procurement of such equipments at a reasonable cost, which may adversely affect our business and results of operations.

***11. Significant competition from new entrants and existing players in television distribution industry***

Significant additional competition in the television distribution industry from DTH players, IPTV providers and other MSO players may result in reduced market share and thereby negatively affect our revenues and profitability. They may also benefit from greater economies of scale and operating efficiencies. Further, the introduction of foreign participation in the C&S sector will result in the entry of multinational C&S companies into the Indian market. Maintaining or increasing our market share will depend on effective marketing initiatives including advertising and our ability to improve our processes. We cannot assure you that we will be able to compete effectively with other players in television distribution industry. Such competition may lead to increase in churn rate of our customers. Failure by us to compete effectively may adversely affect our pricing and margins and may have a material adverse effect our business and profitability.

***12. Success of our business is substantially dependent on our management and technical team, our inability to retain them could adversely affect our business.***

Our ability to sustain our growth depends, in large part, on our ability to attract, train, motivate and retain skilled personnel. Our ability to hire and retain additional qualified personnel will impact our ability to continue to expand our business. We believe that there is a significant demand for personnel who possess the skills needed in our business areas. An increase in the rate of attrition of our experienced employees, would adversely affect our business. We cannot assure you that we will be successful in recruiting and retaining a sufficient number of personnel with the requisite skills to replace those personnel who leave. This may adversely affect our business and results of operations. Further we cannot assure you that we will be able to re-deploy and re-train our personnel to keep pace with continuing changes in our business. For further details, see the para on 'Employees' under section titled 'Business' on page 86 of this Letter of Offer.

***13. Our business expansion may need substantial capital and additional financing to meet our requirements***

Our envisaged business expansion is proposed to be funded through the proceeds of the Issue. However the actual amount and timing of future capital requirements may differ from estimates including but not limited to unforeseen delays or cost overruns, unanticipated expenses, market developments or new opportunities. We might not be able to generate internal cash in our Company as estimated and may have to resort to alternate sources of funds. If we decide to raise additional funds through debt, the interest obligations may increase and we may be subject to additional covenants, which could limit our ability to access cash flows from operations.

***14. We do not have a track record for payment of dividend on Equity Shares***

We do not have a track record of dividend distribution on the Equity Shares. The future payment of dividends, if any, would be based on then available distributable profits and the recommendations of our Board of Directors. The amount of our future dividend payments, if any, will depend upon our

future earnings, financial condition, cash flows, working capital requirements, capital expenditures and other factors. There can be no assurance that we will be able to pay dividends in future.

***15. We may not be able to sustain or increase our ARPU***

In the growing phase of competition, our cost of acquisition of customers may increase and our average revenue per user may decrease. This reduction in ARPU may adversely impact our financial performance. We cannot assure you that we will be able to increase or sustain our ARPU and compete effectively with other players, which could have a material adverse effect on our business and profitability.

***16. We enter into related party transactions***

During the course of our business, we enter into related party transactions with ZEEL for bandwidth charges and for advertising our services over the television media, Zee Turner Limited for purchase of content and with various other related parties for purposes of payment of rent of office premises and Dish TV India Limited for availing the HITS services. We have entered into related party transactions amounting to Rs. 84,064.21 Lakhs, Rs. 47,929.25 Lakhs and Rs. 20,821.08 for the Financial Years 2009, 2008 and 2007, respectively, as per our restated consolidated financial information Rs. 85,635.80 Lakhs, Rs. 49,198.27 Lakhs Rs. 22,582.97 Lakhs for the Financial Years 2009, 2008 and 2007, respectively, as per our restated standalone financial information. For more information, see section titled "Related Party Transactions" on page 192 of this Letter of Offer.

***17. Our business is largely depended on Broadcasters and LCOs***

We depend on the Broadcasters for their signal input and on the LCOs to reach up to the end Subscriber. Our business operation forms a vital link between the Broadcaster and LCOs. There can be no assurance that we will have unrestricted access to the signals or with respect to their quality, each of which could have an adverse impact on our ability to offer MSO services and could adversely affect our results of operations.

***18. Our insurance coverage may not adequately protect us against certain operational risks or claims and we may be subject to losses that might not be covered in whole or in part by existing insurance coverage***

We maintain insurance for a variety of risks, including, among others, for risks relating to fire, burglary and certain other losses and damages. There could be other risks and/or losses for which we are not insured, such as loss of business, environmental liabilities and natural disasters. Moreover equipments installed at the Subscribers premises are not covered by any insurance. Any such losses could adversely affect on our financial conditions and prospects.

***19. Grant of stock options under our ESOP Scheme will result in a charge to our profit and loss account and will to that extent reduce our profits***

We have adopted the ESOP Scheme, under which eligible employees of our Company and our Subsidiaries are able to participate, subject to such approvals as may be necessary. The total number of Equity Shares arising as a result of full exercise of options already granted, as on date, would amount to 34,97,700 Equity Shares. For further details on the exercise price of the option see "Notes to the Capital Structure-ESOP Scheme" under section titled "Capital Structure" on page 54 of this Letter of Offer.

The grant of these stock options may result in a charge to our profit and loss account based on the difference between the fair market value determined on the date of the grant of the stock options and the exercise price. This expense will be amortised over the vesting period of the stock options.

As per applicable laws, stock options are subject to fringe benefit tax. The fringe benefit tax is payable on the fair market value of the specified security on the date which the option vests with the employees as reduced by the amount actually paid by, or recovered from, the employee in respect of such securities. The implementation of fringe benefit tax may increase our tax costs.

***20. We do not have any definitive arrangement for occupancy of our Registered Office***

We currently do not have any arrangement for the occupancy of our Registered Office. The premises on which our Registered Office is located is taken on lease by ZEEL, one of our Group Companies. Pursuant to the Scheme of Arrangement, whereby the entire cable business undertaking of ZEEL and Siti Cable Network Limited, including assets, liabilities, staff, employees, legal proceedings etc., were transferred to our Company, we have continued to occupy and operate out of the same premises in the interest of continuity and convenience. While we do not have any arrangement with ZEEL or the actual owners of the property, we continue to use the premises as our Registered Office. In the event we do not enter into any definitive arrangement with either ZEEL or the owners of the property, we may not be able to continue to use the premises as our Registered Office, as a result of which we may suffer a disruption in our operations which could have a material adverse effect on our business, financial condition and results of operations.

***21. Our Corporate Office is not owned by us***

We do not own the premises on which our Corporate Office is located. We operate from rented and leased premises. The Corporate Office is leased for an initial period of 3 years pursuant to a lease agreement entered into with our group company, ZEEL. If ZEEL does not renew the agreement/arrangement under which we occupy the premises or renew such agreements on terms and conditions that are unfavorable to us, we may suffer a disruption in our operations which could have a material adverse effect on our business, financial condition and results of operations.

***22. Our corporate logo has not been registered***

We have made an application to the Registrar of Trademark, New Delhi dated February 9, 2008 for registration of our corporate logo which is currently pending approval of the necessary authorities. Not being the license holder for such logo, we do not enjoy the statutory protection accorded to registered logos and trademarks and may be subject to infringement of our intellectual property by third parties. For more information, please refer to "Government Approvals" beginning on page 341 of this Letter of Offer.

***23. We have not entered into any definitive agreements for acquisition of MSOs for which we intend to utilize the proceeds of the Issue***

Our Company has entered into MOUs with three MSOs and the total cost of acquisition of such MSOs under these MOUs amounts to Rs. 3,611 Lakhs. Our Company has already paid an amount aggregating approximately Rs. 144 Lakhs as initial consideration and out of the Net Proceeds, we propose to use approximately Rs. 3,467 Lakhs for acquisition of certain MSOs. In the event we are unable to acquire such MSOs at all or acquire such MSOs at terms unfavourable to us, it may have a material adverse effect on our business, financial condition and results of operations. For details, see the para on "Cost of acquisition of MSOs and LCOs" section titled "Objects of the Issue" beginning on page 58 of this Letter of Offer.

Further, the objects of the Issue have not been appraised by any bank or other financial institution. Pending any use of the Net Proceeds, we intend to invest the funds in high quality, liquid instruments including deposits with banks.

***24. We intend to utilize a portion of the proceeds of the Issue towards repayment of certain loans and deposits received by our Company from our Promoters and Group Companies.***

Our Company has availed of certain unsecured borrowings from some of our Promoters and Group Companies, namely ZEEL, Zee News Limited, Churu Trading Company Private Limited and ETC Network Limited, aggregating upto Rs. 22,511 Lakhs as of June 30, 2009. We intend to utilize Issue proceeds upto Rs. 20,000 lakhs towards repayment of all or portion of such loans availed by us. For further details regarding the loans from our Promoters and Group companies, a portion of which shall be repaid out of the Issue proceeds, see para on 'Repayment of certain of our existing loans' under section titled "Objects of the Issue" on page 58 of this Letter of Offer.

***25. We require working capital to finance of business plans and we do not have any specific arrangements in place for such financing***

We estimate that our working capital requirements for the Financial Years 2010 and 2011 would be Rs. 7,516.56 Lakhs and Rs. 4,283.44 Lakhs, respectively and we intend to finance such working capital requirements through the Net Proceeds. Any reduction or delay in recoveries from our franchisee LCOs or increase in our sales may lead to an increase in our estimated working capital requirements. We may be required to raise debt to fund such additional working capital needs. In the event we are not able to finance our additional working capital needs on acceptable commercial terms, it would adversely affect our business and growth prospects.

***26. We operate in a highly regulated industry and our cable television network business is subject to government regulations. Any changes in these regulations or in their implementation could impact our operations and may adversely affect our results of operations***

We operate in a highly regulated industry. Currently we are regulated by the Cable Television Networks (Regulations) Act, 1995, but the government proposes to bring in the Broadcasting Bill, which proposes the imposition of cross media curbs and restrictions with regard to number of channels owned by a Broadcaster. The bill, as currently contemplated would create a content and carriage regulator called the 'Broadcast Regulatory Authority of India'.

To conduct our business, we must obtain various licenses, permits and approvals. Even when we obtain the required licenses, permits and approvals, our operations are subject to continued review and the governing regulations and their implementation are subject to change. We cannot assure you that we will be able to obtain and comply with all necessary licenses, permits and approvals required for our operations, or that change in the governing regulations or the methods of implementation will not occur. If we fail to comply with all applicable regulations or if the regulations governing our business or their implementation change, we may incur increased costs or be subject to penalties, which could impact our operations and may adversely affect our business and results of operations. For more information, see section titled "Government Approvals" beginning on page 341 of this Letter of Offer.

Also, any changes in the rules, regulations or requirements governing our business may require us to incur significant expenditure and/or significantly increase our potential liabilities which may impact our financial position adversely. We may incur loss of revenue and market share if there are any changes in the policies of the GoI.

***27. Our Company does not hold the license for HITS platform***

Dish TV India Limited, our Group Company, holds the HITS license for turnaround and up-linking the channels received from the Broadcasters. Recently, MIB gave approval to Dish TV India Limited seeking signals of certain Broadcasters for its HITS platforms. However, the platform is yet to be operationalised.

Our Company has entered into an agreement dated May 1, 2008 with Dish TV India Limited, one of our Group Companies, whereby Dish TV India Limited shall provide HITS digital services to our Company for distribution thereof to the MSOs/LCOs and/or Subscribers within India. The agreement is valid till April 30, 2010. If Dish TV India Limited does not renew the agreement or renews the agreement on terms and conditions that are unfavorable to us, we may suffer a disruption in our operations which could have a material adverse effect on our business, financial condition and results of operations. For more information on the agreement with Dish TV India Limited, see para on "Agreement with Dish TV India Limited for availing HITS services" under section titled "History and Certain Corporate Matters" on page 93 of this Letter of Offer.

***28. Our business operates in the unorganized sector***

The MSO business has a large number of independent operators from whom we directly face competition. There is no readily available external information (whether from trade or industry associations, government bodies or other organizations) to validate market-related analyses and

estimates, so we rely on internally developed estimates, particularly in relation to Subscriber base and revenues. While we believe our internal estimates to be reasonable, such estimates have not been verified by any independent sources and we cannot assure you as to their accuracy. In the event our estimates differ materially from actual performance, it may adversely impact our results of operations.

***29. We may undertake strategic acquisitions or investments, which may prove to be difficult to integrate and manage or may not be successful***

We intend to utilise Rs. 3,467 Lakhs from the Net Proceeds towards acquisition of certain MSOs. We have entered into MoUs for acquisition of such MSOs. However, there is no assurance that such arrangements would fructify and we would be able to acquire such MSOs as per the MoUs. In the event we are unable to acquire such MSOs at all or acquire such MSOs at terms unfavourable to us, a material adverse effect on our business, financial condition and results of operations. For details, see para on “Cost of acquisition of MSOs and LCOs” under the section titled “Objects of the Issue” on page 60 of this Letter of Offer.

Further, as part of our strategy, we may consider acquiring other LCOs, MSOs or other businesses, whose resources, capabilities and strategies are complementary to and likely to enhance our business operations. The inability to identify suitable acquisitions targets or investments or the inability to complete or integrate such transactions may adversely affect our competitiveness or our growth prospects. There can be no assurance that we will be able to achieve the strategic or financial purpose of such an acquisition or operational integration or our targeted or any acceptable return on such an investment.

***30. Failure to update the technology***

The C&S industry has over the years seen technological improvements and is in transition from analogue wire to digital mode. We may continuously need to adapt to the technological changes. We may lose market share due to delay in adopting the latest digital technology. Our competitors may be able to react faster to the changing technological and customer requirements. We may also face competition arising from updated technology or automation leading to more sophisticated products. This may lead to erosion of our market share which will adversely impact our results of operations. We cannot assure you that we will be able to keep up with the technological updates.

We rely on sophisticated production and broadcasting, communications equipment and other information technology to conduct our business. Although we have backup equipment in some cases, if we were to experience significant damage to certain equipment or other technological breakdowns to equipment or systems, it could disrupt our ability to produce or broadcast our programming, our internal decision-making or other critical aspects of our business.

***31. Our operations are vulnerable to natural disasters or other events that could disrupt those operations***

Our operations are vulnerable to the effects of a natural disaster, such as an earthquake, flood or fire, or other calamity or event that disrupts our ability to conduct our business or that causes material damage to our property. Though we have backup facilities for many aspects of our operations, we may have to contract with third parties for broadcasting capabilities and it could be difficult for us to maintain or resume quickly our operations in the event of a significant disaster at this facility.

***32. If we provide inadequate or delayed service, our customers may have claims for penalties against us***

We may not be able to provide timely and efficient services to our customers. Further, any significant failure of our equipments and systems will impede our ability to provide services to our clients, would have a negative impact on our reputation, causing us to lose clients, reduce our income and harm our business. This may also lead to claims by our customers before consumer dispute redressal forums and other judicial authorities which may result in penalties against us.

***33. In the event of delayed payments, a default interest may be levied upon us by under the technical and interconnection agreements with the Broadcasters***

Our Company enters into technical and commercial interconnection agreements with the Pay Channel Broadcasters, both CAS based and non-CAS based, for non-exclusive subscription by our Company of the channels/services of the Broadcaster for further distribution to our customers and for the specified area. Our Company is required to pay a subscription amount which is usually on a monthly basis. Upon a failure by our Company in making timely payments of the subscription amount, a penal interest shall be levied on us.

There can be no assurance that we will be able to make the timely payments to the Broadcasters as per the agreements and any default in the same may affect the availability of the signals from the Broadcasters which would adversely affect our revenues and business operations. For further details on technical and interconnection agreements with the Broadcasters, see para on “Business Agreements” under section titled “History and Certain Corporate Matters” beginning on page 91 of this Letter of Offer.

***34. Our lenders have imposed certain restrictive conditions on us under our financing arrangements***

Under certain of our existing financing arrangements, the lenders have the right to withdraw the facilities, provided to us in various forms such as overdraft facility, cash credit facility, working capital facility, letter of credit facility and bank guarantees, in the event of any change in circumstances, including but not limited to, any material change in the ownership or shareholding pattern or management of the Company and change in certain of our financial ratios. Further, certain of our financing arrangements impose restrictions on the utilization of the loan for certain specified purposes only.

We are also required to obtain the prior consent from our lenders for, among other matters, paying any dividends to the Equity Shareholders, undertaking any material change in the nature of our business and changing the shareholding pattern of our Promoters or of our management. One of our financing documents provides that during the term of the loan we are required to maintain the incremental debt to equity ratio of 0.7 times. Incremental debt/ equity refer to any addition in the debt/ equity post March 31, 2007. Also, the Company, after the 48 months from the first disbursement shall maintain a minimum debt service coverage ratio of 1.3 times and Debt to EBITDA ratio of 2.5 times.

Further, as per the terms of the trustee agreement entered into with the debenture trustee for the purpose of the non-convertible debentures issued by our Company in June 2009, we are required to comply with various financial covenants. Also, the agreement requires our Company to seek the consent of the debenture trustee prior to undertaking certain actions.

There can be no assurance that we will be able to obtain lender consents on time or at all. This may limit our ability to pursue our growth plans and limit our flexibility in planning for, or reacting to, changes in our business or industry.

For more information on the facilities availed by us and the non-convertible debentures issued by us, see section titled “Financial Indebtedness” beginning on page 294 of this Letter of Offer.

***35. Any negative operating cash flow in the future could have an adverse effect on our results of operations***

We had negative net cash flow amounting to Rs. 11,031.57 Lakhs for Financial Year 2008 and Rs. 9,087.83 Lakhs for the period from March 24, 2006 to March 31, 2007, as per our restated consolidated financial information, from operating activities.

There can be no assurance that we will not experience periods of negative cash flow in the future. If the negative cash flow trend persists in future, our Company may not be able to generate sufficient amounts of cash flow to finance our Company’s working capital and capital expenditure requirements which would have a material adverse effect on our business and results of operations.

***36. Our Subsidiaries have incurred losses in the past and have had negative networth***

Our Subsidiaries have incurred losses (as per audited financial statements) in recent Financial Years, as set forth in the table below:

(Rs. In Lakhs)

Name of the Company	Financial Year		
	2009	2008	2007*
<i>Our Subsidiaries</i>			
Siticable Broadband South Limited	(1.92)	(7.35)	(13.45)
Master Channel Community Network Private Limited	36.02	(9.89)	(40.80)

\*Our Company was incorporated on March 24, 2006. Siticable Broadband South Limited became a subsidiary of our Company pursuant to the Scheme of Arrangement. Master Channel became a subsidiary of our Company on April 1, 2008.

Further, some of our Subsidiaries have negative networth (as per audited financial statements) in the recent Financial Years, as set forth in the table below:

(Rs. in Lakhs)

Name of the Company	Financial Year		
	2009	2008	2007*
<i>Our Subsidiaries</i>			
Siticable Broadband South Limited	(45.21)	(43.29)	(35.94)
Master Channel Community Network Private Limited	(63.11)	(99.13)	(89.25)

\*Our Company was incorporated on March 24, 2006. Siticable Broadband South Limited became a subsidiary of our Company pursuant to the Scheme of Arrangement. Master Channel became a subsidiary of our Company on April 1, 2008.

### **37. Some of our Promoter Companies have incurred losses in the past and have had negative networth**

Some of our Promoter Companies have incurred losses, as per audited financial statements, in the recent Financial Years, as set forth in the table below:

(Rs. in Lakhs)

Name of the Company	Financial Year		
	2008	2007	2006
Ambience Business Services Private Limited	(31.89)	18.9	232.7
Delgrada Limited	(2,800.10)*	42,389.08**	112.07***
Ganjam Trading Company Private Limited	(518.33)	720.6	(555.0)
Premier Finance and Trading Company Limited	(454.8)	(1,145.4)	611.8
Prajatama Trading Company Private Limited	(209.2)	(341.9)	(776.9)
Lazarus Investments Limited	(1,521.02)*	(1,457.41)**	216.61***
Briggs Trading Company Private Limited	271.50	887.7	(1,073.7)
Jayneer Capital Private Limited	(365.1)	490.6	540.9

\* Financial year ending December 31, 2008. The financial statements are unaudited.

\*\* Financial year ending December 31, 2007

\*\*\* Financial year ending December 31, 2006

Some of our Promoter Companies have negative networth, as per audited financial statements, in the recent Financial Years, as set forth in the table below:

(Rs. in Lakhs)

Name of the Company	Financial Year		
	2008	2007	2006
Ganjam Trading Company Private Limited	807.2	1,325.5	(6,283.0)
Premier Finance and Trading Company Limited	(69.1)	385.7	(1,856.9)
Prajatama Trading Company Private Limited	7,180.2	(15,234.1)	(14,892.2)
Briggs Trading Company Private Limited	(1,787.12)	(17,993.8)	(18,881.5)
Veena Investments Private Limited	(79.3)	(116.9)	(14.16)
Lazarus Investments Limited	(3,696.61) *	44,912.26**	27,671.08***

\* Financial year ending December 31, 2008. The financial statements are unaudited.

\*\* Financial year ending December 31, 2007

\*\*\* Financial year ending December 31, 2006

**38. Some of our Group Companies have incurred losses in the past and have had negative networth**

One of our Group Companies has incurred losses in the recent Financial Years, as set forth in the table below:

*(Rs. in Lakhs)*

Name of the Company	Financial Year		
	2009	2008	2007
Dish TV India Limited	(47,627.74)	(41,320.46)	(25,188.15)
Essel Propack	(8,831)	6,081	9,865

Further, ETC Networks Limited and Dish TV India Limited our Group Companies have negative networth in the recent Financial Years, as set forth in the table below:

*(Rs. in Lakhs)*

Name of the Company	Financial Year		
	2009	2008	2007
Dish TV India Limited	(28,473.59)	(45,268.3)	(3,947.3)

**39. Contingent Liabilities**

Contingent Liabilities not provided for as on March 31, 2009, on consolidated basis, is as follows:

*(Rs. in Lakhs)*

Sr. No.	Particulars	Amount
1	Claim against our Company and Subsidiaries not acknowledged as debt	<b>1,250.80</b>
2	Capital Commitments	<b>32.90</b>
3	Income Tax demand against the Company (assessing year (AY) 1997-98 to AY 2004-05)	<b>60,153.00</b>
4	Service Tax demand (FY 2001-2002 to FY 2004-2005)	<b>285.60</b>
	Total	<b>61,772.30</b>

*For details regarding the income tax proceedings against us, see para on "Tax Proceedings" under section titled "Outstanding Litigation and Material Developments" on page 302 of this Letter of Offer.*

In the event any of these liabilities fructify in the future, it will adversely affect our results of operations. For the details of the contingent liabilities of our group companies and subsidiaries, see para titled 'Contingent liabilities' under section titled "Group Companies" beginning on page 122 of this Letter of Offer.

**40. We are in the process of completing transfer procedures in respect of the Scheme of Arrangement**

The Scheme of Arrangement contemplates the transfer of the cable business undertakings of Zee Entertainment Enterprises Limited and Siti Cable Network Limited, as a going concern to our Company. Pursuant to the Scheme of Arrangement, various approvals, contracts, properties (tangible and intangible), assets, loans, litigations etc. forming part of the cable business undertakings are transferred to our Company. In this connection, certain formalities are to be completed, such as receipt of appropriate governmental and statutory authorities consent for transfer of certain approvals and trademark registrations in the name of our Company. Although we do not foresee material difficulties in relation thereof, in the event we face difficulties in relation to completion of these formalities, it may adversely impact our business and results of operations.

For further details regarding pending applications, see para on "Pending Applications" under section titled "Government and Other Approvals" on page 346 of this Letter of Offer.

**41. We may be adversely affected by change in the tax benefits available to us**

We enjoy certain tax benefits and exemptions from the policy laid out by the government from time to time. For further details of tax benefits and exemptions availed by us, see section titled “Statement of Tax Benefits” on page 66 of this Letter of Offer.

The Finance Minister, during the budget speech, in presentation of the Finance Bill, 2009 in July 2009, has proposed an excise duty of 5% on sale of set top boxes (STBs). If implemented, it could have an adverse effect on our results of operations, financial condition and cash flows. In addition, if the government were to reduce or withdraw any other tax exemption, benefit or incentive currently provided, or if the same are not available for other reasons, our results would be adversely impacted.

***42. If the investors who are issued partly paid-up Equity Shares pursuant to the Issue do not pay the amount payable on calls, the amount raised through the Issue will be lower than the proposed Issue size***

The money payable through further calls for the partly paid-up Equity Shares may not be paid and the amount raised through the Issue may be lower than the proposed Issue size and may require us to take steps for forfeiture of such partly paid-up Equity Shares. In the event of such shortfall, the extent of the shortfall will be made by way of such means available to our Company and at the discretion of the management, including by way of incremental debt or cash available with us.

***43. The Equity Shares will be partially paid after the Allotment Date at the option of the Company***

The Equity Shares are being issued on a partly paid basis. The Issuer Price will be paid in installments as follows:

(i) Rs. 9 per Equity Share, including share premium, will be payable on application; and (ii) the remaining Rs. 10 per Equity Share, including share premium will become payable after six months, at the option of the Company, but within 12 months after the Allotment Date (the “Additional Payment”).

The price movements of partly paid shares may be greater in percentage terms than price movements if the Equity Shares were fully paid. Investors in the Issue will be required to pay the Additional Payment when due, even if, at that time, the market price of the Equity Shares is less than the Issue Price. If the holder fails to pay the Additional Payment with any interest that may have accrued thereon after notice has been delivered by the Company, then any partly paid-up Equity Shares in respect of which such notice has been given may, at any time thereafter before payment of the Additional Payment and interest and expenses due in respect thereof, be forfeited by resolution of the Board to that effect. Such forfeiture shall include all dividends declared in respect of the forfeited shares and actually paid before the forfeiture.

Notwithstanding such forfeiture, a person whose partly paid-up Equity Shares have been forfeited shall remain liable to pay to the Company the Additional Payment and interest and expenses owing upon or in respect of such partly paid-up Equity Shares at the date of forfeiture with interest thereon from the date of forfeiture until payment at such rate as the Board of Directors may determine. For more information, see section titled “Terms of the Issue” beginning on page 361 and “Main Provisions of the Articles of Association” beginning on page 388 of this Letter of Offer.

***44. Partly paid-up Equity Shares will not be traded from the issue of the Call Money Notice. Further, if investors do not pay the amount payable on calls, trading in those paid-up Equity Shares will be discontinued and such Equity Shares will be liable for forfeiture by the Company***

The Company will fix a record date or a book closure period to determine the list of shareholders to whom the Call Money Notice would be sent for each call. As per the present regulatory framework, trading of our partly paid Equity Shares is expected to be suspended, starting five days prior to such record date for the call concerned. The process of corporate action for credit of fully paid shares to the demat account of the shareholder may take about two weeks from the date of payment of the amount payable on call. During this period shareholders who pay the amount payable on call for the partly paid Equity Shares will not be able to trade in those shares. For more details see “Procedure For Calls” on page 362 of this Letter of Offer.

Further, if the amount due on calls is not paid, these Equity Shares will be liable for forfeiture by the Company in accordance with its Articles of Association. Since trading of the partly paid-up Equity Shares would be suspended five days prior to the record date for the concerned call, the partly paid-up Equity Shares would cease to trade from such date and there would be no market for the same. For more details see “Procedure For Calls” on page 362 and “Main Provisions of the Articles of Association” on page 388 of this Letter of Offer.

#### ***45. Qualifications to audit reports***

There are certain qualifications made by our statutory auditors on the audit reports of our Company.

For the Fiscal Year ending March 31, 2007, the auditors report on consolidated financial statements in the annual report states:

- a) Preference shares investment in distribution companies and advances receivable from them aggregating to Rs. 4,797 Lakhs is considered recoverable by the management, which is dependant on future profitability of these companies.
- b) Indian Cable Net Company Limited, one of subsidiary companies, has not provided for the amusement tax liability amounting to Rs. 628.4 Lakhs. Had the provision for amusement tax been recorded, the consolidated loss for the year and the provisions as a March 31, 2007 would have been higher and the balance of profit and loss account would have been lower by Rs. 628.4 Lakhs.

For the Fiscal Year ending March 31, 2008, the auditors report on consolidated financial statements in the annual report states:

Indian Cable Net Company Limited, one of subsidiary companies, has not provided for the amusement tax liability amounting to Rs. 706.1 Lakhs. Had the provision for amusement tax been recorded, the consolidated loss for the year and the provisions as a March 31, 2008 would have been higher and the balance of profit and loss account would have been lower by Rs. 706.1 Lakhs.

For the Fiscal Year ending March 31, 2009, the auditors report on consolidated financial statements states:

Indian Cable Net Company Limited, one of subsidiary companies, is qualified for non provision of amusement tax of Rs 468.37 lakhs for the year ended March 31, 2009.

The above qualifications are mentioned in the annual reports of our Company.

#### ***46. There were shortfalls in the performance of Essel Propack Limited, one of our Group Companies, when compared to the promises made in its last public issue***

Essel Propack Limited, one of our Group Companies, undertook a rights offering in 1995. There were shortfalls in the performance of the offering when compared against the projections made in the offer documents. For more details, see para on ‘Essel Propack Limited’ under section titled “Group Companies” on page 144 of this Letter of Offer.

#### ***47. Our Company and some of our Promoter or Promoter Group companies have entered into unsecured loans, which may be recalled by the relevant lenders at any time.***

Our Company has entered into certain unsecured lending arrangements, including the loans taken from certain of our Promoters and group companies, including ZEEL, Zee News Limited, Churu Trading Company Private Limited and ETC Networks Limited, which may be recalled at any time at the option of the lender. For further details, please refer to the section titled “Objects of the Issue” beginning on page 58. Further, certain of our Promoters, Promoter Group companies and associates have entered into similar arrangements with their lenders. We cannot assure you that we, or our Promoters, Promoter Group or associates will not be asked to repay these loans at any time. This may have an adverse impact on our cash position.

#### **External Risk Factors**

***47. A slowdown in economic growth in India could cause our business to suffer***

Our performance and growth are dependent on the health of the Indian economy. The economy could be adversely affected by various factors such as political or regulatory action, including adverse changes in liberalization policies, social disturbances, terrorist attacks and other acts of violence or war, natural calamities, interest rates, commodity and energy prices and various other factors. Any significant change may adversely affect our business and financials.

***48. A significant change in the Government of India's economic liberalization and deregulation policies could disrupt our business and cause the price of our Equity Shares to decline***

Our assets and customers are predominantly located in India. The Government has traditionally exercised and continues to exercise a dominant influence over many aspects of the economy. Its economic policies have had and could continue to have a significant effect on private sector entities, including us, and on market conditions and prices of Indian securities, including the Equity Shares. The present Government, which was formed after the Indian parliamentary elections in April-May 2004, is headed by the Indian National Congress and is a coalition of several political parties. The economy is headed for elections in calendar year 2009. Any significant change in the Government's policies or any political instability in India could adversely affect business and economic conditions in India and could also adversely affect our business, our future financial performance and consequently the market price of our Equity Shares.

***49. Political instability or a change in economic liberalization and deregulation policies could seriously harm business and economic conditions in India generally and our business in particular***

In recent years, the Government of India has pursued policies of economic liberalization, including significantly relaxing restrictions on the private sector. Nevertheless, the role of the Indian central and state governments in the Indian economy as producers, consumers and regulators has remained significant. The current ruling coalition, elected in May 2004, has announced policies and taken initiatives that support the continued economic liberalization policies that have been pursued by the previous governments. We cannot predict the Government of India's liberalization policies and we cannot assure you that they will continue in the future.

***50. There is no guarantee that the partly paid-up Equity Shares will be listed on the BSE and NSE in a timely manner or at all***

In accordance with Indian Law and practice, permission for listing of the partly-paid up Equity Shares will not be granted until after those partly paid-up Equity Shares have been issued and allotted. Approval will require all other relevant documents authorizing the issuing of partly-paid up Equity Shares to be submitted. In addition, there would be a suspension in trading for few days before the partly paid-up Equity Shares are made fully paid-up, during which period you may not be able to sell your partly-paid up Equity Shares. There could be a failure or delay in listing of the Equity Shares on the Stock Exchanges. Any failure in obtaining the approval would restrict your ability to dispose of your Equity Shares.

***51. Conditions in the Indian securities market may affect the price or liquidity of the Equity Shares***

The Indian securities markets are smaller than securities markets in more developed economies. Indian stock exchanges have in the past experienced substantial fluctuations in the prices of listed securities. These exchanges have also experienced problems that have affected the market price and liquidity of the securities of Indian companies, such as temporary exchange closures, broker defaults, settlement delays and strikes by brokers. In addition, the governing bodies of the Indian stock exchanges have from time to time restricted securities from trading, limited price movements and restricted margin movements. If similar problems occur in the future, the market price and liquidity of the Equity Shares could be adversely affected.

***52. Future issues or significant transactions of our Equity Shares may affect the trading price of our Equity Shares***

The future issue of Equity Shares by us or the disposal of Equity Shares by any of our major shareholders or the perception that such issuance or sales may occur may significantly affect the trading price of the Equity Shares. Subject to these restrictions, no assurance may be given that we will not issue Equity Shares or that such shareholders will not dispose of or transfer the Equity Shares or interests thereof, in the future, which could impact the trading price of our Equity Shares.

***53. Exchange rate fluctuations may affect our results of operations and financial condition***

The exchange rate between the Rupee and the U.S. Dollar has changed substantially in recent years and may continue to fluctuate significantly in the future. We import a large portion of our equipments thus, factors associated with international operations, including changes in foreign currency exchange rates, could significantly affect our results of operations and financial condition. We expect that a majority of our equipments will continue to be bought in foreign currencies and that a significant portion of our income will continue to be denominated in Rupees. Accordingly, our operating results have been and will continue to be impacted by fluctuations in the exchange rate between the Rupee and the U.S. Dollar and other foreign currencies. Any adverse fluctuations in the exchange rate would adversely affect our financial condition and results of operations.

***54. Natural calamities could have a negative impact on the Indian economy and cause our business to suffer***

India has experienced natural calamities such as earthquakes, tsunami, floods and droughts in the past few years. The extent and severity of these natural disasters determines their impact on the Indian economy. Prolonged spells of below normal rainfall or other natural calamities could have a negative impact on the Indian economy, adversely affecting our business and the price of our Equity Shares.

***55. Any downgrading of India's debt rating by an independent agency may harm our ability to raise debt financing***

Any adverse revisions to India's credit ratings for domestic and international debt by international rating agencies may adversely affect our ability to raise additional financing and the interest rates and other commercial terms at which such additional financing is available. This could have a material adverse effect on our capital expenditure plans, business and financial performance.

***56. You may be subject to Indian taxes arising out of capital gains***

Under current Indian tax laws and regulations, capital gains arising from the sale of shares in an Indian company are generally taxable in India. Any gain realised on the sale of listed equity shares on a stock exchange held for more than 12 months will not be subject to capital gains tax in India if the Securities Transaction Tax ("STT") has been paid on the transaction. The STT will be levied on and collected by a domestic stock exchange on which equity shares are sold. Any gain realised on the sale of equity shares held for more than 12 months to an Indian resident, which are sold other than on a recognised stock exchange and as result of which no STT has been paid, will be subject to capital gains tax in India. Further, any gain realised on the sale of listed equity shares held for a period of 12 months or less will be subject to capital gains tax in India. For more information, see section titled "Statement of Tax Benefits" beginning on page 66 of this Letter of Offer.

Capital gains arising from the sale of our Equity Shares will be exempt from tax in India in cases where such exemption is provided under the tax treaty between India and the country of which the seller is a resident. Generally, Indian tax treaties, including those with the United States, do not limit India's ability to impose tax on capital gains. As a result, residents of countries such as the United States may be liable for tax in India, as well as in their own jurisdictions on gain upon a sale of our Equity Shares. For more information, see the section titled "Statement of Tax Benefits" beginning on page 66 of this Letter of Offer.

**Notes to risk factors:**

1. Net worth of our Company as on March 31, 2009 is Rs. (19,389.12) Lakhs, as per our restated consolidated financial information. The net asset value per Equity Share as on March 31, 2009 is Rs. (8.93) per Equity Share, as per our restated consolidated financial information. The book value per share of our Company as on March 31, 2009 is (9.73), as per our restated consolidated financial information.
2. Issue of 23,67,67,351 Equity Shares for cash at a price of Rs. 19 per Equity Share including a premium of Rs. 18 per Equity Share aggregating approximately Rs. 44,985 Lakhs to the Equity Shareholders on rights basis in the ratio of 109 Equity Shares for every 100 Equity Shares held on the start of the Book Closure Period i.e. August 15, 2009 in terms of the Letter Of Offer. The Issue Price is 19 times of the face value of the Equity Share. The Issue Price for the Equity Shares will be paid in two installments: Rs. 9 per Equity Share will be payable on application and the balance Rs. 10 per Equity Share will become payable after six months, at the option of our Company, but within 12 months from the Date Of Allotment.
3. We had entered into certain related party transactions as disclosed in the “Related Party Transaction” beginning on page 192 of this Letter of Offer.
4. Before making an investment decision in respect of this Issue, you are advised to refer to ‘Basis for Issue Price’ beginning on page 63 of this Letter of Offer.
5. Please refer to ‘Basis of Allotment’ beginning on page 374 of this of Letter of Offer for details on basis of Allotment.
6. M/s Nandkishor Patil & Co, Chartered Accountants, pursuant to their certificate dated December 22, 2006 had calculated the book value per share of our Company as Rs. 7.80 as on March 31, 2006 for those equity shares that have been issued pursuant to scheme of arrangement.
7. Average cost of acquisition of Equity Shares by our Promoters as on and of July 10, 2009 is as follows:

Promoter	Average cost of acquisition per Equity Share (In Rs.)*
Mr. Ashok Mathai Kurien	NIL
Mr. Laxmi Narain Goel	NIL
Ms. Sushila Goel	NIL
Ambience Business Services Private Limited	NIL
Briggs Trading Company Private Limited	NIL
Churu Trading Company Private Limited	NIL
Delgrada Limited	NIL
Essel Infraprojects Limited	NIL
Ganjam Trading Company Private Limited	NIL
Jayneer Capital Private Limited	11.34
Lazarus Investments Limited	NIL
Prajatma Trading Company Private Limited	NIL
Premier Finance and Trading Company Limited	NIL
Veena Investment Private Limited	10.01

*\*None of the Promoters, except Jayneer Capital Private Limited and Veena Investment Private Limited, have acquired the Equity Shares other than pursuant to the Scheme of Arrangement.*

8. For details of transactions in Equity Shares by our Promoters, Promoter Group and Directors in the last six months, see ‘Notes to Capital Structure’ under section titled “Capital Structure” on page 52 of Letter of Offer.
9. For details of interests of our Directors and key managerial personnel, see “Management” beginning on page 98 of this Letter of Offer. For details of interests of our Promoters and Promoter Group, see para on ‘Interests of Promoters in the Company’ under section titled “Promoters” on page 119 of this Letter of Offer.

10. We and the Lead Manager are obliged to keep this Letter of Offer updated and inform the public of any material change/development till the listing and commencement of trading of the Equity Shares to be issued pursuant to the Letter of Offer.
11. You may contact the Compliance Officer or the Lead Manager who has submitted the due diligence certificate to SEBI for any complaints pertaining to the Issue including any clarification or information relating to the Issue. Lead Manager is obliged to provide the same to you.

The details of the Compliance Officer are:

Mr. Samir Raval  
Wire and Wireless (India) Limited,  
Madhu Industrial Estate, 4<sup>th</sup> Floor,  
Pandurang Budhkar Marg,  
Worli, Mumbai- 400 013 India.  
Tel: +91 22 3954 2000  
Fax: +91 22 2499 2000  
Email: csandlegal@wwil.net

12. We had entered into certain related party transactions, which includes the details of all the loans and advances made to any persons or companies in whom our Directors are interested as discussed below (consolidated):

**List of related parties:**

(1) Name of the Parties where control exists irrespective of the transactions have occurred or not

(a) Subsidiary Companies, Central Bombay Cable Network Ltd., Indian Cable Net Company Ltd., Siti Cable Broadband South Ltd., Master Channel Community Network Pvt. Ltd. and Wire and Wireless Tisai Satellite Ltd.

(2) Name of the Other Related Parties where transactions have taken place during the year

(a) Key Management Personnel: Mr. Subhash Chandra, Director, Mr. Amit Goenka, Whole-Time Director, Mr. Deepak Chandnani, Chief Executive Officer (till November 4, 2008) and Mr. Sudhir Agarwal, Chief Executive Officer (appointed w.e.f. November 10, 2008)

(b) Entities having common control, Agrani Satellite Services Ltd., Dakshin Media Gaming Solutions Pvt. Ltd., Dish TV India Ltd., Essel Propack Ltd., ETC Networks Ltd., Intrex India Ltd., Pan India Network Infravest Pvt. Ltd., Zee Entertainment Entertainment Ltd, Zee Interactive Learning System, Zee News Ltd., Zee Turner Ltd., Essel Minerals Pvt. Ltd., Briggs Trading Company Pvt. Ltd., Churu Trading Company Pvt. Ltd., Ganjam Trading Company Pvt. Ltd., Jayneer Capital Pvt. Ltd., Lazarus Investments Ltd., Prajatma Trading Company Pvt. Ltd., Premier Trading Company Ltd., Veena Investment Pvt. Ltd.

**(ii) List of transaction with related parties:**

							Rs Lakhs
S N	Particulars Nature of Expenses / Names of the Parties	2009	Major Parties 2009	2008	Major Parties 2008	2007	Major Parties 2007
	<b>Sale. Services and other Recoveries (Net)</b>	<b>2,696.48</b>		1,871.50		4,993.76	
1	Dish TV India Ltd.		-		391.59		29.61
	ZEEL		<b>1,317.84</b>		1,215.98		3,962.37
	Zee News Ltd.		<b>1,232.51</b>		25.53		905.02

S N	Particulars Nature of Expenses / Names of the Parties	2009	Major Parties 2009	2008	Major Parties 2008	2007	Major Parties 2007
	Zee Turner Ltd.		146.12		225.20		92.80
	<b>Purchase of Programs, Goods &amp; Services</b>	<b>1,703.78</b>		786.77		480.58	
2	Zee Turner Ltd.		1,702.41		717.39		460.66
3	<b>Purchase of Fixed Assets, Capital Goods and Investments</b>	<b>38.36</b>		1.04		33.32	
	Zee Turner Ltd.		-		1.04		-
	Dish TV India Ltd.		20.94		-		18.59
	ZEEL		17.42		-		13.41
4	<b>Sale of Fixed Assets &amp; Capital Goods</b>	<b>0.72</b>		-		-	
	Dish TV India Ltd.		0.72		-		-
5	<b>Advances given</b>	<b>2,466.04</b>		4,722.25		4,123.66	
	Churu Trading Co. Pvt. Ltd.		-		4,500.00		2,506.80
	Dish TV India Ltd.		2,465.00				1,212.81
					222.25		
	Essel Infraprojects Ltd.		-		-		402.95
6	<b>Receipts towards advances given</b>	<b>-</b>		4,618.98		4,127.72	
	Churu Trading Co. Pvt. Ltd.		-		4,500.00		2,506.80
	Dish TV India Ltd.		-				1,216.87
					118.98		
	Essel Infraprojects Ltd.		-		-		402.95
7	<b>Loans / Deposits received from</b>	<b>46,663.16</b>		21,450.00		5,424.20	
	ETC Networks Ltd.		-		-		1,949.02
	Churu Trading Co. Pvt. Ltd.		20,232.00		10,450.00		
	ZEEL		15,500.00		10,700.00		3,475.18
	Zee News Limited		10,180.00				
	Indian Cable Net Co. Ltd.		751.16				
8	<b>Repayment of Loans / Deposits received</b>	<b>30,325.00</b>		14,095.00		752.80	
	Churu Trading Co. Pvt. Ltd.		20,700.00		8,245.00		-
	ETC Networks Ltd.		-		-		318.25
	ZEEL		700.00		5,850.00		434.55
	Zee News Limited		8,925.00				
9	<b>Expenses Recovered</b>	<b>89.38</b>		79.74		48.84	
	ZEEL		-				25.05
					8.37		
	Zee News Ltd.		69.05		45.36		-
	Zee Turner Ltd.		5.61				9.99
					13.56		

S N	Particulars Nature of Expenses / Names of the Parties	2009	Major Parties 2009	2008	Major Parties 2008	2007	Major Parties 2007
	Churu Trading Co.Pvt. Ltd.		-		-		-
			12.22				-
	Dish TV India Ltd.				-		
<b>10</b>	<b>Expenses Reimbursed</b>	<b>81.28</b>		303.97		836.20	
	ZEEL		79.66				806.43
					295.09		
<b>11</b>	<b>Balances Outstanding as on 31<sup>st</sup> March 2008</b>						
<b>a.</b>	<b>Sundry Debtors</b>	<b>4,189.36</b>		1,681.61		838.45	
	Dish TV India Limited		0.38		353.53		-
	ZEEL		2,700.75				467.58
					1,230.47		
	Zee News Limited		1,404.66				-
					-		
<b>b.</b>	<b>Sundry Creditors</b>			1,826.83			
		4,348.40				2,826.47	
	ZEEL		1,609.12				2,544.11
					1,587.40		
	Zee Turner Ltd		2,619.85		167.53		155.56
<b>c.</b>	<b>Loans / Deposits / Advances given</b>	<b>2,674.19</b>		151.54		370.08	
	Zee Turner Ltd.		131.93				2.92
					132.59		
	Dish TV India Limited		2,519.58		-		-
<b>d.</b>	<b>Loans/Deposits / Advances received</b>	<b>26,874.20</b>		11,152.40		4,097.37	
	ETC Networks Ltd.		1,145.24		1,100.00		1,100.00
	Churu Trading Co. Pvt. Ltd.		1,737.00		2,205.00		-
	ZEEL		22,647.37		7,847.37		2,997.37
<b>e.</b>	<b>Interest Accrued on Loans / Deposits / Advances received</b>	<b>2,186.62</b>		595.51		252.58	
	Churu trading co. Pvt. Ltd.		501.23		209.19		-
	Zee News Limited		278.17		-		-
	ZEEL		1,349.80		360.80		231.54

## SUMMARY

### Summary of Industry

*This section has been prepared by taking the subject matter and the data points from “The Indian Entertainment & Media Industry – Sustaining Growth, Report 2008” (FICCI – PWC report 2008) prepared PricewaterhouseCoppers (PWC) and FICCI. With respect to this section that has been referenced from the report, please note that: While due care has been taken to ensure accuracy of the information contained in the report, no warranty, express or implied, is being made, or will be made, by FICCI and PWC. No part of this report may be published or reproduced in any form without FICCI and PWC’s prior written approval. FICCI and PWC are not liable for investment decisions which may be based on the views expressed in the report.*

In 2007, the entertainment and media industry recorded a growth of 17% over the previous year. The industry reached an estimated size of Rs. 513 billion in 2007, up from Rs. 438 billion in 2006. In the last four years 2004-2007, the industry recorded a cumulative growth of 19% on an overall basis.

Television industry was the other industry which recorded a growth higher than the overall growth of the industry in 2007, having recorded a growth of 18% over the previous year and is estimated at Rs. 226 billion in 2007, up from Rs. 191 billion in 2006. In the last four years 2004-2007, the television industry recorded the third-highest cumulative growth of 21% on an overall basis after online advertising and radio.

On January 1, 2007, mandatory CAS was introduced in India, starting with select regions in the top 3 metros of India- Delhi, Mumbai and Kolkata. Chennai was the only other metro city where CAS was previously present. As this was a new development for India, the implementation of this limited CAS came along with several safeguards by the Government so as to protect the interests of the Indian consumers. As of December 31, 2007, there were 503,233 STBs installed in these three CAS areas, higher to the number reported last year as at February 15, 2007 of 466,000 STBs. On a 3-city total basis, this amounts to an adoption rate of under 30%. The highest adoption rate was seen in Mumbai at 40%.

Digitalization is setting in the Indian television distribution network. 2007 witnessed an increasing penetration of digital networks, though the adoption of CAS was slower than expected. Clarity was brought in on IPTV regulations and this is expected to pave way for both cable operators and telecom companies to foray into IPTV without the need of any additional licenses.

### *Outlook for the Television Industry*

The Indian television industry is projected to grow by 22% over the next five years, projected to reach an estimated Rs. 600 billion in 2012 from the present estimate of Rs. 226 billion in 2007.

A shift is projected within the relative shares of the television distribution and television advertising industry over the next five years by 2-3%. Hence, television distribution is projected to garner a share of 63% in 2012, up from 60% in 2007; on the other hand, television advertising industry is projected to command a share of 33% in 2012, having decreased from a present share of 35% in 2007. The relative share of the television content industry is expected to remain the same at 3-4%, though in respect to quantum growth, the television content industry is expected to grow by 16% over the next five years.

Television distribution industry is expected to reach Rs. 380 billion in 2012 from the current estimated size of Rs. 136 billion in 2007, which translates into a growth of 23% on cumulative basis over the next five years. The growth in the television distribution industry is expected to be contributed by both subscription spending by Pay TV subscribers as well as growth in the Pay TV homes, though the former is likely to have an edge.

The growth in the television distribution industry is expected to be contributed by both subscription spending by pay TV subscribers as well as growth in the pay TV homes. The pay TV homes are projected to increase from 74 million in 2007 to 115 million in 2012. Currently, cable TV homes command a penetration of 95% of the pay TV homes in 2007. Cable homes are projected to increase from 70 million in 2007 to 90 million by 2012 taking their penetration up from 61% of the television homes in 2007 to 68% in 2012. This growth is projected to be largely from semi-urban and rural areas. Television homes are projected to increase from 115 million in 2007 to 132 million by 2012 at a growth rate of 3% over the next five years.

## SUMMARY OF BUSINESS

We are one of the group companies of the Essel group. We are involved in distribution of TV channels through our cable network. We are known as a MSO, providing the content from the Broadcaster to the LCOs. Historically, we have provided content through analogue cable system. Recently, with implementation of CAS in Delhi, Kolkata and Mumbai, we have started providing content through digital cable system with approximately 225 digital channels. We have also installed digital HEs in the non-CAS cities of Bangalore and Lucknow.

We are an MSO in the cable TV industry with a pan India presence. We deliver approximately 90 channels on the existing analogue network. As on September 11, 2009, our network had presence in 107 cities across India including the 3 metros (Mumbai, Delhi and Kolkata) operating from 8 regional offices and having approximately 4000 franchisee LCOs with around 500 employees. We deliver channels through 73 analogue HEs and 5 digital HEs.

The primary business activities of our Company are as follows:

- Cable TV subscription (through analogue cable and digital cable both)
- Channel placement (premium from broadcasters for placing the channel on the frequency)
- Advertisement; and
- Leasing out cable network infrastructure to other MSOs

Our competitive strengths are as follows:

- We are a MSO in the cable TV service with a pan India presence. We are present in 107 cities. We operate 73 analogue HEs and 5 digital HEs and provide input to approximately 4000 LCOs.
- Our qualified and experienced promoters, management and technical team
- Forward integration model enabling us to access end consumers through acquisitions of LCOs and MSOs
- Potential offerings on HITS platform
- Multi-tiered / regional packaging

Our strategy would be to maximize the digital Subscriber base and reduce churn. We would also leverage on the existing network and customer relationships of the franchisee LCOs and tie up with more LCOs.

Our offerings through HITS platform, digital cable broadband services and offering of value added services are expected to be our major business drivers.

## THE ISSUE

Equity Shares proposed to be issued by our Company	23,67,67,351
Rights Entitlement	109 Equity Shares for every 100 Equity Shares
Book Closure Period	August 15, 2009 to August 19, 2009, both days inclusive.
Issue Price per Equity Share	Rs. 19
Equity Shares outstanding prior to the Issue	21,72,17,753
Equity Shares outstanding after the Issue	21,72,17,753 fully paid-up Equity Shares and 23,67,67,351 partly paid up Equity Shares.
Use of Issue proceeds	For more information, see “Objects of the Issue” on page 58.
Terms of the Issue	For more information, see “Terms of The Issue” on page 361.

### Terms of Payment

Due Date	Amount
On application	Rs. 9 per Equity Share including share premium.
Within 12 months from the Allotment Date, at the option of our Company	Rs. 10 per Equity Share including share premium

## SELECTED FINANCIAL INFORMATION

The following table sets forth our summary financial information derived from our restated consolidated financial information as of and for the Fiscal Year/period ended March 31, 2009, March 31, 2008 and March 31, 2007 which are included in this Letter of Offer under section titled as "Financial Statements" beginning on page 199 of this Letter of Offer. The restated consolidated financial information have been prepared in accordance with Indian GAAP and restated in accordance with SEBI Regulations. The summary financial information presented below should be read in conjunction with the restated consolidated financial information included in this Letter of Offer, the notes thereto and the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations" beginning on page 283 of this Letter of Offer.

### Consolidated Restated Summary Statement of Assets and Liabilities as at March 31,

	Rs. Lakhs		
	2009	2008	2007
<b>A Fixed Assets</b>			
Gross Block (Tangible)	28,658.22	21,575.20	19,792.79
Less: Depreciation	12,222.50	9,709.99	7,172.80
<b>Net Block (Tangible)</b>	<b>16,435.72</b>	<b>11,865.21</b>	<b>12,619.99</b>
Gross Block (Intangible)	3,137.58	1,688.40	1,514.99
Less: Amortisation	1,286.02	515.26	338.90
Net Block (Intangible)	1,851.56	1,173.14	1,176.09
Capital Work in Progress (including capital advances)	651.23	3,881.47	2,514.85
	<b>18,938.51</b>	<b>16,919.82</b>	<b>16,310.93</b>
<b>B Investments</b>	-	-	-
<b>C Deferred Tax Assets</b>	<b>52.92</b>	<b>132.96</b>	<b>300.68</b>
<b>D Current Assets, Loans and Advances</b>			
Inventories	6,880.55	9,000.49	7,471.12
Sundry Debtors	15,541.20	10,398.72	6,112.17
Cash and Bank Balances	2,047.06	2,050.61	1,603.17
Loans and Advances	8,250.42	4,373.62	10,896.54
	<b>32,719.23</b>	<b>25,823.44</b>	<b>26,083.00</b>
<b>E Loans, Liabilities and Provisions</b>			
Secured Loans	13,672.83	26,226.89	22,122.68
Unsecured Loans	28,896.54	11,152.39	4,349.97
Current Liabilities	27,994.80	15,476.33	15,695.48
Provisions	533.16	171.58	102.90
Deferred Tax Liabilities	2.45	0.85	0.20
	<b>71,099.78</b>	<b>53,028.04</b>	<b>42,271.23</b>
<b>F Net Worth (A+B+C+D-E)</b>	<b>(19,389.12)</b>	<b>(10,151.82)</b>	<b>423.38</b>

	2009	2008	2007
<b>G Represented by</b>			
Shares Capital	2,172.41	2,172.41	2,172.41
Stock Option Outstanding	53.92	-	-
Reserves & Surplus	-	-	-
Minority Interest	879.81	495.50	305.73
Less: Misc. Expenditure	306.32	92.77	103.71
Less: Debit Balance in Profit and Loss Account	22,188.95	12,726.96	1,951.05
	<b>(19,389.12)</b>	<b>(10,151.82)</b>	<b>423.38</b>

**Consolidated Restated Summary Statement of Profit and Loss for the year ended March 31,**

	Rs. Lakhs		
	2009	2008	For the period from March 24, 2006 to March 31, 2007
<b>Income</b>			
Sales income from Operation	30,825.61	27,100.55	20,806.41
Other Income	220.50	1,449.78	2,075.82
<b>Total</b>	<b>31,046.11</b>	<b>28,550.33</b>	<b>22,882.23</b>
<b>Expenditure</b>			
Operational Cost	21,088.78	22,574.97	17,875.63
Personnel Cost	3,016.28	2,027.92	1,275.50
Administrative Cost	5,627.26	3,647.53	3,606.50
Selling & Distribution Cost	848.57	664.95	381.80
Interest & Finance charges	6,025.87	3,718.48	1,696.34
Depreciation	3,215.85	3,094.88	3,446.65
<b>Total</b>	<b>39,822.61</b>	<b>35,728.73</b>	<b>28,282.42</b>
<b>Profit / (Loss) before Tax and exceptional items</b>	<b>(8,776.50)</b>	<b>(7,178.40)</b>	<b>(5,400.19)</b>
Exceptional Item	233.20	7,977.06	5,627.55
Minority Item	216.78	189.27	135.32
<b>Profit / (Loss) before tax after exceptional item</b>	<b>(9,226.48)</b>	<b>(15,344.73)</b>	<b>(11,163.06)</b>
Provision for Taxation			
Current Tax	348.84	(78.64)	70.17
Deferred Tax	11.43	172.70	(390.03)
Fringe Benefit tax	45.60	40.74	28.58
<b>Net Profit / (Loss) after Tax</b>	<b>(9,632.35)</b>	<b>(15,479.52)</b>	<b>(10,871.79)</b>
Less : Prior Period Adjustments (Net)	(9.86)	(123.48)	6.48
<b>Net Profit / (Loss) after Tax for the year before adjustments</b>	<b>(9,622.49)</b>	<b>(15,356.04)</b>	<b>(10,878.26)</b>
<b>Adjustments (Refer Note-1):</b>			
Total impact of adjustments	223.34	4,678.31	(4,675.45)
Impact on Tax due to restatement	(62.83)	(98.18)	79.81
<b>NET PROFIT / (LOSS) AS RESTATED</b>	<b>(9,461.98)</b>	<b>(10,775.91)</b>	<b>(15,473.90)</b>
Add: Adjustment pursuant the Scheme	-	-	13,953.46

	2009	2008	For the period from March 24, 2006 to March 31, 2007
Balance brought forward from previous year (Refer Note-2)	(12,726.96)	(1,951.05)	(430.61)
<b>Balance to Balance Sheet</b>	<b>(22,188.95)</b>	<b>(12,726.96)</b>	<b>(1,951.05)</b>

**Note:**

During the financial year ended March 31, 2007, the Scheme of Arrangement (the Scheme) under Section 391 to 394 read with Section 78, 100 and other applicable provisions of the Companies Act, 1956 between Zee Entertainment Enterprises Limited (ZEEL) (formerly known as Zee Telefilms Limited), Siti Cable Network Limited (SITI), Zee News Limited (ZNL) and Wire & Wireless (India) Limited (the Company) and their respective shareholders have been sanctioned by the Hon'ble High Court of Judicature at Bombay vide their order dated November 17, 2006, effective from November 22, 2006. The Scheme has been given effect in financial statements for the year ended March 31, 2007.

Therefore, our results of financial operations are not comparable with our past performance.

**Restated Summary Statement of Unconsolidated Assets and Liabilities as at March 31,**

	Rs. Lakhs		
	2009	2008	2007
<b>A Fixed Assets</b>			
Gross Block (Tangible)	25,999.04	18,622.83	17,231.07
Less: Depreciation	11,656.88	8,846.53	6,481.56
Net Block (Tangible)	14,342.16	9,776.30	10,749.51
Gross Block (Intangible)	1,193.26	1,073.03	899.81
Less: Amortisation	643.36	515.26	338.90
Net Block (Intangible)	549.90	557.77	560.91
Capital Work in Progress (including capital advances)	642.23	3,838.64	2,514.85
	15,534.29	14,172.71	13,825.27
<b>B Investments</b>			
	1,119.97	1,117.93	1,117.40
<b>C Current Assets, Loans and Advances</b>			
Inventories	6,482.79	8,603.38	7,203.60
Sundry Debtors	13,237.17	10,316.69	6,019.09
Cash and Bank Balances	1,611.67	1,760.40	1,542.60
Loans and Advances	7,750.35	4,174.30	10,907.85
	29,081.98	24,854.77	25,673.14
<b>D Liabilities and Provisions</b>			
Secured Loans	13,672.83	26,226.87	22,122.66
Unsecured Loans	28,864.96	11,152.37	4,349.95
Current Liabilities	24,145.74	13,485.56	13,776.22
Provisions	180.52	154.53	119.80
	66,864.05	51,019.33	40,368.63
<b>E Net Worth (A+B+C-D)</b>			
	<b>(21,127.81)</b>	<b>(10,873.92)</b>	<b>247.18</b>
<b>F Represented by</b>			
Shares Capital	2,172.41	2,172.41	2,172.41
Stock Option Outstanding	53.92	-	-
Less: Misc. Expenditure	306.09	92.43	103.45
Less: Debit Balance in Profit and Loss Account	23,048.05	12,953.90	1,821.78
<b>Net Worth</b>	<b>(21,127.81)</b>	<b>(10,873.92)</b>	<b>247.18</b>

**Restated Summary Statement of Unconsolidated Profit and Loss for the year ended March 31,**

	Rs. Lakhs		
	2009	2008	For the period from March 24, 2006 to March 31, 2007
<b>Income</b>			
Sales income from Operation	22,843.21	22,227.72	17,367.88
Other Income	182.93	1,167.06	1,902.29
<b>Total</b>	<b>23,026.14</b>	<b>23,394.78</b>	<b>19,270.17</b>
<b>Expenditure</b>			
Operational Cost	15,712.91	19,234.98	15,621.01
Personnel Cost	2,705.98	1,803.48	1,130.12
Administrative Cost	4,957.90	3,052.96	3,119.77
Selling & Distribution Cost	706.86	612.42	373.85
Interest & Finance charges	6,021.87	3,707.61	1,692.30
Depreciation	2,977.63	2,920.31	3,336.14
<b>Total</b>	<b>33,083.15</b>	<b>31,331.76</b>	<b>25,273.19</b>
<b>Profit / (Loss) before Tax and exceptional items</b>	<b>(10,057.01)</b>	<b>(7,936.98)</b>	<b>(6,003.02)</b>
Exceptional Item	-	7,957.06	5,627.55
<b>Profit / (Loss) before tax after exceptional item</b>	<b>(10,057.01)</b>	<b>(15,894.04)</b>	<b>(11,630.57)</b>
Provision for Taxation			
Current Tax	-	-	-
Deferred Tax	-	-	(543.16)
Fringe Benefit tax	37.13	35.08	24.13
<b>Net Profit / (Loss) after Tax</b>	<b>(10,094.15)</b>	<b>(15,929.12)</b>	<b>(11,111.54)</b>
Less : Prior Period Adjustments (Net)	-	(133.30)	-
<b>Net Profit / (Loss) after Tax before adjustment</b>	<b>(10,094.15)</b>	<b>(15,795.82)</b>	<b>(11,111.54)</b>
<b>Adjustments (Refer Note-1):</b>		<b>(4,663.70)</b>	<b>4,663.70</b>
<b>NET PROFIT / (LOSS) AS RESTATED</b>	<b>(10,094.15)</b>	<b>(11,132.12)</b>	<b>(15,775.24)</b>
Add :Adjustment Pursuant to the Scheme	-	-	13,953.46
Balance brought forward from previous year	(12,953.90)	(1,821.78)	-

	2009	2008	For the period from March 24, 2006 to March 31, 2007
<b>Balance to Balance Sheet</b>	<b>(23,048.05)</b>	<b>(12,953.90)</b>	<b>(1,821.78)</b>

**Note:**

During the financial year ended March 31, 2007, the Scheme of Arrangement (the Scheme) under Section 391 to 394 read with Section 78, 100 and other applicable provisions of the Companies Act, 1956 between Zee Entertainment Enterprises Limited (ZEEL) (formerly known as Zee Telefilms Limited), Siti Cable Network Limited (SITI), Zee News Limited (ZNL) and Wire & Wireless (India) Limited (the Company) and their respective shareholders have been sanctioned by the Hon'ble High Court of Judicature at Bombay vide their order dated November 17, 2006, effective from November 22, 2006. The Scheme has been given effect in financial statements for the year ended March 31, 2007.

Therefore, our results of financial operations are not comparable with our past performance.

## GENERAL INFORMATION

Dear Equity Shareholder(s),

Pursuant to the resolution passed by the Board of Directors at its meeting held on August 20, 2008, it has been decided to make the following rights offer to the Equity Shareholders, with a right to renounce:

**ISSUE OF 23,67,67,351 EQUITY SHARES FOR CASH AT A PRICE OF RS. 19 PER EQUITY SHARE INCLUDING A PREMIUM OF RS. 18 PER EQUITY SHARE AGGREGATING APPROXIMATELY RS. 44,985 LAKHS TO THE EQUITY SHAREHOLDERS ON RIGHTS BASIS IN THE RATIO OF 109 EQUITY SHARES FOR EVERY 100 EQUITY SHARES HELD ON THE START OF THE BOOK CLOSURE PERIOD I.E. AUGUST 15, 2009. THE ISSUE PRICE IS 19 TIMES OF THE FACE VALUE OF THE EQUITY SHARE. THE ISSUE PRICE FOR THE EQUITY SHARES WILL BE PAID IN TWO INSTALLMENTS: RS. 9 PER EQUITY SHARE OF THE ISSUE PRICE WILL BE PAYABLE ON APPLICATION AND THE BALANCE RS. 10 PER EQUITY SHARE OF THE ISSUE PRICE WILL BECOME PAYABLE AFTER SIX MONTHS, AT THE OPTION OF THE COMPANY, BUT WITHIN 12 MONTHS FROM THE DATE OF ALLOTMENT.**

REGISTERED OFFICE	CORPORATE OFFICE
Wire and Wireless (India) Limited Continental Building, 135, Dr Annie Besant Road, Worli, Mumbai- 400 018, India.	Wire and Wireless (India) Limited Building No. FC 19, Gate No. 3, Sector 16A, Film City, Noida, U.P. - 201304, India.
Tel: +91 22 6697 1234 Fax: +91 22 2490 0302 Website: <a href="http://www.wwil.net">www.wwil.net</a>	Tel: +91 120 4526700 Fax: +91 120 4526777 Website: <a href="http://www.wwil.net">www.wwil.net</a>

Registration No: 11-160733

Corporate Identification Number: L64200MH2006PLC160733

### ADDRESS OF THE REGISTRAR OF COMPANIES:

The Registrar of Companies,  
Everest,  
100, Marine Lines,  
Mumbai- 400 020, India.

The Equity Shares are listed on the BSE and the NSE. Pursuant to a letter dated January 27, 2009, the Equity Shares have been voluntarily delisted from the CSE as per SEBI (Delisting of Securities) Guidelines, 2003.

### BOARD OF DIRECTORS

Name and Designation	Age (in years)	Address
<b>Mr. Subhash Chandra</b> Chairman, Non-Executive Director, Non- Independent Director	59	Flat 4, 1 Hyde Park Street, Paddington, London, W2 JW, United Kingdom.
<b>Mr. Bijendra K. Syngal</b> Non- Executive Director, Independent Director	69	LCG 0801 B, The Labunum, Sector 28, Gurgaon- 122 002, India.
<b>Mr. Amit Goenka</b> Whole-time Executive Director, Non-Independent Director	32	Bungalow No.1, Jolly Maker Apartments, Cuffe Parade, Mumbai- 400 005, India.
<b>Mr. Arun Kapoor</b> Non-executive, non-independent Director	49	S-274, G-1 <sup>st</sup> floor, S Block local road, Opp. M-95, Greater Kailash-2, New Delhi - 110 048, India.
<b>Mr. Sureshkumar Agarwal</b> Non-Executive Director, Independent Director	53	3rd Floor, Lilou Ville, West Avenue, Santacruz (West), Mumbai - 400 054, India.

Name and Designation	Age (in years)	Address
<i>Mr. Michael Kevin Block</i> Non-Executive Director Independent Director	40	260 West Broadway, Apt 8G, New York, NY 10013, United States of America.

For more details regarding our Directors refer to section titled “Management” beginning on page 98 of this Letter of Offer.

#### **Company Secretary and Compliance Officer**

Mr. Samir Raval  
Wire and Wireless (India) Limited,  
Madhu Industrial Estate, 4<sup>th</sup> Floor,  
Pandurang Budhkar Marg,  
Worli, Mumbai- 400 013 India.  
Tel: +91 22 3954 2000  
Fax: +91 22 2499 2000  
Email: csandlegal@wwil.net

Investors may contact the Compliance Officer for any pre-Issue / post-Issue related matters.

#### **Bankers to the Company**

##### **IDBI Bank**

9<sup>th</sup> Floor, IDBI Tower,  
WTC Complex,  
Cuffe Parade,  
Mumbai- 400 005, India.  
Tel: +91 22 22189111  
Fax: +91 22 22181195

##### **Axis Bank Limited**

Atlanta, Ground Floor, 209,  
Nariman Point,  
Mumbai- 400 021, India.  
Tel: +91 22 6707 4407  
Fax: +91 22 2218 6944

##### **The Jammu and Kashmir Bank Limited**

Block “D”, First Floor,  
North side, Shiv Sagar Estates,  
Dr. Annie Besant Road, Worli,  
Mumbai- 400 018, India.  
Tel: +91 22 6660 8884  
Fax: +91 22 6660 8870

##### **Canara Bank**

C - 33, Agrawal Modern Bazar,  
Keshavpuram,  
New Delhi- 110 035, India.  
Tel: +91 11 27181293

##### **Standard Chartered Bank**

90, M G Road,  
Fort,  
Mumbai- 400 001, India.  
Tel: +91 22 2269 0233  
Fax: +91 22 2262 4912

##### **YES Bank**

Nehru Centre, 5<sup>th</sup> Floor,

Discovery of India, Dr. A.B. Road, Worli  
Mumbai- 400 018, India.  
Tel: +91 22 6669 9000  
Fax: +91 22 6669 9255

**Lead Manager to the Issue**

**Enam Securities Private Limited**

801/802, Dalamal Towers,  
Nariman Point, Mumbai- 400 021, India.  
Tel: +91 22 6638 1800  
Fax: +91 22 2284 6824  
Email: [wwil@enam.com](mailto:wwil@enam.com)  
Website: [www.enam.com](http://www.enam.com)  
Contact Person: Mr. Sachin K. Chandiwal

**Edelweiss Capital Limited**

14th Floor, Express Towers  
Nariman Point, Mumbai – 400 021  
Maharashtra, India  
Tel: +91 22 4086 3535 Fax: +91 22 4086 3610  
E-mail: [wwil.rights@edelcap.com](mailto:wwil.rights@edelcap.com)  
Website: [www.edelcap.com](http://www.edelcap.com)  
Contact Person: Ms. Dipti Samant  
SEBI Registration No. INM000010650

Enam Securities Private Limited shall be responsible for and shall coordinate the following activities in relation to this Issue:

No	Activities	Responsible	Coordinator
1.	Capital structuring with the relative components and formalities such as composition of debt and equity, type of instruments.	ENAM	ENAM
2.	Drafting and Design of the offer document and of advertisement / publicity material including newspaper advertisements and brochure / memorandum containing salient features of the offer document. To ensure compliance with the SEBI Regulations and other stipulated requirements and completion of prescribed formalities with Stock Exchange and SEBI.	ENAM	ENAM
3.	Retail/Non-institutional marketing strategy which will cover, inter alia, preparation of publicity budget, arrangements for selection of (i) ad-media, (ii) bankers to the issue, (iii) collection centres (iv) distribution of publicity and issue material including composite application form and the abridged letter of offer and the draft letter of offer to the extent applicable.	ENAM	ENAM
4.	Institutional marketing strategy to the extent applicable.	ENAM / Edelweiss	ENAM
5.	Selection of various agencies connected with the issue, namely Registrars to the Issue, Printers, and Advertisement agencies.	ENAM	ENAM
6.	Follow-up with bankers to the issue to get quick estimates of collection and advising the issuer about closure of the issue, based on the correct figures.	ENAM	ENAM
7.	The post-issue activities will involve essential follow-up steps, which must include finalisation of basis of allotment / weeding out of multiple applications, listing of instruments and dispatch of certificates and refunds, with the various agencies connected with the work such as registrars to the issue, bankers to the issue, and bank handling refund business. Even if many of these post-issue activities would be handled by other intermediaries, the Lead Manager shall be responsible for ensuring that these agencies fulfill their functions and enable him to discharge this responsibility through suitable agreements with the Issuer Company.	ENAM	ENAM

**Domestic Legal Counsel to the Issue**

**Luthra and Luthra Law offices**

704-706, Embassy Center,  
Nariman Point,  
Mumbai- 400 021, India

Tel: +91 22 6630 3600  
Fax: +91 22 6630 3700  
E-mail: [luthra@luthra.com](mailto:luthra@luthra.com)

103, Ashoka Estate,  
Barakhamba Road  
New Delhi- 110 001, India  
Tel: +91 11 4121 5100  
Fax: +91 11 2372 3909  
E-mail: [luthra@luthra.com](mailto:luthra@luthra.com)

#### **Auditors of the Company**

##### **S. R. Batliboi & Associates**

Chartered Accountants  
Express Towers,  
19<sup>th</sup> Floor, Nariman Point,  
Mumbai- 400 021, India.  
Tel: + 91 22 2287 6485  
Fax: +91 22 2287 6401  
E-mail: SRBA@in.ey.com

#### **Registrar to the Issue**

##### **Sharepro Services (India) Private Limited**

13AB, Samhita Warehousing Complex, Second Floor,  
Sakinaka Telephone Exchange Lane, Off Andheri Kurla Road,  
Sakinaka, Andheri (East), Mumbai – 400072,  
India.  
Tel: +91 22 6772 0300/ 0400/ 0420/ 422  
Fax: +91 22 2850 8927  
Email: prakashk@shareproservices.com  
Contact Person: Mr. Prakash Khare/ Mr. Abraham

**Note:** Investors are advised to contact the Registrar to the Issue/ Compliance Officer/Lead Manager to the Issue in case of any pre-issue/post-issue related problems such as non-receipt of Letter of Offer/letter of Allotment/ share certificate(s)/ Refund Orders.

#### **Monitoring Agency**

In terms of clause 16(1) of the SEBI Regulations, the size of the Issue being less than Rs. 50,000 Lakhs, we are not required to appoint a monitoring agency. The utilization of the proceeds of the Issue shall be monitored in terms of the Listing Agreement, as provided under para 'Monitoring of Utilization of Funds' under section titled 'Objects of the Issue' on page 62 of this Letter of Offer.

#### **Bankers to the Issue**

ICICI Bank Limited  
Capital Market Division,  
30, Mumbai Samachar Marg  
Mumbai 400 001  
Tel: 022-22627600  
Fax: 022-22611138  
Contact Person: Venkataraghavan T A  
Email: venkataraghvan.t@icicibank.com

Standard Chartered Bank  
270 D.N.Road  
Fort, Mumbai – 400 001  
Tel: 022- 2268 3955  
Fax: 022- 2209 6067

Contact Person: Joseph George  
Email: [joseph.george@sc.com](mailto:joseph.george@sc.com)

YES Bank Limited  
9<sup>th</sup> Floor, Nehru Centre,  
Discovery of India, Dr. A.B. Road, Worli  
Mumbai- 400 018, India.  
Tel: +91 (22) 6622 9232  
Fax: +91 (22) 2497 4875  
Contact Person: Mr. Mahesh Shirali  
Email: [dlbtiservices@yesbank.in](mailto:dlbtiservices@yesbank.in)

#### **Self Certified Syndicate Banks (SCSBs)**

##### **Axis Bank Limited**

Trishul, 3<sup>rd</sup> Floor,  
Law Garden, Ellisbridge,  
Ahemdabad- 380 006, India.  
SEBI Registration No.: IBNI00000017

The list of banks who have registered with SEBI to act as SCSB for the ASBA Process as provided on <http://www.sebi.gov.in/pmd/scsb.pdf>. For the Issue, following banks would be acting as SCSB;

1. Corporation Bank 2. Union Bank of India 3. HDFC Bank Ltd. 4. State Bank of India 5. ICICI Bank Ltd. 6. IDBI Bank Ltd. 7. Axis Bank 8. Kotak Mahindra Bank Ltd. 9. State Bank of Bikaner and Jaipur 10. Bank of Baroda 11. Punjab National Bank 12. YES BANK Ltd. 13. Citibank 14. Bank of India 15. State Bank of Hyderabad 16. HSBC Ltd. 17. Vijaya Bank 18. State Bank of Travancore 19. Bank of Maharashtra 20. Andhra Bank 21. Allahabad Bank 22. Deutsche Bank 23. The Federal Bank 24. Indian Bank

All grievances relating to the ASBA process may be addressed to the Registrar to the Issue, with a copy to the SCSB, giving full details such as name, address of the applicant, number of equity shares applied for, amount blocked, ASBA account number and the designated branch of the SCSB where the CAF was submitted by the ASBA Investor.

#### **Credit rating**

This being a rights issue of Equity Shares, no credit rating is required.

#### **Trustee**

As the Issue is of Equity Shares, the appointment of trustee is not required.

## CAPITAL STRUCTURE

The following is the capital structure of our Company:

		Aggregate nominal value (In Rs. Lakhs)	Aggregate Value at Issue Price (In Rs. Lakhs)
<b>Authorized share capital<sup>1</sup></b>			
74,00,00,000	Equity Shares	7,400.00	-
1,00,00,000	Preference Shares	100.00	-
<b>Total</b>		<b>7,500.00</b>	
<b>Issued, Subscribed and Paid-Up Capital</b>			
21,72,17,753	Equity Shares	2,172.18	-
23,436	Preference Shares	0.23	-
<b>Total</b>		<b>2,172.41</b>	
<b>Present Issue being offered to the Equity Shareholders through the Letter of Offer</b>			
23,67,67,351	Equity Shares	2,367.674	44,985.80
<b>Paid up capital after the Issue</b>			
45,39,85,104	Equity Shares	4,539.85	86,257.17
23,436	Preference Shares	0.23	-
<b>Share Premium Account</b>			
Existing share premium account			
Share premium account after the issue			426.18

<sup>1</sup>The authorized share capital of our Company was increased from Rs. 5 Lakhs divided into 5 Lakh Equity Shares to Rs. 3,000 Lakhs divided into 2,900 Lakh Equity Shares each and 100 Lakh Preference Shares through a resolution of the shareholders of our Company dated July 25, 2006. The authorized share capital of our Company was further increased to Rs. 7,500 Lakhs divided into 7,400 Lakh Equity Shares and 100 Lakh Preference Shares through a resolution of the shareholders of our Company dated July 24, 2008.

### Notes to the Capital Structure

#### 1a. Equity Share Capital History:

Date of Allotment	No. of equity shares Allotted	Face Value (Rs.)	Issue Price per equity share (Rs.)	Cumulative Equity Paid-up capital (Rs.)	Consideration	Remarks
March 25, 2006	50,000	10	10	5,00,000	Cash	Subscription on signing of the Memorandum of Association.
December 29, 2006	21,67,17,753	1 <sup>2</sup>	-	21,72,17,753	Other than cash	Allotted to shareholders of ZEEL pursuant to the Scheme of Arrangement#
<b>Total</b>	<b>21,72,17,753</b>			<b>21,72,17,753</b>		

<sup>2</sup>The equity shares of our Company were split from a face value of Rs. 10 per equity share to Re.1 per equity share as per the resolution of our shareholders dated July 25, 2006.

\* M/s Nandkishor Patil & Co, Chartered Accountants, pursuant to their certificate dated December 22, 2006 had calculated the book value per share of our Company as Rs. 7.80 as on March 31, 2006.

# For details of the Scheme of Arrangement, see the section titled "History and Certain Corporate Matters" beginning on page 91 of this Letter of Offer.

## 1b. Preference Share Capital History:

Date of Allotment	No. of Preference Shares Allotted <sup>1</sup>	Face Value (Rs.)	Issue Price per Preference Shares (Rs.)	Cumulative Preference Paid-up capital (Rs.)	Consideration	Remarks
December 29, 2006	23,436	1	-	23,436	Other than cash	Allotted to ZEEL pursuant to the Scheme of Arrangement
<b>Total</b>	<b>23,436</b>			<b>23,436</b>		

<sup>1</sup> Our Company has not issued any dividend over the Preference Shares since incorporation.

#For details of the Scheme of Arrangement, see section titled “History and Certain Corporate Matters” beginning on page 91 of this Letter of Offer.

## 2. Build-up of share capital by the Promoters

Name of the Promoter	Date of Allotment/transfer	No. of Equity Shares	Issue/ Acquisition Price per Equity Share (Rs.)**	Nature of Consideration	Nature of Transaction
<b>Ambience Business Services Private Limited</b>	December 29, 2006	11,37,500	-	Other than cash	Allotment made as a shareholder of ZEEL pursuant to the Scheme of Arrangement
	<b>Total</b>	<b>11,37,500</b>			
<b>Mr. Ashok Mathai Kurien</b>	December 29, 2006	10,21,000	-	Other than cash	Allotment made as a shareholder of ZEEL pursuant to the Scheme of Arrangement
	<b>Total</b>	<b>10,21,000</b>			
<b>Briggs Trading Company Private Limited</b>	December 29, 2006	26,96,750	-	Other than cash	Allotment made as a shareholder of ZEEL pursuant to the Scheme of Arrangement
	<b>Total</b>	<b>26,96,750</b>			
<b>Churu Trading Company Private Limited</b>	December 29, 2006	20,25,500	-	Other than cash	Allotment made as a shareholder of ZEEL pursuant to the Scheme of Arrangement
	<b>Total</b>	<b>20,25,500</b>			
<b>Delgrada Limited</b>	December 29, 2006	4,10,16,701	-	Other than cash	Allotment made as a shareholder of ZEEL pursuant to the Scheme of Arrangement
	January 12, 2007	(2,43,85,701)	1	Cash	Transfer in favour of Jayneer Capital Private Limited
	July 23, 2007	(2,00,000)	64.50	Cash	Sold in the secondary market
	<b>Total</b>	<b>1,64,31,000</b>			
<b>Ganjam Trading Company Private Limited</b>	December 29, 2006	32,83,250	-	Other than cash	Allotment made as a shareholder of ZEEL pursuant to the Scheme of Arrangement
	<b>Total</b>	<b>32,83,250</b>			
<b>Jayneer Capital Private Limited</b>	December 29, 2006	2,61,73,352	-	Other than cash	Allotment made as a shareholder of ZEEL pursuant to the Scheme of Arrangement
	January 12, 2007	2,43,85,701	1	Cash	Acquired from Delgrada Limited

Name of the Promoter	Date of Allotment/transfer	No. of Equity Shares	Issue/ Acquisition Price per Equity Share (Rs.)**	Nature of Consideration	Nature of Transaction
	March 31, 2007	5,00,000	1	Cash	Acquired from initial subscribers of MOA i.e. Mr. Rajiv Garg, Mr. Himanshu Mody, Mr. Sanjay Agarwal, Mr. M. Lakshminarayanan, Mr. Pushpal Sanghvi, Mr. Shilesh Dholakia and Mr. Vinod Desai
	June 13, 2007	7,87,681	70.79	Cash	Purchased in secondary market
	June 14, 2007	12,60,423	73.12	Cash	Purchased in secondary market
	June 15, 2007	9,70,634	72.14	Cash	Purchased in secondary market
	June 18, 2007	5,34,023	69.73	Cash	Purchased in secondary market
	June 19, 2007	5,33,408	69.48	Cash	Purchased in secondary market
	July 13, 2007	4,75,000	61.94	Cash	Purchased in secondary market
	July 16, 2007	14,27,066	70.19	Cash	Purchased in secondary market
	July 18, 2007	9,80,000	69.79	Cash	Purchased in secondary market
	July 19, 2007	13,60,000	68.89	Cash	Purchased in secondary market
	August 3, 2007	3,61,305	57.45	Cash	Purchased in secondary market
	August 6, 2007	2,30,851	58.42	Cash	Purchased in secondary market
	August 7, 2007	2,16,189	57.89	Cash	Purchased in secondary market
	August 8, 2007	2,85,085	59.58	Cash	Purchased in secondary market
	August 9, 2007	1,29,186	60.15	Cash	Purchased in secondary market
	August 10, 2007	30,448	58.24	Cash	Purchased in secondary market
	August 13, 2007	69,239	60.78	Cash	Purchased in secondary market
	August 14, 2007	1,29,220	60.59	Cash	Purchased in secondary market
	August 16, 2007	1,80,463	56.57	Cash	Purchased in secondary market
	August 17, 2007	15,000	55.02	Cash	Purchased in secondary market
	August 20, 2007	1,49,838	54.04	Cash	Purchased in secondary market
	August 21, 2007	1,29,336	53.18	Cash	Purchased in secondary market
	<b>Total</b>	<b>6,13,13,448</b>			
<b>Mr. Laxmi Goel</b>	December 29, 2006	8,75,000	-	Other than cash	Allotment made as a shareholder of ZEEL pursuant to the Scheme of Arrangement
	<b>Total</b>	<b>8,75,000</b>			
<b>Lazarus Investments Limited</b>	December 29, 2006	57,50,000	-	Other than cash	Allotment made as a shareholder of ZEEL pursuant to the Scheme of Arrangement

Name of the Promoter	Date of Allotment/transfer	No. of Equity Shares	Issue/ Acquisition Price per Equity Share (Rs.) <sup>**</sup>	Nature of Consideration	Nature of Transaction
<b>Total</b>		<b>57,50,000</b>			
<b>Essel Infraprojects Limited</b>	December 29, 2006	32,00,000	-	Other than cash	Allotment made as a shareholder of ZEEL pursuant to the Scheme of Arrangement
<b>Total</b>		<b>32,00,000</b>			
<b>Prajatma Trading Company Private Limited</b>	December 29, 2006	41,62,250	-	Other than cash	Allotment made as a shareholder of ZEEL pursuant to the Scheme of Arrangement
<b>Total</b>		<b>41,62,250</b>			
<b>Premier Finance and Trading Company Limited</b>	December 29, 2006	30,88,000	-	Other than cash	Allotment made as a shareholder of ZEEL pursuant to the Scheme of Arrangement
<b>Total</b>		<b>30,88,000</b>			
<b>Ms. Sushila Goel</b>	December 29, 2006	4,65,000	-	Other than cash	Allotment made as a shareholder of ZEEL pursuant to the Scheme of Arrangement
	December 2, 2008	(1,25,000)	-	Cash	Sold in secondary market
	December 8, 2008	(3,40,000)	-	Cash	Sold in secondary market
<b>Total</b>		<b>NIL</b>			
<b>Veena Investments Private Limited</b>	December 29, 2006	2,15,500	-	Other than cash	Allotment made as a shareholder of ZEEL pursuant to the Scheme of Arrangement
	December 2, 2008	1,25,000	9.02	Cash	Purchased in secondary market
	December 8, 2008	3,40,000	10.37	Cash	Purchased in secondary market
<b>Total</b>		<b>6,80,500</b>			

Other than the above, no Equity Shares have been issued by our Company for consideration other than cash.

# Delgrada Limited and Lazarus Investments Limited are promoter companies incorporated in Mauritius. For details of the Scheme of Arrangement, see section titled "History and Certain Corporate Matters" beginning on page 91 of this Letter of Offer.

### 3. Current shareholding pattern of our Company as on September 11, 2009 is as follows:

Description	Pre Issue		Post Issue	
	Total number of Equity Shares	Total shareholding as a percentage of total number of Equity Shares	Total number of Equity Shares	Total shareholding as a percentage of total number of Equity Shares
<b>Shareholding of Promoter and Promoter Group (A)</b>				
<b>Indian</b>				
Individuals/Hindu Undivided Family	18,96,000	0.87	39,62,640	0.87
Central Government/State Government(s)	NIL	NIL	NIL	NIL
Bodies Corporate	8,15,87,198	37.56	17,05,17,244	37.56
Financial Institutions/Banks	NIL	NIL	NIL	NIL
Any Other	NIL	NIL	NIL	NIL

Description	Pre Issue		Post Issue	
	Total number of Equity Shares	Total shareholding as a percentage of total number of Equity Shares	Total number of Equity Shares	Total shareholding as a percentage of total number of Equity Shares
<b>Foreign</b>				
Individuals (Non-Resident Individuals/Foreign Individuals)	NIL	NIL	NIL	NIL
Bodies Corporate (OCB)	2,21,81,000	10.21	4,63,58,290	10.21
Institutions/FII	NIL	NIL	NIL	NIL
Any Other	NIL	NIL	NIL	NIL
<b>Total Shareholding of Promoter and Promoter Group (A)</b>	<b>10,56,64,198</b>	<b>48.64</b>	<b>22,08,38,174</b>	<b>48.64</b>
<b>Public shareholding (B)</b>				
<b>Institutions (B1)</b>				
Mutual Funds/ UTI	500	Negligible	1,045	Negligible
Financial Institutions / Banks	3,72,839	0.17	7,79,233	0.17
Foreign Institutional Investors	1,63,89,248	7.55	3,42,53,528	7.55
Insurance Companies	53,55,495	2.47	1,11,92,986	2.47
<b>Sub-Total (B)(1)</b>	<b>2,21,18,082</b>	<b>10.18</b>	<b>4,62,26,792</b>	<b>10.18</b>
<b>Non-institutions (B2)</b>				
Bodies Corporate	2,56,87,780	11.83	5,36,87,460	11.83
Non Resident Indians	17,04,146	0.78	35,61,665	0.78
OCBs	7,575	Negligible	15,832	Negligible
Trust	9,652	Negligible	20,173	Negligible
Individuals	6,20,13,969	28.55	12,96,09,195	28.55
Foreign Bodies	11,801	0.01	24,664	0.01
Others (Foreign nationals)	550	Negligible	1,149	Negligible
<b>Sub-Total (B)(2)</b>	<b>8,94,35,473</b>	<b>41.17</b>	<b>18,69,20,138</b>	<b>41.17</b>
<b>Total Public Shareholding (B) = (B)(1)+(B)(2)</b>	<b>11,15,53,555</b>	<b>51.36</b>	<b>32,01,52,816</b>	<b>70.52</b>
<b>GRAND TOTAL (A)+(B)</b>	<b>21,72,17,753</b>	<b>100.00</b>	<b>45,39,85,104</b>	<b>100.00</b>

None of our Directors hold any Equity Shares either in their personal capacity or as sole or first holder, as at the date of this Letter of Offer. Further, neither the Lead Manager nor any of its associates hold any shareholding in our Company as at the date of this Letter of Offer.

#### 4. Details of the shareholding of the Promoters, Promoter Group and Directors of the Promoter Companies as on September 11, 2009.

##### Equity Shareholding

Name of the Shareholder	Total number of Equity Shares	% of Pre-Issue Equity Share capital	No. of Equity Shares pledged or otherwise encumbered	% of Pre-Issue Equity Share Capital
<b>Promoters</b>				
Jayneer Capital Private Limited	6,13,13,448	28.23	2,63,60,000	12.14
Delgrada Limited	1,64,31,000	7.56	NIL	NIL
Lazarus Investment Limited	57,50,000	2.65	NIL	NIL

Name of the Shareholder	Total number of Equity Shares	% of Pre-Issue Equity Share capital	No. of Equity Shares pledged or otherwise encumbered	% of Pre-Issue Equity Share Capital
Prajatma Trading Company Private Limited	41,62,250	1.92	41,50,000	1.91
Ganjam Trading Company Private Limited	32,83,250	1.51	32,75,000	1.51
Essel Infraprojects Limited	32,00,000	1.47	2,00,000	0.09
Premier Finance and Trading Company Limited	30,88,000	1.42	NIL	NIL
Briggs Trading Company Private Limited	26,96,750	1.24	NIL	NIL
Churu Trading Company Private Limited	20,25,500	0.93	20,25,000	0.93
Ambience Business Services Private Limited	11,37,500	0.52	NIL	NIL
Mr. Ashok Mathai Kurien	10,21,000	0.47	NIL	NIL
Mr. Laxmi Goel	8,75,000	0.40	NIL	NIL
Ms. Sushila Goel*	NIL	NIL	NIL	NIL
Veena Investments Private Limited	6,80,500	0.31	3,40,500	0.16
<b>Promoter Group</b>	NIL	NIL	-	
<b>Directors of Promoter Companies</b>	NIL	NIL	-	

\*Ms. Sushila Goel sold her equity shareholding in our Company in secondary market transactions, as detailed in section titled "Build-up of Share Capital by Promoters" on page 50 of this Letter of Offer.

\*\*The shares were fully paid up on the date of allotment.

### Preference Shareholding

Name of the Shareholder	Total number of Preference Shares	% of Pre-Issue Preference Share capital
<b>Promoters</b>	NIL	NIL
<b>Promoter Group</b>		
Zee Entertainment Enterprises Limited	23, 436	100
<b>Directors of Promoter Companies</b>	NIL	NIL

5. Our Promoters, Directors and Group Companies have not purchased or sold any Equity Shares in the six months preceding the date of filing of this Letter of Offer with SEBI.

### 6. Top ten Shareholders

a) Top ten Equity Shareholders as on September 11, 2009

S.No.	Name of the Shareholder	Total number of Equity Shares	% of pre Issue Equity Share capital
1.	Jayneer Capital Private Limited	6,13,13,448	28.23
2.	Delgrada Limited	1,64,31,000	7.56
3.	Lazarus Investment Limited	57,50,000	2.65
4.	Oppenheimer Funds Inc. A/c Oppenheimer	52,68,815	2.43
5.	Life Insurance Corporation of India	45,74,096	2.11
6.	Mr. Sathyamoorthy Devarajulu	45,00,000	2.07
7.	Prajatma Trading Company Private Limited	41,62,250	1.92
8.	Ganjam Trading Company Private Limited	32,83,250	1.51
9.	Essel Infraprojects Limited	32,00,000	1.47
10.	Premier Finance and Trading Company Limited	30,88,000	1.42

b) Top ten Equity Shareholders as on two years prior to the filing of the Letter of Offer.

S.No.	Name of the Shareholder	Total Shares	% of pre issue Equity Share capital
1.	Jayneer Capital Private Limited	6,13,13,448	28.23
2.	Delgrada Limited	1,64,31,000	7.56
3.	Life Insurance Corporation of India	1,01,90,905	4.69
4.	Oppenheimer Funds Inc. A/c Oppenheimer Global Fund	95,08,121	4.38
5.	Merrill Lynch Capital Markets Espana S.A. S.V.	59,02,000	2.72
6.	M And G Investment Management Limited A/C Prudential Assurance Company Limited	57,84,882	2.66
7.	Lazarus Investments Limited	5,750,000	2.65
8.	Prajatma Trading Company Private Limited	41,62,250	1.92
9.	Matthews India Fund	35,20,454	1.62
10.	Ganjam Trading Company Private Limited	32,83,250	1.51

c) Top ten Equity Shareholders as on ten days prior to the filing of the Letter of Offer:

S.No.	Name of the Shareholder	Total number of Equity Shares	% of pre Issue Equity Share capital
1.	Jayneer Capital Private Limited	6,13,13,448	28.23
2.	Delgrada Limited	1,64,31,000	7.56
3.	Oppenheimer Funds Inc. A/c oppenheimer	59,77,395	2.75
4.	Lazarus Investments Limited	57,50,000	2.65
5.	Life Insurance Corporation of India	45,74,096	2.11
6.	Prajatma Trading Company Private Limited	41,62,250	1.92
7.	Mr. Sathyamoorthy Devarajulu	41,00,000	1.89
8.	Ganjam Trading Company Private Limited	32,83,250	1.51
9.	Essel Infraprojects Limited	32,00,000	1.47
10.	Premier Finance and Trading Company Limited	30,88,000	1.42

7. The present Issue being a rights issue, as per the clause 34(c) of the SEBI Regulations, the requirement of Promoters' contribution and lock-in are not applicable.

#### 8. ESOP Scheme:

Our Company has adopted the ESOP Scheme to reward our employees. The ESOP Scheme is in compliance with applicable regulations, including SEBI (Employee Stock Option Scheme (ESOP) and Employee Stock Purchase Scheme (ESPS)) Guidelines 1999 ("ESOP Guidelines"). Under the ESOP Scheme, the grant, offer, issue or allotment of options, in one or more tranches at any time will not convert to Equity Shares more than 2% of the issued, subscribed and paid-up capital of the Company as on March 31, 2007. The ESOP Scheme was approved pursuant to a special resolution passed by our shareholders at the AGM held on September 18, 2007. The remuneration committee of the Board of Directors at their meeting held on October 22, 2007 approved the grant of 29,87,300 options. The remuneration committee further approved the grant of 1,50,000 options at their meeting held on June 17, 2008. The remuneration committee further approved the grant of 28,08,800 options at their meeting held on July 16, 2008.

Details of the ESOP Scheme are as follows:

Description	2009-10	2008-09	2007-08	Cumulative
Options Granted	28,08,800	1,50,000	29,87,300	59,46,100

Description	2009-10	2008-09	2007-08	Cumulative
Date of Grant	July 16, 2009	June 17, 2008	October 22, 2007	-
Pricing Formula	Fair value method as per the provisions of ESOP Guidelines			
Options Vested	NIL	9,22,700	NIL	9,22,700
Options exercised and total number of Equity Shares arising as a result of exercise of Options	NIL	NIL	NIL	NIL
Options lapsed/cancelled	3,83,800	18,96,100	1,68,500	24,48,400
Total number of Equity Shares arising as a result of the exercise of the options (assuming vesting of the valid options and exercise of all the valid options vested)	NIL	NIL	NIL	NIL
Variations in terms of Options	NIL	NIL	Re-pricing approved by members in the meeting held on August 17, 2009	-
Money realized by exercise of Options	NIL	NIL	NIL	NIL
Total number of Options in force	34,97,700	10,72,700	28,18,800	34,97,700
Vesting Schedule	As on August 31, 2009, 6,88,900 options granted are eligible for vesting after the remuneration committee meeting consider the re-pricing as approved by the members on August 17, 2009.			
Option granted to senior managerial personnel	As mentioned below.			
Options granted to any employee equal to or exceeding 1% of the issued capital of our Company at the time of grant	NIL	NIL	NIL	-
Options granted to any employee equal to or exceeding 5% of the total options granted under the ESOS	NIL	NIL	NIL	-
Diluted earning per share (“EPS”) as reported on an unconsolidated basis, pursuant to the issue of Equity Shares on exercise of options	-	(4.65)	(5.12)	-
Where the Company has calculated the employee compensation cost using the intrinsic value of the stock options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the options, shall be disclosed. The impact of this difference on profits and on EPS of the Company shall also be disclosed.	NA	NA	NA	-
Weighted average exercise prices and weighted average fair values of options shall be disclosed separately for options whose exercise price either equals or	Weighted average option fair value- Rs. 14.99 per option/weighted option exercise price- Rs. 39.75 per option.			

Description	2009-10	2008-09	2007-08	Cumulative
exceeds or is less than the market price of the stock.				
Lock in	One year from the date of the grant of options.			
Impact on profits and EPS of the last three years	Loss was increased by Rs. 5,392,307 during Financial Year 2009 and the effect on EPS was (0.02)			

\* As per the provisions of the ESOP Scheme, in the event of rights issue of Equity Shares, an option holder would not be eligible for the bonus or rights shares but an adjustment to the number of options or the exercise price or both, would be made as decided by the remuneration committee.

\*\*None of the Directors have been granted any options under the ESOP Scheme. Details regarding options granted to our key managerial employees under ESOP Scheme are set forth below:

Name of key managerial personnel	No. of options granted	No. of options exercised	No. of options outstanding
Mr. V. K. Agarawal	1,22,900	Nil	1,22,900
Mr. Sanjay Jindal	64,200	Nil	64,200
Mr. Sudhir Agarwal	8,11,000	Nil	8,11,000
Mr. Rajiv Ganju	1,53,300	Nil	1,53,300
Mr. Raj Kumar Agarwal	1,43,700	Nil	1,43,700
Mr. Samir Raval	42,400	Nil	42,400
Mr. Neeraj Soni	63,300	Nil	63,300
Mr. Y.S. Bains	1,55,700	Nil	1,55,700
Mr. Sanjay Goyal	97,300	Nil	97,300

8. Our Company has not availed any bridge loan which would be repaid from the proceeds of the Issue.
9. The Promoters, Directors and the Lead Manager of the Issue have not entered into buy-back, standby or similar arrangements for any of the securities being issued through this Letter of Offer.
10. The terms of issue to Non-Resident Equity Shareholders / Applicants have been presented under the section titled "Terms of the Issue" on page 362 of this Letter of Offer.
11. At any given time, there shall be only one denomination of the Equity Shares of our Company. The Equity Shareholders of our Company do not hold any warrant, option or convertible loan or debenture, other than options under the ESOP Scheme, which would entitle them to acquire further Equity Shares.
12. Currently, foreign direct investment ("FDI") can be made in the cable network sector only after prior approval of the Foreign Investment Promotion Board ("FIPB"). Under the current foreign exchange regulation, foreign investment in cable network sector is capped at 49% of the total paid up capital.

Our Company has received an approval dated February 6, 2009 from the FIPB for allowing participation and Allotment to Non Resident Equity Shareholders, including FIIs, up to their Rights Entitlement and for any additional Equity Shares under the Issue, subject to the overall sectoral cap as mentioned above. Further, the total holding by each FII or sub account of the FII should not exceed 10% of the total paid up equity capital of our Company and the aggregate holding of all FIIs and sub accounts of FIIs should not exceed 24% of the paid up equity capital of our Company.

Our Company has received approval dated March 6, 2009 from the RBI for allowing Non-Residents to subscribe to partly paid up Equity Shares in the Issue. In addition, renunciation in favour of Non-Residents is subject to the renouncer (s)/renounee(s) obtaining the approval of the FIPB and/or necessary permission of the RBI under the FEMA and such permissions should be attached to the CAF. Applications not accompanied by the aforesaid approvals are liable to be rejected.

Further, OCBs desiring to participate in this Issue must obtain prior approval from the RBI.

13. Except issue of Equity Shares arising on the exercise of options granted under our ESOP Scheme, no further issue of capital by way of issue of bonus shares, preferential allotment, rights issue or public issue or in any other manner which will affect our Company shall be made during the period commencing from the filing of the Letter of Offer with the SEBI and date on which the Equity Shares issued under the Letter of Offer are listed or application moneys are refunded on account of the failure of the Issue.
14. Our Company presently does not intend to alter its capital structure for a period of six months from the date of the opening of the Issue, by way of split or consolidation of the denomination of Equity Shares or further issue of Equity Shares (including issue of securities convertible into or exchangeable, directly or indirectly into Equity Shares) whether preferential or otherwise, except issue and allotment of Equity Shares under ESOP Scheme that may vest and be exercised in the next six months or if our Company enters into acquisitions or joint ventures, if the business needs arise, and subject to necessary approvals, consider raising additional capital to fund such activity.
15. The Issue will remain open for minimum 23 days. However, the Board will have the right to extend the Issue period as it may determine from time to time but not exceeding 30 days from the Issue Opening Date.
16. The Promoters have confirmed that they along with relatives and the companies controlled by the Promoters intend to subscribe to the full extent of their Rights Entitlement. The Promoter reserves the right to subscribe to their Rights Entitlement either by themselves, their relatives or a combination of entities controlled by them, including by subscribing for renunciation if any made within the Promoter Group to another person forming part of the Promoter Group. In the event of under-subscription, our Promoters intend to apply for additional Equity Shares, subject to obtaining necessary approvals under the applicable laws, if any, such that at least 90% of the Issue is subscribed. As a result of this subscription and consequent Allotment, the Promoters may acquire Equity Shares over and above their Rights Entitlement, which may result in an increase of their shareholding.

This subscription and acquisition of additional Equity Shares by the Promoter, if any, will not result in change of control of the management of our Company and shall be exempt in terms of proviso to Regulation 3(1)(b)(ii) of the Takeover Code. Allotment to promoters of any unsubscribed portion, over and above their entitlement shall be done in compliance with Clause 40A of the Listing Agreement and the other applicable laws prevailing at that time. In the event of the minimum public shareholding falling below the prescribed minimum, the Company will take the necessary steps in ensuring that the minimum public shareholding is restored in compliance with the SEBI Regulations and the Listing Agreement. As such, other than meeting the requirements indicated in the section on “Objects of the Issue” on page 58 of this Letter of Offer, there is no other intention/purpose for this Issue, including any intention to delist our Company, even if, as a result of Allotments to the Promoter, in this Issue, the Promoters’ equity shareholding in our Company exceeds their current shareholding. Allotment to the Promoters of any unsubscribed portion, over and above their Rights Entitlement shall be done in compliance with the Listing Agreement.

17. We have never revalued our assets and have not issued any Equity Shares out of revaluation reserves.
18. We have 1,84,036 members as on September 11, 2009.
19. The Equity Shares offered through this Issue shall be required to be made fully paid up within 12 months from the Date of Allotment as per the indicative schedule provided below. If a member of the company fails to pay the call money within the period of 12 months from the Date of Allotment, the subscription money already paid by such member may be forfeited by the Company.

## OBJECTS OF THE ISSUE

The objects of the Issue are to fund (a) repayment of certain of our existing unsecured loans; (b) our working capital requirement; (c) cost of acquisition of MSOs and LCOs; (d) our information technology infrastructure and Enterprise Resource Planning (“ERP”) expenses and (e) other general corporate purposes.

The main objects clause of our Memorandum of Association and objects incidental to the main objects enable us to undertake our existing activities and the activities for which funds are being raised by our Company through this Issue.

The fund requirement described below is based on the management estimates and is not appraised by any bank or financial institution. In case of shortfall to meet the objects of the Issue described below, we propose to meet the same through internal accruals and borrowings.

We intend to utilize the proceeds of the Issue after deducting expenses relating to the Issue (“Net Proceeds”) which is estimated at Rs. 44,485 Lakhs for the abovementioned objects.

### Total fund requirement of our Company

The details for the total fund requirement of our Company and the amount to be spent from the Issue are mentioned in the table below:

Particulars	Total Estimated Amount (Rs. in Lakhs)
1 Repayment of certain of our existing unsecured loans	20,000
2 Funding our working capital requirements	11,800
3 Acquisition of MSOs and LCOs	3,467
4 Information technology infrastructure and ERP	1,196
5 General corporate purposes	8,022
6 Issue expenses	500
<b>Total</b>	<b>44,985</b>

In case of any variation in the actual utilization of funds earmarked for the objects mentioned above, increased fund deployment for a particular activity will be financed through internal accruals and additional debt. If there is any surplus from the Net Proceeds after meeting all the above mentioned objects, such surplus proceeds will be used for general corporate purposes.

### Details of Objects

#### (a) Repayment of certain of our existing loans

Our Company has entered into various financing arrangements with banks, financial institutions, and other corporate entities. As on June 30, 2009 the total amount of loan outstanding under the unsecured borrowings of our Company was Rs. 21,197 Lakhs.

The unsecured borrowings availed by our Company are in the nature of inter-corporate deposits received from companies forming part of our Promoters and Promoter Group. These inter-corporate deposits are generally short term in nature and the facilities are repayable on demand or six months from the date of disbursement. Further, these borrowings generally carry a higher rate of interest. These inter-corporate deposits are generally applied towards general purpose business and financial needs of our Company.

Taking into consideration the nature and terms of such unsecured borrowings and our business requirements, we intend to utilize upto Rs. 20,000 Lakhs from the Net Proceeds towards repayment of a portion of our total outstanding unsecured borrowings. As of June 30, 2009, we have the following outstanding unsecured borrowings:

#### Amount outstanding as on June 30, 2009\*

A.	UNSECURED LOAN	Date of the agreement/roll over	Amount outstanding as on June	Interest Rate (in percentage)	Amount to be repaid out of Net
					<i>(Rs.Lakhs)</i>

			30, 2009	per annum)	Proceeds
1	Zee Entertainment Enterprises Limited	March 20, 2009	10,697	15	10,697
2	Zee News Limited	April 1, 2009 (roll-over upto September 30, 2009)	8,955	14.75	6,444
3	Churu Trading Company Private Limited	April 1, 2009	1,759	12	1,759
4	ETC Network Limited	October 1, 2008 (roll-over upto September 30, 2009)	1,100	16	1,100
<b>TOTAL</b>			<b>22,511</b>		<b>20,000</b>

\*As certified by letter dated July 18, 2009, issued by Karivala & Associates, Chartered Accountants

Since the inter-corporate deposits are short term in nature, we may have to repay all or part of the above-mentioned outstanding prior to the receipt of Net Proceeds for the purpose of this utilisation. We shall finance such funds from short term borrowings. All the repayments by our Company towards these borrowings prior to the receipt of Net Proceeds for the purpose of this utilisation would be reimbursed from the Net Proceeds.

**(b) Working Capital requirement**

We need additional working capital in line with our expanding operations. We have assessed our additional working capital requirement for the Financial Years 2010 and 2011 to be Rs. 11,800 Lakhs. This would involve inventory requirement, receivables, advances to suppliers, other advances and other current assets.

As per the letter dated July 18, 2009, issued by Karivala & Associates, Chartered Accountants, the Company's current assets and working capital as at March 31, 2009 is:

Particulars	Financial Year 2009
<b>Current Assets:</b>	6,483.79
Inventories	13,237.17
Sundry Debtors	1,611.67
Cash and bank balance	7,750.35
Loans and advances	<b>29,081.98</b>
<b>Total Current Assets (A)</b>	
<b>Current Liabilities:</b>	
Current liabilities	15,017.08
Provisions	180.52
<b>Total Current Liabilities (B)</b>	15,197.60
<b>Working Capital Gap (A) – (B)</b>	<b>13,884.38</b>

As per the letter dated July 18, 2009, issued by Karivala & Associates, Chartered Accountants, the Company's estimated net current assets and working capital ratios as at March 31, 2010 and March 31, 2011 would be as follows:

(Rs. in Lakhs)

Particulars	Financial Year 2010	Financial Year 2011
<b>Current Assets</b>		
Inventory - STBs and VC Cards	6,497.74	8,518.02
Debtors	15,870.62	21,681.60
Cash and Bank Balance	270.69	1,078.23
Advances	9,547.34	10,220.05
<b>Total Current Assets</b>	<b>32,186.40</b>	<b>41,497.90</b>
<b>Current Liabilities</b>		
Deposit for STB and Receiving Units	3,454.85	5,188.26
Creditors	7,333.71	10,625.25
Provisions	-	-
<b>Total Current Liabilities</b>	<b>10,788.56</b>	<b>15,813.52</b>
Working Capital Opening	13,884.38	21,397.84
<b>Working Capital Required</b>	<b>7,513.46</b>	<b>4,286.54</b>
Working Capital Closing	21,397.84	25,684.38

Following are the assumptions for calculation of Working Capital requirements:

Particulars	Number of days outstanding
<b>Sundry Debtors</b>	
Debtors for Analog and Right to Use	210 days
Debtors for HITS	60 days
Debtors for CAS	150 days
Debtors for Carriage and Advertisement	120 days
Inventories	150 days
Other Current Assets	30 days
<b>Current Liabilities</b>	
Creditors for STB and VC Card	45 days
Creditors for Paychannel	45 days
Creditors for LCO Commission	30 days
Creditors for Advertisement/Carriage Commission	60 days
Other Creditors	105 days

**(c) Cost of acquisition of MSOs and LCOs**

As a part of our strategy to grow and expand our operations across India, our Company acquires existing MSOs and LCOs in different geographies by way of either acquiring majority stake of the paid up share capital of a joint venture company, formed with the MSO/LCO or acquiring the cable networking business of the MSO/LCO on a slump sale basis as a going concern. Such acquisitions enable our Company to increase its network coverage in various cities and become one of the leading MSO in such regions. This inorganic growth helps the Company to increase its subscriber base which can be converted to cable digital platform in line with our Company's digitalization program.

We have identified certain MSOs and LCOs in major cities across India. Our Company has also entered into MOUs with three MSOs and the total cost of acquisition of such MSOs, by way of investment in equity shares of the existing concern or joint venture company, under these MOUs amounts to Rs. 3,611 Lakhs. We propose to acquire the MSOs by way of equity investments in joint venture companies. Such investment(s) shall not result in the company holding equity in excess of 50%. Our Company has already paid an amount aggregating Rs. 144.25 Lakhs as initial consideration. Our Company is required to pay an additional amount of Rs. 3,466.75 Lakhs towards consideration for acquisition of controlling stake in such MSOs. Further, we are not entitled to receive any dividends pursuant to these acquisitions.

We intend to utilize an amount of Rs. 3,466.75 Lakhs out of the Net Proceeds to meet the balance cost of acquisition.

**(d) IT Infrastructure and ERP expenses**

Our Company recognizes the importance of Information Technology (IT) in its daily operations and are working towards implementing a robust IT system to have in-built controls and processes in various functions including planning, finance, operations, projects and logistics. We are evaluating various ERP systems and associated hardware and software requirements which will adequately support our business and operations.

Our Company intends to utilize Rs. 1,196 Lakhs of the Net Proceeds towards implementation of IT and ERP systems in our Company, an estimated break-up of the amounts to be utilized is mentioned in the table below:

Item	Amount (Rs. in Lakhs)
ERP expenses	720
IT expenses	476
<b>Total</b>	<b>1,196</b>

*ERP expenses*

Our Company intends to enhance its ERP capabilities by installation of necessary software and other necessary infrastructure. Although our Company has not entered into any direct arrangement with any of the service providers, there are arrangements between some of our group companies and the service providers by way of which ERP infrastructure would be installed in our Company.

Essel Corporate Resources Private Limited has received a proposal dated August 13, 2008 for entering into a master consulting agreement with SIEMENS Information Systems Limited for assistance for implementation of SAP ERP systems to be installed at the following companies (a) ZEEL; (b) Zee News Limited; (c) Dish TV India Limited; (d) WWIL; (e) E-City Ventures Private Limited.

As per the terms of the proposal, the SAP ERP systems would be installed for a total consideration of Rs. 535 Lakhs, including out of pocket expenses. In addition, SAP India Private Limited and Essel Propack Limited have entered into a SAP safeguarding agreement dated June 16, 2008, wherein SAP India Private Limited has also agreed to licence the software to our Company.

Our Company estimates that a total of Rs. 720 Lakhs would be required on ERP expenditure, which we intend to utilize from the Net Proceeds.

*IT expenses*

Our Company has received certain quotes for purchase of hardware, software and DR sites for our estimated expenditure on implementation of information technology. Our Company is in the process of receiving quotes for various items required for our expansion of information technology systems and currently, the following figures are estimated based on the present setup:

<b>Item</b>	<i>(Rs.in Lakhs)</i> <b>Amount</b>
Disaster Recovery for office infrastructure	30.00
Disaster Recovery for CAS for HITS	50.00
Other associated expenses (creation of back up etc.)	26.10
<b>Total</b>	<b>106.1</b>

Our Company estimates that, in addition to the above-mentioned quotes, it would be required an additional amount of Rs. 370 Lakhs towards its IT expansion plans.

Pending the receipt of the Net Proceeds for the purpose of this utilisation, as of June 30, 2009, we have spent Rs. 25 Lakhs and Rs. 8 Lakhs on the upgradation of our ERP capabilities and upgradation of information technology systems respectively and have financed such funds from our internal accruals and short term borrowings. All the expenses made by the Company on the above-mentioned object pending utilisation of Net Proceeds of the Issue would be reimbursed from the Net Proceeds of the Issue.

***(e) General Corporate Purpose***

In accordance with the policies set up by the Board, the Company proposes to retain flexibility in using the remaining Net Proceeds for general corporate purposes, including strengthening of our marketing capabilities and brand building exercises. In accordance with the policies of the Board, the management of the Company will have flexibility in utilizing Issue proceeds earmarked for general corporate purposes.

The fund requirements and intended use of the Net Proceeds as described therein are based on the management estimates. Our management, in response to the competitive and dynamic nature of the industry, may require revising its expenditure plan, fund requirements and external factors which may be beyond the control of our management. Such decisions will be taken by our Board. In case of variations in the actual utilization of funds earmarked for the purposes set forth, increased fund requirements for a particular purpose may be financed by surplus funds, if available, for other purposes as indicated below. If surplus funds are unavailable, the required financing will be through our internal accruals and/or debt.

All the expenses made by the Company on any of the objects in Financial Year 2009 pending utilization of Net Proceeds would be reimbursed from the Net Proceeds.

**Issue Related Expenses**

The Issue related expenses among others include, lead management and selling commission, printing and distribution expenses, legal fees, advertisement expenses and registrar, depository fees and other fees. The estimated Issue expenses are as follows:

S. No.	Particulars	Amount	% of net proceeds of the Issue	% of total expenses of the Issue
1.	Fees of the Lead Manager, Registrar to the Issue, Legal Advisors, Advisors to the Issue, Monitoring Agency and other advisors	325	0.72%	65%
2.	Printing and stationery, distribution, postage, etc.	130	0.29%	26%
3.	Advertisement and marketing expenses	25	0.06%	5%
4.	Other expenses	20	0.04%	4%
	<b>Total</b>	500	1.11%	

### Interim Use of Proceeds

The management of our Company, in accordance with the policies established by our Board from time to time, will have flexibility to deploy the Net Proceeds. Pending utilization for the purposes described above, our Company intends to invest the funds in quality interest bearing liquid instruments including money market mutual funds and deposits with banks, for the necessary duration. Such investments would be in accordance with investment policies approved by our Board from time to time. The Company confirms that pending utilization of the Issue proceeds; it shall not use the Net Proceeds for investments in the equity markets.

### Bridge Loan

We have not raised any bridge loan from any bank or financial institution for any amount which may be repaid from the Net Proceeds.

### Monitoring of Utilization of Funds

There is no requirement for appointment of a monitoring agency in terms of clause 16(1) of the SEBI Regulations.

Our Board shall monitor the utilization of the proceeds of the Issue. Our Company will disclose the utilization of the Net Proceeds of the Issue under a separate head along with details, if any in relation to all such proceeds of the Issue that have not been utilized thereby also indicating investments, if any, of such unutilized proceeds of the Issue in our financial statements for the relevant Financial Years commencing from Financial Year 2009.

Pursuant to clause 49 of the Listing Agreement, our Company shall on a quarterly basis disclose to the Audit Committee the uses and applications of the proceeds of the Issue. On an annual basis, our Company shall prepare a statement of funds utilized for purposes other than those stated in this Letter of Offer and place it before the Audit Committee. Such disclosure shall be made only until such time that all the proceeds of the Issue have been utilized in full. The statement shall be certified by our statutory auditors. Furthermore, in accordance with clause 43A of the Listing Agreement our Company shall furnish to the stock exchanges on a quarterly basis, a statement including material deviations if any, in the utilization of the process of the Issue from the objects of the Issue as stated above. This information will also be published newspapers simultaneously with the interim or annual financial results, after placing the same before the Audit Committee.

Except as provided in this section, other than as aforementioned no part of the Net Proceeds will be paid by our Company to the Promoters, the Directors, our key management personnel or companies promoted by the Promoters.

## BASIS FOR ISSUE PRICE

The Issue Price will be determined by us, in consultation with the Lead Managers on the basis of the market sentiments prevailing around the pricing date. The face value of the Equity Shares is Re. 1 and the Issue Price is 19 times of the face value.

### Qualitative Factors

We believe that the following business strengths allow us to compete successfully in our business:

- One of the biggest MSO in India
- Strong operation, technical and management team
- Forward Integration Model
- HITS – First mover advantage
- Promoter backing
- Multi-tiered / regional packages

### Stock Market Data

The high and low closing prices recorded on the BSE and NSE for the preceding six months and the number of Equity Shares traded on the days the high and low prices were recorded are stated below:

#### BSE

Month	High (Rs.)	Date of High	Volume on date of high (no. of shares)	Low (Rs.)	Date of Low	Volume on date of low (no. of shares)	Average price for the month (Rs.)
August 2009	22.05	August 6, 2009	63,83,159	18.40	August 12, 2009	10,28,591	19.95
July 2009	21.40	July 2, 2009	33,42,178	14.80	July 13, 2009	10,02,860	18.08
June 2009	27.65	June 5, 2009	53,02,513	18.55	June 23, 2009	11,36,712	22.55
May 2009	24.50	May 26, 2009	55,16,389	13.71	May 6, 2009	8,24,615	17.81
April, 2009	16.85	April 16, 2009	32,57,776	12.26	April 1, 2009	27,65,718	14.56
March, 2009	13.40	March 2, 2009	16,58,749	10.65	March 06, 2009	14,91,557	12.03

#### NSE

Month	High (Rs.)	Date of High	Volume on date of high (no. of shares)	Low (Rs.)	Date of Low	Volume on date of low (no. of shares)	Average price for the month (Rs.)
August 2009	22.10	August 6, 2009	1,20,31,579	18.55	August 21, 2009	35,96,936	19.96
July 2009	21.40	July 2, 2009	60,83,172	14.85	July 13, 2009	22,12,047	18.06
June 2009	27.75	June 5, 2009	1,09,71,327	18.95	June 23, 2009	22,78,485	22.55
May 2009	24.60	May 26, 2009	1,16,31,575	13.75	May 6, 2009	22,79,275	17.81
April, 2009	17.00	April 16, 2009	77,57,655	12.25	April 1, 2009	49,43,461	14.63
March, 2009	13.40	March 23, 2009	30,98,525	10.70	March 6, 2009	34,34,672	12.05

The market price was Rs. 20.70 on BSE on August 05, 2009, the trading day immediately following the day on which Board meeting was held to finalize the offer price for the Issue.

The market price was Rs. 20.05 on NSE on August 05, 2009, the trading day immediately following the day on which Board meeting was held to finalize the offer price for the Issue.

## Quantitative Factors

Information presented in this section is derived from our Company's restated financial information. Some of the quantitative factors, which form the basis for computing the price, are as follows:

### 1. Earning Per Equity Share (EPS)

Year	EPS (Rs.)		Weight
	Unconsolidated	Consolidated	
For year ended March 31, 2007	(7.26)	(7.27)	1
For year ended March 31, 2008	(5.12)	(4.97)	2
For year ended March 31, 2009	(4.65)	(4.36)	3
<b>Weighted Average</b>	<b>(5.24)</b>	<b>(5.05)</b>	

#### Explanation

- The above EPS calculation is in compliance with AS 20.
- The adjusted EPS has been computed on the basis of the adjusted profits and losses of the respective years drawn after considering the impact of accounting policy changes and material adjustments, prior period items pertaining to the earlier years and dividend on preference shares.
- The denominator considered for the purpose of calculating adjusted EPS is the weighted average number of Equity Shares outstanding during the year.

### 2. Price / Earning (P/E) ratio in relation to the Issue Price of Rs. 19

Particulars	Unconsolidated	Consolidated
1. Based on Adjusted EPS	-	-
2. Based on Weighted average EPS	-	-
3. Industry P/E (NA)	N.A.	N.A.

*Note: As our company has negative EPS for last 2 Financial Years, P/E ratio cannot be calculated for those years. Also, currently there are no listed peers for our company in the Indian stock market.*

### 3. RoNW

Year	RONW %		Weight
	Unconsolidated	Consolidated	
For year ended March 31, 2007	(6382.09)	(2922.4)	1
For year ended March 31, 2008	(102.37)	(107.3)	2
For year ended March 31, 2009	(47.78)	(48.74)	3
<b>Weighted Average</b>	<b>(1121.69)</b>	<b>(546.76)</b>	

- Minimum Return on Increased Net Worth after the Issue required to maintain pre-issue unconsolidated EPS and consolidated EPS is 109 % and 109 % respectively.

### 5. Net asset value per share after Issue and comparison with Issue Price:

Particulars	NAV (Rs.)	
	Unconsolidated	Consolidated
As at March 31, 2009	(9.73)	(8.94)
After the Issue	(4.65)	(4.27)
Issue Price	19	19

*Net asset value per equity share has been calculated as net worth, as restated, at the end of the year divided by number of equity shares outstanding at the end of the year / period*

### 6. Comparison with other listed companies

	EPS (Rs)	P/E Ratio	RoNW (%)	Book Value (Rs.)
Wire and Wireless (India) Limited (As on March	(4.65)	NA	(47.78)	(9.73)

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31, 2009) \*

**PEER GROUP**

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Currently there are no listed peers in the Indian stock market for our Company	-	-	-	-
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*\*based on restated unconsolidated information*

The Issue Price of Rs. 19 per Equity Share has been determined by us in consultation with the Lead Managers on the basis of assessment of market demand for the offered securities by way of rights issuance.

See Sections titled “Risk Factors” and “Financial Statements” beginning on page ix and page 199, of this Letter of Offer for, interalia, important information with risk associated with this offer and profitability and returns ratios respectively.

## STATEMENT OF TAX BENEFITS

To  
The Board of Directors  
Wire and Wireless (India) Limited  
135, Continental Building,  
Dr. Annie Besant Road,  
Worli, Mumbai - 400018

Dear Sirs,

We hereby confirm that the enclosed annexure, prepared by Wire and Wireless (India) Limited ('the Company'), states the possible tax benefits available to the Company and the shareholders of the Company under the Income-tax Act, 1961 ('IT Act') and the Wealth Tax Act, 1957, presently in force in India. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the Act. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which based on the business imperatives, the company may or may not choose to fulfill.

The benefits discussed in the enclosed Annexure are not exhaustive and the preparation of the contents stated is the responsibility of the Company's management. We are informed that this statement is only intended to provide general information to the investors and hence is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences, the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the issue.

Our confirmation is based on the information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company.

We do not express any opinion or provide any assurance as to whether:

- the Company or its shareholders will continue to obtain these benefits in future; or
- the conditions prescribed for availing the benefits, where applicable have been/ would be met.

S.R. BATLIBOI & ASSOCIATES  
Chartered Accountants

per Govind Ahuja  
Partner  
Membership No: 48966

Place: Mumbai  
Date: September 11, 2009

## **WIRE AND WIRELESS (INDIA) LIMITED**

### **ANNEXURE TO THE STATEMENT OF TAX BENEFITS**

#### **I. SPECIAL TAX BENEFITS**

##### **A. Special Tax Benefits Available to the Company**

There are no special tax benefits available to the Company.

##### **B. Special Tax Benefits Available to the Shareholders of the Company**

There are no special tax benefits available to the shareholders of the Company.

#### **II. GENERAL TAX BENEFITS**

##### *Under the Income Tax Act, 1961 ("the Act")*

The following tax benefits shall inter alia, be available to the Company and the prospective shareholders under the Direct- Tax Laws.

##### **A. General Benefits Available to the Company**

1. Subject to compliance of certain conditions laid down in Section 32 of the Income Tax Act 1961, (hereinafter referred to as Act) the Company will be entitled to a deduction for depreciation:-
  - a) In respect of tangible assets; and
  - b) In respect of intangible assets being in the nature of knowhow, patents, copyrights, trademarks, licenses, franchises or any other business or commercial rights of similar nature acquired on or after the 1<sup>st</sup> day of April, 1998 at the rates prescribed under Income Tax Rules, 1962;
  - c) In respect of any new machinery or plant (other than ships and aircraft) which has been acquired and installed after 31<sup>st</sup> March, 2005, a further sum of 20% of the actual cost of such machinery or plant will be allowed as a deduction.
2. As per the Finance Act 2008, the Company is eligible for deduction under Section 35D in respect of specified preliminary expenditure incurred by the Company in connection with extension of its undertaking or in connection with setting up a new undertaking for an amount equal to 1/5<sup>th</sup> of such expenditure over 5 successive previous Years, subject to the conditions and limits specified in the section.
3. As per provisions of section 35DD of the Act, where company incurs any expenditure, on or after the 1<sup>st</sup> day of April, 1999, wholly and exclusively for the purposes of demerger of an undertaking, it shall be allowed a deduction of an amount equal to one-fifth of such expenditure for each of the five successive previous years beginning with the previous year in which the demerger takes place.
4. As per the provisions of Section 115JB of the Act, where the tax liability of a company is less than 10 % of its book profits, such book profits will be deemed to be the total income of the company and Minimum Alternative Tax ('MAT') would be payable at 10 per cent of such book profits. The manner in which 'book profits' would be computed has been specified in Section 115JB of the Act. Under section 115JAA(2A) of the Act, tax credit shall be allowed in respect of any tax paid under provisions of section 115JB of the Act for any Assessment Year commencing on or after 1<sup>st</sup> April 2006. The tax credit allowable would be the difference between the tax paid under section 115JB and tax payable on total income computed in accordance with the normal provision of the Act. However, MAT credit cannot be carried forward and set off beyond 7 years immediately succeeding the assessment year in which the MAT credit initially arose.

Further, from Assessment Year 2007-2008, income by way of long-term capital gain as referred under section 10(38) shall be taken into account in computing the book profit and income-tax payable under section 115JB of the Act.

5. Credit for Dividend Distribution Tax ('DDT') paid by a subsidiary company

As per the Finance Act 2008, Section 115-O of the Act has been amended to the effect that while computing the DDT payable by a domestic holding company on dividend, the amount of dividend paid

by it would be reduced by the dividend received by it from its subsidiary company during the financial year, if:

- The subsidiary company has paid DDT on such dividend; and
- The domestic company is itself not a subsidiary of any other company.

6. As per section 32 (2) of the Act, unabsorbed depreciation if any, for an Assessment year can be carried forward & set off against any source of income in subsequent assessment years subject to the provisions of sub-section (2) of section 72 and sub-section (3) of section 73 of the Act. Business losses, if any, can be carried forward and set off against business profits in following assessment years. However no business loss would be allowed to be carried forward for more than eight assessment years immediately succeeding the assessment year for which loss was first computed.

#### **B. General Benefits Available to Resident Members**

7. Under section 10(34) of the Act, income by way of dividends referred to in section 115-O received on the shares of the Company is exempt from income tax in the hands of shareholders.
8. Under section 10(38) of the Act, long term capital gain arising to the shareholder on transfer of equity shares in the company would be exempt from tax where the sale transaction has been entered into on a recognized stock exchange in India and is liable to Securities Transaction Tax (STT).
9. As per the Finance Act 2008, a new clause (xv) has been introduced to Section 36(i) which provides for deduction of STT paid, if income in respect of the taxable securities transactions are offered to tax as 'Profits and gains of business and profession'. However, no rebate shall be allowed under section 88E from assessment year beginning 1<sup>st</sup> day of April 2009.
10. Under section 48 of the Act, if the investments in shares are sold after being held for not less than twelve months, the gains [in cases not covered under section 10(38) of the Act], if any, will be treated as long-term capital gains and the gains shall be calculated by deducting from the gross consideration, the indexed cost of acquisition.
11. Under Section 112 of the Act and other relevant provisions of the Act, long term capital gains [not covered under section 10(38) of the Act] arising on transfer of shares in the Company, if shares are held for a period exceeding 12 months, shall be taxed at a rate of 20% (plus applicable surcharge and educational cess on income-tax) after indexation as provided in the second proviso to Section 48 or at 10% (plus applicable surcharge and educational cess on income-tax) (without indexation), at the option of the Shareholders.
12. Under section 54EC of the Act, subject to the conditions and to the extent specified therein, long term capital gains [other than those exempt under section 10(38) of the Act] arising on transfer of shares of the Company would be exempt from tax, if such capital gain is invested within a period of 6 months after the date of such transfer in the bonds (long term specified assets) issued by –
  - National Highways Authority of India constituted under Section 3 of The National Highways Authority of India Act, 1988;
  - Rural Electrification Corporation Limited, the company formed and registered under the Companies Act, 1956 .

If only part of the capital gain is so reinvested, the exemption available shall be in the same proportion as the cost of long term specified assets bears to the whole of the capital gain. However, in case the long term specified asset is transferred or converted into money within three years from the date of its acquisition, the amount so exempted shall be chargeable to tax during the year such transfer or conversion takes place. The cost of the long term specified assets, which has been considered under this Section for calculating capital gain, shall not be allowed as a deduction from the income-tax under Section 80C of the Act for any assessment year beginning on or after April 1, 2006.

Further, proviso to Section 54EC(1) provides that the investments made in the long term specified Asset on or after April 1, 2007 by any assessee during the financial year should not exceed 50 lakh rupees.

13. Under Section 54F of the Act, subject to the conditions and to the extent specified therein, long term capital gains [other than those exempt from tax under section 10(38) of the Act] arising to an individual or Hindu Undivided Family (HUF) on transfer of shares of the Company will be exempt from capital gains tax subject to certain conditions, if the net consideration from transfer of such shares are

used for purchase of residential house property within a period of one year before or two year after the date on which the transfer took place or for construction of residential house property within a period of three years after the date of transfer.

14. Under section 111 A of the Act and other relevant provisions of the Act, short -term capital gains (i.e. if shares are held for a period not exceeding 12 months) arising on transfer of equity share in the Company would be taxable at a rate of 10 percent (plus applicable surcharge and education cess) where such transaction of sale is entered on a recognized stock exchange in India and is liable to securities transaction tax. The Finance Act, 2008, has brought in an amendment to the effect that from Assessment Year 2009 - 2010, the rate of 10 percent stands increased to 15 percent. Short -term capital gains arising from transfer of shares in a Company, other than those covered by section 111A of the Act , would be subject to tax as calculated under the normal provisions of the Act.
15. Short-term capital loss on sale of shares can be set off against long term capital gain or short term capital gains in the same assessment year. It should be noted that such loss can be set off only against capital gain income and not against any other head of income. Balance short-term capital loss, if any, can be carried forward up to eight assessments years. In the subsequent years also, it can be set off against any capital-gain income.

### **C. General Benefits Available to Non Resident Indians/ Members other than FIIs, Mutual Funds and Foreign Venture Capital Investors**

16. By virtue of Section 10(34) of the Act, income earned by way of dividends referred to in section 115-O received on the shares of the company, is exempt from income tax in the hands of the shareholders.
17. Under section 10(38) of the Act, long term capital gain arising to the shareholder on transfer of equity shares in the company would be exempt from tax where the sale transaction has been entered into on a recognized stock exchange in India and is liable to Securities Transaction Tax (STT).
18. Under the first proviso to section 48 of the Act, in case of a non resident, in computing the capital gains arising from transfer of shares of the company acquired in convertible foreign exchange (as per exchange control regulations), protection is provided from fluctuations in the value of rupee in terms of foreign currency in which the original investment was made. Benefit of indexation will not be available in such a case. The capital gains / loss in such a case is computed by converting the cost of acquisition, sales consideration and expenditure incurred wholly and exclusively in connection with such transfer into the same foreign currency which was utilized in the purchase of the shares. Such capital gains would be chargeable to tax @ 20% under section 112 of the Act.
19. Under section 54EC of the Act, subject to the conditions and to the extent specified therein, long term capital gains [other than those exempt under section 10(38) of the Act] arising on transfer of shares of the Company would be exempt from tax, if such capital gain is invested within a period of 6 months after the date of such transfer in the bonds (long term specified assets) issued by –
  - National Highways Authority of India constituted under Section 3 of The National Highways Authority of India Act, 1988;
  - Rural Electrification Corporation Limited, the company formed and registered under the Companies Act, 1956

If only part of the capital gain is so reinvested, the exemption available shall be in the same proportion as the cost of long term specified assets bears to the whole of the capital gain . However, in case the long term specified asset is transferred or converted into money within three years from the date of its acquisition , the amount so exempted shall be chargeable to tax during the year such transfer or conversion . The cost of the long term specified assets , which has been considered under this Section for calculating capital gain , shall not be allowed as a deduction from the income-tax under Section 80C of the Act for any assessment year beginning on or after April 1, 2006.

Further, proviso to Section 54EC(1) provides that the investments made in the long term specified Asset on or after April 1, 2007 by any assessee during the financial year should not exceed 50 lakh rupees.

20. Under Section 54F of the Act, subject to the conditions and to the extent specified therein, long term capital gains [other than those exempt from tax under section 10(38) of the Act] arising to an individual or Hindu Undivided Family (HUF) on transfer of shares of the Company will be exempt from capital gains tax subject to certain conditions, if the net consideration from transfer of such shares are used for

purchase of residential house property within a period of one year before or two year after the date on which the transfer took place or for construction of residential house property within a period of three years after the date of transfer.

21. Under section 111 A of the Act and other relevant provisions of the Act, short -term capital gains (i.e. if shares are held for a period not exceeding 12 months) arising on transfer of equity share in the Company would be taxable at a rate of 10 percent (plus applicable surcharge and education cess) where such transaction of sale is entered on a recognized stock exchange in India and is liable to securities transaction tax. The Finance Act, 2008, has brought in an amendment to the effect that from Assessment Year 2009 - 2010, the rate of 10 percent stands increased to 15 percent. Short -term capital gains arising from transfer of shares in a Company, other than those covered by section 111A of the Act , would be subject to tax as calculated under the normal provisions of the Act.
22. Short-term capital loss on sale of shares can be set off against long term capital gain or short term capital gains in the same assessment year. It should be noted that such loss can be set off only against capital gain income and not against any other head of income. Balance short-term capital loss, if any, can be carried forward up to eight assessments years. In the subsequent years also, it can be set off against any capital-gain income.
23. Under section 115E, where the total income of a non -resident Indian includes any income from investment or income from capital gains of an asset other than a specified asset, such income shall be taxed at a concessional rate of 20 per cent (plus applicable surcharge and education cess ). Also , where shares in the company are subscribed for in convertible foreign exchange by a Non -Resident Indian, long term capital gains arising to the non -resident Indian shall be taxed at a concessional rate of 10 percent (plus applicable surcharge and education cess ). The benefit of indexation of cost and the protection against risk of foreign exchange fluctuation would not be available.
24. Long-Capital gains (in cases not covered under section 10(38) of the Act) arising to a non resident Indian on transfer of Foreign Exchange assets, shall be exempt from tax under section 115F of the Act, if the net consideration is reinvested in specified assets or in any savings certificates referred to in section 10(4B), within six months of the date of transfer. However if only part of the net consideration is so reinvested, the exemption shall be proportionately reduced. The amount so exempted shall be chargeable to tax subsequently, if the specified assets are transferred or converted within three years from the date of their acquisition.
25. Return of income not to be filed in certain cases

Under provisions of section 115-G of the Act, it shall not be necessary for a non-resident Indian to furnish his return of income under section 139(1), if his income chargeable under the Act consists of only investment income or long term capital gains or both; arising out of assets acquired, purchased or subscribed in convertible foreign exchange and tax deductible at source has been deducted there from.

26. Other provision

Under section 115-I of the Act, a non resident Indian may elect not to be governed by the provisions of Chapter XII-A for any assessment year by furnishing his return of income under section 139 of the Act declaring therein that the provisions of the Chapter shall not apply to him for that assessment year and if he does so the provisions of this Chapter shall not apply to him, instead the other provisions of the Act shall apply.

#### **D. General Benefits Available to Foreign Institutional Investors (FIIs)**

27. By virtue of Section 10(34) of the Act, income earned by way of dividends referred to in section 115-O received on the shares of the company, is exempt from income tax in the hands of the shareholders.
28. Under section 10(38) of the Act, long term capital gain arising to the shareholder on transfer of equity shares in the company would be exempt from tax where the sale transaction has been entered into on a recognized stock exchange in India and is liable to Securities Transaction Tax (STT).
29. Under section 115AD(1)(ii) of the Act, short term capital gains on transfer of securities shall be chargeable @ 30% and 10% (where such transaction of sale is entered on a recognized stock exchange in India and is liable to STT). The Finance Act, 2008, has brought in an amendment to the effect that from

Assessment Year 2009 -2010, the rate of 10 percent stands increased to 15 percent. The above rates are to be increased by applicable surcharge and education cess.

30. Under section 115AD(1)(iii) of the Act income by way of long term capital gain arising from the transfer of shares (in cases not covered under section 10(38) of the Act) held in the company will be taxable @ 10 % (plus applicable surcharge and education cess). It is to be noted that the benefits of indexation and foreign currency fluctuations are not available to FIIs.
31. Under section 54EC of the Act, subject to the conditions and to the extent specified therein, long term capital gains [other than those exempt under section 10(38) of the Act] arising on transfer of shares of the Company would be exempt from tax, if such capital gain is invested within a period of 6 months after the date of such transfer in the bonds (long term specified assets) issued by –
  - National Highways Authority of India constituted under Section 3 of The National Highways Authority of India Act, 1988;
  - Rural Electrification Corporation Limited, the company formed and registered under the Companies Act, 1956

If only part of the capital gain is so reinvested, the exemption available shall be in the same proportion as the cost of long term specified assets bears to the whole of the capital gain . However, in case the long term specified asset is transferred or converted into money within three years from the date of its acquisition, the amount so exempted shall be chargeable to tax during the year such transfer or conversion. The cost of the long term specified assets , which has been considered under this Section for calculating capital gain, shall not be allowed as a deduction from the income-tax under Section 80C of the Act for any assessment year beginning on or after April 1, 2006.

Further, proviso to Section 54EC(1) provides that the investments made in the long term specified Asset on or after April 1, 2007 by any assessee during the financial year should not exceed 50 lakh rupees.

32. As per the amendment made by Finance Act, 2008, the amount of STT paid by an assessee in respect of taxable securities transactions offered to tax as “Profits and Gains of business or profession” shall be allowable as deduction against such Business Income. Consequently, the rebate under section 88E will no longer be available. The said amendments will come into effect from assessment year 2009 -2010.

#### **E. Benefits available to Mutual Funds**

As per the provisions of Section 10(23D) of the Act, Mutual Funds registered under the Securities and Exchange Board of India or Mutual Funds set up by Public Sector Banks or Public Financial Institutions or authorized by the Reserve Bank of India and subject to the conditions specified therein , would be eligible for exemption from income tax on their income.

#### **F. Benefits available to venture capital companies / funds**

Under section 10(23FB) of the IT Act , any income of Venture Capital companies / Funds (set up to raise funds for investment in venture capital undertaking notified in this behalf) registered with the Securities and Exchange Board of India would be exempt from income tax, subject to conditions specified therein . As per section 115U of the IT Act, any income derived by a person from his investment in venture capital companies / funds would be taxable in the hands of the person making an investment in the same manner as if it were the income received by such person had the investments been made directly in the venture capital undertaking.

#### ***Under The Wealth Tax Act, 1957***

Shares of the company held by the shareholder will not be treated as an asset within the meaning of section 2(ea) of Wealth-tax Act, 1957, hence, Wealth-tax Act will not be applicable.

#### ***Under The Gift Tax Act, 1958***

Gift tax is not leviable in respect of any gifts made on or after October 1, 1998. Therefore, any gift of shares will not attract gift tax.

#### **Notes:**

1. All the above benefits are as per the current tax law and will be available only to the sole/ first named holder in case the shares are held by joint holders.
2. The above Statement of Possible Direct Tax Benefits sets out the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of shares.
3. In respect of non-residents and foreign companies, the tax rates and consequent taxation mentioned above will be further subject to any benefits available under the Tax Treaty, if any, between India and the country in which the non-resident has fiscal domicile. As per the provisions of section 90(2) of the Act, the provisions of the Act would prevail over the provisions of the Tax Treaty to the extent they are more beneficial to the non-resident. In case the non resident has fiscal domicile in a country with which no Tax Treaty exists, then due relief under Section 91 of the Act may, in given circumstances, be available.
4. Our views expressed herein are based on the facts and assumptions indicated by the Company. No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to change from time to time. We do not assume responsibility to update the views consequent to such changes.
5. The views are exclusively for the use of the Company. We shall not be liable to the Company for any claims, liabilities or expenses relating to this assignment except to the extent of fees relating to this assignment, as finally judicially determined to have resulted primarily from bad faith or intentional misconduct. We will not be liable to any other person in respect of this statement.

## INDUSTRY OVERVIEW

We believe industry, market and government data used in this Letter of Offer is reliable and that the data used from the industry report is as current as practicable, and has not been independently verified.

This section has been prepared by taking the subject matter and the data points from “The Indian Entertainment & Media Industry – Sustaining Growth, Report 2008” (FICCI – PWC report 2008) prepared PricewaterhouseCoppers (PWC) and FICCI. With respect to this section that has been referenced from the report, please note that: While due care has been taken to ensure accuracy of the information contained in the report, no warranty, express or implied, is being made, or will be made, by FICCI and PWC. No part of this report may be published or reproduced in any form without FICCI and PWC’s prior written approval. FICCI and PWC are not liable for investment decisions which may be based on the views expressed in the report.

### The Entertainment and Media Industry

- In 2007, the entertainment and media industry recorded a growth of 17% over the previous year. The industry reached an estimated size of Rs. 513 billion in 2007, up from Rs. 438 billion in 2006. In the last four years 2004-2007, the industry recorded a cumulative growth of 19% on an overall basis.
- Television industry was the other industry which recorded a growth higher than the overall growth of the industry in 2007, having recorded a growth of 18% over the previous year and is estimated at Rs. 226 billion in 2007, up from Rs. 191 billion in 2006. In the last four years 2004-2007, the television industry recorded the third-highest cumulative growth of 21% on an overall basis after online advertising and radio.
- Foreign investments in the entertainment and media sector reached a record high of USD 211 million, approximately Rs. 8.5 billion in 2007. This was seen as result of the extremely high number of investment deals announced in 2006 and the years before. However, as compared to the overall receipts of foreign investment in the country, these receipts were a mere 1.5% of the total receipts in 2007.

Rs. Billion	2004	2005	2006	2007e	CAGR 2004-07
Television	128.7	158.5	191.2	225.9	
% Change		23%	21%	18%	19%
Filmed Entertainment	59.9	68.1	84.5	96.0	
% Change		14%	24%	14%	14%
Print Media	97.8	109.5	128.0	149	
% Change		12%	17%	16%	15%
Radio	2.4	3.2	5.0	6.2	
% Change		33%	56%	24%	37%
Music	6.7	7.0	7.2	7.3	
% Change		4%	3%	1%	3%
Animation, Gaming & VFX	-	-	10.5	13.0	
% Change				24%	-
Out-of-home advertising	8.5	9	10	12.5	
% Change		6%	11%	25%	14%
Online advertising	0.6	1	1.6	2.7	
% Change		67%	60%	69%	65%
<b>Total entertainment and media industry</b>	<b>304.6</b>	<b>356.3</b>	<b>438</b>	<b>512.6</b>	
% Change		17%	23%	17%	19%

Source: FICCI – PWC report 2008

### Key Trends in Media Consumption - 2007

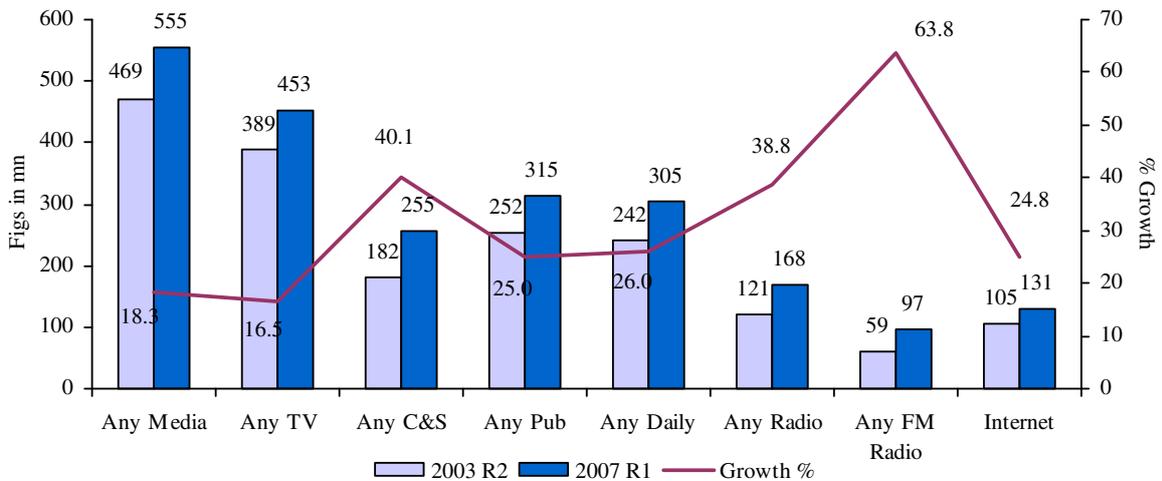
- Growth in media audience as per the data released in IRS 2007, in the last four years, India’s population has grown by 92 million individuals i.e. a growth of 12.5%. Of this, the media audience has increased by 86 million individuals i.e. a growth of 18.4%. High growth in television- cable and satellite Subscribers is driving the growth in media audience as per the research carried out. This

clearly indicates positive implications for the current as well as potential players in the television distribution industry.

- Rural is the new urban as per IRS 2007, the country is witnessing higher growth in literacy rates, better growth in females working and moving towards smaller household sizes. Further, rapid urbanization is concurrently escalating the working population along with growth in the extreme ends of the strata-SEC A as well as Sec E.
- The cumulative effect of the above factors has put the television distribution industry on a high-growth trajectory.

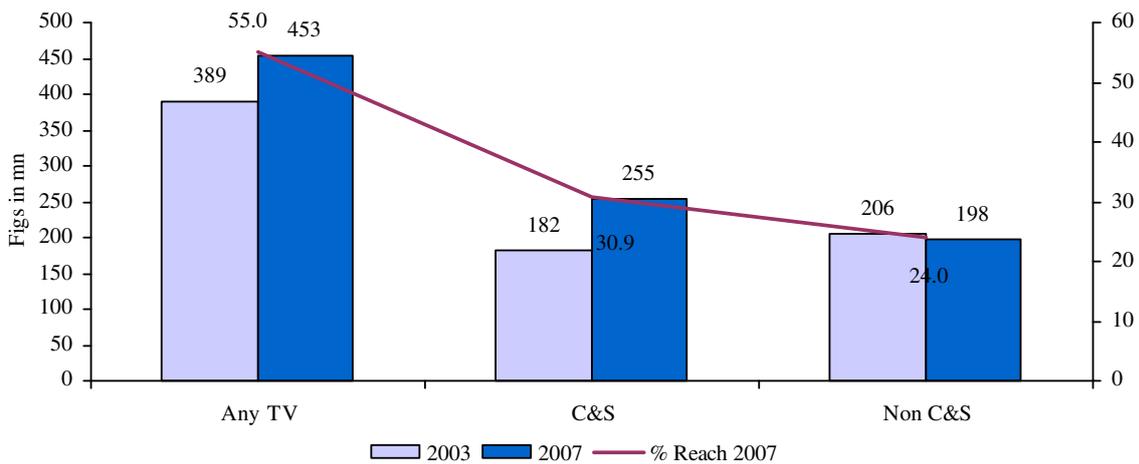
## Media Audience Reach Analysis

### Media Audience - All India



Source: FICCI – PWC report 2008

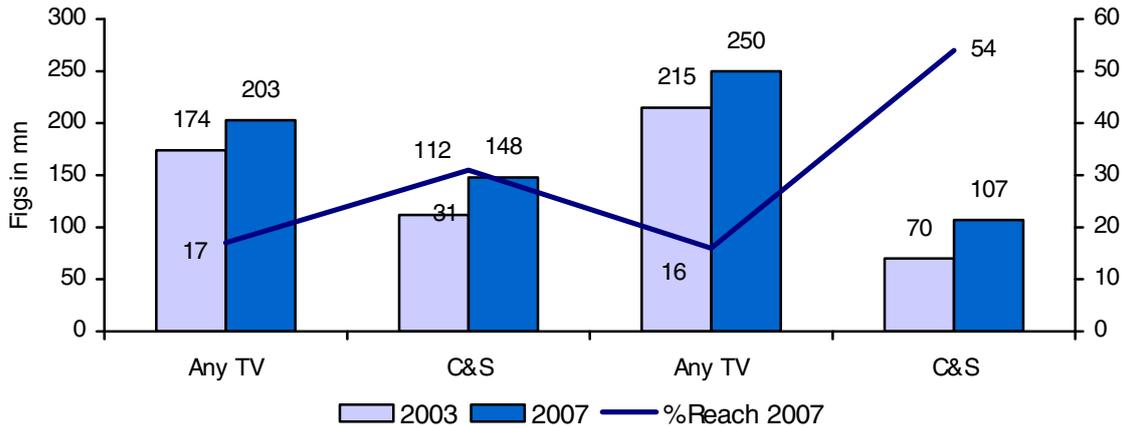
### Television Reach - All India



Source: FICCI – PWC report 2008

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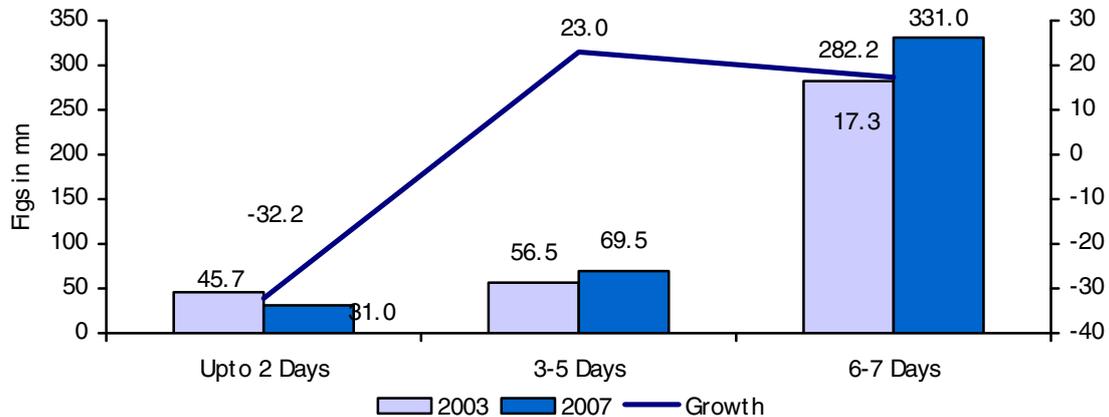
### Television Reach – Urban Vs Rural



Source: FICCI – PWC report 2008

So

### Frequency of Viewing Television



Source: FICCI – PWC report 2008

### Recent Key Trends in Television Industry

- Implementation of CAS in select areas**

On January 1, 2007, mandatory CAS was introduced in India, starting with select regions in the top 3 metros of India- Delhi, Mumbai and Kolkata. Chennai was the only other metro city where CAS was previously present. As this was a new development for India, the implementation of this limited CAS came along with several safeguards by the Government so as to protect the interests of the Indian consumers.

As of December 31, 2007, there were 503,233 STBs installed in these three CAS areas, higher to the number reported last year as at February 15, 2007 of 466,000 STBs. On a 3-city total basis, this amounts to an adoption rate of under 30%. The highest adoption rate was seen in Mumbai at 40%.

- Digitalization of delivery platforms**

Digitalization is setting in the Indian television distribution network. 2007 witnessed an increasing penetration of digital networks, though the adoption of CAS was slower than expected. Clarity was brought in on IPTV regulations and this is expected to pave way for both cable operators and telecom companies to foray into IPTV without the need of any additional licenses. There have been numerous initiatives by television Broadcasters in bringing various types of repurposed television content on the mobile handsets these include Star TV's launch of PLUS application, Essel group's DMCL (Digital Media Convergence Limited) collaboration with BSNL to launch a Mobile TV application ISEE and others.

- **Increased investments in the sector**

As in the previous year, the television segment saw the maximum number of investments and alliances both from financial standpoint as well as from the strategic point. Some of the strategic alliances in 2007 include NBC Universal picking up a 25% stake in NDTV, Viacom and Network18 joint-venture for launching television channels and foraying into film production and Turner forming a joint venture with Miditech to launch television channels.

- **Launch of new TV channels**

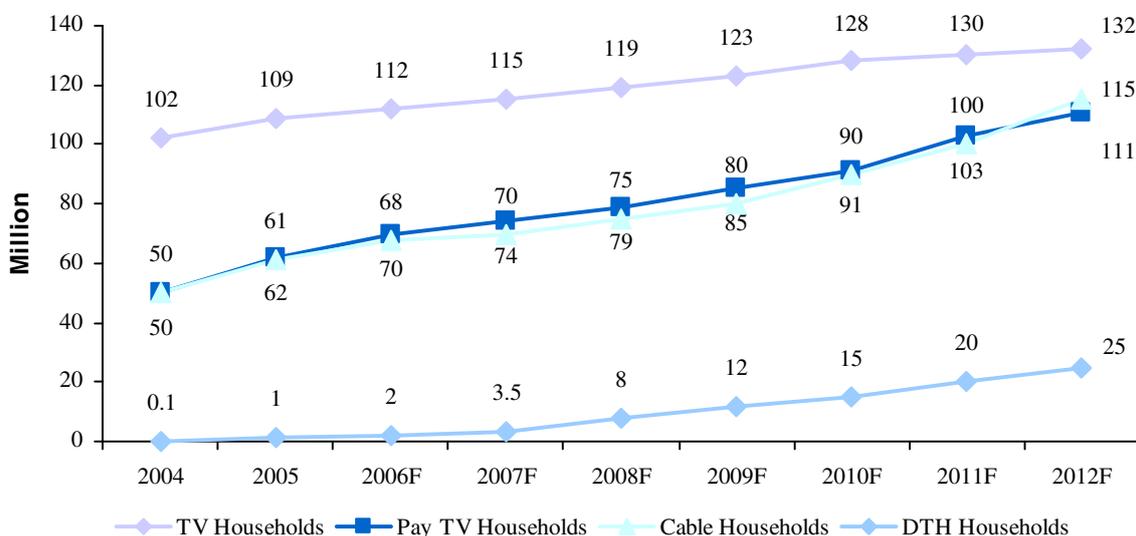
The year 2007, as in the previous 3 years, saw several new channels launched. However, what was unique in 2007 was the launch of two new ‘General Entertainment channels’ (GEC) – INX Group’s 9X and NDTV Group’s NDTV Imagine in a space has been dominated by three incumbent channels Star Plus, Zee TV and Sony for several years. Both these channels were launched by ex-executives of Star Plus and their respective teams

- **Television content on the mobile handsets**

Star Mobile Entertainment, a division of Star India, announced the launch of its mobile application PLUS on Sony Ericsson handsets; Essel group’s DMCL (Digital Media Convergente Ltd) in collaboration with BSNL launched a mobile TV application ISEE; NDTV launched its online and mobile portal from its division NDTV Convergence titled Mobile.NDTV.com which enables mobile users to view NDTV content on their mobile handsets.

## Television Distribution Trends

### TV Households



Source: FICCI – PWC report 2008

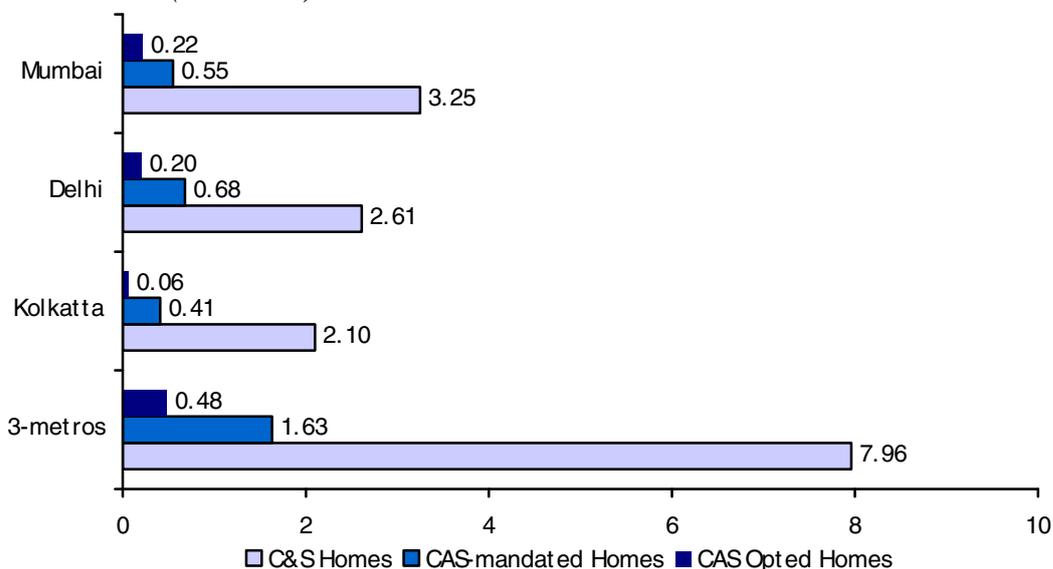
### Implementation of CAS in select areas

On January 1, 2007, mandatory CAS was introduced in India, starting with select regions in the top 3 metros of India- Delhi, Mumbai and Kolkata. Chennai was the only other metro city where CAS was previously present. As this was a new development for India, the implementation CAS came along with several safeguards by the Government so as to protect the interests of the Indian consumers:

- As the Government of India was concerned about the price charged to the consumers in the CAS areas, a price cap of Rs. 5 per channel per month was imposed for all channels irrespective of the genre of the channel and which city the Subscriber belonged to

- To keep this price cap viable for MSOs and LCO, the Government also regulated the prices at which Broadcasters would provide content to them- which was fixed at Rs. 2.25 per channel per month
- The Government also regulated the revenue sharing between the Broadcaster, MSO and LCO in the ratio of 45:30:25 respectively
- The Government also made it mandatory for all Pay Channels to be made available on an a-lacarte basis by Broadcasters and a provision of a minimum of 30 Free-to-Air channels at a rate of Rs. 77 per month plus taxes
- In end-2007, TRAI also issued its recommendations on the digitalization and implementation of voluntary CAS. These recommendations are currently pending decision with the Government. Some of the key recommendations include:
  - Voluntary CAS is perceived to be a non-starter unless the date from which addressability will be implemented is mandated, and unless the interconnection and tariff are also mandated for the initial roll out period. This is because in a town or a city, where there are several MSOs and cable operators, CAS on voluntary basis will succeed only if all MSOs and cable operators voluntary agree to roll out CAS simultaneously, and they also enter into interconnection agreements with all the Broadcasters accordingly. This is very difficult to achieve on a purely voluntary basis in a deregulated environment.
  - Hence it is recommended that the date of roll out of CAS should be mandated for 55 cities in the country i.e. all state capitals, and all other cities with a population of one million and above. This should be done in phases beginning with October 2008, and ending with September 2011.
  - It was also recommended that the existing CAS regulatory framework should be extended to these cities for roll out of CAS, but only for a limited period of one year. Thereafter, CAS will be continued on voluntary basis. However, Quality of Service (QoS) Regulations would continue to apply.
  - Present CAS regulatory framework should also be extended to MSOs/ cable operators which want to implement CAS on voluntary basis in other cities. For them, the CAS regulatory framework will be made available for a period of two years.

#### *CAS Households (In Millions)*



#### *Benefits of Digitization of Cable Networks*

- Digitization of cable networks will provide significantly higher capacity to carry channels than the current capacity in the analog networks which thus allows cable networks to offer a wider range of channels which can cater to a variety of genres and demographics.

- Digitization brings addressability to the distribution market and hence provides accurate data on viewership- this not only brings transparency in sharing revenue by the value-chain players but also to advertisers, who currently have no scientific basis to measure viewership.
- Digital cable networks typically also allow operators to provide “triple-play services” i.e. other than TV channels, internet and telephony can also be provided to consumers through the same cable fibre.
- ‘Video-on-demand’ is one of the key features that can be provided on digital cable networks- unlike the DTH services where the reverse path of communication cannot be via satellite and hence another communication line is required to be used by the consumer. Premium content and interactive-TV services are some of the other features possible on digital cable.
- Digitization enables encryption and thereby secures content that is being distributed on the content, thereby guarding the virtues of a media economy and productivity of the creative value chain.
- Since digitization allows provision of several channels and new ancillary services like educative games etc. on the same cable fibre, this gives operators the flexibility of providing attractive packages to consumers by bundling various services.
- From a consumer’s point of view- not only does the consumer benefit from receiving several new services which were otherwise not possible on analog cable, the bundling of these by a single operator using the same cable fibre makes it commercially attractive for the operator- the benefits of which is likely to be passed to the consumers as lower prices for such bundled packages.

### **Performance of Indian Television Industry in 2007**

- Indian Television Industry has grown at a healthy rate of 21% over the last four years, having grown by 13% in 2007 over the previous year. The Indian Television Industry stands at Rs. 226 billion in 2007 having grown from Rs. 191 billion in 2006.
- Television distribution industry in 2007 contributed 60% of the television industry’s revenues; its share in the television industry having increased by two percentage points in the last four years from 58% in 2004. The television distribution industry has also achieved the highest growth rate of 22% in the last four years as compared with the other segments in the television. In 2007, it stands at an estimated Rs. 136 billion up from Rs. 117 billion in 2006.
- The television advertising industry has grown by 19% over the last four years, however, has lost its share by 1% in the advertising pie in the same period. In 2007, television advertising industry contributes 35% of the television industry’s revenues as compared with 37% in 2004. In 2007, it stands at an estimated Rs. 80 billion up from Rs. 66 billion in 2006.
- Television content segment has maintained a steady and healthy growth rate of 18% over the last four years and achieved a similar growth rate from the previous year. It’s share in the television industry too has not changed materially and stands at 4% in 2007. In 2007, it stands at an estimated Rs. 9.4 billion up from Rs. 8 billion in 2006.
- Share of the television distribution industry has been the highest at 22% in the overall growth rate of 21% achieved by the television industry in the last four years. The growth in the television industry has been contributed by 14% increase in the subscription (pay) TV homes and 7% growth in the subscription spending by these homes.
- Television content industry has contributed 18% of the growth in the overall growth rate of 21% achieved by the television industry in the last four years, though its share is limited to 4%. Growth achieved by the television content industry is on account of significant increases in the number of television channels in India. In addition, this growth has necessitated the need for differentiation and hence higher emphasis is being placed on the quality of television content being produced.

### **Indian Television Industry**

<b>Rs. Billion</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007e</b>	<b>CAGR 2004-07</b>
Television Distribution	75.0	97.0	117.0	136.5	
<i>% Change</i>		29%	21%	17%	22%
Television Advertising	48.0	54.5	66.2	80.0	
<i>% Change</i>		14%	21%	21%	19%
Television content	5.7	7.0	8.0	9.4	

<i>% Change</i>		23%	14%	18%	18%
Total	128.7	158.5	191.2	226.0	
<i>% Change</i>		23%	21%	18%	21%

Source: FICCI – PWC report 2008

Million	2004	2005	2006	2007e	CAGR 2004-07
TV households	102.0	109.0	112.0	115.0	
<i>% Change</i>		7%	3%	3%	4%
Pay TV households	50.0	62.0	70.0	74.0	
<i>% Change</i>		24%	13%	5%	14%
Cable TV households	50.0	61.0	68.0	70.0	
<i>% Change</i>		22%	11%	3%	12%
DTH households	0.1	1.0	2.0	3.5	
<i>% Change</i>		900%	100%	75%	227%

Source: FICCI – PWC report 2008

Penetration (%)	2004	2005	2006	2007e	CAGR 2004-07
TV households	57.0	59.0	59.0	59.0	
<i>% Change</i>		4%	0%	0%	1%
Pay TV households	49.0	57.0	63.0	64.0	
<i>% Change</i>		16%	10%	2%	9%
Cable TV households	49.0	56.0	61.0	61.0	
<i>% Change</i>		14%	8%	0%	7%
DTH households	0.0	1.0	2.0	3.0	
<i>% Change</i>		836%	95%	70%	214%

Source: FICCI – PWC report 2008

### Outlook for the Television Industry

The Indian television industry is projected to grow by 22% over the next five years, projected to reach an estimated Rs. 600 billion in 2012 from the present estimate of Rs. 226 billion in 2007.

A shift is projected within the relative shares of the television distribution and television advertising industry over the next five years by 2-3%. Hence, television distribution is projected to garner a share of 63% in 2012, up from 60% in 2007; on the other hand, television advertising industry is projected to command a share of 33% in 2012, having decreased from a present share of 35% in 2007. The relative share of the television content industry is expected to remain the same at 3-4%, though in respect to quantum growth, the television content industry is expected to grow by 16% over the next five years.

Television distribution industry is expected to reach Rs. 380 billion in 2012 from the current estimated size of Rs. 136 billion in 2007, which translates into a growth of 23% on cumulative basis over the next five years. The growth in the television distribution industry is expected to be contributed by both subscription spending by Pay TV subscribers as well as growth in the Pay TV homes, though the former is likely to have an edge.

The growth in the television distribution industry is expected to be contributed by both subscription spending by pay TV subscribers as well as growth in the pay TV homes. The pay TV homes are projected to increase from 74 million in 2007 to 115 million in 2012. Currently, cable TV homes command a penetration of 95% of the pay TV homes in 2007. Cable homes are projected to increase from 70 million in 2007 to 90 million by 2012 taking their penetration up from 61% of the television homes in 2007 to 68% in 2012. This growth is projected to be largely from semi-urban and rural areas. Television homes are projected to increase from 115 million in 2007 to 132 million by 2012 at a growth rate of 3% over the next five years.

The key drivers for the cable TV business are expected to be as follows:

- CAS implementation & digitalization in 55 cities
- Increased spends by competition in educating Subscribers
- Adult content

- Content superiority & expansion
- Brand Strategy
- Service Excellence
- Distribution reach
- Continuing growth of high end televisions
- Robust growth of the Indian economy
- Launch of new technology like HITS

<b>Rs. billion</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007e</b>	<b>2008f</b>	<b>2009f</b>	<b>2010f</b>	<b>2011f</b>	<b>2012f</b>	<b>CAGR 08-12</b>
Television Distribution	75.0	97.0	117.0	136.5	167.0	204.0	253.0	310.0	380.0	
<i>% Change</i>		29%	21%	17%	22%	22%	24%	23%	23%	23%
Television Advertising	48.0	54.5	66.2	80.0	100.0	120.0	150.0	175.0	200.0	
<i>% Change</i>		14%	21%	21%	25%	20%	25%	17%	14%	20%
Television content	5.7	7.0	8.0	9.4	11.0	12.8	16.0	18.0	20.0	
<i>% Change</i>		23%	14%	18%	17%	16%	25%	13%	11%	16%
Total	128.7	158.5	191.2	225.9	278.0	336.8	419.0	503.0	600.0	
<i>% Change</i>		23%	21%	18%	23%	21%	24%	20%	19%	22%

Source: FICCI – PWC report 2008

<b>Million</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007e</b>	<b>2008f</b>	<b>2009f</b>	<b>2010f</b>	<b>2011f</b>	<b>2012f</b>	<b>CAGR 2008- 12</b>
TV Households	102.0	109.0	112.0	115.0	119.0	123.0	128.0	130.0	132.0	
<i>% Change</i>		7%	3%	3%	3%	3%	4%	2%	2%	3%
Pay TV Households	50.0	62.0	70.0	74.0	79.0	85.0	91.0	103.0	115.0	
<i>% Change</i>		24%	13%	5%	7%	8%	7%	13%	12%	9%
Cable TV Households	50.0	61.0	68.0	70.0	71.0	73.0	76.0	83.0	90.0	
<i>% Change</i>		22%	11%	3%	1%	3%	4%	9%	8%	5%

Source: FICCI – PWC report 2008

<b>Penetration (%)</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007e</b>	<b>2008f</b>	<b>2009f</b>	<b>2010f</b>	<b>2011f</b>	<b>2012f</b>	<b>CAGR 2008- 12</b>
TV Households	57.0	59.0	59.0	59.0	60.0	60.0	61.0	61.0	62.0	
<i>% Change</i>		4%	0%	0%	1%	1%	2%	1%	1%	1%
Pay TV Households	49.0	57.0	63.0	64.0	66.0	69.0	71.0	79.0	87.0	
<i>% Change</i>		16%	10%	2%	4%	4%	3%	11%	10%	6%
Cable TV Households	49.0	56.0	61.0	61.0	60.0	59.0	59.0	64.0	68.0	
<i>% Change</i>		14%	8%	0%	-2%	-1%	0%	8%	7%	2%

Source: FICCI – PWC report 2008

## OUR BUSINESS

### Business Overview

We are one of the group companies of the Essel group. The Essel group has diverse national and global business interests, encompassing packaging – laminated tubes (Essel Propack Limited and Engoron), media - television/ electronic media (ZEEL, Zee News Limited, the Company and Dish TV India Limited), online lotteries (Playwin), outdoor family entertainment and multiplexes (Essel Infraprojects Limited and E-City Entertainment (India) Private Limited), newspaper publishing (DNA), real estate business and Indian cricket league (in partnership with IL&FS). The Essel group is headed by Mr. Subhash Chandra.

We are involved in distribution of TV channels through our cable network. We are known as a MSO, providing the content from the Broadcaster to the LCOs. Historically, we have provided content through analogue cable system. Recently, with implementation of CAS in Delhi, Kolkata and Mumbai, we have started providing content through digital cable system with approximately 225 digital channels. We have also installed digital HEs in the non-CAS cities of Bangalore and Lucknow.

We are an MSO in the cable TV industry with a pan India presence. We deliver approximately 90 channels on the existing analogue network. As on August 31, 2009, our network had presence in 107 cities across India including the 3 metros (Mumbai, Delhi and Kolkata) operating from 8 regional offices and having approximately 4000 franchisee LCOs with around 500 employees. We deliver channels through 73 analogue HEs and 5 digital HEs.

### Company History

ZEEL (formerly known as Zee Telefilms Limited) is the flagship company of the Essel group and is one of the largest vertically integrated entertainment and media company in India. ZEEL and Siti Cable Network Limited operated a cable TV distribution system in India. With a view to consolidate the cable TV distribution business of all group companies into a single entity, the management of the group thought it prudent to de-merge the cable TV business undertaking of ZEEL and Siti Cable Network Limited into the Company pursuant to the Scheme of Arrangement. As per the Scheme of Arrangement, the entire cable TV business undertaking of ZEEL and Siti Cable Network Limited was transferred in favour of our Company. For further details on the Scheme of Arrangement, see section titled “History and Certain Corporate Matters” on page 91 of this Letter of Offer.

### Our business activities

The primary business activities of our Company are as follows:

- Cable TV subscription;
- Channel placement;
- Advertisement and
- Leasing out cable network infrastructure.

#### *Cable TV subscription*

We provide cable TV subscription service by using following models:

##### *Analogue cable model*

As a business strategy we have invested in HEs, cable plants and cable equipments. Setting up of cable TV distribution is a capital intensive as well as logistically challenging venture. LCOs generally find it difficult to manage such infrastructure and logistics. In the analogue cable model, the Broadcaster sends encrypted signals via satellite which are captured and down-linked by our HEs and further decrypted, aggregated and sent across to the LCOs through cable feed. The LCOs further send the decrypted signals to the end users/Subscribers.

##### *Digital cable model*

TV signals can be provided to the Subscriber in the digital mode. For this a digital cable HE needs to be put up by the MSO. This digital mode of transmission allows for implementation of CAS. CAS brings in addressability and transparency in accurately tracking Subscribers and allowing specific channels to be viewed by specific Subscribers as per their choice. In digital cable, the Broadcaster sends encrypted signals via satellite which are

captured at our headend, decrypted, aggregated and then again encrypted. The encrypted signal is then sent through the fibre network to the LCO and onward to the Subscriber. The Subscriber needs a STB which has a smartcard that decrypts/decodes the signal so that these can be viewed on a conventional TV set. The smart card is authorized through a centralized SMS to decrypt only those channels which a Subscriber has opted. Digital transmission frees up the bandwidth and on the same cable that delivers just 90 channels in analogue, upto 1000 channels can be delivered in digital format. In addition the quality of picture and sound is better in digital cable as compared to analogue. In digital cable transmission through conditional access, the Subscribers pay only for the channels they wish to subscribe to. Digital cable transmission also ensures transparency and allows for all the participants in the distribution chain to claim their share of subscription revenues. The digital cable can be used to provide various value added services to the Subscribers such as EPG, movie on demand, games, parental lock, etc.

#### *'Internet over Cable' project*

We have launched 'Internet over Cable' services in Bangalore. 'Internet over Cable' provides internet through cable lines which is considered faster than the traditional dial-up. It provides high speed internet with better quality at economical cost.

#### *Channel placement*

We are a MSO in India having a presence in 107 cities. Our analogue infrastructure is capable of delivering upto 100 channels. There are different frequencies on which we run these channels. Some frequencies, primarily in analogue cable TV distribution markets, commands premium in market. Broadcaster pays premium for placing their channels on these frequencies. We have entered into various bandwidth charges agreements with Broadcasters such as Sony, TV 18 group and Star Network Channels for channel placement.

#### *Advertisement*

As a cable TV network operator, we have initiated city specific channels and interactive local channel such as Siti Delhi, Siti Noida, Siti Greater Noida, Siti Mumbai and Siti Kolkata. These channels air local content. We have also initiated dedicated movie channels across cities. Our advertising revenue comes from "scroll advertising" (the ticker at the bottom of the screen), "commercials", "stills", "movie promos", "song promos", and "telemarketing", on these local channels.

#### *Leasing out cable network infrastructure*

We have cable infrastructure in 45 cities in India. To make the optimum utilization of our infrastructure/assets, we lease out these infrastructure facilities to other MSOs.

#### **Our Competitive Strengths**

We believe that the following are our principal competitive strengths:

- ***MSO with pan India presence:*** We are a MSO in the cable TV service business. We have presence in 107 cities. We operate 73 analogue HEs and 5 digital HEs and provide input to approximately 4000 LCOs.
- ***Our operation, technical and management team:*** We believe that our qualified and experienced promoters, management and technical team have contributed to our growth and play a pivotal role in implementation of our strategies. We believe that our experienced and skilled technical team is our key strength in sustaining our business operations. Our management team is well placed to provide strategic leadership and direction to explore new emerging opportunities in these sectors as well as constantly improve our current operations. We have recruited several professionals with domain expertise in critical areas. We believe our strong operational, technical and management team provides us with a significant competitive edge. As on August 31, 2009 we have around 500 direct employees.
- ***HITS – First mover advantage:*** Dish TV India Limited., one of our Group Companies, is the first licensee of HITS services in India. We have entered into a business tie-up/arrangement with Dish TV India Limited, to undertake the digitalization and addressability in the cable TV sector by distributing various channels to MSO(s)/LCOs through the HITS platform. We are the authorized "content aggregator" for the HITS platform. We believe we have the first mover advantage in the HITS technology. We believe, that through HITS distribution, we will have ability to provide digital cable

even in smaller towns and cities, villages where scale makes stand-alone digital HEs unviable. Another key advantage of HITS is that it allows for speedy and easy rollout of digital cable. The equipment required at any location to start a digital service is of low cost and can be installed within a week.

- **Promoter backing:** Our Company is promoted by Essel group, an experienced player in media and entertainment industry with requisite industry domain knowledge and wide spread awareness of the brand of the group.
- **Multi-tiered / regional packages:** The content is offered at various price points to customers based on the viewer preference and capacity to pay. This helps us in driving numbers from different consumer segments, both demographically as well as geographically.

## **Our Strategy**

In 2007, the entertainment and media industry, recorded a growth of 17% over the previous year. The industry reached an estimated size of Rs. 513 billion in 2007, up from Rs. 438 billion in 2006. In the last four years 2004-2007, the industry recorded a cumulative growth of 19% on an overall basis (Source: FICCI-PWC report 2008). Television and entertainment media are reportedly on a high growth trajectory, as is the consumers' capacity & propensity to spend on lifestyle products.

- **Increase our digital subscriber base and reduce churn**  
Our Company plans to provide Subscribers with high quality digital TV signals, a sophisticated Subscriber management and billing system by which consumers can choose channels they want to watch and pay only for those channels. Digital cable TV plans to provide Subscribers with facilities such as ability to make request for channels to be added or deleted from their chosen set through multiple modes viz. telephone, internet etc. Our current digital cable TV service is being supported by a 24x7 customer care service center.

Customization of channel packages and value added services like video-on-demand, EPG, option for user created favourite channel list, parental lock and internet services are expected to differentiate us versus our competition.

- **Partner with the LCOs**  
To leverage on the existing network and customer relationships of the franchisee LCOs and tie up with more LCOs. We believe in maintaining harmonious relationship and working together with the LCOs for faster conversion from analogue to digital cable services. We will lend our service efforts and collections support to the LCOs.

For the existing analogue business, our Company will focus on increasing revenue, especially bandwidth charges and will keep expenses in control. Strategically, this base of analogue customers serve as a major pool of potential digital cable Subscriber base.

## **Our Business Drivers**

- **HITS**  
We have a strategic arrangement/ tie-up with Dish TV India Limited – the licensed HITS service provider, for delivery of various TV channels through HITS technology to various MSO(s)/LCOs. The digital services offered through HITS platform is being branded as “SITI Satellite Cable TV”. HITS is a satellite based platform which delivers multi channel television signals in digital format to franchisees and LCOs. HITS is planned to be launched in a phased manner across India.

Distribution of channels through HITS technology is expected to enable our Company for a pan India digital cable roll-out in shorter period as compared to the individual digital head-end by providing the same to LCOs, large housing projects, townships, hotels, hospitals with digital signals. Apart from the investments in the receiving unit for the HITS, the LCOs will not need additional investments on a local digital head-end, separate SMS and conditional access arrangement. HITS transmission is centralized which enable operator to maintain signal quality and content standard.

- **SITI Digital Cable Television**  
SITI digital cable television is offered by our Company in Mumbai, Delhi, Kolkata, Ludhiana, Lucknow, Pune and Bangalore through locally installed digital HEs. These digital HEs deliver superior picture and sound quality as compared to the conventional analogue cable TV. Digital cable TV is

capable of delivering upto 1000 channels. We have been able to give value added features to the Subscribers like EPG, creating favourite channel list, parental lock, radio channels, games (through STB), multilingual functions for channels offered in more than one language. Digital cable TV is also able to offer local city channels covering local events that are of interest to viewers in that city.

- ***SITI Broadband***

Our Company provides broadband internet service through its cable infrastructure using the CMTS technology by Ethernet local area networks. Going forward, our Company intends to give hybrid model of both wire (through cable) and wireless technology (through wi-fi) so that we are able to offer both B-2-B (corporates, cyber cafes, etc.) and B-2-C (retail customers). Currently we have launched this service in Bangalore and we plan to extend the same to all the metros.

- ***Value Added Services: SITI Show***

We are planning to introduce 'on-demand' movie services for all our digital customers under brand 'SITI Show'. Through this, the customers can order and watch movies of digital quality, without any advertisement breaks. We plan to provide the customers multiple ordering options through a phone call to our call centres, send text messages or request on the website. This service is currently under trial run.

- ***Customer Service: SITI Care***

To strengthen our Company's customer service focus, our service support is branded as SITI Care. Following are the access routes:

- 24x7 regional call centres at Mumbai, Kolkata, Bangalore, Delhi, Lucknow and Ludhiana
- Via email
- text message
- Post the request on website

- ***Infrastructure Facilities***

The technology infrastructure of our Company spreads across 9 locations in India. These locations are connected over high speed MPLS links, along with internet link. Our Corporate Office and regional offices are under single domain active directory, which allows centralized control and standardization of services across organization.

Our Company and Dish TV India Limited under a strategic business tie up/arrangement, have introduced HITS a satellite based delivery platform for millions of customers through LCOs and franchisees across India. HITS is expected to enable pan India roll-out of digital services in short period by providing LCOs, large housing projects, townships, hotels, hospitals, educational institutions with digital signals. LCOs do not need additional investments on a local digital HE, separate SMS and CAS. HITS gives superior customer experience since the transmission is centralized which enable operator to maintain signal quality and content standard.

To ensure that signal quality is maintained in this process, a state-of-the-art digital control room has been set up in Noida where input and output signal are continuously monitored by trained engineers.

- ***Distribution Network***

We market our services directly and through distributors to approximately 4000 franchisee LCOs. We also have our own Subscriber base where we market our services directly to them. Currently we operate in 107 cities including in 3 metros (Mumbai, Delhi and Kolkata). We plan to expand our presence by acquiring cable network either wholly or through partnership with other MSOs / LCOs.

The STB technology consist of DVB standard, MPEG format for providing high quality of video and audio digital TV services / channels. Our STB is capable of providing / supports large number of video / audio channels, EPG and it is enabled with middleware software, which is capable of providing, value added services / applications.

- ***New Brand Architecture***

Our Company has realigned its current business processes and systems with the objective to provide customer satisfaction with a strong focus on customer needs. In line with this, the Company has unveiled complete new brand architecture for its corporate brand and services.

All the products and services were consolidated under “SITI” brand. The product and services brand are given below:

- Cable TV services is branded as SITI Network
- Digital cable TV is branded as SITI Digital
- Distribution of digital services through HITS is branded as SITI Satellite
- Local channels are branded as SITI TV
- Internet is branded as SITI Broadband
- Video-On-demand services is now branded as SITI Show

## **Risk Management and Internal Control System**

### • **Risk Identification**

Our Company has identified external and internal risk events that must be managed in the context of each of the Company’s business’ strategy and specific business objectives. These risk events are assessed by senior managers of the business on defined criteria and prioritized for development of risk mitigation plans. Broadly risks are classified into strategic, operations, financial and knowledge risks, which are further drilled down to market structure, process, systems, legal, governance and people culture.

### • **Risk mitigation**

This step comprises developing of a mitigation plan for the risks identified and to be treated on priority.

### • **Risk monitoring and assurance**

Key risks are managed through a structure that cascades across the corporate and business. At the corporate level, senior management is responsible for the risk management process and reviewing the implementation and effectiveness of mitigation plans.

Apart from business risks, the Company is exposed to risks on account of interest rate, foreign exchange, commodity pricing and regulatory changes, the details of which are as follows:

### • **Foreign exchange risk**

We are exposed to foreign exchange rate fluctuation risk on account of our foreign exchange exposure and may impact our Profit & Loss account if the rate moves adversely.

### • **Interest rate risk**

We are also exposed to change in the interest rate structure and will impact our Profit and Loss account if rates fluctuate.

## **Insurance**

Given our business activities, we believe that our Company’s insurance coverage is adequate. The Company maintains insurance coverage with leading Indian insurers, such as the Oriental Insurance Company Limited and National Insurance Company Limited, for various operations of the Company. The insurance coverage generally includes coverage for fire and allied perils, third party liability etc.

## **Competition**

The Company’s business plan faces a direct competition from other large MSOs, like InCable, DigiCable, Hathway and You Telecom. There is also competition from alternate distribution technology for digital television like DTH with players like Dish TV, TATA Sky, DD Direct, Sun Direct, Airtel Digital TV and BIG TV. We also face potential competition from DTH players to be launched such as Videocon and IPTV with players such as MTNL and BSNL. We also face competition in broadband residential business primarily from Sify, Reliance and Hathway.

## **Employees**

The Company employs a number of well-qualified and skilled employees. The Company's senior management, including the heads of each department are professionally qualified. The Company's staff includes engineers, marketing specialists, costing consultants, procurement officers and accountants.

The Company's work force presently consists of a growing number of employees, in addition to outsourced staff. As of August 31, 2009 the Company has around 500 employees.

## **Employee Compensation**

The Company's employee compensation and benefits include salaries and health insurance. The Company's pension contributions in respect of the Company's employees are limited to those contributions required to be made by the Company under Indian law to state-run compulsory pension programs.

## **Labor Relations**

The Company's employees are not unionized and the Company has not experienced any work stoppages or significant labor disruptions during the Company's operational history.

## **Properties**

The Company operates out of certain owned and leases premises for its operational activities. The properties were transferred to us pursuant to the Scheme of Arrangement. For more details on the Scheme of Arrangement, see section titled "History and Certain Corporate Matters" on page 91 of this Letter of Offer.

## **Intellectual Property**

The Company has registration over its trademark 'WWIL' under class 9, 16 and 38 which is valid till January 28, 2017. Additionally, pursuant to the Scheme of Arrangement, the entire cable business undertaking of ZEEL and Siti Cable Network Limited, including all approvals and intellectual property rights, in connection with or pertaining to or relatable to their cable business undertaking, were transferred to the Company as a going concern, from March 31, 2006. However, the Company has filed application with the regulatory authority in order to substitute the name of the Company in place of the name of 'Siti Cable Private Limited' in the trademark registrations already received or pending registrations. For details of the applications regarding substitution of name for registered trademarks as well as pending registrations, see section titled 'Pending Applications' on page 346 of this Letter of Offer.

## REGULATIONS AND POLICIES

*We are engaged in the business of establishing cable business networks. Since our business involves the appointment of distributors in providing cable services to end consumers through cable operators and franchisees and also taking commercial premises for establishment of control room/head end along with running network in various states, it is subject to central and state legislation which regulates substantive and procedural aspects of running of cable network business of our Company. The following is a brief overview of the salient laws and regulations which are relevant to our business.*

### CENTRAL LAWS

#### ***The Telecom Regulatory Authority of India Act, 1997***

The Telecom Regulatory Authority of India Act, 1997 (“TRAI Act”) came into force with retrospective effect from January 25, 1997 to provide for the establishment of the Telecom Regulatory Authority of India (“TRAI”) and the Telecom Disputes Settlement and Appellate Tribunal for regulating telecommunication services, adjudication of disputes, disposal of appeals, to protect the interest of service providers and consumers of the telecom sector and to promote and ensure orderly growth of the telecom sector and matters connected therewith or incidental thereto. TRAI Act among other things provides for adjudication of disputes between licensor and licensees or between two or more service providers or between the service provider and a group of consumers.

The TRAI Act entrusts various powers on the TRAI to discharge functions relating to terms and conditions relating to licenses granted to service providers, ensuring technical compatibility and effective inter-connection between different service providers, regulating arrangement amongst service providers for sharing their revenue derived from telecommunication services, levying fees and other charges at rates and in respect of services provided. The TRAI Act also mandates the TRAI to undertake administrative and financial functions as may be entrusted to it by the Central Government.

The Ministry of Communication and Information Technology, Department of Communication has issued a notification No.S.O. 44(E) (file No.13-1/2004–Restg.) whereby the broadcasting services and cable services have been notified as telecommunication services under TRAI Act, 1997. In order to streamline and regulate broadcasting and cable sector, TRAI has framed various regulations and has issued various notifications, tariff orders and directions from time to time.

#### ***Copyright Act, 1957***

The Copyright Act, 1957 (“Copyright Act”) governs copyright protection in India. Under the Copyright Act, copyright may subsist in original literary, dramatic, musical or artistic works, cinematograph films, and sound recordings. Following the issuance of the International Copyright Order, 1999, subject to certain exceptions, the provisions of the Copyright Act apply to nationals of all member states of the World Trade Organization.

While copyright registration is not a prerequisite for acquiring or enforcing a copyright in an otherwise copyrightable work, registration constitutes *prima facie* evidence of the particulars entered therein and creates a rebuttable presumption favoring the ownership of the copyright by the registered owner. Copyright registration may expedite infringement proceedings and reduce delay caused due to evidentiary considerations. Once registered, copyright protection of a work lasts for a period of 60 years following the death of the author.

The Copyright Act grants every broadcasting organisation, a special right known as the broadcast reproduction right which subsists until 25 years from the beginning of the calendar year next following the year in which such broadcasting was made. Any re-broadcasting, recording reproduction or making the broadcast available to the public without a license from the holder of the broadcast reproduction right would be deemed to be an infringement of the broadcast reproduction right. Infringing of copyright under the Copyright Act would entail imprisonment.

The remedies available in the event of infringement of copyright under the Copyright Act include civil proceedings for damages, account of profits, injunction and the delivery of the infringing copies to the copyright owner.

The Copyright Act also provides for criminal remedies including imprisonment of the accused and the imposition of fines and seizures of infringing copies. Other remedies are administrative or quasi judicial remedies which are prosecuted before the Registrar of Copyright to ban the import of infringing copies into India and the confiscation of infringing copies.

## **Trademarks**

The Trade Marks Act, 1999 (the “Trademark Act”) governs the statutory protection of trademarks in India. In India, trademarks enjoy protection under both statutory and common law.

Indian trademark law permits the registration of trademarks for goods and services. Certification trademarks and collective marks are also registrable under the Trade Mark Act.

An application for trademark registration may be made by any person claiming to be the proprietor of a trademark and can be made on the basis of either current use or intention to use a trademark in the future. The registration of certain types of trade marks are absolutely prohibited, including trademarks that are not distinctive and which indicate the kind or quality of the goods.

Applications for a trademark registration may be made for in one or more international classes. Once granted, trademark registration is valid for ten years unless cancelled. If not renewed after ten years, the mark lapses and the registration for such mark has to be obtained afresh.

While both registered and unregistered trademarks are protected under Indian law, the registration of trademarks offers significant advantages to the registered owner, particularly with respect to proving infringement. Registered trademarks may be protected by means of an action for infringement, whereas unregistered trademarks may only be protected by means of the common law remedy of passing off. In case of the latter, the plaintiff must, prior to proving passing off, first prove that he is the owner of the trademark concerned. In contrast, the owner of a registered trademark is *prima facie* regarded as the owner of the mark by virtue of the registration obtained.

### ***The Indian Wireless Telegraphy Act, 1933***

The Indian Wireless Telegraphy Act, 1933 (“Wireless Act”) governs all forms of “wireless communication”, i.e.; transmission and reception without the use of wires or other continuous electrical conductors between the transmitting and the receiving apparatus. It stipulates that no person shall possess wireless telegraphy apparatus without obtaining a license in respect thereof. Applications under the Wireless Act are made to the WPC, a wing of the Ministry of Communications, created in 1952. The WPC is the national radio regulatory authority responsible for frequency spectrum management, including licensing to wireless users (government and private) in India. It exercises the statutory functions of the central government and issues licenses to establish, maintain and operate wireless stations. The Wireless Act lays down that possession of wireless telegraphy apparatus without license would be punishable with a fine extendable up to Rs. 100 for first offence and in case of subsequent offence extendable up to Rs. 250.

## **Foreign Investment Regulations**

### ***FEMA Regulations***

FDI in securities of an Indian company is regulated by the FEMA and the rules, regulations and notifications made under the FEMA. The RBI, in exercise of its power under the FEMA, has notified the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000 (“**FEMA Regulations**”) to regulate the issue of Indian securities to persons resident outside India and the transfer of Indian securities by or to persons resident outside India. The FEMA Regulations provide that an Indian entity may issue securities to a person resident outside India or record in its books any transfer of security from or to such person only in the manner set forth in the FEMA and the rules and regulations made thereunder or as permitted by the RBI. Besides, FDI in India is also governed by the provisions of the Foreign Direct Investment Policy (“**FDI Policy**”), issued from time to time by the DIPP, the administering authority in respect of which is the FIPB.

Under the FDI Policy, cable networking comes under the head of broadcasting, and FDI in companies engaged in the business of cable network is restricted to 49% of their paid up capital.

Under the portfolio investment scheme of FEMA, registered “foreign institutional investors” (“FIIs”) (as defined in FEMA) may freely sell equity shares on the Indian stock exchanges on which the equity shares are listed provided it is through a registered broker. Under such portfolio investment scheme, a single FII cannot own more than 10% of the total issued capital of a company. In respect of an FII investing on behalf of its sub-accounts, the investment on behalf of each sub-account cannot exceed 10% of the total issued capital of the

company, unless the sub-account is held by foreign corporates or foreign individuals resident outside India, in which case the maximum permissible limit is 5% for each such sub-account.

#### ***The Cable Television Networks (Regulation) Act, 1995***

The Cable Television Networks (Regulation) Act, 1995 (“Cable TV Act”) came into force with retrospective effect from September 29, 2004 to regulate the operation of cable television networks in the territory of India. The Cable TV Act stipulates that no cable operator, other than those who are registered under the Cable TV Act can operate a cable television network. The registering authority at present is the Post Master General/ Head Post Master of the area for which the registration is sought.

The Cable TV Act also lays down guidelines regarding transmission of programmes through the Addressable System. The Cable TV Act states that the Central Government can, in public interest, make it obligatory for every cable operator to transmit or retransmit programmes of Pay Channels through an Addressable System. The Cable TV Act prescribes the programme code and advertisement code to be mandatory followed by every cable operator for transmission or retransmission of any programme.

Under the provisions of the Cable TV Act, it is mandatory for every cable operator to retransmit at least two Doordarshan terrestrial channels and one regional language channel in the prime band. The Cable TV Act envisages punishment for contravention of its provisions with imprisonment or a fine or both for first time offences. There are more stringent fines and penalties contemplated for repeat offenders. The Cable TV Act grants power to any authorized officer to prohibit transmission of certain programmes in public interest. It also vests power with the Central Government to prohibit operation of any cable television network in public interest.

#### ***The Radio, Television and Video Cassette Recorder Sets (Exemption from Licensing Requirements) Rules, 1997***

The Radio, Television and Video Cassette Recorder Sets (Exemption from Licensing Requirements) Rules, 1997 (“Exemption Rules”) came into effect through GSR 393(E) dated July 16, 1997. The Exemption Rules state that no license shall be required by any person to establish, maintain, work, possess or deal in special antenna, including dish antenna, satellite decoder and associated front end converter, used or capable of being used for reception of transient images of fixed or moving objects, by means of television signals in television and video cassette recorder sets, direct from satellites operating in broadcasting satellite services or fixed satellite services. The Exemption Rules would not apply to the states of Arunachal Pradesh, Assam, Jammu and Kashmir, Manipur, Meghalaya, Mizoram, Nagaland and Tripura and in the Union Territories of Andaman and Nicobar Islands and Lakshadweep and Minicoy Islands.

#### ***The New Telecom Policy 1999***

The new telecom policy framework of 1999 focus on creating an environment, which enables continued attraction of investment in the sector and allows creation of communication infrastructure by leveraging on technological development. The new policy framework looks at the following telecom service sectors:

- Cellular Mobile Service Providers, Fixed Service Providers and Cable Service Providers, collectively referred to as ‘Access Providers’
- Radio Paging Service Providers
- Public Mobile Radio Trunking Service Providers
- National Long Distance Operators
- International Long Distance Operators
- Other Service Providers
- Global Mobile Personal Communication by Satellite (GMPCS) Service Providers
- V-SAT based Service Providers

According to the new telecom policy framework, the cable service providers shall be permitted to provide ‘last mile’ linkages and switched services within their service areas of operation. The cable service provider would also be permitted to operate media services, which are essentially one way entertainment related service. These permissions flow from the provisions of the Cable TV Act, which the new telecom policy framework upholds.

#### ***Notification regarding obligation of every cable operator to transmit/re-transmit programmes of pay channels in the notified area (“CAS Notification”)***

Section 4A of the Cable TV Act envisages “transmission of programmes through an addressable system”, which is understood in common parlance as Conditional Access System (“CAS”). MIB had, by its notification number S.O. 39(E) dated January 14, 2003, made it obligatory for cable operators in the whole of Chennai, Kolkata Metropolitan area and the areas covered by Municipal Council of Greater Mumbai and the National Capital region of Delhi to transmit and re-transmit programmes of every pay channel through an Addressable System within a period of six months from January 15, 2003. MIB by its notification number S.O 792(E) dated July 10, 2003 revised the notified areas to certain specified areas in Chennai and Kolkata Metropolitan area and the areas covered by Municipal Council of Greater Mumbai and the National Capital region of Delhi to transmit and re-transmit programmes of every pay channel through an Addressable System within a period of six months from March 1, 2003 in suppression of the notification dated January 14, 2003. The notification dated January 14, 2003 read with notification dated July 10, 2003 was suspended by the MIB by notification number S.O 271(E) dated February 27, 2004.

The High Court of Delhi by its order dated March 10, 2006 directed the Central Government to implement CAS in the areas notified by notification dated July 10, 2003. The order of the Delhi High Court dated July 20, 2006 directed the MIB to implement CAS by issuing necessary notification by July 31, 2006.

In consideration of the above, MIB has issued the CAS Notification on July 31, 2006 having been satisfied that it is necessary in the public interest to make it mandatory for every cable operator to transmit and re-transmit programmes of every pay channel through an Addressable System in the areas notified by MIB vide notification dated July 10, 2003.

## **STATE LAWS**

### ***Entertainment Tax Laws***

In majority of states, the payment of entertainment tax is a liability of the cable operators. Cable operators have to register themselves under respective state entertainment laws and they are required to deposit the entertainment tax to the concerned department on monthly basis. The cable operators also require filing of returns from time to time.

In the States of West Bengal, Karnataka and Andhra Pradesh, the respective governments have amended the entertainment tax laws and rules. In the abovementioned states, the payment of entertainment tax is the liability of the MSOs instead of LCOs and in the remaining states wherever entertainment tax applicable for providing cable services, the LCOs are only liable to deposit entertainment tax directly to the concerned authority/department/agency.

## HISTORY AND CERTAIN CORPORATE MATTERS

Our Company was incorporated on March 24, 2006 as Wire and Wireless (India) Limited under the provisions of Companies Act, with its registered office at Continental Building, 135, Dr Annie Besant Road, Worli, Mumbai 400 018, India. Our Company received the certificate of commencement of business on March 27, 2006 from the RoC.

### *Scheme of Arrangement*

The High Court of Bombay, by its order dated November 17, 2006 has approved the scheme of arrangement of the demerger i.e. the Scheme of Arrangement of the news and cable business undertaking of Zee Entertainment Enterprises Limited and Siti Cable Network Limited, which became effective from November 22, 2006.

As per the Scheme of Arrangement, Zee Entertainment Enterprises Limited has re-organized and segregated, by way of demerger, its business and undertakings engaged in:

- a. News business comprising of news and regional channels; and
- b. Cable business comprising of cable distribution business within Zee Entertainment Enterprises Limited and Siti Cable Network Limited.

Pursuant to the Scheme of Arrangement and in accordance with the provisions of Sections 391 to 394 and other relevant provisions of the Companies Act, the entire cable business undertaking of Zee Entertainment Enterprises Limited and Siti Cable Network Limited, which comprised of all of their assets, liabilities, approvals and intellectual property rights, in connection with or pertaining to or relating to their cable business undertaking (“Demerged Undertaking”), were transferred to our Company as a going concern, from March 31, 2006, which was the ‘Appointed Date’.

As consideration for such transfer, our Company had issued and allotted Equity and Preference Shares on December 29, 2006, to the shareholders of Zee Entertainment Enterprises Limited and Siti Cable Network Limited in the following ratio:

- a. One Equity Share of our Company was issued and allotted for every two equity shares of Re 1 each held in Zee Entertainment Enterprises Limited.\*
- b. One fully paid up Preference Share of the Company was issued and allotted for every one thousand equity shares of Rs 10 each held in Siti Cable Network Limited.#
- c. One fully paid up Preference Share of the Company was issued and allotted for every one thousand preference shares of Rs 10 each held in Siti Cable Network Limited on December 29, 2006.#

\* Pursuant to said ratio 216,717,753 Equity Shares of our Company were issued and allotted to equity shareholders of Zee Entertainment Enterprises Limited on December 29, 2006.

# Pursuant to the ratio as mentioned in (b) and (c) above, 23,436 preference shares of Re 1 each of our Company were issued and allotted to Zee Entertainment Enterprises Limited (Siti Cable Network Limited being the wholly owned subsidiary of Zee Entertainment Enterprises Limited, all the preference and equity shares were held by Zee Entertainment Enterprises Limited). For further details on our preference share capital, see para on ‘Preference Share Capital History’ under section titled “Capital Structure” on page 49 of this Letter of Offer.

Pursuant to the Scheme of Arrangement, all staff, workmen and employees relating to the Demerged Undertaking, in service on November 17, 2006, have become staff, workmen and employee of our Company with effect from March 31, 2006.

Pursuant to the Scheme of Arrangement, all legal proceedings of whatsoever nature by or against Zee Entertainment Enterprises Limited and Siti Cable Network Limited, pending or arising and relating to the Demerged Undertaking may now be continued and enforced by or against our Company. In addition, all

contracts, deeds, bonds, agreements and other instruments wherein Zee Entertainment Enterprises Limited and Siti Cable Network Limited are parties and the same relates to the Demerged Undertaking may now be enforceable against or in favour of our Company.

M/s Nandkishor Patil & Co, Chartered Accountants, pursuant to their certificate dated December 22, 2006 had calculated the book value per share of our Company as Rs. 7.80 as on March 31, 2006.

The SEBI by its letter dated December 28, 2006, bearing number CFD/DIL/2006, had relaxed the obligations of our Company to comply with Rule 19(2) (b) of Securities Contracts (Regulation) Rules, 1957, in light of the provisions of clause 8.3.5.1 of the now rescinded SEBI (Disclosure and Investor Protection) Guidelines, 2000, and under in accordance with provisions of circular no. SEBI/CFD/SCRR/01/2009/03/09 dated September 3, 2009 issued by SEBI, for listing of the Equity Shares of our Company in the Stock Exchanges.

In accordance with the provisions of the Scheme of Arrangement, the Equity Shares, issued pursuant to the Scheme of Arrangement as well as its existing Equity Shares issued for the purpose of incorporation were listed on BSE and NSE on January 10, 2007 and thereafter they were listed on CSE on January 12, 2007. Pursuant to a letter dated January 27, 2009, the Equity Shares have been voluntarily delisted from the CSE as per SEBI (Delisting of Securities) Guidelines, 2003.

#### **Milestones in respect of our business:**

<b>Year</b>	<b>Activity</b>
1994	Siti Cable Network Limited commenced operations with MSO service, launched in Delhi
1995	Newscorp acquired 50% stake in Siti Cable Network Limited, forming a joint venture with Zee Entertainment Enterprises Limited
1995-96	Siti Cable Network Limited expanded operations to 70 headends
1995-96	Siti Cable Network Limited launched first cable channel – Sitichannel, a first for the Indian cable industry
1999-00	Siti Cable Network Limited launched Siti Cinema, a cable movie channel
1999-00	Zee Entertainment Enterprises Limited purchased the balance 50% equity interest in Siti Cable Network Limited from Newscorp, making Siti Cable Network Limited a 100% subsidiary of Zee Entertainment Enterprises Limited
1999-00	Siti Cable Network Limited commenced internet over cable operations at Bangalore
2000-01	Siti Cable Network Limited commenced work on the hybrid fiber coax network and acquisitions of direct subscriber control
2002-03	Siti Cable Network Limited commissioning of internet gateway at Bangalore
2005-06	Siti Cable Network Limited acquired stake in RPG Netcom Limited (now renamed as Indian Cable Net Company Limited), a major MSO in Calcutta
2006	Incorporation of Wire and Wireless (India) Limited
2006	Zee Entertainment Enterprises Limited and Siti Cable Network Limited transferred their cable business undertaking to our Company, as approved by the order of the High Court of Judicature at Bombay dated November 17, 2006
2006	Successful implementation of conditional access system in the notified areas of Delhi, Mumbai and Kolkata
2007-08	Launched digital services in Ludhiana, Lucknow and Bangalore. Acquisition of last mile connectivity and two MSOs in cities of Hissar and Mugalsarai.
2009	Investment by Standard Chartered Bank and Axis Bank by way of subscription to 1,920 secured redeemable non-convertible debentures.

#### **Main Objects of our Company**

The main objects of our Company as contained in our Memorandum of Association includes:

To undertake, establish, set up, conduct, erect, take on lease, hire, franchise, time sharing or other wise acquire and or run, manage, conduct cable network, satellite system, up linking and down linking facilities, wireless station, Multi Channel Multi Point Distribution System (MMDS), Low Power Multichannel Multipoint Distribution System (LMDS), ground station and or connect, link, centralize such systems for telecast, transmission, uplinking, down linking, broadcast, narrow cast, display, exhibition, communication or distribution, redistribution, exchange of audio, video, communication or other signals and exploit such network systems for own business or rent, franchise, lease or otherwise allow use to others in part or full.

We can carry on our business and operations in terms of the objects of our Company contained in our Memorandum of Association.

## **Changes in our Memorandum of Association**

Except for the amendment pursuant to increase in the authorized share capital of our Company, there have been no changes in our memorandum of association since the incorporation of our Company.

The details of the capital raised by our Company are given in the section titled "Capital Structure" beginning on page 48 of this Letter of Offer.

## **Summary of Key Agreements**

### *Agreement with Dish TV India Limited for availing HITS services*

Our Company has entered into an agreement dated May 1, 2008 with Dish TV India Limited, one of our Group Companies, whereby Dish TV India Limited shall provide HITS digital services to our Company for distribution thereof to the MSOs/LCOs and/or Subscribers within India for a consideration as may be mutually agreed between both parties. Upon any delay in the payment of such consideration, Dish TV India Limited shall be entitled to charge our Company an interest at 12% per annum.

As per the agreement, neither party may assign any rights or benefit under the agreement, without the prior consent of the party. Also, each party shall indemnify the other for any actions or claims (other than loss of profit or business losses) relating to transactions contemplated under the agreement.

The agreement is valid from May 1, 2008 to April 30, 2010 and is renewable on such terms and conditions as may be agreed between the parties.

### ***Business Agreements***

Our Company, in the course of its business, enters into subscription agreements with various Broadcasters, in CAS notified areas and non-CAS notified areas, pertaining to downlinking and distribution of the channels or bouquet of channels. Our Company also enters into carriage sharing agreements with various distributors who liaise for our Company with the Broadcasters, with whom the Company enters into bandwidth sharing agreements for placement of the channels at certain frequencies. Our Company also enters into distribution agreements with various distributors for providing various services to our Company including providing cable signals to the LCOs. A brief summary of the agreements is provided in the section below:

#### *Subscription Agreements with Broadcasters (CAS Area)*

Our Company enters into technical and commercial interconnection agreements with the Pay Channel Broadcasters or their agents, who have the exclusive right to market and distribute the television channels in CAS areas as notified by TRAI. The agreements are generally for a fixed period of one to three years, upon the expiry of which it is renewable automatically or by the mutual consent of the parties. By virtue of such agreements the Broadcasters grant rights, to our Company pertaining to downlinking and distribution of their channels in encrypted form for the period specified in the agreement and for the considerations as stipulated by the TRAI, which is based on the sharing of MRP of respective channels between the Broadcaster(s), MSO(s) & Cable Operator(s) in the specified ratio, which at present is 45% (Broadcaster's share), 30% (MSO's shares) & 25% (cable operator's share). Also, the entire advertising revenue for all such subscribed channels shall accrue to the respective Broadcasters.

As per the terms of the agreements, the Broadcaster would provide certain equipment to our Company, including integrated receiver decoders (**IRDs**). Our Company shall, at no time, have any right over the equipments of the Broadcasters and shall be liable to keep them insured against any damage. In the event our Company fails to return the equipments to Broadcaster, including IRDs, it shall be liable to pay Rs. 1,000 per day per IRD for the period of the default to the Broadcaster.

Under the agreements, our Company provides an undertaking that it has internal guidelines in place to comply with the non-discriminatory access provisions specified by TRAI. Our Company shall be required to protect the intellectual property of the Broadcasters and endeavour in ensuring that the Subscribers do not further distribute the services to others.

As per the agreements, our Company may not undertake certain activities without the prior consent of the Broadcaster, including, a) distribute, authorize or permit the distribution of any of the subscribed channels by

any medium or devices throughout the area other than in accordance with the terms of the agreement, B) copy any of the programmes or content on the subscribed channels for distribution subsequently, except as may be required for any applicable law c) make any modifications to the programmes or the content, and super-impose or add any third party advertisement on any such subscribed channels.

In terms of the agreements any default in the payment of the subscription amount by our Company shall attract simple interest on the arrears. In the event of default in payment, the Broadcaster shall also have the right to de-authorize the reception of Broadcaster's services by our Company, take back the IRDs and/or terminate the agreement, subject to the compliance of the applicable law by the Broadcasters. The agreement shall stand automatically terminated on the efflux of time i.e. on the completion of the term of the agreement, unless the parties mutually agree to extend the term of the agreement or executed another agreement on the same subject. Further, either party may terminate the agreement by giving the other party a notice of one month. The agreement may also be terminated, inter alia, in the event of:

- a) either party being in material breach of any provision of the agreement,
- b) the Broadcaster's failure to provide necessary condition for the rights of subscription,
- c) our Company's failure to provide true information about the Subscribers and cable operators to the Broadcasters,
- d) our Company's failure to provide Subscribers' report as required under the agreement,
- e) failure by our Company to take remedial action against any sub-contractors engaging in piracy,
- f) breach of the anti-piracy obligations by our Company,
- g) increase in fees by the Broadcasters not acceptable to our Company,
- h) attempt by either party to transfer its rights or obligations under the agreement without the consent of the other party or
- i) a change in control of our Company or the Broadcaster by way of a competitor gaining control of the party.

#### *Subscription Agreements with Broadcasters (Non-CAS Area)*

Our Company enters into various agreements with Broadcasters for non-exclusive rights to subscribe their channel(s) for distribution to cable operators situated in the area as specified in the agreement. The agreements are generally for a fixed period of one to three years, upon the expiry of which it is renewable by the mutual consent of the parties. In other cases, the agreements are automatically renewable upon the expiry of the fixed term, unless the parties mutually agree otherwise.

The right provided to our Company by the Broadcasters is in lieu of a subscription amount payable by our Company. Such subscription amount is usually on a monthly or other regular basis, based on declared number of Subscribers by our Company. Upon a failure by our Company in making timely payments of the subscription amount, a penal interest may be levied on us.

As per the agreements, the Broadcaster provides certain equipment to our Company, including IRDs. Our Company shall, at no time, have any right over the equipments of the Broadcasters and shall not transfer or create any third party rights over the IRDs. Our Company also shall not assign its rights and obligations under the agreements to a third party without the prior consent of the Broadcasters.

Our Company is also required to provide the details of its Subscriber base, as decalred to us by the cable operators, to the Broadcasters and represents to not alter or modify the same at any time without intimation to the Broadcasters. In the event the agreement between the parties covers subscription by commercial customers, our Company provides representations on their behalf that such commercial customers shall not misuse the services and are in compliance with applicable laws. Our Company also provides the general representations and warranties in the agreements executed with the Broadcasters. Our Company also indemnifies the Broadcasters for any breach in the warranties, misrepresentation, non-performance under the agreements or any third party claims resulting from breach/non-performance under the agreements.

The agreement may be terminated by the Broadcasters, inter alia, in the event of:

- a) material breach by our Company of any representation or covenant under the agreement;
- b) mis-declaration or under-declaration of the number of Subscriber by our Company to the Broadcaster;
- c) bankruptcy or insolvency of our Company; and
- d) cancellation of material approval or license provided to our Company.

#### *Bandwidth Charges Agreement with Broadcasters*

Our Company enters into various channel placement agreements with the Broadcasters whereby the channels of the Broadcasters are carried and placed on specified bands/frequencies as per the requirements of the Broadcasters in order to provide maximum reach and viewership for their channels. These agreements are generally for a period of one year, upon the expiry of which they are renewable by the mutual consent of the parties.

In lieu of the services provided by our Company, the Broadcasters are required to pay a fixed annual placement fee, payable in quarterly or half yearly instalments or within such intervals as per the terms of these agreements. In the event there is a reduction in the areas covered by our Company, then the amount payable under the agreement are proportionately reduced for the un-expired period of the agreement and in the event, there is an increase in the specified area, the parties arrive at the consensus on the suitable raise in placement fee.

As per the agreements, our Company is not entitled to redistribute or transmit the channel/package to sub-operators or viewers outside the specified area without the prior consent of the Broadcaster.

The agreements are generally automatically terminable upon the expiry of the term, unless renewed. In the event of termination, the proportionate placement fee paid but not consumed shall be refundable by our Company to the Broadcaster.

#### *Carriage Sharing Agreement with distributors*

Our Company enters into agreements with the distributors, having exposure in the cable sector, for the purposes of liaising with the Broadcasters, identifying the carriage placement requirements of the Broadcasters and assisting in the negotiations and execution of requisite agreements with the Broadcasters or their agents. The agreements are generally for a period of one year, upon the expiry of which it is renewable by the mutual consent of the parties.

In lieu of the services provided by the distributors, the distributors are not entitled to a fixed percentage of the proportionate net placement fee (i.e. net of all taxes) received by our Company from the Broadcasters in respect of the area specified in such agreements.

The distributors are required to provide channel monitoring services to our Company in order to ensure fulfilment of its obligations of carriage and placements with the Broadcasters. Further, the distributors are not permitted to assign its rights and obligations under the agreement without the prior consent of our Company, while our Company may assign its rights or benefits under the agreement to any party.

These agreements are generally automatically terminable upon the expiry of the term, unless renewed.

#### *Distribution Agreements*

Our Company also enters into distributorship agreements with distributors pursuant to which our distributors provide services to the Company which, *inter alia*, includes: protection of the interest and promotion of the business of the Company of providing the cable signals to the cable operators; to cater the products and services supplied by the Company to existing and new local cable TV operators in the area; to liaise with cable TV operators; to ensure delivery and receipt of monthly invoices/ bills of the Company by all cable operators/Subscribers, who are receiving the signals of the Company and collect the charges.

In consideration of performing its duties, responsibilities and obligations under these agreements, distributors are entitled to commission as mutually agreed between our Company and the respective distributor.

#### *Right to Use Agreements*

Our Company, in its normal course of business, enters into right to use agreements with the persons who intend to use the cable TV network infrastructure of the Company for providing cable TV services. Under these agreements, these persons access the cable TV network infrastructure of the Company including cable operators/Subscribers of our Company on right to use basis. The consideration for the agreement is a fixed amount which such person pays to our Company for use of the cable TV network infrastructure owned by our Company. The collection from the cable operators and discharge of various liabilities including Pay Channel subscription and other expenditure incurred for running the cable services, is the responsibility of the persons taking the cable TV network infrastructure on 'right to use' basis. These agreements would be deemed to have been terminated, without prior notice by either party in the event TRAI extends CAS by notifying the areas

which are covered in territory specified in the Right to Use Agreement, from the date of any TRAI notification in this regard.

For details of the various subscription agreements entered into by our Company directly or through its agents, see section titled “Government and Other Approvals” beginning on page 341 of the Letter of Offer.

#### **Capitalisation of Reserves or Profits**

The Company has not capitalized any of its reserves or profits since incorporation.

#### **Change in business line in last five years**

The Company has not changed its business line since incorporation.

#### **Default in payment of loans**

The Company has not defaulted in any payments to any lender.

#### **Issue of shares to Promoters other than by cash**

Except as disclosed in the section titled ‘Capital Structure’ on page 48, the Company has not issued any shares for consideration other than cash.

#### **Injunction or restraining order**

The Company is not operating under any injunction or restraint order.

#### **Subsidiaries**

For details of our subsidiaries, see section titled “Our Subsidiaries” beginning on page 186 of this Letter of Offer.

#### **Group companies**

For details of our Group companies, see section titled “Group Companies” beginning on page 122 of this Letter of Offer.

For detailed description of our activities, services, market segment, competition, financial results, growth, customers/suppliers, see section titled ‘Management discussion and analysis of financial conditions and results of our operations’ and ‘Our Business’ beginning on page 283 and 81 respectively of this Letter of Offer.

For details of our management, see section titled ‘Management’ beginning on page 98 of this Letter of Offer.

## **DIVIDEND POLICY**

The declaration and payment of dividends on our Equity Shares will be recommended by our Board of Directors and approved by our shareholders, at their discretion, and will depend on a number of factors, including but not limited to our profits, capital requirements and overall financial condition.

Our Company has been incorporated on March 24, 2006 and we have not declared or paid any dividend on our Equity Shares since incorporation.

## MANAGEMENT

### Board of Directors

Under our Articles of Association we cannot have less than three directors and not more than twelve directors. We currently have 6 Directors and our Chairman is a non-executive Director. Our Chairman is a member of our Promoter Group. As at least half of our Board consists of non-executive independent directors, we are in compliance with Clause 49 of the Listing Agreement.

At present, the Board comprises of the following persons\*:

Sr. No.	Name, Designation, Father's name, Address, DIN no., Occupation and Term	Nationality	Age (years)	Other Directorships in companies
1.	<p><b>Mr. Subhash Chandra</b></p> <p>Chairman, Non-executive, Non-independent Director</p> <p>s/o Mr. Nand Kishore Goenka</p> <p>Flat 4, 1 Hyde Park Street, Paddington, London, W2 JW, United Kingdom.</p> <p>DIN: 00031458</p> <p>Occupation: Industrialist</p> <p>Term: Liable to retire by rotation</p>	Indian	59	<ul style="list-style-type: none"> <li>▪ Zee Entertainment Enterprises Limited</li> <li>▪ Essel Infraprojects Limited</li> <li>▪ Dish TV India Limited</li> <li>▪ Essel Propack Limited</li> <li>▪ Zee Multimedia Worldwide BVI (incorporated in Germany)</li> <li>▪ Agrani Satellite Services Limited</li> <li>▪ Asia Today Limited (incorporated in Mauritius)</li> <li>▪ Agrani Holdings (Mauritius) Limited (incorporated in Mauritius)</li> <li>▪ Zee News Limited</li> <li>▪ Adhikaar Foundation</li> <li>▪ Delgrada Limited</li> <li>▪ Buddha Films Limited</li> <li>▪ Lazarus Invesments Limited</li> <li>▪ Ultra Entertainment Solutions Private Limited</li> </ul>
2.	<p><b>Mr. Bijendra K. Syngal</b></p> <p>Non-Executive, Independent Director</p> <p>s/o Mr. Gora Lal Syngal</p> <p>LCG 0801 B, The Laburnum, Sector 28, Gurgaon- 122 002, India.</p> <p>DIN: 00002395</p> <p>Occupation: Telecom Executive</p> <p>Term: Liable to retire by rotation</p>	Indian	69	<ul style="list-style-type: none"> <li>▪ Zee Entertainment Enterprises Limited</li> <li>▪ Sonata Software Limited</li> <li>▪ Sonata Information Technology Limited</li> <li>▪ PowerMAX Communications Private Limited</li> </ul>
3.	<p><b>Mr. Amit Goenka</b></p> <p>Executive, Non-independent Director</p> <p>s/o Mr. Subhash Chandra</p> <p>Bungalow No. 1, Jolly Maker Apartments, Cuffe Parade, Mumbai- 400 005, India.</p> <p>DIN: 00017707</p> <p>Occupation: Business</p> <p>Term: From October 23, 2007 to October 22, 2010</p>	Indian	32	<ul style="list-style-type: none"> <li>▪ Bioscope Cinemas Private Limited</li> <li>▪ Dakshin Media Gaming Solutions Private Limited</li> <li>▪ Devlok Properties Private Limited</li> <li>▪ Dew Drops Properties Private Limited</li> <li>▪ E-City Bioscope Entertainment Private Limited</li> <li>▪ E-Cool Gaming Solutions Private Limited</li> <li>▪ Kalakosh Auctions Private Limited</li> <li>▪ Kenlott Gaming Solutions Private Limited</li> <li>▪ Kwikwin Gaming Solutions Private Limited</li> <li>▪ Tashi Delek Gaming Solutions Private Limited</li> <li>▪ Ultra Entertainment Gaming Solutions</li> </ul>

Sr. No.	Name, Designation, Father's name, Address, DIN no., Occupation and Term	Nationality	Age (years)	Other Directorships in companies
				<ul style="list-style-type: none"> <li>Private Limited</li> <li>▪ Widescreen Holdings Private Limited</li> <li>▪ Western MP Infrastructure and Toll Roads Private Limited</li> <li>▪ Vasant Sagar Properties Private Limited</li> <li>▪ Essel Sports Private limited</li> <li>▪ Bombay Rangers Football Private Limited</li> <li>▪ Delhi Football Club Private Limited</li> <li>▪ Mumbai Football Club Private Limited</li> <li>▪ Bombay Mobile Softwares Private Limited</li> <li>▪ Agrani Wireless Services Limited</li> <li>▪ ASC Telecommunications Limited</li> <li>▪ Aplab Limited</li> <li>▪ Essel Ship Breaking Limited</li> <li>▪ Spras Properties Limited</li> <li>▪ Digital Media Convergence Limited</li> <li>▪ Essel Entertainment Media Limited</li> </ul>
4.	<p><b>Mr. Arun Kapoor</b></p> <p>Non-executive, Non-independent Director</p> <p>s/o Mr. Amrit lal Kapoor</p> <p>S-274, G-1<sup>st</sup> floor, S Block local road, Opp. M-95, Greater Kailash-2, New Delhi - 110 048, India.</p> <p>DIN: 01779523</p> <p>Occupation: Service</p> <p>Term: Liable to retire by rotation</p>	Indian	49	<ul style="list-style-type: none"> <li>▪ Zee Turner Limited</li> </ul>
5.	<p><b>Mr. Suershkumar Agarwal</b></p> <p>Non-executive, Independent Director</p> <p>s/o Mr. Phoolchand Agarwal</p> <p>3rd Floor, Lilou Ville, West Avenue, Santacruz (West), Mumbai - 400 054, India.</p> <p>DIN: 00773957</p> <p>Occupation: Business</p> <p>Term: Liable to retire by rotation</p>	Indian	53	<ul style="list-style-type: none"> <li>▪ Super Dync Clothing Private Limited,</li> <li>▪ Deoralia Finance Private Limited,</li> <li>▪ Jay Properties Private Limited, and</li> <li>▪ Swals Steel Private Limited.</li> </ul>
6.	<p><b>Mr. Michael Kevin Block</b></p> <p>Non-executive, Independent Director</p> <p>s/o Mr. Kenneth Block</p> <p>260 West Broadway, A8G,</p>	USA	39	<ul style="list-style-type: none"> <li>▪ Unity Media, S.A.</li> <li>▪ BK Breitband Kabelnet Holding GmbH</li> <li>▪ Iesy Trustee GmbH</li> </ul>

Sr. No.	Name, Designation, Father's name, Address, DIN no., Occupation and Term	Nationality	Age (years)	Other Directorships in companies
	New York, NY 10013 United States of America.			
	DIN: 01910459			
	Occupation: Investor			
	Term: Liable to retire by rotation.			

*\*Due to the resignation of Mr. D. P. Naganand, an independent director, on and from March 16, 2009 on account of his ill health, Mr. Sureshkumar Agarwal was appointed from June 1, 2009. To this extent, between March 16, 2009 and March 31, 2009 the constitution of the Board and representation of Independent Director in the Board were at variance with SEBI Regulations and the Listing Agreements.*

Except for Mr. Amit Goenka, who is the son of Mr. Subhash Chandra, no Director is related to any other Director on the Board. We are a part of the Essel group of companies which is promoted by Mr. Subhash Chandra and his family members. All of the Promoter Companies of our Company are controlled by Mr. Subhash Chandra and/or his family members. Since Mr. Subhash Chandra is the chairman of our Board of Directors and Mr. Amit Goenka is our whole-time Director, none of our individual promoters are on the Board of Directors.

#### Details of Directors:

**Mr. Subhash Chandra** is the Chairman of our Company. He was appointed a Director of our Company on December 5, 2006. Mr. Chandra has been the recipient of numerous honorary degrees, industry awards and civic honors, including being named 'Global Indian Entertainment Personality of the Year' by FICCI for 2004, 'Business Standard's Businessman of the Year' in 1999, 'Entrepreneur of the Year' by Ernst & Young in 1999 and 'Enterprise CEO of the Year' by International Brand Summit. The Confederation of Indian Industry ("CII") chose Mr. Chandra as the Chairman of the CII Media Committee for two successive years.

He has set up TALEEM (Transnational Alternate Learning for Emancipation and Empowerment through Multimedia), an organisation which seeks to provide access to quality education and to promote research in various disciplines relating to health and family life, social & cultural anthropology, communication and media. He is also the trustee for the Global Vipassana Foundation, a trust set up for helping people in spiritual upliftment.

**Mr. Bijendra K. Syngal** is the non-executive, independent Director of our Company. He was appointed a Director of our Company on December 5, 2006. He has held the position of Chairman, Commonwealth Telecommunications Organisation London. He has been recipient of many industry awards including Telecom Man of the Decade award by Wisitex Foundation, India, Partners in Progress award by the state Government of Maharashtra for his contributions in telecommunications both in India and abroad, and he was one of the fifty Stars of Asia, chosen by Business Week magazine for the year, 1998.

**Mr. Amit Goenka** is an executive, non-independent Director of our Company. He was appointed as a Director of our Company on October 23, 2007. He is a graduate in Business Administration with approximately 8 years of experience in the area of marketing and business initiatives. He has played a key role in the conceptualising and operating India's online lottery system of "Playwin". He was also closely associated with key initiatives/ventures undertaken by the group, including ITZ Cash, Cyquator, 7575, Digital Media Convergent Limited, Mumbai Football Club and Play TV.

**Mr. Arun Kapoor** is non-executive, non-independent Director of our Company. He was appointed as Director of our company on April 22, 2009. He is a management graduate from Jamunlal Bajaj Institute of Management Studies, Mumbai. He has an aggregate work experience of 25 years in various management, marketing and sales related functions and has helped evolve wide bandwidth of brands. He has worked in leadership position in organisations like UB Group, Gillette India Limited, Pepsico India, Spice Cell Limited, Airtel, IBM Daksh, Hutch, Dish TV India Limited and Reliance ADAG. He has also been instrumental in setting up and managing operations for Bharti Group/Spice Cell Limited and Hutch for the Punjab circle.

**Mr. Sureshkumar Agarwal** is the non-executive, independent Director of our Company. He was appointed as a Director of our Company on June 1, 2009. He is a commerce graduate from Haryana University with over 32 years of entrepreneurial experience and has served in number of companies in various leadership positions in diverse sectors such as textile and steel.

**Mr. Michael Kevin Block** is a non-executive, independent Director of our Company. He was appointed as a Director of our Company on October 23, 2007. He is a graduate in history and German from the Columbia College and holds an M.B.A. degree from the University of Chicago. Mr. Block began his career in the corporate finance department of Matuschka GmbH in Munich, and is currently a member of the Board of Unity Media, which owns cable television networks in Germany. He was also associated with James D. Wolfensohn Incorporated and the Munich office of Apax Partners. Prior to joining our Board, he was associated with Apollo Management L.P., NY after having founded his own advisory firm for mergers and acquisitions and a start up in the healthcare services sector, where he served as the commercial director and the operations director.

### Compensation of our Directors

The following tables set forth all compensation fixed by us to pay to our Directors for the Financial Year 2009.

#### A. Non-Executive Directors

Name of Director	Commission	Sitting Fees per Board meeting
	Amount (Rs.)	Amount (Rs.)
Mr. Subhash Chandra	Nil	10,000
Mr. Brijendra K. Syngal	Nil	10,000
Mr. Arun Kapoor	Nil	Nil
Mr. Sureshkumar Agarwal	Nil	10,000
Mr. Michael Kevin Block	Nil	10,000

#### B. Executive Director

Mr. Amit Goenka is not entitled to receive any remuneration from our Company.

### Service contracts

Our company has not entered into any service contracts with its Directors for benefits upon termination of their employment.

### Borrowing Powers of the Directors in the Company

Pursuant to a resolution of the shareholders of the Company dated December 29, 2006, the Board has been authorised to borrow and raise money for the purpose of the business of the Company notwithstanding that the money to be borrowed by the Company (apart from the temporary loans from the Company's bankers in ordinary course of business) may exceed the aggregate of paid-up capital of the Company and its free reserves, subject to a maximum of Rs. 1,500 crores at any point of time.

### Shareholding of Our Directors in our Company

None of our Directors hold any Equity Shares either in their personal capacity or as sole or first holder, as at the date of this Letter of Offer.

### Changes in Our Board of Directors since the time of incorporation of our Company

Name of the Director	Date of Appointment	Date of Resignation	Reason
Mr. Sureshkumar Agarwal	June 1, 2009	-	Appointed as Director
Mr. Arun Kapoor	April 22 2009	-	Appointed as Director
Mr. Sanjay Jain	January 29, 2008	April 22, 2009	Resigned
Mr. Davangere Prahlad Naganand	April 16, 2007	March 16, 2009	Resigned
Mr. Michael Kevin Block	October 23, 2007	-	Appointed as Director
Mr. Amit Goenka	October 23, 2007	-	Appointed as Director
Mr. Subhash C.Garg	September 27, 2006	December 5, 2006	Resigned
Mr. Rajiv Garg	March 24, 2006	April 16, 2007	Resigned
Mr. Himanshu Mody	March 24, 2006	December 5, 2006	Resigned
Mr. Sanjay Agrawal	March 24, 2006	December 5, 2006	Resigned
Mr. Subhash Chandra	December 5, 2006	-	Appointed as Director
Mr. Brijendra K Syngal	December 5, 2006	-	Appointed as Director
Mr. Jagjit Singh Kohli	December 5, 2006	May 31, 2007	Resigned
Mr. Shyam Sunder Goel	December 5, 2006	February 1, 2008	Resigned

## CORPORATE GOVERNANCE

Our Company is in compliance of the provisions in respect of corporate governance as stipulated in the Listing Agreements with the Stock Exchanges, including in respect of appointment of independent directors in the Board and the constitution of various committees as detailed below.

### Various Committees of Directors

There are three committees in our Company, which have been constituted and function in accordance with the relevant provisions of the Companies Act and the Listing Agreement. These are (i) audit committee, (ii) share transfer and investor grievances committee, and (iii) remuneration committee. A brief on each committee, its scope, composition and meetings for the current year is given below:

#### (i) *Audit committee*

##### Members

1	Mr. Brijendra K. Syngal	Non Executive – Independent
2	Mr. Sureshkumar Agarwal	Non Executive- Independent
3	Mr. Arun Kapoor	Non Exective- Non Independent

##### Scope and terms of reference

1. Oversight of our company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the Statutory Auditor and the fixation of audit fees.
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
4. Reviewing, with the management, the annual financial statements before submission to the board for approval, with particular reference to:
  - a) Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act.
  - b) Changes, if any, in accounting policies and practices and reasons for the same.
  - c) Major accounting entries involving estimates based on the exercise of judgment by management.
  - d) Significant adjustments made in the financial statements arising out of audit findings.
  - e) Compliance with listing and other legal requirements relating to financial statements.
  - f) Disclosure of any related party transactions.
  - g) Qualifications in the draft audit report.
5. Reviewing, with the management, the quarterly financial statements before submission to the board for approval
6. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
7. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
8. Discussion with internal auditors any significant findings and follow up there on.
9. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
10. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
11. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
12. To review the functioning of the whistle blower mechanism, in case the same is existing.
13. The Audit Committee shall mandatorily review the following information:
  - a) Management discussion and analysis of financial condition and results of operations;
  - b) Statement of significant related party transactions (as defined by the audit committee), submitted by management;
  - c) Management letters / letters of internal control weaknesses issued by the statutory auditors;

- d) Internal audit reports relating to internal control weaknesses; and
  - e) The appointment, removal and terms of remuneration of the Chief internal auditor shall be subject to review by the Audit Committee.
14. To review the utilization of funds raised through issue proceeds from a public or rights issue and to indicate material deviations, if any, in the use of proceeds as against the issue objects stated in the offer document.
  15. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

*Powers of Audit Committee*

1. To investigate any activity within its terms of reference.
2. To seek information from any employee.
3. To obtain outside legal or other professional advice.
4. To secure attendance of outsiders with relevant expertise, if it considers necessary.

Pursuant to formation of the audit committee in January 2007, after the approval of the Scheme of Arrangement, the audit committee has held one meeting in Financial Year 2007, four meetings in Financial Year 2008 and six meetings in Financial Year 2009.

**(ii) Share transfer and investor grievances committee**

Members

1	Mr. Brijendra K. Syngal	Non Executive – Independent
2	Mr. Sureshkumar Agarwal	Non Executive- Independent
3	Mr. Amit Goenka	Executive – Non-Independent
4	Mr. Arun Kapoor	Non Executive- Non Independent

Scope and Terms of Reference

1. To supervise and ensure efficient transfer of shares.
2. Proper and timely attendance of investors' grievances.

**(iii) Remuneration committee**

Members

1	Mr. Brijendra K. Syngal	Non Executive – Independent
2	Mr. Sureshkumar Agarwal	Non Executive- Independent
3	Mr. Arun Kapoor	Non Executive

Scope and Terms of Reference

To review the overall compensation policy, service agreements and other employment conditions of Executive Directors.

**Key Managerial Personnel**

The following are our key managerial employees. All of our key managerial employees are permanent employees of our Company. Remuneration for each of the key managerial employees includes salary, bonus, incentive awards, commission, allowances, leave travel assistance, vehicle and telephone reimbursements, medical benefits, and Company's contribution to provident fund.

**Mr. Sudhir Agarwal**, aged 45 years, is the Chief Executive Officer of our Company. He is responsible for managing and controlling all the functional departments of our company. Mr. Agarwal is a graduate in arts from Delhi University and has completed his masters in business administration from IMT, Ghaziabad and advanced management program from Wharton School. He has an aggregate work experience of 19 years in the service industry and has served in various companies such as Haier Telecom India Private Ltd., Bharti Airtel Limited, Xerox India Limited, Motorola India Limited, Philips India Limited and Modi Xerox Limited. Prior to joining

our Company on November 10, 2008, he was the President (south west Asia) of Haier Telecom India Private Limited. Mr. Agarwal's remuneration for Financial Year 2009 was Rs. 46,11,633.

**Mr. Yadvinder Singh Bains**, aged 42 years, is the Senior Vice President of our Company. He is responsible for proposed launch of HITS and operations across the country. Mr. Bains holds a degree in bachelor of engineering in electronics and communication from Panjab University, Chandigarh. Mr. Bains has an aggregate work experience of 19 years in various activities relating to sales, operations and corporate planning. Prior to joining us on April 1, 2009, he was Vice-President (Corporate and Regulatory Affairs) at Spice Communications Limited. No remuneration was paid to Mr. Bains in the Financial Year 2009 since he joined our Company in April 2009.

**Mr. Sanjay Goyal**, aged 36 years, is the Vice President (Finance and Accounts) of our Company. He is responsible for handling finance and accounts of our Company. Mr. Goyal holds is a qualified chartered accountant and member of ICAI, ICSI and ICWAI. He has also done his graduation from Ajmer University. He is the member of Tax Advisory committee of PHD Chamber of Commerce and FICCI. Mr. Goyal has an aggregate work experience of 14 years in the area of Financial Systems and Corporate Planning. Prior to joining us on May 21, 2009, he was Vice-President (Finance) at Vishal Retail Limited. No remuneration was paid to Mr. Goyal in the Financial Year 2009 since he joined our Company in May 2009.

**Mr. Vimal Kumar Agarawal**, aged 37 years, is the Senior Vice-President (Strategy, Mergers and Acquisition) of our Company. He is responsible for handling business mechanism, startegy and acquisitions for our Company. Mr. Agarawal holds a Post Graduate Diploma in Business Management degree from Narsee Monjee Institute of Management Studies, Mumbai. He is also a qualified chartered accountant, company secretary and costs and works accountant. Mr. Agarawal has an aggregate work experience of 15 years which includes managing MSOs including handling the business mechanisms, accounts, finance, banking and operations of MSOs. Prior to joining us on March 24, 2006, he was Vice-President- Finance at Siti Cable Network Limited. Mr. Agarawal's remuneration for Financial Year 2009 was Rs. 34,20,034.

**Mr. Neeraj Soni**, aged 56 years, is Vice-President (Business Development- Analogue Sales & Operations) of our Company. He is responsible for content and programming for our Company. Mr. Soni holds a degree in masters of commerce (Major Business Finance & Banking) from MS University, Baroda. He has an aggregate work experience of over 22 years in the field of sales and operations, marketing, ad sales and commercial. Prior to joining us on December 2, 2008, he was Deputy General Manager (Business Development & Operations) at Essar Telecom Retail Limited. Mr. Soni's remuneration for Financial Year 2009 was Rs. 5,81,759.

**Mr. Rajiv Ganju**, aged 43 years, is Vice-President (Customer Services and Process Improvement) of our Company. He is responsible for SMS, call centre and the back end processes. Mr. Ganju holds a degree in Bachelor of Engineering (Mechanical) from Bangalore University and is pursuing a diploma in business management from AIMA, New Delhi. He has an aggregate work experience of 18 years in the field of customer service and manufacturing functions, including project management, outsourcing for Greenfield projects, plant upgradation and new product development. Prior to joining us on March 12, 2009, he was Senior General Manager (Manufacturing Controller) at Videocon International Limited. Mr. Ganju's remuneration for Financial Year 2009 was Rs. 2,02,732.

**Ms. Harpreet Datta**, aged 40 years, is Vice President (Human Resources) of our company. She is responsible for human resources and training. Ms. Datta holds a degree of PGDBM from Institute of Management Technology, Ghaziabad in human resource department and finance. She has an aggregate work experience of 18 years in the field of HR operations, training and development, talent management and OD interventions. She has previously worked with The Energy and Resource Institute (TERI) and Engineers India Limited (EIL). Prior to joining us on July 20, 2009, she was working as Head- HR and training inReligare Wellness Limited. No remuneration was paid to Ms. Datta in the Financial Year 2009 since she joined our Company in July 2009.

**Mr. Sanjay Jindal**, aged 47 years, is Head of Technology of our Company. He is responsible for technical functions of our Company. Mr. Jindal holds a bachelor in engineering (mechanical) from B.I.T., Sindri. He has an aggregate work experience of almost 24 years in the field of technical. He has been associated with Bharat Heavy Electrical Limited and Rankay Investment and Trading Company Limited. Prior to joining us in March 2006, he was Vice-President (Technical) at Siti Cable Network Private Limited. Mr. Jindal's remuneration for Financial Year 2009 was Rs. 24,90,811.

**Mr. Raj Kumar Agarwal**, aged 48 years, is the Chief Financial Officer of our Company. He is responsible for accounts, finance, MIS and banking functions of our Company. Mr. Agarwal is a qualified Chartered Accountant from Institute of Chartered Accountants in India and also holds an LL.B. degree from Guwahati

Law College, Guwahati. He has an aggregate work experience of 16 years spanning all activities in financial and accounting processes. Prior to joining us on May 1, 2009, he was working as Chief Financial Officer in Zee News Limited. No remuneration was paid to Mr. Goel in the Financial Year 2009 since he joined our Company in May 2009.

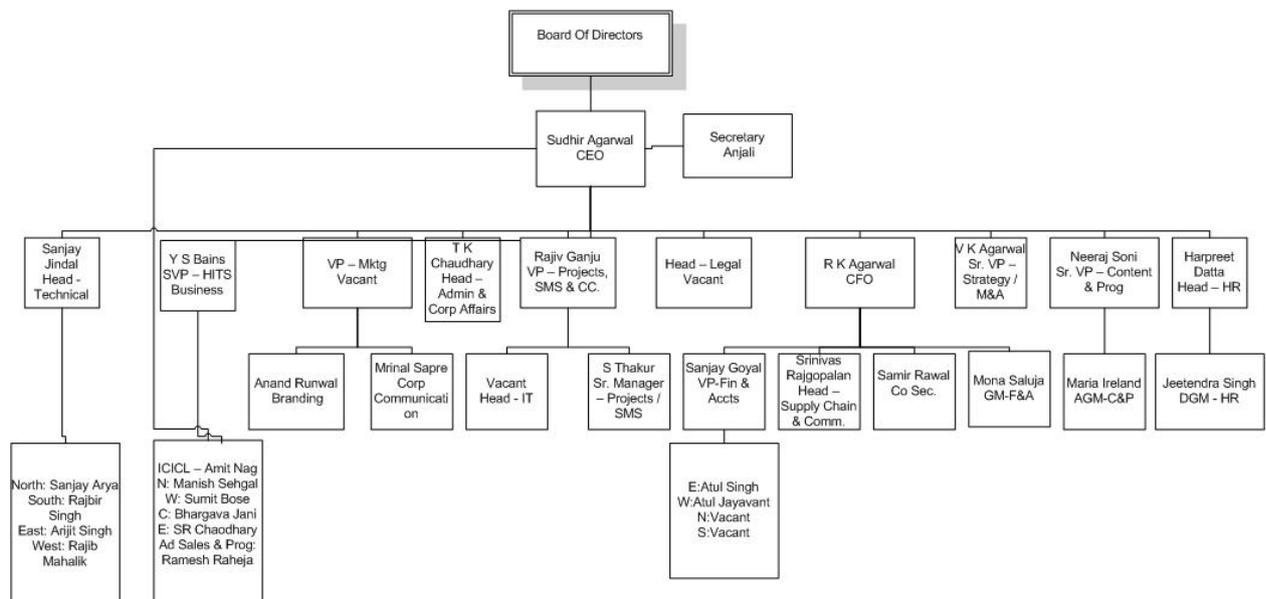
**Mr. Samir Raval**, aged 43 years, is the Company Secretary of our Company. He is responsible for secretarial and compliance functions of our Company. Mr. Raval has an aggregate work experience of more than 17 years in secretarial functions in various industries such as paper and pulp sector and power and communication sector. Prior to joining us on August 7, 2008, he was working as Senior Manager-Secretarial at Reliance Industries Limited, Mumbai. Mr. Raval's remuneration for Financial Year 2009 was Rs. 9,51,146.

There is no specific tenure of any of our key managerial personnel. Further, none of our key managerial personnel are related to each other.

### Bonus or Profit Sharing Plan for our senior management

There is no bonus or profit sharing plan for our senior management.

### Management Organizational Structure Chart



### Shareholding of key managerial personnel in our Company

Name of Key Managerial Personnel	No. of Equity Shares held (Pre-Issue)
Mr. Vimal Kumar Agarawal	5

### Interest of Directors and key managerial personnel

All of our Directors may be deemed to be interested to the extent of fees, if any, payable to them for attending meetings of the Board or a Committee. All our Directors may also be deemed to be interested to the extent of Equity Shares, if any, already held by them or their relatives in our Company, or that may be subscribed for and allotted to them, out of the Issue in terms of the Letter of Offer and also to the extent of any dividend payable to them and other distributions in respect of the Equity Shares. The Directors may also be regarded as interested in the Equity Shares, if any, held by or that may be subscribed by and allotted to the companies, firms and trust, in which they are interested as directors, members, partners and/or trustees. Except as provided here, our Directors do not have any interest in our Company.

The key managerial personnel of our Company do not have any interest in our Company other than to the extent of the remuneration or benefits to which they are entitled to as per their terms of appointment and reimbursement of expenses incurred by them during the ordinary course of business or to the stock options granted to them under the ESOP Scheme and to the extent of the Equity Shares held by them in our Company, if any. For details regarding our ESOP Scheme, see section titled 'Capital Structure' beginning on Page 48.

Except as stated otherwise in this Letter of Offer, we have not entered into any contract, agreement or arrangement in which our Directors are interested directly or indirectly and no payments have been made to them in respect of these contracts, agreements or arrangements or are proposed to be made to them. Our Directors and our key managerial personnel have not taken any loan from our Company.

#### Changes in our key managerial employees in the last three years

Name	Designation	Date of Change	Reason
Ms. Harpreet Datta	Vice-President (Human Resources)	July 20, 2009	Appointment
Mr. Devi Prasad Ghosh	Vice-President (Marketing)	May 26, 2009	Resignation
Mr. Akhtar Jawed	Executive Vice-President	May 15, 2009	Resignation
Mr. Sanjay Jindal	Head of Technology	May 8, 2009	Promotion
Mr. Atul Raj	Senior Vice-President (Content and Programming)	May 6, 2009	Resignation
Mr. Raj Kumar Agarwal	Chief Financial Officer	May 1, 2009	Appointment
Mr. Prasenjit Phukan	Vice-President (Human Resource)	April 14, 2009	Resignation
Mr. Yadvinder Singh Bains	Senior Vice-President	April 1, 2009	Appointment
Mr. Ajay Gidh	Senior Vice-President (Projects)	March 12, 2009	Resignation
Mr. Rajiv Ganju	Vice-President (Customer Services and Process Improvement)	March 12, 2009	Appointment
Mr. Harish Katyal	Senior Vice-President (Operations and Commercial)	February 27, 2009	Resignation
Mr. Vivek Goel	Chief Financial Officer	January 15, 2009	Resignation
Mr. Neeraj Soni	Vice-President (Business Development-Analogue Sales & Operations)	December 2, 2008	Appointment
Mr. Sudhir Agarwal	Chief Executive Officer	November 10, 2008	Appointment
Mr. Deepak Chandnani	Chief Executive Officer	November 4, 2008	Resignation
Mr. Narinder Pal Singh	Vice-President (Content and Programming)	September 24, 2008	Resignation
Mr. Atul Raj	Senior Vice-President (Content and Programming)	September 15, 2008	Appointment
Mr. Samir Raval	Company Secretary	August 7, 2008	Appointment
Mr. Bhagwant Bhargawe	Vice-President- Legal	February 14, 2008	Resignation
Mr. Vinay Kumar Agarwal	Chief Financial Officer	February 8, 2008	Resignation
Mr. Sanjeev Kashyap	Chief Technical Officer	October 16, 2007	Resignation
Mr. J.S. Kohli	Chief Executive Officer	May 31, 2007	Resignation
Mr. Bimal Bangar	Chief Financial Officer	April 30, 2007	Resignation
Major General Anand	Chief Operating Officer	April 30, 2007	Resignation
Mr. Vimal Kumar Agarawal	Senior Vice-President (Strategy, Mergers and Acquisition)	March 24, 2006	Appointment

## PROMOTERS

### Our Promoters

Pursuant to the Scheme of Arrangement, the entire cable business undertaking of Zee Entertainment Enterprises Limited (“ZEEL”) and Siti Cable Network Limited was transferred in favour of our Company. As such the promoters of ZEEL before demerger have been disclosed as promoters of the Company, post-demerger. For further details on the Scheme of Arrangement, see section titled “History and Certain Corporate Matters” on page 91 of this Letter of Offer.

Our Promoters who are individuals are: (i) Mr. Ashok Mathai Kurien (ii) Mr. Laxmi Narain Goel (iii) Ms. Sushila Goel.



**Mr. Ashok Mathai Kurien**, aged 59, started Ambience Advertising Private Limited in 1987. He is now the Chairman of Publicis Communications Private Limited. He is a founder-director of Zee Entertainment Enterprises Limited, which was successfully launched in the year 1992. Mr. Kurien is also the marketing and strategic advisor to Playwin, India’s first online lottery business and one of the founder-partner and Chairman of Hanmer & Partners, Public Relations, which are among one of the reputed public relations agencies.

Identification	Details
Address	13/A, Ashutosh, Flat No. 14, 1 <sup>st</sup> Floor, Nepean Sea Road, Malbar Hill, Mumbai – 400026
PAN	AADPK4942J
Passport No.	F9135700
Bank Account Number-HSBC	019600634001

The companies in which Mr. Kurien is director:

1. Ambience Business Services Private Limited
2. Hanmer MS & L Communications Private Limited
3. Docasia Com India Private Limited
4. Publicis Communications Private Limited
5. Solutions integrated Marketing Services Private Limited
6. Solutions Integrated Marketing (S) Private Limited (incorporated in Singapore)
7. TF Conferences Private Limited
8. LFP Services Private Limited
9. Yo4ya Ditigal Private Limited
10. Pridigitas Marketing Private Limited
11. Capital Advertising Private Limited
12. Remindo Inc. (USA)
13. Flora 2000 Inc. (USA)
14. Zee Entertainment Enterprises Limited
15. Asian Sky Shop Limited
16. Asia TV Limited (UK)
17. Dish TV India Limited



**Mr. Laxmi Narain Goel**, age 55 years, is one of the key architects of the Essel group of companies. He started his career in 1969 trading agro commodities and established Rama Associates Limited along with his brothers. In 1980, he diversified Essel group’s activities into handicraft exports and real estate development business. He has contributed enormously in the establishment and progress of Essel Propack Limited. At present, Mr. Goel holds the position of vice chairman of the Essel group of companies and is actively involved in the day-to-day developmental activities of the Essel group.

He has been the trustee of the Agroha Vikas Trust for more than decade. He is also the

trustee of the Delhi chapter of the trust, which undertakes a number of noble social causes including the building and running of colleges, schools and temples. Mr. Goel was head of affairs of the Sewak Sabha Hospital, Hissar, Haryana, for two years.

Identification	Details
Address	C/o. Zee News Ltd. Sector 16/A, FC – 19, Noida, New Delhi - 110 035
PAN	AAEPG2531Q
Passport No.	E3948809
Bank Account Number	003101530569

The companies in which Mr. Goel is director:

1. Essel Minerals Private Limited
2. Essel Housing Projects Private Limited
3. Uddar Gagan Properties Private Limited
4. Tyagi Anand & Company Private Limited
5. Mod Silica Private Limited
6. S.T.C. Developers Private Limited
7. Suncity Projects Private Limited
8. Leisure City India Private Limited
9. Zee Akash News Private Limited
10. E-City Realty Holdings Private Limited
11. E-City Real Estates Private Limited
12. E-City Giant Screen (I) Private Limited
13. Suncity Hi-Tech Buildcon Private Limited
14. Suncity Hi-Tech Infrastructures Private Limited
15. Suncity Hi-Tech Projects Private Limited
16. Suncity Infrastructures Private Limited
17. Suncity Realtors Private Limited
18. Glorious Projects Private Limited
19. Bansiwala Realtors Private Limited
20. E-City School of Cinema Hospitality & Retail Private Limited
21. Zee News Limited
22. Rama Associates Limited
23. Essel International Limited
24. Rankey Investments & Trading Company Limited
25. ASC Telecommunication Limited
26. East India Company (Trading) Limited
27. Siti Energy Limited
28. Zee Entertainment Enterprises Limited



**Ms. Sushila Goel**, age 49 years, is wife of Mr. Jawahar Lal Goel. She has been closely associated with Agroha Vikas Trust since a decade. She is also associated with various other social organizations, which are running hospitals, colleges, schools and temples in Delhi.

Identification	Details
Address	Essel house B-10, Lawrence Road, Industrial Area, New Delhi – 100 035
PAN	AATPD5221B
Passport No.	E1495959
Bank Account Number	153900100077704

Ms. Goel does not hold directorships in any company.

We are a part of the Essel group of companies which is promoted by Mr. Subhash Chandra and his family members. All of the Promoter Companies of our Company are controlled by Mr. Subhash Chandra and/or his family members. Since Mr. Subhash Chandra is the chairman of our Board of Directors and Mr. Amit Goenka is our whole-time Director, none of our individual promoters are on the Board of Directors.

Our Promoters which are companies are (i) Ambience Business Services Private Limited, (ii) Briggs Trading Company Private Limited, (iii) Churu Trading Company Private Limited, (iv) Delgrada Limited, (v) Essel Infraprojects Limited, (vi) Ganjam Trading Company Private Limited, (vii) Jayneer Capital Private Limited, (viii) Lazarus Investments Limited, (ix) Prajatma Trading Company Private Limited, (x) Premier Finance and Trading Company Limited and (xi) Veena Investment Private Limited.

**Ambience Business Services Private Limited** (formerly Ambience Advertising Private Limited), (company registration No: 42380, permanent account no: AAACA9528L, bank current account no: 0011010028800001 with Bank of Bahrain & Kuwait Mumbai) was incorporated as a private limited company under the Companies Act on January 30, 1987. The registered office of Ambience Business Services Private Limited is situated at 401-E Neelam Centre, S K Ahire Marg, Worli, Mumbai 400 030, India. It carries on the business of consultancy, research and hire of business facilities. Its name was changed from Ambience Advertising Private Limited to Ambience Business Services Private Limited on November 1, 2007.

#### Directors

1. Mr. Ashok Mathai Kurien;
2. Ms. Diya Kurien;
3. Ms. Priyanka Kurien and
4. Ms. Elsie Nanji.

#### Promoters

The individual promoter(s) of Ambience Business Services Private Limited is Mr. Ashok Mathai Kurien. The details of Mr. Ashok Mathai Kurien are disclosed under para "Our Promoters" on page 107 of this Letter of Offer.

#### Financial Performance

The audited financial results of the company for the Financial Years ended 2008, 2007 and 2006 are set forth below:

*(Rs. in Lakhs except for share data)*

Particulars	As at and for the year ended March 31, 2008	As at and for the year ended March 31, 2007	As at and for the year ended March 31, 2006
Total Income	265.24	112.3	394.1
Profit after Tax	(31.89)	18.9	232.7
Equity Share Capital (Par value Rs. 10 per share)	15.80	15.8	15.8
Reserves & Surplus	886.60	918.5	899.6
Earnings per share (Rs.)	(20)	11.99	147.28
Book Value per share	5,629.2	5,831.7	5,711.8

#### Shareholding

Name of Shareholder	No. of Shares	Percentage of shareholding (%)
Mr. Ashok Mathai Kurien	1,46,500	93.02
Ms. Diya Kurien	5,500	3.49
Ms. Priyanka Kurien	5,500	3.49
<b>TOTAL</b>	<b>1,57,500</b>	<b>100.00</b>

The company being a private limited company, its shares are not listed on any stock exchange. It has not become a sick company under the meaning of SICA, is not under winding up and does not have negative net worth.

There have been no overdue/ defaults to any banks/ financial institutions.

There has been no change in the control or management of the company since its incorporation.

**Briggs Trading Company Private Limited** (corporate identification no.: U51900MH1982PTC028163, permanent account no: AAACB4674J, bank account no.: 039305000159) was incorporated as a private company under the Companies Act, on September 6, 1982. The registered office of Briggs Trading Company Private Limited is situated at Continental Building, 135, Dr Annie Besant Road, Worli, Mumbai 400 018. It carries on the business of finance, trading and investment.

#### Directors

1. Mr. Pratik Mehta and
2. Mr. Srijit Mullick.

#### Promoters

The individual promoter(s) of Briggs Trading Company Private Limited is Ms. Sushila Goenka. The details of Ms. Sushila Goenka are as follows:



Identification	Details
PAN	AAEPG2530R
Passport Number	24590628

#### Financial Performance

The audited financial results of the company for the Financial Years ended 2008, 2007 and 2006 are set forth below:

*(Rs. in Lakhs except for share data)*

Particulars	As at and for the year ended March 31, 2008	As at and for the year ended March 31, 2007	As at and for the year ended March 31, 2006
Total Income	1,726.89	2,938.5	388.3
Profit after Tax	271.50	887.7	(1,073.7)
Equity Share Capital (Par value Rs. 100 per share)	107.3	104.3	104.3
Reserves & Surplus	(1,894.42)	(18,098.1)	(18,985.8)
Earnings per share (Rs.)	202.38	(851.17)	(1,029.55)
Book Value per share	1,865.13	(17253.44)	(18,104.61)

#### Shareholding

Name of Shareholder	No. of Shares	Percentage of shareholding (%)
Ms. Sushila Goenka	42,930	40.00
Mr. Vaibhav Goel	13,858	12.91
Ms. Sulochanadevi	11,858	11.05
Mr. Gagan Goel	11,487	10.70
Mr. Gaurav Goel	9,978	9.30
Mr. Atul Goel	9,607	8.95
Ms. Kavita Goel	7,607	7.09
<b>TOTAL</b>	<b>1,07,325</b>	<b>100.00</b>

The company being a private limited company, its shares are not listed on any stock exchange. It has not become a sick company under the meaning of SICA, is not under winding up. The company has a negative net worth.

There have been no overdue/ defaults to any banks/ financial institutions.

There has been no change in the control or management of the company since its incorporation.

**Churu Trading Company Private Limited** (company registration No: U51900MH1982PTC028133, permanent account no: AAACC4853G, bank account no: 039305000153) was incorporated as a private company under the Companies Act, on September 3, 1982. The registered office of Churu Trading Company Private Limited is situated at Continental Building, 135, Dr Annie Besant Road, Worli, Mumbai 400 018. It carries on the business of finance, trading and investment.

#### Directors

1. Mr. Chhajuram Chaudhary and
2. Mr. Ashok B Sanghvi.

#### Promoters

The individual promoter(s) of Churu Trading Company Private Limited is Ms. Sushila Goel. The details of Ms. Sushila Goel are disclosed under para "Our Promoters" on page 107 of this Letter of Offer.

#### Financial Performance

The audited financial results of the company for the Financial Years ended 2008, 2007 and 2006 are set forth below:

Particulars	<i>(Rs. in Lakhs except for share data)</i>		
	As at and for the year ended March 31, 2008	As at and for the year ended March 31, 2007	As at and for the year ended March 31, 2006
Total Income	12,787.81	2,117.8	16,950.0
Profit after Tax	10,595.60	676.0	15,271.6
Equity Share Capital (Par value Rs. 100 per share)	313.50	309.8	309.8
Reserves & Surplus	38,904.28	4,063.7	3,387.7
Earnings per share (Rs.)	2703.57	174.57	4,929.52
Book Value per share	12,508.51	1411.72	1,193.5

#### Shareholding

Name of Shareholder	No. of Shares	Percentage of shareholding (%)
Ms. Sushila Goel	74,066	23.62
Ms. Sushila Goenka	40,000	12.76
Mr. Amit Goenka	11,345	3.62
Ms. Sushila Devi Goel	43,285	13.81
Mr. Gaurav Goel	15,600	4.98
Mr. Gagan Goel	3,821	1.22
Ms. Sulachona Devi Goel	60,743	19.37
Mr. Atul Goel	1,963	0.63
Ms. Sharda Goel	100	0.03
Mr. Vaibhav Goel	62,606	19.97
<b>TOTAL</b>	<b>3,13,529</b>	<b>100.00</b>

The company being a private limited company, its shares are not listed on any stock exchange. It has not become a sick company under the meaning of SICA, is not under winding up and does not have negative net worth.

There have been no overdue/ defaults to any banks/ financial institutions.

There has been no change in the control or management of the company since its incorporation.

**Delgrada Limited** (Permanent Account no: AABCD7273Q, Bank Account no. 01-201-10054-00) is a company incorporated in Mauritius on April 7, 2000. Its registered office is situated at 10, Frere Felix de Valois Street, Port Louis, Mauritius. It carries on the business of investments.

#### Directors

1. Mr. Deepak Jain and
2. Mr. Uday Gujadhur.

## Promoters

The individual promoter(s) of Delgrada Limited is Mr. Subhash Chandra. The details of Mr. Subhash Chandra are as follows:



Identification	Details
PAN	AACPC4004A
Passport No.	F9137504
Bank Account Number(NRO Account SBI-Mumbai)	10783156452

## Financial Performance

The audited financial results of the company for the financial years ended December 31, 2006, December 31, 2005 and December 31, 2004 are set forth below:

*(Amount converted into INR (Lakhs) )*

Particulars	As at and for the year ended December 31, 2008*	As at and for the year ended December 31, 2007	As at and for the year ended December 31, 2006
Total Income	1,776.91	1,668.89	954.18
Profit after Tax	(2,800.10)	42,389.08	112.07
Equity Share Capital (Par value USD 1 per share)	49.72	39.44	44.30
Reserves & Surplus	78,843.93	2,50,621.26	3,66,388.28
Earnings per share	-	-	-
Book Value per share	49.72	39.44	44.30

\* The results for year ended December 31, 2008 are unaudited financial results.

## Shareholding

Name of Shareholder	No. of Shares held	% of Holding
Erith International Limited	1	100

Its shares are not listed on any stock exchange.

There have been no overdue/ defaults to any banks/ financial institutions.

There has been no change in the control or management of the company since its incorporation.

**Essel Infraprojects Limited** (company registration No: 11- 44006, permanent account no: AAACP6095M, bank account no: 173010200009560) was incorporated in the name of Essel Amusement Park (India) Limited on July 7, 1987, and commenced business on July 21, 1987. The name of the company was changed to Pan India Paryatan Limited on April 20, 1992 and there has been a further change in the name of the company to Essel Infraprojects Limited with effect from February 20, 2007. The registered office of the company is situated at Continental Building, 135, Dr. Annie Besant Road, Worli, Mumbai 400 018. It carries on the business of construction, lease and management of amusement centres or parks of all the nature and to carry on, leasing or owning or leasing out the business of hotel, motel restaurant, café, tavern bare, refreshment rooms, eating houses, swimming pools, boarding and lodging, house keepers, clubs, association in India or abroad.

## Directors

- 1 .Mr. Subhash Chandra;
- 2 .Mr. Jawahar Lal Goel;
3. Mr. Sanjay Arya;
4. Mr. Ashok Kumar Goel;
5. Mr. Punit Goenka and
6. Ms. Kavita Goel.

## Promoters

The individual promoter(s) of Essel Infraprojects Limited are Ms. Sushila Goel and Ms. Sushila Goenka. The

details of Ms. Sushila Goel are disclosed under para “Our Promoters” on page 107 and details of Ms. Sushila Goenka are disclosed on page 109 of this Letter of Offer.

### Financial Performance

The audited financial results of the company for the Financial Years ended 2008, 2007 and 2006 are set forth below:

*(Rs. in Lakhs except for share data)*

Particulars	As at and for the year ended March 31, 2008	As at and for the year ended March 31, 2007	As at and for the year ended March 31, 2006
Total Income	4693.85	4107.7	5201.8
Profit after Tax	155.40	230.7	1612.0
Equity Share Capital (Par value Rs. 10 per share)	2493.2	2493.2	2493.2
Reserves & Surplus	15486.02	15330.6	1,5099.9
Earnings per share (Rs.)	0.62	0.9	17.4
Book Value per share	72.11	71.3	70.4

### Shareholding

Name of Shareholder	No. of Shares	Percentage of shareholding (%)
Ganjam Trading Company Private Limited	97,13,513	32.27
Premier Trading Company Private Limited	55,29,412	22.18
Churu Trading Company Private Limited	49,44,400	16.43
Essel International Limited	18,71,030	7.5
Essel Minerals Private Limited	1,47,850	5.25
Briggs Trading Company Private Limited	13,08,470	5.25
Mr. Ashok Kumar Goel	9,28,060	3.72
Hermitage Investment & Trading Company	8,28,500	3.33
M/s Jawahar Lal Goel & Sons	5,25,250	2.11
Rama Associates Limited	4,73,600	1.9
Ms. Sulochana Devi	4,33,000	1.74
Rankay Investments & Trading Company Limited	4,00,500	1.61
Ms. Kavita Goel	3,57,010	1.43
Mr. Punit Goenka	3,14,000	1.26
M/s Subhash Chandra & Sons (HUF)	2,94,500	1.18
Blue Line Motors Private Limited	2,89,000	1.16
Mr. Arpit Goel	2,82,500	1.13
Mr. Ankit Goel	2,80,500	1.13
Aqualand (India) Limited	1,65,060	0.66
Mr. L.N. Goel	92,010	0.37
Mod Silica Private Limited	90,000	0.36
Mr. Gaurav Goel	80,500	0.32
M/s Nand Kishore & Sons	70,000	0.28
Ms. Sushila J. Goel	70,050	0.28
Ms. Sushila S. Goel	68,510	0.27
Mr. J. L. Goel	68,010	0.27
Mr. Gagan Goel	67,500	0.27
Mr. Kailash Bindal	60,000	0.24
Ms. Sarika Goel	55,500	0.22
Mr. Atul Goel	40,000	0.16
Mr. Amit Goenka	39,000	0.16
M/s L.N. & Sons	36,000	0.14
Ms. Shradha A. Goel	36,000	0.14
Mr. Nand Kishore	32,000	0.13
Ms. Pooja Goenka	29,200	0.12
Prajatma Trading Company Private Limited	24,000	0.10
Mr. Chhajuram Chaudhary	23,400	0.09
Ms. Chandra Devi	10,900	0.04
Mr. Vaibhav A. Goel	4,000	0.02
Ms. Prabha Khetan	6,000	0.02
Mr. S. B. Khetan	3,500	0.01
Mr. M. Khetan	2,900	0.01
Mr. Rajendra Kumar	3,000	0.01

Name of Shareholder	No. of Shares	Percentage of shareholding (%)
Mr. Banwarilal Khetanh	3,000	0.01
Mr. Subhash Chandra	1,010	0.00
<b>TOTAL</b>	<b>3,01,02,145</b>	<b>100.00</b>

Its shares are not listed on any stock exchange. It has not become a sick company under the meaning of SICA, is not under winding up and does not have negative net worth.

There have been no overdue/ defaults to any banks/ financial institutions.

There has been no change in the control or management of the company since March 31, 2008.

**Ganjam Trading Company Private Limited** (company registration No: U51900MH1982PTC028131, permanent account no: AAACG3975H, bank account no: 039305000154) was incorporated as a private company under the Companies Act, on September 3, 1982. The registered office of Ganjam Trading Company Private Limited is situated at Continental Building, 135, Dr Annie Besant Road, Worli, Mumbai 400 018. It carries on the business of finance, trading and investments.

#### Directors

1. Mr. Damodar Balduwa and
2. Mr. Rajender P. Tyagi.

#### Promoters

The individual promoter(s) of Ganjam Trading Company Private Limited is Ms. Sushila Goenka. The details of Ms. Sushila Goenka are disclosed on page 109 of this Letter of Offer.

#### Financial Performance

The audited financial results of the company for the Financial Years ended 2008, 2007 and 2006 are set forth below:

*(Rs. in Lakhs except for share data)*

Particulars	As at and for the year ended March 31, 2008	As at and for the year ended March 31, 2007	As at and for the year ended March 31, 2006
Total Income	1,792.6	2522.1	500.7
Profit after Tax	(518.33)	720.6	(555.0)
Equity Share Capital (Par value Rs. 100 per share)	107.20	107.2	106.2
Reserves & Surplus	700.00	1,218.3	(6,389.2)
Earnings per share (Rs.)	(483.63)	672.33	(522.88)
Book Value per share	753.15	1236.78	(5,919.03)

#### Shareholding

Name of Shareholder	No. of Shares	Percentage of shareholding (%)
Ms. Sushila Goenka	42,870	40.00
Mr. Vaibhav Goel	21,435	20.00
Ms. Sulachona Devi Goel	17,180	16.03
Mr. Gaurav Goel	9,800	9.14
Ms. Sushila Devi Goel	6,558	6.12
Mr. Jawahar Lal Goel	3,000	2.80
Mr. Gagan Goel	2,077	1.94
Mr. Ankit Goel	1,800	1.68
Mr. Arpit Goel	1,800	1.68
Mr. Atul Goel	655	0.61
<b>TOTAL</b>	<b>107,175</b>	<b>100.00</b>

The company being a private limited company, its shares are not listed on any stock exchange. It has not become a sick company under the meaning of SICA, is not under winding up and does not have negative net worth.

There have been no overdue/ defaults to any banks/ financial institutions.

There has been no change in the control or management of the company since its incorporation.

**Jayneer Capital Private Limited** (company registration No: U61190MH1986PTC039204, permanent account no: AAACG1688G, bank account no: 039305000186) was incorporated as a private company under the Companies Act, in the name of Jayneer Consultant Private Limited on March 13, 1986. Its name was subsequently changed to Jayneer Capital Private Limited on September 22, 1995. Its registered office is situated at Continental Building, 135, Dr Annie Besant Road, Worli, Mumbai 400 018. It carries on business of finance, trading and investments.

#### Directors

1. Mr. Ashok Goel and
2. Mr. J.K. Jain.

#### Promoters

The individual promoter(s) of Jayneer Capital Private Limited is Ms. Sushila Goenka. The details of Ms. Sushila Goenka are disclosed on page 109 of this Letter of Offer.

#### Financial Performance

The audited financial results of the company for the Financial Years ended 2008, 2007 and 2006 are set forth below:

*(Rs. in Lakhs except for share data)*

Particulars	As at and for the year ended March 31, 2008	As at and for the year ended March 31, 2007	As at and for the year ended March 31, 2006
Total Income	1,350.87	1718.8	1029.6
Profit after Tax	(365.1)	490.6	540.9
Equity Share Capital (Par value Rs. 10 per share)	60.1	60.1	60.1
Reserves & Surplus	1,498.4	1863.5	1372.9
Earnings per share (Rs.)	(60.74)	81.64	90.00
Book Value per share	259.32	320.07	238.44

#### Shareholding

Name of Shareholder	No. of Shares	Percentage of shareholding (%)
Ms. Sushila Goenka	160,200	26.55
Mr. Ashok Kumar Goel	90,000	14.92
Mr. Punit Goenka	40,940	6.79
Mr. Amit Goenka	40,200	6.66
Ms. Kavita Goel	30,670	5.08
Ms. Sushila Goel	30,470	5.05
Mr. Gaurav Goel	30,200	5.01
Mr. Jawahar Lal Goel	30,000	4.97
Mr. Gagan Goel	30,000	4.97
Mr. Atul Goel	25,000	4.14
Mr. Laxmi Narain Goel	24,000	3.98
Mr. Arpit Goel	24,000	3.98
Ms. Sulochanadevi	23,910	3.96
Mr. Ankit Goel	23,760	3.94
<b>TOTAL</b>	<b>6,03,350</b>	<b>100.00</b>

The company being a private limited company, its shares are not listed on any stock exchange.

It has not become a sick company under the meaning of SICA, is not under winding up and does not have negative net worth.

There have been no overdue/ defaults to any banks/ financial institutions.

There has been no change in the control or management of the company since its incorporation.

**Lazarus Investments Limited** (Permanent Account no: AABCL2192A, Bank Account number 01-201-10064-00) is a company incorporated in Mauritius on August 21, 2002 It carries on business of investments. Its registered office is situated at Roger House 5, President John Kennedy St., Port Louis, Mauritius.

#### Directors

1. Mr. Deepak Jain and
2. Mr. Uday Gujadhur.

#### Promoters

The individual promoter(s) of Lazarus Investments Limited is Mr. Subhash Chandra. The details of Mr. Subhash Chandra are disclosed on page 111 of this Letter of Offer.

#### Financial Performance

The audited financial results of the company for the financial years ended December 2008, December 2007 and December 2006 are set forth below:

Particulars	<i>(Amount converted into INR (Lakhs))</i>		
	As at and for the year ended December 31, 2008*	As at and for the year ended December 31, 2007	As at and for the year ended December 31, 2006
Total Income	882.03	193.63	1,199.73
Profit after Tax	(1,521.02)	(1,457.41)	216.61
Equity Share Capital (Par value USD 1 per share)	99.44	118.31	132.89
Reserves & Surplus	(3,796.05)	44,793.95	27,538.19
Earnings per share	-	-	-
Book Value per share	99.44	118.31	132.89

\* The results for year ended December 31, 2008 are unaudited financial results.

#### Shareholding

Name of Shareholder	No. of Shares	Percentage of shareholding (%)
Mr. Subhash Chandra	2	100

Its shares are not listed on any stock exchange.

There have been no overdue/ defaults to any banks/ financial institutions.

There has been no change in the control or management of the company since its incorporation.

**Prajatma Trading Company Private Limited** (company registration No: U51900MH1982PTC028132, permanent account no: AAACP8386K, bank account no: 039305000151) was incorporated as a private company under the Companies Act, on September 3, 1982. The registered office of Prajatma Trading Company Private Limited is situated at Continental Building, 135, Dr Annie Besant Road, Worli, Mumbai 400 018. It carries on the business of finance, trading and investment.

#### Directors

1. Mr. Chhajuram Chaudhary and
2. Mr. Ashok B Sanghvi

#### Promoters

The individual promoter(s) of Prajatma Trading Company Private Limited is Ms. Sushila Goel. The details of Ms. Sushila Goel are disclosed under para "Our Promoters" on page 107 of this Letter of Offer.

#### Financial Performance

The audited financial results of the company for the Financial Years ended 2008, 2007 and 2006 are set forth below:

*(Rs. in Lakhs except for share data)*

Particulars	As at and for the year ended March 31, 2008	As at and for the year ended March 31, 2007	As at and for the year ended March 31, 2006
Total Income	2,755.5	2,436.8	435.5
Profit after Tax	(209.2)	(341.9)	(776.9)
Equity Share Capital (Par value Rs. 100 per share)	48.1	44.6	44.6
Reserves & Surplus	7,132.1	(15,278.7)	(14,936.7)
Earnings per share (Rs.)	(435.2)	(767.00)	(1,742.00)
Book Value per share	14,935.74	(34,16 1.69)	(33,394.92)

### Shareholding

Name of Shareholder	No. of Shares	Percentage of shareholding (%)
Ms. Sushila Goel	10,110	21.03
Mr. Amit Goenka	9,120	18.97
Ms. Sulochanadevi	8,979	18.68
Ms. Sushiladevi Goel	8,293	17.25
Mr. Vaibhav Goel	3,268	6.80
Ms. Kavita Goel	3,196	6.65
Ms. Sharda Goel	3,150	6.55
Mr. Gaurav Goel	766	1.59
Mr. Gagan Goel	556	1.16
Mr. Ankit Goel	368	0.77
Mr. Arpit Goel	268	0.56
<b>TOTAL</b>	<b>48,074</b>	<b>100.00</b>

The company being a private limited company, its shares are not listed on any stock exchange. It has not become a sick company under the meaning of SICA, is not under winding up. The company has had negative net worth in the past.

There have been no overdue/ defaults to any banks/ financial institutions.

There has been no change in the control or management of the company since its incorporation.

**Premier Finance and Trading Company Limited**, (company registration No: U65990MH1977PLC019636, permanent account no: AAACP8140M, bank account no: 039305000158) was incorporated as a private company under the Companies Act, on May 7, 1977. Its registered office is situated at Continental Building, 135, Dr Annie Besant Road, Worli, Mumbai 400 018. It converted itself into a public limited company on January 13, 1983. Premier Finance and Trading Company Limited carries on the business of finance, trading and investment.

### Directors

1. Mr. J. K. Jain;
2. Mr. Dinesh Kanodia and
3. Mr. Anand Chalwade.

### Promoters

The individual promoter(s) of Premier Finance and Trading Company Limited is Ms. Sushila Goel. The details of Ms. Sushila Goel are disclosed under para "Our Promoters" on page 107 of this Letter of Offer.

### Financial Performance

The audited financial results of the company for the Financial Years ended 2008, 2007 and 2006 are set forth below:

*(Rs. in Lakhs except for share data)*

Particulars	As at and for the year ended March 31, 2008	As at and for the year ended March 31, 2007	As at and for the year ended March 31, 2006
Total Income	3,950.4	4,015.8	889.0
Profit after Tax	(454.8)	(1,145.4)	611.8
Equity Share Capital (Par value Rs. 100 per share)	5.9	5.9	5.4
Reserves & Surplus	(75.00)	379.8	(1,862.3)
Earnings per share (Rs.)	(7,703.31)	(19,399.76)	11,361.82
Book Value per share	(1,170.12)	(6,533.19)	(34,483.17)

### Shareholding

Name of Shareholder	No. of Shares	Percentage of shareholding (%)
Ms. Sushila Goel	2,295	34.31
Mr. Gagan Goel	1,338	20.00
Mr. Vaibhav Goel	1,338	20.00
Mr. Atul Goel	1,000	16.94
Mr. Amit Goenka	380	5.68
Ms. Sulochanadevi	338	5.05
<b>TOTAL</b>	<b>6,689</b>	<b>100.00</b>

Its shares are not listed on any stock exchange. It has not become a sick company under the meaning of SICA, is not under winding up and does not have negative net worth.

There have been no overdue/ defaults to any banks/ financial institutions.

There has been no change in the control or management of the company since its incorporation.

**Veena Investments Private Limited**, (company registration No: U65990MH1972PTC016137, permanent account no: AAACV6436A, bank account no: 039305000262) was incorporated as a private company under the Companies Act, on November 22, 1972. Its registered office is situated at New Prakash Cinema Building, N M Joshi Marg, Delai Road, Lower Parel, Mumbai 400 013. It carries on the business of finance, trading and investments.

### Directors

1. Mr. Chhajuram Chaudhary and
2. Mr. Ashok Kumar Goel.

### Promoters

The individual promoter(s) of Veena Investments Private Limited are Ms. Sushila Goenka and Ms. Sushila Goel. The details of Ms. Sushila Goel are disclosed under para "Our Promoters" on page 107 and the details of Ms. Sushila Goenka are disclosed on page 109 of this Letter of Offer.

### Financial Performance

The audited financial results of the company for the Financial Years ended 2008, 2007 and 2006 are set forth below:

Particulars	As at and for the year ended March 31, 2008	As at and for the year ended March 31, 2007	As at and for the year ended March 31, 2006
Total Income	48.5	73.2	55.8
Profit after Tax	37.6	61.0	41.2
Equity Share Capital (Par value Rs. 100 per share)	4.0	4.0	4.0
Reserves & Surplus	(83.3)	(120.9)	(18.16)
Earnings per share (Rs.)	938.88	1518.62	1,030.06
Book Value per share	(1,983.00)	(2921.88)	(4,440.51)

(Rs. in Lakhs except for share data)

### Shareholding

<b>Name of Shareholder</b>	<b>No. of Shares</b>	<b>Percentage of shareholding (%)</b>
Ganjam Trading Company Private Limited	1,600	40.00
Churu Trading Company Private Limited	1,500	37.50
Briggs Trading Company Private Limited	450	11.25
Prajatma Trading Company Private Limited	250	6.25
Mr. Ashok Goel	100	2.50
Nand Kishore & Sons (HUF)	100	2.50
<b>Total</b>	<b>4,000</b>	<b>100.00</b>

The company being a private limited company, its shares are not listed on any stock exchange. It has not become a sick company under the meaning of SICA, is not under winding up. It has negative net worth.

There have been no overdue/ defaults to any banks/ financial institutions.

There has been no change in the control or management of the company since its incorporation.

### **Undertaking**

We confirm that the details of the permanent account numbers, bank account numbers and passport numbers (for individuals), company registration number and the addresses of the registrar of companies where our Promoters (companies) are registered have been submitted to the Stock Exchanges on which securities are proposed to be listed at the time of filing the Letter of Offer with them.

### **Companies from which the Promoters have disassociated themselves**

There are no companies from which the Promoters have disassociated themselves during the previous three years.

### **Interests of Promoters in the Company**

We have entered into related party transactions, including with our Promoter and Promoter Group in the nature of sale, services and other recoveries; purchase of programs, goods and services; purchase of fixed assets, capital goods and investments; sale of fixed assets and capital goods; advances given; receipts towards advances given; loans /deposits received; repayment of loans/deposits received; expenses recovered and expenses reimbursed etc. The aggregate value of such transactions for Financial Year 2009 is Rs. 84,064.21 Lakhs. Except as mentioned hereinabove, our Promoters and Promoter Group do not have any other interest in our business. Further, there have been no sales or purchase between our Promoter Group Companies where such sales or purchases exceed in value in the aggregate 10% of the total sales or purchases of our Company. For further details regarding our related party transactions, see section titled "Related Party Transactions" on page 192 of this Letter of Offer.

Except our Promoters, none of our Directors or Group companies have any role in promotion of our Company. Further, except to the extent of their shareholding, our Promoters do not have any interests in our group companies.

Except as provided in this Letter of Offer, none of the Promoter group companies or Subsidiaries have business interests in our Company.

### **Payment of benefits to our Promoters during last two years**

Except as stated in section titled 'Financial Statements' beginning on page 199, there has no payment of benefits to our Promoters during the last two years from the date of filing of this Letter of Offer.

### **Common Pursuits**

Except as disclosed in this Letter of Offer, our Promoters do not have an interest in any venture that is involved in services provided by the Company or any member of the Group Companies. For, further details on the related party transactions, to the extent of which our Company is involved, see section titled "Related Party Transactions" beginning on page 192 of this Letter of Offer.

### **Promoter Group**

Relatives of the Promoter that are part of the Promoter Group:

The following relatives form part of our Promoter group:

**Mr. Laxmi Narain Goel**

Sr. No.	Name	Relationship	No. of shares	Percentage of equity shareholding (%)
1.	Ms. Sulochana Devi	Wife of Mr. Laxmi Narain Goel	NIL	NIL
2.	Mr. Nand Kishore Goenka	Father of Mr. Laxmi Narain Goel	NIL	NIL
4.	Mr. Atul Goel	Son of Mr. Laxmi Narain Goel	NIL	NIL
5.	Mr. Ankit Goel	Son of Mr. Laxmi Narain Goel	NIL	NIL
6.	Mr. Arpit Goel	Son of Mr. Laxmi Narain Goel	NIL	NIL
7.	Ms. Chetna Agarwal	Daughter of Mr. Laxmi Narain Goel	NIL	NIL
8.	Mr. Subhash Chandra	Brother of Mr. Laxmi Narain Goel	NIL	NIL
9.	Mr. Jawahar Lal Goel	Brother of Mr. Laxmi Narain Goel	NIL	NIL
10.	Mr. Ashok Goel	Brother of Mr. Laxmi Narain Goel	NIL	NIL
11.	Ms. Kusum Agarwal	Sister of Mr. Laxmi Narain Goel	NIL	NIL
12.	Ms. Urmila Gupta	Sister of Mr. Laxmi Narain Goel	NIL	NIL
13.	Ms. Mohini Gupta	Sister of Mr. Laxmi Narain Goel	NIL	NIL

**Ms. Sushila Goel**

Sr. No.	Name	Relationship	No. of shares	Percentage of equity shareholding (%)
1.	Mr. Jawahar Lal Goel	Husband of Ms. Sushila Goel	NIL	NIL
2.	Mr. Gagan Goel	Son of Ms. Sushila Goel	NIL	NIL
3.	Mr. Gaurav Goel	Son of Ms. Sushila Goel	NIL	NIL
4.	Mr. Rajindar Arya	Brother of Ms. Sushila Goel	NIL	NIL
5.	Mr. Ved Prakash	Brother of Ms. Sushila Goel	NIL	NIL
6.	Mr. Surinder Kumar	Brother of Ms. Sushila Goel	NIL	NIL
7.	Mr. Mahabir Prasad	Brother of Ms. Sushila Goel	NIL	NIL
8.	Ms. Pisto Devi	Sister of Ms. Sushila Goel	NIL	NIL

**Mr. Ashok Mathai Kurein**

Sr. No.	Name	Relationship	No. of shares	Percentage of equity shareholding
1.	Mr. Vanchithatil Pothan Kurien	Father of Mr. Ashok Mathai Kurien	NIL	NIL
2.	Ms. Esther Kurien	Mother of Mr. Ashok Mathai Kurien	NIL	NIL
3.	Ms. Priyanka Kurien	Daughter of Mr. Ashok Mathai Kurien	NIL	NIL
4.	Ms. Diya Kurien	Daughter of Mr. Ashok Mathai Kurien	NIL	NIL
5.	Mr. Susheel Kurien	Brother of Mr. Ashok Mathai Kurien	NIL	NIL
6.	Ms. Shanti Kurien	Sister of Mr. Ashok Mathai Kurien	NIL	NIL

The Equity Shares are held by our Promoters through companies, trusts, HUFs owned/controlled by them. The companies forming part of the Promoter Group include:

Sr. No	Name of Promoter group Ventures
1.	Aqualand (I) Limited
2.	Dish TV India Limited
3.	E-City Investment & Holdings Company Private Limited
4.	Essel Airport Infrastructure Private Limited
5.	Essel International Limited

<b>Sr. No</b>	<b>Name of Promoter group Ventures</b>
6.	Essel Propack Limited
7.	Essel Ship Breaking Limited
8.	ETC Networks Limited
9.	Intrex India Limited
10.	Mediavest India Private Limited
11.	New Media Broadcast Private Limited
12.	Pan India Network Infravest Private Limited
13.	Pan India Infrastructure Private Limited
14.	Prime Publishing Limited
15.	Rama Associates Limited
16.	Solid Containers Limited
17.	STC Developers Private Limited
18.	Suncity Hitech Infrastructure Private Limited
19.	Suncity Hitech Projects Private Limited
20.	Suncity Infrastructure Private Limited
21.	Suncity Project Private Limited
22.	Vasant Sagar Properties Private Limited
23.	Zee Entertainment Enterprises Limited
24.	Zee News Limited

## GROUP COMPANIES

The details of our top five listed group companies, in terms of market capitalization are under:

### 1. Zee Entertainment Enterprises Limited

Zee Entertainment Enterprises Limited was incorporated under name and style of Empire Holding Limited on November 25, 1982. It obtained certificate of commencement of business on January 5, 1983. The name of the company was changed to Zee Telefilms Limited on September 8, 1992 and the name of the Company was further changed to Zee Entertainment Enterprises Limited on January 10, 2007. The registration number of the company is L92132MH1982PLC028767. The registered office of Zee Entertainment Enterprises Limited is situated at Continental Building, 135, Dr. Annie Besant Road, Worli, Mumbai- 400 018, India. The company is the business of media and entertainment, majorly into content, production and broadcasting through television as a medium.

#### Shareholding as on June 30, 2009

S. No.	Name of Shareholder	No. of Shares	Percentage of shareholding (%)
1	Promoters	180,102,368	41.50
5	FII's	11,91,61,772	27.46
2.	Banks, FIs, Mutual Funds	98,178,688	22.62
3.	Private Corporate Bodies	20,832,765	4.80
4.	Resident Individuals	13,643,122	3.14
6.	NRI's/OCB's/Foreign Bodies	2,088,396	0.48
	<b>Total</b>	<b>43,40,07,111</b>	<b>100.00</b>

#### Shareholding belonging to promoter and promoter group as on June 30, 2009

S. No.	Name of Shareholder	No. of Shares	Percentage of shareholding of total shareholding (%)
1.	Delgrada Limited	7,46,33,402	17.20
2.	Jayneer Capital Private Limited	5,23,46,704	12.06
13.	Lazarus Investments Limited	1,15,00,000	2.65
12.	Prajatma Trading Company Private Limited	75,74,500	1.75
3.	Essel Infraprojects Limited	64,00,000	1.47
4.	Premier Finance and Trading Company Limited	61,76,000	1.42
5.	Ganjam Trading Company Private Limited	60,16,500	1.39
6.	Briggs Trading Company Private Limited	44,51,262	1.03
14.	Churu Trading Company Private Limited	35,76,000	0.82
7.	Ambience Business Service Private Limited	22,75,000	0.52
8	Mr. Ashok Kurien	20,42,000	0.47
9.	Mr. Laxmi Goel	17,50,000	0.40
10.	Ms. Sushila Goel	6,80,000	0.16
11.	Veena Investment Private Limited	6,81,000	0.16
	<b>Total</b>	<b>180,102,368</b>	<b>41.50</b>

#### Directors

1. Mr. Subhash Chandra;
2. Mr. Punit Goenka;
3. Mr. Laxmi Narain Goel;
4. Mr. Ashok Mathai Kurien;
5. Mr. Brijendra K. Syngal;
6. Mr. N. C. Jain;
7. Dr. M. Y. Khan;
8. Sir Gulam Noon;
9. Mr. Rajan Jetley and
10. Prof. R. Vaidyanathan.

#### Financial Performance

The audited financial results for Financial Years ended 2009, 2008 and 2007 are as follows:

*(Rs in Lakhs except for per share data)*

Particulars	As at and for the year ended March 31, 2009	As at and for the year ended March 31, 2008	As at and for the year ended March 31, 2007
Total Income	131,533.4	114,392.1	92,913.3
Net Profits After Tax	30,974.4	29,512.1	16,620.8
Equity Share Capital	4340.0	4335.6	4,335.6
Earning Per Share (Diluted after exceptional items)	7.13	6.78	3.92
Reserves (excluding revaluation reserves)	240,094.8	2,08,488.7	1,89,180.9
Book Value per share	56.3	49.1	46.4

## Notes to Accounts

### 1. Background:

Zee Entertainment Enterprises Limited (hereinafter referred to as 'the parent company', 'the Company' or 'ZEEL') together with its subsidiaries and associates (collectively known as "the Group") derives revenue mainly from advertisements and subscription. The Group also generates revenue through sale of television softwares, film distribution and Educational services.

### 2. Basis of Consolidation

- The Consolidated Financial Statements (CFS) of the Group are prepared under Historical Cost Convention under going concern basis in accordance with Generally Accepted Accounting Principles in India and the Accounting Standard-21 on "Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India (ICAI), to the extent possible in the same format as that adopted by the parent company for its separate financial statements by regrouping, recasting or rearranging figures, wherever considered necessary.
- The CFS is prepared using uniform accounting policies for transactions and other events in similar transactions.
- The consolidation of the financial statements of the parent company and its subsidiaries is done to the extent possible on a line-by-line basis by adding together like items of assets, liabilities, income and expenses. All significant inter-group transactions, unrealized inter-company profits and balances have been eliminated in the process of consolidation. Minority interest in subsidiaries represents the minority shareholders proportionate share of the net assets and net income.
- The CFS includes the Financial Statements of the parent company and the subsidiaries (as listed in the table below). Subsidiaries are consolidated from the date on which effective control is acquired and are excluded from the date of transfer/disposal.

Name of the Subsidiaries	Extent of holding of Parent (%)	Country of Incorporation
<b>Direct Subsidiaries</b>		
ETC Networks Limited	50.18	India
Taj Television India Private Limited	50.00	India
Zee Turner Limited	74.00	India
Zee Sports Limited	100.00	India
Zee Multimedia Worldwide Limited	100.00	British Virgin Islands
ZES Holdings Limited ^	100.00	Mauritius
<b>Indirect Subsidiaries</b>		
Apac Media Venture Limited	100.00	Hongkong
Asia Today Limited #	100.00	Mauritius
Asia Business Broadcasting (Mauritius) Limited *	100.00	Mauritius
Pan Asia Infrastructure Limited +	100.00	Mauritius
Taj TV Mauritius Limited	50.00	Mauritius
Zee Multimedia Worldwide (Mauritius) Limited	100.00	Mauritius
Zee Multimedia (Maurice) Limited	100.00	Mauritius
Zee Sports International Limited	100.00	Mauritius
Zee Sports Americas Limited	100.00	Mauritius
Asia TV Limited	100.00	United Kingdom

Name of the Subsidiaries	Extent of holding of Parent (%)	Country of Incorporation
Expand Fast Holding (Singapore) Pte Limited	100.00	Singapore
Zee Technologies (Guangzhou) Limited	100.00	China
Zee Telefilms Middle East FZ LLC	100.00	U.A.E.

Name of the Subsidiaries	Extent of holding of Parent (%)	Country of Incorporation
Zee TV USA Inc.	100.00	United States of America
Zee TV South Africa (Proprietary) Limited	100.00	South Africa
ZES Entertainment Studios Limited ^	100.00	British Virgin Islands
ZES Mauritius Limited ^	100.00	Mauritius
ZES International Limited ^	100.00	United Kingdom
Zee Motion Pictures Private Limited ^	100.00	India
CIS Holding LLC ^	100.00	Russia

\*40% Shareholding acquired during the year

^Incorporated during the year

# 50% held through wholly owned subsidiary.

+ Ceased to be subsidiary w.e.f. January 19, 2009

#### e) Associates

The Group has adopted and accounted for Investments in Associate in these CFS, using the “Equity Method” as per AS -23 issued by ICAI.

Name of the Associate Company	Extent of Holdings	Country of Incorporation
Aplab Limited	26.42%	India
Broadcast South Asia Limited *	48.44%	British Virgin Islands

\* ceased to be an associate w.e.f. May 8, 2008.

No adjustments are made for differences in accounting policy for inventories are valued on weighted average basis and depreciation provided on fixed assets on written down value method in case of Aplab Limited. The impact of this non-compliance on company’s share of profit in the associate is not ascertained.

### 3. Use of Estimates

The preparation of financial statements requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities, as of the date of the financial statements and the reported amount of revenue and expenses of the year. Actual results could differ from these estimates. Any revision to estimates is recognized prospectively in current and future periods.

### 4. Comparatives

- Previous years figures have been regrouped, rearranged or recasted wherever necessary to confirm to this year’s classification. Figures in brackets pertain to previous year.
- The CFS is not comparable, in view of subsidiaries incorporated/ acquired during the current and previous year.

### 5. Fixed Assets

#### (a) Goodwill on Consolidation

Goodwill represents the difference between the group’s shares in the net worth of the subsidiary or an associate, and the cost of acquisition at the time of making the investment in subsidiary or associate. Capital reserve represents negative goodwill arising on consolidation.

#### (b) Intangible Assets

Intangible assets comprises Software, Knowledge based content and Trade Mark. These intangible assets are amortized on straight line basis based on the useful lives, which in management’s estimate represents the period during which economic benefits will be derived from their use.

#### (c) Tangible Fixed Assets

(i) Fixed assets are stated at original cost of acquisition/installation net of accumulated depreciation, amortization and impairment losses. The cost of fixed assets includes taxes, duties, freight and other incidental expenses related to the acquisition and installation of the respective assets.

(ii) Capital Work in progress is stated at the amount expended upto the date of Balance sheet including advances for capital expenditure.

(iii) Assets acquired under Finance Lease are capitalized and the corresponding lease liability is recorded at an amount equal to the fair value of the leased asset at the inception of the lease.

#### 6. Impairment of assets

At each Balance Sheet date, the Company reviews the carrying amount of fixed assets to determine whether there is an indication that those assets have suffered impairment loss. If any such indication exists, the recoverable amount of assets is estimated in order to determine the extent of impairment loss. The recoverable amount is higher of the net selling price and value in use, determined by discounting the estimated future cash flows expected from the continuing use of the asset to their present value.

#### 7. Borrowing Costs

Borrowing Costs attributable to the acquisition or construction of qualifying assets are capitalized as a part of the cost of such assets. All other borrowing costs are charged to revenue.

#### 8. Depreciation/Amortization

- a) Depreciation is provided on tangible fixed assets, including on fixed assets acquired under finance lease, on straight-line method at the rates specified in Schedule XIV or at such higher rates as permissible under applicable law, so as to write off their costs over the estimated useful life of the assets.
- b) Premium on Leasehold land and leasehold improvements are amortized over the period of Lease.
- c) No part of goodwill arising on consolidation is amortized.
- d) Intangible assets are amortized over the economic useful life as estimated by the management as under:-

Assets	Useful life ( in years)
Software/ Knowledge based Content	3
Trade Marks	10

#### 9. Investments

- a) Investments (other than investment in associates) intended to be held for more than one year, from the date of acquisition, are classified as long term investments and are carried at cost. Provision for diminution in value of these investments is made to recognize a decline other than temporary.
- b) Current Investments are carried at cost or fair value whichever is lower.

#### 10. Programs/Film Rights and Inventories

- a) Programs/Film rights:

Programs/Film rights are stated at lower of net cost (cost minus accumulated amortization/impairment) or realizable value. Where the realizable value on the basis of its useful economic life is less than its carrying amount, the difference is expensed.

- i. Cost of news/ current affairs/ chat shows/ events including sports events etc. are fully expensed on telecast.
- ii. Programs (other than (i) above) are amortized over three financial years from the year of telecast.
- iii. Film telecast rights are amortized on a straight-line basis over the duration of license or 60 months from the date of purchase, whichever is shorter.
- iv. Film rights for trade - Cost of respective right is fully expensed on sale.

- b) Film produced and acquired for distribution:

The cost is amortized for Theatrical, Satellite, Music rights etc. as under:

- i. Theatrical Rights: - 70% cost is amortized over three months of theatrical release of movie and balance 30% in subsequent three quarters.
- ii. Satellite Rights, Music Rights, Home Video Rights etc. are expensed on sale.
- iii. In case of Negative rights 10% is allocated to IPR to be amortized over subsequent nine years.
- c) Inventory of Raw Stock - Tapes is valued at lower of cost or estimated net realizable value. Cost is taken on First In First Out (FIFO) basis.
- d) Educational Materials/Equipments are valued at lower of cost or estimated net realizable value. Cost means average cost.

## **11. Revenue Recognition**

- a) Broadcasting services - Advertisement revenue (net of agency commission) is recognized when the related advertisement or commercial appears before the public i.e. on telecast. Subscription revenue is recognized on completion of service.
- b) Commission - Broadcaster includes commission on subscription, advertising canvassing i.e. space selling, revenue recognized when the service is completed.
- c) Sales are recognized when the risk and rewards of ownership are passed onto the customers, which is generally on dispatch of goods.
- d) In respect of education services, revenue is recognized over the duration of course. Franchise fees are recognized as and when instalments are due.
- e) Dividend is recognized when the right to receive the dividend is unconditional.

## **12. Foreign Currency**

### **a) Accounting of Transactions**

(i) The functional currency of each entity in the group is its respective currency. Monetary assets and liabilities in foreign currencies are converted into functional currency at the rates of exchange prevailing at the Balance Sheet date. Transactions in the foreign currencies are converted into functional currency at the rates of exchange prevailing at the date of the transaction.

(ii) Foreign currency transactions are recorded at the exchange rates prevailing on the date of such transactions.

(iii) Foreign currency monetary assets and liabilities at the Balance Sheet date are reported using the closing rate. Gain and losses arising on account of difference in foreign exchange rates on settlement/ translation of monetary assets and liabilities are recognized in the Profit and Loss Account.

(iv) Non-monetary items denominated in foreign currency are reported using exchange rate prevailing on the date of transaction.

(v) In respect of forward exchange contracts assigned to the foreign currency assets/liabilities, the difference due to change in exchange rate between the inception of forward contract and date of the Balance Sheet is recognized in the Profit and Loss Account. Any profit or loss arising on settlement/ cancellation of forward contract is recognized as income or as expense for the year in which they arise.

### **b) Translation and Exchange Rates**

Financial Statements of overseas non-integral operations are translated as under:

(i) Assets and Liabilities at the exchange rate prevailing at the end of the year. Depreciation is accounted at the same rate at which assets are converted.

(ii) Revenues and expenses at yearly average rates (except for inventories and depreciation are converted at opening/closing rates as the case may be). Off Balance Sheet items are translated into Indian Rupees at year-end rates.

(iii) Exchange differences arising on translation of non-integral foreign operations are accumulated in the Foreign Currency Translation reserve until the disposal of such operations.

## **13. Retirement Benefits**

Retirement benefit plans, pensions schemes and defined contribution plans, or funds are governed by the statutes of the countries in which subsidiaries are located and contribution to the fund, future liability on actuarial valuation or liability on termination are charged to Profit and Loss Account. Accrued liabilities for leave encashment are made by the parent and its subsidiaries wherever applicable based on unavailed leave to the credit of employees in accordance with the rules of the respective companies. In case of a subsidiary, the gratuity fund benefits are administered by a specific Trust formed and annual contributions are deposited under group policy scheme of Life Insurance Corporation of India (LIC).

## **14. Miscellaneous Expenditure**

Share issue and Preliminary expenses are amortized over a period of ten years.

## **15. Secured Loans**

### **a) In case of Parent Company :**

**Term Loan from Banks** is secured by hypothecation by way of first pari passu charge on immovable property at noida and subscription receivables. The charge to be created within stipulated period. Certain

loans were repaid during the year were hypothecated by way of first charge on all domestic cable subscription receivables and Program and Film Rights and further secured by exclusive charge on advertising receivables from sports channel.

**Working Capital Finance from Banks** is secured by hypothecation of stocks (other than Program and Film Rights), and book debts (other than advertisement commission and subscription receivables) and other current assets, all ranking pari passu with other financing banks.

**b) In case of subsidiaries,**

**Debentures** are secured by way of first charge on all fixed assets including immovable property, current assets including certain fixed deposits with banks, investments in units of mutual funds, charge on Escrow account through which all the receivables of the Company will be routed and negative lien/non-disposal undertaking in respect of equity shares of the Company held by ZEEL (parent company) and other promoter companies

- Charge in respect of pledge of investments in debentures of Cornershop Entertainment Company Private Limited and assignment of lease right under agreement with Taleem Research Foundation is yet to be created.
- Redeemable at par in four equal installments with the earliest redemption being on January 6, 2012 and last being on January 6, 2015.

**c) Vehicle/other Loans:**

Hire purchase and lease finance is secured by hypothecation of specific assets underlying the hire purchase/ lease.

**16. Foreign Currency Convertible Bonds (FCCB):**

- a) The Company had issued 10,000 0.5% Foreign Currency Convertible Bonds (FCCB) of US\$ 10,000 each aggregating to US\$ 100 million, redeemable on April 29, 2009 at 116.24% of their principal amount. The bond holders have an option to convert these bonds into equity shares from and including June 8, 2004 to and including April 22, 2009 at an initial conversion price of Rs.197.24 per share, with a fixed rate of exchange on conversion of Rs.43.88 (US\$ 1). Consequent to the restructuring, the conversion price has been reset to Rs. 153.46 per share in terms of the Offering Circular, effective April 18, 2008.
- b) 9,621 bonds (including 154 bonds during the year) have been converted and balance 379 bonds outstanding as at the date of the balance sheet are redeemed on due date i.e. April 29, 2009.
- c) Premium payable on redemption of 379 bonds Rs./Thousand 3,981 has been provided and adjusted against securities premium as per Section 78 of the Act.
- d) Out of the Net proceeds of Rs./Thousand 4,269,473 from the issue of the FCCB, Rs./Thousand 4,269,122 has been utilized for the object of the issue, which includes new projects, modernization and expansion of the existing production units and expansion of wholly owned subsidiary operations and balance pending utilization has been included in Cash and Bank balances.

**17 Immovable Property**

- a) The Collector of Hyderabad, Andhra Pradesh, had resumed possession of the freehold land (included under Schedule 6 - "Investments") admeasuring 17,639.64 sq. meters, bought from Padmalaya Telefilms Limited (PTL), registered in the name of the Company and having book value of Rs./Thousand 573,456. The action of the Collector has been set aside by the appellate authorities and the possession of the land is restored.
- b) In terms of final settlement agreement entered during the year with PTL, company has given up his claim on the Second piece of land admeasuring 2,700 sq. meters having book value of Rs./Thousand 25,806, accordingly value of investment has been reduced to that extent in the books.

**18. Debtors**

- a) Debtors are stated in the Balance Sheet at net realizable value. Net realizable value is the invoiced amount less provision for bad and doubtful debtors. Provisions are made specifically against debtors where there is evidence of a dispute or an inability to pay or recoverability.
- b) The Group has recognized a receivable of Rs./Thousand 313,046 (239,400) claimed from competing broadcaster for recovery of the telecast rights money relating to the sports event, which is under litigation. In the opinion of management and based on legal opinions, the receivable is considered as good.

**19. Investment**

- a) During the year, the Company has invested in Rs. 28 Crores in 14% Unsecured Redeemable Optionally Convertible Debentures (OCD's) of Cornershop Entertainment Company Private Limited (Cornershop) engaged in the business of Animation. These debentures are convertible at the option of the Company within a period of 18 months from the date of allotment i.e. March 31, 2009 into 50,000 equity shares of Rs. 10/- each at a premium of Rs. 5,589.10 per share. Upon exercise of the conversion option Cornershop would become a subsidiary of the Company, extent of holding being 83%. Unless converted earlier, these debentures shall be redeemed at par on expiry of 18 months from the date of allotment.

20. During the year, the Company has entered into an arrangement with a Charitable Trust/ Society established under the Bombay Public Trust Act, 1950 to acquire exclusive rights for providing educational infrastructure, content, advisory and other related services to its school for a period of 30 years for Rs. 75 Crores and advance of Rs. 45.25 crores paid for acquiring the rights is included in capital work in progress,

eventually to be capitalized as an intangible asset on commencement of operations by the school, to be amortised over the period of the right. Pursuant to the agreement Rs. 4.41 Crores, incurred for arranging finance, interest on loan and other related expenditure, recoverable from the Trust is included in other advances.

## 21. Acquisitions/Disinvestment

- a) During the year Asia Today Limited a subsidiary of the Company has disinvested its entire 100% shareholding in Pan Asia Infrastructure Limited (PAIL), which resulted in aggregate profit of Rs./Thousand 191,923.
- b) During the year Asia Today Limited a subsidiary of the Company has (i) divested its 48.44% holding in Broadcast South Asia Limited (BSA) under a buyback arrangement for USD 30.9 million. And (ii) has increased its 60% shareholding in its subsidiary Asia Business Broadcasting Limited to 100% by an additional investment of USD 56 million. Goodwill arising on consolidation is Rs./Thousand 2,225,795.

## 22. Loans

The Group has been deploying its surplus funds as short-term demand loans/inter corporate deposits, the parties are regular in repayment of principal and interest, hence are considered good.

## 23. Taxation

- a) Current income tax is calculated on the results of individual companies in accordance with local tax regulations.
- b) Deferred tax is recognized, subject to consideration of prudence, on timing difference, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods and measured using relevant enacted tax rates.
- c) The components of the deferred tax balances as on March 31, are as under:

		(Rs./Thousand)	
Sr. No.	Particulars	2009	2008
(i)	<b>Deferred Tax Assets</b>	<b>33,080</b>	21,335
	Arising on account of timing differences in Retirement Benefit	<b>238,962</b>	194,008
	Provision for doubtful debts	<b>4,562</b>	26,321
	Allowable on payment basis	<b>4,631</b>	114,614
	Unabsorbed fiscal allowances	<b>6,679</b>	6,571
	Other Provisions		
	<b>Total</b>	<b>287,914</b>	372,849
(ii)	<b>Deferred Tax Liabilities</b>	<b>146,574</b>	129,758
	Depreciation Other	<b>28,512</b>	34
	Provisions		
	<b>Total</b>	<b>175,086</b>	129,792
	<b>Deferred Tax Assets (Net)</b>	<b>112,828</b>	243,057

- d) The Company's claims for certain deductions under Chapter VIA of the Income Tax Act, 1961 for Assessment years 1993-1994 to 1999-2000 is allowed by second appellate authority and effect of those appeal orders resulted in excess provision for tax of Rs./ Thousand 573,794 which is accounted for during the year. The interest of Rs./Thousand 204,053 received on these income tax refunds have however been credited to the Profit and Loss account in previous financial year.

Further, during the year, the Company has received income tax refund of Rs./Thousand 524,934 relating to Assessment year 2006-07, pending final tax assessment, interest income of Rs./Thousand 47,904 and excess tax provision are not accounted and refund received is adjusted against provision for tax.

Subsidiary's certain claim for exemption based on status for Assessment years 2001-02 , 2002-03 & 2004-05 is allowed by appellate authority and effect of those appeal orders resulted in excess provision for tax of Rs./Thousand 793,287 which is accounted for in these financials.

## 24. Leases

### (a) Finance Lease:

Long-term leases, which in economic terms constitute investments financed on a long-term basis (finance lease) are recognized as assets and recorded under tangible fixed assets at their cash purchase value. The minimum lease payments required under this finance lease that have initially or remaining non cancellable lease terms in excess of one year as at March 31, 2009 and its present value are as follows. Reconciliation of minimum lease payments and present value:

		(Rs./Thousand)	
		2009	2008
<b>Minimum Lease Payments as at</b>			
Not Later than one year		<b>1,557</b>	263

Later than one year and not later than five year	<b>4,815</b>	842
Later than five years	-	173
<b>Total</b>	<b>6,372</b>	1,278
Less: Amount representing Interest	<b>1,087</b>	171
<b>Present value of Minimum Lease payment</b>	<b>5,285</b>	1,107
Less: Amount due not later than one year	<b>1,107</b>	209
Amount due later than one year and not later than five years	<b>4,178</b>	728
Amount due later than five years	-	170

**(b) Operating Leases:**

Lease of assets under which all the risk and rewards of ownership are effectively retained by the lessor are classified as operating leases. Lease payments/revenue under operating leases are recognized as expense/ income on accrual basis in accordance with the respective lease agreements.

Leasing liabilities primarily relate to lease of certain offices, residential premises, and other facilities. The initial tenure of the lease generally is for 11 to 72 months. The minimum rental payables under other operating leases that have initially or remaining non-cancellable lease term in excess of one year as at March 31, 2009 are as follows:

(Rs./Thousand)

Particulars	2009	2008
Lease rental charges for the year	<b>355,964</b>	454,470
<b>Future Lease rental obligation payable (Under non-cancellable lease)</b>		
Not later than one year	<b>222,975</b>	112,490
Later than one year but not later than five year	<b>347,451</b>	132,121
Later than five years	<b>246,191</b>	-

**(c) In respect of assets given under operating lease.**

(i) The Company has given part of building under cancellable operating lease agreement. The initial term of the lease is for twelve months.

(ii) The rental revenue for the year is Rs./Thousand 64,119 (19,458).

**25. (a) Contingent Liabilities**

(Rs./Thousand)

Sr. No.	Particulars	2009	2008
a)	Corporate guarantees for other related parties availed/ outstanding Rs./Thousand 3,949,415 (4,654,185)	<b>4,526,760</b>	5,362,700
b)	Bank/Counter guarantees outstanding	<b>3,630</b>	3,073
c)	Letter of Credit	<b>406,327</b>	144,155
d)	Claims not acknowledged as debts	<b>141,364</b>	357,237
e)	Legal cases against the Company	<b>Unascertainable</b>	Unascertainable
f)	Disputed Direct Taxes	<b>354,946</b>	203,021
g)	Customs Duty pending export obligation against import of machinery	-	5,501

(b) Estimated amount of contracts remaining to be executed on capital account (net of advances) 726,856 Rs./Thousand (250,983).

**26.** During the year, expenses of Rs./Thousand 63,160 (76,980), shared by other related party, are netted off in relevant heads of Profit and Loss Account.

**27.** Capital work in progress includes Capital Advances Rs./Thousand 512,373.

**28.** Details of prior period expenses/income included in respective heads in the Profit and Loss Account is as under:

(Rs./Thousand)

Particulars	2009	2008
Excess Interest on Tax refund accounted, now reversed	<b>23,400</b>	-
Business Promotion expenses Subscription Revenue	<b>7,605</b>	
	<b>(1,562)</b>	
Prior Period Expense (net)	<b>29,443</b>	-

**29. Related Party Disclosure**

**(i) List of Parties where control exists**

The list of subsidiaries is disclosed in Note 2 (d)

**(ii) Associate Companies**

Name of the Associate Company	Extent of Holdings	Country of
Aplab Limited	Incorporation	
Broadcast South Asia Limited *	26.42%	India

\* ceased to be an associate w.e.f. May 8, 2008.

**(iii) Other Related Parties with whom transactions have taken place during the year and balances outstanding as on the last day of the year:**

Agrani Convergence Limited; Agrani Wireless Service Limited; Asian Satellite Broadcasting Private Limited; Asian Sky Shop Limited; Borth Company Limited; Briggs Trading Company Private Limited; Buddha Films Limited; Churu Trading Company Private Limited; Credensys Software Technologies Private Limited; Dakshin Media Gaming Solutions Private Limited; Delgrada Limited; Digital Media Convergence Limited; Diligent Media Corporation Limited; Dish TV India Limited; Essel Propack Limited; Essel Agro Limited; E-City Entertainment (India) Private Limited; E-City Films Limited; E-City Retail Private Limited; E-Cool Gaming Solution Private Limited; Essel Corporate Resources Private Limited; Essel Infraprojects Private Limited; Essel International Limited; Essel Shyam Communication Private Limited; Essel Shyam Technologies Limited; Ganjam Trading Company Private Limited; Intrex Trade Exchange Limited; Jay Properties Private Limited; Jayneer Capital Private Limited; Natural Wellness; New Media Broadcasting; Pan India Infrastructure Limited; Pan India Network Infravest Private Limited; Prajatra Trading Company Private Limited; Quickcalls Private Limited; Rama Associates Limited; Real Media FZLLC; Resource Software Limited; Scarpetta Investment Limited; Taleem Research Foundation; Turner International India Limited; Wire and Wireless (India) Limited; Zee News Limited; 25 FPS Media Private Limited.

**Directors/Key Management Personnel**

Mr. Puneet Goenka

**Transactions during the year with related parties**

Sr. No.	Particulars	(Rs./Thousand)	
		2008-2009	2007-2008
<b>A)</b>	<b>Fixed Assets/Capital work-in-progress/Capital Advances</b>		
	Other Related Parties	452,570	-
	Associates	-	497
<b>B)</b>	<b>Investments</b>		
	Other Related Parties		
	Balance as at March 31,	281,533	1,533
	Associates		
	Balance as at March 31,	65,433	1,386,834
<b>C)</b>	<b>Sundry Debtors as at March 31,</b>		
	Other Related Parties	890,887	760,045
<b>D)</b>	<b>Loans, Advances and Deposits Given as at March 31,</b>		
	Other Related Parties	10,479,529	5,297,073
<b>E)</b>	<b>Sundry Creditors as at March 31,</b>		
	Other Related Parties	-	717,419
	Associates		260
<b>F)</b>	<b>Loans, Advances and Deposits Received as at March 31,</b>		
	Other Related Parties	-	600
<b>G)</b>	<b>Share Capital</b>		
	<b>Share Application Money Received</b>		
	Other Related Parties	-	9,000
	<b>Refund/adjustment of Share Application Money received</b>		
	Other Related Parties	-	26,800
	<b>Debentures</b>		
	Other Related Parties	280,000	-
	<b>Conversion of 1% Debentures</b>		
	Other Related Parties	-	40,000
<b>H)</b>	<b>Sale and Services Turnover</b>		
	<b>Sale, Services and Recoveries (Net)</b>		
	Other Related Parties	655,664	406,041
	<b>Advertisement Income (Net)</b>		
	Other Related Parties	99,479	189,178
	<b>Commission Received</b>		
	Other Related Parties	268,368	314,929

<b>Sr. No.</b>	<b>Particulars</b>	<b>2008-2009</b>	<b>2007-2008</b>
<b>I)</b>	<b>Other Income</b>		
	<b>Dividend Received</b>		
	Other Related Parties	2,186	-
	Associates	3,303	3,303
	<b>Interest Received</b>		
	Other Related Parties	1,059,694	723,242
	<b>Miscellaneous Income</b>		
	Other Related Parties	48,989	35,578
<b>J)</b>	<b>Share of Profit in Associates</b>	1,357	5,141
<b>K)</b>	<b>Sale of Investments in Associates</b>	1,319,455	-
<b>L)</b>	<b>Acquisition of Minority Interest in Subsidiary</b>		
	Other Related Party	2,399,566	-
<b>M)</b>	<b>Loans, Advances and Deposits Given</b>		
	Other Related Parties	12,413,758	11,527,323
<b>N)</b>	<b>Purchase of Fixed Assets/CWIP/Capital Advances</b>		
	Other Related Parties	452,570	-
<b>O)</b>	<b>Purchase of Investments</b>		
	Other Related Parties	280,000	-
<b>P)</b>	<b>Purchase of Programs, Goods and Services</b>		
	Other Related Parties	1,748,679	1,141,005
<b>Q)</b>	<b>Other Expenses</b>		
	<b>Interest Paid</b>		
	Other Related Parties	-	133
	<b>Remuneration and Consultancy Fees paid</b>		
	Key Management Personnel	3,925	15,492
<b>R)</b>	<b>Loans, Advances and Deposits Received</b>		
	Other Related Parties	569,459	-
<b>S)</b>	<b>Loans and Advances repayment received</b>		
	Other Related Parties	7,900,400	10,179,054
<b>T)</b>	<b>Corporate Guarantees Given</b>		
	Other Related Parties	4,526,760	5,362,700

**Note:**

- a) **Name of the related parties has been disclosed where they have 10% or more of the aggregate for that category of transaction.**

**Disclosure in Respect of Material Related Party who account for 10% or more of the transactions during the year:**

1. Purchase of Asset during the year Aplab Limited Rs./Thousand Nil (497); Capital Advances given to Taleem Research Foundation Rs./Thousand 452,570 (Nil).
2. Share of Profit in associates includes from Aplab Limited Rs./Thousand 1,357 (3,286), and from Broadcast South Asia Limited Rs./Thousand Nil (1,855).
3. Sale of shares in associate include of Broadcast South Asia Limited Rs./Thousand 1,319,455 (Nil).
4. Acquisition of Minority Interest in subsidiary is acquired from Resource Software Limited Rs./Thousand 2,399,566 (Nil).
5. Purchase of Investments includes investment in Debentures of Cornershop Entertainment Private Limited Rs./Thousand 280,000 (Nil).
6. Loans and Advances given include to Briggs Trading Co. Pvt. Ltd. Rs./Thousand Nil (14,10,000); Churu Trading Co. Pvt. Limited Rs./Thousand 37,70,500 (21,86,000); Ganjam Trading Co. Pvt. Limited Rs./Thousand Nil (14,92,522); Prajatma Trading Co. Pvt. Limited Rs./Thousand 21,70,000 (16,05,000); Dish TV India Limited Rs./Thousand 24,30,000 (31,77,000); Wire and Wireless (India) Limited Rs./Thousand 15,50,000 (10,70,000); Premier Finance and Trading Co. Limited Rs./Thousand 18,85,000 (Nil).
7. Loans and Advances repayment received includes Briggs Trading Co. Pvt. Ltd. Rs./Thousand Nil (14,10,000); Churu Trading Co. Pvt. Limited Rs./Thousand 37,70,500 (21,86,000); Ganjam Trading Co. Pvt. Limited Rs./Thousand Nil (14,92,522); Prajatma Trading Co. Pvt. Limited Rs./Thousand 21,70,000 (16,05,000); Dish TV India Limited Rs./Thousand Nil (29,00,000); Premier Finance and Trading Co. Limited Rs./Thousand 18,85,000 (Nil) .
8. Balances outstanding at year end include Zee Sports Limited Rs./Thousand Nil (31,704); Zee Turner Limited Rs./Thousand Nil (94,463); Dish TV India Limited Rs./Thousand 2,491,176 (7,81,315); Wire & Wireless India Limited Rs./Thousand 24,20,906 (8,20,817), Borth Company Limited Rs./Thousand 19,09,059 (14,59,942), Delgrada Limited Rs./Thousand 18,59,701 (14,39,779).
9. Sundry Creditors balances include amounts due for Purchase of Programs Goods & Services to Turner International India Limited Rs./Thousand Nil (3,37,177); Real Media F.Z.L.L.C. Rs./Thousand 132,168 (91,970); Dish TV India Limited Rs./Thousand 82,070 (1,08,589); Zee News Limited Rs./Thousand 47,318 (53,635), Essel Sports Private Limited Rs./Thousand 70,045 (Nil) , Wire and Wireless (India) Limited Rs./Thousand 92,984 (569).
10. Sale and Services Turnover include to Zee News Limited Rs./Thousand 384,483 (1,13,729); Turner Internationals India Private Limited Rs./Thousand 256,391 (191,697), Advertisement Income from Dish TV India Limited Rs./Thousand 83,427 (1,69,967), Asian Sky Shop Limited Rs./Thousand 12,086 (Nil); Agency Commission received from; Zee News Limited Rs./Thousand 2,68,368 (2,71,679).
11. Other income include Dividend received from Essel Propack Limited Rs./Thousand 2,186 (Nil); Aplab Limited Rs./Thousand 3,303 (3,303); Churu Trading Co. Pvt. Limited Rs./Thousand 2,58,147 (1,20,272); Prajatma Trading Co. Pvt. Limited Rs./Thousand 2,56,625 (1,36,071); Wire and Wireless (India) Limited Rs./Thousand 1,41,902 (Nil); Premier Finance & Trading Co. Pvt. Ltd. Rs./Thousand 1,92,548 (Nil); Delgrada Limited Rs./Thousand 139,265 (Nil); Miscellaneous income from Dish TV India Limited Rs./Thousand 25,132 (32,872); Zee News Limited Rs./Thousand 20,441 (Nil).
12. Purchase of Programs, Goods and Services from Turner International India Limited Rs./Thousand 4,54,750 (5,11,653); Real Media F.Z.L.L.C. Rs./Thousand 4,29,923 (3,46,855); Wire and Wireless (India) Limited Rs./Thousand 266,093 (16,926); Essel Sports Private Limited Rs./Thousand 262,603 (59,500); Remuneration and Consultancy Fees paid to Key Management personnel Rs./Thousand 3,925 ( 15,492); Balance written off 25 FPS Media Private Limited Rs./Thousand 13,665 (Nil).
13. Corporate guarantees include in respect Dish TV India Limited Rs./Thousand 3,305,760 (1,877,700); Wire and Wireless (India) Limited Rs./Thousand 921,000 (2,835,000).

### 30. Segment Information

The Group follows AS -17 “Segment Reporting” relating to the reporting of financial and descriptive information about their operating segments in financial statements.

The Group’s reportable operating segments have been determined in accordance with the internal management structure, which is organized based on the operating business segments as described below.

**Broadcasting and content (B & C)**, which principally consists of developing, producing and procuring television programming and film content and delivering via satellites, thereby earning revenues by way of advertisement and subscription revenues and syndication.

**Education**, which principally consists of delivering learning solutions and training to various segments of the society.

**Film Production** which principally consists of Production and distribution of films.

(a) Business Segment (Financial Year 2008-2009)

(Rs./Thousand)					
Description	B & C	Education	Film Production	Elimination	Total
<b>SEGMENT REVENUE</b>	21,190,985	251,295	330,816	-	21,773,097
External Sales Inter-segment Sales					
<b>Total Revenue</b>	<b>21,190,985</b>	<b>251,295</b>	<b>330,816</b>	-	<b>21,773,097</b>
<b>SEGMENT RESULT</b>	<b>4,487,481</b>	<b>(16,481)</b>	<b>(114,094)</b>	-	<b>4,356,906</b>
<b>Operating Profit before interest and Tax</b>					<b>4,356,906</b>
Profit on Sale of Investments in associates					4,590
Profit on Sale of Investments in Subsidiaries					191,923
Interest Expenses					405,899
Interest Income					1,255,697
<b>Profit before Tax and Exceptional Item</b>					<b>5,403,217</b>
Exceptional Items					(25,806)
<b>Profit before Tax and After Exceptional Item</b>					<b>5,429,023</b>
Current Taxes – Current year Earlier Period					1,525,211
Deferred Tax Benefit/(Expense) – Current year					(1,425,204)
<b>Profit after tax</b>					<b>5,221,139</b>
Share in result of associates					1,357
Minority Interest					98,870
<b>Net Profit</b>					<b>5,123,626</b>

Business Segment (Financial Year 2007-2008)

(Rs./Thousand)					
Description	B & C	Education	Others	Elimination	Total
<b>SEGMENT REVENUE</b>					

External Sales Inter-segment Sales	18,098,721	252,365	2,567	-	18,353,653
<b>Total Revenue</b>	<b>18,098,721</b>	<b>252,365</b>	<b>2,567</b>	<b>-</b>	<b>18,353,653</b>
(Rs./Thousand)					
<b>Description</b>	<b>B &amp; C</b>	<b>Education</b>	<b>Others</b>	<b>Elimination</b>	<b>Total</b>
<b>SEGMENT RESULT</b>	<b>5,008,626</b>	<b>54,398</b>	<b>50</b>		<b>5,063,074</b>
<b>Operating Profit before interest and Tax</b>					<b>5,063,074</b>
Interest Expense					297,822
Interest income					995,990
<b>Profit before Tax and exceptional Item</b>					<b>5,761,242</b>
Exceptional items					25,806
<b>Profit before Tax and after exceptional Item</b>					<b>5,735,436</b>
Current Taxes – Current year					(1,794,305)
Deferred Tax Benefit/(Expense) – Current Year					167,668
<b>Profit after tax</b>					<b>4,160,411</b>
Share in result of associates					5,141
Minority Interest					332,883
<b>Net Profit</b>					<b>3,832,669</b>

**(b) Other Segment Information (Financial Year 2008-2009)**

(Rs./Thousand)						
<b>Description</b>	<b>B &amp; C</b>	<b>Education</b>	<b>Film Production</b>	<b>Unallocated</b>	<b>Elimination</b>	<b>Total</b>
<b>1. Segment Assets</b>	35,612,629	726,646	823,314	10,254,987	(905,709)	46,502,867
<b>2. Segment Liabilities</b>	4,283,079	128,827	954,097	8,047,509	(905,709)	12,507,873
<b>3. Capital Expenditures</b>	2,336,478	466,274	14,203			2,816,955
<b>4. Depreciation/ Amortisation</b>	300,357	8,243	1,733			310,333
<b>5. Other Non Cash expenditures</b>	208,306	6,817				215,123

**Other Segment Information (Financial Year 2007-2008)**

(Rs./Thousand)						
<b>Description</b>	<b>B &amp; C</b>	<b>Education</b>	<b>Unallocated</b>	<b>Elimination</b>	<b>Total</b>	
<b>1. Segment Assets</b>	28,593,761	162,819	11,115,681	-	39,872,261	
<b>2. Segment Liabilities</b>	4,186,256	90,188	6,985,004	-	11,261,448	
<b>3. Capital Expenditures</b>	942,509	8,680	-	-	951,189	
<b>4. Depreciation/ Amortization</b>	223,648	8,681	-	-	232,329	
<b>5. Other Non-Cash expenditures</b>	754,074	7,483	-	-	761,557	

**Revenue by Geographical Market**

The geographical segments considered for disclosure are India and Rest of World. (a) The revenues are attributable to countries based on location of customers

(Rs./Thousand)		
	<b>2009</b>	2008
India	<b>13,111,777</b>	11,073,390
Rest of World	<b>8,661,320</b>	7,280,263

- (b) Segment assets and liabilities are disclosed based on the countries of incorporation of respective companies.

(Rs./Thousand)

	Segment Assets		Capital Expenditures	
	2009	2008	2009	2008
India	29,682,765	28,378,488	949,159	381,700
Rest of World	16,820,102	11,493,774	1,867,796	641,472

### Share Quotation

The shares of the company are listed on the BSE and NSE. The details of the highest and lowest price on BSE and NSE during the preceding six months are as follows:

Month	BSE		NSE	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
March 2009	110.10	88.10	110.25	88.00
April 2009	142.00	104.65	142.75	104.50
May 2009	186.90	114.50	187.45	114.75
June 2009	203.50	152.00	203.90	152.00
July 2009	199.70	160.00	191.00	159.55
August 2009	224.80	175.00	224.90	174.75

Source: BSE, NSE website

The company has not made any public or rights issue in the last three years, except for issue of foreign currency convertible bond (FCCBs) equivalent to USD 100 million. All the outstanding FCCBs have been redeemed, as per the terms of issue, in April 2009. It has not become a sick company under the meaning of SICA and is not under winding up.

### Mechanism for redressal of investor grievance

The company has a Share transfer and Investors' Grievance Committee which has authorized executives/officers of the company to attend to investors grievances periodically. The committee meets at least once in a quarter to monitor redressal of investor grievances. Generally, the investor grievances are dealt within seven days of the receipt of the complaint. As of September 11, 2009, there are no investor grievances pending against the company.

### Promise versus Performance

Zee Entertainment Enterprises Limited made a public issue of 82,00,000 equity shares of Rs. 10 each for cash at a premium of Rs. 30 per share aggregating to Rs. 24.60 Lakhs vide prospectus dated July 28, 1993. The issue opened on September 1, 1993 and closed on September 10, 1993.

The utilisation of issue proceeds was as under:

Objects of the issue	Amount raised (in Rs. Lakhs)	Utilisation
Part finance of its capital expenditure	24.60	The amounts were deployed for the purpose it was raised.
Cost of rights		
Working capital requirements		

The promise versus performance in respect of the public issue was as under:

	1993-94		1994-95		1995-96	
	Proj	Actual	Proj	Actual	Proj	Actual
Total Income	2,458	2,627	4,292	5,737	5,470	9,008
Total Expenditure	1,561	1,626	2,554	3,636	3,462	6,603
PAT	897	921	1,688	2,021	2,008	2,303

## 2. ETC Networks Limited

ETC Networks Limited incorporated under name and style of Zee Interactive Systems Limited, on August 27, 1999 and obtained certificate for commencement of business on November 19, 1999. It changed its name to Zee Interactive Learning Systems Limited on December 14, 1999. Consequent to the scheme of amalgamation of ETC Networks Limited with the company, the name of the company was further changed to ETC Networks Limited on February 15, 2008. The registered office of the company is situated at Continental Building, 135, Dr. Annie Besant Road, Worli, Mumbai- 400 018, India. The registration number of the company is L80220MH1999PLC121505. The company's business comprises education and entertainment.

### Shareholding as on June 30, 2009

S. No.	Name of Shareholder	No. of Shares	Percentage of shareholding (%)
1	Promoters	68,70,625	70.51
4.	Resident Individuals	8,43,618	8.66
3.	Private Corporate Bodies	8,15,200	8.37
2.	Banks, FIs, and Mutual Funds	8,01,344	8.22
6.	FIIS	4,00,000	4.10
5.	NRIs/OCBs	13,669	0.14
	<b>Total</b>	<b>97,44,456</b>	<b>100.00</b>

### Shareholding belonging to promoter and promoter group as on June 30, 2009

S. No.	Name of Shareholder	No. of Shares	Percentage of shareholding of total shareholding (%)
1	Zee Entertainmnet Enterprises Limited	48,89,526	50.18
2.	Ganjam Trading Company Private Limited	17,50,000	17.96
3.	Asian Satellite Broadcast Private Limited	2,31,041	2.37
4.	Mr. Amal Chandra Saha	10	0.00
5.	Mr. Hitesh Vakil	10	0.00
6.	Mr. Pushpal Sanghavi	10	0.00
7.	Mr. Shailesh Dholakia	10	0.00
8.	Mr. Vinod Desai	10	0.00
9.	Mr. Jawahar Goel	3	0.00
10.	Mr. Laxmi Narain Goel	1	0.00
11.	Ms. Sulochna Goel	1	0.00
12.	Ms. Sushila Devi Goel	1	0.00
13.	Mr. Gaurav Goel	1	0.00
14.	Rama Associate Limited	1	0.00
	<b>Total</b>	<b>68,70,625</b>	<b>70.51</b>

### Directors

1. Mr. Punit Goenka;
2. Mr. Surjit Banga;
3. Mr. Sumeet Mehta;
4. Mr. Sanjay Jain;
5. Dr. R. S. Jangid and
6. Dr. Manish Agarwal.

### Financial Performance

The audited financial results for Financial Years ended 2009, 2008 and 2007 are as follows:

Particulars	<i>(Rs in Lakhs except for per share data)</i>		
	As at and for the year ended March 31, 2009	As at and for the year ended March 31, 2008**	As at and for the year ended March 31, 2007*
Total Income	6,666.2	8,198	2,153.0
Net Profits After Tax	861.4	2,336.3	170.07

Equity Share Capital	974.4	974.4	73.2
Earning Per Share	8.84	24.80	12.15
Reserves (excluding revaluation reserves)	9556.1	8,694.7	90.6
Book Value per share	105.1	99.2	22.37

\*The company was subject to scheme of amalgamation in the year ended March 31, 2007.

\*\* Financials of the merged entity as on March 31, 2008.

## Notes to Accounts

### 1. Previous Year Comparatives

Previous years' figures have been regrouped, rearranged, or recast wherever considered necessary to confirm to current years presentation. Figures in brackets pertain to previous year.

### 2. Amalgamation

ETC Networks Limited ("erstwhile ETC" or "transferor company") engaged in the business of broadcasting of Satellite Television Channels, was amalgamated with the Company with effect from April 1, 2007 ("appointed date") in terms of the Scheme of Amalgamation ("the Scheme") sanctioned by the Honourable High Court at Bombay on January 11, 2008 and filed with the Registrar of Companies on January 24, 2008. This Scheme has been given effect to in the financial statements of the previous year ended March 31, 2008.

3. During the year, the Company has invested Rs. 28 crores in 14% Unsecured Redeemable Optionally Convertible Debentures (OCD's), of Cornershop Entertainment Company Private Limited (Cornershop) engaged in the business of Animation. These debentures are convertible at the option of the Company within a period of 18 months from the date of allotment i.e. March 31, 2009 into 50,000 equity shares of Rs. 10/- each at a premium of Rs. 5,589.10 per share. Upon exercise of the conversion option Cornershop would become a subsidiary of the Company, extent of holding being 83%. Unless converted earlier, these debentures shall be redeemed at par on expiry of 18 months from the date of allotment.
4. During the year, the Company has entered into an agreement with a Charitable Trust/Society established under the Bombay Public Trust Act, 1950 to acquire exclusive rights for providing educational infrastructure, content, advisory and other related services to its school for a period of 30 years for Rs. 75 crores and advance of Rs. 45.25 crores paid for acquiring the rights is included in capital work-in-progress, eventually to be capitalized as an intangible asset on commencement of operations by the school, to be amortised over the period of the right. Pursuant to the agreement Rs. 4.41 crores, incurred for arranging finance, interest on loan and other related expenditure, recoverable from the Trust is included in other advances.

### 5. Taxation

- a) In view of brought forward tax losses, provision for taxation is made as per the provisions of Section 115JB of Income Tax Act, 1961.
- b) The components of deferred tax balances as at March 31,;

(Amount in Rupees)

Particulars	2009	2008
<b>Deferred Tax Assets</b>	<b>4,267,371</b>	3,909,899
Provision for retirement benefits Fiscal	<b>1,251,437</b>	56,668,974
Allowances carried forward Provision for doubtful debts	<b>35,640,758</b>	28,511,110
<b>Total</b>	<b>41,159,566</b>	89,089,983
	<b>19,859,997</b>	24,612,603
	<b>19,859,997</b>	24,612,603
	<b>21,299,569</b>	64,477,380

### 6. Foreign Exchange

- a) The foreign exchange gain (net) of Rs. 8,558,558 (2,286,341) on settlement or realignment of foreign

- exchange transactions has been adjusted in respective heads of the Profit and Loss account
- b) Derivative Contracts (Forward contracts for hedging purposes) entered into by the Company and outstanding as at March 31, 2009 amount to Rs. Nil (Nil).
- c) Foreign currency exposures that are not hedged by derivative instruments as at March 31,  
(Amount in Rupees)

Particulars	2009	2008
Payables	4,330,750	1,524,895
Receivables	76,127,479	31,352,633

## 7. Leasing Arrangements

In respect of assets taken on operating lease during the year:

The Company leases office premises, training centers and transponder services under cancellable/ non-cancellable agreements that are renewable on a periodic basis at the option of both the lessee and the lessor. The initial tenure of the lease generally is for 11 to 60 months.

(Amount in Rupees)

Particulars	2009	2008
Lease rental charges for the year	57,012,361	45,735,012
<b>Future lease rental obligation payable (under non-cancellable leases)</b>		
Not later than one year	43,042,945	26,366,619
Later than one year but not later than five years	30,043,165	39,431,021

## 8. Contingent Liabilities not provided for

(Amount in Rupees)

Particulars	2009	2008
Bank Guarantees	45,000	45,000
Claims against Company not acknowledged as debts	7,079,138	8,358,570
Estimated amount of contracts remaining to be executed on capital account not provided for (net of advances)	297,947,500	3,646,214
Disputed Direct tax demands	10,287,223	5,501,389
Customs Duty pending export obligation against import of machinery		

## 9. Disclosures

- a) Capital work-in-progress includes capital advances of Rs. 454,047,500 (Nil).
- b) The Company has not received any intimation from “suppliers” regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures, if any, relating to amounts unpaid as at the year end together with interest paid/payable as required under the said Act have not been furnished.
- c) Sundry Debtors include, dues from companies under the same management as under:

(Amount in Rupees)

Name of the Company	Balance Outstanding		Maximum Balance Outstanding	
	2009	2008	2009	2008
Asia T. V. Limited (U.K.) Asia	23,013,386	22,445,530	25,828,000	33,163,470
Today Limited Zee Turner Limited	52,454,401	7,118,830	52,454,401	11,403,000
				44,304,330

- d) Administrative and Other Expenses include prior period expenses of Rs. Nil (3,096,858).
- e) ETC Networks Limited (erstwhile ETC) (“the Transferor Company”) has taken over running business of Entertainment Television Network Private Limited during the year 1999-2000 along with the benefits of contracts, agreement and approvals for broadcasting of Television Channels.
- f) Some of the agreements and approvals are yet to be transferred/received in the name of erstwhile ETC. Further, investments of Rs. 62,500 are held in the name of the erstwhile promoter group company and are yet to be transferred in the name of the Company.
- g) Miscellaneous

h) Expenses includes Auditors Remuneration as under:

<b>Particulars</b>	<b>(Amount in Rupees)</b>	
	<b>2009</b>	<b>2008</b>
Audit Fees	<b>1,500,000</b>	1,500,000
Tax Audit Fees	<b>250,000</b>	250,000
Certification and Other Matters	<b>1,538,557</b>	1,527,083

## **10. Related Party Transactions**

### **Holding Company**

#### **Zee Entertainment Enterprises Limited**

### **Fellow Subsidiary**

Apac Media Ventures Limited; Asia Business Broadcasting Mauritius Limited; Asia Today Limited; Asia TV Limited (U.K.); Expand Fast Holding (Singapore) Pte. Limited; Zee CIS Holding Ltd.; Pan Asia Infrastructure Limited ceased w.e.f. 19/01/2009); Taj Television India Private Limited; Taj Television Limited, Mauritius; Zee Multimedia (Maurice) Limited; Zee Multimedia Worldwide Limited, Mauritius; Zee Multimedia Worldwide Limited (BVI); Zee Sports Americas Limited; Zee Sports International Limited; Zee Sports Limited; Zee Technologies (Guangzhou) Limited; Zee Telefilms Middle East FZLLC; Zee TV South Africa (Proprietary) Limited; Zee TV USA Inc.; Zee Entertainment Studios Limited; Zee Motion Pictures Private Limited; Zee Turner Limited; ZES Holding Limited; ZES International Limited; ZES Mauritius Limited.

### **Other Related parties with whom transactions have taken place during the year and balance outstanding at the year end.**

Agrani Convergence Limited; Agrani Wireless Services Limited; Cornershop Entertainment Company Private Limited; Continental Drug Company Private Limited; Dish TV India Limited; Essel Corporate Resources Private Limited; E-City Entertainment (India) Private Limited; E-City Films (India) Private Limited; Intrex India Limited; New Media Broadcasting Private Limited; Essel Infraprojects Limited; Essel Shyam Technologies Limited; Ganjam Trading Company Private Limited; Pan India Network Infravest Private Limited; Premier Finance and Trading Company Limited; Taleem Research Foundation; Quickcalls Private Limited; Wire and Wireless (India) Limited; Zee News Limited.

### **Key Managerial Personnel**

Mr. Sumeet Mehta

(Amount in Rupees)

	2009		2008	
	Total Amount	Amount	Total Amount	Amount
<b>A) TRANSACTIONS</b>				
<b>a) Sales and Services</b>				
<b>Holding Company</b>	<b>13,776,848</b>		39,043,672	
Zee Entertainment Enterprises Limited		<b>13,776,848</b>		39,043,672
<b>Fellow Subsidiaries</b>	<b>50,106,200</b>		31,834,870	
Asia Today Limited		<b>47,481,280</b>		8,873,250
Asia TV Limited U.K.		<b>2,624,920</b>		22,961,620
<b>Other Related Parties</b>	<b>820,310</b>		20,845,244	
Dish TV India Limited		<b>784,811</b>		20,629
Cornershop Entertainment Company Private Limited		<b>35,499</b>		
Pan India Network Infravest Private Limited		-		513,935
E- City Films (India) Private Limited		-		18,876
Zee News Limited		-		20,275,804
Essel Infraprojects Limited		-		16,000
<b>b) Purchase of Goods and Services</b>				
<b>Holding Company</b>	<b>25,420,626</b>		-	
Zee Entertainment Enterprises Limited		<b>25,420,626</b>		-
<b>Fellow Subsidiaries</b>	<b>381,925</b>		10,125	
Zee Turner Limited		<b>381,925</b>		-
Asia Today Limited		-		10,125
<b>Other Related Parties</b>	<b>28,365,415</b>		33,279,064	
Zee News Limited		<b>4,952,605</b>		14,752,812
E-City Entertainment (India) Private Limited				189,099
Essel Corporate Resource Private Limited		<b>14,923,280</b>		11,050,394
Essel Shyam Technologies Limited		<b>1,355,859</b>		4,630,303
Pan India Network Infravest Private Limited		<b>724,774</b>		681,921
Essel Infraprojects Limited		<b>2,252,432</b>		1,974,535
Cornershop Entertainment Company Private Limited		<b>943,801</b>		
Continental Drug Company Private Limited		<b>2,717,009</b>		
Wire & Wireless (India) Limited		<b>495,655</b>		-
<b>c) Debtors written off</b>				
<b>Fellow Subsidiaries</b>	-		40,976,076	
Zee Turner Limited		-		40,976,076
<b>d) Creditors Balances written back</b>				
<b>Other Related Parties</b>	-		32,781,738	
Dish TV India Limited		-		32,781,738
<b>e) Interest Income</b>				
<b>Other Related Parties</b>	<b>35,340,879</b>		15,118,214	
Dish TV India Limited		<b>1,010,711</b>		864,682
Quickcalls Private Limited		<b>1,277,771</b>		1,062,574
Wire and Wireless (India) Limited		<b>14,025,000</b>		13,190,958
Premier Finance & Trading Co. Limited		<b>19,027,397</b>		-
<b>f) Interest Expense (on Debentures)</b>	-		133,333	
<b>Other Related Parties</b>				

Ganjam Trading Company Private Limited				133,333
<b>g) Loans and Advances given</b>				
<b>Other Related Parties</b>	<b>324,100,422</b>		10,000,000	
Quickcalls Private Limited		-		10,000,000
Premier Finance & Trading Co. Limited		<b>280,000,000</b>		-
Taleem Research Foundation		<b>44,100,422</b>		-
<b>2009</b>				
	<b>Total Amount</b>	<b>Amount</b>	<b>2008</b>	<b>Amount</b>
			<b>Total Amount</b>	
<b>h) Capital Advances given</b>				
<b>Other Related Parties</b>	<b>452,570,000</b>		-	
Taleem Research Foundation		<b>452,570,000</b>		-
<b>i) Loans and Advances repayment, received</b>				
<b>Other Related Parties</b>	<b>280,000,000</b>		532,146	
Quickcalls Private Limited		-		532,146
Premier Finance & Trading Co. Limited		<b>280,000,000</b>		-
<b>j) Investments in Debentures</b>				
<b>Other Related Parties</b>	<b>280,000,000</b>		-	
Cornershop Entertainment Company Private Limited		<b>280,000,000</b>		
<b>k) Amounts received on partly paid up shares (including premium)</b>				
<b>Holding Company</b>			29,000,000	
Zee Entertainment Enterprises Limited		-		20,000,000
<b>Other Related Parties</b>				
Ganjam Trading Company Private Limited				9,000,000
<b>l) Refund of share application money/ Adjustment of share application money against partly paid up shares</b>				
<b>Other Related Parties</b>			26,800,000	
Ganjam Trading Company Private Limited				26,800,000
<b>m) Conversion of 1 % Optionally Convertible debentures into Equity Shares</b>				
<b>Other Related Parties</b>			40,000,000	
Ganjam Trading Company Private Limited				40,000,000
<b>B) BALANCES OUTSTANDING AS AT MARCH 31,</b>				
<b>a) Sundry Debtors</b>				
<b>Holding Company</b>	<b>55,469,254</b>		47,834,270	
Zee Entertainment Enterprises Limited		<b>55,469,254</b>		47,834,270
<b>Fellow Subsidiaries</b>	<b>75,467,787</b>		29,564,360	
Asia TV Limited U.K.		<b>23,013,386</b>		22,445,530
Asia Today Limited		<b>52,454,401</b>		7,118,830
<b>Other Related Parties</b>	<b>2,132,215</b>		1,547,389	

Essel Infraprojects Limited		<b>115,710</b>		115,710
E-City Films (India) Private Limited		<b>18,662</b>		18,662
Pan India Network Infravest Private Limited		<b>509,074</b>		509,074
Intrex India Limited		<b>712,851</b>		712,851
Dish TV India Limited		<b>775,918</b>		20,629
Wire and Wireless India Limited		-		33,800
Agrani Convergence Limited		-		7,649
E-City Entertainment (India) Private Limited				129,014
<b>b) Sundry Creditors</b>				
<b>Holding Company</b>	<b>15,383,252</b>		2,142,653	
Zee Entertainment Enterprises Limited		<b>15,383,252</b>		2,142,653
<b>Fellow Subsidiaries</b>	<b>409,313</b>		70,660	
Asia Today Limited		<b>70,660</b>		70,660
Zee Turner Limited		<b>338,653</b>		
<b>Other Related Parties</b>	<b>25,312,360</b>		10,489,089	
Zee News Limited		<b>21,908,996</b>		7,006,677
Agrani Convergence Limited		<b>35,141</b>		35,141
Intrex India Limited		<b>13,832</b>		13,832
Essel Infraprojects Limited		<b>1,179,067</b>		414,047
Pan India Network Infravest Private Limited		<b>304,006</b>		218,570
Cornershop Entertainment Company Private Limited		<b>1,871,318</b>		
Wire and Wireless (India) Limited		-		568,620
Essel Corporate Resource Private Limited				2,232,202
<b>c) Loans and Advances given</b>				
<b>Holding Company</b>	-		2,219,266	
Zee Entertainment Enterprises Limited		-		2,219,266
<b>Other Related Parties</b>	<b>198,676,373</b>		139,711,043	
Agrani Wireless Services Limited		<b>108,550</b>		108,550
E-City Entertainment (India) Private Limited		<b>81,928</b>		
New Media Broadcasting Private Limited		<b>14,032</b>		14,032
Pan India Network Infravest Private Limited		<b>2,083,320</b>		2,083,320
Wire and Wireless (India) Limited		<b>120,088,792</b>		117,433,273
Dish TV India Limited		<b>8,218,875</b>		10,250,073
Quickcalls Private Limited		<b>9,765,165</b>		9,821,795
Premier Finance & Trading Company Limited		<b>14,215,289</b>		
Taleem Research Foundation		<b>44,100,422</b>		-
<b>d) Capital Advances given</b>	<b>452,570,000</b>		-	
<b>Other Related Parties</b>				
Taleem Research Foundation		<b>452,570,000</b>		-
<b>e) Investments</b>				
<b>Other Related Parties</b>	<b>280,000,000</b>			
Cornershop Entertainment Company Private Limited		<b>280,000,000</b>		

## 11. Segment Information

The Company follows AS 17 “Segmental Reporting” relating to the reporting of financial and descriptive information about their operating segments in financial statements.

**Broadcasting and Content, (B & C)** which principally consists of developing, producing and procuring television programming and delivering via satellite, thereby earning revenue by way of advertisements.

**Education**, which principally consists of delivering learning solutions and training to various segments of society.

There are no geographical segments as exports are insignificant.

**(a) i) Business Segment (Financial Year 2008-2009)**

Description	(Amount in Rupees)			
	B & C	Education	Others	Total
<b>Segment Revenue</b>				
External Sales	415,332,440	251,295,379	-	666,627,819
Intersegment Sales	-	-	-	-
<b>Total Revenue</b>	<b>415,332,440</b>	<b>251,295,379</b>	<b>-</b>	<b>666,627,819</b>
<b>Segment Result</b>	<b>98,693,521</b>	<b>(16,481,084)</b>	<b>10,696,077</b>	<b>92,908,514</b>
<b>Operating Profit before Interest and Tax</b>	<b>98,693,521</b>	<b>(16,481,084)</b>	<b>10,696,077</b>	<b>92,908,514</b>
Interest Expense				255,736
Interest Income				41,662,296
<b>Profit before Tax</b>				<b>134,315,074</b>
Current Tax (including earlier years)				16,336,367
Deferred Tax				43,177,811
Fringe Benefit Tax				2,794,763
MAT Credit Entitlement				(14,137,368)
<b>Profit after Tax</b>				<b>86,143,501</b>

**ii) Business Segment (Financial Year 2007-2008)**

(Amount in Rupees)

Description	B & C	Education	Others	Total
<b>Segment Revenue</b>	525,807,493	252,365,532	-	778,173,025
External Sales Intersegment Sales				
<b>Total Revenue</b>	<b>525,807,493</b>	<b>252,365,532</b>	<b>-</b>	<b>778,173,025</b>
<b>Segment Result</b>	<b>126,926,952</b>	<b>5,438,709</b>	<b>16,053,312</b>	<b>148,418,973</b>
<b>Operating Profit before Interest and Tax</b>	<b>126,926,952</b>	<b>5,438,709</b>	<b>16,053,312</b>	<b>148,418,973</b>
Interest Expense				2,478,014
Interest Income				23,208,796
<b>Profit before Tax</b>				<b>169,149,756</b>
Current Tax				18,700,340
Deferred Tax				(68,059,373)
Fringe Benefit Tax				3,571,842
MAT Credit Entitlement				(18,700,340)
<b>Profit after Tax</b>				<b>233,637,287</b>

**(b) i) Other Segment Information (Financial Year 2008-2009)**

(Amount in Rupees)

Description	B & C	Education	Unallocated	Total
Segment Assets	484,823,173	726,646,448	578,097,445	1,789,567,066
Segment Liabilities	107,222,920	629,282,392	28,501,316	765,006,628
Capital Expenditures	4,545,408	466,274,324	-	470,819,732
Depreciation	25,903,185	8,243,520	-	34,146,705
Non Cash expenditures	20,529,790	6,186,536	-	26,716,326

**ii) Other Segment Information (Financial Year 2007-2008)**

(Amount in Rupees)

Description	B & C	Education	Unallocated	Total
Segment Assets	841,914,469	165,797,690	212,591,831	1,220,303,990
Segment Liabilities	130,513,556	90,188,495	32,683,687	253,385,738
Capital Expenditures	22,049,549	10,009,173	-	32,058,722
Depreciation	26,770,004	8,681,061	-	35,451,065
Non-Cash Expenditures	21,729,692	7,483,102	-	29,212,794

### Share Quotation

The shares of the company were listed on the BSE and the NSE on March 28, 2008:

Month	BSE		NSE	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
March 2009	68.60	50.10	66.00	50.65
April 2009	105.40	59.15	104.00	58.30
May 2009	125.15	70.00	124.60	69.00
June 2009	147.00	101.65	147.00	100.10
July 2009	121.00	90.00	119.70	90.00
August 2009	148.50	112.60	148.65	141.30

Source: BSE, NSE website

The company has not made any public or rights issue in the last three years. It is not a sick company under the meaning of SICA and is not under winding up.

### Mechanism for redressal of investor grievance

The company has a Share Transfer and Investors' Grievance Committee which has authorized executives/officers of the company to attend to investors' grievances periodically. The committee meets at least once in a quarter to monitor redressal of investor grievances. Generally, the investor grievances are dealt within seven days of the receipt of the complaint. As of September 11, 2009, there are no investor grievances pending against the company.

### Promise versus Performance

The company has not made any capital issue in last three years.

### 3. Essel Propack Limited

Essel Propack Limited was originally incorporated as Essel Packagings Limited on December 22, 1982. The name of the company was changed from Essel Packagings Limited to Essel Packaging Limited on September 29, 1983 and subsequently from Essel Packaging Limited to Essel Propack Limited on July 25, 2001 and fresh certificate of incorporation was obtained. Its registered office is situated at P.O. Vasind Taluka Shahapur, Thane 421604. The registration number of the company is 11-28947 and Company Identification no. is L74950MH1982PLC028947. The company is engaged in the business of packaging.

### Shareholding as on June 30, 2009

S. No.	Name of Shareholder	No. of Shares	Percentage of shareholding (%)
1	Promoters	9,22,69,255	58.92
4.	Resident Individuals	3,08,45,623	19.70
2.	Banks, FIs, Mutual Funds and FIIs	1,87,40,120	11.97
3.	Private (domestic) Corporate Bodies/Trusts	1,24,69,241	7.96
5.	NRI/OCBs	22,76,891	1.45
	<b>Total</b>	<b>15,66,01,130</b>	<b>100</b>

### Shareholding belonging to promoter and promoter group as on June 30, 2009

S. No.	Name of Shareholder	No. of Shares	Percentage of shareholding of total
--------	---------------------	---------------	-------------------------------------

			shareholding (%)
1	Packaging Products Investments Limited	17,158,305	10.96
2	Lazarus Investments Limited	17,070,000	10.90
3	Ganjam Trading Company Private Limited	10,176,800	6.50
4	Premier Finance and Trading Company Limited	8,948,675	5.71
5	Churu Trading Company Private Limited	8,190,390	5.23
6	Rupee Finance And Management Private Limited	8,024,525	5.12
7	Briggs Trading Company Private Limited	6,208,520	3.96
8	Prajatma Trading Co Private Limited	5,953,380	3.80
9	Rama Associates Limited	4,086,340	2.61
10	Premier Finance and Trading Company Limited	1,900,000	1.21
11	Zee Entertainment Enterprises Limited	1,822,000	1.16
12	Aqualand India Limited	1,570,200	1.00
13	Royal Tools Pvt Limited	504,000	0.32
14	Veena Investment Private Limited	431,000	0.28
15	Blue Line Moters Private Limited	96,000	0.06
16	Mr. Subhash Chandra	89,305	0.06
17	Essel Infraprojects Limited	25,200	0.02
18	Ms. Kavita Ashok Goel	10,990	0.01
19	Mr. Nand Kishore Goel	3,000	0.00
20	Mr. Ashok Kumar Goel	625	0.00
	<b>Total</b>	<b>9,22,69,255</b>	<b>58.92</b>

### Directors

1. Mr. Subhash Chandra;
2. Mr. Ashok Kumar Goel;
3. Mr. Devendra Ahuja;
4. Mr. Tapan Mitra;
5. Mr. K. V. Krishnamurthy;
6. Mr. Boman Moradian and
7. Mr. Mukund M. Chitale

### Financial Performance

The audited financial results for years ended 2008, 2007 and 2006 are as follows:

Particulars	<i>(Rs in Lakhs except for per share data)</i>		
	As at and for the year ended December 31, 2008	As at and for the year ended December 31, 2007	As at and for the year ended December 31, 2006
Total Income	12,949	12,1811	1,02,861
Net Profits After Tax	(8,831)	6,081	9,855
Equity Share Capital	3,131	3,131	3,131
Earning Per Share	(5.64)	3.88	6.29
Reserves (excluding revaluation reserves)	66,786	78,847	73,447
Net Asset Value	1,74,807	1,54,245	1,31,191
Book Value per share	44.65	52.34	48.90

\* The shares of the company were split from face value of Rs. 10 per share to Rs. 2 per share on June 8, 2006.

### Notes to Accounts

#### 1. Comparatives

a) Previous year figures are regrouped, rearranged or recast wherever necessary to confirm to this year's classification.

b) Figures in brackets pertain to previous year.

#### 2.a) Capital Commitments

(Amount in Rupees)

Particulars	2008	2007
Estimated amount of contracts remaining to be executed on capital account, not provided for (net of advances)	105,945,748	117,450,316

**b) Contingent Liabilities not provided for**

		(Amount in Rupees)	
Sr. No.	Particulars	2008	2007
a)	Unexpired Letters of Credit	17,532,064	59,156,816
b)	Guarantees and counter guarantees given by the Company [includes Rs. 6,230,497,924 (Rs. 3,970,664,481) for loans taken by Subsidiaries]. Loans outstanding against these guarantees are Rs. 4,984,693,952 (Rs. 3,210,680,750)	6,331,124,474	4,045,264,481
c)	Disputed Indirect Taxes*	166,253,616	148,876,659
d)	Disputed Direct Taxes	49,784,919	56,207,886
e)	Claims not acknowledged as debts	3,556,550	3,556,550
f)	Deferred Sales Tax Liability assigned	180,319,450	215,052,178
g)	Duty benefit availed under EPCG scheme, pending export obligations	65,793,947	47,856,513

\* Does not include Rs. 198,191,799 (Rs. 2,022,335) for alleged undervaluation in inter unit transfer of Web, for captive consumption as it does not have significant impact on profits of the Company, since excise duty paid by one unit is admissible as Cenvat credit at other unit. Further the appeal filed by Excise Department against the decision in Company's favour by High Court is pending before Supreme Court.

**3. Managerial Remuneration**

- a) The Computation of Net Profit in accordance with the provisions of Section 198/309/349 of the Companies Act, 1956 is as under:

		(Amount in Rupees)	
Particulars	2008	2007	
Net Profit before tax as per Profit and Loss Account	384,640,021	555,362,387	
Add: Directors sitting fees	680,000	580,000	
Managerial remuneration	26,104,000	42,926,215	
Commission paid to Independent Directors	4,400,000	4,200,000	
Provision for doubtful debts	10,852,153	6,439,162	
Provision for diminution in value of investment	-	4,581,573	
Less: Profit on sale of fixed assets (Net)	12,059,521	3,197,813	
<b>Net Profit as per Section 198/349 of the Companies Act, 1956</b>	<b>414,616,653</b>	<b>610,891,524</b>	
Maximum permissible remuneration to Managing Director as per Section 198/309	20,730,833	30,544,576	
Remuneration paid/provided (Refer Note (b) below)	26,104,000	42,926,215	
Excess remuneration as per Section 198 (Refer Note (b) below)	5,373,167	12,381,639	
Commission to Non-Executive Directors under Section 198/309	4,146,167	6,108,915	

- c) Remuneration paid for the year as stated under to the Managing Director is included in personnel cost and is in excess of the limits prescribed under Section 198 as computed above. The Company has made necessary application to the Central Government and the approval is pending. This is also subject to the approval of shareholders.

		(Amount in Rupees)	
Sr. No.	Particulars	2008	2007
1.	Salaries, Allowances and Perquisites **	23,800,000	40,759,915
2.	Contribution to Provident and other funds	2,304,000	2,166,300
	<b>Total</b>	<b>26,104,000</b>	<b>42,926,215</b>

\*\* Excludes leave encashment and gratuity which is based on actuarial valuation provided on an overall Company basis.

- c) During the year, the Company has received necessary approval from the Central Government for excess remuneration for the year 2007.
- d) During the year, the Company has paid Commission of Rs. 4,400,000 to Non-Executive Independent Directors

based on the profits for the year ended December 31, 2007.

#### 4. Leases

a) In respect of assets taken on operating lease during the year:

The Company leases office premises, residential facilities, plant and machinery (including equipments) and vehicles under operating lease agreements that are renewable on a periodic basis at the option of both the lessor and the lessee. The initial tenure of the lease generally is for eleven to Sixty months.

Particulars	(Amount in Rupees)	
	2008	2007
Lease rental charges for the year (Net)	44,973,636	29,146,712
<b>Future lease rental obligation payable ( under non-cancellable leases)</b>		
Not later than one year	45,668,709	35,963,935
Later than one year but not later than five years	65,746,333	81,862,808
<b>Total</b>	<b>111,415,042</b>	<b>117,826,743</b>

b) In respect of assets taken on finance lease (Assets capitalised) Reconciliation of minimum lease payment and present value:

Particulars	(Amount in Rupees)	
	2008	2007
<b>Minimum lease payment as at</b>		
Not later than one year	-	153,566
Later than one year but not later than five years	-	-
<b>Total</b>	<b>-</b>	<b>153,566</b>
Less: Amount representing interest	-	1,152
Present value of Minimum Lease Payments	-	152,414
Less: Amount due not later than one year	-	152,414
Amount due later than one year but not later than five years	-	-

#### 5. Investments in

a) Essel Packaging (Nepal) Private Limited

The Company's wholly owned subsidiary (WOS), Essel Packaging (Nepal) Private Limited, has discontinued its operation and disposed off all fixed assets, realized all current assets and paid all liabilities. The Company has so far received Rs. 40,000,000 on reduction of capital and Rs 16,996,622 has already been provided towards diminution in value of Investment. The Company has made application to Government of Nepal for further reduction of capital by 50% (NPR 32 million equivalent of the INR 20 million) for repayment to shareholder after necessary approval from statutory authorities and others.

b) Bericap India Private Limited

In accordance with the terms of agreement with Bericap Holding GmbH and Bericap India Private Limited, the Company has (in December, 2008) exercised the Put option for transfer of 3,141,971 equity shares held by the Company in Bericap India Private Limited to Bericap Holding GmbH. The transfer of shares will be effected after completion of statutory and other formalities.

c) The Management is of the opinion that the realisable value of Investments at (a) and (b) above will not be less than its carrying value.

#### 6. Taxation

The components of the deferred tax balances are as under:

Particulars	(Amount in Rupees)	
	2008	2007
<b>Deferred Tax Assets</b>		
Expenses allowable on payment basis	40,659,862	38,320,157
Provision for doubtful debts	15,176,774	11,488,127
<b>Total</b>	<b>55,836,636</b>	<b>49,808,284</b>
<b>Deferred Tax Liabilities</b>		

Depreciation	174,664,705	166,695,427
Accrued Interest Income on deferred sales tax loan liability assigned/paid	5,490,660	12,922,682
<b>Total</b>	<b>180,155,366</b>	<b>179,618,109</b>
<b>Deferred Tax Liabilities (Net)</b>	<b>124,318,729</b>	<b>129,809,825</b>

## 7. Exceptional items

(Amount in Rupees)

Particulars	2008	2007
Profit on Sale of Land at Goa	11,848,506	-
Provision for Diminution in Value of Investments in Essel Packaging (Nepal) Private Limited	-	4,581,573

8. a) The Company has entered into cross currency swap transaction in respect of borrowing of JPY 1,408.32 million (JPY 1,408.32 million) at fixed amount which will be settled on future date. The fluctuations and resultant effect in intervening period in respect of these transactions are in party's account.

b) The foreign exchange loss (net) including on forward contracts and cross currency swap of Rs.89,514,728 (Gain – Rs.34,264,777) and Rs.6,655,831 (Rs.Nil) resulting from settlement and realignment of foreign exchange transaction has been adjusted to Profit and Loss account and Fixed Assets/CWIP respectively

c) Derivative contracts (forward contracts for hedging purposes) entered into by the Company and outstanding as on December 31,

i) For payments to be received against Exports and other receivables

Derivative Contracts	2008		2007	
	Amount in Foreign Currency	Equivalent Indian Rupees	Amount in Foreign Currency	Equivalent Indian Rupees
USD/INR	40,780,000	1,895,925,800	10,966,939	433,482,398

ii) For payments to be made against Imports and other payables

Derivative Contracts	2008		2007	
	Amount in Foreign Currency	Equivalent Indian Rupees	Amount in Foreign Currency	Equivalent Indian Rupees
USD/INR	5,000,000	241,133,750	3,000,000	122,178,750
EUR/USD	-	-	1,000,000	58,381,498
JPY/INR	1,408,320,000	485,446,351	-	-

d) Foreign currency transactions outstanding as on December 31, that are not hedged by derivative transactions  
(Amount in Rupees)

Particulars	2008	2007
Foreign currency Payables	176,212,783	476,689,651
Receivables	45,208,833	633,504,604

## 9. Micro, Small and Medium Enterprises

Disclosure required under the Micro, Small and Medium Enterprises Development Act, 2006 "The Act" are given as follows:

(Amount in Rupees)

Particulars	2008	2007
(a) Principal amount due to suppliers under the Act.	358,404	939,030
(b) Interest accrued and due to suppliers under the Act, on the above amount	-	3,423
(c) Payment made to suppliers (Other than interest) beyond the appointed day, during the year	1,163,756	1,808,459
(d) Interest paid to suppliers under the Act, (Other than Section 16)	-	-

(e) Interest paid to suppliers under the Act, (Section 16)	-	-
(f) Interest due and payable to suppliers under the Act, for payments already	12,178	3,397
(g) Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act	12,178	6,820

**Note:** The information has been given in respect of such vendors to the extent they could be identified as “Micro and Small” enterprises on the basis of information available with the Company.

#### 10. Miscellaneous Expenses include Auditors’ Remuneration as under:

Particulars	(Amount in Rupees)	
	2008	2007
Audit Fees	1,840,000	1,600,000
Tax audit fees	253,000	220,000
Fees for Tax matters	1,626,650	1,161,250
Fees for Certification and others	2,223,500	8,95,850
Out of Pocket Expenses	188,400	50,050

11. As per Accounting Standard 15 “Employee Benefits”, the disclosures of Employee benefits as defined in the Accounting Standard are given below:

The employees’ gratuity fund scheme managed by LIC of India is a defined benefit plan. The present value of obligation is determined based on actuarial valuation using the projected unit credit method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation for leave encashment is recognised in the same manner as gratuity.

#### I. Expenses recognised during the year (Under the head “Personnel Cost”)

Particulars	(Amount in Rupees)			
	Gratuity (Funded) 2008	Leave Encashment (Unfunded) 2008	Gratuity (Funded) 2007	Leave Encashment (Unfunded) 2007
Current Service cost	7,166,854	4,070,863	4,822,043	2,861,635
Interest Cost	4,481,786	1,084,697	4,093,735	774,367
Expected return on plan assets	(1,031,735)	-	(1,426,038)	-
Actuarial (gain)/loss	(2,855,559)	6,631,839	(55,113)	2,550,683
Net Cost	7,761,346	11,787,399	7,434,627	6,186,685

#### II. Net Asset / Liability recognised in the Balance Sheet as at 31st December, 2008

Particulars	(Amount in Rupees)			
	Gratuity (Funded) 2008	Leave Encashment (Unfunded) 2008	Gratuity (Funded) 2007	Leave Encashment (Unfunded) 2007
Fair value of plan assets as at December 31, 2008	17,253,954	-	15,027,895	-
Present value of obligation as at December 31, 2008	60,974,095	19,421,000	50,986,690	11,342,108
Amount recognized in Balance sheet	43,720,141	19,421,000	35,958,795	11,342,108

#### III. Reconciliation of opening and closing balances of Defined Benefit obligation

Particulars	(Amount in Rupees)			
	Gratuity (Funded) 2008	Leave Encashment (Unfunded) 2008	Gratuity (Funded) 2007	Leave Encashment (Unfunded) 2007
Defined Benefit obligation as at January 1, 2008	50,986,690	11,342,108	47,676,986	10,183,053
Current service cost	7,166,854	4,070,863	4,822,043	1,067,336
Interest cost	4,481,786	1,084,697	4,093,735	797,203
Actuarial (gain)/loss on obligation	2,601,192	6,631,839	(2,951,387)	1,865,214

Benefit paid	(4,262,427)	(3,708,507)	(2,654,687)	(2,570,698)
Defined Benefit obligation as at December 31, 2008	60,974,095	19,421,000	50,986,690	11,342,108

#### IV. Reconciliation of opening and closing balance of fair value of plan assets

(Amount in Rupees)

Particulars	Gratuity (Funded) 2008	Gratuity (Funded) 2007
Fair value of plan assets at beginning of the year	15,027,895	13,188,138
Expected return on plan assets	1,031,735	1,426,038
Actuarial gain/(loss)	5,456,751	(2,896,274)
Employer contribution	-	5,964,680
Benefit paid	(4,262,427)	(2,654,687)
Fair value of plan assets at year end	17,253,954	15,027,895
Actual return on plan assets	6,488,486	(1,470,236)

#### V. Investment details

(Amount in Rupees)

Particulars	Gratuity (Funded) 2008	Gratuity (Funded) 2007
Insurer Managed Funds	17,253,954	15,027,895

#### VI. Actuarial assumptions

(Amount in Rupees)

Particulars	Gratuity (Funded) 2008	Leave Encashment (Unfunded) 2008	Gratuity (Funded) 2007	Leave Encashment (Unfunded) 2007
Mortality Table (LIC)	1994-96 (Ultimate)	1994-96 (Ultimate)	1994-96 (Ultimate)	1994-96 (Ultimate)
Discount rate (per annum)	7%	7%	8%	8%
Expected rate of return on plan assets (per annum)	8%	-	8%	-
Rate of escalation in salary (per annum)	5.5%	5.5%	5.5%	5.5%

During the year 2007, the Company had consented to act as co-promoter in the rehabilitation and revival scheme of RAS Propack Limited (RPL) and RAS Extrusion Limited (REL), both declared as "Sick Industrial Companies" under the Sick Industrial Companies (special provisions) Act, 1985 (SICA) before the Board of Industrial & Financial Reconstruction (BIFR), New Delhi. BIFR Orders dated February 6, 2009 and February 17, 2009 have been received which envisage investment of Rs.93.59 million as Capital and Loans by the Company.

- Capital Work-in-Progress includes Capital advances of Rs. 43,735,974 (Rs.51,555,682).
- Sundry Creditors for Others include cheques overdrawn to the tune of Rs. 41,044,439 (Rs.10,242,348) which are since presented and paid.

#### 14. Financial Statements of Subsidiary Companies

The Ministry of Corporate Affairs, Government of India vide its order no. 47/589/2008/CL-III dated February 16, 2009 issued under Section 212 (8) of the Companies Act, 1956 ("The Act") has exempted the Company from attaching the Balance Sheets and Profit and Loss Accounts of its subsidiaries under Section 212 (1) of the Act. As per the orders, key details of each subsidiary are attached along with statements under Section 212 (1) of the Act.

#### 15. Related Party Disclosure

- List of Parties where control exists (a) Subsidiary Companies

Name of the Subsidiary	Extent of Holding
Essel Packaging (Nepal) Private Limited, Nepal ^	100%
Essel Propack America, LLC, USA	100%
Lamitube Technologies Limited, Mauritius	100%
Lamitube Technologies (Cyprus) Limited, Cyprus	100%

Packaging India Private Limited, India	100%
The Egyptian Indian Company for Modern Packaging S.A.E., Egypt	75%
Essel Propack MISR for Advanced Packaging S.A.E., Egypt	75%
Essel Packaging (Guangzhou) Limited, China	100%
Essel Propack Philippines, Inc, Philippines	100%
MTL de Panama S.A., Panama	100%
Packtech Limited, Mauritius	100%
Arista Tubes Limited, UK	100%
Essel Propack UK Limited, UK	100%
Essel Propack de Venezuela, C.A., Venezuela ^	100%
Essel de Mexico, S.A. de C.V., Mexico	100%
Tubo pack de Colombia S.A., Colombia	100%
Essel Propack LLC, Russia	100%
Avalon Medical Services Pte. Limited, Singapore	85%
Essel Propack Polska Sp. Z.O.O., Poland	100%
Tacpro Inc., USA	85%
Tactx Medical Inc., USA	85%
Produx Inc., USA	85%
Arista Tubes Inc., USA	100%
Catheter and Disposables Technology INC.*	85%
Medical Engineering and Design INC.*	62.90%

^ These subsidiaries have discontinued their operations and are in the process of liquidation. \* Acquired during the year.

(b) Joint Venture/Associate Companies

Name of the Company	Nature	Extent of Holding
P.T. Lamipak Primula, Indonesia	Associate	30.00%
Essel Deutschland GmbH & Co., KG Germany	Joint Venture	24.90%
Essel Deutschland Management GmbH, Germany	Joint Venture	24.90%

- ii) Other Related parties with whom transactions have taken place during the year and balances outstanding at the year-end.

**a) Other Related Parties**

Ayeppee Lamitubes Limited, Briggs Trading Company Private Limited, Churu Trading Company Private Limited, Continental Drug Company Private Limited, Pan India Network Infravest Private Limited, Essel Corporate Resources Private Limited, Ganjam Trading Company Private Limited, Essel Infraprojects Limited, Premier Finance & Trading Company Limited, Prajatra Trading Company Private Limited.

**b) Directors of the Company**

Non-Executive Directors

Mr. Subhash Chandra

Mr. D. Ahuja

Mr. Tapan Mitra

Mr. K. V. Krishnamurthy

Mr. Boman Moradian

Executive Director

Mr. Ashok Kumar Goel

(Vice-Chairman and Managing Director)

**Transactions with Related Parties:**

Particulars (A) Transactions	2008		2007	
	Total Amount ( Rupees )	Amount for Major Parties	Total Amount ( Rupees )	Amount for Major Parties
<b>Sales to and Recoveries from</b>				
Subsidiaries	<b>251,961,350</b>		<b>207,427,628</b>	
The Egyptian Indian Company for Modern Packaging S.A.E., Egypt		100,356,626		52,643,307
Lamitube Technologies Limited, Mauritius.		25,589,077		21,246,387
Essel Propack America, LLC, USA		27,145,441		74,031,072
Essel Propack MISR for Advanced Packaging S.A.E., Egypt		26,456,313		8,578,712
Essel Propack LLC, Russia		31,547,710		24,986,150
Joint Venture / Associate	<b>8,128,866</b>		<b>11,283,260</b>	
Essel Deutschland GmbH & Co., KG Germany		8,128,866		10,298,222
Bericap India Private Limited*		-		985,038
<b>Royalty / Service charges Income</b>				
Subsidiaries	<b>217,039,950</b>		<b>182,295,902</b>	
The Egyptian Indian Company for Modern Packaging S.A.E., Egypt		10,188,113		9,219,818
Essel Packaging (Guangzhou) Limited, China		47,155,359		43,010,461
TacPro Inc., USA		68,194,000		28,461,512
Essel Propack UK Limited ,UK		-		9,853,750
Essel Propack America LLC, USA		18,352,981		31,817,370
Essel Propack Polska, Poland		62,556,611		28,891,195
Essel Propack LLC, Russia		3,383,054		10,671,611
<b>Sale of Fixed Assets</b>				
Subsidiaries	-		<b>5,714,759</b>	
Packaging India Private Limited, India		-		5,714,759
<b>Other Related Party</b>	-		<b>3,250,015</b>	
Essel Infraprojects Limited		-		3,250,015
<b>Dividend Income</b>				
Subsidiaries	<b>186,790,000</b>		<b>154,712,858</b>	
Lamitube Technologies Limited, Mauritius		186,790,000		119,105,000
Essel Propack America, LLC, USA		-		35,242,790
<b>Purchase of Goods and Services</b>				
Subsidiaries	<b>6,324,477</b>		<b>9,255,039</b>	
Essel Packaging (Guangzhou) Limited, China		4,852,569		5,868,672
Arista Tubes Limited, UK.		-		2,235,183
Packaging India Private Limited,India		687,817		1,028,166
<b>Other Related Parties</b>	<b>42,554,750</b>		<b>44,272,646</b>	
Essel Corporate Resources Private Limited		21,000,000		22,327,031
Ganjam Trading Company Private Limited		17,136,000		17,136,000
<b>Purchase of Fixed Assets</b>				
Subsidiaries	<b>15,180,173</b>		<b>2,464,723</b>	
MTL De Panama S.A., Panama		-		2,427,343
Essel Propack America, LLC, USA		8,621,478		37,380
Packaging India Private Limited,India		6,558,695		-
<b>Associate</b>	-		<b>2,334,539</b>	
Bericap India Private Limited*		-		2,334,539
<b>Loans/ Deposits/ Advances given</b>				
Subsidiaries	<b>1,236,057,407</b>		<b>1,436,836,474</b>	
Lamitube Technologies Limited, Mauritius		243,437,500		938,956,000

Particulars (A) Transactions	2008		2007	
	Total Amount ( Rupees )	Amount for Major Parties	Total Amount ( Rupees )	Amount for Major Parties
Essel Propack America, LLC, USA		610,868,000		141,605,000
Packaging India Private Limited, India		98,027,407		336,567,974
Lamitube Technologies (Cyprus) Limited, Cyprus		283,724,500		19,707,500
<b>Other Related Parties</b>	<b>3,575,509,001</b>		<b>3,414,330,239</b>	
Churu Trading Company Private Limited		1,031,515,368		1,103,890,284
Premier Finance & Trading Company Limited		776,477,789		651,531,848
Ayepee Lamitubes Limited		649,719,180		593,388,370
Briggs Trading Company Private Limited		740,717,590		1,046,025,944
Prajatma Trading Company Private Limited		341,000,000		-
<b>Repayment of Loans/ Deposits/ Advances given</b>				
Subsidiaries	<b>677,731,026</b>		<b>744,040,250</b>	
Lamitube Technologies Limited, Mauritius		200,467,500		470,826,500
Essel Propack America, LLC, USA		407,105,125		33,213,750
Packaging India Private Limited, India		70,000,000		240,000,000
<b>Associate</b>	<b>-</b>		<b>149,067,066</b>	
Bericap India Private Limited*		-		149,067,066
<b>Other Related Parties</b>	<b>3,071,972,162</b>		<b>3,480,343,113</b>	
Churu Trading Company Private Limited		1,013,000,000		1,125,000,000
Premier Finance & Trading Company Limited		645,000,000		645,000,000
Ayepee Lamitubes Limited		649,719,180		593,388,370
Briggs Trading Company Private Limited		741,000,000		1,100,000,000
<b>Interest Income on Loans/Deposits given</b>				
Subsidiaries	<b>144,212,342</b>		<b>37,221,576</b>	
Lamitube Technologies Limited, Mauritius		59,056,838		19,236,985
Essel Propack America, LLC, USA		51,573,260		8,217,655
Lamitube Technologies (Cyprus) Limited, Cyprus		19,351,398		200,036
Packaging India Private Limited, India		14,230,846		9,566,900
<b>Associate</b>	<b>-</b>		<b>463,269</b>	
Bericap India Private Limited*		-		463,269
<b>Other Related Parties</b>	<b>202,341,834</b>		<b>166,761,754</b>	
Churu Trading Company Private Limited		57,355,808		51,302,135
Premier Finance & Trading Company Limited		52,110,340		39,124,519
Ayepee Lamitubes Limited		42,300,552		31,484,785
Briggs Trading Company Private Limited		28,384,607		44,178,731
Prajatma Trading Company Private Limited		19,320,219		-
<b>Investment acquired during the year</b>				
Subsidiaries	<b>-</b>		<b>239,858,750</b>	
Lamitube Technologies (Cyprus) Limited, Cyprus		-		239,858,750
<b>(B) Balance Outstanding as on 31.12.2008</b>				
<b>Debtors/Royalty Receivable</b>				
Subsidiaries	<b>408,324,109</b>		<b>220,190,942</b>	
Essel Propack America, LLC, USA		55,221,072		39,286,546
Tacpro Inc., USA		68,194,000		27,590,496
Essel Propack UK Limited, UK		34,469,433		25,827,523
Essel Propack LLC, Russia		70,585,415		35,578,580
Essel Propack Polska Sp. Z.O.O., Poland		113,570,165		28,891,195
<b>Joint Venture</b>	<b>-</b>		<b>6,618,671</b>	
Essel Deutschland GmbH & Co., KG Germany		-		6,618,671
<b>Other Related Party</b>	<b>223,284</b>		<b>2,573,299</b>	

Particulars (A) Transactions	2008		2007	
	Total Amount ( Rupees )	Amount for Major Parties	Total Amount ( Rupees )	Amount for Major Parties
Essel Infraprojects Limited		223,284		2,573,299
<b>Loans/ Deposits/ Advances</b>				
Subsidiaries	<b>1,552,657,641</b>		<b>902,823,733</b>	
Essel Propack America, LLC, USA		395,942,493		118,231,397
Lamitube Technologies (Cyprus) Limited, Cyprus		348,276,500		33,340,198
Lamitube Technologies Limited, Mauritius		646,452,134		626,492,711
Packaging India Private Limited, India		131,496,713		102,821,358
<b>Joint Venture/Associate</b>	<b>1,555,215</b>		<b>852,405</b>	
Essel Deutschland GmbH & Co., KG Germany		1,460,322		852,405
<b>Other Related Parties</b>	<b>649,296,828</b>		<b>145,009,988</b>	
Ganjam Trading Company Private Limited		35,667,441		22,841,347
Churu Trading Company Private Limited		54,113,892		35,598,524
Premier Finance & Trading Company Limited		161,484,597		30,006,808
Ayeppee Lamitubes Limited		50,000,000		50,000,000
Prajatma Trading Company Private Limited.		341,000,000		-
<b>Interest Receivable</b>				
Subsidiaries	<b>166,695,573</b>		<b>35,133,843</b>	
Essel Propack America, LLC, USA		63,135,048		8,325,773
Lamitube Technologies (Cyprus) Limited, Cyprus		20,164,226		199,834
Lamitube Technologies Limited, Mauritius		65,037,421		19,209,196
Packaging India Private Limited, India		18,358,878		7,399,040
<b>Other Related Parties</b>	<b>123,376,496</b>		<b>111,263,648</b>	
Churu Trading Company Private Limited		43,516,445		39,839,675
Premier Finance & Trading Company Limited		42,112,660		30,702,848
Briggs Trading Company Private Limited		15,788,765		40,051,675
Prajatma Trading Company Private Limited		19,320,219		-
<b>Creditors</b>				
Subsidiaries	<b>26,626,037</b>		<b>5,576,179</b>	
Essel Packaging (Guangzhou ) Limited, China		4,545,084		1,322,942
Packaging India Private Limited, India		7,265,108		44,801
MTL De Panama S.A., Panama		3,000,910		2,427,343
Essel Propack America, LLC, USA		11,393,173		321,939
Arista Tubes Limited, UK		-		1,387,173
<b>Investments</b>				
Subsidiaries	<b>5,712,896,298</b>		<b>5,712,896,298</b>	
Lamitube Technologies Limited, Mauritius		3,681,333,282		3,681,333,282
Essel Propack America, LLC, USA		744,341,250		744,341,250
Packaging India Private Limited, India		738,740,638		738,740,638
<b>Guarantees given</b>				
Subsidiaries	<b>6,230,497,924</b>		<b>3,970,664,481</b>	
Essel Packaging (Guangzhou) Limited, China		-		285,758,750
Lamitube Technologies Limited, Mauritius		2,618,162,500		1,921,481,250
Packaging India Private Limited, India		651,035,000		549,087,746
Arista Tubes Inc., USA		974,200,000		335,027,500
Essel Propack America, LLC, USA		667,327,000		342,910,500
Essel Propack Polska Sp., Z.O.O., Poland		900,429,034		394,150,000

\* Ceased to be an associate w.e.f. August 16, 2007.

Major Parties” denotes entries who account 10% or more of the aggregate for that category of transaction. For details of Remuneration to Directors refer Note 3.

**Disclosure as required by Clause 32 of the listing agreement:**

i) Loans & advances to Subsidiary/ Joint Venture/ Associate Companies:

Particulars	(Amount in Rupees)			
	Balance as on		Maximum amount outstanding during the year	
	2008	2007	2008	2007
<b>a) Loans to Subsidiaries</b>				
Essel Propack America, LLC, USA	382,373,500	108,391,250	728,929,250	118,061,250
Lamitube Technologies Limited, Mauritius	628,359,000	476,921,500	628,359,000	480,318,000
Packaging India Private Limited, India	126,292,823	98,265,416	176,292,823	268,265,416
Lamitube Technologies (Cyprus) Limited, Cyprus	348,276,500	19,707,500	348,276,500	19,775,000
<b>b) Advances &amp; Reimbursement to Subsidiaries/ Joint Venture/ Associate Companies</b>				
The Egyptian Indian Company for Modern Packaging S.A.E, Egypt	420,294	7,059	420,294	752,728
Essel Propack America, LLC, USA	76,704,040	17,929,430	76,704,040	18,861,427
Essel Packaging (Guangzhou) Limited, China	652,877	2,228,584	2,859,496	2,454,477
Essel Packaging (Nepal) Private Limited, Nepal	52,902	-	52,902	94,793
Lamitube Technologies Limited, Mauritius	83,130,555	50,535,408	88,921,301	53,094,414
Tubo pack de Columbia S.A, Columbia	217,377	2,048,490	2,540,599	2,290,548
Lamitube Technologies (Cyprus) Limited, Cyprus	20,164,226	13,832,532	20,164,226	15,589,066
Essel Propack Philippines, Inc, Philippines	-	-	66,811	477,089
Essel De Mexico, S.A. de C.V., Mexico	2,707,814	1,971,088	2,707,814	2,149,015
Essel Propack LLC, Russia	719,747	-	719,747	-
Arista Tubes Inc., USA	2,099,373	1,089,718	2,099,373	1,242,878
Arista Tubes Limited , UK	4,068,377	4,008,431	4,400,614	4,247,394
Essel Propack UK Limited, UK	3,443,146	3,069,280	3,958,405	3,221,835
Essel Propack de Venezuela, C.A., Venezuela	2,014,386	1,629,994	2,014,386	1,846,959
Avalon Medical Services Pte. Limited	432,514	-	444,634	-
Essel Propack MISR for Advanced Packaging S.A.E.,	65,035	972,626	1,112,262	1,136,726
Packaging India Private Limited, India	23,562,768	11,954,982	23,713,740	11,589,914
Tacpro Inc., USA	-	94,748	1,994,961	523,851
Essel Propack Polska Sp., Z.O.O., Poland	13,595,960	4,818,055	13,640,280	4,840,671
Essel Deutschland GmbH & Co., KG Germany	1,460,322	852,405	1,515,319	2,149,669
P.T. Lamipak Primula, Indonesia	94,892	-	97,054	-

**Notes:**

- Advances/Reimbursements to Subsidiary/ Joint Venture/ Associate Companies are interest free and there is no repayment schedule.
- Loans, repayable on demand, are not considered in the above disclosure requirements. However, interest is charged on terms not prejudicial to the interests of the Company.

ii) Investments by Loanee in the Shares of the Company as at December 31

Loanee	No. of fully paid-up equity shares as on	
	2008	2007
Churu Trading Company Private Limited	8,190,390	8,190,390
Ganjam Trading Company Private Limited	10,176,800	10,176,800
Premier Finance & Trading Company Limited	10,848,675	10,848,675
Briggs Trading Company Private Limited	6,208,520	6,208,520

Prajatma Trading Company Private Limited	5,953,380	5,953,380
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## 16. Joint Ventures

In compliance with Accounting Standard 27 on “Financial Reporting of Interest in Joint Ventures”, the Company’s share of each of the assets, liabilities, income and expenses in respect of jointly controlled entities are as follows:

Name of the Enterprise	Extent of Holding	Country of Incorporation
Essel Deutschland Management GmbH	24.90%	Germany
Essel Deutschland GmbH & Co. KG, Dresden	24.90%	Germany

(i) Financial Interest (on the basis of audited financial information)

Particulars	Essel Deutschland GmbH & Co. KG, Dresden		Essel Deutschland Management GmbH	
	2008	2007	2008	2007
Company’s share of Interest				
Assets	188,688,671	169,300,693	757,013	719,398
Liabilities	138,366,557	87,815,184	127,402	105,636
Income	296,803,881	259,919,918	1,928,542	35,239
Expenses	283,850,624	241,097,385	2,030,134	77,282

(ii) The parent company’s share of capital commitments in the Joint Ventures as at December 31, 2008 is Rs. Nil (Rs Nil).

(iii) The parent company’s share of contingent liabilities in the Joint Ventures as at December 31, 2008 is Rs. Nil (Rs Nil). (iv) No contingent liabilities and capital commitments have been incurred as at December 31, 2008 in relation to the parent company’s interest in the Joint Ventures along with other venturer.

## 17. Additional information pursuant to Part II of Schedule VI to the Companies Act, 1956

### A. Capacity, Production, Turnover & Stocks

Particulars	Unit	Licensed Capacity \$	Installed Capacity ##	Opening Stock		Production	Turnover		Closing Stock	
				Quantity	Amount (Rs.)	Quantity	Quantity	Amount (Rs.)	Quantity	Amount (Rs.)
Laminated	Million	NA	2,253	5.05	4,385,681	# 1,737.85	1,720.69	3,018,315,222	10.94*	8,918,785
	Nos.	NA	(2,114)	(3.51)	(3,647,287)	(1,769.88)	(1,747.59)	(2,924,594,607)	(5.05)	(4,385,681)
Laminates	M.T.	NA	4,000	49.73	5,586,844	**7,663.11	1,772.28	273,845,595	14.17	2,256,169
		NA	(4,000)	(35.27)	(4,132,756)	(7,202.07)	(1,494.90)	(235,971,881)	(49.73)	(5,586,844)
Plastic Film	M.T.	NA	6,690	-	-	***	14.62	2,921,588	-	-
		NA	(6,690)	-	-	(5,376.78)	(3.82)	(1,216,819)	-	-
Others****								265,195,454		
								(226,397,077)		

# Excludes 11.27 Mio (20.76 Mio.) tubes scrapped.

\*\* Consumed 5926.39 MT (5692.71MT) for captive.

\*\*\* Includes 292.49 MT (361.68 MT) produced through third parties and captive consumption is 5747.41 MT

(5372.96 MT) \*\*\*\* Including Royalty, Export Incentives, Service Charges, Sale of Scrap ,Sale of caps, etc.

\$ Licensed Capacity per annum not indicated due to abolition of industrial licenses as per Notification No. 477(E)

Dated July 25, 1991 issued under the Industries (Development and Regulation) Act, 1951.

# Includes 70.69 Mio (12.22 Mio) produced through third party.

# # Installed capacity on annualized basis, as certified by the management.

**B. Particulars of Raw Materials Consumed**

Particulars	Unit	2008		2007	
		Quantity	Amount (Rs.)	Quantity	Amount (Rs.)
Polymer Resins	M.T.	11,837	947,500,835	10,904	783,889,311
Aluminium Foils	M.T.	878	185,452,162	901	179,095,372
Others			407,642,862	-	390,576,610
<b>Total</b>			<b>1,540,595,859</b>		<b>1,353,561,293</b>

**C. Value of Imported and Indigenous Raw Materials, Spare parts and Stores and percentage of each to the total consumption:****Packing Materials consumed and**

Particulars	2008		2007	
	Percentage	Amount	Percentage	Amount
1. Raw Materials				
a) Imported	52	798,305,013	53	718,974,228
b) Indigenous	48	742,290,846	47	634,587,065
2. Stores & Spares				
a) Imported	54	70,844,327	48	42,439,344
b) Indigenous	46	59,162,815	52	46,439,995
3. Packing Material				
Indigenous	100	131,509,068	100	116,264,384

**D. Dividend Remittances in Foreign Currency**

Particulars	No. of Shareholder	No. of Equity	Amount (Rs.)
Current Year			
December 2007 Final	41	34,292,520	41,151,024
Previous Year			
December 2006 Final (including Interim)	43	34,299,005	68,598,010

**E. Other Information****(Amount in Rupees)**

Particulars	2008	2007
<b>C.I.F. Value of Imports</b>		
Raw Materials	976,308,312	642,082,038
Stores and Spares	80,353,993	57,475,600
Capital Goods	253,635,494	107,511,797
<b>Expenditure in Foreign Currency (On accrual basis)</b>		
Financial Charges	42,337,372	14,256,975
Travelling Expenses	1,724,998	861,422
Others	2,797,531	884,266
<b>FOB Value of Exports</b>		
Product exports	357,176,479	266,354,649
<b>Income in Foreign Exchange</b>		
Royalty/Service Charges	217,039,953	182,390,446
Interest	129,981,496	27,654,676
Dividend	186,790,000	154,347,790

**18. Earnings Per Share**

Particulars	2008	2007
Profit after tax before Exceptional Items (Rs.)	259,936,253	377,506,586
Profit after tax after Exceptional Items (Rs.)	271,784,759	372,925,013

Weighted average number of Basic and Diluted Equity Shares (Nos.)	156,601,130	156,601,130
Nominal value of equity shares (Rs.)	2	2
Basic and Diluted EPS before Exceptional Items (Rs.)	1.66	2.41
Basic and Diluted EPS after Exceptional Items (Rs.)	1.74	2.38

## 19. Segment Reporting

The Financial Statements of the Company contain both the consolidated financial statements as well as the separate financial information on the basis of the statements of the Parent Company. Accordingly, the Company has presented the segmental consolidated financial statements as permitted by Accounting Standard-17.

### Share Quotation

The shares of the company are listed on the BSE and the NSE. The details of the highest and lowest price on BSE and NSE during the preceding six months are as follows:

Month	BSE		NSE	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
January 2009	21.70	12.90	21.80	13.20
February 2009	15.09	11.00	14.85	10.00
March 2009	13.90	9.50	13.80	11.00
April 2009	17.80	12.55	17.90	11.60
May 2009	30.25	15.10	30.50	15.20
June 2009	32.80	22.85	33.00	22.80
July 2009	30.20	23.10	30.00	23.10
August 2009	31.00	25.15	31.20	25.50

Source: BSE, NSE website

The company has not made any public or rights issue in the last three years other than as provided below and there has been no change in the capital structure during the last six months. It has not become a sick company under the meaning of SICA and is not under winding up.

### Mechanism for redressal of investor grievance

The company has a Shareholders/ Investor Grievance Committee which meets as and when required, to deal and monitor redressal of complaints from shareholders. Generally, the investor grievances are dealt within seven days of the receipt of the complaint. As of September 11, 2009, there are no investor grievances pending against the company.

### Promise versus Performance

Essel Propack Limited has made a rights issue of 38,62,044 equity shares of Rs. 10 each for cash at a premium of Rs. 215 per share aggregating to Rs. 8,689 Lakhs to the shareholders of the company vide letter of offer dated February 28, 1995. Issue opened on March 27, 1995 and closed on April 26, 1995.

The utilisation of issue proceeds was as under:

Objects of the issue	Amount raised (in Rs. Lakhs)	Utilisation
Part finance of expansion project	8,689	The amounts were deployed for the purpose it was raised.
Working capital requirements		

The promise-v/s-performance in respect of the public issue was as under:

	(Rs. in Lakhs)					
	1994-95		1995-96		1996-97	
	Proj	Actual	Proj	Actual	Proj	Actual
Sales	6,397	8000	10,686	11,356	12,979	15,267
PBT	1,390	1,501	2,352	2,113	2,899	2,858
PAT	1,390	1,501	2,352	2,113	2,899	2,083

1995-96: The variation between the projected and the actual figures is attributable to the devaluation of Rupee by 12%, rise in polymer prices for most of the Financial Year, import of 53% of the raw materials consumed by the company, and delay in anticipated changes in aluminium tubes in view of the product design changes.

1996-97: The variation between the projected and actual figures is attributable to the revision in the schedule of project implementation resulting in the issue proceeds partly remaining unutilized which were thereafter invested in interest bearing short term instruments.

#### 4. Zee News Limited

Zee News Limited was originally incorporated as Zee Sports Limited on August 27, 1999. It obtained the certificate of commencement of business on November 19, 1999. The name of the company was changed to Zee News Limited on May 27, 2004. The company's identification number is L92100MH1999PLC121506. The company is engaged in the business of broadcasting of television channels in news and regional entertainment genre. Its registered office is situated at Continental Building, 135 Dr Annie Besant Road, Worli, Mumbai- 400 018, India.

#### Shareholding as on June 30, 2008

S. No.	Name of Shareholder	No. of Shares	Percentage of shareholding (%)
1	Promoters	12,98,17,043	54.14
2.	Banks, FIs, Mutual Funds	6,15,03,496	25.65
4.	Resident Individuals	2,31,86,081	9.67
3.	Private Corporate Bodies	1,54,83,136	6.46
6.	FII's	80,51,562	3.36
5.	NRI's/OCBs/ Foreign Bodies	17,22,638	0.72
	<b>Total</b>	<b>23,97,63,956</b>	<b>100</b>

#### Shareholding belonging to promoter and promoter group as on June 30, 2008

S. No.	Name of Shareholder	No. of Shares	Percentage of shareholding of total shareholding (%)
1	Jayneer Capital Private Limited	9,07,49,452	37.85
2.	Churu Trading Company Private Limited	2,08,42,163	8.69
3.	Prajatma Trading Company Private Limited	37,63,506	1.57
4.	Ganjam Trading Company Private Limited	29,68,714	1.24
5	Essel Infraprojects Limited	28,93,440	1.21
6.	Premier Finance and Trading Company Limited	27,92,169	1.16
7.	Briggs Trading Company Private Limited	24,38,401	1.02
8.	Ambience Business Services Private Limited	10,28,527	0.43
9.	Mr. Ashok Mathai Kurien	9,23,188	0.39
10.	Mr. Laxmi Goel	8,02,175	0.33
11.	Veena Investment Private Limited	6,15,308	0.25
	<b>Total</b>	<b>12,98,17,043</b>	<b>54.14</b>

#### Directors

1. Mr. Subhash Chandra;
2. Mr. Laxmi Narain Goel;
3. Mr. Naresh Kumar Bajaj;
4. Mr. Kancharana Upendra Rao;
5. Mr. Vinod Bakshi and
6. Mr. Punit Goenka.

#### Financial Performance

The audited financial results for Financial Years ended 2009, 2008 and 2007 are as follows:

(Rs in Lakhs except for per share data)

Particulars	As at and for the year ended March 31, 2009	As at and for the year ended March 31, 2008	As at and for the year ended March 31, 2007
Total Income	52,497.1	35,957.1	24,878.7
Net Profits After Tax	4,456.0	3,730.3	994.2
Equity Share Capital	2397.6	2397.6	2,397.6
Earning Per Share (on Re. 1 share)	1.86	1.56	0.41
Reserves (excluding revaluation reserves)	23,090.9	18,634.8	16,026.5
Book Value per share	10.63	8.77	7.68

## Notes to Accounts

### 1. Secured and Unsecured Loans

#### a) Secured Loans

- 1.1 Short term working capital loan from others is secured by hypothecation by way of first charge over the current assets of the Company ranking pari passu (excluding a bank account on which the lender has first charge) with other lenders.
- 1.2 Term loans from Banks is secured by hypothecation by way of first charge on entire fixed assets (both movable and immovable) and current assets including program and media rights ranking pari passu with other term lenders [Due within one year Rs. 150,000,000 (Nil)]
- 1.3 Vehicle Loan are secured against hypothecation of vehicles [Due within one year Rs. 8,106,807 (7,997,747)]

#### b) Unsecured Loans

- 1.4 Short Term Loans from banks is guaranteed by a related party. There are debit balances in these loan accounts at the year end that we grouped under Cash and Bank Balances.
2. Program/film rights etc. for broadcasting are intangible assets as defined in AS-26 but considered and shown under current assets as are used for broadcasting in the ordinary course of business.
3. Fixed Deposits/Margin includes Rs. 4,380,000 (55,000) lodged with tax Authorities and Rs. 28,125,000 (Nil) under lien against term loan availed.

### 4. Leases:

In respect of assets taken on operating lease:

The Company's significant leasing arrangements are in respect of operating leases taken for offices premises and equipments. These leases are cancelable/non-cancelable, that are renewable on a periodic basis at the option of both the lessor and the lessee. The initial tenure of the lease generally is for 10 to 108 months.

Particular	2009	2008
Lease Rental charges for the year	395,232,414	200,989,608
<b>Future Lease Rental obligation payable (under non-cancellable leases)</b>		
Not later than one year	112,679,833	80,234,872
Later than one year but not later than five years	304,708,415	115,267,548
Later than five years	8,509,297	17,060,250

### 5. Deferred Tax:

The components of deferred tax balances as at 31st March,

Particulars	Amount (Rs.)	
	2009	2008

Deferred Tax Assets	17,252,428	13,271,079
Provision for Retirement Benefits Expenses	1,190,779	1,062,867
allowable on payment basis Provision for doubtful debts and advances Unabsorbed	35,493,546	26,003,864
Fiscal Allowances Others	31,130,771	29,879,202
		2,849,370
<b>Total</b>	<b>85,067,524</b>	<b>73,066,382</b>
Deferred Tax Liabilities	65,639,903	54,908,337
<b>Total</b>	<b>65,639,903</b>	<b>54,908,337</b>
Deferred Tax Asset – Net	19,427,621	18,158,045

6. Other Disclosures and Information:

6.1 Previous year's figures are regrouped, rearranged or recast wherever considered necessary to confirm to this year's classification. Figures in bracket pertain to previous year.

6.2 Sundry Creditors for Expenses and other Liabilities includes cheques overdrawn of Rs. 115,570,032 (33,705,989).

6.3 Advances given includes share application money Rs. 85,000,000 (Nil).

6.4 Capital work in progress includes Capital advance of Rs. 23,097,799 (4,098,453).

6.5 Foreign Exchange Difference:

a) As at Balance Sheet date, the group has foreign currency payable and receivable amounting to Rs. 57,977,203 (14,550,422) and Rs. 82,839,642 (55,592,123) respectively which are not hedged by a derivative instrument or otherwise.

b) Derivative contracts (Forward contract for hedging purposes) entered into by the Company and outstanding at 31st March, 2009 amount to Rs. Nil (Nil).

6.6 Contingent Liabilities not provided for:

Particulars	Amount (Rs.)	
	2009	2008
Claims against the Company not acknowledged as debts	2,130,006	2,130,006
Letter of Credit (Net of Liability provided)	48,610,973	13,511,582
Customs Duty on pending export obligation	18,183,059	-
Disputed Direct Taxes demands	3,396,973	-
Bank guarantee outstanding	-	500,000
Legal cases against the Company	Unascertained	Unascertained

The Company has received legal notices for claims/law suits filed against it relating to alleged infringement of copy rights and defamation in relation to certain programs telecasted by it. In the opinion of the Management no material liability is likely to arise.

### Share Quotations

The shares of the company are listed on the BSE, NSE and CSE. The details of the highest and lowest price on BSE and NSE during the preceding six months are as follows:

Month	BSE		NSE	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
January 2009	37.10	29.65	37.40	29.15
February 2009	34.20	28.50	32.45	28.40
March 2009	34.25	27.80	33.25	24.00
April 2009	40.80	32.25	40.50	31.00
May 2009	49.70	31.60	49.60	31.45
June 2009	52.40	38.10	52.20	38.10

July 2009	44.40	34.65	44.35	34.60
August 2009	46.85	39.20	46.75	39.60

Source: BSE, NSE website

The shares of Zee News Limited were delisted from the CSE from March 31, 2009.

The company has not made any public or rights issue in the last three years and there has been no change in the capital structure during the last six months. It has not become a sick company under the meaning of SICA and is not under winding up.

#### Mechanism for redressal of investor grievance

The company has a Share Transfer/ Investor Grievance Committee which meets as and when required, to deal and monitor redressal of complaints from shareholders. Generally, the investor grievances are dealt within seven days of the receipt of the complaint. As of September 11, 2009, there are no investor grievances pending against the company.

#### Promise versus Performance

Zee News Limited has not made any public or rights issue as Zee News Limited was listed on the Stock Exchanges on January 10, 2007 pursuant to the Scheme of Arrangement by which news business, comprising of news and regional entertainment channel business of ZEEL were demerged and transferred to Zee News Limited. For more information see section titled "History and Certain Corporate Matters" beginning on page 91 of this Letter of Offer.

#### 5. Dish TV India Limited

Dish TV India Limited was originally incorporated as Navpad Texturisers Private Limited on August 10, 1988. The name of was changed to ASC Enterprises Private Limited and a fresh certificate of incorporation reflecting the change in name was issued on September 29, 1995 by the Registrar of Companies, Maharashtra, Bombay. The company was converted to a public company and a fresh certificate of incorporation was issued by the Registrar of Companies, Maharashtra, Bombay on December 13, 1995. The name of the company was then changed to Dish TV India Limited and a fresh certificate of incorporation was issued by the Registrar of Companies, National Capital Territory of Delhi and Haryana, New Delhi on March 7, 2007. The company's identification number is L51909DL1988PLC101836. The core business of Dish TV India Limited is distribution of multiple television channels and allied video/ audio services to Subscribers on a monthly subscription basis. The registered office of Dish TV India Limited was shifted from 135, Dr. Annie Besant Road, Worli, Mumbai- 400 018, India to B-10, Essel House, Lawrence Road, Industrial Area, Delhi- 100 035, India on October 4, 1999.

#### Shareholding as on June 30, 2009

S. No.	Name of Shareholder	No. of Shares	Percentage of shareholding (%)
1	Promoters	689,222,979	72.83
2.	Banks, FIs, Mutual Funds and FIIs	107,454,519	11.35
3.	Resident Individuals	83,102,358	8.78
4.	Private Corporate Bodies	63,408,718	6.70
5.	NRI/OCBs	3,145,065	0.34
6.	Others	38,756	Negligible
	<b>Total</b>	<b>946,372,395</b>	<b>100</b>

#### Shareholding belonging to promoter and promoter group as on June 30, 2009

S. No.	Name of Shareholder	No. of Shares	Percentage of shareholding of total shareholding (%)
1.	Veena Investment Private Limited	20,83,85,943	22.02
2.	Churu Trading Company Private Limited	18,84,50,063	19.91
3.	Jayneer Capital Private Limited	12,81,96,204	13.55

4.	Prajatma Trading Company Private Limited	7,29,65,138	7.71
5.	Afro Asian Satellite Communication Limited	3,51,72,125	3.72
6.	Premier Finance and Trading Company Limited	3,27,17,231	3.46
7.	Ganjam Trading Company Private Limited	1,47,17,500	1.56
8.	Briggs Trading Company Private Limited	27,50,000	0.29
9.	Ambience Business Services Private Limited	13,08,125	0.14
10.	Mr. Ashok Mathai Kurien	11,74,150	0.12
11.	Mr. Laxmi Goel	10,06,500	0.11
12.	Mr. Ashok Goel	6,25,250	0.07
13.	Ms. Sushila Goel	5,85,750	0.06
14.	Delgrada Limited	4,60,000	0.05
15.	Mr. Subhash Chandra	5,00,000	0.05
16.	Mr. Jawahar Lal Goel	2,09,000	0.02
17.	Lazarus Investments Limited	NIL	NIL
18.	Essel Infraprojects Limited	NIL	NIL
	<b>Total</b>	<b>68,92,22,979</b>	<b>72.83</b>

#### Directors

1. Mr. Subhash Chandra;
2. Mr. Jawahar Lal Goel;
3. Mr. Bhagwan Das Narang;
4. Mr. Arun Duggal;
5. Mr. Pritam Singh;
6. Mr. Ashok Mathai Kurien and
7. Mr. Eric Louis Zinterhofer.

#### Financial Performance

The audited financial results for Financial Years ended 2009, 2008 and 2007 are as follows:

Particulars	<i>(Rs in Lakhs except for per share data)</i>		
	As at and for the year ended March 31, 2009	As at and for the year ended March 31, 2008	As at and for the year ended March 31, 2007
Total Income	73,896.66	41,571.69	19,431.26
Net Profits After Tax	(47,627.74)	(41,320.46)	(25,188.15)
Equity Share Capital	68,729.75*	4,282.23	4,282.23
Earning Per Share (on Re. 1 share)	(10.02)	(9.65)	(5.88)
Reserves (excluding revaluation reserves)	(97,203.34)	(49,550.50)	(8,229.58)
Book Value per share	-	(10.57)	(0.92)

\* Comprising of 42,82,22,803 equity shares of Re.1 each, fully paid up and 518,149,592 equity shares of Re. 1 each, partly paid up (Re. 0.50)

## **I. Notes to the Consolidated financial statements for the year ended March 31, 2009**

### **1. Background**

Dish TV India Limited (herein referred to as “the parent company”, “the company” or “Dish”) along with its subsidiaries (collectively known as “the Group”) encompassing the Direct to Home (DTH) Satellite Television Service which includes teleport service, customer support, transponder space leasing etc.

The Group derives revenue mainly from subscription from customers, lease rent on customer premises equipment, teleport services.

### **2. Use of Estimates**

The preparation of the CFS in accordance with the Generally Accepted Accounting Principles requires the management to make estimates and assumption that affect the reported amounts of assets and liabilities, disclosure of contingent liabilities as at the date of the financial statements and the reported amount of revenue and expenses of the year. Actual results could differ from those estimates. Any revision to estimates is recognized prospectively in the current and future periods.

### **3. Going Concern**

The accompanying CFS has been prepared assuming that the Company will continue as a going concern. The management believes that it is appropriate to prepare these financial statements on a ‘going concern’ basis, for the following reasons:

- The Company hold DTH license from Government of India for a considerable long time.
- The Company is the first to launch DTH services in India. This type of business necessitates long gestation period. Being first mover, the Company has incurred huge expenses on awareness of the product, brand building on a pan India basis, the benefits of which will accrue in the future years.
- The Promoters are fully seized of the matter and is of the view that going concern assumption holds true and that the Company will be able to discharge its liabilities in the normal course of business and the Company during the year, has raised finance through rights issue of equity shares, loans from banks and is also considering other financing options including debts to meet its future fund requirements. Hence no adjustment is required in accounts relating to recoverability of the recorded assets amounts and in respect of liabilities as might be necessary for compilation as where the Company is no longer a going concern.
- In the case of one subsidiary, its management has decided in earlier years to close the major part of the business operations of the subsidiary. In view of the closure plan, the fixed assets, current assets, loans & advances have been carried at estimated net realizable value.

### **4. Basis of Consolidation**

- The Consolidated Financial Statements (CFS) of the Group are prepared under the historical cost convention in accordance with Generally Accepted Accounting Principles in India and the Accounting Standard (AS) 21 on “Consolidated Financial Statements”, to the extent possible in the same format as that adopted by the parent company for its separate financial statements by regrouping, recasting or rearranging figures wherever considered necessary. The significant inconsistencies in accounting policies are disclosed wherever applicable and no adjustment are made in CFS for such inconsistencies.

The consolidation of the financial statements of the parent company and its subsidiaries is done to the extent possible on line to line basis by adding together like items of assets, liabilities, income and expenses. All significant intra group transactions, balances and unrealized inter company profits have been eliminated in the process of consolidation.

- The parent company and its subsidiaries prepare its financial statements under the

historical cost convention, in accordance with Generally Accepted Accounting Principles (GAAP) prevalent in India.

- The CFS includes the Financial Statements of the parent company and the subsidiaries (all Indian companies) as listed in the table below. Subsidiaries are consolidated from the date on which effective control is acquired and are excluded from the date of transfer/disposal.

<b>Name of the Subsidiaries</b>	<b>Extent of holding %</b>
Integrated Subscribers Management Services Limited	100.00
Agrani Convergence Limited	51.00
Agrani Satellite Services Limited	100.00

- Minority interest in subsidiary represents the minority shareholders proportionate share of the net assets and net income.

- **Financial Statements of Subsidiaries**

The Ministry of Corporate Affairs, Government of India vide its order no.47/200/2009-CL-III dated 20th March, 2009 issued under section 212 (8) of the Companies Act, 1956 ("The Act") has exempted the Company from attaching the Balance Sheets and Profit and Loss Accounts of its subsidiaries under Section 212 (1) of the Act. As per the Order, key details of each subsidiary are attached along with statements under Section 212 (1) of the Act.

## 5. SECURED / UNSECURED LOANS

### Secured Loans:

- Term Loan from banks Rs./Millions 2,590.70 (Nil) is under syndicate debt facility and secured by all movable assets, uncalled capital, intellectual property, goodwill and all investments, all rights, title, interests of all insurance contracts (both present and future), all contracts, government approvals and licenses relating to project, all amounts in the accounts or other receivables liable to be credited to the accounts in the course of the business, all amounts and receivables from whomsoever person, both present and future in relation to project, floating charge on other assets. Further the Company is required to maintain minimum reserve amount with the banks which is guaranteed by a related party. The promoters of the Company have provided undertaking for project completion.
- Bridge Loan of Rs./Millions Nil (604.78) is secured by hypothecation of all movable properties including movable plant and machinery, machinery spares, tools and accessories, book debts etc., present and future, and corporate guarantee of related party and pledge of certain shares held by the promoters in the Company.
- Cash Credit of Rs./Millions 74.60 (75.87) is secured by first pari passu charge by way of hypothecation on moveable fixed assets of the Company and pledge of shares owned by related parties.
- Vehicle loans are secured against hypothecation of vehicles (ROC charge not registered) (Amount repayable within a year Rs./Millions 1.54)

### Unsecured Loans:

- Term Loan (Foreign currency arrangement of buyer credit) from bank Rs./Millions 1,475.85 (351.71) is guaranteed by a related party.
- Term Loan (Foreign currency arrangement by way of buyer credit) from bank of Rs./Millions 687.17 (Nil) is on undertaking provided by related party and the Company has to maintain minimum reserve equivalent to three months payments of principal and interest on outstanding amount.
- Term Loan from bank Rs./Millions 3,000.00 (Nil) is collaterally secured by immovable property and corporate guarantee provided by related parties. The Company to maintain debt service reserve equivalent to three months' installment and interest.

- Short Term Loan from bank Rs./Millions Nil (800.00) is ranking pari passu in all respect with all other, present and future, senior, unsecured and unsubordinated obligation of the Company. A reserve account is maintained to provide cover for three months interest on outstanding loan. Related party of the Company is required to provide negative pledge of shares of the Company held by them.
- Short Term Loan from bank Rs./Millions 1,000.00 (Nil) is guaranteed by a related party.

## 6. Taxes on Income

- In view of the losses incurred by the Company and its subsidiaries during the year, no provision for current income tax is required.
- In accordance with the Accounting Standards-22 on “Accounting for Taxes on Income” deferred tax assets and liability should be recognized for all timing difference in accordance with the said standard. However considering the present financial position and requirements of the accounting standard regarding certainty/virtual certainty, the same is not provided for by the group except by one subsidiary. The same will be reassessed at a subsequent Balance Sheet date and will be accounted for in the year when certainty / virtual certainty in accordance with the aforesaid accounting standard is ascertained.
- The components of the deferred tax balance in respect to one subsidiary are as under:-

		(Rs./Millions)
<b>Particulars</b>	<b>2009</b>	<b>2008</b>
<b>Deferred Tax Assets .....</b>		
Fiscal Allowances carried forward .....	156.34	92.36
<b>Total.....</b>	<b>156.34</b>	<b>92.36</b>
<b>Deferred Tax Liabilities.....</b>		
Depreciation .....	162.16	100.25
<b>Total.....</b>	<b>162.16</b>	<b>100.25</b>
<b>Deferred Tax Balances (Net)- Liability .....</b>	<b>5.82</b>	<b>7.89</b>

## 7. FIXED ASSETS AND CAPITAL WORK IN PROGRESS

- Capital Work in Progress comprises of equipments [including customer premises equipment (CPE)] Rs./Millions 1,893.59 (1,082.14), capital goods in transit Rs./Millions 468.42 (447.76) and capital advances Rs./Millions 113.94 (3.57) and pre-operative expenses Rs./Millions 1,258.08 (1,259.77).
- The Company during the year has set up a facility named “ Headend In The Sky” (HITS) for providing television channels in digital form directly to MSO and Cable Operators. The expenses incurred on the project during the construction and trial run period (net of revenue) till March 31, 2009 as per detail given below, have been capitalized over the related assets.

	(Rs./Millions)
<b>Particulars</b>	<b>Amount</b>
Transponder Charges.....	464.8
License Fees .....	10.66
Programming and Other Costs .....	5.3
Salary, Bonus and Allowances .....	1.67
Contribution to Provident and Other Fund .....	0.11
Staff Welfare .....	0.04
Rent .....	0.4
Electricity Charges .....	0.22
Communication Expenses .....	0.37
	<b>483.57</b>
Less: Revenue received during trial run period	1.25

<b>Total.....</b>	<b>482.32</b>
Less: Capitalized to fixed assets	482.32
<b>Balance</b>	<b>-</b>

- Capital Work in Progress Includes preoperative expenses of Rs./Millions 1,258.08 (1,259.77) related to one of the subsidiaries which is implementing the satellite service project, as per detail given below. All the expenses for implementing the satellite project are taken to preoperative expenses. These are to be eventually allocated to fixed assets, on commencement of commercial operations.

(Rs./Millions)

<b>Particulars</b>	<b>2009</b>	<b>2008</b>
Expenditure up to Previous Year.....	1,259.77	1,249.27
Salary and Allowances.....	8.29	7.61
Contribution to Provident and Other Funds.....	0.22	0.34
Staff Welfare Expenses.....	0.14	0.10
Rent.....	0.46	0.51
Rates and Taxes.....	0.11	0.01
Insurance.....	0.04	0.02
Communication Expenses.....	0.17	0.12
Electricity Charges.....	0.09	0.07
Printing and Stationery.....	0.09	0.05
Legal and Professional Expenses.....	1.24	3.17
Traveling and Conveyance Expenses.....	1.63	1.13
Depreciation.....	0.25	0.40
Loss on Sale/Discard of Fixed Assets.....	0.04	-
Miscellaneous Expenses (Net).....	1.28	(0.07)
<b>Remuneration to Auditors</b>		
For Audit Fees.....	0.15	0.17
For Other Matter.....	0.03	0.04
Other Financial Charges.....	2.01	2.43
Business Promotion Expenses.....	0.05	0.02
Provision for Fringe Benefit Tax.....	0.13	0.08
Provision for Income Tax.....	7.99	2.93
	<b>1,284.18</b>	<b>1,268.40</b>
<b>Less: Interest Received.....</b>	<b>26.10</b>	<b>8.63</b>
<b>Total.....</b>	<b>1,258.08</b>	<b>1,259.77</b>

## 8. Other Disclosures

- Previous year figures have been regrouped, rearranged and recasted wherever considered necessary to confirm to current year presentation. Figures in brackets pertain to previous year.
- Prior period expenses included in the respective expense heads are as under:-

Rs./Millions)

<b>Particulars</b>	<b>2009</b>	<b>2008</b>
<b>A) Income.....</b>		
Interest Income.....	8.05	0.06
<b>Total Income.....</b>	<b>8.05</b>	<b>0.06</b>
<b>B) Expenses</b>		
Programming and Other Cost.....	-	0.12
Other Operating Charges.....	-	11.23
Electricity Charges.....	-	0.01
Communication Expenses.....	(0.03)	0.11

Miscellaneous Expenses.....	9.65	1.71
Advertisement and Publicity Expenses .....	2.90	4.48
Commission.....	0.09	8.70
Traveling and Conveyance.....	0.06	0.14
Repairs and Maintenance-Plant and Machinery .....	-	0.89
Interest.....	1.66	-
Entertainment Tax .....	-	0.35
Freight, Cartage & Demurrage.....	0.01	-
Legal & Professional Expenses .....	0.01	-
Fees, Rates & Taxes .....	0.05	-
Business Promotion Expenses.....	0.05	-
<b>Total Expenses .....</b>	<b>14.45</b>	<b>27.74</b>
<b>Net Expenses (B-A).....</b>	<b>6.40</b>	<b>27.68</b>

- The assets, licenses and agreements etc. acquired by way of mergers and slump sale are in the process of registration/transfer in the name of the Company.
- Debit and Credit balances of parties including of subscribers, distributors and dealers' are subject to confirmation/reconciliation and few have been confirmed balances.
- Creditors for Expenses and Other Liabilities includes cheque overdrawn Rs./Millions 128.44 (NIL).
- **Loans and Advances**
  - 8..1 Other Advances includes Rs./Millions 1,208.43 due from foreign companies acquired as part of multi mission satellite system project considered as doubtful in earlier years and provided for.
  - 8..2 Loans (including interest thereon) and other advances includes Rs./Millions 957.27 and Rs./Millions 216.32 respectively recoverable from two parties are overdue. The management is of the view that these amounts are recoverable.
  - 8..3 Other Advances includes Rs./Millions 1,411.44 (NIL) paid to a related party under an agreement for arranging security for loan avail from bank.
- **Foreign Currency Transaction:**
  - 8..1 The foreign exchange loss (net) of Rs./Millions 262.37 [gain (net) Rs./Millions 27.79] resulting from settlement and realignment of foreign exchange transaction has been adjusted to Profit and Loss Account. Foreign currency exchange difference of Rs./Millions 178.08 is capitalized under fixed assets and Rs./Millions 18.85 under capital work in progress as explained below in Note 8.7.2.
  - 8..2 The Group has opted for accounting the exchange differences arising on reporting of long term foreign currency monetary items in line with Companies (Accounting Standards) Amendment Rules 2009 on Accounting Standard 11 (AS-11) notified by Government of India on March 31, 2009. Accordingly the group has capitalized exchange loss of Rs./Millions 196.93 (including gain Rs./Millions 8.46 pertaining to earlier periods adjusted through profit and loss account) with the cost of fixed assets/capital work in progress.
- **Employee Stock Option Plan –ESOP-2007**

The shareholders of the Company at the Annual General Meeting held on August 03, 2007 approved Employee Stock Option Plan i.e. ESOP 2007 (“The Scheme”). The Scheme provides for issue of 4,282,228 options (underlying equity share of Re.1 each) to the employees, of the Company as well as that of its subsidiaries and also to non-executive directors including independent directors of the Company at the market price determined as per the SEBI (ESOS) Guidelines, 1999.

The options granted under the Scheme shall vest not less than one year and not more than five years from the date of grant of options. Under the terms of the Scheme, 20% of the options will vest in the employee every year equally. The Option Grantee must exercise all vested options within a period of four years from the date of vesting. Once the options vest as per the Scheme, they would be exercisable by the Option Grantee at any time and the shares arising on exercise of such options shall not be subject to any lock-in period.

The shareholders in their meeting held on August 28, 2008 have approved the repricing of options already granted but not exercised. Consequently the Remuneration Committee in its meeting held on August 28, 2008 has re-priced the exercise price at Rs.37.55 per option, determined as per SEBI (ESOS) Guidelines, 1999.

The board of directors decided not to make any price adjustment on options already granted under the Scheme, consequent to the issuance and allotment of equity shares on right basis, as there is no material impact on options value granted to employees of the Company.

The details of the options granted and movement is set out below,

Particulars	Lot 1		Lot 2	Lot 3
	2009	2008	2009	2009
Date of grant	August 21, 2007	August 21, 2007	April 24, 2008	August 28, 2008
Number of options granted (Nos) .....	3,073,050	3,073,050	184,500	30,000
Market value on the date of grant (Rs.) (per share).....	75.20	75.20	63.95	37.55
Exercise price (Rs.) (per share).....	75.20	75.20	63.95	37.55
Re-pricing (Rs.) (per share).....	37.55	37.55	37.55	-
Options outstanding at the beginning of the year (Nos).....	2,926,150	-	-	-
Add: Options granted (Nos) .....	-	3,073,050	184,500	30,000
Less: Options exercised (Nos) .....	-	-	-	-
Options cancelled (Nos).....	-	-	-	-
Options lapsed (Nos)	1,489,600	146,900	184,500	-
Options forfeited (Nos)	-	-	-	-
Options expired (Nos)	-	-	-	-
Options outstanding at the year end (Nos)	1,436,550	2,926,150	-	30,000

The options were granted to the employees at an exercise price, being the latest market price as per SEBI (ESOS) Guidelines, 1999. In view of this, there being no intrinsic value (being the excess of the market price of share under ESOS over the exercise price of the option), on the date of grant, hence the Company is not required to account the accounting value of option as per SEBI (ESOS) Guidelines, 1999.

#### 9. Capital Commitment

Estimated amount of contract remaining to be executed on capital account and not provided for (Net of advance) is Rs./Millions 1,560.40 (445.39).

#### 10. Contingent Liability not provided for

- 

Particulars	(Rs./Millions)	
	2009	2008
Guarantees given by Banks [Includes Rs./Millions 488.86 (490.86) guarantee by a related party] ...	604.62	605.64
Claim against the Company not acknowledged as debt .....	44.00	44.84
Sales Tax and VAT demands .....	36.88	3.14
Entertainment Tax demand .....	92.00	92.00
Legal cases against the Company .....	Unascertained	Unascertained

- Subsequent to Balance sheet date the Service Tax Department has raised a demand of Rs./Millions 669.44 for the period from June, 2005 to September, 2007 based on audit

by the department. The Company is in the process of taking appropriate remedial action to reply the demand letter.

- The Company has given a guarantee for the performance of the term and conditions of satellite capacity agreement between a wholly owned subsidiary of the Company viz Agrani Satellite Services Limited and the vendor which is strategically important for the business of the Company.

## 11. Operating Lease

- In respect of assets taken on operating lease:

The Group's significant leasing arrangements are in respect of operating leases taken for offices, residential premises, transponder etc. These leases are cancelable operating lease agreements that are renewable on a periodic basis at the option of both the lessee and the lessor. The initial tenure of the lease generally is for 11 months to 120 months. The details of assets taken on operating lease during the period are as under:

(Rs./Millions)

Particulars	2009	2008
Lease rental charges for the year (net of shared cost) .....	615.70	443.85
Lease rental charges capitalized during the year .....	464.80	-
Sub-lease payment received .....	85.90	69.27
<b>Future Lease Rental obligation payable (under non-cancelable lease) .....</b>		
Not later than one year .....	383.76	48.31
Later than one year but not later than five years .....	377.36	156.13
More than five years.....	27.22	38.80

- In respect of assets given under operating lease:

The Group has leased out assets by way of operating lease and as on March 31, 2009, the gross book value of such assets, its accumulated depreciation and depreciation for the period is as given below. The total lease income for the year is Rs./Millions 1,007.18 (603.61).

(Rs./Millions)

Particulars	2009	2008
Gross Value of the Assets .....	11,398.40	6,911.75
Accumulated Depreciation .....	3,621.53	1,715.68
Depreciation for the year .....	1,905.84	1,255.68
<b>Future Lease Rental Receivable (under non-cancelable lease) .....</b>		
Not later than one year .....	1,273.65	737.18
Later than one year but not later than five years .....	2,146.32	1,963.93
More than five years.....	-	-

12. Borrowing Cost amounting to Rs./Millions 8.65 (Nil) has been capitalized to the cost of fixed assets/capital work in progress during the year.

## 13. RIGHTS ISSUE:-

- The Company has issued 518,149,592 partly paid up equity shares of Re.1 each at a premium of Rs. 21 per share for cash to the existing equity shareholders on the record date. The terms of payment are as under:

Particulars	Total amount due (per share)	Towards Share Capital (per share)	Towards Securities Premium (per share)	Total Amount (Rs./Millions)	Due on (after the date of allotment, at the option of the Company)
On Application	6.00	0.50	5.50	3,108.90	Along with application
On First Call	8.00	0.25	7.75	4,145.20	After 3 months but within 9 months
On Second Call	8.00	0.25	7.75	4,145.20	After 9 months but

					within 18 months
<b>Total</b>	<b>22.00</b>	<b>1.00</b>	<b>21.00</b>	<b>11,399.30</b>	

- The utilization of the rights issue proceeds aggregating to Rs./Millions 3,108.90 received along with application is as under:

Particulars	Amount(Rs./Millions)
Repayment of Loans .....	2,842.15
Rights issue expenses .....	31.95
Acquisition of consumer premises equipments .....	129.74
General corporate purpose .....	105.06
<b>Total .....</b>	<b>3,108.90</b>

- The Right Issue expenses Rs./Millions 57.50 incurred during the year are adjusted against Securities Premium in accordance with Section 78 of the Companies Act, 1956.

#### 14. Related Party Disclosures

- List of parties where control exists
  - Agrani Satellite Services Limited. (Wholly Owned Subsidiary)
  - Integrated Subscribers Management Services Limited ( Wholly Owned Subsidiary )
  - Agrani Convergence Limited. (extent of holding 51%)
- Other Related Parties with whom transactions have taken place during the period and balances outstanding as on last date of the year:-

Afro-Asian Satellite Communication (Gibraltar) Limited, Afro-Asian Satellite Communication (U.K.) Limited, Agrani Satellite Communication (Gib.)Limited, Agrani Telecom Limited, ASC Telecommunication Limited, Asia Today Limited, Ayepee Lamitubes Limited, Brio Academic infrastructure and Resources Management Private Limited, Churu Trading Company Private Limited, Essel Sports Private Limited, Dakshin Media Garming Solutions Private Limited, Diligent Media Corporation Limited, E City Entertainment (I) Private Limited, E-City Property Management and Services Private Limited, Essel Agro Private Limited, Essel Corporate Services Private Limited, Essel Shyam Communication Limited, Essel Shyam Technology Limited, ETC Networks Limited, Essel Infra project Limited, Ganjam Trading Company Private Limited, Indian Cable Net Company Limited, Interactive Tradex India Private Limited, Intrex Tradex Private Limited, ITZ Cash Card Limited, Intrex India Limited, Quickcall Private Limited, Pan India Network Invest Private Limited, Pan India Network Investment Private Limited, Pan India Network Private Limited, Pan India Paryatan Limited, Prajatma Trading Company Private Limited, Premier Finance & Trading Company Limited., Procall Private Limited, Rama Associates Limited, Rupee Finance and Management Private Limited, Suncity Projects Private Limited, Wire and Wireless India Limited, Zee Akash News Private Limited, Zee Entertainment Enterprises Limited, Zee Multimedia Worldwide Mauritius Limited, Zee News Limited, Zee Sports Limited, Zee Turner Limited.

Directors/Key Management Personnel:

Mr. Subhash Chandra, Mr. Jawahar Lal Goel and Mr. Ashok Kurien

- Transaction with Related Parties:-**

Particulars	(Rs./Millions)			
	2009		2008	
	Total Amount	Amount for Major Parties	Total Amount	Amount for Major Parties

<b>With Other Related Parties:</b>			
<b>Sales, Services &amp; Recoveries (Net of Taxes) .....</b>	<b>140.66</b>		<b>126.11</b>
Zee Entertainment Enterprises Limited .....		33.8	21.35
Zee News Limited .....		34.11	30.08
Asia Today Limited .....		52.08	41.96
Others Related Parties .....		20.67	32.72
<b>Purchase of Goods &amp; Services .....</b>	<b>1,370.55</b>		<b>1,002.58</b>
Zee Turner Limited .....		960	554.99
Zee Entertainment Enterprises Limited .....		208.55	129.58
ITZ Cash Card Limited .....		131.19	104.17
Essel Agro Private Limited .....		-	142.66
Others Related Parties .....		70.81	71.18
<b>Rent Paid .....</b>	<b>27.68</b>		<b>14.1</b>
Zee Entertainment Enterprises Limited .....		25.13	10.63
Rama Associates Limited .....		2.55	2.32
E-City Entertainment (I) Private Limited.....		-	1.15
<b>Interest Paid.....</b>	<b>327.02</b>		<b>242.55</b>
Zee Entertainment Enterprises Limited .....		68.92	197.48
Rupee Finance & Management Private Limited		4.23	40.14
Churu Trading Company Private Limited .....		238.73	-
Others Related Parties .....		15.14	4.93
<b>Interest Received .....</b>	<b>86.98</b>		<b>59.29</b>
Essel Agro Private Limited .....		53.54	50.22
ASC Telecommunication Limited .....		9.18	8.64
Pan India Network Private Limited .....		20.14	-
Others Related Parties .....		4.12	0.43
<b>Purchase of Fixed Assets .....</b>	<b>0.07</b>		<b>38.87</b>
Wire & Wireless India Limited .....		0.07	38.87
<b>Sharing Of Expenses Payable .....</b>	<b>28.94</b>		<b>16.43</b>
ASC Telecommunication Limited .....		6.69	5.21
Zee Entertainment Enterprises Limited .....		18.83	9.32
Others Related Parties .....		3.42	1.9
<b>Sharing Of Expenses Receivable .....</b>	<b>0.91</b>		<b>3.15</b>
Zee Entertainment Enterprises Limited .....		0.63	-
Zee Turner Limited .....		0.18	0.3
ITZ Cash Card Limited .....		-	2.85
Others Related Parties .....		0.1	-
<b>Loan, Advance and Deposit Taken .....</b>	<b>4,394.87</b>		<b>7,879.09</b>
Zee Entertainment Enterprises Limited .....		2,430.00	3,177.00
Churu Trading Company private Limited .....		617.86	3,000.00
Rupee Finance & Management Private Limited .....		250	1,680.00
Zee News Limited .....		692.5	-
Others Related Parties .....		404.51	22.09
<b>Repayment of Loan, Advance and Deposit Taken .....</b>	<b>5,218.14</b>		<b>4,632.02</b>
Zee Entertainment Enterprises Limited .....		432.36	2,900.00
Churu Trading Company Private Limited .....		3,617.85	-
Rupee Finance & Management Private Limited		290.37	1,730.00
Zee News Limited .....		692.5	-
Others Related Parties .....		185.06	2.02
<b>Loan, Advance and Deposit Given .....</b>	<b>4,783.79</b>		<b>27.38</b>
Intex India Limited .....		50.45	26.71
Churu Trading Company Private Limited .....		2,835.25	-

Essel Agro Private Limited .....		1,253.20		-
Others Related Parties .....		644.89		0.67
<b>Refund Received against Loan, Advance and Deposit Given .....</b>	<b>2,065.70</b>		<b>4.1</b>	
ASC Telecommunication Limited .....		-		1.5
Churu Trading Company Private Limited .....		1,425.26		-
Pan India Network Infravest Private Limited .....		248.39		-
Essel Agro Private Limited .....		14.55		1.8
Others Related Parties .....		377.5		0.8
<b>Corporate Guarantee Received .....</b>	<b>2,852.95</b>		<b>622.7</b>	
Zee Entertainment Enterprises Limited .....		2,852.95		622.7
<b>Release of Corporate Guarantee Received .....</b>	<b>627.48</b>		<b>1,000.00</b>	
Zee Entertainment Enterprises Limited .....		627.48		1,000.00
<b>Collateral Security and Corporate Guarantee for Loan Taken from Bank provided by: .....</b>	<b>3,000.00</b>		<b>-</b>	
Essel Infra Project Limited.....				
Rama Associates Limited.....				
<b>Amount Written Back .....</b>	<b>8.59</b>		<b>-</b>	
Zee Turner Limited .....		8.2		-
Others Related Parties .....		0.39		-
<b>Amount Written Off .....</b>	<b>0.35</b>		<b>0.46</b>	
ITZ Cash Card Limited .....		0.35		-
Zee Turner Limited .....		-		0.46
<b>Remuneration to Key Management personnel</b>	<b>6.17</b>		<b>6.17</b>	
Sh. Jawahar Lal Goel (Managing Director) .....		6.17		6.17
<b>Balance at the end of year:</b>				
<b>With Other Related Parties:</b>				
<b>Loan, Deposit and Advances Given .....</b>	<b>5,224.65</b>		<b>2,540.50</b>	
Afro-Asian Satellite Communication (UK) Limited .....		376.88		376.88
Afro-Asian Satellite Communication (Gib.) Limited .....		827.71		827.71
Essel Agro Private Limited .....		2,263.40		1,109.16
Churu Trading Company Private Limited.....		1,436.30		-
Others Related Parties .....		320.36		226.75
<b>Provision outstanding against advances given &amp; Debtors .....</b>	<b>1,226.60</b>		<b>1,226.60</b>	
Afro-Asian Satellite Communication (UK) Limited .....		376.88		376.88
Afro-Asian Satellite Communication (Gib.) Limited .....		827.71		827.71
Others Related Parties .....		22.01		22.01
<b>Loan, Deposit and Advances Taken .....</b>	<b>2,870.20</b>		<b>3,698.13</b>	
Churu Trading Company Private Limited .....		-		3,004.07
Zee Entertainment Enterprises Limited .....		2,430.02		432.38
Others Related Parties .....		440.18		261.68
<b>Creditors for expenses and other liabilities.....</b>	<b>2,186.08</b>		<b>2,122.49</b>	
Zee Entertainment Enterprises Limited .....		65.12		862.98
Zee Turner Limited .....		2,107.06		1,182.62
Others Related Parties .....		13.9		76.89
<b>Debtors .....</b>	<b>461.25</b>		<b>386.54</b>	
Asia Today Limited .....		74.89		38.64
Zee News Limited .....		76.17		34.35
Zee Entertainment Enterprises Limited .....		236.53		193.1
Others Related Parties .....		73.66		120.45

<b>Corporate Guarantee Received .....</b>	<b>4,072.20</b>		<b>1,846.73</b>	
Zee Entertainment Enterprises Limited .....		4,072.20		1,846.73
<b>Collateral Security and Corporate Guarantee for Loan Taken from Bank provided by: .....</b>	<b>3,000.00</b>		-	
Essel Infra Project Limited.....				
Rama Associates Limited.....				

**Note:** Major Parties denote who account for 10% or more of the aggregate for that category of transaction.

#### 15. Earning per Share (EPS)

Particulars	2009	2008
Profit/(Loss) After Tax (Rs./Millions) .....	(4,806.96)	(4,141.27)
Weighted Average Number of Equity Shares of Re 1 each (Nos.) ..	475,362,442	414,916,148
Basic and Diluted earning per share .....	(10.11)	(9.98)

**Note:**

- Potential conversion of the stock option granted is anti- dilutive and accordingly has not been considered in the calculation of diluted earning per share.
- Basic and diluted earning per share for the previous year has been recomputed taking into account the effect of the right issue of equity share.

#### 16. Segment Information as per AS-17

The Group follows AS-17 “Segment Reporting” relating to the reporting of financial and descriptive information about their operating segments in financial statements.

The Group’s reportable operating segments have been determined in accordance with the internal management structure, which is organized based on the operating business segments as described below. The geographical segment is not relevant as exports are insignificant.

**Direct to Home Services (DTH)**-Uplink of satellite television signals to be received by the customer including MSO and Cable Operators. This segment derives revenue by way of Subscription, Lease Rentals, Bandwidth charges and Other Incomes.

**Trading**- Trading in electronics and other equipments.

**Teleport Services** – Facility for uplink signals.

**Subscriber Management Services** – Providing conditional access services, customer support services and related activities.

**Transponder Services** – Acquisition of Transponders for DTH Services and leasing to external parties.

(a) Business Segment (year ended March 31, 2009)						(Rs./Millions)		
Description	DTH	Trading	Teleport Services	Subscriber Management Services	Transponder Services	Unallocated	Elimination	Total
Segment Revenue								
External Sales .....	7,148.55	96.73	133.06	2.75	-	-	-	<b>7,381.09</b>
Inter Segment Sales .....	-	6.02	-	964.78	-	-	(970.80)	-
<b>Total Revenue .....</b>	<b>7,148.55</b>	<b>102.75</b>	<b>133.06</b>	<b>967.53</b>	<b>-</b>	<b>-</b>	<b>(970.80)</b>	<b>7,381.09</b>
Segment Results .....	<b>(3,938.11)</b>	<b>(53.00)</b>	<b>(42.69)</b>	<b>(30.48)</b>	-	-	-	<b>(4,064.28)</b>
Operating Profit/(Loss) before interest & Tax .....	(3,938.11)	(53.00)	(42.69)	(30.48)	-	-	-	(4,064.28)
Interest Expenses .....	-	-	-	-	-	-	-	810.43
Interest Income .....	-	-	-	-	-	-	-	73.45
Profit / (Loss) Before Tax .....	-	-	-	-	-	-	-	<b>4,801.26</b>
Current Taxes-FBT/Wealth Tax .....	-	-	-	-	-	-	-	7.77

Deferred Tax .....	-	-	-	-	-	-	-	(2.07)
Short Provision in earlier years.....	-	-	-	-	-	-	-	-
Profit / (Loss) After Tax .....	-	-	-	-	-	-	-	<b>(4,806.96)</b>
<b>(b) Other segment Information</b>								
Segment Assets.....	17,219.80	62.12	329.48	961.90	2,952.12	3,436.36	(3,547.48)	21,414.30
Segment Liabilities .....	15,813.31	190.60	55.07	1,034.64	2,006.37	11,360.66	(2,571.83)	27,888.82
Capital Expenditure .....	5,651.24	-	-	390.86	9.01	-	(10.64)	6,040.47
Depreciation/Amortisation .....	2,119.87	-	34.21	134.52	-	-	-	2,288.60
Non cash expenditure other than Depreciation/Amortisation .....	9.20	1.35	-	-	-	-	-	10.55

(a) Business Segment (Year ended March 31, 2008)

(Rs./Millions)

Description	DTH	Trading	Teleport Services	Subscriber Management Services	Transponder Services	Unallocated	Elimination	Total
Segment Revenue .....								
External Sales .....	3,897.78	114.23	112.17	4.02	-	-		<b>4,128.20</b>
Inter Segment Sales .....	-	23.07	-	569.80	-	-	(592.87)	-
<b>Total Revenue.....</b>	<b>3,897.78</b>	<b>137.30</b>	<b>112.17</b>	<b>573.82</b>	<b>-</b>	<b>-</b>	<b>(592.87)</b>	<b>4,128.20</b>
Segment Results .....	<b>(3,541.97)</b>	<b>(89.15)</b>	<b>(33.41)</b>	<b>(0.72)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(3,665.25)</b>
Operating Profit/(Loss) before interest & Tax .....	(3,541.97)	(89.15)	(33.41)	(0.72)	-	-	-	(3,665.25)
Interest Expenses .....	-	-	-	-	-	-	-	534.15
Interest Income .....	-	-	-	-	-	-	-	65.40
Profit / (Loss) Before Tax .....	-	-	-	-	-	-	-	<b>(4,134.00)</b>
Current Taxes-FBT/Wealth Tax .....	-	-	-	-	-	-	-	6.14
Deferred Tax .....	-	-	-	-	-	-	-	1.03
Short Provision in earlier years.....	-	-	-	-	-	-	-	0.10
Profit / (Loss) After Tax .....	-	-	-	-	-	-	-	<b>(4,141.27)</b>
<b>(b) Other segment Information</b>								
Segment Assets.....	8,669.84	92.52	256.73	845.27	1,563.08	3,156.50	(2,135.73)	12,448.21
Segment Liabilities .....	11,341.74	184.14	7.53	872.02	643.01	5,301.49	(1,191.22)	17,158.71
Capital Expenditure .....	2,578.98	-	-	310.96	10.54	-	-	2,900.48
Depreciation/Amortisation .....	1,454.95	0.01	35.52	79.85	-	-	-	1,570.33
Non cash expenditure other than Depreciation/Amortisation .....	15.10	-	-	-	-	-	-	15.10

## Share Quotations

The shares of the company are listed on the BSE and the NSE. The details of the highest and lowest price on BSE and NSE during the preceding six months are as follows:

*For full paid up equity shares*

Month	BSE		NSE	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
March 2009	26.15	22.00	26.20	22.05
April 2009	33.20	24.10	32.85	24.05
May 2009	50.30	30.50	50.40	31.15
June 2009	59.95	35.55	57.20	35.30
July 2009	46.25	30.65	45.80	30.65
August 2009	49.70	41.80	54.10	34.40

Source: BSE, NSE website

For partly paid up equity shares

Month	BSE		NSE	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
March 2009	9.85	6.51	9.10	6.50
April 2009	15.55	7.00	15.85	7.05
May 2009	31.00	11.16	29.65	11.50
June 2009	38.00	17.35	35.00	16.10
July 2009	39.00	32.25	-	-
August 2009	36.85	32.00	39.95	34.40

Source: BSE, NSE website

Dish TV India Limited has undertaken a rights issue of 51,81,49,592 equity shares of face value of Re. 1 each, issued at Rs. 22 per equity share (including premium of Rs. 21 per equity share), payable in three installments: Rs. 6 payable on application, Rs. 8 shall be payable after 3 months but within a period of 9 months and balance Rs. 8 shall be payable after 9 months but within 18 months, from the date of the allotment. The issue was opened on December 12, 2008 and closed on January 9, 2009. The equity shares issued on rights basis are listed at NSE, BSE and CSE.

It has not become a sick company under the meaning of SICA and is not under winding up.

#### **Mechanism for redressal of investor grievance**

The company has a share transfer and investor grievance committee to examine and redress shareholders' and investors' complaints. The status of the complaints and share transfers is reported to the board of directors. The details of shares transferred and nature of complaints are provided in the Annual Report of the company. The terms of reference for share transfer and investor grievance committee inter alia include - approving transfer of shares; to look into the redressal of shareholder and investors complaints and to provide information to shareholders. As of September 11, 2009, there are no investor grievances pending against the company.

#### **Promise versus Performance**

The shares of the company are listed on the BSE and NSE on April 12, 2007 and on CSE on June 6, 2007 pursuant to the scheme of arrangement under which ZEEL transferred their direct consumer service business undertaking to the company and Siti Cable Network Limited and New Era Entertainment Network Limited were merged with the company. The partly paid up shares issued pursuant to the rights issue of the equity shares are listed on NSE and BSE on January 23, 2009 and on CSE on March 31, 2009.

The utilisation of proceeds of the rights issue is as follows:

Objects of the issue	Amount raised (in Rs.)	Utilisation till March 31, 2009 (in Rs.)
Acquisition of consumer premises equipments	7,901,200,000	129,740,858
Repayment of loans	3,000,000,000	2,842,144,315
General corporate purposes	410,991,000	105,060,512
Issue expenses	87,100,000	31,951,867
<b>TOTAL</b>	<b>11,399,291,000</b>	<b>3,108,897,552</b>

The amounts were deployed for the purpose it was raised.

#### **Promoter Group companies which have negative net worth/have become sick industrial undertakings/under winding-up**

Except as provided hereinbelow, none of the Promoter Group companies have negative networth or have been declared as sick industrial undertakings or are referred for winding up.

#### **1. Suncity Hi-Tech Infrastructure Private Limited**

Suncity Hi-Tech Infrastructure Private Limited was incorporated as a private limited company on December 13, 2005. The company's registration number is U45201DL2005PTC143614. The company is engaged in the business of development of real estate projects. Its registered office of the company is situated at N-49, First Floor, Connaught Place, New Delhi 110 001.

### Shareholders

S. No.	Name of Shareholder	No. of Shares	Percentage of shareholding (%)
1.	Suncity Projects Private Limited	3,000	30
3.	Nikhil Footwears Private Limited	3,000	30
2.	Odeon Builders Private Limited	1,500	15
6.	E-City Entertainment (India) Private Limited	1,000	10
7.	Essel Infraprojects Limited (formerly Pan India Paryatan Limited)	1,000	10
4.	Essel Housing Projects Private Limited	250	2.50
5.	Ansal Housing and Construction Limited	250	2.50
<b>Total</b>		<b>10,000</b>	<b>100</b>

### Directors

1. Mr. Pramod Kumar Agarwal;
2. Mr. Anil Tayal and
3. Mr. Vipin Bakshi.

### Financial Performance

The audited financial results of Suncity Hi-Tech Infrastructure Private Limited for the Financial Years 2008, 2007 and 2006 are as follows

	<i>(In Rs. Lakhs, except per share data)</i>		
	As at and for the year ended March 31, 2008	As at and for the year ended March 31, 2007	As at and for the year ended
Sales and other income	0.06	0.1	0.1
Profit/ (Loss) after tax	(6.41)	(5.6)	(2.7)
Equity capital (par value Rs. 10 per share)	1.0	1.0	1.0
Reserves and Surplus (excluding revaluation reserves)	(12.81)	(8.3)	(2.7)
Earnings/ (Loss) per share (Rs.) (Basic)	(64.06)	(55.68)	(27.42)
Earnings/ (Loss) per share (diluted) (Rs.)	(64.06)	(55.68)	-
Book value per equity share (Rs.)	(122.74)	(80.01)	(26.63)

### Notes to Accounts

#### 1 Secured Loans

Term Loan from Banks

Rs. 13,16,58,433/- (Previous Year - Rs. 15,00,00,000/-) payable to Syndicate Bank is secured by way of UREM of property/corporate guarantee of associate companies along with the personal guarantees of Directors of the Company.

- 2 Previous year's figures have been regrouped and reclassified wherever necessary to make them comparable with current year's figures.

- 3 Estimated amount of contracts on Capital Accounts to be executed but not provided for are NIL.
- 4 Contingent Liabilities:  
There is no contingent liability existing at the end of the reporting period.
- 5 Deferred tax Assets/Liability  
Comprises timing differences on account of:

(Amount in Rupees)

PARTICULARS	31.03.2008	31.03.2007
Deferred Tax Liabilities		
Depreciation	32,358	36,913
Total	32,358	36,913
Deferred Tax Assets		
Brought forward business loss	303,488	-
Total	303,488	-
Deferred Tax Liabilities / (Assets) (Net)	(271,130)	36,913

Since the recovery of the losses in the near future is not certain no deferred tax asset has been created. Only deferred tax liability to the extent of Rs. 36,913 as on 31.03.07 is reversed during the year under consideration.

- 6 Employee Benefits:  
In accordance with the revised accounting standard 15, issued by the institute of Chartered Accountants of India, the requisite disclosure are as follows:

Accounting policy for recognizing actuarial gains and losses

Actuarial gain and losses arising from experience adjustment and effects of changes in actuarial assumptions are immediately recognized in the statement of profit and loss account as income or expenses.

### Cotigent Liability

There is no contingent liability existing at the end of the reporting period.

The company being a private limited company, its shares are not listed on any stock exchange. It has not become a sick company under the meaning of SICA, is not under winding up. The company has a negative net worth.

There have been no overdue/ defaults to any banks/ financial institutions.

## 2. Suncity Hi-Tech Projects Private Limited

Suncity Hi-Tech Projects Private Limited was incorporated as a private limited company on December 13, 2005. The company's registration number is U45201DL2005PTC143613. The company is engaged in the business of development of real estate projects. Its registered office is situated at N-49, First Floor, Connaught Place, New Delhi 110 001.

### Shareholders

S. No.	Name of Shareholder	No. of Shares	Percentage of shareholding (%)
1.	Suncity Projects Private Limited	3,000	30
3.	Nikhil Footwears Private Limited	3,000	30
2.	Odeon Builders Private Limited	1,500	15
6.	E-City Entertainment (I) Private Limited	1,000	10
7.	Essel Infracore Projects Limited (formerly Pan India Paryatan Limited)	1,000	10
4.	Essel Housing Projects Private Limited	250	2.50
5.	Ansal Housing and Construction Limited	250	2.50

<b>Total</b>	<b>10,000</b>	<b>100</b>
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### Directors

1. Mr. Laxmi Narain Goel;
2. Mr. Subhash Chander and
3. Mr. Ashok Bansal.

### Financial Performance

The audited financial results for Financial Years ended 2008, 2007 and 2006 are as follows (the Company was incorporated in December 2005) are as follows:

	<i>(In Rs. Lakhs, except per share data)</i>		
	As at and for the year ended March 31, 2008	As at and for the year ended March 31, 2007	As at and for the year ended March 31, 2006
Sales and other income	Nil	Nil	Nil
Profit/ (Loss) after tax	(8.62)	(1.32)	(0.57)
Equity capital (par value Rs. 10 per share)	1.00	1.00	1.00
Reserves and Surplus (excluding revaluation reserves)	(10.92)	(1.89)	(0.57)
Earnings/ (Loss) per share (Basic) (Rs.)	(86.17)	(13.21)	(5.74)
Book value per equity share (Rs.)	(103.76)	(15.85)	(4.94)

### Notes to Accounts

1. Previous year's figures have been regrouped and reclassified wherever necessary to make them comparable with current year's figures.
2. Estimated amount of contracts on Capital Accounts to be executed but not provided for are NIL.
3. Contingent Liabilities:  
There is no contingent liability at the end of the reporting period
4. Deferred tax Assets / Liability

The company has incurred losses, which can be carried forward to next years for set off against taxable income in next years. As per provisions of AS-22, deferred tax assets can be created but since the recovery of losses in the near future is not certain, it is decided by the management not to create deferred tax assets.

5. There are no Micro and Small Scale Business Enterprises, to whom the company owes dues, which are outstanding for more than 45 days as at March 31, 2008. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the company. The previous year figures include Rs. Nil due towards Small Scale Industrial Undertakings.
6. The Company is a Small & Medium Sized Company (SMC) as defined in the general Instruction in respect of Accounting Standards, certified under the Company's Act 1956. Accordingly the company has complied with the Accounting Standards as applicable to a Small & Medium size company.
7. Earnings Per Share (EPS)

Particulars	2007-2008	2006-2007
	Rs.	Rs.

a) Net Profit / (Loss) after tax	(8,61,671.08)	(1,32,113.84)
b) Number of Equity Shares outstanding used in computing basic earnings per share	10,000/-	10,000/-
c) Nominal Value of Equity Shares	10/-	10/-
d) Earnings / (Loss) per share	(86.17)	(13.21)

8. Additional Information Pursuant to Part II of Schedule VI to the Companies Act, 1956.

Particulars	2007-2008	2006-2007
	Rs.	Rs.
(1) Managerial Remuneration	NIL	NIL
(2) Earnings in Foreign Exchange	NIL	NIL
(3) Expenditure in Foreign exchange	NIL	NIL
(4) Payment to Auditors		
- Audit Fees	16,854/-	11,224/-
- Tax matters	-	-
- In other capacity	-	-

9. **Segment reporting.**

Since the company does not fall under any of the categories mentioned in the 'applicability' paragraph of AS -17 on Segment Reporting, the disclosure requirements as per Accounting Standard 17 are not applicable.

10. **Related Party Transactions:**

- a) List of Parties where control exists:
- i) Subsidiary Company: Nil
  - ii) Holding Company: Nil
  - iii) Associates: Nil
  - iv) Related parties with whom transactions have taken place during the year and balance outstanding as on the last day of the year: Suncity Projects Pvt. Ltd., Aparjita Buildcon Pvt Ltd, Ashwamedha Colonizers Pvt Ltd, Bansiwala Realtors Pvt Ltd, Bhuvanesh Colonizers Pvt Ltd, Girdhar Buildwell Pvt Ltd, Jyotima Buildwell Pvt Ltd, Mridul Realtors Pvt Ltd, Suryanchal Projects Pvt Ltd, Ujjwal Buildwell Pvt Ltd.

**Directors / Key Management Personnel & their relatives**

Mr. Laxmi Narain Goel, Mr. Subhash Chander Aggarwal and Mr. Ashok Bansal

v) **Transactions with Related Parties:**

**A. Transactions:**

Amount(in Rs.)

Particulars	31.03.2008	31.03.2007
-------------	------------	------------

Security Deposit / Advance against Land /	8,64,63,500	1,89,35,000
Rights in Land given during the year		
Security Deposit / Advance against Land /	12,79,400	--
Rights in Land refunded / adjusted during the year		
Share Application Money Received	--	29,76,95,000
During the year		
Share Application Money Refunded	32,74,50,520	--
During the year		

**B. Balances as at :**

Particulars	31.03.2008	31.03.2007
Security Deposit / Advance against Land /	10,41,19,100	1,89,35,000
Rights in Land		
Share Application Money Received	11,00,000	32,85,50,520
Equity Share Capital	30,000	30,000

**Balances are subject to continuation and reconciliation, if any.**

**Contingent Liability**

There is no contingent liability at the end of the reporting period.

The company being a private limited company, its shares are not listed on any stock exchange. It has not become a sick company under the meaning of SICA, is not under winding up. The company has a negative net worth.

There have been no overdue/ defaults to any banks/ financial institutions.

**3. Mediavest India Private Limited**

Mediavest India Private Limited (corporate identification no.: U92132MH2001PTC130426, permanent account no: AACCM4290K, bank account no.: 14102000015048) was incorporated as a private company under the Companies Act, on 11<sup>th</sup> January 2001. The registered office of Mediavest India Private Limited is situated at Continental Building, 135, Dr Annie Besant Road, Worli, Mumbai- 400 018, India. It carries on the business of buying, selling, procuring, commissioning films and entertainment software for their exhibition, distribution and dissemination on TV channels through various mediums and also to make investment in companies for promotion of similar activities and/or own or make investment imprint media companies.

**Directors**

1. Mr. Himanshu Mody and
2. Mr. Ashok Sanghvi.

**Financial Performance**

The audited financial results for Financial Years ended 2008, 2007 and 2006 are as follows:

*(Rs. in Lakhs except for share data)*

Particulars	As at and for the year ended March 31, 2008	As at and for the year ended March 31, 2007	As at and for the year ended March 31, 2006
Total Income	00	34.0	0.1
Profit after Tax	(684.50)	(477.3)	(305.6)
Equity Share Capital (Par value Rs. 10 per share)	1	1	1
Reserves & Surplus	(2,569.40)	(1,884.9)	(1,407.5)
Earnings per share (Rs.)	(6,844.70)	(4,773.60)	(3,056.70)
Book Value per share	(25,683.91)	(18,839.23)	(14,065.63)

#### Notes to Accounts

1. Previous years figures have been regrouped, rearranged or recast wherever necessary to confirm to this year's classification. Figures in brackets pertain to previous year.
2. The Company has no amounts due to suppliers under the Micro, Small and Medium Enterprises Development Act, 2006, (MSMED Act) as at 31<sup>st</sup> March, 2008.
3. Taxes on Income
  - a) Provision for current year tax has been made as per the Income Tax Act, 1961.
  - b) The amount of deferred tax assets has not been accounted as there are no timing difference as per AS 22 "Accounting for Taxes on Income".
4. Company's networth has been fully eroded due to accumulated losses and the loss for the year. The negative networth of the company is Rs. 256,839,131. Through Company has incurred losses, the accounts have been prepared on going concern basis as the promoters have financed the major losses by way of share application money.
5. The Company was allotted 10208 Equity Shares of Rs. 100 each at a premium of Rs. 21533 of united News of India (UNI) in the earlier year. The said allotment is challenged by other shareholders in the Company Law Board and is not subjudiced in Delhi high Court. The Share application money of Rs. 9.95 crores paid for 4603 shares of Rs. 100 each at premium of Rs. 21,333 is pending allotment and hence shown as advance.
6. Company does not have any reportable business segment as well as geographical segment in context with Accounting Standard 17 "Segmental Reporting".

#### 7. Related Party Disclosures

##### Holding Company

Prajatma Trading Co. Private Limited

##### Subsidiary Company

United News of India (extent of holding 50.1%)

##### Other related parties with whom transactions have taken place during the year and the balance outstanding as on the last date of the year.

Ganjam Trading Co. Private Limited, Deligent Media corporation Limited) Extent of holding 47%), Pan India Network Infrawest Pvt. Ltd.

Transactions for the year ended 31<sup>st</sup> March 2008

Particulars	2008	2007
Advances Share Application money received Holding Company Prajatma Trading Company Private Limited		

	932,850,000	866,200,000
Investments made Subsidiary United news of India	-	221,376,519
Advance Share Application money given Subsidiary United News of India Other related Parties Deligent Media Corporation Limited	-	995,766,999
	865,000,000	667,500,000

Balances as at 31<sup>st</sup> March, 2008

Particulars	2008	2007
Advances Share Application money received Holding Company Prajatma Trading Company Private Limited	2,400,975,000	1,468,125,000
Investments made Subsidiary United news of India Other Related Parties Diligent Media Corporation Limited	221,376,519 179,258,000	221,376,519 179,258,000
Advance Share Application money given Subsidiary United News of India Other related Parties Deligent Media Corporation Limited	99,576,699 2,143,742,000	28,319,450 1,278,742,000

Additional information required to be given pursuant to part II of the Schedule VI of the Companies Act, 1956 are either Nil or not applicable.

#### Cotigent Liability

None

#### Shareholding

Name of Shareholder	No. of Shares	Percentage of shareholding (%)
Prajatma Trading Company Private Limited	10,000	100.00
<b>TOTAL</b>	<b>10,000</b>	<b>100.00</b>

The company being a private limited company, its shares are not listed on any stock exchange. It has not become a sick company under the meaning of SICA, is not under winding up. The company has a negative net worth.

There have been no overdue/ defaults to any banks/ financial institutions.

#### 4. Essel International Limited

Essel International Limited was incorporated as a public company on June 28, 1994 under the Companies Act. It is registered with the Registrar of Companies, National Capital Territory of Delhi, Haryana and Punjab, with registration number 55-059874. The company has its registered office situated at B-10, Lawrence Road Industrial Area, New Delhi, India and is engaged in the business of Trading.

## Directors

1. Mr. Laxmi Narain Goel;
2. Mrs. Sulochna Devi and
3. Mr. Jawahar Lal Goel.

## Financial Performance

The audited financial results for Financial Years ended 2008, 2007 and 2006 are as follows

*(In Rs. Lakhs, except per share data)*

	As at and for the year ended March 31, 2008	As at and for the year ended March 31, 2007	As at and for the year ended March 31, 2006
Sales and other income	9.70	25.52	6.32
Profit/ (Loss) after tax	(11.24)	(25.02)	(26.99)
Equity capital (par value Rs. 10 per share)	314.90	314.90	314.90
Reserves and Surplus (excluding revaluation reserves)	0	0	0
Earnings/ (Loss) per share (diluted) (Rs.)	(0.36)	(0.79)	(0.86)
Book value per equity share (Rs.)	(32.65)	(32.29)	(31.50)

## Notes to Accounts

### 1 Contingent Liabilities

NIL (Previous year – NIL)

### 2 Balances in various accounts.

Balances in various accounts included in Sundry Debtors, Sundry Creditors & Advances recoverable in each or in kind are subject to confirmation from the respective parties.

### 3 Accounting For Taxes on Income

The Company has written off Deferred Tax Liability of Rs. 16,13,254.00 created on 31.03.04, as it is not more required.

### 4 Share Business

During the year company has not dealt in trading of shares.

### 5 Additional information.

Additional information pursuant to the provisions of Paragraph 3, 4C and 4D of Part II of Schedule – IV to the Companies Act, 1956.

(a) Licensed & Installed Capacity	2008-2009	2007-2008
i) Licensed Capacity	NA	NA
ii) Installed Capacity	NA	NA
(b) Production Brass Hardware	NIL	NIL
(c) Finished Goods	NIL	NIL
(d) Value of Import on CIF basis		
Raw Material	--	--
Capital Goods/Components	--	--
Store & Spares	--	--
(e) <u>Expenditure in foreign currency</u>		
Travelling Expenses	NIL	NIL

(f) Earning in Foreign Exchange FOB Value of Exports	NIL	NIL
(g) Amount Payable to Auditors For Statutory Audit	11,030/-	10,000/-
<b>6</b> Previous year figures have been regrouped/rearranged to make the figures comparable to the figures of the current year.		
<b>7</b> Schedule 1 to 8 form integral part of the Balance Sheet.		

### Cotinent Liability

NIL (Previous year – NIL)

### Shareholding

Name of Shareholder	No. of Shares	Percentage of shareholding (%)
Royal Tools Private Limited	6,84,500	21.74
Mr. Nand Kishore	6,12,600	19.45
Subhash Chandra & Sons (HUF)	3,64,000	11.56
Blue Line Moters Private Limited	2,63,100	8.36
Mr. Ashok Goel	2,51,510	7.99
Mr. Jawahar Lal Goel	2,27,010	7.21
Essel International Private Limited	1,86,800	5.93
Jawahar Lal & Sons (HUF)	1,39,600	4.43
Premier Finance and Trading Company Limited	1,04,000	3.30
Ms. Kavita Goel	1,00,100	3.18
Essel Minerals Private Limited	60,000	1.91
Nand Kishore & Sons (HUF)	46,000	1.46
Ms. Sulochna Devi	43,310	1.38
Mr. Subhash Chandra	36,010	1.14
Mr. Laxmi Narain Goel	30,010	0.95
Ashok Kumar & Sons (HUF)	100	0.003
Mr. Ankit Goel	100	0.003
Mr. Arpit Goel	100	0.003
Mr. Anup Kumar Chhawchharia	100	0.003
Mr. Prosenjit Chandra Lahiri	10	Negligible
Ms. Chetna Goel	10	Negligible
Munna Lal Lachman Dass (HUF)	10	Negligible
Mr. Jagan Nath	10	Negligible
<b>TOTAL</b>	<b>31,48,990</b>	<b>100</b>

The company being a private limited company, its shares are not listed on any stock exchange. It has not become a sick company under the meaning of SICA, is not under winding up. The company has a negative net worth.

There have been no overdue/ defaults to any banks/ financial institutions.

### 5. Dish TV India Limited

For more information on Dish TV India Limited, see para on 'Dish TV India Limited' under section titled "Group Companies" on page 162 of this Letter of Offer.

## OUR SUBSIDIARIES

We have five subsidiaries which are listed below:

1. Central Bombay Cable Network Limited
2. Indian Cable Net Company Limited
3. Siticable Broadband South Limited
4. Wire and Wireless Tisai Satellite Limited
5. Master Channel Community Network Private Limited

### 1. Central Bombay Cable Network Limited (“CBCNL”)

Central Bombay Cable Network Limited was incorporated as a private company on October 15, 1999 in the name of Central Bombay Cable Network Private Limited. The company was converted in to a public company by way of fresh certificate of incorporation dated June 25, 2003. Its registered office is situated at B-10, Lawrence Road, Industrial Area, New Delhi-110 035, India. Central Bombay Cable Network Limited is engaged in cable networking TV business pertaining to reception and distribution of satellite based and terrestrial television channels primarily in the city of Mumbai.

The main object of the company is to carry on business of reception and distribution of satellite based and terrestrial television channel(s) services including video cassette recorder and cable channels through cable networks.

#### Capital structure

<b>Authorised</b>	
50,000 equity shares of Rs. 10 each	Rs. 500,000
<b>Issued, subscribed and paid up</b>	
50,000 equity shares of Rs. 10 each	Rs. 500,000

#### Directors

1. Mr. V. Kumar;
2. Mr. Mukesh Mittal;
3. Mr. Balakrushna Singh Deo and
4. Mr. Shio Kumar Gupta.

#### Shareholding

Name of the shareholder	No. of shares	Percentage of shareholding (%)
Wire and Wireless (India) Limited	49,940	99.88
Wire and Wireless (India) Ltd. and Mr. Balakrushna Singh Deo#	10	0.02
Wire and Wireless (India) Ltd. and Mr. V. Kumar#	10	0.02
Wire and Wireless (India) Ltd. and Mr. Shio Kumar Gupta#	10	0.02
Wire and Wireless (India) Ltd. and Mr. Alok Kumar Bansal#	10	0.02
Wire and Wireless (India) Ltd. and Mr. Sandeep Kumar Jain#	10	0.02
Wire and Wireless (India) Ltd. and Mr. V. Suresh Kumar#	10	0.02
<b>TOTAL</b>	<b>50,000</b>	<b>100.00</b>

# The individuals holding the equity shares jointly with our Company.

#### Financial performance

The audited financial results for Financial Years ended 2009, 2008 and 2007 are as follows

Particulars	<i>(In Rs. Lakhs except per share data)</i>		
	As at and For the period ended March 31, 2009	As at and For the period ended March 31, 2008	As at and For the period ended March 31, 2007
Total Income	42.00	42.00	55.50

Profit / (Loss) after tax	1.56	11.84	8.48
Equity Capital	5.00	5.00	5.00
Reserve	65.36	63.79	51.96
Basic Earning per share	3.12	23.67	16.95
Book value per share	140.71	137.59	113.91

The equity shares of Central Bombay Cable Network Limited are not listed and it has not made any public or rights issue in the preceding three years. It has not become a sick company under the meaning of SICA and it is not referred for winding up.

## 2. Indian Cable Net Company Limited

Indian Cable Net Company Limited was incorporated in the name of RPG Cablecom Limited on December 6, 1995. Its name was subsequently changed to RPG Netcom Limited by way of fresh certificate of incorporated dated February 22, 1996 and subsequently its name was changed to Indian Cable Net Company Limited by fresh certificate of incorporated dated October 25, 2004. Siti Cable Network Limited had acquired the equity shares of the company by way of share transfer deed dated May 13, 2005. Its registered office is situated at Plot No: XI-4, Block EP & GP, Sector V, Salt Lake, Kolkata-700 091, India. The company is engaged in cable television networking business pertaining to reception and distribution of satellite based and terrestrial television channels, primarily in the city of Kolkata and Greater Noida.

The main object of the company is to carry on business of reception and distribution of satellite based television channel(s) services including video cassette recorder and cable channels through cable networks.

### Capital structure

<b>Authorised</b>	
12,000,000 equity shares of Rs. 10 each	Rs. 120,000,000
<b>Issued, subscribed and paid up</b>	
10,091,070 equity shares of Rs. 10 each	Rs. 100,910,700

### Directors

1. Mr. Avnindra Mohan;
2. Mr. V. K. Agarawal;
3. Mr. Suresh Kumar;
4. Mr. Suresh Kumar Sethiya and
5. Mr. Sudhir Jagdish Agarwal.

### Shareholding

Name of the shareholder	No. of shares	Percentage of shareholding (%)
Wire and Wireless (India) Limited	6,831,000	67.69
Central Bombay Cable Network Limited	30,000	0.30
Mrs. Sweeta Chirimar	87,500	0.87
Mr. Sunil Nihalani	700,000	6.94
Mr. Suresh Sethiya	725,000	7.18
Mr. Tinkori Datta	75,000	0.74
Mr. Jawed Iqbal	25,000	0.25
Mr. Zafar Iqbal	112,500	1.11
Gurukripa Comlink Private Limited	5,25,000	5.20
Statt Investment and Services Private Limited	7,50,000	7.43
Calcutta Communication Private Limited	1,50,000	1.49
Purvi Communication Private Limited	80,000	0.80
Mr. Alok Kumar Bansal	10	Negligible
Mr. J. K. Jain	10	Negligible

Mr. Mukesh Mittal	10	Negligible
Mr. Sandeep Jain	10	Negligible
Mr. Shio Kumar Gupta	10	Negligible
Mr. Balakrushna Singh Deo	10	Negligible
Mr. Suresh Kumar	10	Negligible
<b>TOTAL</b>	<b>10,091,070</b>	<b>100</b>

### Financial performance

The audited financial results for Financial Years ended 2009, 2008 and 2007 are as follows

*(In Rs. Lakhs except per share data)*

Particulars	As at and For the period ended March 31, 2009	As at and For the period ended March 31, 2008	As at and For the period ended March 31, 2007
Total Income	6,767.22	4,842.42	3,536.86
Profit / (Loss) after tax	606.10	591.00	373.57
Equity Capital	1,009.11	1,009.11	1,009.11
Reserve	1,535.88	929.78	351.39
Basic Earning per share	6.01	5.86	3.70
Book value per share	25.22	19.21	13.48

The equity shares of Indian Cable Net Company Limited are not listed and it has not made any public or rights issue in the preceding three years. It has not become a sick company under the meaning of SICA and it is not referred for winding up.

### 3. Siticable Broadband South Limited

Siticable Broadband South Limited was incorporated in the name of Siticable (Karnataka) Broadband Private Limited on May 2, 2001. Its name was changed to Siticable Broadband South Private Limited by way of fresh certificate of incorporation dated January 21, 2002. The company was converted to a public company by way of fresh certificate of incorporation dated October 11, 2002. Its registered office is situated at United Mansion, 39, M.G. Road, 3<sup>rd</sup> Floor, Bangalore- 560 001, India. The company is engaged in the business of providing internet services over cable to Subscriber/ end users, primarily in the city of Bangalore.

The main object of the company is to carry on business pertaining to provision of internet over cable to Subscriber/ end users.

#### Capital structure

<b>Authorised</b>	
10,000 equity shares of Rs. 10 each	Rs. 100,000
23,000 preference shares of Rs. 100 each	Rs. 2,300,000
<b>Issued, subscribed and paid up</b>	
10,000 equity shares of Rs. 10 each	Rs. 100,000
22,275 preference shares of Rs. 100 each	Rs. 2,227,500

#### Directors

1. Mr. Sandeep Kumar Jain;
2. Mr. R. K. Singh and
3. Mr. Balakrushna Singh Deo.

#### Equity Shareholding

Name of the shareholder	No. of shares	Percentage of shareholding (%)
Wire and Wireless (India) Limited	9,940	99.40

Wire and Wireless (India) Limited and Mr. R. K.Singh#	10	0.10
Wire and Wireless (India) Limited and Mr. V. Suresh Kumar#	10	0.10
Wire and Wireless (India) Limited and Mr. Vasanth Bangera#	10	0.10
Wire and Wireless (India) Limited and Mr. Balakrushna Singh Deo#	10	0.10
Wire and Wireless (India) Limited and Mr. Joseph George#	10	0.10
Wire and Wireless (India) Limited and Mr. C.L. Kishore Kumar#	10	0.10
<b>TOTAL</b>	<b>10,000</b>	<b>100.00</b>

# The individuals holding the equity shares jointly with our Company.

### Preference Shareholding

Name of the shareholder	No. of shares held	Percentage of shareholding (%)
Mr. T. N. Jayaprakash	22,275	100.00
<b>TOTAL</b>	<b>22,275</b>	<b>100.00</b>

### Financial performance

The audited financial results for Financial Years ended 2009, 2008 and 2007 are as follows

Particulars	<i>(In Rs. Lakhs except per share data)</i>		
	As at and For the period ended March 31, 2009	As at and For the period ended March 31, 2008	As at and For the period ended March 31, 2007
Total Income	17.39	17.70	19.70
Profit / (Loss) after tax	(1.92)	(7.35)	(13.45)
Equity Capital	1.00	1.00	1.00
Reserve	(46.21)	(44.29)	(36.94)
Basic Earning per share	(19.22)	(73.51)	(134.46)
Book value per share	(453.38)	(434.77)	(361.88)

The equity shares of Siticable Broadband South Limited are not listed and it has not made any public or rights issue in the preceding three years. It has not become a sick company under the meaning of SICA and it is not referred for winding up.

#### 4. Wire and Wireless Tisai Satellite Limited (“WWTSL”)

Wire and Wireless Tisai Satellite Limited was incorporated on June 1, 2007 as Wire and Wireless Tisai Satellite Private Limited as a joint venture between the Company and proprietary concern Shree Tisai Satellite Services Limited pursuant to memorandum of understanding dated February 9, 2007. The company was converted in to a public company by way of fresh certificate of incorporation dated November 24, 2008. The registered office of the company is situated at Madhu Industrial Estate, 4<sup>th</sup> floor, Pandurang Budhkar Marg, Worli, Mumbai- 400 013, India. The company is engaged in the business of cable television networking pertaining to distribution/re-transmission of cable television signals, internet, for own business or rent, lease, and/or allow others to use it in part or full.

The main object of the company is to carry on the business of cable television networking pertaining to distribution/ re-transmission of cable television signals, internet, triple play and such other business by establishing head end/ control rooms and cable network including laying and/ or hiring/ leasing of optical fibre cable, Satellite systems, up linking multi channel, Multi Point Distribution Systems (MMDS), communication or distribution, re-distribution, exchange of audio, video, communication or other signals and exploits such as network systems for own business or rent, lease, and franchise or allow others to use it in part or full.

### Capital structure

<i>Authorised</i>	
50,000 equity shares of Rs. 10 each	Rs. 500,000
<i>Issued, subscribed and paid up</i>	

50,000 equity shares of Rs. 10 each	Rs. 500,000
-------------------------------------	-------------

### Directors

1. Mr. Ganpat Kalu Gaikwad;
2. Mrs. Sulbha Ganpat Gaikwad;
3. Mr. Rakesh Kumar Singh and
4. Mr. Atul D. Jayavant.

### Shareholding

Name of the shareholder	No. of shares	Percentage of shareholding (%)
Wire and Wireless (India) Limited	25,496	50.99
Mrs. Sulbha Ganpat Gaikwad	12,250	24.50
Mr. Ganpat Kalu Gaikwad	12,250	24.50
Mr. Suresh Kumar and Wire and Wireless (India) Limited #	1	0.002
Mr. Rakesh Kumar Singh and Wire and Wireless (India) Limited #	1	0.002
Mr. Sandeep Jain and Wire and Wireless (India) Limited #	1	0.002
Mr. Vijay Kumar and Wire and Wireless (India) Limited #	1	0.002
<b>TOTAL</b>	<b>50,000</b>	<b>100.00</b>

#The individuals holding the equity shares jointly with our Company.

### Financial performance

The audited financial results for Financial Years ended 2009 and 2008 are as follows

*(In Rs. Lakhs except per share data)*

Particulars	As at and for the period ended March 31, 2009	As at and for the period ended March 31, 2008
Total Income	1,689.55	1,122.82
Profit / (Loss) after tax	46.48	36.04
Equity Capital	5.00	1.00
Reserve	82.52	36.04
Basic Earning per share	28.50	360.40
Book value per share	175.04	370.40

The equity shares of Wire and Wireless Tisai Satellite Limited are not listed and it has not made any public or rights issue in the preceding three years. It has not become a sick company under the meaning of SICA and it is not referred for winding up.

### 5. Master Channel Community Network Private Limited

Master Channel Community Network Private Limited was incorporated on May 12, 1994. The registered office of the Company is situated at United Mansion, T-4, Vijaya Apartments, Mogulrajapuram, Vijayawada-520010, India. With effect from April 1, 2008, Master Channel Community Network Private Limited became a subsidiary of Wire and Wireless (India) Limited pursuant to acquisition of 66% of the paid up equity share capital of Master Channel Community Network Private Limited by Central Bombay Cable Network Limited, which, in turn, is a wholly owned subsidiary of our Company. The company is carrying on cable TV networking business pertaining to reception and distribution of satellite based and terrestrial television channels primarily in the city of Vijayawada.

The main object of the company is to carry on business of reception and distribution of satellite based television channel(s) services including video cassette recorder and cable channels through cable networks.

### Capital structure

<b>Authorised</b>	
5,000 equity shares of Rs. 100 each	Rs. 500,000
<b>Issued, subscribed and paid up</b>	
3,000 equity shares of Rs. 100 each	Rs. 300,000

### Directors

1. Mr. P. Sai Babu;
2. Mrs. P. Kiranmayee;
3. Mr. Jain Kumar;
4. Mr. V.K.Gupta;
5. Mr. Shio Kumar Gupta and
6. Mr. Sandeep Kumar Jain.

### Shareholding

Name of the shareholder	No. of Shares	Percentage of shareholding (%)
Central Bombay Cable Network Limited	1,980	66.00
Mr.P.Sai Babu	150	5.00
Mr. Madhu Sudhana Rao	120	4.00
Mrs. P. Kiranmayee	300	10.00
Mrs.P. Kiranmayee (as guardian of Ms. Mansa)	150	5.00
Mrs. P. Kiranmayee (as guardian of Mr. Dheeraj)	150	5.00
Mr.P.Sai Babu (as guardian of Mr. Jayant & Ms. Meghna )	150	5.00
<b>TOTAL</b>	<b>3,000</b>	<b>100.00</b>

### Financial performance

The audited financials of Master Channel Community Network Private Limited for Financial Years 2009, 2008 and 2007 are as hereunder.

*(In Rs. Lakhs except per share data)*

Particulars	As at and For the period ended March 31, 2009	As at and For the period ended March 31, 2008	As at and For the period ended March 31, 2007
Total Income	659.88	614.49	650.42
Profit / (Loss) after tax	36.02	(9.89)	(40.80)
Equity Capital	3.00	3.00	3.00
Reserve	(66.11)	(102.13)	(92.25)
Basic Earning per share	1,200.69	(329.58)	(1,360.18)
Book value per share	(2,103.81)	(3,304.50)	(2,974.92)

The equity shares of Master Channel Community Network Private Limited are not listed and it has not made any public or rights issue in the preceding three years. It has not become a sick company under the meaning of SICA and it is not referred for winding up.

There are no accumulated losses of our Subsidiaries not accounted for by our Company, other than as provided in the section titled "Financial Statements" beginning on page 199.

## RELATED PARTY TRANSACTIONS

### WIRE AND WIRELESS (INDIA) LIMITED- CONSOLIDATED

#### Statement of transactions with Related Parties and outstanding balances

							Rs Lakhs
S N	Particulars Nature of Expenses / Names of the Parties	2009	Major Parties 2009	2008	Major Parties 2008	2007	Major Parties 2007
	<b>Sale. Services and other Recoveries (Net)</b>	<b>2,696.48</b>		1,871.50		4,993.76	
1	Dish TV India Ltd.		-		391.59		29.61
	ZEEL		<b>1,317.84</b>		1,215.98		3,962.37
	Zee News Ltd.		<b>1,232.51</b>		25.53		905.02
	Zee Turner Ltd.		<b>146.12</b>		225.20		92.80
	<b>Purchase of Programs, Goods &amp; Services</b>	<b>1,703.78</b>		786.77		480.58	
2	Zee Turner Ltd.		<b>1,702.41</b>		717.39		460.66
	<b>Purchase of Fixed Assets, Capital Goods and Investments</b>	<b>38.36</b>		1.04		33.32	
3	Zee Turner Ltd.		-		1.04		-
	Dish TV India Ltd.		<b>20.94</b>		-		18.59
	ZEEL		<b>17.42</b>		-		13.41
	<b>Sale of Fixed Assets &amp; Capital Goods</b>	<b>0.72</b>		-		-	
4	Dish TV India Ltd.		<b>0.72</b>		-		-
	<b>Advances given</b>	<b>2,466.04</b>		4,722.25		4,123.66	
5	Churu Trading Co. Pvt. Ltd.		-		4,500.00		2,506.80
	Dish TV India Ltd.		<b>2,465.00</b>		222.25		1,212.81
	Essel Infraprojects Ltd		-		-		402.95
	<b>Receipts towards advances given</b>	-		4,618.98		4,127.72	
6	Churu Trading Co.Pvt. Ltd.		-		4,500.00		2,506.80
	Dish TV India Ltd.		-		118.98		1,216.87
	Essel Infraprojects		-		-		-

S N	Particulars Nature of Expenses / Names of the Parties	2009	Major Parties 2009	2008	Major Parties 2008	2007	Major Parties 2007
	Ltd.		-				402.95
<b>7</b>	<b>Loans / Deposits received from</b>	<b>46,663.16</b>		<b>21,450.00</b>		<b>5,424.20</b>	
	ETC Networks Ltd.		-		-		1,949.02
	Churu Trading Co.Pvt. Ltd.		<b>20,232.00</b>		<b>10,450.00</b>		
	ZEEL		<b>15,500.00</b>		<b>10,700.00</b>		<b>3,475.18</b>
	Zee News Limited		<b>10,180.00</b>				
	Indian Cable Net Co. Ltd.		<b>751.16</b>				
<b>8</b>	<b>Repayment of Loans / Deposits received</b>	<b>30,325.00</b>		<b>14,095.00</b>		<b>752.80</b>	
	Churu Trading Co.Pvt. Ltd.		<b>20,700.00</b>		<b>8,245.00</b>		-
	ETC Networks Ltd.		-		-		318.25
	ZEEL		<b>700.00</b>		<b>5,850.00</b>		<b>434.55</b>
	Zee News Limited		<b>8,925.00</b>				
<b>9</b>	<b>Expenses Recovered</b>	<b>89.38</b>		<b>79.74</b>		<b>48.84</b>	
	ZEEL		-		8.37		25.05
	Zee News Ltd.		<b>69.05</b>		<b>45.36</b>		-
	Zee Turner Ltd.		<b>5.61</b>		<b>13.56</b>		<b>9.99</b>
	Churu Trading Co.Pvt. Ltd.		-		-		-
	Dish TV India Ltd.		<b>12.22</b>		-		-
<b>10</b>	<b>Expenses Reimbursed</b>	<b>81.28</b>		<b>303.97</b>		<b>836.20</b>	
	ZEEL		<b>79.66</b>		<b>295.09</b>		<b>806.43</b>
<b>11</b>	<b>Balances Outstanding as on 31<sup>st</sup> March 2008</b>						
<b>a.</b>	<b>Sundry Debtors</b>	<b>4,189.36</b>		<b>1,681.61</b>		<b>838.45</b>	
	Dish TV India Limited		<b>0.38</b>		<b>353.53</b>		-
	ZEEL		<b>2,700.75</b>		<b>1,230.47</b>		<b>467.58</b>
	Zee News Limited		<b>1,404.66</b>		-		-
<b>b.</b>	<b>Sundry Creditors</b>	<b>4,348.40</b>		<b>1,826.83</b>		<b>2,826.47</b>	

S N	Particulars Nature of Expenses / Names of the Parties	2009	Major Parties 2009	2008	Major Parties 2008	2007	Major Parties 2007
	ZEEL		<b>1,609.12</b>		1,587.40		2,544.11
	Zee Turner Ltd		<b>2,619.85</b>		167.53		155.56
<b>c.</b>	<b>Loans / Deposits / Advances given</b>	<b>2,674.19</b>		151.54		370.08	
	Zee Turner Ltd.		<b>131.93</b>		132.59		2.92
	Dish TV India Limited		<b>2,519.58</b>		-		-
<b>d.</b>	<b>Loans/Deposits / Advances received</b>	<b>26,874.20</b>		11,152.40		4,097.37	
	ETC Networks Ltd.		<b>1,145.24</b>		1,100.00		1,100.00
	Churu Trading Co. Pvt. Ltd.		<b>1,737.00</b>		2,205.00		-
	ZEEL		<b>22,647.37</b>		7,847.37		2,997.37
<b>e.</b>	<b>Interest Accrued on Loans / Deposits / Advances received</b>	<b>2,186.62</b>		595.51		252.58	
	Churu trading co. Pvt. Ltd.		<b>501.23</b>		209.19		-
	Zee News Limited		<b>278.17</b>		-		-
	ZEEL		<b>1,349.80</b>		360.80		231.54

**WIRE AND WIRELESS (INDIA) LIMITED- STANDALONE**

**Statement of transactions with Related Parties and outstanding balances:**

S N	Particulars Nature of Expenses / Names of the Parties	2009	Major Parties 2009	2008	Major Parties 2008	2007	Rs. Lakhs
							Major Parties 2007
<b>1</b>	<b>Sale, Services and other Recoveries (Net)</b>	<b>3,810.40</b>		2,929.55		5,451.85	
	Dish TV India Ltd.		-		391.59		29.61
	Indian Cable Net Company Ltd.		813.92		833.33		458.09
	ZEEL		1,317.84		1,215.98		3,962.37
	Zee News Ltd.		1,232.51		25.53		905.02
<b>2</b>	<b>Purchase of Programs, Goods &amp; Services</b>	<b>1,703.78</b>		786.77		740.48	
	Zee Turner Ltd.		1,702.41		717.39		460.66
	Indian Cable Net Company Ltd.						259.90
<b>3</b>	<b>Purchase of Fixed Assets, Capital Goods and Investments</b>	<b>38.36</b>		1.04		34.67	
	Dish TV India Ltd.		20.94		-		18.59
	Zee Turner Ltd.		17.42		1.04		-
	ZEEL		-		-		13.41
<b>4</b>	<b>Sale of Fixed Assets &amp; Capital Goods</b>	<b>6.16</b>		-		8.61	
	Indian Cable Net Company Ltd.		5.44		-		8.61
	Dish TV India Ltd		0.70		-		-
<b>5</b>	<b>Interest Received</b>	<b>38.20</b>		-			
	Central Bombay Cable Network Ltd.		38.20		-		
<b>6</b>	<b>Advances given</b>	<b>2,772.52</b>		4,753.01		4,170.43	
	Churu Trading Co.Pvt. Ltd.		-		4,500.00		2,506.80
	Dish TV India Ltd.		2,465.00		222.20		1,212.81

S N	Particulars Nature of Expenses / Names of the Parties	2009	Major Parties 2009	2008	Major Parties 2008	2007	Major Parties 2007
<b>7</b>	<b>Receipts towards advances given</b>	<b>102.89</b>		4,702.49		4,169.94	
	Churu Trading Co.Pvt. Ltd.		-		4,500.00		2,506.80
	Dish TV India Ltd.		-		118.98		1,216.87
	Indian Cable Net Company Ltd.		52.81		-		-
	Central Bombay Cable Network Ltd.		39.55		-		-
							-
<b>8</b>	<b>Loans / Deposits received from</b>	<b>46,663.1 6</b>		21,450.00		5,424.20	
	Churu Trading Co.Pvt. Ltd.		20,232.00		10,450.0 0		-
	Zee News Ltd.		10,180.00		-		-
	ZEEL		15,500.00		10,700.0 0		3,475.18
	ETC Network Limited		-		-		1,949.02
<b>9</b>	<b>Repayment of Loans / Deposits received</b>	<b>30,325.0 0</b>		14,095.00		752.80	
	Churu Trading Co.Pvt. Ltd.		20,700.00		8,245.00		-
	Zee News Ltd		8,925.00		-		-
	ZEEL		700.00		5,850.00		434.55
	ETC Network Limited		-		-		318.25
<b>10</b>	<b>Expenses Recovered</b>	<b>93.35</b>		128.27		496.23	
	Indian Cable Net Company Ltd.		--		48.34		434.88
	Zee News Ltd.		69.05		45.36		-
	Zee Turner Ltd.		--		13.56		9.99
	Dish TV India Limited		12.22		--		--
<b>11</b>	<b>Expenses Reimbursed</b>	<b>81.97</b>		352.14		1,333.76	
	Indian Cable Net Company Ltd.		0.63		48.17		450.78
	ZEEL		79.66		295.09		806.43
<b>12</b>	<b>Balances Outstanding</b>						

S N	Particulars Nature of Expenses / Names of the Parties	2009	Major Parties 2009	2008	Major Parties 2008	2007	Major Parties 2007
<b>a.</b>	<b>Sundry Debtors</b>	<b>6,029.58</b>		2,292.00		1,287.93	
	Indian Cable Net Company Ltd.		1,583.03		512.57		449.48
	Dish TV India Limited		0.38		353.53		-
	ZEEL		2,700.75		1,230.47		467.58
	Zee News Ltd.		1,404.66		40.77		369.52
<b>b.</b>	<b>Sundry Creditors</b>	<b>4,348.40</b>		1,826.83		2,995.14	
	ZEEL		1,609.12		1,587.40		2,544.11
	Zee Turner Ltd.		2,619.85		--		--
<b>c.</b>	<b>Loans / Deposits / Advances given</b>	<b>3,136.82</b>		402.51		370.08	
	Central Bombay Cable Network Ltd.		334.30		219.22		239.42
	Dish TV India Ltd.		2,519.58		-		108.92
	Zee Turner Ltd.		131.93		132.59		2.92
<b>d.</b>	<b>Loans / Deposits / Advances received</b>	<b>28,288.20</b>		11,301.52		4,097.37	
	Churu Trading Co. Pvt. Ltd.		1,737.00		2,205.00		--
	ETC Networks Ltd.		1,145.24		1,100.00		1,100.00
	ZEEL		22,647.37		7,847.37		2,997.37
	Zee News Ltd		1,255.00		--		--
	Indian Cable Net Company Ltd.		1,413.30		--		--
<b>e.</b>	<b>Interest Accrued on Loans / Deposits / Advances received</b>	<b>2,186.62</b>		595.51		252.58	-
	Churu Trading Co. Pvt. Ltd.		501.23		209.19		-
	ZEEL		1,349.80		360.80		231.54
<b>f.</b>	<b>Remuneration to Key Managerial Personnel.</b>	<b>185.27</b>		<b>157.40</b>		-	
	Deepak Chandnani		139.16		157.40		--
	Sudhir Agarwal		46.11		--		--

S N	Particulars Nature of Expenses / Names of the Parties	2009	Major Parties 2009	2008	Major Parties 2008	2007	Major Parties 2007
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## FINANCIAL STATEMENTS

### RESTATED CONSOLIDATED FINANCIAL INFORMATION

Auditors' report  
(as required by Part II of Schedule II of the Companies Act, 1956)

The Board of Directors  
Wire and Wireless (India) Limited  
135 Continental Building  
Dr. Annie Besant Road  
Worli, Mumbai - 400018

Dear Sirs,

1. We have examined the attached restated consolidated financial information of Wire and Wireless (India) Limited ('the Company') and its subsidiaries consisting of Indian Cable Net Limited, Central Bombay Cable Network Limited, Siticable Broadband South Limited, Master Channel Community Network Pvt. Ltd. and Wire and Wireless Tisai Satellite Limited, (together referred to as 'the Group'), annexed to this report as at March 31, 2009, 2008 and 2007 approved by the Board of Directors and prepared in accordance with the requirements of:
  - a. paragraph B(1) of Part II of Schedule II to the Companies Act, 1956 ('the Act');
  - b. the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 ('the Regulations') and the related clarifications issued by the Securities and Exchange Board of India ('SEBI') as amended to date;
2. We have examined such restated financial information taking into consideration:
  - a. the terms of reference dated June 15, 2009 received from the Company, requesting us to carry out the assignment, in connection with the offer document being issued by the Company for its proposed Rights issue; and
  - b. The Guidance Note on Reports in Company Prospectuses (Revised) issued by the Institute of Chartered Accountants of India.

The Company proposes to make a rights issue of equity shares up to Rs 45,000 lakhs, having a face value of Rs. 1 each at a price of Rs 19 per share (referred to as the 'Offer').

#### **Financial information as per audited financial statements:**

3. The restated financial information of the Group has been extracted by the management from the consolidated financial statements for the year ended March 31, 2009, year ended March 31, 2008 and period ended March 31, 2007 and approved by the Board of Directors.

We did not audit the financial statements of Indian Cable Net Company Limited, Central Bombay Cable Network Limited and Siticable Broadband South Limited for the financial years ended March 31, 2009, 2008 and 2007 and Wire and Wireless Tisai Satellite Limited for the period ended March 31, 2009 and 2008, and Master Channel Community Network Private Limited for the year ended March 31 2009, whose financial statements reflect total assets of Rs. 2967.7 lakhs as at March 31, 2009, Rs 4,713.8 lakhs as at March 31, 2008 and Rs. 3,494.0 lakhs as at March 31, 2007 and total revenue of Rs. 9,176 lakhs for the year ended March 31, 2009, Rs 5,795.4 lakhs for the year ended March 31, 2008 and Rs. 3,612.0 lakhs for the period ended March 31, 2007 and the related cash flow for the years then ended. These financial statements have been audited by other firms of Chartered Accountants, A.K. Tekriwal & Co, Gaba & Associates, MGB & Co, A.R.Rao Rane & Co., Subhash C. Gupta & Co. respectively, whose reports for the respective years have been furnished to us.

4. In accordance with the requirements of Paragraph B of Part II of Schedule II of the Act, the Regulations and terms of our engagement agreed with you, we further report that:
  - a) The Consolidated Restated Summary Statement of Assets and Liabilities of the Group, as at March 31, 2009, March 31, 2008 and March 31, 2007 examined by us, as set out in Annexure 1

to this report are after making adjustments and regrouping as in our opinion were appropriate and more fully described in Significant Accounting Policies (Refer Annexure 4).

- b) The Consolidated Restated Summary Statement of Profit or loss and Consolidated Restated Cash Flow Statement of the Group, for the year ended March 31, 2009, year ended March 31, 2008 and period ended March 31, 2007, examined by us, are set out in Annexure 2 and 3 to this report are after making adjustments and regrouping as in our opinion were appropriate and more fully described in Significant Accounting Policies. (Refer Annexure 4).

The auditors' report of Wire and Wireless (India) Limited for the period ended March 31, 2007 was qualified in respect of Preference share investments in distribution companies and advances receivable from them aggregating to Rs 4,797 lakhs considered recoverable by the management, which was dependant on the future profitability of these companies. The auditors' of Indian Cable Net Company Limited in their report on the financial statements for the years ended March 31, 2009, March 31, 2008 and March 31, 2007 had qualified the non provision of amusement tax of Rs 468.37 lakhs; Rs 706.11 lakhs; and Rs 628.36 lakhs respectively. Reference is drawn to Note 11 in Annexure 4 on Significant Accounting Policies and Notes to financial information wherein all the qualifications and report modifications to the auditor's report for the years ended March 31, 2009, 2008 and the period ended March 31, 2007 are described.

- c) Based on the above we are of the opinion that the restated financial information have been made after incorporating:
- Adjustments for the material amounts in the respective financial years to which they relate.
  - Adjustments for the qualifications stated in the auditors' report, which require any adjustments to the Restated Summary Statements.
  - There are no extra-ordinary items, which need to be disclosed separately in the Restated Summary Statements and no changes in accounting policy requiring adjustments.
5. We have not audited any financial statements of the Group as of any date or for any period subsequent to March 31, 2009. Accordingly, we express no opinion on the financial position, results of operations or cash flows of the Group as of any date or for any period subsequent to March 31, 2009.

**Other Financial Information:**

6. At the Company's request, we have also examined the following financial information proposed to be included in the offer document, prepared by the management and approved by the Board of Directors of the Company and annexed to this report relating to the Group for the year ended March 31, 2009, year ended March 31, 2008 and period ended March 31, 2007:
- i. Statement of Dividend Paid/Proposed, enclosed as Annexure 5
  - ii. Details of Investments, enclosed as Annexure 6
  - iii. Statement of Sundry Debtors and Loans and Advances, enclosed as Annexure 7
  - iv. Statement of items of Other Income, enclosed as Annexure 8
  - v. Statement of Capital Commitments and Contingent Liabilities, enclosed as Annexure 9
  - vi. Statement of Secured Loans and assets charged as securities, enclosed as Annexure 10
  - vii. Statement of Unsecured Loans, enclosed as Annexure 11
  - viii. Capitalization Statement as at March 31, 2009, enclosed as Annexure 12
  - ix. Statement of Related Party Transactions, enclosed as Annexure 13
  - x. Statement of Accounting Ratios based on the adjusted profits relating to earnings per share, return on net worth, net asset value per share, enclosed as Annexure 14
  - xi. Statement of Tax Shelters, enclosed as Annexure 15
  - xii. Statement of details of Segment Reporting, enclosed as Annexure 16
  - xiii. Statement giving details of Tangible and Intangible Assets, enclosed as Annexure 17
7. In our opinion, the financial information as disclosed in the annexures to this report, read with the respective significant accounting policies and notes disclosed in Annexure 4, and after making adjustments and re-groupings as considered appropriate and disclosed in Notes to Annexure 2, has been prepared in accordance with Part II of Schedule II of the Act and the Regulations.

8. This report should not be in any way construed as a reissuance or redating of any of the previous audit reports issued by us nor should this report be construed as a new opinion on any of the financial statements referred to herein.
9. We have no responsibility to update our report for events and circumstances occurring after the date of the report.
10. This report is intended solely for your information and for inclusion in the Offer Document in connection with the proposed rights issue of the Company and is not to be used, referred to or distributed for any other purpose without our prior written consent.

**For S.R. BATLIBOI & ASSOCIATES**

Chartered Accountants

**per Govind Ahuja**

Partner

Membership No: 48966

Place: Mumbai

Date: September 11, 2009

**WIRE AND WIRELESS (INDIA) LIMITED**  
**Consolidated Restated Financials**

**ANNEXURE – 1**

**Consolidated Restated Summary Statement of Assets and Liabilities as at March 31,**

		Rs. Lakhs		
		2009	2008	2007
<b>A</b>	<b>Fixed Assets</b>			
	Gross Block (Tangible)	28,658.22	21,575.20	19,792.79
	Less: Depreciation	12,222.50	9,709.99	7,172.80
	<b>Net Block (Tangible)</b>	<b>16,435.72</b>	<b>11,865.21</b>	<b>12,619.99</b>
	Gross Block (Intangible)	3,137.58	1,688.40	1,514.99
	Less: Amortisation	1,286.02	515.26	338.90
	Net Block (Intangible)	1,851.56	1,173.14	1,176.09
	Capital Work in Progress (including capital advances)	651.23	3,881.47	2,514.85
		<b>18,938.51</b>	<b>16,919.82</b>	<b>16,310.93</b>
<b>B</b>	<b>Investments</b>	-	-	-
<b>C</b>	<b>Deferred Tax Assets</b>	<b>52.92</b>	<b>132.96</b>	<b>300.68</b>
<b>D</b>	<b>Current Assets, Loans and Advances</b>			
	Inventories	6,880.55	9,000.49	7,471.12
	Sundry Debtors	15,541.20	10,398.72	6,112.17
	Cash and Bank Balances	2,047.06	2,050.61	1,603.17
	Loans and Advances	8,250.42	4,373.62	10,896.54
		<b>32,719.23</b>	<b>25,823.44</b>	<b>26,083.00</b>
<b>E</b>	<b>Loans, Liabilities and Provisions</b>			
	Secured Loans	13,672.83	26,226.89	22,122.68
	Unsecured Loans	28,896.54	11,152.39	4,349.97
	Current Liabilities	27,994.80	15,476.33	15,695.48
	Provisions	533.16	171.58	102.90
	Deferred Tax Liabilities	2.45	0.85	0.20
		<b>71,099.78</b>	<b>53,028.04</b>	<b>42,271.23</b>
<b>F</b>	<b>Net Worth (A+B+C+D-E)</b>	<b>(19,389.12)</b>	<b>(10,151.82)</b>	<b>423.38</b>
<b>G</b>	<b>Represented by</b>			
	Shares Capital	2,172.41	2,172.41	2,172.41
	Stock Option Outstanding	53.92	-	-
	Reserves & Surplus	-	-	-

	<b>2009</b>	<b>2008</b>	<b>2007</b>
Minority Interest	879.81	495.50	305.73
Less: Misc. Expenditure	306.32	92.77	103.71
Less: Debit Balance in Profit and Loss Account	22,188.95	12,726.96	1,951.05
	<b>(19,389.12)</b>	<b>(10,151.82)</b>	<b>423.38</b>

## ANNEXURE – 2

## Restated Consolidate Summary Statement of Profit and Loss for the year ended March 31,

	Rs. Lakhs		
	2009	2008	For the period from March 24, 2006 to March 31, 2007
<b>Income</b>			
Sales income from Operation	30,825.61	27,100.55	20,806.41
Other Income	220.50	1,449.78	2,075.82
<b>Total</b>	<b>31,046.11</b>	<b>28,550.33</b>	<b>22,882.23</b>
<b>Expenditure</b>			
Operational Cost	21,088.78	22,574.97	17,875.63
Personnel Cost	3,016.28	2,027.92	1,275.50
Administrative Cost	5,627.26	3,647.53	3,606.50
Selling & Distribution Cost	848.57	664.95	381.80
Interest & Finance charges	6,025.87	3,718.48	1,696.34
Depreciation	3,215.85	3,094.88	3,446.65
<b>Total</b>	<b>39,822.61</b>	<b>35,728.73</b>	<b>28,282.42</b>
<b>Profit / (Loss) before Tax and exceptional items</b>	<b>(8,776.50)</b>	<b>(7,178.40)</b>	<b>(5,400.19)</b>
Exceptional Item	233.20	7,977.06	5,627.55
Minority Item	216.78	189.27	135.32
<b>Profit / (Loss) before tax after exceptional item</b>	<b>(9,226.48)</b>	<b>(15,344.73)</b>	<b>(11,163.06)</b>
Provision for Taxation			
Current Tax	348.84	(78.64)	70.17
Deferred Tax	11.43	172.70	(390.03)
Fringe Benefit tax	45.60	40.74	28.58
<b>Net Profit / (Loss) after Tax</b>	<b>(9,632.35)</b>	<b>(15,479.52)</b>	<b>(10,871.79)</b>
Less : Prior Period Adjustments (Net)	(9.86)	(123.48)	6.48
<b>Net Profit / (Loss) after Tax for the year before adjustments</b>	<b>(9,622.49)</b>	<b>(15,356.04)</b>	<b>(10,878.26)</b>
<b>Adjustments (Refer Note-1):</b>			
Total impact of adjustments	223.34	4,678.31	(4,675.45)
Impact on Tax due to restatement	(62.83)	(98.18)	79.81
<b>NET PROFIT / (LOSS) AS RESTATED</b>	<b>(9,461.98)</b>	<b>(10,775.91)</b>	<b>(15,473.90)</b>
Add: Adjustment pursuant the Scheme	-	-	13,953.46

	2009	2008	For the period from March 24, 2006 to March 31, 2007
Balance brought forward from previous year (Refer Note-2)	(12,726.96)	(1,951.05)	(430.61)
<b>Balance to Balance Sheet</b>	<b>(22,188.95)</b>	<b>(12,726.96)</b>	<b>(1,951.05)</b>

**Note-1**

Below mentioned is the summary of results of restatement made in the audited accounts for the respective years and its impact on the profits of the Group.

Particulars	Rs. Lakhs		
	2009	2008	For the period from March 24,2006 to March 31, 2007
Adjustment for Audit Qualification made in 2006-07 for non provisioning of diminution in value of Investments, Doubtful advances and amusement tax liability and accounted in 2007-08	--	(4,797.00)	4,797.00
Reversal of Amusement tax paid against the old liabilities not provided for accounted on payment basis in 2007-08	233.20	--	--
Reversal of sales pertaining to 2006-07 accounted in 2007-08	--	(177.59)	177.59
Rebate & Discount pertaining to 2006-07 and 2007-08 accounted in 2008-09	33.06	(30.76)	(2.30)
Reversal of Operating Costs pertaining to 2006-07 accounted in 2007-08	--	301.08	(307.57)
Reversal of Operating Costs pertaining to 2006-07 and 2007-08 accounted in 2008-09	2.21	(0.25)	(1.96)
Provision for Retirement benefits pertaining to 2006-07 for Subsidiaries	--	--	12.69
Amount of Amusement Tax paid against unprovided liabilities for subsidiaries	--	20.00	--
Removal of prior period items	--	--	--
Written Back	(6.21)	6.21	--
Reversal of service Tax prior to 2006-07 accounted in 2008-09	(38.92)	--	--
Total	223.34	(4,678.31)	4,675.45
Impact of Tax on account of restatement	(62.83)	(98.18)	79.81
Total	(62.83)	(98.18)	79.81

**Note -2**

Below mentioned is the summary of results of restatement made in the audited accounts for the opening profits for 2006-07 of the Group.

Particulars	Rs. Lakhs
	Opening Profit for 2006-07
Opening Profit	0.76

Adjustments:	
Adjustment for opening Prior Period – ICNCL	(3.86)
Adjustment for opening Prior Period – SBSL	(2.61)
Amusement Tax Provision	(726.11)
Impact of Amusement Tax on Deferred Tax Asset	244.41
Impact of Amusement Tax on Provision for Tax	8.17
Impact of Amusement Tax on MAT Credit Entitlement	27.08
Transitional provision on adoption of AS 15 (P & L Opening balance)	(4.26)
Impact of Service Tax excess provided 2008-09	39.15
Tax Impact on Service Tax	(13.10)
Impact of expenses excess provided	(0.24)
Total	(430.61)

### ANNEXURE – 3

#### Restated Consolidate Summary Statement of Cash Flow for the year ended March 31,

In Lakhs

	2009	2008	For the period from March 24, 2006 to March 31, 2007
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>			
<b>Net Profit / (Loss) before taxation , and exceptional items</b>	<b>(8,776.50)</b>	<b>(2,365.99)</b>	<b>(10,083.81)</b>
Adjustments for :			
Depreciation / Amortisation	3,215.85	3,094.88	3,446.65
Interest Income	(104.14)	(459.50)	(797.70)
Foreign Exchange Fluctuations	61.23	(226.70)	(46.00)
Interest and Finance Expenses	5,839.77	3,573.10	1,678.50
Provision for Diminution in value / written off of Investment	-	-	934.70
Leave Encashment & Gratuity provided	53.00	-	-
Bad Debt	-	-	246.60
Liabilities Written Back	(112.19)	(678.70)	(25.40)
Loss on Sale / Discard of Fixed Assets	14.96	30.50	447.00
Write off / other adjustments of Fixed Assets & Capital Work in Progress	-	820.70	3,807.60
Preliminary Expenses Written Off	4.53	5.00	4.50
Finance Cost Amortised	157.81	92.60	39.20
ESOP Cost	53.90	-	-
Provision for Debtors and Advances	4,422.34	3,783.70	6,823.25
Exceptional Items	233.20	(7,977.06)	(5,627.55)
<b>Operating profit before working capital changes</b>	<b>5,063.76</b>	<b>(307.47)</b>	<b>847.54</b>
Movement in Working Capital			
Decrease / (Increase) in Sundry Debtors	(6,831.31)	(7,304.60)	(5,237.01)

	2009	2008	For the period from March 24, 2006 to March 31, 2007
Decrease / (Increase) in Inventories	2,140.22	(1,457.60)	(6,527.40)
Decrease / (Increase) in Loans and Advances	(3,289.12)	(4,299.66)	(32,686.50)
Increase / (Decrease) in Current Liabilities	9,641.60	2,537.57	34,573.74
<b>Cash Flow from Operating Activities Before tax</b>	<b>6,725.15</b>	<b>(10,831.77)</b>	<b>(9,029.63)</b>
Net Prior Period Adjustment	9.64	-	-
Taxes paid	(289.94)	(199.80)	(58.20)
<b>Net Cash Flow from Operating Activities</b>	<b>6,444.85</b>	<b>(11,031.57)</b>	<b>(9,087.83)</b>
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of Fixed Assets / Capital Work in Progress	(4,947.76)	(5,067.70)	(3,776.90)
Proceeds from sale of Fixed Assets	34.45	89.40	0.80
Investments in Mutual Funds	-	-	(1,000.00)
Redemption of Mutual Funds	-	-	1,000.00
Purchase of Investments in Subsidiaries	(1.95)	-	-
Loans / Advances to Subsidiary Companies (Net)	-	(0.50)	-
Purchase of Investments	-	(21.00)	-
Short Term Deposit paid to other corporate	-	(7,877.59)	(15,116.50)
Repayment of Short Term Deposit paid	-	15,829.00	14,557.30
Decapitalisation of Ground Distribution Network	-	-	23.50
Interest Income Received	12.92	108.00	786.90
<b>Net Cash Flow from Investing Activities</b>	<b>(4,902.34)</b>	<b>3,059.61</b>	<b>(3,524.90)</b>
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>			
Interest and Finance Expenses paid	(4,512.45)	(2,514.40)	(1,427.40)
Miscellaneous Expenditure	(0.15)	(86.20)	(147.10)
Right Issue Expenses	(112.40)	-	-
Proceeds from Long Term Borrowing	55,551.03	42,724.80	18,597.25
Repayment of Term borrowings	(52,479.90)	(31,705.79)	(3,503.00)
Proceeds from issuance of Share Capital	1.90	1.00	5.00
Loan/advance from Holding Company (net)	(0.03)	-	-
<b>Net Cash Flow from Financing Activities</b>	<b>(1,552.00)</b>	<b>8,419.41</b>	<b>13,524.75</b>
<b>Net Increase / (Decrease) in Cash and Cash Equivalents (A+B+C)</b>	<b>(9.49)</b>	<b>447.45</b>	<b>912.02</b>
Opening Cash and Cash Equivalents	2,056.55	1,603.17	77.85

	2009	2008	For the period from March 24, 2006 to March 31, 2007
Cash received through Scheme of Arrangement	-	-	613.30
<b>CLOSING CASH AND CASH EQUIVALENTS</b>	<b>2,047.06</b>	<b>2,050.62</b>	<b>1,603.17</b>
Cash and cash Equivalents at the end of the year			
Cash on Hand	190.60	211.86	79.50
Cheques and Drafts on Hand/Transit	480.92	241.59	158.84
Balances with Scheduled Banks on Current Accounts	962.86	740.55	352.92
Balances with Scheduled Banks on Deposit Accounts/Margin Money	412.68	856.62	1,011.91
<b>TOTAL</b>	<b>2,047.06</b>	<b>2,050.62</b>	<b>1,603.17</b>

#### ANNEXURE – 4

#### Significant Accounting Policies and Notes to Financial Information

##### 1. a) Background

Wire and Wireless (India) Limited (hereinafter referred to as ‘the Company’ or ‘WWIL’) was incorporated in the state of Maharashtra, India. The Company is engaged in Distribution of Television Channels through analogue and digital cable distribution network, primary internet and allied services.

- b) The Group’s accumulated losses aggregate to Rs 21,913.6 lakhs as at March 31, 2009 (Rs. 12,290.3 lakhs as at March 31, 2008) while the share capital is Rs 2,172. 4 lakhs at that date. The Company has adopted headend- in- the-sky (HITS) mode for the distribution of channel in digital form and has tied-up with Dish TV India Limited. The Company would avail the HITS digital services from the platform of Dish TV India Limited in encrypted form for further distribution/ re-transmission to cable operator and/or subscriber through a cable network. The digital signals would be decrypted at subscriber premises through Set Top Box (STB). Further, during the year, the Company has taken significant cost rationalization measures including right sizing of its work force. Based on the above, management expects to earn higher revenues and improve profitability which will enable strengthening of the financial position of the Company in the coming years. In past, the promoter group Companies have extended financial support to the Company in form of guarantee for loans taken and unsecured loans extended. The Company has raised Rs.19,200 lakhs by way of secured redeemable non- convertible debentures. The Company has got SEBI approval for proposed right issue of Rs. 45,000 lakhs. One of the promoter companies has provided assurance that it intends to provide sufficient financial support to the Company, to continue its operations for the foreseeable future if necessary. The Company has got sanctions from banks and financial institutions for financing on enhanced equity base. Based on above discussion, the management is of the opinion that it is appropriate to prepare these financial statements on the basis of going concern.

##### 2. Statement of Significant Accounting Policies:

###### a) Basis of preparation:

The Consolidated Financial Statements (CFS) of the group are prepared under the Historical Cost Convention in accordance with Generally Accepted Accounting Principles in India and the Accounting Standard (AS 21) on “Consolidated Financial Statements” notified accounting

standards by Companies Accounting Standard Rules, 2006 as amended and the relevant provisions of the Companies Act, 1956 as amended, to the extent possible in the same format as that adopted by the parent company for its separate financial statements by regrouping, recasting or rearranging figures wherever considered necessary.

The consolidation of the financial statements of the parent company and its subsidiaries is done, to the extent possible, on a line-by-line basis by adding together like items of assets, liabilities, income and expenses. All inter-group transactions, balances and unrealized inter-company profits have been eliminated in the process of consolidation and the consolidated financials statement have been prepared using uniform accounting policies except that in case of fixed assets are depreciated using written down value method instead of straight line method. The total amount of net block of these items of fixed assets represents 1.07% of the total consolidated fixed assets of the group at year end.

The CFS includes the financial statements of the parent company and the subsidiaries (as listed in the table below). Subsidiaries are consolidated from the date on which effective control is acquired.

Name of the Subsidiaries	Extent of holding %
Indian Cable Net Company Limited. ( hereinafter referred as “ICNCL”)	68
Central Bombay Cable Network Limited. ( hereinafter referred as “CBCNL”)	100
Siticable Broadband South Limited. ( hereinafter referred as “SBSL”)	100
Wire and Wireless Tisai Satellite Limited ( hereinafter referred as “WWTSL” with effect from June 01, 2007)	51
Master Channel Community Network Pvt. Ltd. (hereinafter referred as “MCCNPL” with effect from April 01, 2008.	66

Minority Interest in subsidiary represents the minority shareholders’ proportionate share of the net assets and net income

**b) Use of Estimates:**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period. Although these estimates are based upon management’s best knowledge of current events and actions, actual results could differ from these estimates.

**c) Fixed Assets:**

- (i) Fixed Assets are stated at cost less accumulated depreciation and impairment if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.
- (ii) Borrowing costs relating to acquisition of fixed assets which takes substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to be put to use.

(iii) Program / Film / Cable rights are stated at the lower of net cost (cost less accumulated amortisation / impairment) and realizable value. Where the realizable value on the basis of its useful economic life is less than its carrying amount, the difference is impairment, which is expensed. Program / Film / Cable rights are amortised as follows;

- (a) Cost of news / current affairs / chat shows / events including sports events etc. are fully expensed on first telecast.
- (b) Program / Film / Cable rights are amortised on a straight-line basis over the license period or 60 months from the date of purchase, whichever is shorter.

**d) Intangible Assets:**

Goodwill on acquisition is amortised using the straight-line method over a period of five years

**e) Depreciation / Amortisation:**

(i) Depreciation is provided using the Straight Line Method as per the useful lives of the assets estimated by the management or at the rates prescribed under Schedule XIV of the Companies Act, 1956, whichever is higher

	<u>% per annum</u>
Building	1.63
Plant and Machinery	10.00 to 20.00
Furniture and Fixtures	6.33
Studio Equipments	4.75
Computers	16.21
Vehicles	9.50
Office Equipments	4.75
Software	16.21

- (ii) Leasehold improvements are amortised over the lease period.
- (iii) Plant and Machinery taken over under scheme of arrangement in the previous year are depreciated over the management's estimate of remaining useful life, a period of 5 years.

**f) Impairment:**

- (i) The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal / external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.
- (ii) After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

**g) Leases:**

**Where the Group is the Lessee:**

Finance leases, which effectively transfers to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the lower of the fair value and present value of minimum lease payments at the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between the finance charges and reduction of the lease liability based on the implicit rate of return. Finance charges are charged directly against income. Lease management fees, legal charges and other initial direct costs are capitalised.

If there is no reasonable certainty that the Group will obtain the ownership by the end of the lease term, capitalised leased assets are depreciated over the shorter of the estimated useful life of the assets or the leased term.

Leases where the lessor effectively retains substantially all the risks and benefits of the ownership of the leased term, are classified as operating leases. Operating lease payments are recognised as an expense in the Profit and Loss account on a straight-line basis over the lease term.

**Where the Group is the lessor:**

Assets given under a finance lease are recognised as a receivable at an amount equal to the net investment in the lease. Lease rentals are apportioned between principal and interest on the IRR method. The principal amount received reduces the net investment in the lease and interest is recognised as revenue. Initial direct costs such as legal costs, brokerage costs, etc. are recognised immediately in the Profit and Loss Account.

Assets subject to operating leases are included in fixed assets. Lease income is recognised in the Profit and Loss Account on a straight-line basis over the lease term. Costs, including depreciation are recognised as an expense in the Profit and Loss Account. Initial direct costs such as legal costs, brokerage costs, etc. are recognised immediately in the Profit and Loss Account.

**h) Investments:**

Investments that are readily realizable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long term investments are carried at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of the investments.

**i) Inventories:**

Inventories are valued as follows:

Stores and Spares are valued at cost on first in first out basis or at net realizable value whichever is lower. Stock-in-trade including Set Top Boxes are valued at cost on weighted average method or at net realizable value whichever is lower.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

**j) Revenue Recognition:**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

**Income from Services:**

Subscription revenue and Other Services revenue are recognised on completion of services. Lease rentals and Carriage fees are recognised on accrual basis over the terms of related agreements.

Advertisement revenue is recognised when the related advertisement appears before the public. Other Advertisement revenue for slot sale is recognised on period basis.

In pursuance of the regulation of Telecom Regulatory Authority of India (TRAI) the Group has implemented Conditional Access System (CAS) in the notified areas and accordingly subscription charges have been accounted in terms of the said regulation.

**Sale of Goods:**

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. In case of VAT collected on sales, exclusive method is followed, where sales and expenditure will not include VAT. VAT collected is disclosed under current liabilities and not routed through profit and loss account as mentioned in Guidance Note of State Value Added Tax issued by The Institute of Chartered Accountants of India (ICAI).

**Interest:**

Revenue is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

**k) Miscellaneous Expenditure:**

Costs incurred in raising funds are amortised equally over the period for which the funds are acquired. Preliminary Expenditure is amortised equally over a period of 5 years.

**l) Foreign Currency Transaction:**

**(i) Initial Recognition:**

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

**(ii) Conversion:**

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and the non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

**(iii) Exchange Differences:**

Exchange differences arising on the settlement of monetary items or on reporting company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expenses in the year in which they arise.

**m) Retirement and other Employee Benefits:**

Retirement benefits in the form of Provident Fund is a defined contribution scheme and the contributions are charged to the Profit & Loss Account of the year when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the respective trusts.

Gratuity liability and leave encashment are defined benefit obligations and are provided for on the basis of an actuarial valuation made at the end of each financial year.

Short term compensated absences are provided for on estimates. Long term compensated absences are provided for based on actuarial valuation on projected unit credit method made at the end of each financial year.

Actuarial gains / losses are immediately taken to the profit and loss account and are not deferred.

**n) Income Tax:**

Tax expense comprises of current, deferred and fringe benefit tax. Current income tax and fringe benefit tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act. Deferred income taxes reflect the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets and deferred tax liabilities across various countries of operation are not set off against each other as the group does not have a legal right to do so. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

At each balance sheet date the Group re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realised.

**o) Earnings Per Share:**

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the year. For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

**p) Employees Stock Compensation Cost**

Measurement and disclosure of the employee share-based payment plans is done in accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the Guidance Note on Accounting for Employee Share-based Payments, issued by the Institute of Chartered Accountants of India. The Company measures compensation cost relating to employee stock options using the fair value method. Compensation expense is amortized over the vesting period of the option on a straight line basis

**q) Provisions:**

A provision is recognised when an enterprise has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.

**r) Cash and Cash equivalents**

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

**3) Segment Reporting Policies:**

The Group provides Cable Television Network Services. Internet Services and allied services which is considered as the only reportable segment. The group's operations are based in India.

**4) Leases:**

**In case of assets taken on lease**

## Finance Lease

Vehicle obtained on Finance Lease is for 4 years after which the legal title is passed to the lessee. There is no escalation clause in the lease agreement. There is no restriction imposed by the lease arrangements. There are no subleases.

## Operating Lease

The Group's significant leasing arrangements are in respect of operating leases taken for offices, residential premises, godowns, stores, etc. These leases are cancelable operating lease agreements that are renewable on a periodic basis at the option of both the lessor and the lessee. The initial tenure of the lease generally is for 11 to 120 months.

(Rs lakhs)

	Finance Lease			Operating Lease		
	2009	2008	2007	2009	2008	2007
Total minimum lease payments at the year end	18.7	6.7	-	-	-	-
Less : amount representing finance charges	7.7	3.0	-	-	-	-
Present value of minimum lease payments	11.0	3.7	-	-	-	-
Lease payment for the year	-	-	-	704.2	100.5	112.7
Minimum Lease Payments :						
Not Later than one year	19.7	12.7	-	16.6	15.3	47.5
Later than one year and not later than five years	24.1	30.7	-	69.3	86.0	44.6
Later than 5 years			-	-		-

## In case of assets given on Lease

### Operating Lease

Set Top Boxes given under Operating Leases are capitalised at an amount equal to cost arrived on weighted average method and the rental income is recognised on equal monthly rental billed to subscriber.

The Group has leased assets to its business associates and other parties by way of cancellable operating lease. The detail of gross book value of such assets, accumulated depreciation and depreciation for the year is as under:

(Rs. lakhs)

Description of Assets	Gross Block	Depreciation for the year ended March 31, 2009	Accumulated Depreciation
Plant and Machinery	995.8	107.6	914.9
Equipments	2.5	0.1	2.2
Furniture and Fixtures	0.7	-	0.4
Studio Equipments	6.5	0.5	3.7
Air Conditioners	4.0	0.2	0.5
Set Top Boxes	2414.2	310.3	604.8
<b>Total</b>	<b>3,423.7</b>	<b>418.7</b>	<b>1,526.5</b>
Previous Year	2,647.3	443.9	1,349.3

## 5) Impairment of Assets:

The Group is in the process of building its cable network infrastructure. The assets mainly consist of cable plant, head ends and other equipment necessary for distribution of TV channel

signals through cable network. With the implementation of Conditional Access System and demand for digital signals, the Group has transitioned from analogue distribution system to digital distribution system wherein these assets have significant value. Further, with the introduction of HITS, the Group expects to increase its reach and subscriber base. Management has, based on a ten year detailed business plan to expand its presence, carried out an impairment test on these assets using the discounted cash flow method which reflects that the value in use is significantly higher than the assets deployed / to be deployed in the business.

**6) Capital Commitments:**

Estimated amount of Contracts remaining to be executed on capital account and not provided for (Net of Advances) amounting to Rs. 32.9 lakhs (Previous Period: Rs. 312.3 lakhs)

**7) Contingent Liabilities not provided for**

i) Claims against the Company not acknowledged as debts Rs. 1,250.8 lakhs (Previous Year Rs. 792.0 lakhs)

ii) Income Tax Matters: Rs.60,153.0 lakhs for the Assessment Year 1997-98 to Assessment Year 2004-05. These contingencies (dispute with Siti Cable Network India Ltd.) have arisen from demerger of cable business of SITI CABLE NETWORK INDIA LIMITED into Wire & Wireless (India) Limited & future cash outflow in respect of above would be determinable only on judgment/decisions.

The major issue in these cases are on account of the additions of income by the Assessing Officer. These additions are made based on the number of subscribers as published in the advertisement brochure where in the company had claimed higher subscribers on the basis of eyeballs than actual subscribers being billed. The learned CIT(A) and ITAT has judged in favor of company deleting all additions.

The Income Tax Department has filed appeals against the orders of ITAT for A.Y. 1997-98 to 2000-01 before High Court and most likely these will be dismissed at admission stage itself as no question of law arises in these appeals and hence finally there will be no tax liability on the company.

iii) Service Tax Matters: Rs. 285.6 lakhs for Financial Year 2001-02 to Financial Year 2003-04. These disputes (Dispute with Siti Cable Network India Ltd.) have arisen from demerger of cable business of SITI CABLE NETWORK INDIA LIMITED into Wire & Wireless India Limited & future cash outflow in respect of above would be determinable only on judgment/decisions.

The major issue in these cases are due to show cause notice issued by Deputy Commissioner raising demand for service tax on basis of advertisement income in financials, which was in the nature of broadcasting and not advertising agency. Siti Cable Network Limited, a MSO had performed broadcasting service in respect of same and not advertising service as defined in the Finance Act, 1994. The CESTAT has given judgment in favor of the company, against which appeal is filed by Department in High Court. Considering some similar judgments in favour of the company, there would be no tax liability.

iv) The Company has undertaken continuing financial support to subsidiaries.

v) The Commercial Tax authorities, Government of West Bengal, by an order dated June 9, 2003, sought to impose sales tax, with retrospective effect from April 2, 1997, on the ICNCL's income from cable TV services. Indian Cable Network India Limited has filed an application before the Hon'ble West Bengal Taxation Tribunal on July 15, 2003, seeking, inter alia, that the aforesaid order be set aside. The Hon'ble West Bengal Taxation Tribunal by its order dated August 1, 2003 has directed that pending disposal of the application, assessment proceedings may continue but that no demand notice will be issued. The matter had come for hearing on several occasions but has

been adjourned, pending State's submissions. In view of the fact that neither assessment proceedings have been completed nor demand notice has been issued, the alleged liability for Sales tax cannot be ascertained. Consequently no liability on account of sales tax has been recognized by the Company in the books of accounts.

#### 8) **Employee Stock Option Plan –ESOP-2007**

The Company instituted the Employee Stock Option Plan – ESOP-2007 to grant equity based incentives to its eligible employees. The ESOP-2007 (“The Scheme”) has been approved by the Board of Directors of the Company at their meeting held on June 27, 2007 and by the shareholders of the Company by way of special resolution passed at their Annual General Meeting held on September 18, 2007 to grant aggregating 4,344,355 options (not exceeding 2% of the issued, subscribed and paid up equity share capital of the Company as on March 31, 2007, representing one share for each option upon exercise by the employee of the Company at an exercise price determined by the Board / Remuneration committee. The Scheme covers grant of options to the specified permanent employees of the Company and Directors of the Company, whether Whole time Directors or otherwise as may be decided by the Board. Pursuant to the Scheme, the Remuneration Committee has on June 17, 2008 granted 150,000 options (PY grant of 29, 87,300 Options on 22/10/2007) to specified eligible employee of the Company at the market price determined as per the SEBI Guidelines.

The options granted under the Scheme shall vest not less than one year and not more than five years from the date of grant of options. Under the terms of the Scheme, 20% of the options will vest in the employee every year equally. The Option Grantee must exercise all vested options within a period of four years from the date of vesting. Once the options vest as per the Scheme, they would be exercisable by the Option Grantee at any time and the shares arising on exercise of such options shall not be subject to any lock-in period.

The movement in the options granted to the Employee during the year is set out below

Particular	Grant of Option 2008	Grant of Option 2008
Date of Grant	June 16, 2008	October 22, 2007
Market Value on date of grant of the options (per Share) (Rs.)	30.65	39.75
Exercise Price (per share) (Rs.)	30.65	39.75
Vesting Period	Five Years	Five Years
Opening Options(Nos.)	2,818,800	-
Options Granted (Nos.)	150,000	2,987,300
Options Lapsed (Nos.)	1,896,100	168,500
Options Forfeited (Nos.)	NIL	NIL
Options Exercised (Nos.)	NIL	NIL
Options Expired (Nos.)	NIL	NIL
Options Outstanding at end of the period (Nos.)	1,072,700	2,818,800
Options exercisable at the end of the period ( Nos.)	1,84,540	NIL

#### 9) **Derivative Instruments and Unhedged Foreign Currency Exposure**

Foreign currency exposures that are not hedged by derivative instruments as on March 31, 2009 amount to Rs. 196.0 lakhs (US \$ 3.8 lakhs @ Closing rate of 1 USD = Rs. 49.95) Previous Year Rs. 842 lakhs (US \$ 21.06 lakhs @ Closing rate of 1 USD = Rs. 39.97)) represented by sundry creditors for capital goods and an amount of Rs. 141.5 lakhs (US \$ 2.8 lakhs @ Closing rate of 1 USD = Rs. 49.95) Previous Year Rs. Nil represented by sundry debtor for carriage fee.

- 10) There is no amount due to Micro, Small and Medium Enterprises as per the Micro, Small and Medium Enterprises Development Act 2006.

The above information regarding Micro, Small and Medium Enterprises have been determined to the extent to which parties have been identified on the basis of information available with the Company.

- 11) **Qualifications / Report modifications in the audit report to these restated financial information**

**1. For the Year 2006-07**

**A. Quantitative qualification in Auditors' Report on –**

**Wire and Wireless (India) Limited** (Audit Report for the period from March 24, 2006 (date of incorporation of the Company) to March 31, 2007)

Preference share investments in distribution companies and advances receivable from them aggregating to Rs. 4,797 lakhs is considered recoverable by the management, which is dependant on the future profitability of these companies.

**Indian Cable Net Company Limited (Formerly RPG Netcom Ltd.)** (Audit Report for the year ended March 31, 2007)

Non provision of Amusement Tax liability amounting to Rs. 628.36 lakhs.

**B. Qualitative qualifications in Companies (Auditors' Report) Order, 2003**

**Wire and Wireless (India) Limited**

- Clause (i)(a) The Company has not maintained proper records showing full particulars, including quantitative details and situation of fixed assets, for furniture and fixtures and network equipment capitalised from the assets taken over in the Scheme of Arrangement. The fixed assets register does not contain item-wise depreciation and accumulated depreciation.
- Clause (i)(b) All fixed assets have not been physically verified by the management during the year but there is a regular programme of verification. As informed, material discrepancies were identified on such verification. In our opinion, the frequency of the physical verification of the network equipment needs to be improved having regard to the size of the Company and the nature of its assets.
- Clause (ii)(a) The management has conducted physical verification of inventory at year end except for set top boxes with distributors, which have not been verified during or at the end of the year.
- Clause (ii)(c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification except in case of set top boxes with the distributors for which the management did not conduct physical verification of inventory during or at the end of the year.
- Clause (iv) The internal control system for the sale of set top boxes is inadequate as the Company does not have an adequate tracking mechanism for their dispatch to the customer. Further, the internal control system for sale of services for subscription revenues and carriage income is inadequate since the Company does not have written agreements with customers in all cases.
- Clause (ix)(a) Undisputed statutory dues including provident fund, investor education and protection fund, or employees' state insurance, income-tax, sales-tax, wealth-tax, service tax customs duty, excise duty, cess have not been regularly deposited with the appropriate authorities and there have been serious delays in large number of cases.

**Indian Cable Net Company Limited (Formerly RPG Netcom Ltd.)**

- Clause (i)(b) The fixed assets of the Company except those in ground distribution network for which physical verification is not practicable, have been physically verified by the management during the year and no material discrepancies between book records and the physical inventory have been noticed. In our opinion, the frequency of verification is reasonable.
- Clause (ix)(a) In respect of amusement tax an amount of Rs. 47.91 lakhs is outstanding as at the last day of the financial year for a period of more than six month from the date it became payable.

#### **Siticable Broadband South Limited**

- Clause (ix)(a) According to the records of the Company, the Company is regular in depositing undisputed statutory dues including provident fund, investor education and protection fund, employees state insurance, income tax, sales tax, service tax, wealth tax, customs duty, excise duty, cess and other statutory dues, as applicable, with appropriate authorities though there have been a delay in few cases.

## **2. For the Year 2007-08**

### **A. Quantitative qualification in Auditors' Report on –**

**Indian Cable Net Company Limited (Formerly RPG Netcom Ltd.)** (Audit Report for the year ended March 31, 2008)

- Non provision of Amusement Tax liability amounting to Rs. 706.11 lakh

### **B. Qualitative qualifications in Companies (Auditors' Report) Order, 2003**

#### **Wire and Wireless (India) Limited**

- Clause (i)(a) The Company has not maintained proper records showing full particulars, including quantitative details and situation of fixed assets, for some of the network equipments taken over in the Scheme of Arrangement where the records are maintained for group of similar assets and not for each individual asset. The fixed assets register does not contain item-wise depreciation and accumulated depreciation.
- Clause (i)(b) All fixed assets have not been physically verified by the management during the year but there is a regular programme of verification. In our opinion, the frequency of the physical verification of the network equipment needs to be improved having regard to the size of the Company and the nature of its assets.
- Clause (iv) The internal control system for the sale of services for analogue subscription is inadequate since the Company does not have written agreements with customers in some cases. In our opinion this is a continuing failure to correct major weakness in the internal control system.
- Clause (ix)(a) Undisputed statutory dues including provident fund, investor education and protection fund, or employees' state insurance, income tax, sales tax, wealth tax, service tax, customs duty, excise duty, cess have not generally been regularly deposited with the appropriate authorities though the delays in deposit have not been serious.

#### **Indian Cable Net Company Limited**

- Clause (i)(b) The fixed assets of the Company those in ground distribution network and Set top boxes including smart cards with subscribers for which physical verification is not practicable, have not been physically verified by the management during the year .
- Clause (ix)(a) In respect of amusement tax an amount of Rs. 754.01 lakhs (including and amount of Rs 706.11 lakhs) is outstanding as at the last day of the financial year for a period of more than six month from the date it became payable.

#### **Siticable Broadband South Limited**

- Clause (ix)(a) According to the records of the Company, the Company is regular in depositing undisputed statutory dues including provident fund, investor education and protection fund, employees state insurance, income tax, sales tax, service tax, wealth tax, customs duty, excise duty, cess and other statutory dues, as applicable, with appropriate authorities though there have been a delay in few cases. In respect of Service tax an amount of Rs. 6,440/- is outstanding as at the last day of the financial year for a period of more than six month from the date it became payable.

#### **Wire and Wireless Tisai satellite Limited**

- Clause (ix)(a) According to the records of the Company, the Company is not regular in depositing undisputed statutory dues including provident fund, investor education and protection fund, employees state insurance, income tax, sales tax, service tax, wealth tax, customs duty, excise duty, cess and other statutory dues, as applicable, with appropriate authorities totaling to Rs. 9.29 lakhs.

### **3. For the Year 2008-09**

#### **A. Quantitative qualification in Auditors' Report on –**

##### **Indian Cable Net Company Limited (Audit Report for the year ended March 31, 2009)**

- Non provision of Amusement Tax liability amounting to Rs. 468.37 lakhs

#### **B. Qualitative qualification in Auditors' Report**

Without qualifying our opinion, we draw attention to Note to the accompanying financial statements. In view of the matters stated therein relating to the net worth position of the company and the mitigating factors stated in that note, the accompanying financial statements have been prepared under the going concern assumption.

#### **Qualitative qualifications in Companies (Auditors' Report) Order, 2003**

- Clause (i)(a) The Company has not maintained proper records showing full particulars, including quantitative details and situation of fixed assets, for some of the network equipments taken over in the Scheme of Arrangement where the records are maintained for group of similar assets and not for each individual asset. The fixed assets register does not contain item-wise depreciation and accumulated depreciation.
- Clause (i)(b) All fixed assets have not been physically verified by the management during the year but there is a regular programme of verification. In our opinion, the frequency of the physical verification of the network equipment needs to be further improved having regard to the size of the Company and the nature of its assets.
- Clause (iv) The internal system for the sale of services for analogue subscription is inadequate since the Company does not have written agreements with customers in some cases which is an industry issue as per management. In our opinion this is a continuing failure to correct major weakness in the internal control system.
- Clause (ix)(a) Undisputed statutory dues including provident fund, investor education and protection fund, or employees' state insurance, income tax, sales tax, wealth tax, service tax, customs duty, excise duty, cess have not generally been regularly deposited with the appropriate authorities though the delays in deposit have not been serious.
- Clause (ix)(a) According to the information and explanations given to us, undisputed dues in respect of provident fund, investor education and protection fund, employees' state insurance, income tax, wealth tax, service tax, sales tax, customs duty, excise duty, cess and other statutory dues which were outstanding, at the year end for a period of more than six months from the date they became payable are as follows:

Name of the statute	Nature of the dues	Amount (Rs)	Period to which the amount relates	Due Date	Date of Payment
Andhra Pradesh State Entertainment Tax, 1939	Entertainment Tax	80.52 lakhs	For the months from November 2006 to September 2008	25 <sup>th</sup> of each month subsequent to month of collection	Rs 64.26 lakhs paid on June 17, 2009. Balance Rs.16.26 lakhs not paid

According to the records of the Company, the dues outstanding of income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty and cess on account of any dispute, are as follows:

Name of the statute	Nature of dues	Amount *	Period to which the amount relates	Forum where dispute is pending
The Income Tax Act, 1961	Income Tax and Penalty	Rs 10,698 lakhs	Assessment Year 1997-98 to Assessment Year 2000-01**	Mumbai High Court
		Rs 49,455 lakhs	Assessment Year 2001-02 to Assessment Year 2004-05	Income Tax Appellate Tribunal at Mumbai
The Finance Act, 1994	Service tax demand	Rs 285.2 lakhs	Financial year 2000-01 to 2002-03**	Mumbai High Court
		Rs 0.4 lakhs	Financial year 2001-02 to 2003-04	Asstt. Commissioner of Service Tax, New Delhi

\*Refer Note 10 of Schedule 21 to the financial statements. \*\*The appeals have been decided in favour of the Company at the ITAT /CEGAT.

- Clause (xi) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institution and banks, including interest payments as per rescheduled dates in a few cases. The Company has not issued any debentures.
- Clause (xviii) According to the information and explanations given to us and on overall examination of the balance sheet of the Company, we report that the Company has used funds raised on short-term basis for long-term investment. The Company has used funds raised on short-term basis for long-term investment in fixed assets (including capital work in progress) aggregating to Rs 7,282 lakhs and funding its losses aggregating to Rs 23,048 lakhs.

#### **Indian Cable Net Company Limited**

- Clause (i)(a) The fixed assets of the company except those in ground distribution network and Set Top Boxes including smart cards with Subscribers for which physical verification is not practicable, have been physically verified by the management during the year and no material discrepancies between book records and the physical inventory have been noticed. In our opinion, the frequency of verification is reasonable.
- Clause (ii) (a) Physical verification of inventory except Set top Boxes including smart cards with local cable operators of non-CAS area has been conducted by the Management at reasonable intervals.
- Clause (ix)(a) In our opinion and according to the information and explanations given to us, the Company is generally regular in depositing the undisputed statutory dues including provident fund, employees' state insurance, income tax, and other material statutory dues with the appropriate authorities. In respect of amusement tax an amount of Rs. 525.6 lakhs is outstanding as at the last day of the financial year for a period of more than six month from the date it became payable. However, the same has been deposited after the end of financial year on 12<sup>th</sup> June, 2009.

- 12) Exceptional items include the provision for doubtful debts and loans and advances which primarily relate to assets taken over from Zee Entertainment Enterprises Limited and Siti Cable Network Limited as per the Scheme of Arrangement dated November 17, 2006.

(Rs.lakhs)

<b>Particulars</b>	<b>FY 2007-08</b>	<b>FY 2006-07</b>
Provision for Doubtful Debts	208.18	1,538.82
Provision of Loans and Advances	6,066.01	246.61
Investment written off	864.28	-
Fixed Assets written off	731.32	3,674.14
Inventory written off	87.27	167.98
	<b>7,957.06</b>	<b>5,627.55</b>

13) **Previous year Comparatives:**

Previous year's figures have been regrouped where necessary to confirm to this year's classification.

**ANNEXURE – 5**

**Statement of Dividend**

**We have not declared or paid any dividend on our Equity Shares for the year ended March 31, 2009, March 31, 2008 and period ended March 31, 2007**

**Notes**

1. The above statement is not indicative of the dividend policy of the Company in the future.
2. The above statement is based on the financial statements of the Company.

ANNEXURE – 6

Consolidated Summary Statement of Investments for the year ended March 31,

Rs. Lakhs

	2009	2008	2007
<b>Long Term Investments- At Cost</b>			
<b>Quoted – Trade</b>	-	-	-
<b>Unquoted – Trade</b>			
<b>Equity Shares</b>			
480 Equity Shares of Rs. 100/- each fully paid up of Master Ads Private Limited	0.48	0.50	0.50
9,500 Equity Shares of Rs.10/- each fully paid up of Dakshin Communication Private Limited	17.70	17.70	17.70
3,000 Equity Shares of Rs.10/- each fully paid up of Centre Channel Private Limited	2.28	2.30	2.30
	20.46	20.50	20.50
Less : Provision for diminution in value of Investments	20.46	(20.50)	(20.50)
	-	-	-
<b>Investments in 6% Non-Cumulative Redeemable</b>			
<b>Preference Shares of Rs. 100/- each fully paid up of</b>			
14080 Haryana Communication Network Pvt. Ltd.	70.40	70.40	70.40
5430 Bangalore Communication Network Pvt. Ltd #	-	-	27.10
1610 Banjara Telelinks Pvt. Ltd. #	-	-	8.00
579 Bargachh Telelinks Pvt. Ltd #	-	-	2.90
8420 Chanakya Communications Network Pvt. Ltd. #	-	-	42.10
9680 Chandigarh Network Systems Pvt. Ltd. #	-	-	48.40
1230 Chirag Telelinks Pvt. Ltd #	-	-	6.10
5489 Condoor Communication Pvt. Ltd #	-	-	27.50
41960 Dakhsin Communications Pvt. Ltd. #	-	-	209.80
8580 Faridabad Entertainment Pvt. Ltd. #	-	-	42.90
6270 Garden City Communication Pvt. Ltd #	-	-	31.40
14140 Him Mohini Communications Pvt. Ltd. #	-	-	70.70
3659 North Bombay Cable Network Pvt. Ltd. #	-	-	18.30
12510 North Delhi Cable Network Pvt. Ltd. #	-	-	62.50
8118 Purvalaya Communications Pvt. Ltd. #	-	-	40.60
15270 Purvi Communications Pvt. Ltd. #	-	-	76.40
9820 Rajdhani Communication Network Pvt. Ltd. #	-	-	49.10

	2009	2008	2007
250 Satellite Communication Pvt. Ltd. #	-	-	1.30
5730 Shri Sai Network Pvt. Ltd. #	-	-	28.70
3290 Siti Communication Pvt. Ltd. #	-	-	16.50
1290 Tirupathy Communication Network Pvt. Ltd. #	-	-	6.40
2050 Trans Yamuna Communication Network Pvt. Ltd. #	-	-	10.20
3850 Vanasthali Communication Network Pvt. Ltd. #	-	-	19.20
2530 West Delhi Cable Network Pvt. Ltd. #	-	-	12.70
1100 Zem Communication Pvt. Ltd. #	-	-	5.50
26020 Ahmedabad Network System Pvt. Ltd. #	-	-	-
7570 Amritsar Communication Network Pvt. Ltd. #	-	-	-
5248 Delhi Prime Communication Network Pvt. Ltd. #	-	-	-
2420 Divine Cable Visions Pvt. Ltd. #	-	-	-
4600 Divya Communications Pvt. Ltd. #	-	-	-
5699 Dwarka Telelinks Pvt. Ltd. #	-	-	-
1989 East Delhi Communication Network Pvt. Ltd. #	-	-	-
4469 East Ludhiana Cable Network Pvt. Ltd. #	-	-	-
10280 East Patel Communication Network Pvt. Ltd. #	-	-	-
4760 Jabalpur Cable Network Pvt. Ltd. #	-	-	-
2990 Jalandhar Multimedia Pvt. Ltd. #	-	-	-
6820 Jammu Communications Network Pvt. Ltd. #	-	-	-
12930 Karnal Communications Pvt. Ltd. #	-	-	-
14220 Mani nagar Network Pvt. Ltd. #	-	-	-
590 Nizamabad Communication Pvt. Ltd. #	-	-	-
6580 Noida Network Systems Pvt. Ltd. #	-	-	-
10898 Panchsheel Communication Network Pvt. Ltd. #	-	-	-
8880 Panipat Communications Pvt. Ltd. #	-	-	-
4180 Pink City Communication Network Pvt. Ltd. #	-	-	-
23010 Sabarmati Network Pvt. Ltd. #	-	-	-
15440 Space Channel Communication Pvt. Ltd. #	-	-	-
7070 Vasant Kunj Cable Network Pvt. Ltd. #	-	-	-
4390 Vision Network Pvt. Ltd. #	-	-	-

	<b>2009</b>	<b>2008</b>	<b>2007</b>
	70.40	70.40	934.70
Less : Provision for / Write off diminution in value of Investments	70.40	70.40	934.70
	-	-	-
# Note : These investments have been written off against provision for diminution in value of investments.			

ANNEXURE – 7

Summary Statement of Sundry Debtors and Loans & Advances as at March 31,

A Sundry Debtors

	Rs. Lakhs		
PARTICULARS	2009	2008	2007
<b>More than Six Months</b>			
- Considered Good	6,001.99	3,169.31	1,372.21
- Considered Doubtful	10,897.75	6,777.71	3,727.86
	<b>16,899.74</b>	<b>9,947.02</b>	<b>5,100.07</b>
Less : Provision for Doubtful Debts	10,895.54	6,777.72	3,727.86
	<b>6,004.20</b>	<b>3,169.30</b>	<b>1,372.21</b>
<b>Others</b>			
Considered Good	9,537.00	7,229.42	4,739.96
Considered Doubtful	-	8.84	1.49
	<b>9,537.00</b>	<b>7,238.26</b>	<b>4,741.45</b>
Less : Provision for Doubtful Debts	-	8.84	1.49
	<b>9,537.00</b>	<b>7,229.42</b>	<b>4,739.96</b>
<b>TOTAL</b>	<b>15,541.20</b>	<b>10,398.72</b>	<b>6,112.17</b>
<b>Amount Due from Related Parties:</b>	<b>1,681.61</b>	<b>1,681.61</b>	<b>838.45</b>
<b>Major Parties includes:</b>			
Dish TV India Limited	353.53	353.53	-
ZEEL	1,230.47	1,230.47	467.58

B Details of Loans and Advances

	Rs. Lakhs		
PARTICULARS	2009	2008	2007
<b>LOANS AND ADVANCES</b>			
<b>Unsecured, Considered Good</b>			
Advances and Loan to Subsidiaries	-	-	-
Advances to Distribution Companies	-	-	-
Advances Recoverable in cash or in kind or for value to be received	3,187.98	2,315.71	1,291.62
Inter Corporate Deposits	4.48	77.58	7,849.59
Deposit – Others	3,473.45	885.50	824.09
Advance Tax	1,584.51	1,025.37	945.31
<b>Unsecured, Considered Doubtful</b>			
Advances to Distribution Companies	7,383.79	7,314.33	5,294.80
Deposit – Others	28.08	28.08	22.30

<b>PARTICULARS</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>
Other Advances	715.35	510.97	248.33
	16,377.64	12,157.54	16,476.04
Less : Provision for Advances to Distribution Companies	7,383.79	7,383.79	5,294.80
Provision for Deposits- Others	28.08	28.08	22.30
Provision for Other Advances	715.35	372.05	262.40
<b>TOTAL</b>	<b>8,250.42</b>	<b>4,373.62</b>	<b>10,896.54</b>
<b>Amount Due from Related Parties:</b>	<b>151.54</b>	<b>151.54</b>	<b>370.08</b>
<b>Major Parties includes:</b>			
Zee Turner Ltd.	132.59	132.59	2.92

ANNEXURE – 8

Summary Statement of Other Income for the year ended March 31,

PARTICULARS	Rs. Lakhs		
	2009	2008	For the period from March 24, 2006 to March 31, 2007
Interest Income	27.61	459.52	797.84
Software Income	-	-	87.06
Sundry Balance w/off	107.58	640.65	380.88
Foreign Exchange Fluctuations Gain(Loss) Net	(61.23)	226.71	81.45
Other Income	146.54	122.90	728.59
<b>Total</b>	<b>220.50</b>	<b>1,449.78</b>	<b>2,075.82</b>

**ANNEXURE – 9****Statement of Contingent Liabilities as at March 31,**

<b>SN</b>	<b>PARTICULARS</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>
	<b>Contingent Liabilities not provided for</b>			
1	Claims against the Company not acknowledged as debts	1,250.80	1,573.90	1,737.70
2	Capital Commitments	32.90	312.30	2,468.00
3	Income Tax demand against the Company ( AY 1997-98 to AY 2004-05)	60,153.00	-	-
4	Service Tax demand ( FY 2001-02 to FY 2004 to 2005)	285.60	-	-
		<b>61,722.30</b>	<b>1,886.20</b>	<b>4,205.70</b>

**ANNEXURE-10****Details of Secured Loans as at March 31,**

<b>Particulars</b>	<b>Rs. Lakhs</b>		
	<b>2009</b>	<b>2008</b>	<b>2007</b>
<b>Long term</b>			
Term Loans	10,001.46	22,749.98	19,038.24
Finance Lease Obligation	35.25	39.38	-
Hire Purchase	20.07	39.40	32.68
<b>Short term</b>			
Working Capital Finance	3,520.23	3,266.01	3,051.74
Interest Accrued and due	95.82	132.10	-
<b>Total</b>	<b>13,672.83</b>	<b>26,226.87</b>	<b>22,122.66</b>

ANNEXURE -11

Details of Unsecured Loans as at March 31,

In Lakhs

Particulars	2009	2008	2007
<b>Long term</b>			
From Others	-	11,152.37	2,997.37
<b>Short term</b>			
From Others	27,006.73	-	1,100.00
Interest Accrued and due	1,889.81	-	252.58
<b>Total</b>	<b>28,896.54</b>	<b>11,152.37</b>	<b>4,349.95</b>
<b>Amount Due to Related Parties:</b>	<b>11,152.37</b>	<b>11,152.37</b>	<b>4,097.37</b>
<b>Major Parties includes:</b>			
Churu Trading Co. Pvt. Ltd.	2,205.00	2,205.00	-
ETC Networks Ltd.	1,100.00	1,100.00	1,100.00
ZEEL	7,847.37	7,847.37	2,997.37

## ANNEXURE -12

## Statement of Capitalization as on March 31, 2009

Particulars	Rs. Lakhs	
	Pre-issue	Adjusted for Issue
<b>Borrowings :</b>		
Short Term	32,512.59	32,512.59
Long Term	10,056.78	10,056.78
<b>Total Debts</b>	<b>42,569.37</b>	<b>42,569.37</b>
<b>Shareholders funds</b>		
Equity Share Capital	2,172.17	4,539.85
Preference Share Capital	0.24	0.24
Stock Option Outstanding	53.92	53.92
<b>Reserve &amp; Surplus</b>		
Securities Premium	-	42,618.12
Capital Reserves	-	-
Less: Misc. Expenditure	306.32	306.32
Less: Debit Balance in Profit and Loss Account	22,188.95	22,188.95
<b>Total Shareholders Funds</b>	<b>(20,268.94)</b>	<b>24,716.86</b>
<b>Total Capitalization</b>	<b>22,300.43</b>	<b>67,286.23</b>
<b>Long Term Debt / Equity Ratio</b>	<b>NA</b>	<b>0.41</b>

Note:

1. Short term debt is considered as debts having original repayment term not exceeding 12 months.
2. Long-term debt is considered as debt other than short-term debt, as defined above.
3. The figures disclosed above are based on the restated summary of consolidated financial statements of Wire & Wireless (India) Ltd.

## ANNEXURE - 13

### Statement of Related Party Transactions (as per Accounting Standard 18)

Related Party Disclosure:

#### (i) List of related parties:

(1) Name of the Parties where control exists irrespective of the transactions have occurred or not

(a) Subsidiary Companies, Central Bombay Cable Network Ltd., Indian Cable Net Company Ltd., Siti Cable Broadband South Ltd., Master Channel Community Network Pvt. Ltd. and Wire and Wireless Tisai Satellite Ltd.

(2) Name of the Other Related Parties where transactions have taken place during the year

(a) Key Management Personnel:, Mr. Subhash Chandra, Director, Mr. Amit Goenka, Whole-Time Director, Mr. Deepak Chandnani, Chief Executive Officer (till November 4, 2008) and Mr. Sudhir Agarwal, Chief Executive Officer (appointed w.e.f. November 10, 2008)

(b) Entities having common control, Agrani Satellite Services Ltd., Dakshin Media Gaming Solutions Pvt. Ltd., Dish TV India Ltd., Essel Propack Ltd., ETC Networks Ltd., Intrex India Ltd., Pan India Network Infrainvest Pvt. Ltd., Zee Entertainment Entertainment Ltd, Zee Interactive Learning System, Zee News Ltd., Zee Turner Ltd., Essel Minerals Pvt. Ltd., Briggs Trading Company Pvt. Ltd., Churu Trading Company Pvt. Ltd., Ganjam Trading Company Pvt. Ltd., Jayneer Capital Pvt. Ltd., Lazarus Investments Ltd., Prajatma Trading Company Pvt. Ltd., Premier Trading Company Ltd., Veena Investment Pvt. Ltd.

#### (ii) List of transaction with related parties:

							Rs Lakhs
S N	Particulars Nature of Expenses / Names of the Parties	2009	Major Parties 2009	2008	Major Parties 2008	2007	Major Parties 2007
1	<b>Sale. Services and other Recoveries (Net)</b>	<b>2,696.48</b>		1,871.50		4,993.76	
	Dish TV India Ltd.		-		391.59		29.61
	ZEEL		<b>1,317.84</b>		1,215.98		3,962.37
	Zee News Ltd.		<b>1,232.51</b>		25.53		905.02
	Zee Turner Ltd.		<b>146.12</b>		225.20		92.80
2	<b>Purchase of Programs, Goods &amp; Services</b>	<b>1,703.78</b>		786.77		480.58	
	Zee Turner Ltd.		<b>1,702.41</b>		717.39		460.66
3	<b>Purchase of Fixed Assets, Capital Goods and Investments</b>	<b>38.36</b>		1.04		33.32	
	Zee Turner Ltd.		-		1.04		-
	Dish TV India Ltd.		<b>20.94</b>		-		18.59
	ZEEL						

S N	Particulars Nature of Expenses / Names of the Parties	2009	Major Parties 2009	2008	Major Parties 2008	2007	Major Parties 2007
			17.42		-		13.41
<b>4</b>	<b>Sale of Fixed Assets &amp; Capital Goods</b>	<b>0.72</b>		-		-	
	Dish TV India Ltd.		<b>0.72</b>		-		-
<b>5</b>	<b>Advances given</b>	<b>2,466.04</b>		4,722.25		4,123.6 6	
	Churu Trading Co. Pvt. Ltd.		-		4,500.00		2,506.80
	Dish TV India Ltd.		<b>2,465.00</b>		222.25		1,212.81
	Essel Infraprojects Ltd		-		-		402.95
<b>6</b>	<b>Receipts towards advances given</b>	-		4,618.98		4,127.7 2	
	Churu Trading Co.Pvt. Ltd.		-		4,500.00		2,506.80
	Dish TV India Ltd.		-		118.98		1,216.87
	Essel Infraprojects Ltd.		-		-		402.95
<b>7</b>	<b>Loans / Deposits received from</b>	<b>46,663.16</b>		21,450.00		5,424.2 0	
	ETC Networks Ltd.		-		-		1,949.02
	Churu Trading Co.Pvt. Ltd.		<b>20,232.00</b>		10,450.00		
	ZEEL		<b>15,500.00</b>		10,700.00		3,475.18
	Zee News Limited		<b>10,180.00</b>				
	Indian Cable Net Co. Ltd.		<b>751.16</b>				
<b>8</b>	<b>Repayment of Loans / Deposits received</b>	<b>30,325.00</b>		14,095.00		752.80	
	Churu Trading Co.Pvt. Ltd.		<b>20,700.00</b>		8,245.00		-
	ETC Networks Ltd.		-		-		318.25
	ZEEL		<b>700.00</b>		5,850.00		434.55
	Zee News Limited		<b>8,925.00</b>				
<b>9</b>	<b>Expenses Recovered</b>	<b>89.38</b>		79.74		48.84	
	ZEEL		-		8.37		25.05
	Zee News Ltd.		<b>69.05</b>		45.36		-

S N	Particulars Nature of Expenses / Names of the Parties	2009	Major Parties 2009	2008	Major Parties 2008	2007	Major Parties 2007
	Zee Turner Ltd.		5.61		13.56		9.99
	Churu Trading Co.Pvt. Ltd.		-		-		-
	Dish TV India Ltd.		12.22		-		-
<b>10</b>	<b>Expenses Reimbursed</b>	<b>81.28</b>		303.97		836.20	
	ZEEL		79.66		295.09		806.43
<b>11</b>	<b>Balances Outstanding as on 31<sup>st</sup> March 2008</b>						
<b>a.</b>	<b>Sundry Debtors</b>	<b>4,189.36</b>		1,681.61		838.45	
	Dish TV India Limited		0.38		353.53		-
	ZEEL		2,700.75		1,230.47		467.58
	Zee News Limited		1,404.66		-		-
<b>b.</b>	<b>Sundry Creditors</b>	<b>4,348.40</b>		1,826.83		2,826.4 7	
	ZEEL		1,609.12		1,587.40		2,544.11
	Zee Turner Ltd		2,619.85		167.53		155.56
<b>c.</b>	<b>Loans / Deposits / Advances given</b>	<b>2,674.19</b>		151.54		370.08	
	Zee Turner Ltd.		131.93		132.59		2.92
	Dish TV India Limited		2,519.58		-		-
<b>d.</b>	<b>Loans/Deposits / Advances received</b>	<b>26,874.20</b>		11,152.40		4,097.3 7	
	ETC Networks Ltd.		1,145.24		1,100.00		1,100.00
	Churu Trading Co. Pvt. Ltd.		1,737.00		2,205.00		-
	ZEEL		22,647.37		7,847.37		2,997.37
<b>e.</b>	<b>Interest Accrued on Loans / Deposits / Advances received</b>	<b>2,186.62</b>		595.51		252.58	
	Churu trading co. Pvt. Ltd.		501.23		209.19		-
	Zee News Limited		278.17		-		-
	ZEEL						

<b>S N</b>	<b>Particulars Nature of Expenses / Names of the Parties</b>	<b>2009</b>	<b>Major Parties 2009</b>	<b>2008</b>	<b>Major Parties 2008</b>	<b>2007</b>	<b>Major Parties 2007</b>
			1,349.80		360.80		231.54

ANNEXURE -14

Consolidated Statement of Accounting Ratios as at March 31,

Rs. Lakhs

Particulars	2009	2008	2007
1 Net Profit (Loss) after Tax	(9,461.98)	(10,775.91)	(15,473.90)
2 Weighted average number of Equity Shares outstanding during the year/period			
a) Basic	217,217,753	217,217,753	213,141,280
b) Diluted (Refer Note below)	217,217,753	217,217,753	213,141,280
3 Number of Equity Shares outstanding at the end of the year/period	217,217,753	217,217,753	217,217,753
4 Net Worth	(19,389.12)	(10,151.82)	423.38
<b>Accounting Ratios</b>			
Earnings per Share			
Basic (1)/(2a) Rupees Per Share	(4.36)	(4.96)	(7.26)
Diluted (1)/(2b) Rupees Per Share	(4.36)	(4.96)	(7.26)
Return on Net Worth (1)/(4) - %	(48.80)	(106.15)	(3654.86)
Net Asset Value Per Share (4) /(3)	(8.93)	(4.67)	0.19

1).The ratios have been computed as under:

Basic earnings per share (Rs.) =  $\frac{\text{Net profit after tax, as restated, attributable to equity shareholders}}{\text{Weighted average number of equity shares outstanding during the year/period,}}$

Diluted earnings per share (Rs.) =  $\frac{\text{Net profit after tax, as restated, attributable to equity shareholders}}{\text{Weighted average number of equity shares outstanding during the year/period,}}$

Return on Net worth (%), =  $\frac{\text{Net profit after tax, as restated}}{\text{Net worth, as restated, at the end of the year/period,}}$

Net asset value per share (Rs.) =  $\frac{\text{Net worth, as restated, at the end of the year/period}}{\text{Number of Equity Shares outstanding at the end of the year/period}}$

2) There are potential equity shares as on March 31, 2009 and March 31, 2008 in the form of stock options granted to employees. As these are anti dilutive they are ignored in the calculation of diluted earnings per share and accordingly the diluted earnings per share is the same as basic earnings per share.

ANNEXURE -15

Statement of Tax Shelter as at March 31,

Rs. Lakhs

		2009	2008	2007
Net Profit/(Loss) before tax as restated		(8,786.36)	(10,486.73)	(15,707.79)
Income tax rates applicable		33.99%	33.99%	33.66%
<b>Tax at notional rate</b>	<b>(A)</b>	<b>(2,986.48)</b>	<b>(3,218.81)</b>	<b>(5,280.86)</b>
<b>Adjustments :</b>				
<b>Permanent Differences</b>				
Employee stock		53.92	-	-
Compensation cost		-	-	-
Others		24.49	820.00	4,085.64
Prior Period Expenses		-		
		<b>78.41</b>	<b>820.00</b>	<b>4,085.64</b>
<b>Temporary Differences</b>				
Difference between tax depreciation and book Depreciation		1,007.52	917.61	1,889.56
Other payments allowed on payment of withholding of taxes 43 B		129.98	63.59	1,013.75
Disallowance U/S 40(a)(ia)		1,630.59		
Provision for gratuity and leave encashment		109.44	90.39	6.36
Carry forward of losses		5,932.99	952.52	654.11
Deferred revenue expenses		(184.86)	(79.10)	(0.92)
Interest income		-	-	-
Prior period adjustments		-	0.95	0.14
Others		2,714.35	7,982.11	2,365.16
Provision for maintenance expenses		-	-	-
<b>Total</b>		<b>11,340.01</b>	<b>9,928.07</b>	<b>5,928.16</b>
<b>Net Adjustments</b>		<b>11,418.42</b>	<b>10,748.07</b>	<b>10,013.80</b>
<b>Tax Savings thereon</b>	<b>(B)</b>	<b>3,881.12</b>	<b>3,653.27</b>	<b>3,370.65</b>
<b>Total Taxation Charge/</b>				
<b>(Saving) - Current</b>	<b>(A+B)</b>	<b>894.64</b>	<b>434.46</b>	<b>(1,910.21)</b>
Incremental taxes due to MAT		-	-	-
<b>Total current taxes</b>		<b>894.64</b>	<b>434.46</b>	<b>(1,910.21)</b>
Deferred tax expense/ (credit)			(0.11)	(0.14)
<b>Total Taxation</b>		<b>894.64</b>	<b>434.35</b>	<b>(1,910.35)</b>

## **ANNEXURE -16**

### **Details of Segmental Reporting**

**The Company is a Multi System Operator providing Cable Television Network Services, Internet Services and allied services which as per Accounting Standard – 17 is considered the only reportable segment. The Company's operations are primarily based in India.**

## ANNEXURE-17

## Statement giving Tangible and Intangible Assets

Rs. Lakhs

PARTICULARS	2009			2008			2007		
	Gross Block	Accumulated Depreciation	Net Block	Gross Block	Accumulated Depreciation	Net Block	Gross Block	Accumulated Depreciation	Net Block
<b>TANGIBLE ASSETS</b>									
Building	380.46	68.43	312.03	375.67	60.88	314.79	368.17	55.86	312.31
Lease hold Land & Improvements	443.50	121.30	322.20	404.87	86.33	318.54	402.42	51.46	350.96
Plant & Machinery	23,306.99	10,895.34	12,411.66	17,262.60	8,460.45	8,802.15	16,681.93	6,387.44	10,294.49
Furniture and Fixture	278.41	112.38	166.03	227.12	80.53	146.59	176.27	67.89	108.38
Studio Equipment	386.67	282.69	103.98	288.43	214.98	73.45	279.95	194.59	85.36
Computers	953.56	447.86	505.70	778.89	335.05	443.84	531.58	269.66	261.92
Set Top Boxes	3,413.29	761.90	2,651.39	1,673.37	322.37	1,351.00	953.78	26.49	927.29
Vehicle	169.99	58.36	111.63	195.58	54.12	141.46	118.76	38.70	80.06
Office Equipment	407.53	116.85	290.68	368.67	95.28	273.39	279.93	80.71	199.22
<b>Total - (A)</b>	<b>29,740.40</b>	<b>12,865.11</b>	<b>16,875.29</b>	<b>21,575.20</b>	<b>9,709.99</b>	<b>11,865.21</b>	<b>19,792.79</b>	<b>7,172.80</b>	<b>12,619.99</b>
<b>INTANGIBLE ASSETS</b>									
Goodwil	447.89	25.77	422.12	22.71	4.54	18.17	-	-	-
Cable Rights	480.39	396.01	84.37	<b>503.49</b>	376.30	127.19	505.21	277.33	227.88
Software	600.07	221.63	378.44	<b>547.02</b>	134.42	412.60	394.60	61.57	333.03
Goodwill on Acquisition	-	-	-	334.75	-	334.75	334.75	-	334.75
Goodwill on Consolidation	527.04	-	527.04	280.43	-	280.43	280.43	-	280.43
<b>Total - (B)</b>	<b>2,055.39</b>	<b>643.41</b>	<b>1,411.98</b>	<b>1,688.40</b>	<b>515.26</b>	<b>1,173.14</b>	<b>1,514.99</b>	<b>338.90</b>	<b>1,176.09</b>
<b>Total (A+B)</b>	<b>31,795.79</b>	<b>13,508.52</b>	<b>18,287.27</b>	<b>23,263.60</b>	<b>10,225.25</b>	<b>13,038.35</b>	<b>21,307.78</b>	<b>7,511.70</b>	<b>13,796.08</b>

## RESTATED UNCONSOLIDATED FINANCIAL INFORMATION

### **Auditors' report**

(as required by Part II of Schedule II to the Companies Act, 1956)

The Board of Directors  
Wire and Wireless (India) Limited  
135 Continental Building  
Dr. Annie Besant Road  
Worli, Mumbai – 400018

Dear Sirs,

1. We have examined the attached restated financial information of Wire and Wireless (India) Limited ('the Company') as at March 31, 2009 , 2008 and 2007, approved by the Board of Directors and prepared by the Company, in accordance with the requirements of:
    - a. paragraph B(1) of Part II of Schedule II to the Companies Act, 1956 ('the Act');
    - b. the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 ('the Regulations') and the related clarifications issued by the Securities and Exchange Board of India ('SEBI') as amended up to date.
  
  2. We have examined such restated financial information taking into consideration:
    - a. the terms of reference dated June 15, 2009 received from the Company, requesting us to carry out the assignment, in connection with the offer document being issued by the Company for its proposed rights issue; and
    - b. The Guidance Note on Reports in Company Prospectuses (Revised) issued by the Institute of Chartered Accountants of India.
- The Company proposes to make a rights issues of equity shares up to Rs 45,000 lakhs , having a face value of Rs. 1 each (referred to as the 'Offer') at a price of Rs. 19 per share.
3. The restated financial information of the Company has been extracted by the management from the financial statements of the Company for the year ended March 31, 2009, year ended March 31, 2008 and period ended March 31, 2007 and approved by the Board of Directors.
  
  4. In accordance with the requirements of Paragraph B of Part II of Schedule II of the Act, the Regulations and terms of our engagement agreed with you, we report that:
    - a. The Restated Summary Statement of Assets and Liabilities, Restated Summary Statement of Profit or loss and Restated Summary Statement of Cash Flow ('the Restated Summary Statements') of the Company, for the year ended March 31, 2009 , year ended March 31, 2008 and period ended March 31, 2007, examined by us, as set out in Annexure 1, 2 and 3 to this report are after making adjustments and regrouping as in our opinion were appropriate and more fully described in Significant Accounting Policies (Refer Annexure 4).

The auditors' report on the Financial Statements for the period ended March 31, 2007 was qualified in respect of Preference share investments in distribution companies and advances receivable from them aggregating to Rs 4,797 lakhs considered recoverable by the management, which was dependant on the future profitability of these companies.

Reference is drawn to Annexure 4 on Significant Accounting Policies and Notes to financial information wherein all the qualifications and report modifications to the auditors report for the years ended March 31, 2009, 2008 and the period ended March 31, 2007 are described.

- b. Based on the above we are of the opinion that the restated financial information have been made after incorporating:
  - Adjustments for the material amounts in the respective financial years to which they relate.
  - Adjustments for the qualifications stated in the auditors' report, which require any adjustments to the Restated Summary Statements.
  - There are no extra-ordinary items, which need to be disclosed separately in the Restated Summary Statements.
5. We have not audited any financial statements of the Company as of any date or for any period subsequent to March 31, 2009 accordingly, we express no opinion on the financial position, results of operations or cash flows of the Company as of any date or for any period subsequent to March 31, 2009.

**Other Financial Information:**

6. At the Company's request, we have also examined the following financial information proposed to be included in the offer document prepared by the management and approved by the Board of Directors of the Company and annexed to this report relating to the Company for the year ended March 31, 2009, year ended March 31, 2008 and period ended March 31, 2007:
  - xiv. Statement of Dividend paid/proposed by the Company, enclosed in Annexure 5
  - xv. Statement of Investments, enclosed as Annexure 6
  - xvi. Statement of Sundry Debtors and Loans and Advances, enclosed as Annexure 7
  - xvii. Statement of items of Other Income, enclosed as Annexure 8
  - xviii. Statement of Capital Commitments and Contingent Liabilities, enclosed as Annexure 9
  - xix. Statement of Secured Loans and assets charged as securities, enclosed as Annexure 10
  - xx. Statement of Unsecured Loans, enclosed as Annexure 11
  - xxi. Capitalization Statement as at March 31, 2009, enclosed as Annexure 12
  - xxii. Statement of Related Party Transactions, enclosed as Annexure 13
  - xxiii. Statement of Accounting Ratios based on the adjusted profits relating to earnings per share, return on net worth, net asset value per share, enclosed as Annexure 14
  - xxiv. Statement of Tax Shelters, enclosed as Annexure 15
  - xxv. Statement of details of Segment Reporting, enclosed as Annexure 16
  - xxvi. Statement giving details of Tangible and Intangible Assets, enclosed as Annexure 17
7. In our opinion, the financial information as disclosed in the annexures to this report, read with the respective significant accounting policies and notes disclosed in Annexure 4 and after making adjustments and regroupings as considered appropriate and disclosed in notes to Annexure 2 has been prepared in accordance with Part II of Schedule II of the Act and the Regulations.
8. This report should not be in any way construed as a reissuance or redating of any of the previous audit report issued by us, nor should this report be construed as a new opinion on any of the financial statements referred to herein.
9. We have no responsibility to update our report for events and circumstances occurring after the date of the report.

10. This report is intended solely for your information and for inclusion in the Offer Document in connection with the proposed rights issue of the Company, and is not to be used, referred to or distributed for any other purpose without our prior written consent.

**For S.R. BATLIBOI & ASSOCIATES**  
Chartered Accountants

**Per Govind Ahuja**  
Partner  
Membership No: 48966

Place: Mumbai  
Date: September 11, 2009

**WIRE AND WIRELESS (INDIA) LIMITED**

**Restated Financials**

**ANNEXURE – 1**

**Restated Summary Statement of Assets and Liabilities as at March 31,**

**Rs. Lakhs**

	<b>2009</b>	<b>2008</b>	<b>2007</b>
<b>A Fixed Assets</b>			
Gross Block (Tangible)	25,999.04	18,622.83	17,231.07
Less: Depreciation	11,656.88	8,846.53	6,481.56
Net Block (Tangible)	14,342.16	9,776.30	10,749.51
Gross Block (Intangible)	1,193.26	1,073.03	899.81
Less: Amortisation	643.36	515.26	338.90
Net Block (Intangible)	549.90	557.77	560.91
Capital Work in Progress (including capital advances)	642.23	3,838.64	2,514.85
	15,534.29	14,172.71	13,825.27
<b>B Investments</b>	1,119.97	1,117.93	1,117.40
<b>C Current Assets, Loans and Advances</b>			
Inventories	6,482.79	8,603.38	7,203.60
Sundry Debtors	13,237.17	10,316.69	6,019.09
Cash and Bank Balances	1,611.67	1,760.40	1,542.60
Loans and Advances	7,750.35	4,174.30	10,907.85
	29,081.98	24,854.77	25,673.14
<b>D Liabilities and Provisions</b>			
Secured Loans	13,672.83	26,226.87	22,122.66
Unsecured Loans	28,864.96	11,152.37	4,349.95
Current Liabilities	24,145.74	13,485.56	13,776.22
Provisions	180.52	154.53	119.80
	66,864.05	51,019.33	40,368.63
<b>E Net Worth (A+B+C-D)</b>	<b>(21,127.81)</b>	<b>(10,873.92)</b>	<b>247.18</b>
<b>F Represented by</b>			
Shares Capital	2,172.41	2,172.41	2,172.41
Stock Option Outstanding	53.92	-	-
Less: Misc. Expenditure	306.09	92.43	103.45
Less: Debit Balance in Profit and Loss Account	23,048.05	12,953.90	1,821.78
<b>Net Worth</b>	<b>(21,127.81)</b>	<b>(10,873.92)</b>	<b>247.18</b>

ANNEXURE – 2

Restated Summary Statement of Profit and Loss for the year ended March 31,

	2009	2008	Rs. Lakhs For the period from March 24, 2006 to March 31, 2007
<b>Income</b>			
Sales income from Operation	22,843.21	22,227.72	17,367.88
Other Income	182.93	1,167.06	1,902.29
<b>Total</b>	<b>23,026.14</b>	<b>23,394.78</b>	<b>19,270.17</b>
<b>Expenditure</b>			
Operational Cost	15,712.91	19,234.98	15,621.01
Personnel Cost	2,705.98	1,803.48	1,130.12
Administrative Cost	4,957.90	3,052.96	3,119.77
Selling & Distribution Cost	706.86	612.42	373.85
Interest & Finance charges	6,021.87	3,707.61	1,692.30
Depreciation	2,977.63	2,920.31	3,336.14
<b>Total</b>	<b>33,083.15</b>	<b>31,331.76</b>	<b>25,273.19</b>
<b>Profit / (Loss) before Tax and exceptional items</b>	(10,057.01)	(7,936.98)	(6,003.02)
Exceptional Item	-	7,957.06	5,627.55
<b>Profit / (Loss) before tax after exceptional item</b>	(10,057.01)	(15,894.04)	(11,630.57)
Provision for Taxation			
Current Tax	-	-	-
Deferred Tax	-	-	(543.16)
Fringe Benefit tax	37.13	35.08	24.13
<b>Net Profit / (Loss) after Tax</b>	(10,094.15)	(15,929.12)	(11,111.54)
Less : Prior Period Adjustments (Net)	-	(133.30)	-
<b>Net Profit / (Loss) after Tax before adjustment</b>	(10,094.15)	(15,795.82)	(11,111.54)
<b>Adjustments (Refer Note-1):</b>		(4,663.70)	4,663.70
<b>NET PROFIT / (LOSS) AS RESTATED</b>	(10,094.15)	(11,132.12)	(15,775.24)
Add : Adjustment Pursuant to the Scheme	-	-	13,953.46

	2009	2008	For the period from March 24, 2006 to March 31, 2007
Balance brought forward from previous year	(12,953.90)	(1,821.78)	-
<b>Balance to Balance Sheet</b>	<b>(23,048.05)</b>	<b>(12,953.90)</b>	<b>(1,821.78)</b>

**Note – 1**

**Below mentioned is the summary of results of restatement made in the audited accounts for the respective years and its impact on the profits of the Company.**

Particulars	2009	2008	For the period from March 24, 2006 to March 31, 2007
The company had been giving Loans and Advances to the distribution company as well as investing into its preference share capital. The net-worth of these companies had eroded and the auditors in their report for the year 2006-07 had qualified these investments. During the year 2007-08, due to huge losses, the intrinsic value of these investments had eroded substantially and it was not expected to realize these investments in the foreseeable future. Hence it was provided/written off during the year 2007-08. Since it was one of the qualifications from the auditors in their report for the year 2006-07, impact of the same was given in restatement of financials for year 2006-07 and reversed the effect in financial year 2007-08 <b>(Refer to 11.1.A of Annexure 4 Significant Accounting policies and Notes to Financial Information)</b>		(4,797.00)	4,797.00
Sales reversal pertaining to year 2006-07 was accounted in year 2007-08. For the purpose of restatement the same was accounted in 2006-07 and the impact given in 2007-08 was rectified <b>(Refer to restated summary of profit &amp; Loss account for the year ended March 2008 Prior period adjustment (net) Rs. 133.30)</b>		-161.99	161.99
Cost reversals pertaining to year 2006-07 was accounted in year 2007-08. For the purpose of restatement the same was accounted in 2006-07 and the impact given in 2007-08 was rectified. <b>(Refer to restated summary of profit &amp; Loss account for the year ended March 2008 Prior period adjustment (net) Rs. 133.30)</b>		295.29	-295.29

**ANNEXURE – 3**

**Restated Summary Statement of Cash Flow for the year ended March 31,**

	2009	2008	Rs. Lakhs For the period from March 24, 2006 to March 31, 2007
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>			
Net Profit / (Loss) before taxation but after exceptional items, restatement adjustments	(10,057.02)	(3,139.90)	(10,666.70)
Adjustments for:	-	-	-

	2009	2008	For the period from March 24, 2006 to March 31, 2007
Depreciation / Amortization	2,977.63	2,920.30	3,336.10
Interest Income	(65.05)	(457.40)	(797.70)
Foreign Exchange Fluctuations	61.23	(226.70)	(46.00)
Interest and Finance Expenses	5,838.40	3,572.00	1,678.50
Provision for Diminution in value / written off of Investment	-	-	934.70
Bad Debt	-	-	246.60
Liabilities Written Back	(55.51)	(412.10)	(25.40)
Leave Encashment & Gratuity Provided	38.63	-	-
Loss on Sale / Discard of Fixed Assets	12.50	22.50	438.70
Write off / other adjustments of Fixed Assets & Capital Work in Progress	-	820.70	3,807.60
Preliminary Expenses Written Off	4.42	4.40	4.40
Finance Cost Amortized	157.81	92.60	39.20
ESOP Cost	53.90	-	-
Increase / (Decrease) in Provisions	4,392.10	3,507.30	6,812.60
Exceptional Items	-	(7,957.10)	(5,627.50)
<b>Operating profit before working capital changes</b>	<b>3,359.04</b>	<b>(1,253.40)</b>	<b>135.10</b>
Movement in Working Capital			
Decrease / (Increase) in Sundry Debtors	(6,979.30)	(7,082.24)	(4,847.76)
Decrease / (Increase) in Inventories	2,138.41	(1,324.97)	(6,379.30)
Decrease / (Increase) in Loans and Advances	(3,327.22)	(3,835.70)	(32,684.70)
Increase / (Decrease) in Current Liabilities	10,718.27	2,039.11	34,375.51
<b>Cash Flow from Operating Activities Before tax &amp; prior period adjustment</b>	<b>5,909.20</b>	<b>(11,457.20)</b>	<b>(9,401.15)</b>
Net Prior Period Adjustment	-	-	-
Taxes paid	(37.13)	(41.30)	(13.30)
<b>Net Cash Flow from Operating Activities</b>	<b>5,872.07</b>	<b>(11,498.50)</b>	<b>(9,414.45)</b>
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of Fixed Assets / Capital Work in Progress	(4,381.86)	(4,637.00)	(3,314.60)
Proceeds from sale of Fixed Assets	30.30	78.80	0.75
Investments in Mutual Funds	-	-	(1,000.00)
Redemption of Mutual Funds	-	-	1,000.00
Purchase of Investments in Subsidiaries	(2.07)	(0.50)	-
Loans / Advances to Subsidiary Companies (Net)	(125.00)	(1.90)	(94.80)
Short Term Deposit paid to other corporate	-	(7,877.60)	(15,116.50)

	2009	2008	For the period from March 24, 2006 to March 31, 2007
Repayment of Short Term Deposit paid	-	15,629.00	14,557.30
Interest Income Received	12.07	105.80	786.90
<b>Net Cash Flow from Investing Activities</b>	<b>(4,466.56)</b>	<b>3,296.60</b>	<b>(3,180.95)</b>
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>			
Interest and Finance Expenses paid	(4,511.01)	(2,513.30)	(1,427.40)
Miscellaneous Expenditure	(112.40)	(86.00)	(147.10)
Proceeds from Long Term Borrowing	55,549.14	42,724.80	18,597.30
Repayment of Term borrowings	(52,479.96)	(31,705.80)	(3,503.10)
Proceeds from issuance of Share Capital	-	-	5.00
<b>Net Cash Flow from Financing Activities</b>	<b>(1,554.23)</b>	<b>8,419.70</b>	<b>13,524.70</b>
<b>Net Increase / (Decrease) in Cash and Cash Equivalents (A+B+C)</b>	<b>(148.72)</b>	<b>217.80</b>	<b>929.30</b>
Opening Cash and Cash Equivalents	1,760.40	1,542.60	-
Cash received through Scheme of Arrangement	-	-	613.30
<b>CLOSING CASH AND CASH EQUIVALENTS</b>	<b>1,611.68</b>	<b>1,760.40</b>	<b>1,542.60</b>
Cash and cash Equivalents at the end of the year			
Cash on Hand	32.45	32.33	38.60
Cheques and Drafts on Hand/Transit	480.92	241.60	158.80
Balances with Scheduled Banks on Current Accounts	698.33	639.67	336.30
Balances with Scheduled Banks on Deposit Accounts	399.98	846.80	1,008.90
	<b>1,611.68</b>	<b>1,760.40</b>	<b>1,542.60</b>

**Significant Accounting Policies and Notes to Financial Information****1. a) Background**

Wire and Wireless (India) Limited (hereinafter referred to as 'the Company' or 'WWIL') was incorporated in the state of Maharashtra, India. The Company is engaged in Distribution of Television Channels through analogue and digital cable distribution network, primary internet and allied services.

- b) The Company's accumulated losses aggregate to Rs 23,048.4 lakhs as at March 31, 2009 (Rs. 1,2953.9 lakhs as at March 31, 2008) while the share capital is Rs 2,172.4 lakhs at that date. The Company has adopted headend- in- the-sky (HITS) mode for the distribution of channel in digital form and has tied-up with Dish TV India Limited. The Company would avail the HITS digital services from the platform of Dish TV India Limited in encrypted form for further distribution/ re-transmission to cable operator and/or subscriber through a cable network. The digital signals would be decrypted at subscriber premises through Set Top Box (STB). Further, during the year, the Company has taken significant cost rationalization measures including right sizing of its work force. Based on the above, management expects to earn higher revenues and improve profitability which will enable strengthening of the financial position of the Company in the coming years. In past, the promoter group Companies have extended financial support to the Company in form of guarantee for loans taken and unsecured loans extended. The Company has raised Rs.19,200 lakhs by way of secured redeemable non- convertible debentures. The Company has got SEBI approval for proposed right issue of Rs. 45,000 lakhs. One of the promoter companies has provided assurance that it intends to provide sufficient financial support to the Company, to continue its operations for the foreseeable future if necessary. The Company has got sanctions from banks and financial institutions for financing on enhanced equity base. Based on above discussion, the management is of the opinion that it is appropriate to prepare these financial statements on the basis of going concern.

**2. Statement of Significant Accounting Policies****a) Basis of preparation**

The financial statements have been prepared to comply in all material respects with the notified accounting standards by Companies Accounting Standard Rules, 2006 as amended and the relevant provisions of the Companies Act, 1956 as amended. The financial statements have been prepared under the historical cost convention on an accrual basis. The accounting policies have been consistently applied by the Company and, are consistent with those used in the previous year.

**b) Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

**c) Fixed Assets**

- (i) Fixed Assets are stated at cost less accumulated depreciation if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Borrowing costs relating to acquisition of fixed assets which takes substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to be put to use.

- (ii) Borrowing costs relating to acquisition of fixed assets which takes substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to be put to use.
- (iii) Program / Film / Cable rights are stated at the lower of net cost (cost less accumulated amortization / impairment) or realisable value. Where the realisable value on the basis of its useful economic life is less than its carrying amount, the difference is impairment, which is expensed. Program / Film / Cable rights are amortised as follows;
  - (a) Cost of news / current affairs / chat shows / events including sports events etc. are fully expensed on first telecast.
  - (b) Program / Film / Cable rights are amortised on a straight-line basis over the license period or 60 months from the date of purchase, whichever is shorter.

**d) Intangible Assets**

Goodwill on acquisition is amortised using the straight-line method over a period of five years

**e) Depreciation / Amortisation**

- (i) Depreciation is provided using the Straight Line Method as per the useful lives of the assets estimated by the management or at the rates prescribed under Schedule XIV of the Companies Act, 1956, whichever is higher

	<u>% per annum</u>
Building	1.63
Plant and Machinery	10.00 to 20.00
Furniture and Fixtures	6.33
Studio Equipments	4.75
Computers	16.21
Vehicles	9.50
Office Equipments	4.75
Software	16.21

- (iv) Leasehold improvements are amortised over the lease period.
- (v) Plant and Machinery taken over under scheme of arrangement in the previous year are depreciated over the management's estimate of remaining useful life, a period of 5 years.

**f) Impairment**

- (iii) The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal / external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.
- (iv) After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

**g) Leases**

**Where the company is the Lessee**

Finance leases, which effectively transfers to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the lower of the fair value and present value of minimum lease payments at the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between the finance charges and reduction of the lease liability based on the implicit rate of return. Finance charges are charged directly against income. Lease management fees, legal charges and other initial direct costs are capitalised.

If there is no reasonable certainty that the company will obtain the ownership by the end of the lease term, capitalised leased assets are depreciated over the shorter of the estimated useful life of the assets or the leased term.

Leases where the lessor effectively retains substantially all the risks and benefits of the ownership of the leased term, are classified as operating leases. Operating lease payments are recognised as an expense in the Profit and Loss account on a straight-line basis over the lease term.

#### **Where the Company is the lessor**

Assets given under a finance lease are recognised as a receivable at an amount equal to the net investment in the lease. Lease rentals are apportioned between principal and interest on the IRR method. The principal amount received reduces the net investment in the lease and interest is recognised as revenue. Initial direct costs such as legal costs, brokerage costs, etc. are recognised immediately in the Profit and Loss Account.

Assets subject to operating leases are included in fixed assets. Lease income is recognised in the Profit and Loss Account on a straight-line basis over the lease term. Costs, including depreciation are recognised as an expense in the Profit and Loss Account. Initial direct costs such as legal costs, brokerage costs, etc. are recognized immediately in the Profit and Loss Account.

#### **h) Investments**

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long term investments are carried at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of the investments.

#### **i) Inventories**

Inventories are valued as follows

Stores and Spares are valued at cost on first in first out basis or at net realisable value whichever is lower. Stock in trade including Set Top Boxes are valued at cost on weighted average method or at net realisable value whichever is lower.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

#### **j) Revenue Recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured.

##### **Income from Services**

Subscription revenue and Other Services revenue are recognised on completion of services.

Lease rentals and Carriage fees are recognised on accrual basis over the terms of related agreements.

Advertisement revenue is recognised when the related advertisement appears before the public. Other Advertisement revenue for slot sale is recognised on period basis.

In pursuance of the regulation of Telecom Regulatory Authority of India (TRAI) the company has implemented Conditional Access System (CAS) in the notified areas and accordingly subscription charges have been accounted in terms of the said regulations.

## **Sale of Goods**

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. In case of VAT collected on sales, exclusive method is followed, where sales and expenditure will not include VAT. VAT collected is disclosed under current liabilities and not routed through profit and loss account as mentioned in Guidance Note of State Value Added Tax, issued by The Institute of Chartered Accountants of India (ICAI).

## **Interest**

Revenue is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

### **k) Miscellaneous Expenditure**

Costs incurred in raising funds are amortised equally over the period for which the funds are acquired. Preliminary Expenditure is amortised equally over a period of 5 years.

### **l) Foreign Currency Transaction**

#### **(i) Initial Recognition**

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

#### **(ii) Conversion**

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and the non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

#### **(iv) Exchange Differences**

Exchange differences arising on the settlement of monetary items or on reporting such monetary items of the Company at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise.

### **m) Retirement and other Employee Benefits**

Retirement benefits in the form of Provident Fund is a defined contribution scheme and the contributions are charged to the Profit & Loss Account of the year when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the respective trusts.

Gratuity liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year.

Short term compensated absences are provided for based on estimates. Long term compensated absences are provided for based on actuarial valuation on projected unit credit method made at the end of each financial year.

Actuarial gains / losses are immediately taken to the profit and loss account and are not deferred.

**n) Income Tax**

Tax expense comprises of current, deferred and fringe benefit tax. Current income tax and fringe benefit tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961 enacted in India. Deferred income taxes reflect the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the taxes on income levied by same governing taxation laws. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

At each balance sheet date the Company re-assesses unrecognised deferred tax assets. It recognizes unrecognized deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realized.

**o) Employees Stock Compensation Cost**

Measurement and disclosure of the employee share-based payment plans is done in accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the Guidance Note on Accounting for Employee Share-based Payments, issued by the Institute of Chartered Accountants of India. The Company measures compensation cost relating to employee stock options using the fair value method. Compensation expense is amortized over the vesting period of the option on a straight line basis.

**p) Earning Per Share**

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the year. For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

**q) Provisions**

A provision is recognised when an enterprise has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

**r) Cash and Cash equivalents**

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

**3) Segment Reporting Policies**

The Company is a Multi System Operator providing Cable Television Network Services, Internet Services and allied services which is considered as the only reportable segment. The Company's operations are based in India.

#### 4) Leases

##### In case of assets taken on lease

###### Finance Lease

Vehicles obtained on Finance Lease are for 4 years after which the legal title is passed to the lessee. There is no escalation clause in the lease agreement. There are no restrictions imposed by the lease arrangements. There are no subleases.

###### Operating Lease

The Company's significant leasing arrangements are in respect of operating leases taken for offices, residential premises, godowns, stores, etc. These leases are cancelable operating lease agreements that are renewable on a periodic basis at the option of both the lessor and the lessee. The initial tenure of the lease generally is for 11 to 120 months.

(Rs.lakhs)

Particulars	Finance Lease			Operating Lease		
	2009	2008	2007	2009	2008	2007
Total minimum lease payments at the year end	18.7	6.7	-	-	-	-
Less : amount representing finance charges	7.7	3.0	-	-	-	-
Present value of minimum lease payments	11.0	3.7	-	-	-	-
Lease payment for the year	-	-	-	659.3	93.1	1041.0
<b>Minimum Lease Payments :</b>						
Not Later than one year	9.7	12.7	-	12.6	11.4	439.0
Later than one year and not later than five years	24.1	30.7	-	64.2	76.7	395.0
Later than 5 years	-	-	-	-	-	-

##### In case of assets given on Lease

###### Operating Lease

Set Top Boxes given under operating leases are capitalised at an amount equal to cost arrived on weighted average method and the rental income is recognised on equal monthly rental billed to subscriber.

The Company has leased assets to its business associates and other parties by way of cancellable operating lease. The detail of gross book value of such assets, accumulated depreciation and depreciation for the year is as under.

(Rs. lakhs)

Description of Assets	Gross Block	Depreciation for the year ended March 31, 2009	Accumulated Depreciation
Plant and Machinery	995.8	107.6	914.9
Equipments	2.5	0.1	2.2
Furniture and Fixtures	0.7	-	0.4
Studio Equipments	6.5	0.5	3.7
Air Conditioners	4.0	0.2	0.5
Set Top Boxes	1,985.6	248.5	488.0
<b>Total</b>	<b>2,995.1</b>	<b>356.9</b>	<b>1,409.7</b>
Previous Year	2,396.4	395.7	1,294.3

##### Earning Per Share

#### 5) Impairment of Assets

The Company is in the process of building its cable network infrastructure. The assets mainly consist of cable plant, head ends and other equipment necessary for distribution of TV channel signals through cable network. With the implementation of Conditional Access System and demand for digital signals, the Company has transitioned from analogue distribution system to digital distribution system wherein these assets have significant value. Further, with the introduction of HITS, the Company expects to increase its reach and subscriber base. Management has, based on a ten year detailed business plan to expand its presence, carried out an impairment test on these assets using the discounted cash flow method which reflects that the value in use is significantly higher than the assets deployed / to be deployed in the business.

**6) Capital Commitments**

Estimated amount of Contracts remaining to be executed on capital account and not provided for (Net of Advances) amounting to Rs. 32.9 lakhs (Previous Year Rs. 312.3 lakhs)

**7) Contingent Liabilities not provided for**

- i) Claims against the Company not acknowledged as debts Rs. 1,146.8 lakhs (Previous Year Rs. 792.0 lakhs)
- ii) Income Tax Matters: Rs.60153.0 lakhs for the Assessment Year 1997-98 to Assessment Year 2004-05. These contingencies (dispute with Siti Cable Network India Ltd.) have arisen from demerger of cable business of SITI CABLE NETWORK INDIA LIMITED into Wire & Wireless (India) Limited & future cash outflow in respect of above would be determinable only on judgment/decisions.

The major issue in these cases are on account of the additions of income made by the Assessing Officer. These additions are made based on the number of subscribers as published in the advertisement brochure where in the company had claimed higher subscribers on the basis of eyeballs than actual subscribers being billed. The learned CIT(A) and ITAT has judged in favor of company deleting all additions.

The Income Tax Department has filed appeals against the orders of ITAT for A.Y. 1997-98 to 2000-01 before High Court and most likely these will be dismissed at admission stage itself as no question of law arises in these appeals and hence finally there will be no tax liability on the company.

- iii) Service Tax Matters: Rs. 285.6 lakhs for Financial Year 2001-02 to Financial Year 2003-04. These disputes (Dispute with Siti Cable Network India Ltd.) have arisen from demerger of cable business of SITI CABLE NETWORK INDIA LIMITED into Wire & Wireless India Limited & future cash outflow in respect of above would be determinable only on judgment/decisions.

The major issue in these cases are due to show cause notice issued by Deputy Commissioner raising demand for service tax on basis of advertisement income in financials, which was in the nature of broadcasting and not advertising agency. Siti Cable Network Limited, a MSO had performed broadcasting service in respect of same and not advertising service as defined in the Finance Act,1994. The CESTAT has given judgment in favor of the company, against which appeal is filed by Department in High Court. Considering some similar judgments in favour of the company, there would be no tax liability.

- iv) The Company has undertaken continuing financial support to subsidiaries.

**8) Employee Stock Option Plan –ESOP-2007**

The Company instituted the Employee Stock Option Plan – ESOP-2007 to grant equity based incentives to its eligible employees. The ESOP-2007 (“The Scheme”) has been approved by the

Board of Directors of the Company at their meeting held on June 27, 2007 and by the shareholders of the Company by way of special resolution passed at their Annual General Meeting held on September 18, 2007 to grant aggregating 4,344,355 options (not exceeding 2% of the issued, subscribed and paid up equity share capital of the Company as on March 31, 2007, representing one share for each option upon exercise by the employee of the Company at an exercise price determined by the Board / Remuneration committee. The Scheme covers grant of options to the specified permanent employees of the Company and Directors of the Company, whether Whole time Directors or otherwise as may be decided by the Board. Pursuant to the Scheme, the Remuneration Committee has on June 17, 2008 granted 150,000 options (PY grant of 29, 87,300 Options on 22/10/2007 ) to specified eligible employee of the Company at the market price determined as per the SEBI Guidelines.

The options granted under the Scheme shall vest not less than one year and not more than five years from the date of grant of options. Under the terms of the Scheme, 20% of the options will vest in the employee every year equally. The Option Grantee must exercise all vested options within a period of four years from the date of vesting. Once the options vest as per the Scheme, they would be exercisable by the Option Grantee at any time and the shares arising on exercise of such options shall not be subject to any lock-in period.

The movement in the options granted to the Employee during the year is set out below

Particular	Grant of Option 2008	Grant of Option 2007
Date of Grant	June 16, 2008	October 22, 2007
Market Value on date of grant of the options (per Share) (Rs.)	30.65	39.75
Exercise Price (per share) (Rs.)	30.65	39.75
Vesting Period	Five Years	Five Years
Opening Options(Nos.)	2,818,800	-
Options Granted (Nos.)	150,000	2,987,300
Options Lapsed (Nos.)	1,896,100	168,500
Options Forfeited (Nos.)	NIL	NIL
Options Exercised (Nos.)	NIL	NIL
Options Expired (Nos.)	NIL	NIL
Options Outstanding at end of the period (Nos.)	1,072,700	2,818,800
Options exercisable at the end of the period ( Nos.)	1,84,540	NIL

#### 9) Derivative Instruments and Unhedged Foreign Currency Exposure

Foreign currency exposures that are not hedged by derivative instruments as on March 31, 2009 amount to Rs. 196.0 lakhs (US \$ 3.8 lakhs @ Closing rate of 1 USD = Rs. 49.95) Previous Year Rs. 842 lakhs (US \$ 21.06 lakhs @ Closing rate of 1 USD = Rs. 39.97) represented by sundry creditors for capital goods and an amount of Rs. 141.5 lakhs (US \$ 2.8 lakhs @ Closing rate of 1 USD = Rs. 49.95) Previous Year Rs. Nil represented by sundry debtor for carriage fee.

#### 10) There is no amount due to Micro, Small and Medium Enterprises as per the Micro, Small and Medium Enterprises Development Act 2006.

The above information regarding Micro, Small and Medium Enterprises have been determined to the extent to which parties have been identified on the basis of information available with the Company.

#### 11) Qualifications / Report modifications in the audit report to these restated financial information 1. For the Year 2006-07

#### **A. Quantitative qualification in Auditors' Report**

Preference share investments in distribution companies and advances receivable from them aggregating to Rs. 4,797 lakhs is considered recoverable by the management, which is dependant on the future profitability of these companies.

#### **B Qualitative qualifications in Companies (Auditors' Report) Order, 2003**

- Clause (i)(a) The Company has not maintained proper records showing full particulars, including quantitative details and situation of fixed assets, for furniture and fixtures and network equipment capitalised from the assets taken over in the Scheme of Arrangement. The fixed assets register does not contain item-wise depreciation and accumulated depreciation.
- Clause (i)(b) All fixed assets have not been physically verified by the management during the year but there is a regular programme of verification. As informed, material discrepancies were identified on such verification. In our opinion, the frequency of the physical verification of the network equipment needs to be improved having regard to the size of the Company and the nature of its assets.
- Clause (ii)(a) The management has conducted physical verification of inventory at year end except for set top boxes with distributors, which have not been verified during or at the end of the year.
- Clause (ii)(c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification except in case of set top boxes with the distributors for which the management did not conduct physical verification of inventory during or at the end of the year.
- Clause (iv) The internal control system for the sale of set top boxes is inadequate as the Company does not have an adequate tracking mechanism for their dispatch to the customer. Further, the internal control system for sale of services for subscription revenues and carriage income is inadequate since the Company does not have written agreements with customers in all cases.
- Clause (ix)(a) Undisputed statutory dues including provident fund, investor education and protection fund, or employees' state insurance, income-tax, sales-tax, wealth-tax, service tax customs duty, excise duty, cess have not been regularly deposited with the appropriate authorities and there have been serious delays in large number of cases.

### **2. For the Year 2007-08**

#### **A. Quantitative qualification in Auditors' Report**

**None**

#### **B. Qualitative qualifications in Companies (Auditors' Report) Order, 2003**

- Clause (i)(a) The Company has not maintained proper records showing full particulars, including quantitative details and situation of fixed assets, for some of the network equipments taken over in the Scheme of Arrangement where the records are maintained for group of similar assets and not for each individual asset. The fixed assets register does not contain item-wise depreciation and accumulated depreciation.
- Clause (i)(b) All fixed assets have not been physically verified by the management during the year but there is a regular programme of verification. In our opinion, the frequency of the physical verification of the network equipment needs to be improved having regard to the size of the Company and the nature of its assets.

- Clause (iv) The internal control system for the sale of services for analogue subscription is inadequate since the Company does not have written agreements with customers in some cases. In our opinion this is a continuing failure to correct major weakness in the internal control system.
- Clause (ix)(a) Undisputed statutory dues including provident fund, investor education and protection fund, or employees' state insurance, income tax, sales tax, wealth tax, service tax, customs duty, excise duty, cess have not generally been regularly deposited with the appropriate authorities though the delays in deposit have not been serious.

### 3. For the Year 2008-09

#### A. Quantitative qualification in Auditors' Report

None

#### Qualitative qualification in Auditors' Report

Without qualifying our opinion, we draw attention to Note to the accompanying financial statements. In view of the matters stated therein relating to the net worth position of the company and the mitigating factors stated in that note, the accompanying financial statements have been prepared under the going concern assumption.

#### B. Qualitative qualifications in Companies (Auditors' Report) Order, 2003

- Clause (i)(a) The Company has not maintained proper records showing full particulars, including quantitative details and situation of fixed assets, for some of the network equipments taken over in the Scheme of Arrangement where the records are maintained for group of similar assets and not for each individual asset. The fixed assets register does not contain item-wise depreciation and accumulated depreciation.
- Clause (i)(b) All fixed assets have not been physically verified by the management during the year but there is a regular programme of verification. In our opinion, the frequency of the physical verification of the network equipment needs to be improved having regard to the size of the Company and the nature of its assets.
- Clause (iv) The internal system for the sale of services for analogue subscription is inadequate since the Company does not have written agreements with customers in some cases which is an industry issue as per management. In our opinion this is a continuing failure to correct major weakness in the internal control system.
- Clause (ix)(a) Undisputed statutory dues including provident fund, investor education and protection fund, or employees' state insurance, income tax, sales tax, wealth tax, service tax, customs duty, excise duty, cess have not generally been regularly deposited with the appropriate authorities though the delays in deposit have not been serious.
- Clause (ix)(a) According to the information and explanations given to us, undisputed dues in respect of provident fund, investor education and protection fund, employees' state insurance, income tax, wealth tax, service tax, sales tax, customs duty, excise duty, cess and other statutory dues which were outstanding, at the year end for a period of more than six months from the date they became payable are as follows:

Name of the statute	Nature of the dues	Amount (Rs)	Period to the amount relates	Due Date	Date of Payment
Andhra Pradesh State Entertainment Tax, 1939	Entertainment Tax	80.53 lakhs	For the months from November 2006 to	25 <sup>th</sup> of each month subsequent to month of	Rs 64.26 lakhs paid on June 17, 2009.

			September 2008	collection	Balance Rs.16.27 lakhs not paid
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- d) According to the records of the Company, the dues outstanding of income-tax, sales-tax, wealth-tax, service tax, customs duty, cess on account of any dispute, are as follows:

Name of the statute	Nature of dues	Amount *	Period to which the amount relates	Forum where dispute is pending
The Income Tax Act, 1961	Income Tax and Penalty	Rs 10,698 lakhs	Assessment Year 1997-98 to Assessment Year 2000-01**	Mumbai High Court
		Rs 49,455 lakhs	Assessment Year 2001-02 to Assessment Year 2004-05	Income Tax Appellate Tribunal at Mumbai
The Finance Act, 1994	Service tax demand	Rs 285.2 lakhs	Financial year 2000-01 to 2002-03**	Mumbai High Court
		Rs 0.4 lakhs	Financial year 2001-02 to 2003-04	Asstt. Commissioner of Service Tax, New Delhi

\*Refer Note 10 of Schedule 21 to the financial statements. \*\*The appeals have been decided in the favour of the Company at the ITAT /CEGAT.

- Clause (xi) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institution and banks, including interest payments as per rescheduled dates in a few cases. The Company has not issued any debentures.
  - Clause (xviii) According to the information and explanations given to us and on overall examination of the balance sheet of the Company, we report that the Company has used funds raised on short-term basis for long-term investment. The Company has used funds raised on short-term basis for long-term investment in fixed assets (including capital work in progress) aggregating to Rs. 7,282 lakhs and funding its losses aggregating to Rs 23,048 lakhs.
- 12) Exceptional items include the provision for doubtful debts and loans and advances which primarily relate to assets taken over from Zee Entertainment Enterprises Limited and Siti Cable Network Limited as per the Scheme of Arrangement dated November 17, 2006.

Particulars	FY 2007-08	FY 2006-07
Provision for Doubtful Debts	208.18	1,538.82
Provision of Loans and Advances	6,066.01	246.61
Investment written off	864.28	-
Fixed Assets written off	731.32	3,674.14
Inventory written off	87.27	167.98
	<b>7,957.06</b>	<b>5,627.55</b>

13) **Previous year Comparatives:**

Previous year's figures have been regrouped wherever necessary to confirm to this year's classification.

## **ANNEXURE – 5**

### **Statement of Dividend**

We have not declared or paid any dividend on our Equity Shares for the year ended March 31, 2009, March 31, 2008 and period ended March 31, 2007

#### **Notes**

1. The above statement is not indicative of the dividend policy of the Company in the future.
2. The above statement is based on the financial statements of the Company.

ANNEXURE – 6

Summary Statement of Investments for the year ended March 31,

	Rs. Lakhs		
	2009	2008	2007
<b>Long Term Investments- At Cost</b>			
<b>Quoted – Trade</b>	-	-	-
<b>Unquoted – Trade</b>			
<b>Equity Shares</b>			
480 Equity Shares of Rs. 100/- each fully paid up of Master Ads Private Limited	0.48	0.48	0.50
9,500 Equity Shares of Rs.10/- each fully paid up of Dakshin Communication Private Limited	17.70	17.70	17.70
3,000 Equity Shares of Rs.10/- each fully paid up of Centre Channel Private Limited	2.28	2.28	2.30
	20.46	20.46	20.50
Less : Provision for diminution in value of Investments	(20.46)	20.46	(20.50)
	-	-	-
<b>Investments in 6% Non-Cumulative Redeemable</b>			
<b>Preference Shares of Rs. 100/- each fully paid up of</b>			
14080 Haryana Communication Network Pvt. Ltd.	70.40	70.40	70.40
5430 Bangalore Communication Network Pvt. Ltd. #	-	-	27.10
1610 Banjara Telelinks Pvt. Ltd. #	-	-	8.00
579 Bargachh Telelinks Pvt. Ltd. #	-	-	2.90
8420 Chanakya Communications Network Pvt. Ltd. #	-	-	42.10
9680 Chandigarh Network Systems Pvt. Ltd. #	-	-	48.40
1230 Chirag Telelinks Pvt. Ltd. #	-	-	6.10
5489 Condoor Communication Pvt. Ltd. #	-	-	27.50
41960 Dakhsin Communications Pvt. Ltd. #	-	-	209.80
8580 Faridabad Entertainment Pvt. Ltd. #	-	-	42.90
6270 Garden City Communication Pvt. Ltd. #	-	-	31.40
14140 Him Mohini Communications Pvt. Ltd. #	-	-	70.70
3659 North Bombay Cable Network Pvt. Ltd. #	-	-	18.30
12510 North Delhi Cable Network Pvt. Ltd. #	-	-	62.50
8118 Purvalaya Communications Pvt. Ltd. #	-	-	40.60
15270 Purvi Communications Pvt. Ltd. #	-	-	76.40
9820 Rajdhani Communication Network Pvt. Ltd. #	-	-	49.10
250 Satellite Communication Pvt. Ltd. #	-	-	1.30

	2009	2008	2007
5730 Shri Sai Network Pvt. Ltd. #	-	-	28.70
3290 Siti Communication Pvt. Ltd. #	-	-	16.50
1290 Tirupathy Communication Network Pvt. Ltd. #	-	-	6.40
2050 Trans Yamuna Communication Network Pvt. Ltd. #	-	-	10.20
3850 Vanasthali Communication Network Pvt. Ltd. #	-	-	19.20
2530 West Delhi Cable Network Pvt. Ltd. #	-	-	12.70
1100 Zem Communication Pvt. Ltd. #	-	-	5.50
26020 Ahmedabad Network System Pvt. Ltd. #	-	-	-
7570 Amritsar Communication Network Pvt. Ltd. #	-	-	-
5248 Delhi Prime Communication Network Pvt. Ltd. #	-	-	-
2420 Divine Cable Visions Pvt. Ltd. #	-	-	-
4600 Divya Communications Pvt. Ltd. #	-	-	-
5699 Dwarka Telelinks Pvt. Ltd. #	-	-	-
1989 East Delhi Communication Network Pvt. Ltd. #	-	-	-
4469 East Ludhiana Cable Network Pvt. Ltd. #	-	-	-
10280 East Patel Communication Network Pvt. Ltd. #	-	-	-
4760 Jabalpur Cable Network Pvt. Ltd. #	-	-	-
2990 Jalandhar Multimedia Pvt. Ltd. #	-	-	-
6820 Jammu Communications Network Pvt. Ltd. #	-	-	-
12930 Karnal Communications Pvt. Ltd. #	-	-	-
14220 Mani nagar Network Pvt. Ltd. #	-	-	-
590 Nizamabad Communication Pvt. Ltd. #	-	-	-
6580 Noida Network Systems Pvt. Ltd. #	-	-	-
10898 Panchsheel Communication Network Pvt. Ltd. #	-	-	-
8880 Panipat Communications Pvt. Ltd. #	-	-	-
4180 Pink City Communication Network Pvt. Ltd. #	-	-	-
23010 Sabarmati Network Pvt. Ltd. #	-	-	-
15440 Space Channel Communication Pvt. Ltd. #	-	-	-
7070 Vasant Kunj Cable Network Pvt. Ltd. #	-	-	-
4390 Vision Network Pvt. Ltd. #	-	-	-
	70.40	70.40	934.70

	2009	2008	2007
Less : Provision for / Write off diminution in value of Investments	70.40	70.40	934.70
	-	-	-
<b>In Subsidiaries - Wholly owned</b>			
10000 Equity shares of Rs. 10/- each fully paid up of Siticable Broadband South Ltd.	1.00	1.00	1.00
50000 Equity shares of Rs. 10/- each fully paid up of Central Bombay Cable Network Ltd.	5.00	5.00	5.00
	<b>6.00</b>	<b>6.00</b>	<b>6.00</b>
<b>In Subsidiaries – Others</b>			
6831000 Equity shares of Rs. 10/- each fully paid up of Indian Cable Net Company Ltd.	1,111.42	1,111.42	1,111.40
25,500 (PY 5100) Equity shares of Rs. 10/- each fully paid up of Wire and Wireless Tisai Satelite Ltd	2.55	0.51	-
	<b>1,119.97</b>	<b>1,117.93</b>	<b>1,117.40</b>
# Note : These investments have been written off against provision for diminution in value of investments.			

## Summary Statement of Sundry Debtors and Loans &amp; Advances as at March 31,

## A Sundry Debtors

	Rs. Lakhs		
PARTICULARS	2009	2008	2007
<b><u>More than Six Months</u></b>			
- Considered Good	6,021.62	3,153.28	1,157.38
- Considered Doubtful	10,344.48	6,285.68	3,502.75
	16,366.10	9,438.96	4,660.13
Less : Provision for Doubtful Debts	10,344.48	6,285.68	3,502.75
	6,021.62	3,153.28	1,157.38
<b><u>Others</u></b>			
Considered Good	7,215.55	7,163.41	4,861.71
<b>TOTAL</b>	<b>13,237.17</b>	<b>10,316.69</b>	<b>6,019.09</b>
<b><u>Amount Due from Related Parties:</u></b>	<b>6,029.58</b>	<b>2,292.00</b>	<b>1,287.93</b>
<b><u>Major Parties includes:</u></b>			
Indian Cable Net Company Ltd.	1,583.03	512.57	449.48
Dish TV India Limited	0.38	353.53	-
ZEEL	2,700.75	1,230.47	467.58
Zee News Ltd.	1,404.66	40.77	369.52
<b>B Details of Loans and Advances</b>			
			Rs. Lakhs
PARTICULARS	2009	2008	2007
<b>LOANS AND ADVANCES</b>			
<b>Unsecured, Considered Good</b>			
Advances and Loan to Subsidiaries	375.92	250.97	249.00
Advances Recoverable in cash or in kind or for value to be received	3,030.98	2,242.45	1,180.32
Inter Corporate Deposits	4.48	77.58	7,849.59
Loans	-	-	-
Deposit – Others	3,430.49	856.88	778.78

<b>PARTICULARS</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>
Advance Tax	908.47	746.42	850.16
<b>Unsecured, Considered Doubtful</b>			
Advances to Distribution Companies	7,383.79	7,383.79	5,294.80
Deposit - Others	28.08	28.08	22.30
Other Advances	708.01	364.71	262.40
	<b>15,870.22</b>	<b>11,950.88</b>	<b>16,487.35</b>
Less : Provision for Advances to Distribution Companies	7,383.79	7,383.79	5,294.80
Provision for Deposits- Others	28.08	28.08	22.30
Provision for Other Advances	708.01	364.71	262.40
<b>TOTAL</b>	<b>7,750.34</b>	<b>4,174.30</b>	<b>10,907.85</b>
<b>Amount Due from Related Parties:</b>	<b>3,136.82</b>	<b>402.51</b>	<b>370.08</b>
<b>Major Parties includes:</b>			
Central Bombay Cable Network Ltd.	334.30	219.22	239.42
Dish TV India Ltd.	2,519.58	-	108.92
Zee Turner Ltd.	131.93	132.59	2.92

**ANNEXURE – 8**

**Summary Statement of Other Income for the year ended March 31,**

PARTICULARS	Rs. Lakhs		
	2009	2008	For the period from March 24, 2006 to March 31, 2007
Interest Income	65.05	457.37	797.70
Software Income	-	-	87.05
Sundry Balance w/back	33.20	373.18	380.88
Foreign Exchange Fluctuations Gain (Loss) (Net)	(61.23)	226.70	81.45
Other Income	145.91	109.81	555.21
<b>Total</b>	<b>182.93</b>	<b>1,167.06</b>	<b>1,902.29</b>

**ANNEXURE – 9**

**Statement of Contingent Liabilities as at March 31,**

**Rs. Lakhs**

<b>S N</b>	<b>PARTICULARS</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>
	<b>Contingent Liabilities not provided for</b>			
1	Claims against the Company not acknowledged as debts	1,146.80	792.00	1,015.40
2	Estimated amount of Contracts remaining to be executed on capital account and not provided for (Net of Advances)	32.90	312.30	2,468.00
3	Income Tax demand against the Company ( AY 1997-98 to AY 2004-05)	60,153.00	-	-
4	Service Tax demand ( FY 2001-02 to FY 2004 to 2005)	285.60	-	-
		<b>61,618.30</b>	<b>1,104.30</b>	<b>3,483.40</b>

**ANNEXURE-10**

**Details of Secured Loans as at March 31,**

Particulars	Rs. Lakhs		
	2009	2008	2007
<b>Long term</b>			
Term Loans	10,001.46	22,749.98	19,038.24
Finance Lease Obligation	35.24	39.38	-
Hire Purchase	20.07	39.40	32.68
<b>Short term</b>			
Working Capital Finance	3,520.23	3,266.01	3,051.74
Interest Accrued and due	95.82	132.10	-
<b>Total</b>	<b>13,672.82</b>	<b>26,226.87</b>	<b>22,122.66</b>

**Details of Loan Taken and Assets of the Company charged as securities**

Lender	Original Amount	Date of Availment	Amount Outstanding as on 31.3.09	Effective Rate (%)	Repayment Period	Security
Infrastructure Development Finance Company Limited	5,000.00	8-May-08	5,001.46	12.26	The term loan of IDFC has been further rolled over for the period of 8 years.	A first pari passu charge and mortgage of all the Company's immovable properties, present and future; A first pari passu charge by way of hypothecation of all the Company's movables, including movable machinery, machinery spares, tools and accessories, present and future; A first pari passu charge on the Company's books debts, bank accounts, operating cash flows, receivables, commissions, revenues of whatsoever nature and whenever arising, present and future; A first pari passu charge on all intangibles of the Company including but not limited to goodwill, uncalled capital, present and future; and Corporate Guarantee from Zee Entertainment Enterprises Ltd. (ZEEL) towards payment obligation under the Rupee Term Loan.
IDBI Interest Accrued	2,500.00	1-Dec-08	2,499.09 62.64	15.0	Working Capital	First pari passu charge by way of hypothecation on movable and immovable assets of the Company both current and future, with other lenders and by corporate guarantee of ZEEL.

Canara Bank	700	20-Nov-08	1,021.14	15.5	The working capital loan from Canara Bank has been further renewed for the period of 7 Months	First pari passu charge against hypothecation of stocks and book debts and hypothecation of control room equipments installed at various places in Delhi and by corporate guaranteed by ZEEL
YES Bank Interest Accrued	5,000.00	28-Jul-08	5,000.00 33.18	14.75	Loan to be repaid in four consecutive equal monthly installments started from the end of 9th Month from the Drawdown.	First pari passu charge on all present and future current assets and fixed assets of the Company. DSRA to be funded in the beginning of every month with the amount due at the end of the month. ZEEL Undertaking to fund and top up the DSRA every month, to an extent DSRA not funded by WWIL.
Kotak Mahindra Prime Ltd	29.70	Various Dates	22.07	14.5	Loan to be paid in 48 equated monthly installment	Asset as mentioned in the Car Finance Lease Agreement
Orix Auto Infrastructure Services Ltd	48.77	Various Dates	35.24	14.5	Loan to be paid in 48 equated monthly installment	Asset as mentioned in the Car Finance Lease Agreement
<b>Total</b>			<b>13,672.83</b>			

## ANNEXURE -11

### Details of Unsecured Loans as at March 31,

Particulars	Rs. Lakhs		
	2009	2008	2007
<b>Long term</b>			
From Others	-	11,152.37	2,997.37
Interest Accrued and due	-	-	252.58
<b>Short term</b>			
From Others	27,299.95	-	1,100.00
Interest Accrued and due	1,565.01	-	-
<b>Total</b>	<b>28,864.96</b>	<b>11,152.37</b>	<b>4,349.95</b>
<b>Amount Due to Related Parties:</b>	<b>28,288.20</b>	<b>11,152.37</b>	<b>4,097.37</b>
<b>Major Parties includes:</b>			
Churu Trading Co. Pvt. Ltd.	1,737.00	2,205.00	-
ETC Networks Ltd.	1,145.24	1,100.00	1,100.00
ZEEL	22,647.37	7,847.37	2,997.37
Zee News Ltd	1,255.00	-	-

ANNEXURE -12

Statement of Capitalization as on March 31, 2009

Particulars	Rs. in lakhs	
	Pre-issue	Adjusted for Issue
<b>Borrowings :</b>		
Short Term	32,481.01	32,481.01
Long Term	10,056.77	10,056.77
<b>Total Debts</b>	<b>42,537.78</b>	<b>42,537.78</b>
<b>Shareholders funds</b>		
Equity Share Capital	2,172.17	4,539.85
Preference Share Capital	0.24	0.24
Stock Option Outstanding	53.92	53.92
<b>Reserve &amp; Surplus</b>		
Securities Premium	-	42,618.12
Capital Reserves	-	-
Less: Misc. Expenditure	306.09	306.09
Less: Debit Balance in Profit and Loss Account	23,048.05	23,048.05
<b>Total Shareholders Funds</b>	<b>(21,127.81)</b>	<b>23,857.99</b>
<b>Total Capitalization</b>	<b>21,409.97</b>	<b>66,395.77</b>
<b>Long Term Debt / Equity Ratio</b>	<b>NA</b>	<b>0.42</b>

Note:

1. Short term debt is considered as debts having original repayment term not exceeding 12 months.
2. Long-term debt is considered as debt other than short-term debt, as defined above.
3. The figures disclosed above are based on the restated summary financial statements of Wire & Wireless (India) Ltd.

**ANNEXURE - 13**

**Statement of Related Party Transactions (as per Accounting Standard 18)**

Related Party Disclosure:

**(i) List of related parties:**

**(1) Name of the Parties where control exists irrespective of the transactions have occurred or not**

**(a) Subsidiary Companies -**

Central Bombay Cable Network Ltd., Indian Cable Net Company Ltd., Siti Cable Broadband South Ltd., Master Channel Community Network Pvt. Ltd. and Wire and Wireless Tisai Satellite Ltd.

**(2) Name of the Other Related Parties where transactions have taken place during the year**

**(a) Key Management Personnel-**

Mr. Subhash Chandra, Director, Mr. Amit Goenka, Whole-Time Director, Mr. Deepak Chandnani, Chief Executive Officer (till November 4, 2008) and Mr. Sudhir Agarwal, Chief Executive Officer (appointed w.e.f. November 10, 2008)

**(b) Entities having common control-**

Agrani Satellite Services Ltd., Dakshin Media Gaming Solutions Pvt. Ltd., Dish TV India Ltd., Essel Propack Ltd., ETC Networks Ltd., Intrex India Ltd., Pan India Network Infravest Pvt. Ltd., Zee Entertainment Entertainment Ltd, Zee Interactive Learning System, Zee News Ltd., Zee Turner Ltd., Essel Minerals Pvt. Ltd., Briggs Trading Company Pvt. Ltd., Churu Trading Company Pvt. Ltd., Ganjam Trading Company Pvt. Ltd., Jayneer Capital Pvt. Ltd., Lazarus Investments Ltd., Prajatma Trading Company Pvt. Ltd., Premier Trading Company Ltd., Veena Investment Pvt. Ltd.

**(ii) List of transaction with related parties:**

S N	Particulars Nature of Expenses / Names of the Parties	2009	Major Parties 2009	2008	Major Parties 2008	Rs. Lakhs	
						2007	Major Parties 2007
<b>1</b>	<b>Sale, Services and other Recoveries (Net)</b>	<b>3,810.40</b>		2,929.55		5,451.85	
	Dish TV India Ltd.		-		391.59		29.61
	Indian Cable Net Company Ltd.		813.92		833.33		458.09
	ZEEL		1,317.84		1,215.98		3,962.37
	Zee News Ltd.		1,232.51		25.53		905.02
<b>2</b>	<b>Purchase of Programs, Goods &amp; Services</b>	<b>1,703.78</b>		786.77		740.48	
	Zee Turner Ltd.		1,702.41		717.39		460.66
	Indian Cable Net Company Ltd.						259.90
<b>3</b>	<b>Purchase of Fixed Assets, Capital Goods and Investments</b>	<b>38.36</b>		1.04		34.67	
	Dish TV India Ltd.		20.94		-		18.59

S N	Particulars Nature of Expenses / Names of the Parties	2009	Major Parties 2009	2008	Major Parties 2008	2007	Major Parties 2007
	Zee Turner Ltd.		17.42		1.04		-
	ZEEL		-		-		13.41
<b>4</b>	<b>Sale of Fixed Assets &amp; Capital Goods</b>	<b>6.16</b>		-		8.61	
	Indian Cable Net Company Ltd.		5.44		-		8.61
	Dish TV India Ltd		0.70		-		-
<b>5</b>	<b>Interest Received</b>	<b>38.20</b>		-			
	Central Bombay Cable Network Ltd.		38.20		-		
<b>6</b>	<b>Advances given</b>	<b>2,772.52</b>		4,753.01		4,170.43	
	Churu Trading Co.Pvt. Ltd.		-		4,500.00		2,506.80
	Dish TV India Ltd.		2,465.00		222.20		1,212.81
<b>7</b>	<b>Receipts towards advances given</b>	<b>102.89</b>		4,702.49		4,169.94	
	Churu Trading Co.Pvt. Ltd.		-		4,500.00		2,506.80
	Dish TV India Ltd.		-		118.98		1,216.87
	Indian Cable Net Company Ltd.		52.81		-		-
	Central Bombay Cable Network Ltd.		39.55		-		-
<b>8</b>	<b>Loans / Deposits received from</b>	<b>46,663.1 6</b>		21,450.00		5,424.20	
	Churu Trading Co.Pvt. Ltd.		20,232.00		10,450.0 0		-
	Zee News Ltd.		10,180.00		-		-
	ZEEL		15,500.00		10,700.0 0		3,475.18
	ETC Network Limited		-		-		1,949.02
<b>9</b>	<b>Repayment of Loans / Deposits received</b>	<b>30,325.0 0</b>		14,095.00		752.80	
	Churu Trading Co.Pvt. Ltd.		20,700.00		8,245.00		-

S N	Particulars Nature of Expenses / Names of the Parties	2009	Major Parties 2009	2008	Major Parties 2008	2007	Major Parties 2007
	Zee News Ltd		8,925.00		-		-
	ZEEL		700.00		5,850.00		434.55
	ETC Network Limited		-		-		318.25
<b>10</b>	<b>Expenses Recovered</b>	<b>93.35</b>		128.27		496.23	
	Indian Cable Net Company Ltd.		--		48.34		434.88
	Zee News Ltd.		69.05		45.36		-
	Zee Turner Ltd.		--		13.56		9.99
	Dish TV India Limited		12.22		--		--
<b>11</b>	<b>Expenses Reimbursed</b>	<b>81.97</b>		352.14		1,333.76	
	Indian Cable Net Company Ltd.		0.63		48.17		450.78
	ZEEL		79.66		295.09		806.43
<b>12</b>	<b>Balances Outstanding</b>						
<b>a.</b>	<b>Sundry Debtors</b>	<b>6,029.58</b>		2,292.00		1,287.93	
	Indian Cable Net Company Ltd.		1,583.03		512.57		449.48
	Dish TV India Limited		0.38		353.53		-
	ZEEL		2,700.75		1,230.47		467.58
	Zee News Ltd.		1,404.66		40.77		369.52
<b>b.</b>	<b>Sundry Creditors</b>	<b>4,348.40</b>		1,826.83		2,995.14	
	ZEEL		1,609.12		1,587.40		2,544.11
	Zee Turner Ltd.		2,619.85		--		--
<b>c.</b>	<b>Loans / Deposits / Advances given</b>	<b>3,136.82</b>		402.51		370.08	
	Central Bombay Cable Network Ltd.		334.30		219.22		239.42
	Dish TV India Ltd.		2,519.58		-		108.92
	Zee Turner Ltd.		131.93		132.59		2.92

S N	Particulars Nature of Expenses / Names of the Parties	2009	Major Parties 2009	2008	Major Parties 2008	2007	Major Parties 2007
<b>d.</b>	<b>Loans / Deposits / Advances received</b>	<b>28,288.2 0</b>		11,301.52		4,097.37	
	Churu Trading Co. Pvt. Ltd.		1,737.00		2,205.00		--
	ETC Networks Ltd.		1,145.24		1,100.00		1,100.00
	ZEEL		22,647.37		7,847.37		2,997.37
	Zee News Ltd		1,255.00		--		--
	Indian Cable Net Company Ltd.		1,413.30		--		
<b>e.</b>	<b>Interest Accrued on Loans / Deposits / Advances received</b>	<b>2,186.62</b>		595.51		252.58	-
	Churu Trading Co. Pvt. Ltd.		501.23		209.19		-
	ZEEL		1,349.80		360.80		231.54
<b>f.</b>	<b>Remuneration to Key Managerial Personnel.</b>	<b>185.27</b>		<b>157.40</b>		-	
	Deepak Chandnani		139.16		157.40		--
	Sudhir Agarwal		46.11		--		--

ANNEXURE -14

Statement of Accounting Ratios as at March 31,

		Rs. Lakhs		
Particulars	2009	2008	2007	
1	Net Profit / (Loss) after Tax	(10,094.15)	(11,132.12)	(15775.24)
2	Weighted average number of Equity Shares outstanding during the year/period			
	a) Basic	217,217,753	217,217,753	217,217,753
	b) Diluted (Refer Note below)	217,217,753	217,217,753	217,217,753
3	Number of Equity Shares outstanding at the end of the year/period	217,217,753	217,217,753	217,217,753
4	Net Worth	(21,127.81)	(10,873.92)	247.18
<b>Accounting Ratios</b>				
Earnings per Share				
	Basic (1)/(2a)	(4.65)	(5.12)	(7.26)
	Diluted (1)/(2b)	(4.65)	(5.12)	(7.26)
	Return on Net Worth (1)/(4) - %	(47.78)	(102.37)	6382.09
	Net Asset Value Per Share (4) /(3)	(9.73)	(5.01)	0.11
<b>Note:</b>				

1).The ratios have been computed as under:

Basic earnings per share (Rs.) =  $\frac{\text{Net profit after tax, as restated, attributable to equity shareholders}}{\text{Weighted average number of equity shares outstanding during the year/period,}}$

Diluted earnings per share (Rs.) =  $\frac{\text{Net profit after tax, as restated, attributable to equity shareholders}}{\text{Weighted average number of equity shares outstanding during the year/period,}}$

Return on Net worth (%), =  $\frac{\text{Net profit after tax, as restated}}{\text{Net worth, as restated, at the end of the year/period,}}$

Net asset value per share (Rs.) =  $\frac{\text{Net worth, as restated, at the end of the year/period}}{\text{Number of Equity Shares outstanding at the end of the year/period}}$

2) There are potential equity shares as on March 31, 2009 and March 31, 2008 in the form of stock options granted to employees. As these are anti dilutive they are ignored in the calculation of diluted earnings per share and accordingly the diluted earnings per share is the same as basic earnings per share.

ANNEXURE -15

Statement of Tax Shelter as at March 31,

Rs Lakhs

		2009	2008	For the period from March 24, 2006 to March 31, 2007
Net Profit/(Loss) before tax as restated		(10,057.02)	(11,230.31)	(16,294.27)
Income tax rates applicable		33.99%	33.99%	33.66%
<b>Tax at notional rate</b>	<b>(A)</b>	<b>(3,418.38)</b>	<b>(3,817.18)</b>	<b>(5,484.65)</b>
<b>Adjustments :</b>				
<b>Permanent Differences</b>				
Employee stock		53.92	-	-
Others		30.29	828.74	4,094.88
		<b>84.21</b>	<b>828.74</b>	<b>4,094.88</b>
<b>Temporary Differences</b>				
Difference between tax depreciation and book Depreciation		994.60	891.88	1,855.93
Other payments allowed on payment of with holding of taxes		77.15	79.76	1,078.88
Disallowance U/S 40(a)(ia)		1,633.04	-	-
Provision for gratuity and leave encashment		99.35	90.39	6.36
Carry forward of losses		-	-	-
Deferred revenue expenses		(184.86)	(79.17)	(0.98)
Others		2,497.39	8,263.32	2,380.90
Provision for maintenance expenses				
<b>Total</b>		<b>5,116.67</b>	<b>9,246.18</b>	<b>5,321.09</b>
<b>Net Adjustments</b>		<b>5,200.88</b>	<b>10,074.92</b>	<b>9,415.97</b>
<b>Tax Savings thereon</b>	<b>(B)</b>	<b>1,767.78</b>	<b>3,113.15</b>	<b>3,169.42</b>
<b>Total Taxation Charge/</b>				
<b>(Saving) – Current</b>	<b>(A+B)</b>	<b>(1,650.60)</b>	<b>(357.01)</b>	<b>(2,315.23)</b>
Incremental taxes due to MAT		-	-	-
<b>Total current taxes</b>		<b>(1,650.60)</b>	<b>(357.01)</b>	<b>(2,315.23)</b>
Deferred tax expense/ (credit)		-	-	-
<b>Total Taxation</b>		<b>(1,650.60)</b>	<b>(357.01)</b>	<b>(2,315.23)</b>

Note:

(1) Deferred tax asset on the entire unabsorbed depreciation and business losses has not been recognised by the management in accordance with the Company's accounting policy - as mentioned in Note 2(n) in Annexure 4.

## **ANNEXURE -16**

### **Details of Segmental Reporting**

The Company is a Multi System Operator providing Cable Television Network Services, Internet Services and allied services which as per Accounting Standard – 17 is considered the only reportable segment. The Company's operations are primarily based in India.

## ANNEXURE-17

## Statement giving Tangible and Intangible Assets

PARTICULARS	Rs. Lakhs								
	2009			2008			2007		
	Gross Block	Accumulated Depreciation	Net Block	Gross Block	Accumulated Depreciation	Net Block	Gross Block	Accumulated Depreciation	Net Block
<b>TANGIBLE ASSETS</b>									
Building	310.30	62.68	247.62	310.30	57.63	252.67	302.80	52.65	250.15
Lease hold Land & Improvements	375.71	116.16	259.55	337.08	81.83	255.25	334.63	47.61	287.02
Plant & Machinery	20,613.06	10,004.06	10,609.00	14,945.62	7,738.22	7,207.40	14,639.19	5,768.60	8,870.59
Furniture and Fixture	180.10	81.54	98.56	145.36	62.61	82.75	116.06	55.09	60.97
Studio Equipment	311.18	237.03	74.15	288.43	214.98	73.45	279.95	194.59	85.36
Computers	768.04	356.97	411.07	630.96	275.84	355.12	422.41	224.46	197.95
Set Top Boxes	2,889.88	631.33	2,258.55	1,412.37	267.30	1,145.07	739.26	19.72	719.54
Vehicle	166.09	56.27	109.82	193.66	53.38	140.28	116.84	38.13	78.71
Office Equipment	384.68	110.84	273.84	359.05	94.74	264.31	279.93	80.71	199.22
Decorders	-	-	-	-	-	-	-	-	-
<b>Total - (A)</b>	<b>25,999.04</b>	<b>11,656.88</b>	<b>14,342.16</b>	<b>18,622.83</b>	<b>8,846.53</b>	<b>9,776.30</b>	<b>17,231.07</b>	<b>6,481.56</b>	<b>10,749.51</b>
<b>INTANGIBLE ASSETS</b>									
Goodwill	113.14	25.77	87.36	22.71	4.54	18.17	-	-	-
Cable Rights	480.39	396.02	84.37	503.49	376.30	127.19	505.21	277.33	227.88
Software	599.73	221.57	378.16	546.83	134.42	412.41	394.60	61.57	333.03
<b>Total - (B)</b>	<b>1,193.26</b>	<b>643.36</b>	<b>549.89</b>	<b>1,073.03</b>	<b>515.26</b>	<b>557.77</b>	<b>899.81</b>	<b>338.90</b>	<b>560.91</b>
<b>Total (A+B)</b>	<b>27,192.30</b>	<b>12,300.24</b>	<b>14,892.05</b>	<b>19,695.86</b>	<b>9,361.79</b>	<b>10,334.07</b>	<b>18,130.88</b>	<b>6,820.46</b>	<b>11,310.42</b>

All the above statement should be read with the Significant Accounting Policies and Notes to Financial Information as appearing in Annexure 4 to this Statement.

**Limited review results for the Quarter Ended June 30, 2009**

**UNAUDITED FINANCIAL RESULTS (CONSOLIDATED)**

		(Rs. In Lakhs)		
Particulars	Quarter ended		Year Ended	
	June 30, (Unaudited)		March 31,	
	2009	2008	(Audited)	
	2009	2008	2009	
1. Net Sales / Income from Operations	6,300.6	7,162.6	30,825.6	
<b>Total</b>	<b>6,300.6</b>	<b>7,162.6</b>	<b>30,825.6</b>	
2. <b>Expenditure</b>				
a. Cost of Goods and Services	6,083.6	5,267.2	21,088.8	
b. Employees cost	590.4	663.4	3,016.3	
c. Selling & Distribution Expenses	91.2	129.5	848.6	
d. Depreciation	1,160.6	777.0	3,215.9	
e. Other expenditure	1,258.9	1,093.2	5,627.3	
f. <b>Total</b>	<b>9,184.8</b>	<b>7,930.4</b>	<b>33,796.9</b>	
3. Profit from Operations before Other Income, Interest & Exceptional Items (1-2)	<b>(2,884.2)</b>	<b>(767.8)</b>	<b>(2,971.3)</b>	
4. Other Income	32.2	43.7	220.5	
5. Profit before Interest & Exceptional Items (3+4)	<b>(2,852.1)</b>	<b>(724.1)</b>	<b>(2,750.8)</b>	
6. Interest	1,859.1	1,095.9	6,025.9	
7. Profit after Interest but before Exceptional Items (5-6)	<b>(4,711.2)</b>	<b>(1,820.1)</b>	<b>(8,776.7)</b>	
8. Exceptional Items	56.2	-	233.2	
9. Profit (+)/ Loss (-) from Ordinary Activities before tax (7-8)	<b>(4,767.4)</b>	<b>(1,820.1)</b>	<b>(9,009.9)</b>	
10. Tax expense	9.5	11.4	406.4	
11. Net Profit (+)/ Loss (-) from Ordinary Activities after tax (9-10)	<b>(4,776.9)</b>	<b>(1,831.5)</b>	<b>(9,416.3)</b>	
12. Extra ordinary Items(net of expense Rs. _)	-	-	-	
13. Net Profit (+)/ Loss (-) for the period (11-12)	<b>(4,776.9)</b>	<b>(1,831.5)</b>	<b>(9,416.3)</b>	
Less: Minority Interest	(83.5)	60.1	216.8	

Notes:

- The Company operates in a single business segment of Cable Distribution in India, hence there are no separate reportable segments as per Accounting Standard on Segment Reporting (AS17).
- Digitalisation through HITS was commercially rolled out from April 1st 2009.
- The Company issued and allotted 1920 Secured Redeemable Non-Convertible Debenture each of Rs 10 each aggregating Rs 192 Cr. On a private placement basis to Institutional Investors. These Debentures have been listed on the wholesale Debt market segment of NSE.
- No investor grievance was pending as on March 31, 2009. During the quarter, 3 complaints were received and resolved; and accordingly no investor grievances / complaints are pending as on June 30, 2009.
- The above results were reviewed by the Audit Committee on July 22, 2009 and approved by the Board of Directors in its meeting held on July 22, 2009. The unaudited financial results (standalone) have been subjected to limited review by the Statutory Auditors.
- Previous periods' figures have been regrouped and rearranged wherever necessary.

**UNAUDITED FINANCIAL RESULTS (STANDALONE)**

(Rs. In Lakhs)

	Particulars	Quarter ended June 30, (Unaudited)		Year Ended March 31, (Audited)
		2009	2008	2009
1.	Net Sales / Income from Operations	4,717.8	5,513.0	22,843.2
	<b>Total</b>	<b>4,717.8</b>	<b>5,513.0</b>	<b>22,843.2</b>
2.	<b>Expenditure</b>			
a.	Cost of Goods and Services	4,702.8	4,087.3	15,712.9
b.	Employees cost	516.4	587.1	2,706.0
c.	Selling & Distribution Expenses	83.5	125.3	706.9
d.	Depreciation	1,090.7	723.8	2,977.6
e.	Other expenditure	1,142.4	887.9	4,957.9
f.	<b>Total</b>	<b>7,535.8</b>	<b>6,411.4</b>	<b>27,061.3</b>
3.	Profit from Operations before Other Income, Interest & Exceptional Items (1-2)	<b>(2,818.0)</b>	<b>(898.4)</b>	<b>(4,218.1)</b>
4.	Other Income	34.9	28.6	182.9
5.	Profit before Interest & Exceptional Items (3+4)	<b>(2,783.1)</b>	<b>(869.8)</b>	<b>(4,035.2)</b>
6.	Interest	1,858.4	1,095.4	6,021.9
7.	Profit after Interest but before Exceptional Items (5-6)	<b>(4,641.5)</b>	<b>(1,965.1)</b>	<b>(10,057.1)</b>
8.	Exceptional Items	-	-	-
9.	Profit (+)/ Loss (-) from Ordinary Activities before tax (7-8)	<b>(4,641.5)</b>	<b>(1,965.1)</b>	<b>(10,057.1)</b>
10.	Tax expense	5.7	8.9	37.6
11.	Net Profit (+)/ Loss (-) from Ordinary Activities after tax (9-10)	<b>(4,647.2)</b>	<b>(1,974.0)</b>	<b>(10,094.7)</b>
12.	Extra ordinary Items(net of expense Rs. __)	-	-	-
13.	Net Profit (+)/ Loss (-) for the period (11-12)	<b>(4,647.2)</b>	<b>(1,974.0)</b>	<b>(10,094.7)</b>
14.	Paid-up equity share capital (Face value Re.1/- per share)	2,172.2	2,172.2	2,172.2
15.	Reserve excluding Revaluation Reserves as per balance sheet of previous accounting year	-	-	(23,048.6)
16.	Earnings Per Share (EPS)			
	a) Basic and diluted EPS before extraordinary items for the period, for the year to date and for the previous year (not to be annualized)	(2.1)	(0.9)	(4.6)
	b) Basic and diluted EPS after extraordinary items for the period, for the year to date and for the previous year (not to be annualized)	(2.1)	(0.9)	(4.6)
17.	Public shareholding			
	- Number of shares	1,115.5	1,115.5	1,115.5
	- Percentage of Shareholding	51.4	51.4	51.4
18.	Promoters and Promoter Group Share- Holding			
	a)Pledged/Encumbered			
	-Number of shares	363.5	-	365.7
	-Percentage of Shareholding (as a% of Total Shareholding of Promoters & Promoter			

Group)	34.4	-	34.6
-Percentage of Shareholding (as a% of			
Total Share Capital of the Company)	16.7	-	16.8
(b) Non – Encumbered			
- Number of Shares	693.1	-	690.9
- Percentage of Shareholding (as a % of			
Total Shareholding of Promoters & Promoter			
Group)	65.6	-	65.4
- Percentage of Shareholding (as a % of			
Total Share Capital of the Company)	31.9	-	31.8

### **Limited Review Report**

**Review Report to  
The Board of Directors  
Wire and Wireless (India) Limited**

We have reviewed the accompanying statement of unaudited financial results of Wire and Wireless (India) Limited ('the Company') for the quarter ended June 30, 2009. This statement is the responsibility of the Company's management and has been approved by the Board of Directors. Our responsibility is to issue a report on these financial statements based on our review.

We conducted our review in accordance with the Standard on Review Engagement (SRE) 2400, Engagements to Review Financial Statements issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of the Company personnel and analytical procedures applied to financial data and thus provide less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

Without qualifying our opinion, we draw attention to Note 2 of accompanying statement of unaudited financial results. In view of the matters stated therein relating to the net worth position of the Company and the mitigating factors stated in that note, the accompanying statement of unaudited financial results have been prepared under the going concern assumption.

Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying statement of unaudited financial results prepared in accordance with recognition and measurement principles laid down in Accounting Standard 25 "Interim Financial Reporting", [notified pursuant to the Companies (Accounting Standards) Rules, 2006, (as amended)] and other recognised accounting practices and policies has not disclosed the information required to be disclosed in terms of Clause 41 of the Listing Agreement including the manner in which it is to be disclosed, or that it contains any material misstatement.

**For S.R. BATLIBOI & ASSOCIATES**  
Chartered Accountants

**per Yogesh Midha**  
Partner  
Membership No.:94941

Place: Gurgaon  
Date : 22 July 2009

Information as required by Government of India, Ministry of Finance, Circular No. F2/5/SE/76 dated February 5, 1977, as amended vide their circular of even date dated March 8, 1977.

**Working results of the Company**

Unaudited Financials for 5 Months ended August 31, 2009

Sr. No.	Particulars	Amount (Rs. Lacs)
1	Net Sales / turnover	11,407.30
2	Other Income	68.70
3	Total Income	11,476.00
4	PBDIT	(1,034.50)
5	Interest	2,778.60
6	Provision for depreciation	1,984.40
7	Profit / (Loss) before Tax	(5,797.50)
8	Provision for tax	14.20
9	Estimated / (Loss) Net Profit	(5,811.70)

**STOCK MARKET DATA FOR EQUITY SHARES OF OUR COMPANY**

Our Equity Shares are listed on the BSE and NSE. As our Equity Shares are actively traded on the BSE and NSE, our stock market data have been given separately for each of these Stock Exchanges.

The yearly high, low and average market price recorded on the BSE and NSE since incorporation is stated below:

**BSE**

Year	High (Rs.)	Low (Rs.)	Average price for the year (Rs.)
2008	103.40	7.70	31.17
2007	139.90	32.00	73.23

**NSE**

Year	High (Rs.)	Low (Rs.)	Average price for the year (Rs.)
2008	103.40	7.80	31.14
2007	139.75	30.30	73.24

The high and low closing prices recorded on the BSE and NSE for the preceding month and the number of Equity Shares traded on the days the high and low prices were recorded are stated below:

**BSE**

Month	High (Rs.)	Date of High	Volume on date of high (no. of shares)	Low (Rs.)	Date of Low	Volume on date of low (no. of shares)	Average price for the month (Rs.)
August 2009	22.05	August 6, 2009	63,83,159	18.40	August 12, 2009	10,28,591	19.95
July 2009	21.40	July 2, 2009	33,42,178	14.80	July 13, 2009	10,02,860	18.08
June 2009	27.65	June 5, 2009	53,02,513	18.55	June 23, 2009	11,36,712	22.55
May 2009	24.50	May 26, 2009	55,16,389	13.71	May 6, 2009	8,24,615	17.81

April, 2009	16.85	April 16, 2009	32,57,776	12.26	April 1, 2009	27,65,718	14.56
March, 2009	13.40	March 2, 2009	16,58,749	10.65	March 06, 2009	14,91,557	12.03

## NSE

Month	High (Rs.)	Date of High	Volume on date of high (no. of shares)	Low (Rs.)	Date of Low	Volume on date of low (no. of shares)	Average price for the month (Rs.)
August 2009	22.10	August 6, 2009	1,20,31,579	18.55	August 21, 2009	35,96,936	19.96
July 2009	21.40	July 2, 2009	60,83,172	14.85	July 13, 2009	22,12,047	18.06
June 2009	27.75	June 5, 2009	1,09,71,327	18.95	June 23, 2009	22,78,485	22.55
May 2009	24.60	May 26, 2009	1,16,31,575	13.75	May 6, 2009	22,79,275	17.81
April, 2009	17.00	April 16, 2009	77,57,655	12.25	April 1, 2009	49,43,461	14.63
March, 2009	13.40	March 23, 2009	30,98,525	10.70	March 6, 2009	34,34,672	12.05

The market price was Rs. 23.55 on BSE on August 21, 2008, the trading day immediately following the day on which Board meeting was held to approve the Issue.

The market price was Rs. 23.55 on NSE on August 21, 2008, the trading day immediately following the day on which Board meeting was held to finalize the offer price for the Issue.

In accordance with the provisions of the Scheme of Arrangement, the Equity Shares, issued pursuant to the Scheme of Arrangement as well as its existing Equity Shares issued for the purpose of incorporation were listed on BSE and NSE on January 10, 2007 and thereafter they were listed on CSE on January 12, 2007. The Equity Shares have not been listed for a period of three years. Pursuant to a letter dated January 27, 2009, the Equity Shares have been voluntarily delisted from the CSE as per SEBI (Delisting of Securities) Guidelines, 2003.

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

*You should read the following discussion of our financial condition and results of operations together with (a) our consolidated financial statements as at and for the year ended March 31, 2007 (FY 2007- Consisting of period from March 24, 2006 to March 31, 2007), for the year ended March 31, 2008 (FY 2008) and for the year ended March 31, 2009 (FY 2009) and the reports thereon and annexures thereto and (b) our standalone financial statements as at and for the year ended March 31, 2007(FY 2007), for the year ended March 31, 2008 (FY 2008) and for the year ended March 31, 2009 (FY 2009) and the reports thereon and annexures thereto, which have been restated in accordance with paragraph B(1) of Part II of Schedule II to the Companies Act and with the SEBI Regulations, and which are all included in the section titled "Financial Statement" in this Letter of Offer. Our financial statements are prepared in conformity with Indian GAAP. For details of restated financials please refer to financial statements disclosed on page 199 of this Letter of Offer.*

*In this section, references to "we", "our" and "us" refers to the Company on a standalone basis for any period or date up to and including March 31, 2009. References to "we", "our" and "us" for any period or date after March 31, 2009 refers to the Company and the Subsidiaries on a consolidated basis.*

### **Business Overview**

We are one of the group companies of the Essel group. We are involved in distribution of TV channels through our cable network. We are known as a Multi System Operator (MSO), providing the content from the Broadcaster to the LCOs. Historically, we have been providing content through Analogue cable system. With implementation of CAS in Delhi, Kolkata and Mumbai, and the recently launched HITS we have started providing content through Digital cable system with approximately 225 digital channels.

We deliver approximately 90 channels on the existing Analogue network. In the Digital mode, Wire and Wireless offers upto 225 Channels to its subscribers. Our network had presence in 107 cities across India including the 3 metros (Mumbai, Delhi and Kolkata) operating from 8 regional offices with approximately 4000 Franchisee LCOs and over 500 employees. We deliver channels through 73 Analog Headends and 5 Digital Headends.

The primary business activities of our Company are as follows:

- Cable TV subscription (through Analogue cable and Digital cable )
- Bandwidth Charges (from broadcasters for placing the channel on the desired frequency)
- Advertisement; and
- Leasing out cable network infrastructure to other MSOs

Our competitive strengths are as follows:

- We are a MSO in the Cable Industry. We are present in 107 cities. We operate 73 Analogue Headends and 5 Digital Headends by providing network to approximately 4000 LCOs
- We have qualified and experienced promoters, management and technical team for the successful execution of our operations
- Forward integration model enabling us to access end consumers through acquisitions of LCOs and MSOs
- We are the first MSO to launch most advanced Digital Television satellite based delivery platform – Headend-in-the-Sky (HITS)
- Introduction of Multi-tiered / regional packages for varied customers

Our strategy would be to maximize the digital Subscriber base and reduce churn. We would also leverage on the existing network and customer relationships with the existing LCOs and tie- ups with potential LCOs.

Our offerings through Dish TV HITS platform, Digital cable, Broadband services and value added services are expected to be the major business drivers.

### **Business Performance**

#### **Revenues**

Our revenues comprise of:

- Cable Subscription: We provide Cable subscription services through Analog Cable Model, CAS Model and Internet Over Cable project
- Bandwidth Charges: Carriage is premium cost charged to the Broadcaster for placement of channels and providing them maximum reach
- Advertisement: Major advertising revenues comes from Scroll Advertising, Commercials, Stills, Movie Promos and Song Promos
- Leasing out cable network infrastructure: To make maximum utilization of infrastructure, we leased out our infrastructural facilities to other companies like Telecoms
- Lease rentals and Net Sales of STBs received from subscribers: Sales of Set-Top-Boxes (STBs)

### ***Expenditure***

Our expenditure comprise of:

- Operating costs comprising of:
  - Content Cost, distribution charges, right of way charges etc.
    - Content cost is one of the major component of the operating costs and is directly linked to the package opted by our digital subscribers. In case of Analogue, content cost is negotiated with the Broadcasters.
- Personnel cost: The Company has over 500 employees. The personnel cost is guided by prevailing market salaries, potential attrition, etc.
- Sales and distribution cost: The Company provides its services through a wide network of distributors, dealers, LCOs, etc. The major component of it is towards collection charges and advertisement & publicity expenses.
- Financial charges: The company has borrowed money from banks/institutions and promoter and promoter group companies for which the interest is paid on monthly/ quarterly basis.
- Depreciation: The substantial part of the depreciation expenditure comes from the depreciation booked for plant and machinery comprising of analogue, digital headends & cable plant and STBs which are leased out to the subscribers for 5 years but remains as an asset in the books of the company.

### **Significant items of income and expenditure**

	2009	2008	For the period from March 24, 2006 to March 31, 2007
<b>Income</b>			
Sales income from Operation	30,825.61	27,100.55	20,806.41
Other Income	220.50	1,449.78	2,075.82
<b>Total</b>	<b>31,046.11</b>	<b>28,550.33</b>	<b>22,882.23</b>
<b>Expenditure</b>			
Operational Cost	21,088.78	22,574.97	17,875.63
Personnel Cost	3,016.28	2,027.92	1,275.50
Administrative Cost	5,627.26	3,647.53	3,606.50
Selling & Distribution Cost	848.57	664.95	381.80
Interest & Finance charges	6,025.87	3,718.48	1,696.34
Depreciation	3,215.85	3,094.88	3,446.65
<b>Total</b>	<b>39,822.61</b>	<b>35,728.73</b>	<b>28,282.42</b>

***Financial year ended March 31, 2008 (FY 2008) compared with financial year ended March 31, 2007 (FY 2007)***

## Revenues

Our Sales income from operations for the financial years ended March 31, 2008 (FY 2008) and March 31, 2007 (FY 2007) was Rs. 27,100.55 Lakhs and Rs. 20,806.41 Lakhs respectively, an increase of 30%. Increase in the subscriber base and increase in income from bandwidth charges has lead to improvement in sales.

## Gross Margin

Margin becomes the key to enhancing profitability.

Gross Margins = (Sales – Cost of Operation)

Our Gross Sales, Operational Cost (OC) and Gross Margins for FY 2008 and FY 2007 are as follows:

(Rs. Lakhs)

Financial year ending	FY 2008	FY 2007
Sales income from operations	27,100.55	20,806.41
Operational Cost	22,574.97	17,875.63
Gross Margin	4,525.58	2,930.78
Gross Margin as % of Gross Sales	17%	14%

Gross margins have improved by 3% due to increase in income from Bandwidth charges.

## Other Income

Other income for the FY 2008 was Rs. 1449.78 Lakhs compared to Rs. 2075.82 Lakhs for FY 2007. Other income for FY 2008 was lower by 30% as compared to FY 2007 on account of 42% decrease in interest incomes. Other miscellaneous income also fell by 83%.

(Rs. Lakhs)

Financial year ending	FY 2008	FY 2007
Interest Income	459.52	797.84
Software Income	-	87.06
Sundry Balance w/off	640.65	380.88
Foreign Exchange Fluctuations	226.71	81.45
Other Income	122.90	728.59
<b>Total</b>	<b>1,449.78</b>	<b>2,075.82</b>

## Expenditure

Our total expenditure for FY 2008 was Rs. 35,728.73 Lakhs compared to Rs. 28,282.42 Lakhs for FY 2007 an increase of 26%. Operational cost increased to Rs. 22,574.97 Lakhs for FY 2008 from Rs. 17,875.63 Lakhs for FY 2007, an increase of 26%. The rise in operational cost was on account of ongoing subscriber base expansion. Personnel cost increased by 59% to Rs. 2,027.92 Lakhs in FY 2008 as compared to Rs. 1,275.50 Lakhs in FY 2007 in order to facilitate the business expansion. Administrative cost increased by 1% to Rs. 3,647.53 Lakhs in FY 2008 from Rs. 3,606.50 Lakhs in FY 2007. Selling and distribution expenses increased 74% from Rs. 381.80 Lakhs for FY 2007 to Rs. 664.95 Lakhs for FY 2008. Interest and finance charges increased 119% from Rs. 1,696.34 Lakhs for FY 2007 to Rs. 3,718.48 Lakhs for FY 2008 on account of rising debts from banks and promoter group / associated companies to fund the business expansion and funding of business working capital. Depreciation expense decreased by 10% to Rs. 3,094.88 Lakhs in FY 2008 from Rs. 3,446.65 Lakhs in FY 2007 on account of decrease in the asset base of Company, due to write off of the assets.

## Earnings before Interest, Depreciation, Tax and Amortisation and Exceptional items (EBITDA)

EBITDA for FY 2008 decreased to Rs. (365.04) Lakhs from Rs. (257.20) Lakhs for FY 2007. The decrease in EBITDA was on account of rise in personnel cost by 59% to Rs. 2,027.92 Lakhs in FY 2008 as compared to Rs. 1,275.50 Lakhs in FY 2007, selling & distribution cost by 74% to Rs. 664.95 Lakhs for FY 2008 from Rs. 381.80 Lakhs for FY 2007 and rise in operation cost of 26% to Rs. 22,574.97 Lakhs for FY 2008 from Rs. 17,875.63 Lakhs for FY 2007.

### ***Profit / (Loss) after Tax***

Loss for the business was for FY 2008 was Rs. (10,775.91) Lakhs lower than Rs. (15,473.90) Lakhs for FY 2007, a decrease of 30% for FY 2008. Total Income increased by 25% to Rs. 28,550.33 Lakhs in FY 2008 from Rs. 22,882.23 Lakhs in FY 2007 and Total Expenditure increased by 26% to Rs. 35,728.73 Lakhs in FY 2008 from Rs. 28,282.42 Lakhs in FY 2007.

### ***Net Working capital***

Net working capital, defined as difference between (a) current assets, loans and advance and (b) current liabilities and provisions was Rs. 10,347.11 Lakhs as at Mar'08 as compared to Rs 10,387.52 Lakhs as at Mar'07.

### ***Current Assets, Loans and Advances***

Total Current Assets consisting of Inventories, Sundry Debtors, Cash and Bank Balances, Loans & Advances given and Deferred Tax Asset were Rs. 25,956.40 Lakhs as at March 31, 2008 as compared to Rs. 26,383.68 Lakhs as at March 31, 2007. As at March 31, 2008, Inventories and Debtors increased by 21% and 70% to Rs. 9,000.49 Lakhs and Rs. 10,398.72 Lakhs as compared to Rs. 7,471.12 Lakhs and Rs. 6,112.17 Lakhs respectively as at March 31, 2007, while the loans and advances given decreased by 61% to Rs. 4,373.62 Lakhs as at March 31, 2008 as compared to Rs. 10,896.54 Lakhs as at March 31, 2007.

The following table sets forth details of the Total Current Assets:

<b>Financial Year ending</b>	<b>(Rs. Lakhs)</b>	
	<b>As at March 31, 2008</b>	<b>As at March 31, 2007</b>
Inventories	9,000.49	7,471.12
Sundry Debtors	10,398.72	6,112.17
Cash and Bank Balances	2,050.61	1,603.17
Loans and Advances	4,373.62	10,896.54
Deferred Tax Asset	132.96	300.68
Total Current Assets	25,956.40	26,383.68

### ***Inventory***

Inventory comprising of stock in trade and capital goods inventory as at March 31, 2008 was valued at Rs. 9000.49 Lakhs as compared to Rs. 7471.12 Lakhs as at March 31, 2007. The rise in the inventory levels was due to increase in the holding period of stocking STBs at various locations of the Company for digital rollout.

### ***Sundry Debtors***

Sundry debtors consist of receivables from subscribers & LCOs. In turn, these receivables are divided into those that have been outstanding for periods up to six months and those that have remained outstanding for over six months. Receivables that have been outstanding for more than six months are sub-divided into those that are considered good and those that are considered doubtful. Provisions are made for all receivables that management has determined are doubtful. The following table presents the details of our debtors:

<b>Financial year ending</b>	<b>(Rs. Lakhs)</b>	
	<b>As at March 31, 2008</b>	<b>As at March 31, 2007</b>
Amount due from debtors (net of provisions)	10398.72	6112.17
Gross amounts due from debtors outstanding for up to 6 months	7238.26	4741.45
Gross amounts due from debtors outstanding for up to 6 months as a percentage of debtors (net of provisions)	70%	78%
Gross amounts due from debtors outstanding for more than 6 months	9,947.02	5100.07
Gross amounts due from debtors outstanding for more than 6 months as a	96%	83%

<b>Financial year ending</b>	<b>As at March 31, 2008</b>	<b>As at March 31, 2007</b>
percentage of debtors (net of provisions)		
Provisions for doubtful debts as at end of the period	6777.72	3727.86
Amount of provisions for doubtful debts as a percentage of debtors (net of provisions)	65%	61%

### *Loans and Advances*

Loans and advances consist of unsecured loans and advances that are considered good. These include, among other items, deposits with landlords for properties taken on lease, customs, port trusts, excise authorities, advance income tax etc. Loans and advances given decreased by 60% to Rs. 4,373.62 Lakhs as at March 31, 2008 as compared to Rs. 10,896.54 Lakhs as at March 31, 2007 mainly due to decrease in inter-corporate deposits by 99% to Rs. 77.58 Lakhs as at March 31, 2008 as compared to Rs. 7,849.59 Lakhs as at March 31, 2007.

### *Current Liabilities and Provisions*

Current liabilities and provisions consist primarily of liabilities to sundry creditors, provisions and deferred tax liabilities and provisions for leave travel allowance, medical allowance, fringe benefit tax and income taxes.

The following table presents details of our current liabilities and provisions:

<b>Financial Year ending</b>	<b>(Rs. Lakhs)</b>	
	<b>As at March 31, 2008</b>	<b>As at March 31, 2007</b>
<i>Current Liabilities:</i>	15,476.33	15,695.48
<i>Provisions:</i>	171.58	102.90
Deferred Tax Liabilities	0.85	0.20
Total Current Liabilities & Provisions	15,648.76	15,798.58

### *Net Cash Flows*

The table below summarizes our cash flows for FY 2008 and FY 2007:

<b>Financial Year ending</b>	<b>(Rs. Lakhs)</b>	
	<b>As at March 31, 2008</b>	<b>As at March 31, 2007</b>
Net Cash Generated from (Used in) Operating Activities	(11,031.57)	(9,087.83)
Net Cash from (Used in) Investing Activities	3,059.61	(3,524.90)
Net Cash Generated from (Used in) Financing Activities	8,419.41	13,524.75
Net Increase/(Decrease) in Cash and Cash Equivalents	447.45	912.02

### *Operating Activities*

Cash flow from operating activities primarily depends upon our operating profits and changes in net working capital. The table below summarizes our cash flow from operations for FY 2008 and FY 2007:

<b>Financial Year ending</b>	<b>(Rs. Lakhs)</b>	
	<b>As at March 31, 2008</b>	<b>As at March 31, 2007</b>
Operating Profits before Working Capital Changes (net of tax)	(307.47)	847.54
Change in net working capital	(1,0524.3)	(9877.17)
Taxes Paid	(199.80)	(58.20)
Net Cash Generated from Operating Activities	(11,031.57)	(9,087.83)

### *Investing Activities*

Net cash used in investing activities represents capital expenditure, investments, and income from interest. The table below summarizes our net cash used in investing activities for FY 2008 and FY 2007:

(Rs. Lakhs)

<b>Financial year ending</b>	<b>As at March 31, 2008</b>	<b>As at March 31, 2007</b>
Purchase of Fixed Assets / Capital Work in Progress	(5,067.70)	(3,776.90)
Proceeds from sale of Fixed Assets	89.40	0.80
Investments in Mutual Funds	-	(1,000.00)
Redemption of Mutual Funds	-	1,000.00
Purchase of Investments in Subsidiaries	(0.50)	-
Purchase of Investments	(21.00)	-
Short Term Deposit paid to other corporate	(7,877.59)	(15,116.50)
Repayment of Short Term Deposit paid	15,829.00	14,557.30
Decapitalization of Ground Distribution Network	-	23.50
Interest Income Received	108.00	786.90
<b>Net Cash Flow from Investing Activities</b>	<b>3,059.61</b>	<b>(3,524.90)</b>

#### *Financing Activities*

Net cash from financing activities is determined by the level of principal and interest payout on debts, new indebtedness and issue of new capital stock and dividend and interest payouts. The table below summarizes our net cash from investing activities for FY 2008 and FY 2007:

(Rs. Lakhs)

<b>Financial Year ending</b>	<b>As at March 31, 2008</b>	<b>As at March 31, 2007</b>
Interest and Finance Expenses paid	(2,514.40)	(1,427.40)
Miscellaneous Expenditure	(86.20)	(147.10)
Proceeds from Long Term Borrowing	42,724.80	18,597.25
Repayment of Term borrowings	(31,705.79)	(3,503.00)
Proceeds from issuance of Share Capital	1.00	5.00
<b>Net Cash Flow from Financing Activities</b>	<b>8,419.41</b>	<b>13,524.75</b>

#### **Related Party Disclosures**

For details of Related Party Disclosures, please refer to the section entitled “Related Party Transactions” on page 192 of this Letter of Offer.

#### **Unusual or infrequent events or transactions**

Except as described in this Letter of Offer, particularly “History of the Company and Other Corporate Matters” section, there have been no other events or transactions that, to our knowledge, may be described as “unusual” or “infrequent”.

#### **Known trends or uncertainties**

Except as described in “Risk Factors”, “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in this Letter of Offer, to our knowledge, there are no known trends or uncertainties that are expected to have a material adverse impact on our revenues or income from continuing operations.

#### **Future Relationship between cost and income**

Except as described in “Risk Factors”, “Our Business”, “Management’s Discussion and Analysis of Financial Conditions and Results of Operations”, to our knowledge there are no known factors that will have a material adverse impact on our cost and income.

#### **Competitive Conditions**

Please refer to the sections titled “Risk Factors”, “Our Business - Competition”, “Industry” in Letter of Offer for discussion regarding Competition.

#### **Significant Economic Changes**

Please refer to “Risk Factors”, in this Letter of Offer for discussion regarding Economic changes and conditions.

#### **Seasonal Nature of Business**

Except as described in “Risk Factors”, “Our Business”, “Management’s Discussion and Analysis of Financial Conditions and Results of Operations”, to our knowledge our business is not seasonal.

#### **Dependence of Revenue on increase in contracts executed**

Major growth in sales is dependent upon increase in the number of subscriber of the Company.

#### **New Products or Business Segment**

Our Company is primarily engaged in the business of providing cable networking services. We are currently not contemplating to enter any new business segment.

#### **Dependence on single or few suppliers or customers**

Except as described in “Risk Factors”, we are not dependent on any single supplier or customer.

#### **Total Turnover of Major Industry Segments**

Our Company is primarily engaged in the business of providing networking services.

#### **Financial year ended March 31, 2008 (FY 2008) compared with financial year ended March 31, 2009 (FY 2009)**

##### **Revenues**

Our Sales income from operations for the financial years ended March 31, 2009 (FY 2009) and March 31, 2008 (FY 2008) was Rs. 30,825.61 Lakhs and Rs. 27,100.55 Lakhs respectively, an increase of 13.75%. Increase in income from bandwidth charges has lead to improvement in sales.

##### **Gross Margin**

Margin becomes the key to enhancing profitability.

Gross Margins = (Sales – Cost of Operation)

Our Gross Sales, Operational Cost (OC) and Gross Margins for FY 2009 and FY 2008 are as follows:

(Rs. Lakhs)

<b>Financial year ending</b>	<b>FY 2009</b>	<b>FY 2008</b>
Sales income from operations	30,825.61	27,100.55
Operational Cost	21,088.78	22,574.97
Gross Margin	9,736.83	4,525.58
Gross Margin as % of Gross Sales	31.58%	17%

Gross margins have improved by 14.58% due to increase in income from Bandwidth charges and reduction in operational cost.

##### **Other Income**

Other income for the FY 2009 was Rs. 220.50 Lakhs compared to Rs. 1449.78 Lakhs for FY 2008. Other income for FY 2009 was lower by 84.79% as compared to FY 2008 on account of 94% decrease in interest income and 81% decrease in other miscellaneous incomes.

(Rs. Lakhs)

<b>Financial year ending</b>	<b>FY 2009</b>	<b>FY 2008</b>
Interest Income	27.61	459.52
Sundry Balance w/off	107.58	640.65
Foreign Exchange Fluctuations	(61.23)	226.70
Other Income	146.54	122.90
<b>Total</b>	<b>220.50</b>	<b>1,449.78</b>

##### **Expenditure**

Our total expenditure for FY 2009 was Rs. 39,822.61 Lakhs compared to Rs. 35,728.73 Lakhs for FY 2008 an increase of 11.46%. Operational cost decreased to Rs. 21,088.78 Lakhs for FY 2009 from Rs. 22,574.97 Lakhs for FY 2008, a decrease of 6.58%. The decline in operational cost was on account of increase in operational efficiency due to cost rationalization measures undertaken by the company. Personnel cost increased by 48.74% to Rs. 3,016.28 Lakhs in FY 2009 as compared to Rs. 2,027.92 Lakhs in FY 2008 due to increase in skilled manpower. Administrative cost increased by 54.28% to Rs. 5627.26 Lakhs in FY 2009 from Rs. 3,647.53 Lakhs in FY 2008. Selling and distribution expenses increased 27.61% from Rs. 664.95 Lakhs for FY 2008 to Rs. 848.57 Lakhs for FY 2009. Interest and finance charges increased 62.05% from Rs. 3,718.48 Lakhs for FY 2008 to Rs. 6025.87 Lakhs for FY 2009 on account of increase in debt as well as the cost of debts taken to fund the business expansion. Depreciation expense increased by 3.91% to Rs. 3215.85 Lakhs in FY 2009 from Rs. 3,094.88 Lakhs in FY 2008 on account of increase in the asset base of Company.

#### ***Earnings before Interest, Depreciation, Tax and Amortisation and Exceptional items (EBITDA)***

EBITDA for FY 2009 increased to Rs. 465.22 Lakhs from Rs. (365.04) Lakhs for FY 2008. The increase in EBITDA was on account of increase in revenues and decrease in operational cost. The reason for the same is a decline in operation cost of 6.67% to Rs. 21,088.78 Lakhs for FY 2009 from Rs. 22,594.97 Lakhs for FY 2008 and an increase of 8.74% in revenue to Rs. 31,046.11 Lakhs in FY 2009 from Rs. 28,550.33 Lakhs in FY 2008.

#### ***Profit / (Loss) after Tax***

Loss for the business was for FY 2009 was Rs. (9,632.35) Lakhs lower than Rs. (15,479.52 ) Lakhs for FY 2008, a decrease of 37.77% For FY 2008. Total Income increased by 8.74% to Rs. 31,046.11 Lakhs in FY 2009 from Rs. 28,550.33 Lakhs in FY 2008 and Total Expenditure increased by 11.45% to Rs. 39,822.61 Lakhs in FY 2009 from Rs. 35728.73 Lakhs in FY 2008.

#### ***Net Working capital***

Net working capital, defined as difference between (a) current assets, loans and advance and (b) current liabilities and provisions, was Rs. 4,191.27 Lakhs as at Mar' 09 as compared to Rs 10,175.53 Lakhs as at Mar'08.

#### ***Current Assets, Loans and Advances***

Total Current Assets consisting of Inventories, Sundry Debtors, Cash and Bank Balances, Loans & Advances given and Deferred Tax Asset were Rs. 32,772.15 Lakhs as at March 31, 2009 as compared to Rs. 25,956.40 Lakhs as at March 31, 2008. As at March 31, 2009, Inventories decreased by 23.55% to Rs. 6880.55 Lakhs as at March 31, 2009 as compared to Rs. 9000.49 as at March 31, 2008. Debtors increased by 49.45% to Rs. 15,541.20 Lakhs as at March 31, 2009 as compared to Rs. 10,398.72 Lakhs as at March 31, 2008,. Loans and advances given increased by 88.64% to Rs. 8250.42 Lakhs as at March 31, 2009 as compared to Rs. 4,373.62 Lakhs as at March 31, 2008.

The following table sets forth details of the Total Current Assets:

<b>Financial Year ending</b>	(Rs. Lakhs)	
	<b>As at March 31, 2009</b>	<b>As at March 31, 2008</b>
Inventories	6,880.55	9,000.49
Sundry Debtors	15,541.20	10,398.72
Cash and Bank Balances	2,047.06	2,050.61
Loans and Advances	8,250.42	4,373.62
Deferred Tax Asset	52.92	132.96
<b>Total Current Assets</b>	<b>32,772.15</b>	<b>25,956.40</b>

#### ***Inventory***

Inventory comprising of stock in trade and capital goods inventory as at March 31, 2009 was valued at Rs. 6880.55 Lakhs as compared to Rs. 9000.49 Lakhs as at March 31, 2008. The decline in the inventory levels was due to improvement in inventory management.

### ***Sundry Debtors***

Sundry debtors consist of receivables from subscribers & LCOs. In turn, these receivables are divided into those that have been outstanding for periods up to six months and those that have remained outstanding for over six months. Receivables that have been outstanding for more than six months are sub-divided into those that are considered good and those that are considered doubtful. Provisions are made for all receivables that management has determined are doubtful. The following table presents the details of our debtors:

<b>Financial year ending</b>	(Rs. Lakhs)	
	<b>As at March 31, 2009</b>	<b>As at March 31, 2008</b>
Amount due from debtors (net of provisions)	15,541.20	10,398.72
Gross amounts due from debtors outstanding for up to 6 months	9,537.00	7,229.42
Gross amounts due from debtors outstanding for up to 6 months as a percentage of debtors (net of provisions)	61.37%	69.52%
Gross amounts due from debtors outstanding for more than 6 months	16,899.74	9,947.02
Gross amounts due from debtors outstanding for more than 6 months as a percentage of debtors (net of provisions)	108.74%	95.66%
Provisions for doubtful debts as at end of the period	10,895.54	6777.72
Amount of provisions for doubtful debts as a percentage of debtors (net of provisions)	70.11%	65.18%

### ***Loans and Advances***

Loans and advances consist of unsecured loans and advances that are considered good. These include, among other items, deposits with landlords for properties taken on lease, customs, port trusts, excise authorities, advance income tax etc. Loans and advances given increased by 88.64% to Rs. 8,250.42 Lakhs as at March 31, 2009 as compared to Rs. 4,373.62 Lakhs as at March 31, 2008 mainly due to increase in other deposits by 292.26% to Rs. 3,473.45 Lakhs as at March 31, 2009 as compared to Rs. 885.50 Lakhs as at March 31, 2008.

### ***Current Liabilities and Provisions***

Current liabilities and provisions consist primarily of liabilities to sundry creditors, provisions and deferred tax liabilities and provisions for leave travel allowance, medical allowance, fringe benefit tax and income taxes.

The following table presents details of our current liabilities and provisions:

<b>Financial Year ending</b>	(Rs. Lakhs)	
	<b>As at March 31, 2009</b>	<b>As at March 31, 2008</b>
<i>Current Liabilities:</i>	27,994.80	15,476.33
<i>Provisions:</i>	533.16	171.58
Deferred Tax Liabilities	2.45	0.85
<b>Total Current Liabilities &amp; Provisions</b>	<b>28,530.41</b>	<b>15,648.76</b>

### ***Net Cash Flows***

The table below summarizes our cash flows for FY 2009 and FY 2008:

<b>Financial Year ending</b>	(Rs. Lakhs)	
	<b>As at March 31, 2009</b>	<b>As at March 31, 2008</b>
Net Cash Generated from (Used in) Operating Activities	6444.85	(11,031.61)
Net Cash from (Used in) Investing Activities	(4902.34)	3,059.61

<b>Financial Year ending</b>	<b>As at March 31, 2009</b>	<b>As at March 31, 2008</b>
Net Cash Generated from (Used in) Financing Activities	(1552.00)	8,419.41
Net Increase/(Decrease) in Cash and Cash Equivalents	(9.49)	447.41

#### *Operating Activities*

Cash flow from operating activities primarily depends upon our operating profits and changes in net working capital. The table below summarizes our cash flow from operations for FY 2009 and FY 2008:

<b>Financial Year ending</b>	<b>As at March 31, 2009</b>	<b>As at March 31, 2008</b>
		(Rs. Lakhs)
Operating Profits before Working Capital Changes (net of tax)	5063.76	(307.47)
Change in net working capital	1,661.39	10524.29
Taxes Paid	(289.94)	(199.80)
Net Cash Generated from Operating Activities	6444.85	(11,031.57)

#### *Investing Activities*

Net cash used in investing activities represents capital expenditure, investments, and income from interest. The table below summarizes our net cash used in investing activities for FY 2008 and FY 2007:

<b>Financial year ending</b>	<b>As at March 31, 2009</b>	<b>As at March 31, 2008</b>
		(Rs. Lakhs)
Purchase of Fixed Assets / Capital Work in Progress	(4,947.76)	(5,067.70)
Proceeds from sale of Fixed Assets	34.45	89.40
Purchase of Investments in Subsidiaries	(1.95)	(0.50)
Purchase of Investments	-	(21.00)
Short Term Deposit paid to other corporate	-	(7,877.59)
Repayment of Short Term Deposit paid	-	15,829.00
Interest Income Received	12.92	108.00
<b>Net Cash Flow from Investing Activities</b>	<b>(4,902.34)</b>	<b>3,059.61</b>

#### *Financing Activities*

Net cash from financing activities is determined by the level of principal and interest payout on debts, new indebtedness and issue of new capital stock and dividend and interest payouts. The table below summarizes our net cash from investing activities for FY 2008 and FY 2007:

<b>Financial Year ending</b>	<b>As at March 31, 2009</b>	<b>As at March 31, 2008</b>
		(Rs. Lakhs)
Interest and Finance Expenses paid	(4,512.45)	(2,514.40)
Miscellaneous Expenditure	(0.15)	(86.20)
Rights Issue Expenses	(112.40)	-
Proceeds from Long Term Borrowing	55,551.03	42,724.80
Repayment of Term borrowings	(52,479.90)	(31,705.79)
Proceeds from issuance of Share Capital	1.90	1.00
Loan/advance from Holding Company (net)	(0.03)	-
<b>Net Cash Flow from Financing Activities</b>	<b>1,552.00</b>	<b>8,419.41</b>

#### **Related Party Disclosures**

For details of Related Party Disclosures, please refer to the section entitled “Related Party Transactions” on page 192 of this Letter of Offer.

#### **Unusual or infrequent events or transactions**

Except as described in this Letter of Offer, particularly “History of the Company and Other Corporate Matters” section, there have been no other events or transactions that, to our knowledge, may be described as “unusual” or “infrequent”.

**Known trends or uncertainties**

Except as described in “Risk Factors”, “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in this Letter of Offer, to our knowledge, there are no known trends or uncertainties that are expected to have a material adverse impact on our revenues or income from continuing operations.

**Future Relationship between cost and income**

Except as described in “Risk Factors”, “Our Business”, “Management’s Discussion and Analysis of Financial Conditions and Results of Operations”, to our knowledge there are no known factors that will have a material adverse impact on our cost and income.

**Competitive Conditions**

Please refer to the sections titled “Risk Factors”, “Our Business - Competition”, “Industry” in Letter of Offer for discussion regarding Competition.

**Significant Economic Changes**

Please refer to “Risk Factors”, in this Letter of Offer for discussion regarding Economic changes and conditions.

**Seasonal Nature of Business**

Except as described in “Risk Factors”, “Our Business”, “Management’s Discussion and Analysis of Financial Conditions and Results of Operations”, to our knowledge our business is not seasonal.

**Dependence of Revenue on increase in contracts executed**

Major growth in sales is dependent upon increase in the number of subscriber of the Company.

**New Products or Business Segment**

Our Company is primarily engaged in the business of providing cable networking services. We are currently not contemplating to enter any new business segment.

**Dependence on single or few suppliers or customers**

Except as described in “Risk Factors”, we are not dependent on any single supplier or customer.

**Total Turnover of Major Industry Segments**

Our Company is primarily engaged in the business of providing networking services.

**Significant development after March 31, 2009 that may affect our future results of operations**

There have been no material changes post March 31, 2009 which may materially and adversely affect our future results of operation.



	24, 2007 Demand promissory note dated August 24, 2007 Guarantee agreement executed by ZEEL dated August 24, 2007				on due dates	
IDFC	Rupee Loan (The loan has been rolled over as per the Letter of Intent dated March 20, 2008) Rupee Loan agreement dated May 8, 2008 Deed of Hypothecation dated May 8, 2008 Undertaking for mortgage dated May 8, 2008	Rs 5,000 Lakhs	Rs. 5,000 Lakhs	12.26% p.a (for the second loan taken for refinancing the first loan)	Repay the loan in 16 structured quarterly instalments commencing from 48 months from the date of the first disbursement of the loan (i.e. September 29, 2006)	First mortgage and charge of the immoveable properties both present and future of our Company; First charge by way of hypothecation of all our Company's moveable including the moveable plant and machinery, machinery spares, tools and accessories both present and future; First charge on the book debts, cash flows, receivables, revenues of whatsoever nature and wherever arising of our Company both present and future; First charge of all the intangibles including but not limited to goodwill, uncalled capital, present and future; First charge on the escrow account into which entire receivables of our company shall be deposited and any other reserves and other bank accounts of our Company wherever maintained; Corporate Guarantee by ZEEL for the maintenances of DSRA; First charge by way of assignment or creation of security interest of (a) all the rights, title, interest, benefits, claims and demands whatsoever of our Company in the Project documents, all as amended, varied or supplemented from time to time; (b) subject to Applicable law, all the rights, title, interest, benefits, claims and demands whatsoever of our Company in the clearances and (c) all the

						rights, title, interest, benefit, claims and demands whatsoever of our Company in any letter of credit, guarantee, performance bond, corporate guarantee, bank guarantee provided by any party to the project documents;  An irrevocable and conditional corporate guarantee from Prajatma trading co. private limited and Jayneer capital private limited.  Pledge of shares held by Jayneer capital private limited in the demat form in the equity share capital of ZEEL covering 1.5 times of the loan amount.
Yes Limited	Bank	Short Term Loan till July 27, 2009  Loan Agreement  Deed of Hypothecation  Demand Promissory Note dated July 25, 2008  Letter of Continuity dated April 24, 2008 for DP Note  Completion Undertaking by ZEEL dated July 18, 2008	Rs. 5,000 Lakhs	Rs. 2,500 Lakhs	14.75% p.a floating	Repay the loan in four equal montly installments at the end of 9 <sup>th</sup> , 10 <sup>th</sup> , 11 <sup>th</sup> and 12 <sup>th</sup> month  First pari passu charge on all current assets, present and future, of the Company; First pari passu charge on the moveable and immoveable fixed assets, present and future, of the Company;  Debt Service Reserave Account (DSRA) to be maintained with Yes Bank Limited. DSRA will be funded at the beginning of the month with amount (interest/ interest plus principal, as applicable) due at the end of the month;  Shortfall undertaking from ZEEL to fund and top up the DSRA for interest / principal in case not funded by the Company.

**Material Covenants:** The loan agreements provide for certain negative and restrictive covenants that are summarized below:

- It is provided in the renewal letter of Canara Bank that our Company shall not give a corporate / financial guarantee without the prior permission of Canara Bank.
- It is provided in the facility agreement with IDBI Bank that the following, interalia, will be considered as an event of default:
  1. Our Company's failure to any amount or meet any obligation when due to any other person other than the lender or an event of default being constituted in relation to any of our Company's credit, borrowing or any other arrangement with any other person other than the lender.

2. Any person other than the lender accelerating repayment due from our Company to such other person under our Company's credit, borrowing or any other arrangement with that person.
  - It is provided in the facility agreement with IDBI Bank that on an event of default IDBI Bank shall have a right to appoint a nominee director / whole time director on the Board of our Company.
  - It is provided in the rupee term loan agreement with IDFC that our Company shall not prepay the outstanding principal amount of the loan in full or part. Any prepayment will be subject to payment of prepayment premium. However, prepayment can be made in full without payment of premium.
  - It is provided in the rupee term loan agreement with IDFC that the lender shall have put option, i.e. right to call for mandatory prepayment of the loan disbursed, on the date falling at the expiry of 12 months from the date of the disbursement of the Loan with a prior notice. Exercise of this put option lies solely at the discretion of IDFC.
  - It is provided in the term loan agreement with IDFC that IDFC's obligation to disburse the loan is subject to fulfillment to the satisfaction of IDFC, inter alia, our Company modifying its Memorandum and Articles of Association for inclusion of nominee director provisions and such other provisions as may be required by IDFC.
  - It is provided in the term loan agreement with IDFC that our Company shall at all times during the term of the loan maintain the following financial covenants:
    1. incremental debt / incremental equity- 0.7.  
Incremental debt would be defined as any increase in debt post March 31, 2007.  
Incremental equity would be defined as equity contribution in our Company post March 31, 2007.
  - It is provided in the term loan agreement with IDFC that our Company will maintain the following covenant after 48 months from the first disbursement:
    1. minimum debt service coverage ratio- 1.30
    2. debt/ EBITDA- 2.5
  - It is provided in the term loan agreement with IDFC that if our Company defaults in the performance or observance of any of the covenants in the loan agreement including maintaining the financial covenants of incremental debt / incremental equity ratio, minimum debt service coverage ratio and debt/EBITDA ratio, IDFC shall have the right, inter alia, to accelerate the repayment of the loan and enforce the security provided for such loan.
  - It is provided in the loan agreement with Yes Bank that Yes Bank will have a call option for demanding repayment of the short term loan in case of a "liquidity event".  
"Liquidity event" has been defined to mean happening of event wherein funds are infused in the Company through syndicate debt or by subscription of equity capital of the Company.
  - It is provided in the loan agreement with Yes Bank that the Company should create and perfect in favor of Yes Bank securities as mentioned in the loan agreement within 90 days from the first disbursement of loan, failing which to pay default interest at the rate of 2% per annum over and above the applicable rate of interest, from the date of first disbursement of loan till date of creation and perfection of said securities in favor of Yes Bank, to the satisfaction of Yes Bank.

Besides the loan facilities mentioned hereinabove, we, pursuant to a resolution of our Board of Directors at meeting held on June 5, 2009, issued Secured Redeemable Non-Convertible Debentures ('SRNCDs') aggregating Rs. 19,200 Lakhs on private placement basis to institutional investors. On June 5, 2009, we filed the draft offer document for getting in-principle approval of listing of SRNCDs on Wholesale Debt Market Segment of NSE and consequent to compliance of all formalities, allotted 920 SRNCDs to Standard Chartered Bank and 1000 SRNCDs to Axis Bank Limited on June 10, 2009 at the price of Rs. 10 Lakhs each. Subsequently, pursuant to its letter No. NSE/LIST/110447-4 dated June 15, 2009, NSE also granted permission for the listing and trading SRNCDs on the exchange.

The SRNCDs shall mature on June 9, 2012 and shall be repayable in four installements: on December 9, 2012, 20% of principal amount; on June 9, 2011, 20% of principal amount; on December 9, 2011, 30% of principal amount and on June 9, 2012, 30% of principal amount. The SRNCDs carry an interest rate of 9.95% p.a. which is payable semi-annually. The SRNCDs are secured, *inter alia*, by a first ranking *pari passu* mortgage or charge or assignment of the following:

- all our Company's immovable properties, present and future
- all our Company's movables, including movable plant and machinery, machinery spares, tools and accessories, furniture, fixtures, vehicles and all other movable assets, present and future

- our cashflows, receivables, bank accounts (other than particular reserve account) wherever maintained, all monies lying in and to be credit of such accounts book debts, revenues of whatsoever nature and wherever arising, present and future and
- all insurance policies.

Additionally, a sponsor support undertaking was created in favour of the debenture trustee, on behalf of the investors, for the currency of the SRNCDs.

Pursuant to the issue of SRNCDs, we have also entered into a debenture trust deed with IDBI Trusteeship Services Limited on June 19, 2009 (“Trustee Agreement”). The Trustee Agreement provides for certain financial covenants that are summarised below:

- Till the final redemption date, our Company shall maintain a senior debt to contributed equity ratio of 0.7.  
“Senior debt” means and includes all obligations (all borrowed money including long term and short term advances) of our Company excluding any indebtedness incurred as cash equity.  
“Cash equity” means funds infused after March 31, 2007 by the sponsors, i.e. Jayneer Capital Private Limited and Prajatma Trading Company Private Limited, or associate companies of our Company, by way of equity, shareholder loans or otherwise.  
“Contributed equity” means share, reserves and surplus, excluding accumulated losses, as of March 31, 2008 and cash equity.
- Our Company shall ensure that the minimum contributed equity is Rs. 6,50,00,00,000 for the period commencing April 1, 2009 and ending March 31, 2013.
- Our Company shall ensure that the senior debt service coverage ratio shall at all times be at least 1.  
“senior debt service coverage ratio” means ratio of sum of, (i) EBITDA less any increase of gross block of fixed assets over preceding year on account of capital expenditure in the normal course of operations less any increase in total current assets over preceding year less any decrease in total current liabilities over preceding year less tax if any, and (ii) the amount maintained in the Reserve Account, to all payments of debt servicing.
- Our Company shall at all times ensure that the senior debt does not exceed Rs. Rs. 6,50,00,00,000.
- Our Company shall ensure that pursuant to any increase in the senior debt (as disclosed by the Company as of March 31, 2007) after March 31, 2007 and any increase in Contributed Equity (as disclosed by the Company as of March 31, 2007), the senior debt contributed equity ratio maintained at 0.7.

Further, under the Trustee Agreement, our Company may not, without the prior written consent of the debenture trustee acting on behalf of debenture holders, *inter alia*,:

- enter into any amalgamation, demerger, merger or corporate reconstruction.
- invest in or acquire any share in or any security issued by any person, or any interest therein in excess of Rs. 35,00,00,000.
- enter into any joint venture, consortium, partnership or similar arrangement.
- make any loan, or provide any form of credit or financial accommodation.
- permit any change in the ownership or control or constitution of the Company and/or make any change in the shareholding or management or majority of directors.
- make any material amendments, modifications or deletions in memorandum and articles of association

In the event that our Company fails repay on the respective redemption dates or comply with aforesaid covenants and conditions, it shall constitute an event of default under the Trustee Agreement and the debenture trustee may, in its discretion, declare all outstanding amounts under the SRNCDs as immediately due and payable as well as enforce any security created pursuant to the security documents.

## OUTSTANDING LITIGATIONS AND MATERIAL DEVELOPMENTS

*Except as described below, there are no outstanding litigation, suits or criminal or civil prosecutions, proceedings or tax liabilities against our Company, our Directors, our Promoters or our Group Companies and there are no defaults, non payment of statutory dues, over dues to banks/ financial institutions, defaults against banks/ financial institutions/ small scale undertaking(s), defaults in dues payable to holders of any debentures, bonds or fixed deposits, issued by our Company (including past cases where penalties may or may not have been awarded and irrespective of whether they are specified under paragraph (i) of part 1 of Schedule XIII of the Companies Act). The following are the outstanding or pending litigations or suits or proceedings against the Company and criminal complaints or cases, defaults, non-payment or overdues of statutory dues, proceedings initiated for any economic or civil offences and disciplinary action taken by SEBI or stock exchanges against the Company, its Subsidiaries and our Group Companies and the outstanding or pending litigations or suits or proceedings against the Subsidiaries and our Group Companies.*

### **Contingent Liabilities**

Our contingent liabilities not provided for and outstanding guarantees (as disclosed in our restated unconsolidated financial information) as at March 31, 2009 amounts to Rs. 21,726.60 Lakhs and our contingent liabilities not provided for and outstanding guarantees (as disclosed in our restated consolidated financial information as at March 31, 2009 amounts to Rs. 21,830.60 Lakhs. For details see the section titled "Financial Statements" beginning on page 199 of this Letter of Offer.

#### **A. Pending litigations against our Company**

Nearly all of the litigations pending against our Company are in the name of Siti Cable Network Limited, as all these cases have been transferred from Siti Cable Network Limited to our Company pursuant to the provisions of the Scheme of Arrangement.

#### ***Criminal Complaints:***

1. A criminal complaint was lodged under sections 51, 52A, 63a and 68(a) of the Copyright Act 1957 by Mr. Rajesh Ratanshi Vora, being the authorized signatory on behalf of Indian Media Protection Against Copyright Theft Limited (IMPACT), against control room employees and Siti Cable Network Limited (L.A.C No. 147 of 1996) for unauthorized telecast of film 'Bhago Bhoot Aya' on May 14, 1996. After taking cognizance the State had registered a criminal complaint and the Metropolitan Magistrate issued warrants against control room employees of Siti Cable Network Limited. Thereafter the employees were released on bail from Metropolitan Court. Pursuant to the provisions of the Scheme of Arrangement all cases of Siti Cable Network Limited have been transferred to our Company. The complaint is pending before Additional Chief Metropolitan Magistrate, Esplanade, Mumbai for adjudication.

#### ***Foreign Exchange***

1. Siti Cable Network Limited has filed an appeal (Appeal No. 648 of 2003) before the Appellate Tribunal for Foreign Exchange, New Delhi, dated December 10, 2003, challenging the arbitration adjudication order (Order no. adj/11/B/AAO/BT/03) dated October 31, 2003, issued by the Additional Commissioner (Adjudication Authority), Enforcement Directorate, Mumbai, by which penalty of Rs. 125 Lakhs was imposed on Siti Cable Network Limited for alleged violation of Section 8 (3) and 8 (4) of Foreign Exchange Regulation Act, 1973 on account of failure in submission of exchange control copy of bill of exchanges as evidence of import of goods. Siti Cable Network Limited has prayed for setting aside of the adjudication order dated October 31, 2003 on the ground that mere non-submission of bill of exchange could not be a ground for penalty and the company has submitted the bill of lading as a proof of import of goods. The Appellate Tribunal for Foreign Exchange, New Delhi, has issued an interim order dated April 29, 2004, by which it has waived Rs. 110 Lakhs of the penalty amount and has issued instruction to Siti Cable Network Limited for deposit of Rs. 15 Lakhs. The matter is reserved for order and the next date of hearing is yet to be notified.

#### ***Copyright Cases***

1. Columbia Pictures Industries and others have filed a suit (Suit no. 1421 of 1999) dated July 7, 1999, against Siti Cable Network Limited, before the High Court of Delhi praying for permanent injunction restraining Siti Cable Network Limited from telecast of certain foreign films and rendition of accounts for alleged infringement of copyright of certain foreign films on which the plaintiff owns copyright. The suit is currently pending for settlement and the next date of hearing is scheduled to be on January 29, 2010.
2. Super Cassettes Industries Limited has filed a suit (Suit No. 372 of 2003) dated January 8, 2003 against Siti Cable Network Limited, before the High Court of Delhi praying for permanent injunction restraining Siti Cable Network Limited from the telecast of the film '*Aap Ko Pehle Bhi Kahin Dekha Hain*' on the ground that Siti Cable Network Limited is likely to infringe their copyright on the film by telecasting the film. The matter is currently pending and the next date of hearing is scheduled to be on November 27, 2009.
3. I Dream Productions Private Limited has filed a suit (Suit no. 1131 of 2002) dated July 11, 2002 against Siti Cable Network Limited, before the High Court of Delhi praying for permanent injunction restraining Siti Cable Network Limited from the telecast of the films '*Bend It Like Beckham*', '*Footbal Shootbal Hai Rabba*', '*Jajantaram Mamantaram*' and '*Agni - Varsha*' on the ground that Siti Cable Network Limited is likely to infringe their copyright on the film by telecasting these films. The suit is currently pending and the next date of hearing is scheduled to be on October 23, 2009.
4. Gemini Television Private Limited has filed a suit (Suit no. 280 of 1999) dated December 10, 1999, against Siti Cable Network Limited, before the District Court, Hyderabad praying for permanent injunction restraining Siti Cable Network Limited from the telecast of a Telugu film on the ground that Siti Cable Network Limited is likely to infringe their copyright on the film by telecasting the film. The suit has been transferred to fast track court which shall issue fresh notices to the parties for appearance.
5. Ushodaya Enterprises Limited has filed a suit (Suit no. 667 of 1999) dated August 10, 1999, against Siti Cable Network Limited, before the City Civil Court, Hyderabad praying for permanent injunction restraining Siti Cable Network Limited from the telecast of a Telugu film on the ground that Siti Cable Network Limited is likely to infringe their copyright on the film by telecasting the film. The suit is pending for filing of original documents and fresh notices shall be issued by the court.
6. Cable Video India Limited has filed a suit (Suit No.1125 of 2000) dated March 16, 2000 against Siti Cable Network Limited, before the High Court of Bombay praying for permanent injunction restraining Siti Cable Network Limited from the telecast of the film '*Fakira*' on the ground that Siti Cable Network Limited is likely to infringe their copyright on the film by telecasting the film. The matter is currently pending for directions and the next date of hearing shall be intimated by the court in due course.
7. Kaleidoscope Entertainment has filed a civil suit (Suit no. 1111 of 2005) dated August 10, 2005 against Siti Cable Network Limited and others, before the High Court of Delhi for permanent injunction restraining Siti Cable Network Limited from the telecast of the film '*Mangal Pandey*' on the ground that Siti Cable Network Limited is likely to infringe their copyright on the film by telecasting the film. The matter is currently pending and the next date of hearing is scheduled to be on September 29, 2009.

#### ***Arbitration Proceedings***

1. Franchnet Cable Services Limited and others have filed a statement of claim dated October 14, 1999, for arbitration proceeding against Siti Cable Network Limited before the Arbitration Tribunal, Mumbai claiming an amount of Rs. 612 Lakhs as compensation for alleged breach of the terms of the agreement dated September 8, 1995 entered between the parties. Siti Cable Network Limited has filed a counter claim for Rs. 1,772 Lakhs. The arbitration proceeding is currently pending for final arguments and the next date of hearing is scheduled on November 16, 2009.

### ***Labour Proceedings***

1. Maharashtra Kamgar Sangh has filed a complaint (DYCL/CG-T/D-28) dated July 9, 2002 against Siti Cable Network Limited, before the Assistant Labour Commissioner, Mumbai for reinstatement of certain workmen, the Assistant Labour Commissioner had referred the dispute to Industrial Tribunal, Mumbai by its order dated January 4, 2007. The matter is currently pending for the filing of a reply by the respondents. The tribunal by its order dated June 12, 2006 disposed of (IT) No. 31/2004 following which a fresh reference was made to the Labour Court (IDA No. 6 of 2007) dated February 2, 2007 and the matter is currently pending.
2. Syed Inam Ur Rahaman had filed a suit (Suit no. 47 of 2002) dated January 1, 2002, against Siti Cable Network Limited and others before the City Civil Court, Hyderabad for declaration that the termination of his services by Zee Entertainment Enterprises Limited is wrongful and has claimed damages for an amount Rs. 20 Lakhs with interest. The City Civil Court by judgment dated February 27, 2004 had directed both Zee Entertainment Enterprises Limited and Siti Cable Network Limited to pay to the plaintiff amount of Rs. 20 Lakhs with interest. Against this order Zee Entertainment Enterprises Limited filed an appeal before the High Court of Andhra Pradesh. The High Court of Andhra Pradesh by its interim order dated August 2, 2004 while granting interim suspension of the impugned order also directed Zee Entertainment Enterprises Limited to deposit a sum of Rs. 5 Lakhs to be withdrawn by the respondent without furnishing any security. Against this order Zee Tele-films Limited has filed a special leave petition dated August 28, 2004 before the Supreme Court of India (SLP (C) No. 18571 of 2004), where Siti Cable Network Limited has been named as a respondent (proforma party). The Supreme Court by its order dated October 12, 2004 has stayed the execution of the decree passed by the District Court upon the deposit of Rs. 5 Lakhs by the petitioners which deposit is not to be withdrawn during the pendency of the petition. The matter is currently pending and the next date of hearing shall be intimated by the Court in due course.
3. Anjali Zalapuri has filed a complaint (No. 735 of 2006) dated November 23, 2005 against Siti Cable Network Limited before the Divisional Consumer Forum, Jammu under section 10 of the Jammu & Kashmir Consumer Protection Act, 1987 claiming recovery of her provident fund dues amounting to Rs. 18,520 for the period between 1995 and 2000, the complainant has also demanded a sum of Rs. 10,000 as compensation. The matter is currently pending.

### ***Civil Disputes***

1. The Municipal Council of Hissar has filed a suit for permanent injunction against the Company before District Court at Hissar seeking to restrain the company from broadcasting channel signals of various Broadcasters without payment of charges as per Haryana Municipal (Laying of Communication, Cables and Erection of Dish Antenna) Bye-Laws 2007 framed pursuant to a notification dated October 31, 2007 issued by the Government of Haryana. The Company has received a notice from the court for filing its reply. The matter is currently pending and the next date of hearing shall be intimated by the court in due course.
2. Our Company received a notice dated November 8, 2008 from Star Den Media Services Private Limited (publication of a public notice in the newspaper on November 8, 2008) on the grounds of non-payment of outstanding subscription charges in the city of Noida. In response to this notice our Company has filed a petition before the TDSAT. The TDSAT by its order dated November 28, 2008 has stayed the public notice on the condition that our Company pay subscription charges based on the previous agreement dated April 1, 2008. Our Company has not deposit the charges as directed and has stated that the efforts to resolve the dispute amicably have failed. The matter is currently pending and the next date of hearing is scheduled to be on October 10, 2009.
3. Star India Private Limited has filed a petition against our Company before the TDSAT. The petition has been filed on the grounds of non-payment of outstanding subscription charges and certain other charges amounting to Rs. 200 Lakhs in the city of Hyderabad. In response to the petition our Company has filed its reply before the TDSAT. The matter is currently pending and the next date of hearing is scheduled to be on October 8, 2009.

4. Our Company received a notice dated August 8, 2008 from M/s Channel Plus (KA) (publication of a public notice in the newspaper on August 15, 2008) on the grounds of non-payment of outstanding subscription charges in the city of Bangalore. In response to the notice, our Company has filed a petition before the TDSAT. The TDSAT by its order dated September 5, 2008 has stayed the public notice. It was submitted that the parties will hold meetings to negotiate about reconciliation of accounts. The matter is currently pending towards filing of reply by M/s Channel Plus (KA) and the next date of hearing is scheduled to be on October 12, 2009.
5. Tata Teleservices Limited has filed a petition against us and few others before the TDSAT alleging usage of poor quality amplifiers which radiate unwanted waves, thereby, interfering with the frequency of Tata Teleservices Limited. Tata Teleservices Limited has requested for cancellation of our licenses on account of failure to comply with Cable Television Networks (Regulation) Act, 1995. The TDSAT has issued directions to Tata Teleservices Limited for serving of notices to unserved respondents. The next date of hearing is December 1, 2009.
6. Cable Vision Network has filed a petition against our Company and other, against raking up the issue of arrears, after finally settling the same and also against restraining the Company from disconnecting the signals in the area of Kolkata. The TDSAT has already issued notices to our Company for filing reply and instructed us to ensure supply of digital signals to Cable Vision Network. The matter is currently pending and next date of hearing is October 1, 2009.
7. Neo Sports Broadcast Private Limited has filed a petition (No. 71 of 2009) against our Company before the TDSAT under section 14A (1) of the Telecom Regulatory Authority of India Act, 1997 for recovery of payment of outstanding subscription fees aggregating upto Rs. 88,44,627 in terms of the agreement entered into between the parties. After the TDSAT issued a notice of appearance to our Company pursuant to its order dated April 13, 2009, the parties appeared and sought time for settlement of the case. The matter is currently pending and the next date of hearing is October 15, 2009.

#### ***Tax Proceedings***

1. Siti Cable Network Limited has received a demand order (Order no. SCN- OE II 116/P-60/2000-2001) dated March 20, 2001, issued by the Additional Commissioner, Income Tax, Circle (11) (1), Mumbai (“ACIT”), to pay Rs. 2,961 Lakhs towards income tax for the assessment year 1998 to 1999 for, *inter alia*, understatement of the number of subscribers and consequent impact on income and increase in tax liability. The ACIT made an addition of Rs. 8,792 Lakhs and assessed the income of Siti Cable Network Limited at Rs. 5,265 Lakhs. Hence, Siti Cable Network Limited filed an appeal (CIT (A) – XI/JCIT-47/IT-81/2001-02) against the said assessment order before the Commissioner of Income Tax (Appeals), Mumbai. The appeal was partly allowed with the addition of only Rs. 3,708 Lakhs being disallowed and hence Siti Cable Network Limited filed a further appeal (ITA No. 1368/Mum/1997) against the order of Commissioner of Income Tax (Appeals), Mumbai before the ITAT wherein while partly allowing the appeal by its order dated February 5, 2002, the addition of Rs. 4,930 Lakhs was disallowed resulting in an assessed loss of Rs. 3,373 Lakhs and hence the amount of tax payable was reduced to nil. The Additional Commissioner, Income Tax, has further filed an appeal (Income Tax Appeal (Lodg) no. 320 of 2004) against the orders of the ITAT before the High Court of Bombay in June 2004. Siti Cable Network Limited filed its reply on July 16, 2004 and the matter is currently pending before the High Court of Bombay.
2. Siti Cable Network Limited has received a demand order (OI SCN 42/120/2003-04) dated February 16, 2004, issued by the Additional Commissioner, Income Tax, Circle (11) (1), Mumbai, to pay Rs. 8,094 Lakhs towards income tax for the assessment year 2001 to 2002 for, *inter alia*, understatement of the number of subscribers and consequent impact on income, increase in tax liability and excess claims in relation to leave encashment. The ACIT made an addition of Rs. 14,621 Lakhs and assessed the income of Siti Cable Network Limited at Rs. 14,428 Lakhs. Hence, Siti Cable Network Limited had filed an appeal (Appeal No. CIT (A) - XI/ ACIT- 11 (1) IT-468/03-04) dated March 26, 2004, before the Commissioner of Income Tax (Appeals), Mumbai and the appeal was partly allowed, wherein while the addition of Rs. 14,597

Lakhs was disallowed, the addition of Rs. 24 Lakhs was allowed which resulted in an assessed loss of Rs. 169 Lakhs and consequently the tax liability was reduced to nil. Siti Cable Network Limited has further, filed an appeal before ITAT, on July 26, 2004 which is currently pending.

3. Siti Cable Network Limited has received a demand order (Order No. 17/P 93/06-07) dated December 22, 2006, issued by the Additional Commissioner, Income Tax, Circle (11) (1), Mumbai, to pay Rs. 11,897 Lakhs as income tax for the assessment year 2004 to 2005 for *inter alia*, understatement of the number of subscribers and consequent impact on income and consequent increase in tax liability. The ACIT made an addition of Rs. 36,837 Lakhs and assessed the income of Siti Cable Network Limited at Rs. 24,954 Lakhs. Against this assessment, wherein while the addition of Rs. 36,104 Lakhs was disallowed, an addition of Rs. 733 Lakhs was allowed resulting in an assessed loss of Rs. 11,150 Lakhs even though the total tax liability was reduced to nil. Siti Cable Network Limited has filed an appeal dated January 18, 2007, before the Commissioner of Income Tax (Appeals), Mumbai which was partly allowed. Siti Cable Network Limited has filed an appeal dated May 25, 2007 before the ITAT, which is currently pending.
4. Siti Cable Network Limited has received a notice of demand (no. ROC.4977/2000/G2) dated October 3, 2000 from the Municipal Corporation of Vizianagaram for failure to furnish the list of advertisements exhibited for public view through electronic media along with charges as per Government Order no. 266 dated May 5, 2000. Against this notice of demand and the impugned Government Order, Siti Cable Network Limited and another have filed a writ petition (no. 25331 of 2000) before the High Court of Andhra Pradesh which by its order dated December 29, 2000 has stayed the notice. The matter is currently pending and the next date of hearing shall be intimated in due course.
5. Siti Cable Network Limited received a notice of demand dated October 3, 1996 from the Kanpur Nagar Nigam for payment of pole tax amounting to Rs. 12.50 Lakhs. Siti Cable Network Limited has filed a suit for injunction before the District Court, Kanpur restraining the Kanpur Nagar Nigam from removing cables and other wires installed on the poles in Kanpur. The matter is currently pending and the next date of hearing shall be intimated in due course.

#### ***Cases filed by the Company***

1. Siti Cable Network Limited and others have filed a writ petition before the High Court of Allahabad challenging several provisions of the Uttar Pradesh Cinema Regulation Act, 1995, the Uttar Pradesh Cable Television Network (Exhibition) Rules, 1997 and the Uttar Pradesh Video Rules, 1998 including various circulars issued by the District Magistrate, Uttar Pradesh. The High Court by its interim order dated December 16, 1998, prohibited our Company from exhibiting films for which we have no copyright, directed our Company to pay entertainment tax to the concerned authority and to provisionally deposit 25% of the license fee to exhibit programmes for which they possess copyrights. The writ petition was thereafter dismissed by the High Court by their order dated April 19, 2001 against which, our Company preferred a special leave petition before the Supreme Court of India. The Supreme Court of India by its order dated February 15, 2002 remitted the matter back to the High Court for consideration on merits, and further ordered that during the pendency of the matter the interim order of the High Court dated December 16, 1998 is to continue subject to the order of the Court. The matter is currently pending before the High Court of Allahabad, Lucknow Bench.
2. Siti Cable Network Limited has filed a suit for recovery against Mr. Ghan Syam Das Agarwal and others before the Senior Civil Judge, District Court, Hyderabad on the ground of non-payment of security deposit amounting to Rs. 20.58 Lakhs, which was paid at the time of taking control room premises situated at Hyderabad with rent paid for the month of June 2005 amounting to Rs. 3.40 Lakhs, amount deposited towards electricity load amounting to Rs. 3 Lakhs, expenses incurred for interior work amounting to Rs. 8.90 Lakhs, transportation/relocation expenses amounting to Rs. 4.60 Lakhs and business loss incurred amounting to Rs. 151.90 Lakhs. The matter is currently pending and the next date of hearing is shall be notified in due course.

3. Our Company has filed a suit for recovery of an amount of Rs. 2.46 Lakhs against Mr. Yogesh Saxena, proprietor of Third Vision before the District Court on the ground of non-payment of advertisement charges in relation to advertisements telecasted by the by the company. The matter is currently pending for service notice to the defendant.
4. Our Company has filed a suit for recovery of an amount of Rs. 6.60 Lakhs against Mr. Prem Sharma, proprietor of Vee-Pee Cable Network before the District Court on the grounds of failure to hand over assets of our Company as well as non-payment of monthly charges due to our Company. The District Court by its ex-parte interim decree dated May 9, 2008 has directed that in the interim amount due is to be deposited by the defendant. Our Company is in the process of filing an execution application for recovery of dues.
5. Our Company has filed a petition against Mr. Anirudh Sinh Jadeja before the High Court of Delhi under Section 8 of the Arbitration and Conciliation Act, 1996. Our Company has *inter alia* sought an injunction restraining the respondent from creating any third party interest, interfering with running business of our Company, using logo/mark of our Company, interfering with the sub-base of our Company and collecting subscription charges from LCO's and has also sought recovery of all the assets of our Company handed over to the respondent at the time of the execution of right to use agreement. The High Court by its ex-parte order dated November 11, 2007 in favour of our Company. Due to non-compliance of the said order, our Company has filed a contempt petition against the respondent which is currently pending and is scheduled to be heard along with the main petition on October 7, 2009.
6. Our Company has filed a petition against Mr. Kanak Sinh Rana before the High Court of Delhi under Section 8 of the Arbitration and Conciliation Act, 1996. Our Company has *inter alia* sought an injunction restraining the respondent from creating any third party interest, interfering with running business of our Company, using logo/mark of our Company, interfering with the sub-base of our Company and collecting subscription charges from LCO's and has also sought recovery of all the assets of our Company handed over to the respondent at the time of the execution of right to use agreement. The High Court by its ex-parte order dated November 6, 2007 in favour of our Company. Due to non-compliance of the said order, our Company has filed a contempt petition against the respondent which is currently pending and is scheduled to be heard along with the main petition on October 7, 2009.
7. Our Company has filed a petition against Mr. Ashwini Kumar Gambhir before the High Court of Delhi under Section 8 of the Arbitration and Conciliation Act, 1996. Our Company has *inter alia* sought an injunction restraining the respondent from creating any third party interest, interfering with running business of our Company, using logo/mark of our Company, interfering with the sub-base of our Company and collecting subscription charges from LCO's and has also sought recovery of all the assets of our Company handed over to the respondent at the time of the execution of right to use agreement. The High Court by its ex-parte order dated November 6, 2007 in favour of our Company. Due to non-compliance of the said order, our Company has filed a contempt petition against the respondent which is currently pending and is scheduled to be heard along with the main petition on October 7, 2009.
8. Our Company has filed a petition against Mr. Karan Sinh Jadeja before the Hon'ble High Court of Delhi under Section 8 of the Arbitration and Conciliation Act, 1996. Our Company has *inter alia* sought an injunction restraining the respondent from creating any third party interest, interfering with running business of our Company, using logo/mark of our Company, interfering with the sub-base of our Company and collecting subscription charges from LCOs and has also sought recovery of all the assets of our Company handed over to the respondent at the time of the execution of right to use agreement. The High Court by its ex-parte order dated November 6, 2007 in favour of our Company. Due to non-compliance of the said order, our Company has filed a contempt petition against the respondent which is currently pending and is scheduled to be heard along with the main petition on October 7, 2009.
9. Our Company has filed a petition against Shreenathji Distributions Private Limited before the High Court of Delhi under Section 8 of the Arbitration and Conciliation Act, 1996. Our Company has *inter alia* sought an injunction restraining the respondent from creating any third party interest, interfering with running business of our Company, using logo/mark of our

Company, interfering with the sub-base of our Company and collecting subscription charges from LCO's and has also sought recovery of all the assets of our Company handed over to the respondent at the time of the execution of right to use agreement. The High Court by its ex-parte order dated April 7, 2008 granting an injunction in favour of our Company. The matter is currently pending and the next date of hearing is scheduled to be on November 11, 2009.

10. Our Company has filed a recovery petition against Friends Cable Netcom before the TDSAT at New Delhi for recovery of outstanding subscription charges amounting to Rs. 44 Lakhs. TDSAT has issued notice, directed the respondent to file reply and by its order dated April 1, 2008 directing the respondent not to approach any other MSO other than our Company for supply of signal prior to complying with the relevant TRAI regulations. The matter is currently pending and the next date of hearing is scheduled to be on October 26, 2009.
11. Our Company has filed a suit for injunction against Mr. Rajeshwara Rao, Vanasthali Communication and others before the District Court, Hyderabad and has sought *inter alia* an injunction restraining the defendants from interfering in the running cable network business of our Company. Our Company has filed an interim application for injunction which has been heard and the order reserved. The suit is also currently pending and the next date of hearing will be notified by the court in due course.
12. Siti Cable Network Limited and Master Channel Community Network Private Limited have thus filed a writ petition (no. 14145 of 2004) before the High Court of Andhra Pradesh against the State of Andhra Pradesh challenging a notice of demand received by Master Channel Community Network Private Limited dated August 9, 2004 from the Deputy Commissioner, Municipal Corporation, Vijayawada, Andhra Pradesh. The impugned notice was for failure to deposit advertisement tax amounting to Rs. 52,74,590 as per Government Order no. 708 (Rev) CT-III dated October 3, 2000 and August 9, 2004. The matter is currently pending and the next date of hearing shall be intimated in due course.
13. Our Company has filed a petition against Adishakti Cable Network before the TDSAT for recovery of amounts due from them on the grounds of non-payment of outstanding subscription charges amounting to Rs. 19.42 Lakhs and migration to another multi system operator. The TDSAT has issued notice to Adishakti Cable Networks Limited vide their order dated May 25, 2009. The matter is currently pending and the next date of hearing is scheduled on October 9, 2009.
14. Our Company has filed a petition against M/s Noida Vision before the TDSAT for recovery of amounts due from them on the grounds of non-payment of outstanding subscription charges amounting to Rs. 44 Lakhs. The matter is currently pending and the next date of hearing is scheduled on October 12, 2009.
15. Our Company has filed a petition (No. 164(C) of 2009) dated July 30, 2009 against M/s Star India (P) Limited and another before TDSAT, New Delhi for refusal to provide the subscription of its bouquet of channels for city of Varanasi. Pursuant to an order of TDSAT, dated August 12, 2009, we have deposited Rs. 21 Lakhs with the respondent which shall be adjustable as future monthly charges on the basis of number of subscribers, as determined by a survey, and the supply of signals has been resumed. The matter is currently pending and the next date of hearing is scheduled to be on October 6, 2009.
16. Our Company has filed a petition (No. 192(C) of 2009) dated September 8, 2009 against M/s Star India (P) Limited and another before TDSAT, New Delhi against their notice of unauthorized re-transmission of signals in Kanpur city. Pursuant to its order dated September 9, 2009, TDSAT issued a direction to not disconnect the signals till the next date of hearing. The matter is currently pending and the next date of hearing is scheduled to be on October 1, 2009.
17. Our Company has filed ten criminal complaints under Section 138 of the Negotiable Instruments Act, 1881 for recovery of a total amount of approximately Rs. 25 Lakhs towards bounced cheques issued to our Company. These matters are at various stages of adjudication.

18. Our Company has invoked arbitration clauses under seven of its right to use agreements with various parties for recovery of approximately Rs. 1,255 Lakhs mostly on the grounds of failure to deposit the right to use charges and the failure to handover the running business/ network assets to our Company under the agreements. The matters are at various stages of adjudication before sole arbitrators.

**B. Pending Litigations against our Subsidiaries**

***Indian Cable Net Company Limited***

1. Time Warner has filed a suit for permanent injunction (suit no. 607 of 2000) dated April 17, 2000 against Indian Cable Net Company Limited (at the time known as RPG Netcom Limited) before the High Court of Delhi, for alleged infringement of copy right of certain English films and has sought a mandatory injunction against our Subsidiary to hand over all infringing material and equipment along with a claim for damages amounting to Rs. 50 Lakhs. The next date of hearing is scheduled to be on January 29, 2010.
2. Super Cassettes Industries Limited has filed a suit for permanent injunction (suit no. 132 of 2003) against Indian Cable Net Company Limited (at the time known as RPG Netcom Limited) before the High Court of Delhi, for alleged infringement of copy right of the film 'Tum Bin' and has sought a mandatory injunction against our Subsidiary to hand over all infringing material and equipment along with a claim for damages amounting to Rs. 5 Lakhs. The next date of hearing is scheduled to be on November 27, 2009.
3. Mr. Sanjit Santra has filed a civil suit (suit no. 446 of 2002) dated January 10, 2002, against Indian Cable Net Company Limited (at the time known as RPG Netcom Limited) before the Calcutta High Court, for restraining our Subsidiary from de-activating signals of pay channels and billing at the enhanced subscriber base for Star India Private Limited and Zee Turner Limited. The suit is still pending for arguments and further proceedings. The suit is currently pending for arguments and further proceedings.
4. Indian Cable Net Company Limited (at the time known as RPG Netcom Limited) has filed an appeal (RN 320 of 2003) before the West Bengal Taxation Tribunal, Kolkata against the order of the Assistant Commissioner (Sale Tax) dated June 9, 2003 on the grounds that transmission of electromagnetic waves to cable operators does not constitute 'goods' under Section 2(13) of West Bengal Sales Tax Act, 1994 and quashing of the order of the Assistant Commissioner (Sale Tax). The matter is currently pending and the next date of hearing shall be intimated in due course.
5. Indian Cable Net Company Limited has filed an appeal (appeal no. 24 of 2005) dated September 30, 2005 before the Special Secretary, Entertainment Tax Department, Lucknow, against the order of District Magistrate, Gautam Budh Nagar (order no. 246/DM/2005-2006), dated September 15, 2005 imposing an amount of Rs. 7.40 Lakhs as entertainment tax on installation charges collected from the subscribers in the network business of the company in Greater Noida. The matter is currently pending and the next date of hearing shall be intimated in due course.
6. A criminal complaint was filed by Indian Tobacco Company Limited against the officials of Indian Cable Net Company Limited for alleged violations of the provisions of Cable Act, 1995, by telecasting advertisements of some of the brands of cigarettes not manufactured in India through ATN Bangla Channel. The state has registered a criminal case (CC No. 261) dated September 21, 2001 before Chief Metropolitan Magistrate, Kolkata. The case is still pending for framing of charges.
7. Indian Cable Net Company Limited has filed an appeal before the Commissioner of Income Tax (Appeals) dated January 16, 2007 at Kolkata on the grounds that the assessment officer has not considered brought forward losses of the company amounting to Rs. 261.56 Lakhs at the time of assessment of income and expenditures in the assessment year 2004-2005. The appeal is currently pending for further adjudication.

8. Indian Cable Net Company Limited has filed an appeal before the Commissioner of Income Tax (Appeals) dated January 24, 2008 at Kolkata on the grounds that the assessment officer's order disallowing expenses of the company amounting to Rs. 39.2 Lakhs at the time of assessment of income and expenditures in the assessment year 2005-2006. The appeal is currently pending for further adjudication.

***Central Bombay Cable Network Limited***

There is no outstanding litigation /proceeding against Central Bombay Cable Network Limited.

***Siticable Broadband South Limited***

There is no outstanding litigation /proceeding against Siticable Broadband South Limited.

***Wire and Wireless Tisai Satellite Limited***

There is no outstanding litigation /proceeding against Wire and Wireless Tisai Satellite Limited.

***Master Channel Community Network Private Limited ("Master Channel")***

Master Channel received a notice of demand dated August 9, 2004 from the Deputy Commissioner, Municipal Corporation, Vijayawada, Andhra Pradesh, for failure to deposit advertisement tax amounting to Rs. 52,74,590 as per Government Order no. 708 (Rev) CT-III dated October 3, 2000 and August 9, 2004. The Commissioner has made the demand under Section 326 of the Andhra Pradesh Municipalities Act, 1965, and its amendment under section 7B thereby levying advertisement tax on electronic media including cable TV on adoloram basis at 10% on the rates charged by the advertisers and has directed that the same must be deposited to the concerned corporation on the total advertisements shown by the cable company from time to time. Master Channel and Siti Cable Network Limited have thus filed a writ petition (no. 14145 of 2004) before the High Court of Andhra Pradesh against the State of Andhra Pradesh challenging impugned notice/demand. The matter is currently pending for final hearing.

**C. Pending litigations against our top five listed Group Companies**

**I. Zee Entertainment Enterprises Limited ("ZEEL")**

*Criminal Proceedings*

1. A criminal complaint (No. 607/P of 1996) has been filed by the State of Maharashtra pursuant to a first information report filed by Mr. Rajeev Suri before the 7<sup>th</sup> Additional Sessions Judge, Bhoiwada, against Mr. Santosh Shinde and ZEEL for telecasting the song 'Rim Jhim Barse' from the film 'Manzil' by ZEEL. The matter has been stayed by the High Court pursuant to its order dated December 18, 2006.

Further, a criminal writ petition (criminal writ petition no. 1130 of 2006) by Mr. Santosh Shinde before the High Court of Bombay March 16, 2006 seeking to quash the first information report filed by Mr. Rajeev Suri based on a terms of settlement executed between Mr. Rajeev Suri and ZEEL. The criminal writ petition was admitted on December 18, 2006 and further proceeding has been stayed in the lower court. The matter will come up for hearing in due course.

*Civil Suits*

1. Euro RSCG Advertising Private Limited has filed a civil suit (suit no. 833 of 2002) against ZEEL, formerly known as Zee Telefilms Limited, Enkay Texofoods Industries Limited and Asia Today Limited before the High Court of Bombay dated February 18, 2002. ZEEL has been added as co-defendant in the suit wherein the plaintiff has sought an order against Enkay Texofoods Industries Limited to pay an amount of Rs. 23,45,460. The suit has been filed pursuant to suit number 3749 of 2002 filed by Asia Today Limited and ZEEL. The matter is currently pending and shall come up for hearing in due course.

2. Mr. Munna Rizvi has filed a civil suit (suit no. 4027 of 2001) against ZEEL and others before the High Court of Bombay dated October 30, 2001. The plaintiff has alleged illegal utilization and exploitation of his registered television serial titled '*Choti Maa*' and has claimed a sum of Rs. 5 Lakhs as compensation. The matter has been transferred to the list of long causes and will come up for hearing in due course.
3. HDFC had filed a suit (original application no. 15 Of 2005) against Padmalaya Telefilms before the Debt Recovery Tribunal – II, Mumbai dated January 5, 2005. ZEEL and Briggs Trading Private Limited ("**Briggs**") had granted inter-corporate deposits of Rs. 7,76,00,000 and Rs. 1,50,59,530 respectively to Padmalaya Telefilms which were refunded by Padmalaya Telefilms to ZEEL and Briggs. The Debt Recovery Tribunal added ZEEL and Briggs as necessary parties to the suit. By its order dated March 16, 2009, the Tribunal directed ZEEL and Briggs to pay HDFC a sum of Rs. 3,59,76,935/- together with interest @ 9% p.a. from the date of filing of the original application till full realization. An appeal bearing no. 125/09 in OA no. 15/05 has been preferred before the Appellate Tribunal against the order of the Tribunal dated March 16, 2009. The matter is currently pending and the next date of hearing is scheduled on October 6, 2009.
4. M/s High Definition has filed a civil suit (summary suit no. 815 of 2005) against ZEEL before the High Court of Bombay dated December 21, 2004. The plaintiff has alleged that ZEEL has failed to pay the consideration for the delivery of 52 episodes of the television programme titled '*Mehfil-E-Mushaira*' to the plaintiff and has claimed recovery of Rs. 72,22,756 along with interest of 18% p.a. The High Court has, pursuant to its conditional order dated February 20, 2006, directed ZEEL to deposit with the court a sum of Rs. 60,00,000. The matter is currently pending and the next date of hearing shall be intimated by the High Court in due course.
5. Mr. Pashupathinath Chaudhari has filed a civil suit (suit no. 7500 of 2000) against ZEEL and another before the City Civil Court of Mumbai dated December 6, 2000. The plaintiff has sought an order from the court restraining ZEEL to enforce the plaintiff to act in contravention of certain consent terms dated January 19, 1999 filed in the City Civil Court of Mumbai pursuant to suit no. 4680 of 1995. The matter is currently pending for cross-examination and the next date of hearing is October 5, 2009.
6. Mr. Parmodkumar Doshi has filed a civil suit (suit No. 3149 of 2001) against ZEEL and others before High Court of Bombay dated July 9, 2001. The plaintiff has sought a declaration that he be declared as the owner of the shares of ZEEL. The matter is pending and will come up for hearing in due course.
7. Ultra Video Private Limited has filed a civil suit (suit no. 245 of 2002) against ZEEL and others before the High Court of Bombay dated December 14, 2001. The plaintiff has sought an injunction restraining ZEEL and the other defendants from infringing the copyright of the plaintiff in respect of the films '*Jeeo or Jeena*', '*Jwala*', '*Khoon Ka Badla Khoon*', '*Kundhan*', '*Pran Jaye Par Vachan Na Jaye*', '*Ram Bharat Ka Milan*', '*Sab Ka Ustad*', '*Sangram*', '*Sharat*', '*Smuggler*', '*Thakur Jernail Singh*', '*Aya Toofan*', '*Bhai Bhai*', '*Hatimtai*', '*Hira Moti and Jaggu*'. The matter is currently pending and the next date of hearing shall be intimated by the court in due course.
8. Mr. Mahindra N. Gandhi (*karta* of HUF) has filed a civil suit (suit no. 4070 of 2001) against ZEEL and others before the High Court of Bombay dated November 8, 2001. The plaintiff has sought ad-interim reliefs against the ZEEL and the other defendants restraining them from claiming or infringing the copyright of the plaintiff in the feature film '*Shatranj*'. The matter is currently pending and the next date of hearing shall be intimated by the High Court in due course.
9. PLA Exports Private Limited has filed a civil suit (suit no. 193 of 2001) against ZEEL and others before the High Court of Bombay dated January 4, 2001 seeking a permanent injunction against the defendants from infringing the plaintiff's copyright of the film '*Saheeb*'. The plaintiff has also claimed a compensation of Rs. 10,00,000 for alleged infringement of its copyright over the said film by the defendants. The matter has been transferred to list of commercial causes and the next date of hearing shall be intimated in due course.

10. Mr. Pratap Barot had filed a civil suit (suit no. 1309 of 2001) against ZEEL before the High Court of Bombay dated March 27, 2001 seeking to restrain ZEEL from telecasting the film '*Mahir*' in breach of a deed of assignment executed between the plaintiff and ZEEL on January 8, 1998 assigning ZEEL the telecasting rights of the said film for a period of seven years. Pursuant to its order dated April 23, 2001, the High Court refused to allow an ad-interim injunction, subsequent to which the plaintiff preferred an appeal (appeal no. 399 of 2001) before the division bench of the High Court in April, 2001. The High Court pursuant to its order dated May 4, 2001 dismissed the appeal for an ad-interim injunction. The matter is currently pending and the next date of hearing shall be intimated by the High Court in due course.
11. Mr. N. Chandra has filed a civil suit (suit no. 1117 of 2004) against Amruta Films Private Limited and ZEEL before the High Court of Bombay dated March 24, 2004. The plaintiff has claimed a sum of Rs. 25,00,000 from Amruta Films Private Limited as contemplated under an agreement with respect to a film '*Kagaar*'. The plaintiff has also sought an order restraining ZEEL from telecasting the said film. The matter is currently pending and the next date of hearing shall be intimated by the High Court in due course.
12. Mr. A. Krishnamurthy had filed a civil suit (suit no. 3898 of 2000) against International Distributors and ZEEL before the High Court of Bombay dated September 18, 2000. The plaintiff had claimed exclusive copyrights over the films '*Ghar Ek Mandir*', '*Swarg Se Sundar*', '*Charno Ki Saugandh*', '*Meherbaan*' and '*Sindoor*' and a permanent injunction restraining the defendants from interfering with the plaintiff's copyright. The High Court by its order dated October 7, 2003 rejected the notice of motion filed by the plaintiff seeking an injunction for restraining ZEEL from interfering with the plaintiff's copyright. The plaintiff filed appeal no. 1077 of 2003 before division bench of the High Court of Bombay against the said order, which was dismissed by its order dated February 3, 2004. The plaintiff thereafter filed a special leave petition no. 19312 of 2004 before the Supreme Court of India against the order of the division bench of the High Court which was dismissed by the Supreme Court of India pursuant to its order dated March 4, 2005. The matter is currently pending before the High Court and the next date of hearing shall be intimated in due course.
13. Mr. Suneel Darshan has filed a civil suit (suit no. 734 of 2007) against Mr. Suraj Prakash Girotra and ZEEL before the City Civil Court, Mumbai dated February 20, 2007. The plaintiff has sought an injunction against ZEEL from telecasting the movie '*Mere Jeevan Saathi*' in India, Bangladesh and Nepal on February 25, 2007 on Zee TV channel in breach of an agreement dated December 29, 2004 executed between the plaintiff and Mr. Suraj Prakash. The suit is currently pending for framing of the issues and the next date of hearing is scheduled on November 3.
14. Mr. Suneel Darshan has filed a civil suit (suit No. 78 of 2009) against Mr Suraj Prakash Girotra, ZEEL and others before High Court of Bombay dated January 20, 2009. The plaintiff has sought an injunction against the defendants from telecasting the film '*Mere Jeevan Sathi*'. The notice of motion for an interim order is currently pending for final hearing.
15. Gold Entertainment Private Limited has filed a civil suit (suit no. 361 of 2007) against ZEEL and others before the High Court of Bombay dated December 29, 2006. The plaintiff has sought an injunction restraining the defendants from making, manufacturing and selling DVDs of the films of '*Kya Kehna*', '*Kunwara*' and '*Albela*'. The matter is currently pending and the next date of hearing shall be intimated by the High Court in due course.
16. Navchitra Distributors Private Limited has filed a civil suit (suit no. 1857 of 2008) against Raam Raj Kalamandir and ZEEL before the High Court of Bombay dated June 9, 2008 seeking an injunction against the defendants from telecasting the movie '*Ganga Jamuna Saraswati*' on March 29, 2008 on Zee Cinema, which was not granted by the High Court. Subsequently, the plaintiff has sought a declaration that the agreement dated 6<sup>th</sup> October, 2005 and supplementary agreement dated 25<sup>th</sup> November, 2005 executed by them operates as a deed of assignment in respect of all the copyrights in the four feature films '*Girafaar*', '*Ganga Jamuna Saraswati*', '*Brahma*' and '*Prateeksha*' and that the said agreements are valid and subsisting. The matter is currently pending and the next date of hearing is scheduled to be on September 30.

17. Mr. Maganlal Savani has filed a civil suit (no. 171 of 2007) against M/s. Seven Art Pictures and others, including ZEEL, in the High Court of Bombay dated November 19, 2007. The plaintiff has sought an injunction against the defendants from exploiting the rights in the movies 'Sharafat' 'Bombay to Goa' 'Padosan' and "Anjana". The matter is currently pending and the next date of hearing shall be intimated by the High Court in due course.
18. Sholay Media & Entertainment Private Limited and others have filed a civil suit (suit No. 1691 of 2008) against Ajit Sippy, Mohini Sippy and ZEEL in the Delhi High Court dated August 12, 2008. The plaintiffs have sought an injunction against the defendants from exploiting the rights in the film 'Sholay' and 18 other films. The matter is pending and the next date of hearing is scheduled to be on December 9, 2009.
19. Mr. Puneet Kaul has filed a civil suit (suit No. 292 of 2008) against ZEEL in the Tis Hazari District Court, Delhi on July 22, 2008. The plaintiff has claimed a sum of Rs. 12.5 Lakhs in respect of the services hired for promotional activities on the channel, Zee Sports. The matter is pending and the next date of hearing is scheduled to be on October 14, 2009.
20. Mr. Syed Inam Ur Rahaman had filed a civil suit (civil suit no.47 of 2002) against ZEEL and others before City Civil Court, Hyderabad dated January 1, 2002 alleging wrongful termination of his services and has claimed a compensation of Rs. 20,00,000 along with interest. The City Civil Court, pursuant to its order dated February 27, 2004 granted the plea of the plaintiff, subsequent to which ZEEL and the other defendants preferred an appeal before the High Court of Andhra Pradesh. The High Court, pursuant to its order dated August 2, 2004 directed ZEEL to deposit an amount of Rs. 5,00,000 in the court. Aggrieved by this order, ZEEL filed a special leave petition before the Supreme Court of India (no. 18571 of 2004). ZEEL has deposited an amount of Rs. 5,00,000 and the said amount has been withdrawn by Mr Syed Inam Ur Rahaman. The matter is currently pending and the next date of hearing shall be intimated by the High Court in due course.
21. Mr. D. Narasimha Rao has filed a civil suit (suit no. 69 of 2002) against ZEEL before Civil Judge, Kamalapuram dated August 2, 2004, seeking an order restraining ZEEL from transferring his shares to any other person. The matter is currently pending and the next date of hearing shall be intimated to us by the court in due course.
22. Mr. G. Sukumer Reddy has filed a civil suit (suit no. 1248 of 1999) against ZEEL before Junior Civil Judge, Rangareddy dated September 16, 1999 seeking an order restraining ZEEL from transferring his shares to any other person. The matter is currently pending and the next date of hearing is scheduled on October 6, 2009.
23. M/s. Suresh Production and others have filed a civil suit (suit no. 392 of 2003) against ZEEL and others before the City Civil Judge, Andhra Pradesh dated November 11, 2003. The plaintiffs sought an injunction restraining the ZEEL from broadcasting 16 films since the broadcasting rights over the same had expired. The court passed interim orders on November 14, 2003 (pursuant to interim application numbers 4082 of 2003 and 4096 of 2003) restraining ZEEL from broadcasting the films until the final disposal of the suit. ZEEL filed an appeal before the High Court of Andhra Pradesh in February, 2004 seeking to set aside the interim injunctions on the ground that the plaintiffs had no right in the said films on the date of the suit as they had already assigned their rights to other parties. Pursuant to its order dated April 13, 2004, the matter was remanded to the City Civil Court for being heard afresh. It passed an order dated April 16, 2007 dismissing the interim applications. The matter was dismissed by the court for want of prosecution following which the plaintiff filed an application for restoration. Such restoration application was allowed by the Court. The matter is currently pending for cross-examination of the defendants and the next date of hearing is scheduled on October 8, 2009.
24. Meteor Films has filed a civil suit (suit no. 47 of 1999) against Tam Media Research Private Limited and ZEEL before the Calcutta High Court on January 10, 1999 seeking an injunction against the television rating points arrived at by Tam Media Research Private Limited with respect to the programme 'Ghar Jamai' telecast on Zee TV channel. The matter is currently pending and the next date of hearing shall be intimated by the High Court in due course.

25. Mr. Vinod Baid has filed a civil suit (suit no. 212 of 2001) against ZEEL and others before the Calcutta High Court seeking to restrain ZEEL from telecasting the serial '*India's Most Wanted*' wherein Mr. Vinod Baid was to be depicted as a person wanted by the police. The matter is currently pending and the next date of hearing shall be intimated by the High Court in due course.
26. M/s Lux Hosiery Industries Limited and another have filed a writ petition in the year 2002 against the Union of India and others, including ZEEL, before the High Court of Calcutta challenging circulars dated July 9, 2001 and October 18, 2001 issued by the Central Board of Excise which had mandated the levy of service tax by advertisers notwithstanding the payment of advertisement and service tax by them to the advertisement agencies. The matter is currently pending and the next date of hearing shall be intimated by the High Court in due course.
27. Ms. Rekha Wadhwa has filed a civil suit (suit no. 1255 of 2000) against ZEEL before the City Civil Court, Kolkata July, 2000 seeking a declaration for ownership and restraining ZEEL from transferring and issuing duplicate shares to any other third party. The matter is currently pending and the next date of hearing shall be intimated by the court in due course.
28. Mr. Ramnath Poddar has filed a civil suit (suit no. 309 of 1996) against ZEEL and others before the City Civil Court, Kolkata seeking ZEEL to issue duplicate share certificates to him as he had lost the original share certificates. The matter is currently pending and the next date of hearing shall be intimated by the court in due course.
29. M/s Channel 8 has filed a civil suit (suit no. 12 of 2001) against ZEEL before the District Court, Calcutta dated seeking a permanent injunction restraining ZEEL from telecasting a specified Bengali film. The matter is currently pending and the next date of hearing shall be intimated by the court in due course.
30. Mr. Dilip Kankaria has filed a civil suit (suit no. 782 of 2001) against ZEEL before the Calcutta High Court seeking an injunction restraining ZEEL from telecasting the films '*Desh Prem*' and '*Itihas*'. The matter is currently pending and the next date of hearing shall be intimated by the High Court in due course.
31. M/s Hachette Filipacchi has filed a civil suit (suit no. 104 of 1999) against Badgamia Films Private Limited and others, including ZEEL, before the Calcutta High Court dated March 4, 1999 seeking an injunction restraining the respondents from telecasting certain specified programmes. The High Court, pursuant to its interim order dated June 18, 1999 directed the respondents not to use the word 'Premier' while telecasting the specified programmes. The matter is currently pending and the next date of hearing shall be intimated by the High Court in due course.
32. M/s Mittal Investment has filed a petition (appeal no. 202 of 2007) against ZEEL before the High Court of Gujarat dated August 9, 2007. The petition is an appeal against the order of the Company Law Board dated June 20, 2007 wherein the petitioner's claim for 1,000 shares of ZEEL was rejected. The matter is currently pending and the next date of hearing shall be intimated by the High Court in due course.
33. Major General M.S. Ahluwalia has filed a suit (suit no. 622 of 2002) against Tehelka.Com and others, including ZEEL, before the Delhi High Court on March 7, 2002. The plaintiff has alleged that the defendants had defamed him and the Indian army by telecasting certain programmes. He has claimed a compensation of Rs. 2,00,00,000. The matter is currently pending at cross examination stage and the next date for cross-examination by the defendants is October 16, 2009.
34. Inspector Anil Kumar has filed a suit (suit no. 887 of 1998) against I. Sky B and others, including ZEEL, before the Delhi High Court on May 1, 1998. The plaintiff has alleged that the defendants had defamed him in the programme titled '*India's Most Wanted*'. He has claimed a mandatory injunction restraining the defendants from telecasting the said programme and has also claimed a compensation of Rs. 10,00,000. The matter has been transferred to the Tis Hazari

Court, New Delhi on grounds of pecuniary jurisdiction. The matter is currently pending at cross examination stage and the next date of hearing is scheduled to be on September 22, 2009.

35. Mr. Satyavir Singh has filed a suit (suit no. 262 of 2001) against ZEEL before Delhi High Court on February 6, 2001. The plaintiff has alleged that the defendant had defamed him in the programme titled '*India's Most Wanted*'. He has sought an injunction restraining the defendant from telecasting the programme and has also claimed a compensation of Rs. 15,00,000. The matter has been transferred to the Tis Hazari Court, New Delhi on grounds of pecuniary jurisdiction. The matter is currently pending at cross examination stage and the next date of hearing is scheduled on September 22, 2009.
36. Mr. Ashok Kumar Rana has filed a suit (suit no. 539 of 2001) against ZEEL before the Delhi High Court on March 15, 2001. The matter has been now transferred to the Tis Hazari District Court, Delhi. The plaintiff has alleged that the defendant had defamed him in a programme titled '*India's Most Wanted*'. He has sought an injunction restraining ZEEL from telecasting the programme and has claimed a compensation of Rs. 10,00,000. The matter has been transferred to the Tis Hazari Court, New Delhi on grounds of pecuniary jurisdiction. The matter is currently pending at cross examination stage and the next date of hearing is scheduled to be on July 22, 2009.
37. M/s Raga Production has filed a suit (suit no. 995 of 1998) against Mr. Shohaib Ilyasi and others, including ZEEL before the Delhi High Court on May 18, 1998, which has subsequently been transferred to the Tis Hazari District Court, Delhi. The plaintiff has alleged that Mr. Shohaib Ilyasi had stolen certain scripts prior to resigning from the plaintiff's organization and has sought an injunction restraining the defendants from using the stolen scripts and materials to telecast similar programmes. The matter has been dismissed but a restoration application is pending to be decided. The matter is currently pending at evidence stage and the next date of hearing is scheduled to be on September 24, 2009.
38. TIYL Production California Limited has filed a civil suit (suit no. 183 of 2002) against ZEEL and others before Delhi High Court on November 6, 2002. The plaintiff has claimed that the television programme '*Jeena Isika Naam Hai*' telecast by the defendants have been adopted from the programme '*This Is Your Life*' produced by the plaintiff without having any authorization for the same. The plaintiff has claimed a compensation of Rs. 20,00,000, has sought a rendition of accounts and an injunction restraining the defendants from telecasting the said programme. The matter is currently pending and the next date of hearing is scheduled to be on October 7, 2009.
39. M/s. Nahata Ltd. has filed a civil suit (no. 3516 of 1992) against M/s. Seven Art Pictures and Others. The plaintiff has filed an interim application (IA No. 8799 of 2008) for impleading ZEEL as a necessary party to the suit. The application is scheduled for hearing on January 8, 2010.
40. Mr. Jyothischandran has filed a complaint (original petition no. 44 of 2005) against ZEEL and others before the National Consumer Disputes Redressal Commission on March 2, 2005. He has sought an injunction restraining ZEEL and the other respondents from telecasting the programme '*Mahalotto*' and other such promotional schemes. A notice has been issued to the complainant for appearing in the matter before the said forum. The matter is currently pending and the next date of hearing shall be intimated by the Commission in due course.
41. M/s Gautham and Co. has filed a suit (suit no. 734 of 2008) against ZEEL before the 15<sup>th</sup> Assistant Judge, City Civil Court, Chennai claiming its rights over 100 equity shares of ZEEL. The matter is currently pending and the next date of hearing shall be notified in due course.
42. M/s Shakti Films has filed a suit (suit no. 30 of 2001) against ZEEL and others before the Civil Judge, Senior Division, Gandhinagar dated April 18, 2001. The plaintiff has alleged that it has exclusive rights to the Gujarati film titled '*Aankh Na Ratan*' aired by the defendant in Alpha Gujarati Channel in June, 2001. The plaintiff has claimed a compensation of Rs. 1,00,000/- as

compensation from the defendant. The matter is currently pending and the next date of hearing is scheduled on November 3, 2009.

43. M/s Essel Vision has filed an appeal (appeal no. 147 of 2007) against Mr. Irshad Sahni and others, including ZEEL, before the High Court of Delhi on March 20, 2007 against the order dated September 14, 2006 passed by the Additional District and Session Judge, Fast Track Court, Tis Hazari Court, Delhi, wherein Mr. Irshad Sahni had claimed that there is no privity of contract between the parties regarding screening of the movie 'Agni Sakshi' at Odeon Cinema and that M/s Essel Vision did not have the rights to screen the said film. The matter in appeal was decided in favour of the ZEEL and remanded back to lower court to reconsider the matter on the basis of fresh evidence to be lead. The matter is currently pending and the next date of hearing shall be notified in due course.

#### *Action initiated by SEBI*

SEBI had issued a show cause notice on February 11, 2005 against ZEEL, alongwith certain Promoters of our Company, advising them, inter alia, to show cause as to why suitable directions under the SEBI Act read with SEBI (Prohibition of Fardulent and Unfair Trade Practices Relating to Securities Markets) Regulations, 2003 should not be issued against them. Pursuant to the said show cause notice, SEBI has passed an order dated March 19, 2008 (order no. WTM/TCN/91/IVD2/03/2008) against ZEEL and certain Promoters on grounds on aiding and abetting certain entites relating to Mr. Ketan Parekh in large scale manipulation of shares of ZEEL. Pursuant to the said order, SEBI has warned ZEEL and the Promoter Companies and has cautioned that any similar activity or instances of violation or non-compliance of the provisions of the SEBI Act and the rules and regulations framed thereunder shall be dealt with stringently.

## **II. ETC Networks Limited**

#### *Criminal proceedings*

1. U.V Educational Society has filed a criminal case against ETC Networks Limited before the Chief Judicial Magistrate, Kanpur (case no. 14668 of 2006) alleging criminal breach of trust, cheating and criminal conspiracy under sections 406, 420 and 120B of the Indian Penal Code, 1860. The company filed a petition before the High Court of Allahabad under section 482 of the Code of Criminal Procedure seeking a stay on the proceedings pursuant to which the High Court has stayed the proceedings. The matter is currently pending and the next date of hearing shall be intimated in due course.

#### *Civil Suits*

1. Ms. Manjri Heda has filed a civil suit (Suit no. 5 of 2005) against ETC Networks Limited before the Civil Judge, Nashik in February, 2005 for recovery of a sum of Rs. 3.32 Lakhs. ETC Networks Limited has filed a written statement and an affidavit disputing the claim. The matter is currently pending and the next date of hearing, on the preliminary issue of jurisdiction, is scheduled on October 7, 2009.
2. Mr. Rajneesh Kanwar has filed a civil suit (Suit no. 233 of 2003) against ETC Networks Limited before the Lower Corut, Hamirpur in May, 2003 claiming a refund of franchisee fees of Rs. 50,000. The matter is currently pending and the next date of hearing shall be intimated by the Court in due course.
3. Ms. Saraswati Maheshwari has filed a civil suit against ETC Networks Limited before the Civil Judge, Gwalior in April, 2007 claiming royalty dues pursuant to termination of her services from Kidzee Saraswati Maheshwari Center at Gwalior. The matter is currently pending and the next date of hearing is September 24, 2009.

4. M/s Icon Innovative Training Center Limited (“the Plaintiff”) has filed a civil suit (Suit no. 642 of 2001) against ETC Networks Private Limited before the High Court of Madras seeking permanent injunction restraining ETC Networks Limited from interfering with the running of the Petitioner’s computer training center. The Plaintiff has also sought recovery of a sum of Rs. 11 Lakhs alongwith interest against ETC Networks Limited. The matter is currently pending and the next date of hearing is scheduled on October 9, 2009.
5. Arbitration Petition filed Guru Gobinsingh Indraprastha University (GGIPU) before the High Court at Delhi being Arbitration Petition No. 126 of 2009, against ETC Networks Limited seeking the appointment of Arbitrator by the High Court for deciding the payment to GGIPU. GGIPU claims that a sum of Rs. 6.69 lakhs is due and payable as against ETC Networks claim that they are liable to pay only Rs. 3.09 lakhs. The matter is placed for hearing on the filing of our reply on September 25, 2009.

#### *Consumer Cases*

1. Ms. Saroj Bala has filed a complaint petition (consumer case no. 1093 of 2002) against ETC Networks Limited before the State Consumer Disputes Redressal Forum in June, 2001 alleging ineligibility and deficiency of doctors in the ‘post graduate diploma in computer application of Kurukshetra University’ programme admitted by Zed Computer Academy Hissar. The complaint was initially heard by the District Consumer Redressal Forum which had, pursuant to its order ordered Zed Computer Academy, an academy promoted by ETC Networks Limited, and Kurukshetra University to pay an amount of Rs. 60,000 to the complainant. The complaint has thereafter approached the State Consumer Redressal Forum wherein Zed Computer Academy and Kurukshetra University have been added as pro-forma defendants. The matter is currently pending and the next date of hearing shall be intimated in due course.
2. Ms. Riti Srivastava has filed a consumer complaint (consumer complaint no. 802 of 2007) before the District Consumer Disputes Redressal Forum, Lucknow against ETC Networks Limited, formerly, Zee Interactive Learning Systems Limited, claiming a refund of fees of Rs. 7,750, a compensation of Rs. 20,000 as damages and Rs. 3,500 towards costs of the suit. The matter is currently pending and the next date of hearing is scheduled to be on November 13, 2009.
3. Mr. Sanwar Lal has filed a consumer complaint (consumer complaint no. 118 of 2008) before the District Consumer Disputes Redressal Forum, Jaipur against ETC Networks Limited, formerly Zee Interactive Learning Systems Limited, claiming a sum of Rs. 2.35 Lakhs towards compensation and cost for the complaint. The matter is currently pending and the next date of hearing is scheduled to be on September 25, 2009.
4. Mr. Amrendra Narayan Singh has filed a consumer complaint (consumer complaint No. 99 of 2008) before the District Consumer Disputes Redressal Forum, Motihari, Bihar against ETC Networks Limited, claiming a sum of Rs. 5 Lakhs towards damages and cost of the complaint. The matter is currently pending and the next date of hearing is scheduled to be on cOctober 5, 2009.
5. Mr. Anoop Garg has filed a consumer complaint (Complaint No. 114 of 2009) before the District Consumer Disputes Redressal Forum, Morena, He had paid an amount of Rs. 50,000 being the franchisee fee which he claims in refund now. The matter is currently pending and the next date of hearing is scheduled on October 17, 2009.

#### **III. *Essel Propack Limited***

There is no outstanding litigation /proceeding against Essel Propack Limited.

#### **IV. *Zee News Limited***

#### *Criminal Proceedings*

1. Mr. Mukti Nath Jha has filed a criminal complaint (complaint case no. 1100 of 2005) against Mr. Manabendra Nath Roy and others, including Zee News Limited, before the Chief Judicial Magistrate, Howrah. The complainant has alleged defamation in a programme titled '*Oder Bolte Dao*' telecast in Zee Bangla channel and has also claimed a compensation of Rs. 40,00,000. The matter is currently pending and the next date of hearing shall be intimated by the court in due course.
2. Mr. Deepak Nikhalje has filed a criminal application (no. 47 of 2009) against Zee News Limited and others before the High Court of Bombay against the order dated December 18, 2008 passed by the Sessions Court in relation to criminal complaint no. 3701879/SS of 2007. Mr. Nikhalje has alleged defamation in relation to a news item telecast on Zee News channel on May 28, 2007. The court has restored the complaint pursuant to its order dated July 9, 2009 and next date of hearing shall be notified in due course.

#### *Civil Suits*

1. Leisure Sports Management Private Limited has filed a civil suit (suit no. 48 of 2001) against Zee News Limited and another before the District Court, Calcutta dated September 20, 2000. The plaintiff has claimed that the television serial titled '*Thana Theke Bolchi*' telecast by the defendants was the concept of the plaintiff and that the respondents have infringed upon its copyright. The District Court passed an ad-interim order dated April 9, 2001 restraining the defendants from telecasting the said serial till the disposal of the suit. The defendants filed an application for rejection of the plaintiff's plaint which was rejected by the District Court pursuant to its order dated February 28, 2002. The matter is currently pending and the next date of hearing shall be intimated by the court in due course.
2. Ms. Niki Francis D'Souza has filed a civil suit (suit no. 51 of 2007) against Zee News Limited and others before the High Court of Mumbai dated January 12, 2007. The plaintiff has alleged defamation in an episode titled '*Shatir Sundari*' telecast on Zee News channel on April 21, 2005 and has claimed a compensation of Rs. 30,000,000. The matter is currently pending and the next date of hearing is scheduled to be on September 23, 2009.
3. Mr. Prashant K. Mehta has filed a civil suit (suit no. 582 of 2008) against Zee News Limited and others before the High Court of Mumbai dated February 11, 2008 alleging defamation by the defendants in a programme '*The Inside Story*' telecast and retelecast by the defendants on November 28, 2007 and November 29, 2007. He has claimed a compensation of Rs. 5,000 Lakhs. The matter is currently pending and the next date of hearing shall be intimated by the High Court in due course.

#### *Arbitration Proceedings*

1. Mr. Jayprakash K. Pamnani has filed an appeal before the High Court of Mumbai (Show Cause Notice no. 1631 of 2006) against Mr. Arjundas T. Kashyap and various news channels, including ZNL, against the order passed dated December 14, 2006 in appeal no. 723 of 2004, which was, in turn, an appeal preferred against the order passed by a single judge bench in arbitration petition no. 57 of 2004. The Court Receiver has issued show cause notices to various news channels including Zee News channel for telecasting a news item pertaining to a boy sealed inside a house. The matter is currently pending and the next date of hearing shall be intimated by the High Court in due course.
2. Mr. Rathin Majumdar has filed an arbitration petition (arbitration petition no. 174 of 2003) against ZNL before the Calcutta High Court dated July 3, 2003. The matter pertained to an agreement executed between Mr. Rathin Majumdar and ZEEL for telecasting a serial titled '*Nayantara*' spanned upto 300 episodes. The petitioner alleged that the said serial exceeded by 34 episodes and has claimed a compensation of Rs. 17,50,000. The arbitrator has, pursuant to his award directed the respondents to pay the aforesaid amount of compensation. An appeal was filed before the High Court to set aside the award. The matter is currently pending and the next date of hearing shall be intimated by the High Court in due course.

## V. *Dish TV India Limited*

Certain litigations pending against Dish TV India Limited have been initiated against New Era Entertainment Network Limited and these litigations have been transferred to Dish TV India Limited further to the provisions of the scheme of arrangement. Further, few litigations have been initiated against Essel Agro Private Limited. Pursuant to the provisions of agreement dated December 31, 2006 between Dish TV India Limited and Essel Agro Private Limited, such litigations against Essel Agro Private Limited have also been transferred to Dish TV India Limited.

### *Tax Proceedings*

1. Dish TV India Limited has received a show cause notice dated May 14, 2004 and an order dated June 6, 2004 from the District Magistrate, Ghaziabad, directing us to pay entertainment tax amounting to Rs. 4,04,39,629 along with a penalty of Rs. 20,000. Against this order Dish TV India Limited and others have filed a petition dated June 18, 2004 before the High Court of Allahabad. The High Court by its order dated June 21, 2004 stayed the operation of the impugned order upon furnishing of security (other than cash) by the petitioners. The matter is currently pending and the next date of hearing shall be intimated by the court.

### *Intellectual Property Cases*

1. Tata Sky Limited has filed a suit (suit no. 2732 of 2006, motion no. 3251 of 2006) against Nandi Electronics and others including Dish TV India Limited before the High Court of Bombay on September 18, 2006. The plaintiff has claimed that Dish TV India Limited and other defendants have infringed its intellectual property rights by using the mark "ACTIVE" for providing services under the DTH platform, as the said trademark is almost identical and deceptively similar to the plaintiff's trademark "ACTVE" which the plaintiff uses in the same line of business. The plaintiff has claimed a permanent injunction against the use of the said mark and Rs. 5 Lakhs as damages for the act of passing off and to destroy all materials bearing the said mark. The case is currently pending and the next date of hearing shall be intimated in due course.

### *Civil Suits*

1. M/s Ajay Enterprises has filed a suit (civil suit no. 70 of 2006) dated September 18, 2006 against Dish TV India Limited, previously known as ASC Enterprises Limited and New Era Entertainment Network Limited before the Court of Civil Judge (Senior Division), Kangra, Dharamshala. The petitioner has contended that Dish TV India Limited has not refunded the security amount along with the expenditure incurred for purchasing the 'demonstration kit', which was defective and did not function properly. The complainant has claimed a compensation of Rs. 19,700 alongwith an interest of 18% p.a. thereon. The case is currently pending and the next date of hearing shall be intimated by the said court in due course.
2. Dish TV India Limited filed an appeal in the Supreme Court against the order of TDSAT in which the TDSAT directed Star India Private Limited ('Star') to make available all the channels of its bouquet at 50% of the rates which it was charging from the cable platform. Star was charging Rs. 54 from the cable distribution system and consequently, the channels of star has been made available to us at Rs. 27 per subscriber per month. The appeal has been filed by Dish TV India Limited on the ground that the rate should be Rs. 13 per subscriber per month and while Star have also filed an appeal stating that the rate should be more than Rs. 27. Both the appeals are pending before the Supreme Court and the next date of hearing shall be intimated in due course.
3. Sajag Upobhokta Shakti Sangathan Samiti has filed a complaint (no. 44 of 2008) dated May 22, 2008 before the Monopolies and Restrictive Trade Practices Commission ("MRTP Commission") against Dish TV India Limited alleging that the company is engaged in unfair trade practices as the free STBs being offered are not given for free. The MRTP Commission by its order dated August 7, 2008, has issued a temporary injunction restraining Dish TV India Limited from representing in any media that STB is free without indicating the scheme in which

the STB is free. The matter has been clubbed with another complaint (46 of 2008) (see below) and the next date of hearing is scheduled to be on September 16, 2009.

4. Tata Sky Limited. and Mr. Harishankar have filed a complaint (No. 46 of 2008) against us alleging that the company is engaged in unfair trade practices as the free STBs being offered are not given for free. This matter is clubbed with the complaint no. 44 of 2008 (see description above). The MRTP Commission by its order dated August 7, 2008, has issued a temporary injunction restraining Dish TV India Limited from representing in any media that STB is free without indicating the scheme in which the STB is free. Subsequently, the complaint by Tata Sky Limited was dismissed. Mr. Harishankar moved a contempt application alleging that Dish TV India Limited is not complying with the direction of the court. Dish TV India Limited has filed its reply and the next date of hearing is scheduled to be on September 16, 2009.
5. Sun TV Network Limited has filed a petition (no. 198 of 2008) in TDSAT against the public notice issued by them for discontinuation of their channels to Dish TV India Limited. The Tribunal has granted stay on the discontinuation of the channels by Sun TV Network Limited from the DTH platform of Dish TV India Limited. Subsequently, Sun TV Network Limited has filed an application for vacation of the said stay. This matter is currently pending and the next date of hearing is scheduled to be on October 13, 2009.
6. The petition (206 (C) of 2008) has been filed by Dish TV alongwith Wire and Wireless (India) Limited against Star Den Media Services Pvt. Ltd. and Star India Pvt. Ltd. in the Telecom Dispute Settlement Appellate Tribunal (TDSAT) requesting the TDSAT to pass an order directing the respondents to provide their channels to the petitioner's HITS platform. This matter is currently pending and the next date of hearing is scheduled to be on November 3, 2009
7. Ajay Prakash Srivastava has filed a complaint against Dish TV India Limited and others (no. 30(204)UTP/07/2710) before the MRTP Commission alleging that he was charged Rs. 4120 for the dishtv connection whereas it was advertised as Rs. 3150 only. The MRTP commission has issued notice to the respondents and the next date of hearing is scheduled to be on September 24, 2009.

#### *Criminal Cases*

1. Mr. Umesh Chandra Bansal has filed a criminal complaint (cc 55 of 2009) Chief Judicial Magistrate, Kanshiram Nagar against the Company (New Era Entertainment Network Limited) under section 405 of Indian Penal Code alleging criminal breach trust on the part of the Company in not refunding the security deposit of Rs. 10,000 deposited by him for dealership of the Company. The company has paid the amount and the complainant has filed an application for withdrawal of the order and the matter is awaiting the final order of the court.

#### *Consumer Cases*

1. Mr. Vinay Sethi has filed a complaint petition (consumer dispute case no. 1032 of 2005) dated October 13, 2005 against Dish TV India Limited and others before the District Consumer Disputes Redressal Forum, Yamunanagar ("District Forum"). The complainant was one of the subscribers of Dish TV India Limited and has claimed that the STB was defective did not functioning properly. The complainant has claimed Rs. 10,000 or in the alternative, the replacement of the defective STB, and Rs. 85,500 as compensation. The District Forum passed an order dated July 14, 2006 wherein Dish TV India Limited was asked to pay the complainant a sum of Rs. 4,990, the cost of the defective STB, alongwith an interest of 12% p.a. from the date of purchase of the STB and also a compensation of a sum of Rs. 20,000. Dish TV India Limited has filed an appeal against the said order before the State Consumer Redressal Commission, Chandigarh. The case is currently pending and the next date of hearing is scheduled on May 17, 2010.
2. Mr. Bikash Kumar Chand has filed a complaint petition (consumer dispute case no. 210 of 2009) against Dish TV India Limited and others before the District Consumer Disputes Redressal Forum, Cuttack ("District Forum"). The complainant was one of the subscribers of Dish TV India Limited and has alleged that services were wrongfully deactivated on the alleged

ground that he had indulged in piracy of services provided to him. He has claimed a compensation of Rs. 53,205 towards the mental harassment and cost incurred towards the litigation. The case is currently pending and the next date of hearing shall be intimated in due course.

3. Ms. Nirmala Jha has filed a complaint petition (consumer dispute case no. 75 of 2009) against Dish TV India Limited and others before the District Consumer Disputes Redressal Forum, Muzzafarpur, Bihar ("District Forum"). The complainant was one of the subscribers of Dish TV India Limited and has alleged that services were wrongfully deactivated. She has claimed compensation of Rs. 90,000 towards the mental harassment and cost incurred towards the litigation. The case is currently pending and the next date of hearing is on September 22, 2009.
4. Mr. R. Dhinesh Babu has filed a complaint petition (consumer dispute case no. 322 of 2009) against Dish TV India Limited and others before the District Consumer Disputes Redressal Forum, Coimbatore ("District Forum"). The complainant was one of the subscribers of Dish TV India Limited and has alleged that services were wrongfully deactivated. He has claimed compensation of Rs. 52,300 towards the mental harassment and cost incurred towards the litigation. The case is currently pending and the next date of hearing shall be intimated in due course.
5. Mr. Shantanu Dutta has filed a complaint petition (consumer dispute case no. 09 of 2009) against Dish TV India Limited and others before the District Consumer Disputes Redressal Forum, Golaghat ("District Forum"). The complainant was one of the subscribers of Dish TV India Limited and has alleged that services were wrongfully deactivated. He has claimed compensation of Rs. 27,600 towards the mental harassment and cost incurred towards the litigation. The case is currently pending and the next date of hearing shall be intimated in due course.
6. Mr. Subhash Mehar has filed a complaint petition (consumer dispute case no. 95 of 2008) against Dish TV India Limited and others before the District Consumer Disputes Redressal Forum, Jharusguda, Orissa ("District Forum"). The complainant was one of the subscribers of Dish TV India Limited and has alleged that services were wrongfully deactivated on the alleged ground that he had indulged in piracy of services provided to him. He has claimed a compensation of Rs. 35,000 towards the mental harassment and cost incurred towards the litigation. The case is reserved for order.
7. Mr. James E.P. has filed a complaint petition (consumer dispute case no. 989 of 2007) against Dish TV India Limited and others before the District Consumer Disputes Redressal Forum, Trissur, Kerela ("District Forum"). The complainant was one of the subscribers of Dish TV India Limited and has alleged that services were wrongfully deactivated. He has claimed compensation of Rs. 15,145 towards the mental harassment and cost incurred towards the litigation. The case is currently pending and the next date of hearing shall be intimated in due course.
8. Mr. Dilip Kumar Dalei has filed a complaint petition (consumer dispute case no. 122 of 2009) against Dish TV India Limited and others before the District Consumer Disputes Redressal Forum, Dhenkanal ("District Forum"). The complainant was one of the subscribers of Dish TV India Limited and has alleged that services were wrongfully deactivated on the alleged ground that he had indulged in piracy of services provided to him. He has claimed compensation of Rs. 1,00,000 towards the mental harassment and cost incurred towards the litigation. The case is currently pending and the next date of hearing is on September 24, 2009.
9. Mr. Mahesh Kumar has filed a complaint petition (consumer dispute case no. 278 of 2009) against Dish TV India Limited and others before the District Consumer Disputes Redressal Forum, Shalimar Bagh, Delhi ("District Forum"). The complainant was one of the subscribers of Dish TV India Limited and has alleged that services were wrongfully deactivated. He has claimed compensation of Rs. 1,06,000 towards the mental harassment and cost incurred towards the litigation. The case is currently pending and the next date of hearing is November 25, 2009.

10. Mr. K.G. Kochar has filed a complaint petition (consumer dispute case no. 487 of 2009) against Dish TV India Limited and others before the District Consumer Disputes Redressal Forum, Saini Enclave, East Delhi (“District Forum”). The complainant was one of the subscribers of Dish TV India Limited and has alleged that services were wrongfully deactivated. He has claimed compensation of Rs. 39,680/- towards the mental harassment and cost incurred towards the litigation. The case is currently pending and the next date of hearing in the matter is October 1, 2009.
11. Mr. Someshwar Sharma has filed a complaint petition (consumer dispute case no. 1365 of 2008) against Dish TV India Limited and others before the District Consumer Disputes Redressal Forum, Shalimar Bagh, Delhi (“District Forum”). The complainant was one of the subscribers of Dish TV India Limited and has alleged that services were wrongfully deactivated. He has claimed compensation of Rs. 1,00,000/- towards the mental harassment and cost incurred towards the litigation. The case is currently pending and the next date of hearing is November 4, 2009.
12. Mr. Hareesh Chandra Biswal has filed a complaint petition (consumer dispute case no. 174 of 2008) against Dish TV India Limited and others before the District Consumer Disputes Redressal Forum, Dhenkanal (“District Forum”). The complainant was one of the subscribers of Dish TV India Limited and has alleged that services were wrongfully deactivated. He has claimed compensation of Rs. 1,00,100/- towards the mental harassment and cost incurred towards the litigation. The case is currently pending and the next date of hearing is September 16, 2009.
13. Mr. Somnath Ghosh has filed a complaint petition (consumer dispute case no. 237 of 2009) against Dish TV India Limited and others before the District Consumer Disputes Redressal Forum, Kolkata (“District Forum”). The complainant was one of the subscribers of Dish TV India Limited and has alleged that services were wrongfully deactivated on the alleged ground that he had indulged in piracy of services provided to him. He has claimed compensation of Rs. 87,711 towards the mental harassment and cost incurred towards the litigation. The case is currently pending and the next date of hearing is November 3, 2009.
14. Mr. Rajinder Rai has filed a complaint petition (consumer dispute case no. 101 of 2009) against Dish TV India Limited and others before the District Consumer Disputes Redressal Forum, ISBT, Delhi (“District Forum”). The complainant was one of the subscribers of Dish TV India Limited and has alleged that services were wrongfully deactivated. He has claimed compensation of Rs. 25,289 towards the mental harassment and cost incurred towards the litigation. The case is currently pending and the next date of hearing is October 12, 2009.
15. Mr. Vijaya Kumar has filed a complaint petition (consumer dispute case no. 70 of 2008) against Dish TV India Limited and others before the District Consumer Disputes Redressal Forum, Chennai (“District Forum”). The complainant was one of the subscribers of Dish TV India Limited and has alleged that services were wrongfully deactivated. He has claimed compensation of Rs. 1,03,540 towards the mental harassment and cost incurred towards the litigation. The case is currently pending and the next date of hearing shall be intimated in due course.
16. Mr. S.C. Jha has filed a complaint petition (consumer dispute case no. 108 of 2008) against Dish TV India Limited and others before the District Consumer Disputes Redressal Forum, Patna (“District Forum”). The complainant was one of the subscribers of Dish TV India Limited and has alleged that services were wrongfully deactivated. He has claimed compensation of Rs. 55,000 towards the mental harassment and cost incurred towards the litigation. The case is currently pending and the next date of hearing shall be intimated in due course.
17. Mr. Warendra Sinha has filed a complaint petition (consumer dispute case no. 797 of 2008) against Dish TV India Limited and others before the District Consumer Disputes Redressal Forum, Shalimar Bagh, Delhi (“District Forum”). The complainant was one of the subscribers of Dish TV India Limited and has alleged that services were wrongfully deactivated on account of malfunctioning of STB. He has claimed compensation of Rs. 1,00,000 towards the mental

harassment and cost incurred towards the litigation. The case is currently pending and the next date of hearing is November 4, 2009.

18. Sheikh Nyayamuddin has filed a consumer complaint vide complaint no88 of 2009 and before the Consumer Dispute Redressal Forum, Noida (U.P.) . The complaint is against the company M/s Dish TV India Ltd. and titled as Sheikh Nyayamuddin Vs M/s Dish TV India Ltd & others. The complainant is one of the subscribers of dish TV and has alleged deficiency for providing certain desired channels under a-la-carte and taking extra charges for them. He has demanded nil compensation and the case is currently pending and listed for hearing on October 24, 2009.
19. Surendra Singh is a subscriber of dish TV who has filed a consumer complaint against the company and before the District Consumer Dispute Redressal Forum, Gurgaon (Haryana) with the filed title as “Surendra Singh VS Dish TV & Others”. The complaint has alleged deficiency against the company stating that he was facing signal problems and non –receipt of channels on his Set Top Box, which was not rectified. The complainant claims deficiency and harassment and has demanded Rs 5100 as costs and compensation. The case is currently pending and listed on September 20, 2009.
20. Rajbir is one of the dish TV connection holder who has filed a consumer complaint ( no. 62 of 2009) ,in the District Consumer Dispute Redressal Forum ,Meerut and titled as “ Rajbir Singh Vs M/s United Disptibutors & others”. The complainant has alleged deficiency stating that one of the dealers has taken money from his on the pretext of activating his connections. The same has not been done till date forcing him to file the present complaint and has demanded Rs 1,12,190 as costs and compensation. The case is scheduled for hearing on October 8, 2009.
21. Mr Gaurav Mishra has filed a consumer complaint against the company and titled as “ Gaurav Mishra Vs Dish TV India Ltd. and others . The complainant is one of the consumers of the company and has alleged that certain Movies on Demand which has been not used by him , but shows demanded by the company and has also deducted money for the same resulting in premature deactivation. The complainant has demanded Rs. 42,000 as costs and compensation. The case is currently pending and listed for hearing on October 14, 2009.
22. Mr Lal Singh has filed a consumer case against the company in the consumer dispute Redressal Forum, Mandi (H.P.). The complainant is one of the subscriber of dish TV and has alleged that his Set top Box became defective within the warranty period, which was given to one of the local dealers for repair and has not returned till date. The complainant states harassment and has cited deficiency and demanded Rs 6500 as costs and compensation,. The case is currently pending and listed for hearing on December 9, 2009.
23. Ghanshyam Lal Narandra Lal Chauhan is one of the subscribers of dish TV and has filed a consumer complaint before the Consumer Dispute Redressal Forum, Mehsana (Gujrat ). The complainant states that he had gone for the recharge of his connection by paying Rs 690/- to local dealer . He received the message that Rs 660/- has been credited into his account . He has cited deficiency and demanded Rs 20,000 as costs and compensation. The case is currently pending and listed for hearing on September 15, 2009.
24. Mr. Amjad Khan has filed a complaint petition (consumer dispute case no. 115 of 2006) dated April 3, 2006 against Dish TV India Limited and others before the District Consumer Disputes Redressal Forum, Guna (“District Forum”). District Forum by its order dated December 26, 2006 had held us deficient and directed us to pay Rs. 5,500. The complainant was one of the subscribers of Dish TV India Limited and has claimed that the STB was defective and not functioning properly. The complainant has claimed a compensation of Rs. 52,380. Dish TV India Limited has filed an appeal against the said order before the State Consumer Redressal Commission, Bhopal. The case is currently pending and the next date of hearing is scheduled on November 5, 2009.
25. Mr. Rajesh Kumar Gupta is one of the consumers of the company M/s Dish TV India Ltd. He has filed a consumer complaint before the District Consumer Disputes Redressal Forum , Lucknow. The subscriber states that he has filed consumer complaint for alleged misbehave by one of local dealers and also for not getting Free to air Channels for life without any further payment. He has

alleged deficiency and has demanded RS 33,700 as costs and compensation. The case is currently pending and listed for hearing on November 25, 2009.

26. Mr. Satyabir has filed a complaint petition (consumer dispute case no. 258 of 2006) dated September 5, 2006 against Dish TV India Limited and others before the District Consumer Disputes Redressal Forum, Narnaul. The complainant was one of the subscribers of Dish TV India Limited and has claimed that Dish TV India Limited has not renewed the package despite the requisite payment being made for the same. The complainant has claimed a compensation of Rs. 20,722 along with an interest of 10% p.a. thereon. The case is currently pending and the next date of hearing is scheduled to be on October 1, 2009.
27. Mr. Yogeshwar Kumar Vaishnav has filed a consumer complaint before the District Consumer Disputes Redressal Forum, Boondi (Rajasthan). The consumer is one of the consumers of the company and has alleged that the local dealer has sold one dishtv connection along with a LG TV and has charged RS 400/- extra than the price. He has alleged deficiency and has demanded Rs 13385 as costs and compensation. The case is currently pending and listed for hearing on September 14, 2009.
28. Kundan Singh is one of the subscribers of dishtv and has filed a consumer complaint against the company M/s Dishtv India Ltd. & others for not providing free to air channels for life. He has cited deficiency and demanded Rs 5500 as costs and compensation. The complaint is currently pending and the next date of hearing shall be notified in due course.
29. Mr. Tarun Kumar Sinha has filed a complaint petition (consumer dispute case no. 495 of 2006) dated September 29, 2006 against Dish TV India Limited and others before the District Consumer Disputes Redressal Forum, Thane. The complainant was one of the subscribers of Dish TV India Limited and has claimed that the STB was defective and that certain channels were not activated as assured by Dish TV India Limited in the package availed by him. The complainant has claimed a compensation of Rs. 50,000 along with an interest of 18% p.a. thereon. The case has been transferred to new consumer forum at Belapur and the next date of hearing shall be intimated in due course.
30. Mr. Devsharan Sharma has filed a complaint petition (consumer dispute case no. 901 of 2006) dated November 20, 2006 against Dish TV India Limited and others before the District Consumer Disputes Redressal Forum, Bhopal. The complainant was one of the subscribers of Dish TV India Limited and has claimed that the STB was defective and that the subscription was not activated despite availing the 'one year free subscription scheme'. The complainant has claimed a compensation of Rs. 1 Lakh and the activation of his subscription. The case is currently pending and the next date of hearing shall be intimated by the Forum in due course.
31. Mr. Prafulla Patnaik has filed a complaint petition (consumer dispute case no. 85 of 2006) dated December 22, 2006 against Dish TV India Limited, formerly known as ASC Enterprises Limited before the District Consumer Redressal Forum, Nabarangpur ("Forum"). The complainant was one of the subscribers of Dish TV India Limited and has claimed that only few channels were activated even though he had subscribed for more channels. The complainant has claimed a compensation of Rs. 93,300. The case is currently pending and the next date of hearing is scheduled to be on July 31, 2009.
32. Mr. Vijay Pal has filed a complaint petition dated January 26, 2007 against Dish TV India Limited and others before the District Consumer Disputes Redressal Forum, Kaithal. The complainant was one of the subscribers of Dish TV India Limited and has claimed that the STB was defective and all the channels had been abruptly deactivated without any reason. The complainant has claimed a compensation of Rs. 55,500 and a replacement or repair of the defective STB. The case is currently pending and the next date of hearing is scheduled to be on October 23, 2009.
33. Mr. A.M. Gangoo has filed a complaint petition dated December 27, 2006 against Dish TV India Limited, formerly known as ASC Enterprises Limited before the Office of the Divisional Consumers Protection Forum, Kashmir Division, Srinagar ("Forum"). The complainant was one of the subscribers of Dish TV India Limited and has claimed that certain channels were

deactivated even though he was entitled to view those channels under the package availed by him. The complainant has claimed a compensation of Rs. 55,000 and the activation of the said channels. The case is currently pending and the next date of hearing shall be intimated by the Forum in due course.

34. Mr. Mohd. Eqbal Aktar Kaderi has filed a complaint petition (consumer dispute case no. 38 of 2007) dated January 22, 2007 against Dish TV India Limited, formerly known as ASC Enterprises Limited before the District Consumer Disputes Redressal Forum, Khudra, Orissa ("Forum"). The complainant was one of the subscribers of Dish TV India Limited and has claimed that the subscription had been abruptly disconnected without any reason. The complainant has sought restoration of his subscription, and has claimed a compensation of Rs. 1.70 Lakhs alongwith interest at the rate of 18% p.a thereon. The case is currently pending and the next date of hearing is scheduled to be on October 5, 2009.
35. Mr. Ajit Kumar Sao has filed a complaint petition (consumer dispute case no.71 of 2006) against Dish TV India Limited and others before the District Consumer Disputes Redressal Forum, Munger, Bihar ("Forum"). The complainant was one of the subscribers of Dish TV India Limited and has claimed that the connection was deactivated for want of renewal fee despite an assurance by Dish TV India Limited that it would remain active. The complainant has claimed a compensation of Rs. 25,000. The case is currently pending and the next date of hearing shall be intimated by the Forum in due course.
36. Mr. Deep Kumar Gupta has filed a complaint petition (consumer dispute case no. 47 of 2007) dated April 2, 2007 against Dish TV India Limited and others before the District Consumer Disputes Redressal Forum, Mathura ("Forum"). The complainant had availed two separate connections since he could not view the channels on more than one television with one connection. He has claimed that despite paying the requisite charges for the two connections, both the connections were wrongfully deactivate without any reason or notice. The complainant has claimed a compensation of Rs. 35,000 and has sought restoration of the connections. The case is currently pending and the next date of hearing is scheduled on September 29, 2009.
37. Mr. Ashok Kumar has filed a complaint petition (consumer dispute case no. 56 of 2007) dated January 16, 2007 against Dish TV India Limited, formerly known as ASC Enterprises Limited, before the District Consumer Disputes Redressal Forum, Bhiwani ("Forum"). The complainant was one of the subscribers of Dish TV India Limited and has claimed that Dish TV India Limited had abruptly disconnected all the channels without any reason. The complainant has claimed a compensation of Rs. 90,000 and a restoration of the connection. The case is currently pending and the next date of hearing is scheduled on November 24, 2009.
38. Mr. Ravinder Kumar has filed a complaint petition (consumer dispute case no. 403 of 2006) dated November 14, 2006 against New Era Entertainment Network Limited before the District Consumer Disputes Redressal Forum, Kaithal. The complainant was one of the subscribers of Dish TV India Limited and has claimed that the STB given to him by Dish TV India Limited was defective and that it was not a new set. The complainant has claimed a compensation of Rs. 54,080. The case is currently pending and the next date of hearing is scheduled on September 25, 2009.
39. Mr. Prasanta Kumar Mahapatra has filed a complaint petition (consumer dispute case no. 42 of 2007) dated March 28, 2007 against Dish TV India Limited and others before the District Consumer Disputes Redressal Forum, Ganjam, Berhampur ("Forum"). The complainant was one of the subscribers of Dish TV India Limited and has claimed the service provided to him did not meet good standards and the channels often had poor visibility. On making complaint of the same to Dish TV India Limited, all the channels were abruptly disconnected without any reason. The complainant has claimed a compensation of Rs. 80,000. The case is currently reserved for order.
40. Mr. Moinuddin Khan has filed a complaint petition (consumer dispute case no. 141 of 2007) dated April 4, 2007 against Dish TV India Limited and others before the District Consumer Disputes Redressal Forum, Meerut ("Forum"). The complainant was one of the subscribers of Dish TV India Limited and has claimed that Dish TV India Limited has abruptly disconnected

all the channels without any reason despite repeated complaints. The complainant has claimed that the connection should be restored, Rs. 6,490 alongwith an interest of 9% p.a. thereon and Rs. 22,500 as compensation for deficiency in service. The case is currently pending and the next date of hearing is scheduled to be on November 27, 2009.

41. Mr. Ajay Kumar has filed a complaint petition (consumer dispute case no. 40 of 2007) dated February 24, 2007 against Dish TV India Limited and others before the District Consumer Disputes Redressal Forum, Kangra. The complainant was one of the subscribers of Dish TV India Limited and has claimed that after installation of the STB, he could view only 15 channels and not the others as assured by Dish TV India Limited. The complainant has claimed Rs. 8,400 alongwith an interest at the rate of 18% p.a. as refund against payment made for the products and installation charges, Rs. 2,500 as refund against payment of activation charges and Rs. 18,000 as compensation. The case is currently pending and the next date of hearing is scheduled on September 14, 2009.
42. Ms. Kumari Pallavi has filed a complaint petition (consumer dispute case no. 6 of 2007) dated January 15, 2007 against Dish TV India Limited and others before the District Consumer Disputes Redressal Forum, Navada ("Forum"). The complainant was one of the subscribers of Dish TV India Limited and has claimed that the STB had inherent manufacturing defects which were not repaired despite repeated complaints. The complainant has claimed Rs. 14,000 as compensation for deficiency in service. The case is currently pending and the next date of hearing shall be intimated by the Forum in due course.
43. Mr. L. R. Ranga has filed a complaint petition (consumer dispute case no. 159 of 2007) dated April 11, 2007 against Dish TV India Limited and others before the District Consumer Disputes Redressal Forum, Gurgaon. The complainant was one of the subscribers of Dish TV India Limited and has claimed that the free to air channels which were meant to be beamed for a lifetime period had been deactivated. The complainant has sought the restoration of the channels or in the alternative refund the sum of Rs. 3,190 with interest at the rate of 9% p.a. thereon, and has claimed Rs. 20,000 as compensation for deficiency in service. The case is currently pending and the next date of hearing is scheduled on October 30, 2009.
44. Mr. Yash Pal Anand has filed a complaint petition (consumer dispute case no. 89 of 2007) against Dish TV India Limited and others before the District Consumer Disputes Redressal Forum, Ghaziabad. The complainant was one of the subscribers of Dish TV India Limited and has claimed that he purchased a STB but from the very first day, the reception of the channels was not clear. The complainant has sought rectification of the defect or in the alternative a replacement of the STB for a new one and has claimed a sum of Rs. 35,000 as compensation. The case is currently pending and the next date of hearing is scheduled on September 29, 2009.
45. Ms. Parvati Patnaik has filed a complaint petition (consumer dispute case no. 68 of 2007) dated June 6, 2007 against Dish TV India Limited, previously known as ASC Enterprises Limited, and others before the District Consumer Disputes Redressal Forum, Ganjam, Berhampur ("Forum"). The complainant was one of the subscribers of Dish TV India Limited and has claimed that as per the subscription scheme she was meant to receive a package of pay channels as well as certain free to air channels, but after few days of availing the package, the said pay channels were deactivated. The complainant has claimed Rs. 55,000 as compensation. The case is currently pending and the next date of hearing shall be intimated by the Forum in due course.
46. Mr. Shyam Sunder Jhanwar has filed a complaint petition (consumer dispute case no. 222 of 2004) dated August 26, 2004 against Dish TV India Limited and others before the District Consumer Disputes Redressal Forum, Cuttack ("District Forum"). The complainant was one of the subscribers of Dish TV India Limited and has claimed that Dish TV India Limited had abruptly disconnected all the channels without any reason. The District Forum by its order dated March 10, 2006 had dismissed the complaint but had ordered Dish TV India Limited to return the amount collected till date from the subscriber. Dish TV India Limited has filed an appeal against the said order before the State Consumer Disputes Redressal Commission, Orissa. The case is currently pending and the next date of hearing shall be intimated in due course.

47. Mr. Rajesh Kumar has filed a complaint petition (consumer dispute case no. 706 of 2004) dated March 1, 2005 against New Era Entertainment Network Limited before the District Consumer Disputes Redressal Forum, Karnal ("District Forum"). The complainant was one of the subscribers of Dish TV India Limited and had wrongfully deactivated the DTH connection. The complainant had claimed restoration of connection and a compensation of Rs. 20,000. The District Forum by its order dated December 12, 2005 accepted the contention of the complainant with respect to restoration of the connection. Dish TV India Limited has filed an appeal against the said order before the State Consumer Disputes Redressal Commission, Haryana. The matter is placed for order and the next date of hearing is scheduled to be on September 26, 2009.
48. Ms. Tara Chandra has filed a complaint petition (consumer dispute case no. 128 of 2005) against Dish TV India Limited before the District Consumer Disputes Redressal Forum, Sitapur ("Forum"). The complainant was one of the subscribers of Dish TV India Limited and has contended that there was loss of signal and his connection was not repaired by Dish TV India Limited. The complainant had claimed compensation at the rate of Rs. 200 per day during the period of loss of signal and has sought restoration of connection. The case is currently pending and the next date of hearing is scheduled to be on September 24, 2009.
49. Mr. Girija Pd. Agarwal has filed a complaint (consumer dispute case no. 96 of 2006) dated August 14, 2006 against Dish TV India Limited (previously known as ASC Enterprises Limited) before the District Consumer Disputes Redressal Forum, Jaipur. The complainant was one of the subscribers of Dish TV India Limited and has contended that he had obtained a DTH connection which had remained faulty and was not rectified. The complainant sought restoration of a working connection along with compensation of Rs. 25,000 for mental agony along with other costs. The case is currently pending and the next date of hearing is scheduled on September 26, 2009.
50. Mr. Mohan Krishan has filed a complaint against Dish TV India Limited before the District Consumer Disputes Redressal Forum, Bhiwani. The complainant was one of the subscribers of Dish TV India Limited and has contended that he was not provided the DTH connection on the promised terms, that is, a free connection for a period of three months from activation. The complainant alleged that he was asked to pay before the three-month period fully expired. The complainant has sought reactivation of the facility without charging of any rent along with compensation of Rs. 50,000. The case is currently pending and the next date of hearing shall be notified in due course.
51. Mr. Arijit Das has filed a complaint (consumer dispute case no. 447 of 2006) dated September 12, 2006 against Dish TV India Limited (at the time known as ASC Enterprises Limited) before the District Consumer Disputes Redressal Forum, Kolkata. The complainant was one of the subscribers of Dish TV India Limited and has contended that he received no signal on his DTH connection which was not rectified during the warranty period free of cost. The complainant has sought first three months service with free viewing, refund of Rs. 610 taken from him, along with compensation of Rs. 50,000. The case is currently pending and the next date of hearing shall be intimated by the Forum in due course.
52. Mr. Amit Saini has filed a complaint (consumer dispute case no. 19 of 2007) dated January 24, 2007 against New Era Entertainment Network Limited before the District Consumer Disputes Redressal Forum, Saharanpur ("Forum"). The complainant was one of the subscribers of Dish TV India Limited and has contended that upon the purchase of the DTH connection by him he was promised a holiday package of Rs. 4,000 on payment of Rs. 599. The complainant contended that despite payment of this money on some pretext or the other he was not provided with the promised holiday package. The complainant has sought compensation of Rs. 10,000 with interest for breach of contract, Rs. 5,000 as compensation and costs of Rs. 5,000. The case is currently pending and the next date of hearing is scheduled on October 16, 2009.
53. Mr. Azizur Rahman Mazumdar has filed a complaint petition (consumer dispute case no. 11 of 2007) dated September 9, 2007 against Dish TV India Limited before the District Consumer Disputes Redressal Forum, Hailakandi, Assam ("Forum"). The complainant was one of the subscribers of Dish TV India Limited and has claimed that despite making payments of the subscription charges for six months the services were deactivated. The complainant has alleged

mental harassment and has claimed Rs. 50,000 as compensation. The case is currently pending and the next date of hearing shall be intimated by the Forum in due course.

54. Mr. Surender Kumar has filed a complaint petition (consumer dispute case no. 638 of 2007) dated July 1, 2007 against Essel Agro Private Limited, before the District Consumer Disputes Redressal Forum, Jaipur. The complainant was one of the subscribers of Dish TV India Limited and has claimed that despite making payments of the subscription charges, the services were deactivated for the next fourteen days since he made the payment. The complainant has alleged mental harassment and has claimed Rs. 65,000 as compensation along with interest at the rate of 18% p.a. The case is currently pending and the next date of hearing is scheduled to be on September 24, 2009.
55. Ms. Gajender Singh has filed a complaint petition (consumer dispute case no. 422 of 2007) dated September 12, 2007 against Dish TV India Limited before the District Consumer Disputes Redressal Forum, Gurgaon ("Forum"). The complainant was one of the subscribers of Dish TV India Limited and has claimed that he had subscribed for a scheme in which he was promised free subscription for a period of four months but his connection was deactivated after 25 days. The complainant has alleged mental harassment and has claimed Rs. 50,000 towards compensation and an additional compensation of Rs. 1.87 Lakhs towards financial losses. The case is currently pending and the next date of hearing is scheduled to be on November 5, 2009.
56. Mr. Rajesh Kumar Bhargava has filed a complaint petition (consumer dispute case no. 813 of 2007) dated May 24, 2007 against Dish TV India Limited before the District Consumer Disputes Redressal Forum, Jaipur. The complainant was one of the subscribers of Dish TV India Limited and has claimed that despite making payments of the subscription charges, the services were deactivated for a period of 72 hours. The complainant has alleged mental harassment and has claimed Rs. 45,000 as compensation and refund of the payment of Rs. 1,000 made by the complainant towards subscription charges. The case is currently pending and the next date of hearing is scheduled to be on September 24, 2009.
57. M/s. Rajinder Singh and Sons had filed complaint petition (consumer dispute case no. 559 of 2007) dated September 17, 2007 against New Era Entertainment Network Limited and another before the District Consumer Disputes Redressal Commission, ("District Forum") seeking, *inter alia*, a refund of Rs. 10,000 for the termination of an agreement granting dealership. The District Forum rejected the plea of the petitioner pursuant to its judgment dated March 18, 2008. The petitioner has filed an appeal (appeal no.363 of 2008) dated April 18, 2008 before the State Consumer Dispute Redressal Commission, Chandigarh seeking to set aside the judgment of the District Forum. The case is currently pending and the next date of hearing is scheduled on May 6, 2010.
58. Mr. Barkelo Shankar Gaonkar has filed a complaint petition (consumer dispute case no. 49 of 2007) dated June 14, 2007 against Dish TV India Limited and others before the District Consumer Disputes Redressal Forum, Goa ("Forum"). The complainant was one of the subscribers of Dish TV India Limited and has claimed that he had paid subscription money for a period of one year but the connection was deactivated arbitrarily. He has claimed that he should be provided broadcast of free to air channels without any further payment. The complainant has alleged mental harassment and has claimed Rs. 30,000 as compensation along with interest at the rate of 18% p.a. The case is currently pending and the next date of hearing is scheduled shall be intimated in due course.
59. Master J. Srivastava through Ms. Manjula Sristava has filed a complaint petition (consumer dispute case no. 543 of 2007) dated December 5, 2007 against Dish TV India Limited and others before the District Consumer Disputes Redressal Forum, Lucknow. The complainant was one of the subscribers of Dish TV India Limited and has claimed that despite making payments for subscription charges the paid channels had not been broadcast. The complainant has alleged mental harassment and has claimed Rs. 61,710 as cost and compensation. The case is currently pending and the next date of hearing shall be intimated by the Forum in due course.
60. Mr. Jogender Singh has filed a complaint petition dated June 6, 2007 against Dish TV India Limited before the District Consumer Disputes Redressal Forum, Bhiwani, Haryana ("Forum").

The complainant was one of the subscribers of Dish TV India Limited and has claimed that the set-top box provided to the complainant was faulty and he had provided the same for repair but was never returned to the complainant. The complainant has claimed Rs. 50,000 as cost and compensation. The case is currently pending and the next date of hearing shall be notified in due course.

61. Mr. Tara Shankar Dutta has filed a complaint (consumer case no.138 of 2007) dated April 30, 2007 against Dish TV India Limited before the District Consumer Disputes Redressal Forum, Kolkata (“District Forum”). The complainant is one of the subscribers of Dish TV India Limited who has filed the present case stating deficiency of services by Dish TV India Limited relating to the recharge of the complainant’s viewing card. The complainant has sought the restoration of the connection and the District Forum pursuant to its interim order dated June 27, 2007, has instructed without going into the merits of the case, to restore the connection with immediate effect and not to deactivate till the finalization of the case. The case is currently pending and the next date of hearing shall be notified in due course.
62. Dr. Mohinder Kumar Bali has filed a complaint (consumer case no. 622 of 2007) against Dish TV India Limited before the District Consumer Disputes Redressal Forum, Jaipur. The complainant is one of the subscribers of Dish TV India Limited and has alleged that he had made payments towards subscription charges but did not receive the corresponding services from Dish TV India Limited. The complainant had demanded payment of Rs. 93,690 towards cost and compensation. The case is currently pending and the next date of hearing shall be notified in due course.
63. Mr. Ajay Kumar has filed a complaint (consumer dispute case no. 84 of 2007) against Dish TV India Limited dated October 11, 2007 before the District Consumer Disputes Redressal Forum, Sheopur, Madhya Pradesh (“Forum”). The complainant is one of the authorized dealers of Dish TV India Limited and has alleged that he had made a payment of Rs. 1,100 towards security deposit but his services were de-activated without providing any reason. The complainant has demanded payment of Rs. 13,000 towards cost and compensation and restoration of the demo connection. The case is currently pending and the next date of hearing is scheduled to be on September 30, 2009.
64. Mr. Chandrayan Sagar Gupta has filed a complaint petition (complaint petition no. 97 of 2007) dated July 16, 2007 against New Era Entertainment Network Limited, Essel Agro Private Limited and others before the District Consumer Disputes Redressal Forum, Farukhabad (“Forum”). The complainant was one of the subscribers of Dish TV India Limited and has claimed that the free to air channels which were meant to be beamed for a lifetime period had been deactivated. He has claimed that the free to air channels be restored, and has also claimed Rs. 5,000 as compensation and Rs. 2,000 towards the cost of the litigation. Further, in the alternative, if the channels cannot be restored to him, he has claimed a sum of Rs. 3,990 alongwith an interest of 24% as costs incurred towards availing of such services. The case is currently pending and the next date of hearing is scheduled shall be notified in due course.
65. Mr. Kamansu Kumar Sahoo has filed an petition (appeal no. 567 of 2007) dated July 25, 2007 against Dish TV India Limited, formerly known as ASC Enterprises Limited and others before the State Consumer Disputes Redressal Forum, Cuttack against the order passed by the District Consumer Disputes Redressal Forum (“District Forum”) in consumer complaint no. 205 of 2006 filed by him. He was one of the subscribers to DTH services and has alleged that services had been deactivated without any notice or reason. The District Forum had dismissed his petition wherein it was also alleged that the complainant was distributing and transmitting signals of Dish TV India Limited even though he was unauthorized to do so. The complainant has filed this appeal seeking to set aside the order of the District Forum and has claimed such compensation as may be deemed fit by the appellate forum. The matter is placed for order and the next date of hearing shall be notified in the due course.
66. Mr. Krushna Chandra Samantray has filed a complaint petition (complaint petition no. 439 of 2007) dated November 13, 2007 against Dish TV India Limited and another before the District Consumer Disputes Redressal Forum, Bhubaneswar (“Forum”). The complainant is a subscriber one of the DTH schemes of Dish TV India Limited called ‘Freedom’ and has alleged that the

same was deactivated within two months after his availing of its services. He has claimed a compensation of Rs. 15,000 towards mental harassment and other costs. The case is currently pending and the next date of hearing is scheduled on October 5, 2009.

67. Mr. Shray Sindhu has filed a complaint petition (complaint petition no. 635 of 2007) dated December 12, 2007 against Dish TV India Limited and another before the District Consumer Disputes Redressal Forum, Rohtak ("Forum"). The complainant is a subscriber to one of the DTH schemes of Dish TV India Limited called 'Freedom' and has alleged that the same was deactivated within two months of availing of its services. He has prayed that Dish TV India Limited be directed to reactivate the signal of the paid channel and has claimed a compensation of Rs. 50,000 towards mental harassment and other costs. The case is currently pending and the next date of hearing shall be intimated in due course.
68. Mr. Chandra Deep Jodha has filed a complaint petition (complaint petition no. 154 of 2008) against Dish TV India Limited, formerly known as ASC Enterprises Limited and others before the District Consumer Disputes Redressal Forum, Jaipur. The complainant was one of the subscribers of Dish TV India Limited and has claimed that the STB was defective and did not function properly. The complainant has claimed the replacement of the defective STB and a sum of Rs. 55,000 including a compensation for mental harassment and the costs of the litigation. The matter is currently pending and the next date of hearing is scheduled on October 27, 2009.
69. Mr. Ram Swaroop has filed a complaint petition (complaint petition no. 767 of 2008) dated January 18, 2008 against Dish TV India Limited and others before the District Consumer Disputes Redressal Forum II, Delhi ("Forum"). The complainant is one of the subscribers of Dish TV India Limited and has alleged that the STB was defective and did not function properly. He has claimed a replacement of the STB, or in the alternative a refund of the expenses incurred by him for availing the services. He has also claimed a compensation of Rs. 60,000 towards mental and physical harassment and Rs. 5,000 for the cost of the litigation alongwith an interest of 15% from the date of filing of the complaint. The case is currently pending and the next date of hearing is scheduled on September 28, 2009.
70. Mr. Bhanwar Singh Chaudhary has filed a complaint petition (complaint petition no. 84 of 2008) dated February 2, 2008 against Dish TV India Limited and another before the District Consumer Disputes Redressal Forum, Ajmer ("Forum"). The complainant was one of the subscribers to the DTH services of Dish TV India Limited and has alleged that the free to air channels were arbitrarily deactivated by Dish TV India Limited. He has claimed reactivation of the said channels, or in the alternative a refund of a sum of Rs. 2,999 paid by him as a security deposit. He has also claimed a sum of Rs. 50,000 as compensation for mental harassment and a sum of Rs. 5,500 as costs incurred for the litigation. Dish TV India Limited has filed a written statement disputing the claims of the complainant on March 14, 2008. The case is currently pending and the next date of hearing is scheduled to be September 17, 2009.
71. Mr. Ashok Dhawan has filed a complaint petition (complaint petition no. 238 of 2006) dated October 16, 2006 against New Era Entertainment Network Limited and another before the District Consumer Disputes Redressal Forum, Saharanpur. The complainant was one of the subscribers to the DTH services of Dish TV India Limited and has alleged that the services were wrongfully deactivated. He has claimed reactivation of the services, or in the alternative, a refund of a sum of Rs. 6,500 as cost incurred by him for availing services, and a compensation of Rs. 20,000 for the mental harassment caused to him. The matter is currently pending for order.
72. Mr. Rahmat Khan Pathan and Mr. Himmat Khan Pathan (name changed to Akhtar Khan Pathan pursuant notice in March 2009) have jointly filed a complaint petition (Complaint petition no. 113 of 2007) against Dish TV India Limited and another before the District Consumer Disputes Redressal Forum, Himmatnagar ("Forum"). The complainant was one of the subscribers to the DTH services of Dish TV India Limited and alleged that the services were wrongfully deactivated. They have claimed restoration of the services and a compensation of Rs. 21 Lakhs for the mental harassment caused to him. The case is currently pending and the next date of hearing shall be intimated in due course.

73. Mr. Nirmal Kumar Pandey had filed a complaint petition (complaint petition no. 732 of 2007) against Dish TV India Limited and another before the District Consumer Disputes Redressal Forum, Hyderabad ("District Forum"). The complainant was one of the subscribers to the DTH services of Dish TV India Limited and had alleged that the services were wrongfully deactivated. He had claimed a refund of a sum of Rs. 4,000 as cost incurred by him for availing services and a compensation of Rs. 1 Lakh for the mental harassment caused to him. The order was passed by the District Forum on January 25, 2008 directing Dish TV India Limited to pay a compensation of Rs. 10,000 and a sum of Rs. 2,000 towards costs. Dish TV India Limited has preferred an appeal against the said order before the Andhra Pradesh State Consumer Disputes Redressal Forum (appeal no. 696 of 2008) and it has passed an interim order dated March 29, 2008 staying the operation of the order passed by the District Forum till the final disposal of the appeal. The matter is currently pending and the next date of hearing is scheduled to be on October 14, 2009.
74. Mr. Pabitra Kumar Somal has filed a complaint petition (complaint petition no. 39 of 2008) dated April 2, 2008 against Dish TV India Limited and others before the District Consumer Disputes Redressal Forum, Jajpur, Orissa ("Forum"). The complainant was one of the customers of Dish TV India Limited and has alleged that services were wrongfully deactivated on the alleged ground that he had indulged in piracy of services provided to him. He has claimed a compensation of Rs. 50,000 for mental harassment and Rs. 10,000 towards the cost incurred towards the litigation. The case is currently pending for order.
75. Mr. Tulsi Das Thamke has filed a complaint petition (consumer dispute case no. 639 of 2007) dated August 21, 2007 against Dish TV India Limited before the District Consumer Disputes Redressal Forum, Bhopal ("Forum"). The complainant was one of the subscribers of Dish TV India Limited and has claimed that he had subscribed to the one-year-free subscription scheme and was promised by the dealer that he would be provided services of free to air channels for life-time even if he did not pay any more subscription fee. The complainant has alleged mental harassment due to non performance of the promise and has claimed Rs. 7,591 as compensation along with interest at the rate of 18% p.a. The case is currently pending and the next date of hearing shall be notified in due course.
76. Dr. Dinesh has filed a complaint petition (consumer dispute case no. 179 of 2008) dated April 15, 2008, against Dish TV India Limited before the District Consumer Disputes Redressal Forum, Gurgaon (Haryana) ("Forum"). The complainant has alleged that the free to air channels were deactivated despite the requisite fee having been paid by him. He has claimed a total amount of Rs. 30,000 as compensation apart from the plea to direct the Company to restore the facility with immediate effect. The case is currently pending and the next date of hearing is scheduled on November 9, 2009.
77. Mr Mohanlal has filed a complaint petition (consumer dispute case no. 318 of 2008) dated on April 11, 2008 against New Era Entertainment Network Limited. before the District Consumer Disputes Redressal Forum, Sriganganagar, Rajasthan. The complainant has alleged that the free to air channels were deactivated despite the requisite fee having been paid by him. He has claimed a sum of Rs. 3,990 as refund of the cost incurred by him towards the connection along with the compensation of total amount of Rs. 12,100. The matter is currently pending and the next date of hearing is scheduled on September 29, 2009.
78. M/s Navin Chand Limited has filed a complaint petition (consumer dispute case no. 362 of 2008) dated April 22, 2005 against M/s Sirohi Electronic and Dish TV India Limited before the Consumer Disputes Redressal Forum, Sheikh Sarai, New Delhi ("Forum"). The complainant has alleged that the company did not reactivate the services for the year 2008 despite having paid the requisite fee. He has claimed a compensation of Rs. 29,290 towards the cost incurred by him for availing the services of Dish TV India Limited and for the mental harassment caused to him. Dish TV India Limited received a summons from the Forum on April 24, 2008. The matter is currently pending and the next date of hearing shall be notified in due course.
79. Mr. Prakashchandra Rao has filed a complaint petition (consumer dispute case no. 56 of 2007) dated April 25, 2008 against Dish TV India Limited and others before the District Consumer Disputes Redressal Forum, Mangalore ("Forum") alleging that the services availed by him from

Dish TV India Limited were deficient and that the same caused mental harassment to him. Dish TV India Limited received a summons from the Forum and appeared before it on May 26, 2008. The matter has been remanded back as per the directions of the State commission at Aurnagabad. The case is currently pending and the next date of hearing shall be intimated in due course.

80. Mr. Madan Lal Dhaka has filed a complaint petition (consumer dispute case no. 319 of 2008) dated March 31, 2008 against Dish TV India Limited and another before the District Consumer Disputes Redressal Forum, Sriganganagar, Rajasthan. The complainant was one of the subscribers of Dish TV India Limited and has claimed that the free to air channels which were meant to be beamed for a lifetime period had been deactivated. The complainant has sought a refund the sum of Rs. 3,350, and has claimed Rs. 10,000 as compensation for deficiency in service and Rs. 2,100 as the cost incurred by him towards the litigation. The matter is currently pending and the next date of hearing is scheduled on September 29, 2009.
81. Mr. Manoj Prasad has filed a complaint petition (consumer dispute case no. 199 of 2008) against Dish TV India Limited and another before the District Consumer Redressal Forum, Gurgaon. The complainant was one of the subscribers of Dish TV India Limited and has claimed that the STB provided was defective and did not function properly. He has claimed a replacement of the STB or in the alternative a refund of the cost incurred by him towards the same. The matter is currently pending and the next date of hearing is scheduled on September 11, 2009.
82. Mr. M.D. Balani has filed a complaint petition (consumer dispute case no. 241 of 2008) dated March 17, 2008 against Dish TV India Limited and another before the District Consumer Redressal Forum, Bhopal. The complainant was one of the subscribers of Dish TV India Limited and has alleged that the connections availed by him were deactivated wrongfully. He has sought free reactivation of the said connections for a period of six months or in the alternative a refund of the cost incurred by towards availing the said connections, Rs. 40,000 as compensation for mental harassment and Rs. 5,000 as costs. The matter is currently pending and the next date of hearing is scheduled to be on November 5, 2009.
83. Ms. Madhu Sharma has filed a complaint petition (consumer dispute case no. 353 of 2007) dated March 12, 2008 against Dish TV India Limited and another before the District Consumer Redressal Forum, Ujjain. She is one of the subscribers of Dish TV India Limited and has alleged that the connection availed by her was deactivated wrongfully. She has claimed a compensation of Rs. 5,000 and Rs. 1,000 as cost incurred for the litigation. The District Forum passed an order dated March 12, 2008 wherein Dish TV India Limited was asked to pay the complainant a sum of Rs. 6,000 as compensation and free connection for a period of one month. The complainant had initiated execution proceedings against Dish TV India Limited, which subsequently filed an appeal against the said order before the State Consumer Redressal Commission, Bhopal ("State Commission"). The State Commission has stayed the execution proceedings initiated by the complainant. The case is currently pending and the next date of hearing is scheduled on October 8, 2009.
84. Mr. ManMohan Lal Mehra has filed a complaint petition (complaint petition no. 526 of 2008) dated June 7, 2008 against Dish TV India Limited before the Consumer Dispute Redressal Forum, Jaipur. The complainant is one of the subscribers of Dish TV India Limited who has alleged that the STB supplied to him is faulty as the resolution was unclear and after a few days of installation, the channels stopped screening He has claimed refund of an amount of Rs. 6,800 towards purchase and installation of the STB, Rs. 50,000 as compensation for mental harassment and deficiency in service and Rs. 2,000 as costs. The matter is currently pending and the next date of hearing is scheduled to be on October 9, 2009.
85. Mr. Vijay Kumar has filed a consumer complaint (complaint petition no. 286 of 2008) dated May 23, 2008 against Dish TV India Limited and another before the Consumer Dispute Redressal Forum, Shalimar Bagh, New Delhi ("Forum"). The complainant has alleged that the installation of the connection was not made despite the same being a free installation. The complainant has prayed that Dish TV India Limited be directed to install the said connection and

has claimed an amount of Rs. 1,00,000 towards costs and compensation for deficiency in service. The matter is currently pending and the next date is scheduled to be on September 15, 2009.

86. Mr. Siddhartha Singh has filed a consumer complaint (complaint petition no.327 of 2008) dated May 26, 2008 against Dish TV India Limited before the Consumer Dispute Redressal Forum, Qutub Institutional Area, New Delhi. The complainant is a subscriber of Dish TV India Limited and has alleged that alignment related problems of the dish antennae have lead to non-receipt of signals, which was not rectified despite repeated requests. He has thus claimed refund of an amount of Rs. 4,900 as the cost of the STB and dish antennae, compensation of Rs. 30,000 towards damages for mental agony and harassment and Rs. 500 as costs. The matter is currently pending and the next date of hearing is shall be notified in due course.
87. Mr. Sudeep Singh has filed a consumer complaint (complaint petition no. 437 of 2008) dated June 2, 2008 against Dish TV India Limited filed before the Consumer Dispute Redressal Forum, Janakpuri, New Delhi ("Forum"). The complainant is a subscriber of Dish TV India Limited who has claimed that his Dish TV connection was reinstalled after a period of three months at his new residence. Further, the signal of Dish TV has not been available from May, 2008 despite repeated requests and reminders. The complainant claimed refund of the subscription amount of Rs. 5,640 and Rs. 50,000 as compensation for mental harassment and deficiency in service. The case is currently pending for order.
88. Mr. Abdul Hamid Ahmed Patel has filed a consumer complaint (complaint petition no. 172 of 2008) dated May 22, 2008 against Dish TV India Limited before the Consumer Dispute Redressal Forum, Bharuch, Gujarat ("Forum"). The complainant is one of the subscribers of Dish TV India Limited and has alleged that the connection provided to him was not working properly and the receiver was faulty. He has claimed an amount of Rs. 6,000 for the price of three TV antennae and Rs. 8,000 as costs and compensation for deficiency in service. The case is currently pending and the next date of hearing shall be intimated by the Forum in due course.
89. Mr. Kaiser T. Johar has filed a consumer complaint (complaint petition no. 12 of 2008) dated December 7, 2007 against Dish TV India Limited and another before the Consumer Disputes Redressal Forum, Chennai ("Forum"). The complainant is a subscriber of Dish TV India Limited and has alleged that there are problems with the STB provided to him which have not been rectified despite repeated requests. He has claimed an amount of Rs.12,389 towards the cost of the package, Rs.1,50,000 as damages towards mental agony and harassment, Rs. 1,50,000 for deficiency in service and Rs. 27,000 towards costs. The case is currently pending and the next date of hearing shall be notified in due course.
90. Mr. Sanjay Aaijak has filed a consumer complaint (complaint petition no. 107 of 2008) dated August 7, 2008 against Dish TV India Limited before the Consumer Dispute Redressal Forum, Farrukhabad, Uttar Pradesh. The complainant is a subscriber of of Dish TV India Limited who alleged deficiency in service on account of disconnection of the signals on the grounds of piracy. He has claimed an amount of Rs. 1,00,000 as costs and compensation for deficiency in service. The case is currently pending and the next date of hearing is scheduled on July 25, 2009.
91. Mr. Ajay Sharma has filed a consumer complaint (complaint petition no. 127 of 2008) dated August 28, 2008 against Dish TV India Limited before the Consumer Dispute Redressal Forum, Solan, Himachal Pradesh. The complainant is a subscriber of Dish TV India Limited who has alleged deficiency in services in relation to a promotional scheme launched by Dish TV India Limited. He has claimed, *inter alia*, free subscription to services for a period of five months and compensation of Rs. 22,000 towards mental harassment. The matter is currently pending and the next date of hearing shall be notified in due course.
92. Mr. Vir Singh Chouhan (Retd. Captain) has filed a consumer complaint (complaint petition no. 967 of 2008) against Dish TV India Limited and another before the Consumer Dispute Redressal Forum, Jaipur, Rajasthan. The complainant is a subscriber of Dish TV India Limited who has claimed that he was declared winner of a lucky draw. He was intimated that he would receive a Maruti Alto car upon payment of Rs. 80,069. The complainant claimed to have made this payment by demand draft and alleged that he received no motor car from Dish TV India Limited. The complainant sought a direction of delivery of the Maruti Alto car to him or payment of an

amount of Rs. 2,35,565 which is the value of the car. He further claimed refund of the amount paid by him with interest along with compensation of Rs. 25,000 towards damages for mental harassment and financial loss and costs of Rs. 16,000. The case is currently pending and the next date of hearing shall be notified in due course.

93. Mr. M.S.Usmani has filed a consumer complaint (complaint petition no. 848 of 2008) dated August 18, 2008 against Dish TV India Limited and another before the Consumer Dispute Redressal Forum, Shalimar Bagh, New Delhi. The complainant is a subscriber of Dish TV India Limited who has alleged deficiency in service on account of disconnection of the free of cost subscription which was to be provided to him for six months under the promotional scheme. He has claimed compensation of Rs. 1,00,000 towards illegal disconnection and damages for mental harassment caused to him. The case is currently pending and the next date of hearing is scheduled on September 15, 2009.
94. Mr. Vikas Gera has filed a consumer complaint (complaint petition no. 600 of 2008) dated July 11, 2008 against Dish TV India Limited and another before the Consumer Dispute Redressal Forum, Shalimar Bagh, New Delhi. The complainant is a subscriber of Dish TV India Limited who had subscribed to the 'parent TV connection' and a 'child connection' and has claimed that the 'child connection' subscribed with an additional investment of Rs. 4,300 was not activated despite repeated requests. He has claimed refund of an amount of Rs. 8,300 for the two STBs, Rs. 80,000 towards damages and Rs. 11,000 as costs. The case is currently pending and the next date of hearing is scheduled to be on December 4, 2009.
95. Mr. Balraj Ranjan has filed a consumer complaint (complaint petition no. 993 of 2008) dated August 26, 2008 against Dish TV India Limited and others before the Consumer Dispute Redressal Forum, Chandigarh. The complainant is a subscriber of Dish TV India Limited who had purchased multiple connections with another for low cost rentals and subsequently decided to separate his connection. An amount of Rs. 1,500 was paid as charges for the same but his connection was deactivated after a few days on the ground of non payment of rent. He has claimed reactivation of the connection and Rs. 2,00,000 towards compensation for mental harassment. The Forum has passed an order against Dish TV India Limited and Dish TV India Limited have duly appealed to State Consumer Dispute Redressaal Commissin at Chandigarh against the order. The case is currently pending and the next date of hearing shall be notified in due course.
96. Mr. Surendra Kumar has filed a consumer complaint (complaint petition no. 264 of 2008) against Dish TV India Limited before the Consumer Dispute Redressal Forum, Noida, Uttar Pradesh ("Forum"). The complainant is a subscriber of Dish TV India Limited who has alleged deficiency in service on the ground of poor receipt of signal despite several complaints having been made to the customer care service of Dish TV India Limited. He has claimed an amount of Rs. 11,920 towards costs and compensation for deficiency in service. The case is currently pending and the next date of hearing is scheduled to be November 4, 2009.
97. Mr. Shaad Mohammad has filed a consumer complaint (complaint petiton no. 53 of 2008) dated May 12, 2008 against Dish TV India Limited and another before the Consumer Dispute Redressal Forum, Shahjahanpur, Uttar Pradesh ("Forum"). The complainant is a subscriber of Dish TV India Limited who has claimed that he was declared winner of a lucky draw whereby he was intimated that he would receive a Hero Honda CD Dawn motor cycle upon payment of Rs. 11,183. The complainant claimed to have made this payment by demand draft and alleged that he received no motor cycle from Dish TV India Limited. The complainant sought a direction of delivery of the Hero Honda CD Dawn motor cycle to him along with compensation of Rs. 20,000 towards mental agony and harassment. The case is currently pending and the next date of hearing shall be notified in due course.
98. Mr. V. Janardhanan has filed a consumer complaint (complaint petition no. 113 of 2008) dated July 15, 2008 against Dish TV India Limited and another before the Consumer Dispute Redressal Forum, Kasaragod ("Forum"). The complainant is a subscriber of Dish TV India Limited who has claimed that after six months of usage, the entire DTH set became defective and there was no video connection but the same was not repaired despite repeated requests. He has prayed that Dish TV India Limited be directed to pay an amount of Rs. 10,400 by way of

refund and damages. The case is currently pending and the next date of hearing shall be intimated by the Forum in due course.

99. Mr. Kishan Lal has filed a consumer complaint (complaint petition no. 212 of 2008) dated August 20, 2008 against Dish TV India Limited previously known as ASC Enterprises Limited before the Consumer Dispute Redressal Forum, Dausa ("Forum"). The complainant is a subscriber of Dish TV India Limited who has claimed that he purchased the STB under a scheme whereby the subscription was free but the same was deactivated without providing reasons. He has claimed reactivation of the connection without any further charge and an amount of Rs. 15,000 towards compensation for mental agony and harassment. The case is currently pending and the next date of hearing is scheduled to be on September 25, 2009.
100. Mr. Bachchu Lal filed a consumer complaint (complaint petition no. 209 of 2008) dated August 20, 2008 against Dish TV India Limited previously known as ASC Enterprises Limited before the Consumer Dispute Redressal Forum, Dausa ("Forum"). The complainant is a subscriber of Dish TV India Limited who has claimed that he purchased a STB under a promotional scheme whereby the subscription was free but the same was deactivated without providing reasons. He has claimed reactivation of the connection without any further charge and an amount of Rs. 15,000 as compensation for mental agony and harassment. The case is currently pending and the next date of hearing is scheduled to be on September 25, 2009.
101. Mr. Magan Bihari Sharma had filed a consumer complaint (complaint petition no. 141 of 2007) dated August 14, 2007 against New Era Entertainment Network Limited and another before the Consumer Dispute Redressal Forum, Behraich ("District Forum"). The complainant is a subscriber who had alleged, *inter alia*, that his subscription was a subscription to the 'Welcome Package' and was arbitrarily deactivated. He claimed reactivation of the connection without any further charge and an amount of Rs. 5,750 alongwith interest. The District Forum, pursuant to its order dated July 14, 2008 rejected the plea of the petitioner. The petitioner has filed an appeal before the forum seeking to set aside the order of the District Forum. The matter is currently pending and the next date of hearing is scheduled to be on November 27, 2009.
102. Mr. Amardeep Rana has filed a consumer complaint against Dish TV India Limited and another before the Consumer Dispute Redressal Forum, Shalimar Bagh, Delhi ("District Forum"). The complainant is the subscriber of Dish TV who has alleged that he is availing the 3 multi-tv connections of Dish TV. He had paid the renewal fees for the advance 3 months subscriptions, but did not receive signals on all the 3 subscriptions. The complainant sent legal notice and subsequently filed the complaint seeking reactivation and compensation to the total amount of Rs 10,000. The matter is currently pending and the next date of hearing is scheduled to be on November 4, 2009.
103. Mr. Anil Chaturvedi has filed a consumer complaint against Dish TV India Limited and another before the Consumer Dispute Redressal Forum, Indore (District Forum). The complainant has alleged that the set top box was defective and that the company did not rectify the defect in the set top box. He has also alleged that the company failed to provide the free to air channels for life without any further subscription. He has asked for Rs 3990 as the refund of the cost of connection as compensation. The matter is currently pending and the next date of hearing is scheduled to be on October 1.
104. Ms Arti Gupta has filed a consumer case against Dish TV India Limited before the Consumer Dispute Redressal Forum at Sainik Enclave (District Forum). The complainant has alleged that she was facing field (service) related problem against the connection and no solution was given to her by the company despite several follow-ups. The matter is currently pending and the next date of hearing is scheduled to be on October 14, 2009.
105. Mr. Bhale Ram has filed a consumer case against Dish TV India Limited in the District Consumer Dispute Redressal Forum, Churu. The complainant has alleged that the connection of Dish TV was taken by him under the life time which was given to him after the payment of Rs 2990 and also that his connection has been deactivated despite the subscription under the said offer. He has alleged deficiency in services and demanded Rs. 57,000 as costs and compensation.

The matter is currently pending and the next date of hearing is scheduled to be on October 12, 2009.

106. Mr. Brijesh Bahadur Singh has filed a consumer complaint against Dish TV India Limited and another in the District Consumer Dispute Redressal Forum, Latehar (Jharkhand). The complainant has alleged that the free to air channels has not been provided on his Dish TV DTH connection. He has alleged deficiency in services and claimed Rs 10,000 as cost and compensation including the demand of free to air channels. The matter is currently pending and the next date of hearing shall be intimated in due course.
107. Mr. Prem Singh has filed a consumer case against Dish TV India Limited and another in the District Consumer Dispute Redressal Forum, Rohtak. The complainant has alleged that the connection of Dish TV DTH services was taken by him under 'life time free' offer where by he had paid Rs 2,690 as the one time subscription charges but his connection has been deactivated without any reason. He has alleged deficiency in services and demanded Rs 35,500 as costs and compensation. The matter is currently pending and the next date of hearing shall be notified in due course.
108. Mr. Gautam Khotari has filed a consumer complaint against Dish TV India Limited and another, in the consumer Forum, Indore (M.P.) The complainant has alleged that he has been facing problem in the picture quality and reception of signals and this has been rectified despite several complaints. He has alleged deficiency in service and has demanded Rs 37,740 as costs and compensation. The matter is currently pending and the next date of hearing is scheduled to be on September 3, 2009.
109. Dr Taj Farooqui has filed a consumer complaint against M/s New Era Entertainment Company Net. Ltd., in the District Consumer Dispute Redressal Forum, Sitapur (U.P.). He has alleged that he was not provided channels even after making payment. He has alleged deficiency in services and demanded Rs 1,014 as costs and compensation. The matter is currently pending and the next date of hearing October 12, 2009.
110. Dish TV India Limited has filed an appeal before the State Consumer Dispute Redressal Commission, Chandigarh (UT) against the order dtd January 23, 2009, passed by the District Forum, Panchkula wherein Dish TV India Limited has been asked to pay Rs 6,500 to the complainant, Mr. Balraj Ranjan, who is not the subscriber of Dish TV. The matter is currently pending and the next date of hearing is scheduled to be on October 12, 2009.
111. Mr. Paresh Kumar Mohanty has filed a consumer complaint against the company vide title Paresh Kumar Mohanty Vs Dish TV India Ltd. & Others, in the District Consumer Dispute Redressal Forum, Cuttack (Orissa), alleging deficiency against the company for not providing the Alto Car under the scheme "Ab Sab Sikandar Offer", taken as sales promotion scheme. He alleges that the company has not provided him the car despite declaring his name as winner and has demanded the sum of Rs 4,23,000 as compensation and costs. The case is currently pending and currently scheduled for hearing on September 14, 2009.
112. Dr. Devinder Bansal has filed a consumer complaint against the company, in the Consumer Dispute Redressal Forum, for not providing full subscription period to his 2 child connections taken under the "multi-tv scheme". The complainant has alleged deficiency in services and has asked for the compensation equivalent to Rs 60,000. The case is currently pending and listed for hearing on September 15, 2009.
113. Mr. Rajeev Kumar Gupta is one of the subscribers of Dish TV and has filed a consumer complaint before the District Consumer Dispute Redressal Forum, Jagdalpur (Bastar) in the state of Chhatisgarh. The complainant states that he had taken connection from one of the local dealers M/s Khurana Sales, who did not provide him the service support towards the first installation of the connection. He had to do the installation and also found that the clamps/fixtures were not

provided to him also. This resulted in the collapse of the dish antenna. He has cited deficiency in services and has demanded Rs 51,000 as compensation towards mental agony, harassment and damage to the property. The case is listed for hearing on October 8, 2009.

114. Mr. Vaibhav Mishra has filed a consumer complaint against the company M/s Dish TV India Ltd. and titled as Vaibhav Mishra Vs Friends Telecom & others in the District Consumer Dispute Redressal Forum, Bhopal (M.P.). The Complainant is one of the subscribers of the company who has alleged that he had gone for renewal of subscription of his dishtv connections and approached one of the dealers of dishtv, whom he paid Rs 562/- for renewal. The said amount was never forwarded by the said dealer to dishtv as a result, his connection was not renewed. He has alleged deficiency in services and has demanded Rs 50,562 towards costs and compensation. The case is currently pending and listed for hearing on October 12, 2009.
115. Mr. Surendra Singh is a subscriber of the company M/s Dishtv India Ltd., and has filed a consumer complaint before the District Consumer Dispute Redressal Forum, Bijnour (U.P.) vide complaint no. 85 of 2009 and titled as "Mr. Surendra Singh VS Dishtv India Ltd. & others". The Complainant is one of the subscribers of the company who has stated that his connection was under warranty period and STB suffered defect. It was taken away by the local dealer for repair and has not returned for past 6 months. The complaint has demanded Rs 5,000/- towards costs and compensation. The case is currently pending and listed for withdrawal of the complaint as per the settlement made between the parties. The Forum is to intimate the next date of hearing in due course.
116. Mr. Rupesh Kumar is one of the subscribers of the company M/s Dishtv India Ltd., who has filed a consumer dispute against the company in the District Consumer Dispute Redressal Forum, Indore (M.P.) and titled as Mr. Rupesh Namdev Vs Dishtv India Ltd. & others. The complainant states that he had taken connection under the "Set Top Box Offer" and was given free period of 6 months. The connection was mala-fidely disconnected within 3 months causing mental agony and harassment. He has demanded Rs 10,000/- towards costs and compensation. The case is currently pending and listed for hearing on November 10, 2009.
117. Mr. Rakesh Kumar Parikh has filed a consumer Complaint no. 692 of 2007 in the District Consumer Dispute Redressal Forum, Jaipur vide title as "Mr. Rakesh Kumar Parikh Vs New Era Entertainment Network Ltd & others". The Complainant has cited deficiency for not giving the travel benefits under the scheme "2 Million subscriber Offer", a sales promotion scheme taken out for dishtv connection holders in the year 2005. The complainant has cited harassment and deficiency and demanded Rs 1,02,599 towards costs and compensation. The case is currently pending and listed for hearing on September 10, 2009.
118. The company M/s Dish TV India Ltd., is in receipt of a consumer notice from District Consumer Dispute Redressal Forum, Pune, towards consumer complaint no. 90/09 and titled as "Dinesh Bhandarkar VS Dish TV India Ltd. & others. The company Counsel shall appear and procure the copy of the complaint on the said date. The matter is currently pending and the next date of hearing is October 8, 2009.
119. Our company has filed an appeal before State Consumer Dispute Redressal Commission, Chandigarh (U.T.) and titled as "Dish TV India Ltd. Vs Lokesh Dureja & others". This first appeal is against the order passed by the Lower Forum, wherein the company has been imposed an amount of Rs 33,000/- (approx) for not providing channels free for life without any further subscription payment from the complainant. The case is listed for hearing on January 7, 2011.

#### **D. Pending litigations against our Promoters**

##### ***Mr. Ashok Mathai Kurien***

There is no outstanding litigation/proceeding against Mr. Ashok Mathai Kurien.

##### ***Mr. Laxmi Narain Goel***

There is no outstanding litigation/proceeding against Mr. Laxmi Narain Goel.

***Ms. Sushila Goel***

There is no outstanding litigation /proceeding against Ms. Sushila Goel.

***Ambience Business Services Private Limited***

1. United Western Bank has filed a petition before Debt Recovery Tribunal (DRT) at New Delhi against the Official Liquidator of CRB Capital Markets Limited and also made various companies as parties to the case including Ambience Business Services Private Limited though no specific amount was claimed against the company. The company has made an application to strike off the name of the company since the Company has discharged its full liability. The matter is currently pending and next date of hearing shall be notified in due course.
2. There are four tax proceedings pending at various levels of adjudications in the income tax authorities. The total amount involved in these matters is approximately Rs. 24,00,000.

***Briggs Trading Company Private Limited***

There is no outstanding litigation /proceeding against Briggs Trading Company Private Limited.

***Action initiated by SEBI***

SEBI had issued a show cause notice on February 11, 2005 against ZEEL, alongwith certain Promoters of our Company, including Briggs Trading Company Private Limited, advising them, inter alia, to show cause as to why suitable directions under the SEBI Act read with SEBI (Prohibition of Fardulent and Unfair Trade Practices Relating to Securities Markets) Regulations, 2003 should not be issued against them. Pursuant to the said show cause notice, SEBI has passed an order dated March 19, 2008 (order no. WTM/TCN/91/IVD2/03/2008) against ZEEL and certain Promoters, including Briggs Trading Company Private Limited, on grounds on aiding and abetting certain entites relating to Mr. Ketan Parekh in large scale manipulation of shares of ZEEL. Pursuant to the said order, SEBI has warned ZEEL and the Promoter Companies and has cautioned that any similar activity or instances of violation or non-compliance of the provisions of the SEBI Act and the rules and regulations framed thereunder shall be dealt with stringently.

***Churu Trading Company Private Limited***

There is no outstanding litigation /proceeding against Churu Trading Company Private Limited.

***Action initiated by SEBI***

3. SEBI had issued a show cause notice on February 11, 2005 against ZEEL, alongwith certain Promoters of our Company, including Churu Trading Company Private Limited, advising them, inter alia, to show cause as to why suitable directions under the SEBI Act read with SEBI (Prohibition of Fardulent and Unfair Trade Practices Relating to Securities Markets) Regulations, 2003 should not be issued against them. Pursuant to the said show cause notice, SEBI has passed an order dated March 19, 2008 (order no. WTM/TCN/91/IVD2/03/2008) against ZEEL and certain Promoters, including Churu Trading Company Private Limited, on grounds on aiding and abetting certain entites relating to Mr. Ketan Parekh in large scale manipulation of shares of ZEEL. Pursuant to the said order, SEBI has warned ZEEL and the Promoter Companies and has cautioned that any similar activity or instances of violation or non-compliance of the provisions of the SEBI Act and the rules and regulations framed thereunder shall be dealt with stringently.
4. Churu Trading Company Private Limited (“Churu”) had received a letter bearing reference no. IVD/ID2/PKN/KR/CSIL/28870/2004 dated December 20, 2004 (the “Letter”) from SEBI, stating that, SEBI, in course of investigating into the dealings in the scrips of Cranes Software International Limited (“Cranes”), had noticed that Churu was holding 12 lakh equity shares of Cranes as on May 17, 2002, representing 14.25% of the equity share capital of Cranes.

Subsequently, 3 lakh equity shares of Cranes were transferred by Churu to Mr. Shanker Lal Saraf on May 28, 2002.

The Letter stated that Churu was required to disclose any change of more than 2% in its shareholding of the share capital in Cranes under the provisions of Regulation 13(3) of SEBI (Prohibition of Insider Trading) Regulations, 1992 (the “Insider Trading Regulations”). However, since the Bombay Stock Exchange Limited had not received any such disclosure, the Letter asked Churu to offer its comments in relation to the disclosure requirements under the Insider Trading Regulations.

In response to the Letter, Churu filed a reply pursuant to its letter dated February 1, 2005 stating, *inter alia*, that it was not an “insider” as defined under the Insider Trading Regulations and that it had sold the shares of Cranes in tranches in its ordinary course of business. Further, as any default in the disclosure requirements under the Insider Trading Regulations by Churu was unintentionally, it requested SEBI to treat the matter leniently.

Subsequently, SEBI, pursuant to the Notice, stated that Churu had been holding 9 lakh equity shares, representing 10.69% of the equity share capital, of Cranes, as on September 30, 2002, which was reduced by more than 2% of the equity share capital of Cranes by the quarter ending December, 2002. As Churu had failed to comply with the disclosure requirements under the Insider Trading Regulations, it was asked to show cause as to why an inquiry should not be held against it in terms of Rule 4 of the SEBI (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 1995 and why a penalty should not be imposed under the provisions of the Section 15A(b) of the SEBI Act, 1992.

In response to the Notice, Churu filed a consent application dated March 24, 2008 (the “Consent Application”) with SEBI requesting SEBI, *inter alia*, to drop the enquiry and penalty proposed to be conducted and imposed under the Notice.

Since Churu had not furnished certain details, namely, contact number, facsimile number and e-mail address in the Consent Application, SEBI issued a letter bearing reference number EFD/DRA-II/SPV/136218/2008 dated August 28, 2008 to Churu, requiring it to furnish such details within five days from the date of issuance of the letter. Churu, pursuant to its letters dated August 29, 2008 and September 2, 2008 furnished such details to SEBI, and reconfirmed the said details pursuant to its letter dated September 5, 2008 to SEBI.

Subsequently, pursuant to a letter dated September 11, 2008 issued by Churu seeking permission to offer Rs. 1,00,000 towards settlement terms and Rs. 50,000 towards administrative expense, and a letter dated October 21, 2008 bearing reference number EFD/DRAII/PT/SPV/141811/2008 issued by SEBI intimating its approval to settle the matter on such payments, Churu paid a total amount of Rs. 1,50,000 pursuant to its letter dated October 31, 2008 to enable the issuance of an order by SEBI as per the consent terms. Pursuant to a consent order dated November 11, 2008 bearing reference number EAD/SD/DT/143861/08, SEBI has disposed the adjudication proceedings against Churu. However, notwithstanding the consent order, SEBI has reserved the right to take enforcement actions against Churu in the event any representations made by it are found to be untrue and that it has breached any clause in the undertakings filed by it during the proceedings.

### ***Delgrada Limited***

There is no outstanding litigation /proceeding against Delgrada Limited.

### ***Essel Infraprojects Limited***

#### ***Civil Disputes***

1. Gorai Machimar Sahakari Sanstha Limited and another has filed a civil writ petition (civil writ petition no. 1202 of 1999) against the State of Maharashtra, Essel Infraprojects Limited and others before the High Court of Bombay challenging the decision of the Ministry of Land’s

order to allow the appeal of Essel Infraprojects Limited against the order of the Collector. It has been alleged that the Ministry of Land, Government of Maharashtra, has intended to transfer about 689 acres of land to Essel Infraprojects Limited free of cost, and the appeal has been allowed for the said intention. The next date of hearing shall be intimated by the court in due course.

2. Gorai Machimar Sahakari Sanstha Limited and another has filed a civil writ petition (civil writ petition no. 280 of 2005) against the State of Maharashtra, Essel Infraprojects Limited and others before the High Court of Bombay challenging the order passed by the Maharashtra Coastal Zone Management Authority which allowed the construction of a dam parallel to a creek at Borivalli by Essel Infraprojects Limited. The High Court passed an interim order dated January 12, 2006 restraining the Essel Infraprojects Limited from constructing the dam. Against this order of the High Court, Essel Infraprojects Limited and the other respondents filed a special leave petition (civil special leave petition no. 9597 of 2006) before the Supreme Court of India which was allowed by its order dated August 1, 2008 setting aside the impugned interim order with a direction to the High Court to dispose of the matter at the earliest. Civil writ petition no. 280 of 2005 is currently pending before the High Court of Bombay.
3. The State of Maharashtra and others have filed a special leave petition (special leave petition no. 11618-111619 of 2006) before the Supreme Court of India, wherein Essel Infraprojects Limited has been named as one of the respondents. This special leave petition has been filed in appeal against the order of the High Court of Bombay in writ petition nos. 111 of 1996 and 2009 of 1998, wherein the High Court of Bombay held that the levy of certain entertainment duty by the State of Maharashtra was contrary to the provisions of the Bombay Entertainment Duty Act, 1923.

#### ***Ganjam Trading Company Private Limited***

There is no outstanding litigation /proceeding against Ganjam Trading Company Private Limited.

#### ***Action initiated by SEBI***

SEBI had issued a show cause notice on February 11, 2005 against ZEEL, alongwith certain Promoters of our Company, including Ganjam Trading Company Private Limited, advising them, inter alia, to show cause as to why suitable directions under the SEBI Act read with SEBI (Prohibition of Fardulent and Unfair Trade Practices Relating to Securities Markets) Regulations, 2003 should not be issued against them. Pursuant to the said show cause notice, SEBI has passed an order dated March 19, 2008 (order no. WTM/TCN/91/IVD2/03/2008) against ZEEL and certain Promoters, including Ganjam Trading Company Private Limited, on grounds on aiding and abetting certain entites relating to Mr. Ketan Parekh in large scale manipulation of shares of ZEEL. Pursuant to the said order, SEBI has warned ZEEL and the Promoter Companies and has cautioned that any similar activity or instances of violation or non-compliance of the provisions of the SEBI Act and the rules and regulations framed thereunder shall be dealt with stringently.

#### ***Jayneer Capital Private Limited***

There is no outstanding litigation /proceeding against Jayneer Capital Private Limited.

#### ***Lazarus Investments Limited***

There is no outstanding litigation /proceeding against Lazarus Investments Limited.

#### ***Prajatma Trading Company Private Limited***

#### ***Criminal Proceedings***

1. The Registrar of Companies has filed a criminal complaint (criminal complaint no 183/S/2002) against Prajatma Trading Company Private Limited and others before the Additional Chief Metropolitan Magistrate, 19th Court, Esplanade, Mumbai alleging violation of the provisions of

section 305(1) of the Companies Act by the company and its directors. The matter is currently pending and the next date of hearing is scheduled on September 18, 2009.

2. The Registrar of Companies has filed a criminal complaint (criminal complaint no 186/S/2002) against Prajatma Trading Company Private Limited and others before the Additional Chief Metropolitan Magistrate, 19<sup>th</sup> Court, Esplanade, Mumbai alleging violation of the provisions of section 629(A) of the Companies Act by the company and its directors. The matter is currently pending and the next date of hearing is scheduled on September 18, 2009.

*Action initiated by SEBI*

SEBI had issued a show cause notice on February 11, 2005 against ZEEL, alongwith certain Promoters of our Company, including Prajatma Trading Company Private Limited, advising them, inter alia, to show cause as to why suitable directions under the SEBI Act read with SEBI (Prohibition of Fardulent and Unfair Trade Practices Relating to Securities Markets) Regulations, 2003 should not be issued against them. Pursuant to the said show cause notice, SEBI has passed an order dated March 19, 2008 (order no. WTM/TCN/91/IVD2/03/2008) against ZEEL and certain Promoters, including Prajatma Trading Company Private Limited, on grounds on aiding and abetting certain entites relating to Mr. Ketan Parekh in large scale manipulation of shares of ZEEL. Pursuant to the said order, SEBI has warned ZEEL and the Promoter Companies and has cautioned that any similar activity or instances of violation or non-compliance of the provisions of the SEBI Act and the rules and regulations framed thereunder shall be dealt with stringently.

***Premier Finance and Trading Company Limited***

There is no outstanding litigation /proceeding against Premier Finance and Trading Company Limited.

*Action initiated by SEBI*

2. SEBI had issued a show cause notice on February 11, 2005 against ZEEL, alongwith certain Promoters of our Company, including Premier Finance and Trading Company Limited, advising them, inter alia, to show cause as to why suitable directions under the SEBI Act read with SEBI (Prohibition of Fardulent and Unfair Trade Practices Relating to Securities Markets) Regulations, 2003 should not be issued against them. Pursuant to the said show cause notice, SEBI has passed an order dated March 19, 2008 (order no. WTM/TCN/91/IVD2/03/2008) against ZEEL and certain Promoters, including Premier Finance and Trading Company Limited, on grounds on aiding and abetting certain entites relating to Mr. Ketan Parekh in large scale manipulation of shares of ZEEL. Pursuant to the said order, SEBI has warned ZEEL and the Promoter Companies and has cautioned that any similar activity or instances of violation or non-compliance of the provisions of the SEBI Act and the rules and regulations framed thereunder shall be dealt with stringently.
3. Pursuant to its order dated March 2, 2001, SEBI had initiated an investigation against certain entities including Premier Finance and Trading Company Limited for alleged manipulation of the price of the scrip of Global Trust Bank (“GTB”). An ex-parte ad interim order dated December 31, 2002 was passed by SEBI restraining such entities including Premier Finance and Trading Company Limited from buying, selling, transferring, pledging, disposing off or dealing in other manner, the shares of GTB till the investigations were concluded. On March 3, 2003 and March 4, 2003 the entities, including Premier Finance and Trading Company, filed written submissions to SEBI stating *inter alia* that they are not part of the promoter group of GTB or its technical collaborators, they have not been parties to any synchronized or structured deal and they have not entered into any transactions that are manipulative in nature and have not violated applicable laws. Subsequently, for lack of adequate evidence against the entities for volume and price manipulation of shares of GTB, the said ex-parte ad interim order was vacated pursuant to an order dated June 21, 2004 passed by SEBI.

***Veena Investment Private Limited***

There is no outstanding litigation /proceeding against Veena Investment Private Limited.

## **E. Pending litigations against our Directors**

### ***Mr. Subhash Chandra***

#### *Criminal proceedings*

1. Mr. Sandeep Pal Singh had filed a criminal complaint (criminal complaint no. 1055 of 2000) under sections 52(a) and 63 of the Copyright Act, 1957 against ZEEL and others, including Mr. Subhash Chandra before the Fourth Additional Sessions Judge, Thane dated April 13, 2000 for alleged infringement of the complainant's copyright of the film '*Jaan Se Badhkar*'. The court passed an order dated June 3, 2000 directing the respondents to be present on the next date of hearing on June 12, 2000. Thereafter, the respondents filed a revision petition (criminal revision petition no. 37 of 2001) dated March 23, 2001 before the Fourth Additional Sessions Judge which was granted in favour of the respondents pursuant to its order dated June 28, 2001. Thereafter, a writ petition (writ petition no. 1417 of 2001) was filed before the High Court of Bombay dated October 16, 2001 by the complainant and the order of the sessions court was stayed pursuant to the High Court's order dated February 10, 2003. The matter is currently pending and the next date of hearing shall be notified.
2. A criminal complaint (criminal complaint no. 1548/SS/2005) has been filed by Abhudaya Cooperative Bank Limited against M/s Singhal Swaroop Ispat Limited, Mr. Subhash Chandra and others before the 7<sup>th</sup> Metropolitan Magistrate. Certain cheques issued by Singhal Swaroop Ispat Limited in favour of the complainant were dishonoured and thus the complainant filed this complaint under section 138 and 141 of the Negotiable Instruments Act, 1881 against Singhal Swaroop Ispat Limited and its directors, including Mr. Subhash Chandra claiming an amount of Rs. 148.98 Lakhs. Mr. Subhash Chandra filed a criminal revision application (application no. 283 of 2005) before the Sessions Court which was dismissed, but Mr. Subhash Chandra was exempted from personal appearance. As the matter was dismissed on September 19, 2007, Mr. Subhash Chandra filed a criminal writ petition (no. 2421 of 2007) in the High Court of Bombay. The matter is currently pending and the next date of hearing shall be notified in due course.
3. A criminal complaint (criminal complaint no. 3927/S/2005) has been filed by Ceat Financial Services Limited against M/s Singhal Swaroop Ispat Limited, Mr. Subhash Chandra and others before the 19<sup>th</sup> Court, Ballard Pier, Mumbai. Certain cheques issued by Singhal Swaroop Ispat Limited in favour of the complainant were dishonoured and thus the complainant filed this complaint under section 138 and 141 of the Negotiable Instruments Act, 1881 against Singhal Swaroop Ispat Limited and its directors, including Mr. Subhash Chandra. The amount claimed by the complainant is Rs. 9.45 Lakhs. Mr. Subhash Chandra has filed criminal revision application (application no. 1500 of 2007) for quashing and setting aside the process issued against him. As the criminal revision application was dismissed on August 13, 2007, a criminal writ petition no. 1759 of 2007 has been filed before the High Court of Bombay. The High court by its order dated August 20, 2008 has stayed the proceeding before lower court. The matter is currently pending and the writ petition shall come up for hearing in due course.
4. A criminal complaint (criminal complaint no. 143/S/2003) has been filed by Maharashtra State Trading Corporation against Singhal Swaroop Ispat Limited, Mr. Subhash Chandra and others before the 47<sup>th</sup> Court, Esplanade, Mumbai alleging that the respondents failed to make the requisite payments as consideration for certain scrap materials purchased by them. The amount claimed by the complainant is Rs. 190.77 Lakhs. Mr. Subhash Chandra has also filed an application dated July 30, 2008 before the High Court of Bombay for setting aside the process issued against him. The High Court, by its order dated July 27, 2009, has stayed the proceedings against Mr. Subhash Chandra in the lower court. The matter is currently pending before the High Court and the next date of hearing shall be notified in due course.
5. A criminal complaint (complaint no. 1 of 1999) has been filed by Maharashtra State Trading Corporation against Singhal Swaroop Ispat Limited, Mr. Subhash Chandra and others before the Small Causes Court. The complainant has filed the complaint under section 3(2) of the Criminal Law (amendment) Ordinance, 1944 seeking attachment of certain specified properties belonging to the Singal Swaroop Ispat Limited. Mr. Subhash Chandra has moved application stating that

such specified properties are not owned by him and that he has no interest in the same. The matter is currently pending and the next date of hearing shall be notified in the due course.

6. Mahalaxmi Factoring Services Limited has filed a criminal complaint (criminal complaint no. 1976 of 2001) against Singhal Swaroop Ispat Limited, Mr. Subhash Chandra and others before the 2<sup>nd</sup> Metropolitan Magistrate, Egmore, Chennai alleging that the respondents defaulted in paying the consideration for purchase of certain machineries from the complainant. Mr. Subhash Chandra has been made a party to the complaint in his capacity as a director of Singhal Swaroop Ispat Limited. The amount claimed by the complainant is Rs. 68.67 Lakhs. The matter is currently pending and the next date of hearing is scheduled on October 14, 2009.
7. Mr. Agasti Kanitkar has alleged defamation in a news item telecast on Zee Marathi channel on February 15, 2006. The respondents, including Mr. Subhash Chandra, have filed a writ petition (Criminal writ petition no. 2465 of 2007) before the High Court of Bombay seeking to quash the process issued against them by the Junior Magistrate First Class, Pune in the above mentioned criminal complaint. Mr. Subhash Chandra, is also a party to the petition. The High Court has, stayed the proceedings in the lower court. The matter is currently pending for final hearing and the next date of hearing shall be notified in due course.

***Mr. Brijendra K. Syngal***

There is no outstanding litigation /proceeding against Mr. Brijendra K. Syngal.

***Mr. Amit Goenka***

There is no outstanding litigation /proceeding against Mr. Amit Goenka.

***Mr. Arun Kapoor***

There is no outstanding litigation /proceeding against Mr. Arun Kapoor.

***Mr. Sureshkumar Agarwal***

There is no outstanding litigation /proceeding against Mr. Sureshkumar Agarwal.

***Mr. Michael Kevin Block***

There is no outstanding litigation /proceeding against Mr. Michael Kevin Block.

**Material Developments since the Last Balance Sheet Date, March 31, 2009**

In the opinion of the Board, other than as disclosed in this Letter of Offer, there has not arisen, since the date of the last financial statements set out herein, any circumstance that materially or adversely affects our profitability taken as a whole or the value of our consolidated assets or our ability to pay our material liabilities over the next twelve months.

## GOVERNMENT APPROVALS

*We have received the necessary consents, licenses, permissions and approvals from the government and various governmental agencies required for our present business and except as mentioned below, no further material approvals are required for carrying on our present business.*

### ***Approvals for the Issue***

1. In-principle approval from the NSE dated October 20, 2008.
2. In-principle approval from the BSE dated October 7, 2008.
3. Approval Ref. No. FC II: 245(2006)/150(2006)-Amend dated February 6, 2009 from FIPB to our Company.
4. Approval Ref. No. 9/31/06-BP&L dated October 23, 2008 from MIB to our Company.
5. Approval Ref. No. FE.CO.FID/24165/11.01.020(XXXIII)/2008-09 dated March 6, 2009 from RBI to our Company.

### ***General***

1. Permanent Account Number: AAACW6349M.
2. Company Identification Number: L64200MH2006PLC160733.
3. Certificate of Incorporation dated March 24, 2006.
4. Certificate for commencement of business issued by Registrar of Companies by its certificate dated March 27, 2006, bearing number CO. NO. 11- 160733.
5. Certificate of Importer Exporter Code, issued on August 14, 2006 by Government of India, Ministry of Commerce. The certificate grants our Company IEC number 0306033054.

### ***Other Approvals***

1. The Foreign Investment Promotion Board unit ("FIPB") of the Department of Economic Affairs, Ministry of Finance, Government of India, through its letter dated December 29, 2006, bearing number FC II: 245 (2006)/ 150 (2006), had approved the issue of 416,216,701 Equity Shares of our Company to Delgrada Limited (a company incorporated in Mauritius) and 5,750,00 Equity Shares of our Company to Lazarus Investments Limited (a company incorporated in Mauritius) pursuant to the Scheme of Arrangement. Further, the FIPB also approved the transfer of Equity Shares of our Company from Delgrada Limited to our Promoter Companies registered in India, so that our total foreign shareholding does not cross the limit of 49% of our paid up capital.
2. Registration under Employee Provident Fund Organisation by a letter dated December 22, 2006 bearing number MH/BAN/48581/PF/Zone/03B/1977/961. Our Company has been brought under the scheme framed under Employees' Provident Funds and Miscellaneous Provisions Act, 1952 with effect from September 1, 2006. Our Company has been allotted code No.M.H/BAN/48581.
3. The Government of India, Ministry of Information and Broadcasting, through its letter dated September 30, 2006 and bearing number No.9/31/2006- BP&L, has granted permission to Siti Cable Network Limited for operating as MSO in the notified areas in National Capital Territories of Delhi, Mumbai and Kolkata on certain terms and conditions. The Ministry of Information & Broadcasting, through its letter dated October 23, 2008 and bearing number

No.9/31/2006- BP&L, has acknowledged the substitution of the name of our Company in place of Siti Cable Network Limited for operating as MSO in the notified areas.

4. Our Company has received certificate of registration as a cable operator granted by Government of India, Department of Post, for running cable television network in the cities of Ahmedabad, Amritsar, Bangalore, Delhi, Hisar, Himatnagar, Hyderabad, Kanpur, Kolkata, Mumbai, Noida, Tenali, Thiruvananthapuram and Vadodara.
5. The Government of India, Ministry of Information and Broadcasting, through its letter dated September 30, 2006 and bearing number No.9/29/2006- BP&L, has granted permission to our subsidiary, Indian Cable Net Company Limited, for operating as MSO in the notified areas in the city of Kolkata on certain terms and conditions.
6. The Government of India, Ministry of Communication, Department of Telecommunication, through its letter dated July 20, 2000 and bearing number 820-56/98-LR/Vol.II, has granted internet service provider licence, bearing number 820-56/98-LR dated December 7, 1998 to Zee Telefilms Limited. The said licence was further assigned to Zee Interactive Multimedia Limited. (Zee Interactive Multimedia Limited was merged into Siti Cable Network Limited by the order of High Court of Bombay dated February 1, 2002). Pursuant to letter no. 820-56/98-LR (Vol. II) dated September 2, 2009 from Ministry of Communication, Department of Telecommunication, the name of our Company was substituted in place of the name of Siti Cable Network Limited on the ISP license for category 'A' service area, all India.
7. Registration under Employee State Insurance Corporation by a letter dated April 12, 2007 bearing number RL/4900/31-48784-101. Our Company has been registered under the Employee State Insurance with effect from November 1, 2006 and has been allotted the code 31-48784-101.
8. The National Securities Depository Limited by its letter dated April 28, 2006 had allotted our Company tax deduction account number MUMW02947A.

#### ***Listing Approvals***

1. The in-principle approval for listing of 217,217,753 Equity Shares of our Company, pursuant to the Scheme of Arrangement, from the BSE was issued to our Company by its letter dated January 4, 2007 and bearing number Ref: DCS/AMAL/AJ/IP/381/2006-07; and the same was issued by the NSE by its letter dated January 4, 2007 and bearing number Ref: NSE/LIST/36574-H.
2. Our Company received the permission for listing and trading of 217,217,753 Equity Shares of our Company, in the BSE and the NSE, by their letters dated January 8, 2007 and bearing numbers, Notice: 20070108-21 and Ref; NSE/LIST/36798-T, respectively and CSE by its letter dated January 12, 2007 bearing number Ref: CSEA/LD/027/2007.

#### ***Taxation Related Approvals***

1. Certificate of registration under the Maharashtra Value Added Tax Act, 2002/ Central Sales Tax Act, 1956 dated August 11, 2006, bearing number STO(3)/Regn. Branch/A-10026/B-Mumbai, issued by Deputy Commissioner of Sales Tax, Mumbai. Our Company has been registered with effect from August 4, 2006.
2. Certificate of enrolment under Section 5 (2) or 5 (2A) of the Maharashtra State Tax on Professions, Trades, Callings and Employments Act, 1975, dated August 31, 2006, bearing number PT/E/1/1/27/18/5241, issued by Profession Tax Officer, Enrollment Registration, Mumbai.
3. Certificate of registration under Section 69 of the Finance Act, 1994 dated March 26, 2007, issued by Government of India, Ministry of Finance. The certificate provides our Company with a service tax code, bearing number AAACW6349MST004 and the taxable service for which the

certificate is granted is classified as 'MSO/cable operator', 'broadcasting service', 'maintenance or repair services' and 'business auxiliary' for territory of Delhi.

4. Certificate of registration under Section 69 of the Finance Act, 1994 dated February 8, 2008, issued by Government of India, Ministry of Finance. The certificate provides our Company with a service tax code, bearing number AAACW6349MST002 and the taxable service for which the certificate is granted is classified as 'cable operator' and 'broadcasting service' for territory of Kolkata.
5. Certificate of registration under Section 69 of the Finance Act, 1994 dated May 12, 2006, issued by Government of India, Ministry of Finance. The certificate provides our Company with a service tax code, bearing number AAACW6349MST001 and the taxable service for which the certificate is granted is classified as 'cable operator' for territory of Mumbai.
6. Certificate of registration under Section 69 of the Finance Act, 1994 dated March 31, 2007, issued by Government of India, Ministry of Finance. The certificate provides our Company with a service tax code, bearing number AAACW6349MST005 and the taxable service for which the certificate is granted is classified as 'cable operator', 'broadcasting service' and 'business auxiliary' for territory of Bangalore.
7. Certificate of registration under Section 69 of the Finance Act, 1994 dated March 14, 2007, issued by Government of India, Ministry of Finance. The certificate provides our Company with a service tax code, bearing number AAACW6349MST003 and the taxable service for which the certificate is granted is classified as 'cable operator' and 'broadcasting service' for territory of Hyderabad.
8. Certificate of registration under Maharashtra Value Added Tax Act, 2002/ the Central Sales Tax Act, 1956 dated August 11, 2006 issued by the Deputy Commissioner of Sales Tax. The certificate provides that our Company was registered as dealer with effect from August 4, 2006.
9. Certificate of registration under Uttar Pradesh Value Added Tax Act, 2007 dated July 26, 2008 issued by the Department of Commercial Taxes. The certificate allotted tax payer identification number 09350006431 and provides that our Company was registered as dealer with effect from July 16, 2008.
10. Certificate of registration under Delhi Value Added Tax Act, 2004 dated April 16, 2007 issued by the Department of Value Added Tax. The certificate allotted tax payer identification number 07240325775 and provides that our Company was registered as dealer with effect from March 7, 2007.
11. Certificate of registration under Punjab Value Added Tax Act, 2005 dated October 24, 2007 issued by Excise and Taxation Officer. The certificate allotted tax payer identification number 03592038135 and provides that our Company was registered as dealer with effect from October 23, 2007.
12. Certificate of registration under Haryana Value Added Tax Act, 2003 dated July 3, 2008 issued by the ETO cum-Assessing Authority. The certificate allotted tax payer identification number 06721221177 and provides that our Company was registered as dealer with effect from June 23, 2008.
13. Certificate of registration under Karnataka Value Added Tax Act, 2003 dated May 14, 2007 issued by the Assistant Commissioner of Commercial Taxes. The certificate allotted tax payer identification number 2961075803 and provides that our Company was registered as dealer with effect from April 18, 2007.

#### ***Shops and Establishment***

1. Certificate of registration dated August 17, 2006 bearing registration number GS-II/012453 issued by Inspector under Bombay Shops and Establishments Act, 1948, certifying that our

- establishment situated at Madhu Industrial Estate, 4<sup>th</sup> Floor, P.B. Marg, Worli, Mumbai is registered as a commercial establishment.
2. Certificate of registration dated July 23, 2001 (renewed on January 18, 2006) issued by Inspector under Karnataka Shops and Commercial Establishments Act, 1961, certifying that our establishment situated at Bangalore is registered as a commercial establishment.
  3. Certificate of registration dated March 6, 2000 issued by Inspector under Uttar Pradesh Shops and Commercial Establishments Act, 1962, certifying that our establishment situated at 122/227, Sarojini Nagar, Kanpur is registered as a commercial establishment.

### ***Intellectual Property Registrations***

#### ***Trademarks***

Our Company has received certificate for registration of trademark “WWIL”, under Class 9, 16 and 38, under the Trade Marks Act, 1999, from the Registrar of Trade Marks, by its letter dated March 28, 2008. The registration is valid till January 28, 2017.

Siti Cable Network Limited has received certificates of registration in relation to the following names and marks, issued by the Trademark Registry, Government of India:

<b>Description</b>	<b>Trade Mark No.</b>	<b>Class</b>	<b>Filed on</b>	<b>Registered On</b>	<b>Expires on</b>
SitiCable	1008081	9	May 8, 2001	February 1, 2006	May 7, 2011
	1053963	16	October 23, 2001	March 23, 2006	October 22, 2011
	1238571	35	September 22, 2003	February 14, 2007	September 21, 2013
	1238572	38	September 22, 2003	October 19, 2006	September 21, 2013
	1238574	41	September 22, 2003	October 5, 2006	September 21, 2013
Siti Cable Network Limited	1008079	9	May 8, 2001	May 12, 2006	May 7, 2011
	1053962	16	October 23, 2001	March 23, 2006	October 22, 2011
SITI	1248872	38	November 11, 2003	November 14, 2005	November 10, 2013
	1248873	41	November 11, 2003	January 17, 2007	November 10, 2013
	1248874	35	November 11, 2003	December 7, 2007	November 10, 2013
GalaxZee digital cable entertainment	1238570	35	September 22, 2003	February 14, 2007	September 21, 2013
	1238573	38	September 22, 2003	February 21, 2008	September 21, 2013
	1238575	41	September 22, 2003	November 22, 2005	September 21, 2013
SitiCINEMA	852561	9	April 22, 1999	January 7, 2006	April 21, 2019
GALAXZEE	1195008	9	April 29, 2003	May 30, 2006	April 28, 2013
Jagran(Hindi)	1248869	35	November 11, 2003	February 8, 2007	November 10,

Description	Trade Mark No.	Class	Filed on	Registered On	Expires on
					2013
	1248870	41	November 11, 2003	September 13, 2005	November 10, 2013
	1248871	38	November 11, 2003	October 20, 2006	November 10, 2013
SITI HULCHAL	1377400	16	August 10, 2005	January 15, 2007	August 9, 2015
	1377401	35	August 10, 2005	January 16, 2007	August 9, 2015
	1377402	38	August 10, 2005	November 13, 2006	August 9, 2015
	1377403	41	August 10, 2005	January 16, 2007	August 9, 2015
Channel SITI	1425812	9	March 1, 2006	March 28, 2008	February 29, 2016
	1425813	16	March 1, 2006	March 29, 2008	February 29, 2016
	1425814	35	March 1, 2006	March 29, 2008	February 29, 2016
	1425815	38	March 1, 2006	March 29, 2008	February 29, 2016
	1425835	42	March 1, 2006	March 29, 2008	February 29, 2016
Channel SITI- Multicolored sofa	1425817	9	March 1, 2006	March 28, 2008	February 29, 2016
	1425818	16	March 1, 2006	March 29, 2008	February 29, 2016
	1425819	35	March 1, 2006	March 29, 2008	February 29, 2016
	1425820	38	March 1, 2006	March 29, 2008	February 29, 2016
	1425821	41	March 1, 2006	March 29, 2008	February 29, 2016
	1425832	42	March 1, 2006	March 29, 2008	February 29, 2016
Multicolored sofa	01425822	9	March 1, 2006	March 28, 2008	February 29, 2016
	01425823	16	March 1, 2006	March 29, 2008	February 29, 2016
	01425824	35	March 1, 2006	March 29, 2008	February 29, 2016
	01425825	38	March 1, 2006	March 29, 2008	February 29, 2016
	01425826	41	March 1, 2006	March 29, 2008	February 29, 2016
	01425834	42	March 1, 2006	March 29, 2008	February 29, 2016
Channel-SITI- Interesting!	01425828	16	March 1, 2006	March 29, 2008	February 29, 2016
	01425829	35	March 1, 2006	March 29, 2008	February 29, 2016
	01425830	38	March 1, 2006	March 29, 2008	February 29, 2016

Siti Cable Network Limited also applied for certificates of registration in relation to the following names and marks, which are currently pending with the regulatory authorities:

Description	Trade Mark No.	Class	Application Filed on
Jagran (Hindi)	01248867	9	November 11, 2003

	01248868	16	November 11, 2003
GALAXZEE	1195009	41	April 29, 2003
Channel SITI	01425816	41	March 1, 2006
Channel SITI- Interesting !	01425827	9	March 1, 2006
	01425831	41	March 1, 2006
	01425833	42	March 1, 2006

#### Copyrights

1. The Deputy Registrar of Copyrights, by its letter dated June 10, 2004 bearing reference number Dy. No. 1055/2003-COA, has registered "GALAXZEE digital cable entertainment" as copyright under the class of 'artistic work' in favour of Siti Cable Network Limited. The registration number issued is A-67339/2004.
2. The Deputy Registrar of Copyrights, by its letter dated May 24, 2005 bearing reference number Dy. No. 739/04-COA, has informed regarding registration of "Jagran" as copyright under the class of 'artistic work' in favour of Siti Cable Network Limited vide registration no.70590/2005 dated April 27, 2005.
3. The Deputy Registrar of Copyrights, by its letter dated October 6, 2005 bearing reference number Dy. No. 1656/05-COA, has registered "SITI HULCHAL" as copyright under the class of 'artistic work' in favour of Siti Cable Network Limited. The registration number issued is A-74448/2005.
4. The Deputy Registrar of Copyrights, by its letter dated July 4, 2006 bearing reference number Dy. No. 951/06-COA, has registered "CHANNEL SITI" as copyright under the class of 'artistic work' in favour of Siti Cable Network Limited. The registration number issued is A-76822/2006.
5. The Deputy Registrar of Copyrights, by its letter dated September 13, 2006 bearing reference number Dy. No. 952/06-COA, has registered "CHANNEL SITI INTERESTING" as copyright under the class of 'artistic work' in favour of Siti Cable Network Limited. The registration number issued is A-77332/2006.

Pursuant to the Scheme of Arrangement and in accordance with the provisions of Sections 391 to 394 and other relevant provisions of the Companies Act, the entire cable business undertaking of ZEEL and Siti Cable Network Limited, including all approvals and intellectual property rights, in connection with or pertaining to or relatable to their cable business undertaking, were transferred to our Company as a going concern, from March 31, 2006, being the 'Appointed Date'. However, our Company has filed application with the regulatory authority in order to substitute the name of our Company in place of the name of 'Siti Cable Private Limited' in the trademark registrations already received or pending registrations. For details of the applications regarding substitution of name for registered trademarks as well as pending registrations, see section titled 'Pending Applications' on page 346 of this Letter of Offer.

#### ***Pending Applications***

1. Our Company has made applications for registration of its corporate logo "WW" under the Trade Marks Act, 1999, to the Registrar of Trade Marks, by its applications dated February 9, 2008. Our Company filed for registration of trademarks of the corporate logo under Class 9, 16, 35, 38, 41 and 42.
2. Our Company has made applications for registration of logos namely, "Hits", "Siti Satellite Cable Television", "Siti Broadband", "Siti Digital Cable Television", "Siti Mobile TV" and "Siti Interactive Television" in its own name under the Trade Marks Act, 1999, to the Registrar of Trade Marks, by its application dated April 9, 2008. Our Company filed for registration of trademarks of the logos under Class 9, 16, 35, 38, 41 and 42.

3. Our Company has made application dated July 31, 2007 for transfer of registration of the names and logos already registered (as of the date of the application) in the name of Siti Cable Private Limited in Form TM-33 filed with the Registrar of Trade Marks, New Delhi.
4. Our Company has made applications dated August 9, 2007 for transfer of registration of the names and logos pending registration (as of the date of the application) in the name of Siti Cable Private Limited in Form TM-16 filed with the Registrar of Trade Marks, New Delhi.
5. Our Company has also made an application dated July 9, 2009 for transfer of registration of the names and logos, registration no. 1053963 and no. 1053962 (see table under 'Trademarks' under the section titled 'Government and Other Approvals') in the name of Siti Cable Private Limited in Form TM-33 filed with the Registrar of Trade Marks, New Delhi.
6. Our Company has made an application dated January 13, 2009 with the Entertainment Tax Officer, Hyderabad for renewal of the Entertainment Tax License under Section 15-B of the Andhra Pradesh Entertainment Act, 1939, which expired on December 31, 2008.

Following is a list of various subscription agreements entered into by our Company directly or through our agents, which are valid and subsisting as of date. These agreements are typically for a fixed period, ranging from one to three years, and are renewable automatically or upon consent of the parties:

S. No.	Party	Date of the agreement
1.	BBC World India Private Limited	February 21, 2007
2.	ESPN Software India Private Limited	March 20, 2009
3.	ESPN Software India Private Limited	February 25, 2009
4.	ESPN Software India Private Limited	January 1, 2009
5.	Ushodaya Enterprises Private Limited (ETV)	December 8, 2009
6.	Ushodaya Enterprises Private Limited (ETV)	June 1, 2008
7.	Ushodaya Enterprises Private Limited (ETV)	November 11, 2008
8.	Ushodaya Enterprises Private Limited	January 1, 2009
9.	Ushodaya Enterprises Private Limited	April 1, 2008
10.	MSM Discovery Private Limited	July 7, 2008
11.	Neo Sports Broadcast Private Limited	October 1, 2008
12.	Neo Sports Broadcast Private Limited	January 1, 2009
13.	Neo Sports Broadcast Private Limited	August 5, 2008
14.	Neo Sports Broadcast Private Limited	April 1, 2008
15.	STAR DEN Media Services Private Limited	January 1, 2009
16.	STAR DEN Media Services Private Limited	January 1, 2009
17.	STAR DEN Media Services Private Limited	April 9, 2009
18.	STAR DEN Media Services Private Limited	January 1, 2009
19.	STAR DEN Media Services Private Limited	January 1, 2009
20.	STAR DEN Media Services Private Limited	January 1, 2009
21.	STAR DEN Media Services Private Limited	May 15, 2008
22.	Zee Turner Limited	September 17, 2008
23.	Zee Turner Limited	November 10, 2008
24.	Zee Turner Limited	August 5, 2008
25.	Zee Turner Limited	April 1, 2009
26.	Zee Turner Limited	April 1, 2009
27.	Zee Turner Limited	April 1, 2009
28.	Zee Turner Limited	April 1, 2009
29.	Zee Turner Limited	April 1, 2009
30.	Zee Turner Limited	April 1, 2009
31.	UTV Global Broadcasting Limited	March 1, 2008
32.	INX Media Private Limited	September 23, 2008
33.	Star Den Media Services Private Limited	June 30, 2008
34.	Star Den Media Services Private Limited	April 2, 2009
35.	ESPN Software India Private Limited	December 15, 2008
36.	ESPN Software India Private Limited	December 15, 2008
37.	ESPN Software India Private Limited	December 15, 2008
38.	ESPN Software India Private Limited	December 15, 2008
39.	ESPN Software India Private Limited	December 15, 2008

40.	ESPN Software India Private Limited	December 15, 2008
41.	ESPN Software India Private Limited	December 15, 2008
42.	ESPN Software India Private Limited	December 15, 2008
43.	ESPN Software India Private Limited	December 15, 2008
44.	ESPN Software India Private Limited	January 1, 2009
45.	ESPN Software India Private Limited	March 16, 2009
46.	ESPN Software India Private Limited	March 16, 2009
47.	ESPN Software India Private Limited	March 16, 2009
48.	BBC World (India) Private Limited	January 1, 2009
49.	BBC World India Private Limited	December 18, 2006
50.	MSM Discovery Private Limited	September 10, 2008
51.	BBC World India Private Limited	August 1, 2006
52.	MSM Discovery Private Limited	May 1, 2008
53.	STAR DEN Media Services Private Limited	June 10, 2009
54.	STAR DEN Media Services Private Limited	June 10, 2009
55.	STAR DEN Media Services Private Limited	January 29, 2009
56.	ESPN Software India Private Limited	January 1, 2009
57.	MSM Discovery Private Limited	April 1, 2009
58.	MSM Discovery Private Limited	April 1, 2009
59.	Mega Reach Distributors (India) Private Limited	April 1, 2009
60.	Mega Reach Distributors (India) Private Limited	March 15, 2009
61.	Neo Sports Broadcast Private Limited	December 10, 2008
62.	M/s Channel Plus	July 1, 2009
63.	Neo Sports Broadcast Private Limited	March 15, 2009
64.	M/s Channel Plus	September 1, 2009
65.	M/s Channel Plus	July 1, 2009
66.	M/s Channel Plus	July 1, 2009
67.	ESPN Software India Private Limited	March 20, 2009
68.	ESPN Software India Private Limited	June 1, 2008
69.	MSM Discovery Private Limited	April 1, 2009
70.	MSM Discovery Private Limited	April 1, 2009
71.	MSM Discovery Private Limited	September 10, 2008
72.	MSM Discovery Private Limited	April 1, 2009
73.	MSM Discovery Private Limited	April 1, 2009
74.	Neo Sports Broadcast Private Limited	December 10, 2008
75.	Neo Sports Broadcast Private Limited	April 1, 2008
76.	Neo Sports Broadcast Private Limited	April 1, 2008
77.	Star Den Media Services Private Limited	May 15, 2009
78.	Star Den Media Services Private Limited	January 1, 2009
79.	Star Den Media Services Private Limited	January 1, 2009
80.	Ushodaya Enterprises Private Limited	July 21, 2009

## STATUTORY AND OTHER INFORMATION

### Authority for the Issue

Pursuant to the resolution passed by the Board of Directors of our Company at its meeting held on August 20, 2008 it has been decided to make the rights offer to the Equity Shareholders of our Company with a right to renounce.

### Prohibition by SEBI/RBI

Neither we, nor our Directors or the Promoter Group Companies, or companies or entities with which our Directors are associated with as directors or promoters, have been prohibited from accessing or operating in the capital markets under any order or direction passed by SEBI. Further, none of the directors or person(s) in control of the Promoters has been prohibited from accessing the capital market under any order or direction passed by SEBI. Further none of the Promoters, their relatives, our Company, group companies has been declared as wilful defaulters by RBI / Government authorities.

### Eligibility for the Issue

Our Company is registered under the Companies Act whose Equity Shares are listed on the BSE and NSE. It is eligible to offer this Issue in terms of clause 4(2) and clause 57(2)(b), as applicable, of the SEBI Regulations.

### Disclaimer Clause

**AS REQUIRED, A COPY OF THIS LETTER OF OFFER HAS BEEN SUBMITTED TO SEBI. IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THE LETTER OF OFFER TO SEBI SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE LETTER OF OFFER. THE LEAD MANAGER, ENAM SECURITIES PRIVATE LIMITED HAS CERTIFIED THAT THE DISCLOSURES MADE IN THE LETTER OF OFFER ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING INVESTMENT IN THE PROPOSED ISSUE.**

**IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE LETTER OF OFFER, THE LEAD MANAGER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE LEAD MANAGER, ENAM SECURITIES PRIVATE LIMITED HAS FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED SEPTEMBER 29, 2008 IN ACCORDANCE WITH THE SEBI (MERCHANT BANKERS) REGULATIONS, 1992 WHICH READS AS FOLLOWS:**

- “1. WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS, ETC., AND OTHER MATERIALS IN CONNECTION WITH THE FINALISATION OF THE LETTER OF OFFER PERTAINING TO THE SAID ISSUE;**
- 2. ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE COMPANY, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PROJECTED PROFITABILITY, PRICE JUSTIFICATION**

**AND THE CONTENTS OF THE DOCUMENTS MENTIONED IN THE ANNEXURE AND OTHER PAPERS FURNISHED BY THE COMPANY,**

**WE CONFIRM THAT:**

- (A) THE LETTER OF OFFER FORWARDED TO SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;**
  - (B) ALL THE LEGAL REQUIREMENTS CONNECTED WITH THE SAID ISSUE, AS ALSO THE GUIDELINES, INSTRUCTIONS, ETC. ISSUED BY SEBI, THE GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND**
  - (C) THE DISCLOSURES MADE IN THE LETTER OF OFFER ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE AND SUCH DISCLOSURES ARE IN ACCORDANCE WITH THE REQUIREMENTS OF THE COMPANIES ACT, 1956, THE SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS)REGULATIONS, 2009 AND OTHER APPLICABLE LEGAL REQUIREMENTS.**
- 3. WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE LETTER OF OFFER ARE REGISTERED WITH SEBI AND TILL DATE SUCH REGISTRATION IS VALID.**
  - 4. WHEN UNDERWRITTEN, WE SHALL SATISFY OURSELVES ABOUT THE WORTH OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS. - NOT APPLICABLE**
  - 5. WE CERTIFY THAT WRITTEN CONSENT FROM THE PROMOTERS HAS BEEN OBTAINED FOR INCLUSION OF THEIR EQUITY SHARES AS PART OF THE PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN AND THE EQUITY SHARES PROPOSED TO FORM PART OF THE PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN WILL NOT BE DISPOSED OR SOLD OR TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING THE DRAFT PROSPECTUS WITH SEBI UNTIL THE DATE OF COMMENCEMENT OF THE LOCK-IN PERIOD AS STATED IN THE DRAFT PROSPECTUS. NOT APPLICABLE**
  - 6. WE CERTIFY THAT CLAUSE 33 OF THE SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS)REGULATIONS, 2009, WHICH RELATES TO SECURITIES INELIGIBLE FOR COMPUTATION OF PROMOTERS' CONTRIBUTION, HAS BEEN DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE CLAUSE HAVE BEEN MADE IN THE DRAFT PROSPECTUS.- NOT APPLICABLE**
  - 7. WE UNDERTAKE THAT CLAUSES 32 OF THE SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009-0 SHALL BE COMPLIED WITH. WE CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION AND SUBSCRIPTION FROM ALL FIRM ALLOTTEES WOULD BE RECEIVED AT LEAST ONE DAY BEFORE THE OPENING OF THE ISSUE. WE UNDERTAKE THAT AUDITORS' CERTIFICATE TO THIS EFFECT SHALL BE DULY SUBMITTED TO THE BOARD. WE FURTHER CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE KEPT IN AN ESCROW ACCOUNT WITH A SCHEDULED COMMERCIAL BANK AND SHALL BE RELEASED TO THE COMPANY ALONG WITH THE PROCEEDS OF THE PUBLIC ISSUE. -NOT APPLICABLE**

8. WHERE THE REQUIREMENTS OF PROMOTERS' CONTRIBUTION IS NOT APPLICABLE TO THE COMPANY, WE CERTIFY THE REQUIREMENTS OF PROMOTERS' CONTRIBUTION UNDER CLAUSE 34(C) ARE NOT APPLICABLE TO THE COMPANY.
9. WE CERTIFY THAT THE PROPOSED ACTIVITIES OF THE COMPANY FOR WHICH THE FUNDS ARE BEING RAISED IN THE PRESENT ISSUE FALL WITHIN THE 'MAIN OBJECTS' LISTED IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OR OTHER CHARTER OF THE COMPANY AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED OUT UNTIL NOW ARE VALID IN TERMS OF THE OBJECT CLAUSE OF ITS MEMORANDUM OF ASSOCIATION.
10. WE CONFIRM THAT NECESSARY ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT THE MONEYS RECEIVED PURSUANT TO THE ISSUE ARE KEPT IN A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF SECTION 73(3) OF THE COMPANIES ACT, 1956 AND THAT SUCH MONEYS SHALL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FROM ALL THE STOCK EXCHANGES MENTIONED IN THE PROSPECTUS. WE FURTHER CONFIRM THAT THE AGREEMENT ENTERED INTO BETWEEN THE BANKERS TO THE ISSUE AND THE COMPANY SPECIFICALLY CONTAINS THIS CONDITION.
11. WE CERTIFY THAT NO PAYMENT IN THE NATURE OF DISCOUNT, COMMISSION, ALLOWANCE OR OTHERWISE SHALL BE MADE BY THE COMPANY OR THE PROMOTERS, DIRECTLY OR INDIRECTLY, TO ANY PERSON WHO RECEIVES SECURITIES BY WAY OF FIRM ALLOTMENT IN THE ISSUE. NOT APPLICABLE.
12. WE CERTIFY THAT A DISCLOSURE HAS BEEN MADE IN THE LETTER OF OFFER THAT THE INVESTORS SHALL BE GIVEN AN OPTION TO GET THE EQUITY SHARES IN DEMAT OR PHYSICAL MODE.
13. WE CERTIFY THAT THE FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE LETTER OF OFFER:
  - (A) "AN UNDERTAKING FROM THE COMPANY THAT AT ANY GIVEN TIME THERE SHALL BE ONLY ONE DENOMINATION FOR THE EQUITY SHARES OF THE COMPANY; AND
  - (B) AN UNDERTAKING FROM THE COMPANY THAT IT SHALL COMPLY WITH SUCH DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY THE BOARD FROM TIME TO TIME."

THE FILING OF THE LETTER OF OFFER DOES NOT, HOWEVER, ABSOLVE THE COMPANY FROM ANY LIABILITIES UNDER SECTION 63 OR SECTION 68 OF THE COMPANIES ACT, 1956 OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY AND OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED ISSUE. SEBI, FURTHER RESERVES THE RIGHT TO TAKE UP, AT ANY POINT OF TIME, WITH THE LEAD MANAGER ANY IRREGULARITIES OR LAPSES IN THE LETTER OF OFFER.

#### **Caution**

#### **Disclaimer from the Company and lead manager**

The Company and the Lead Manager accept no responsibility for statements made otherwise than in this Letter of Offer or in any advertisement or other material issued by the Company or by any other persons at the instance of the Company and anyone placing reliance on any other source of information would be doing so at his own risk.

The Lead Manager and the Company shall make all information available to the Equity Shareholders and no selective or additional information would be available for a section of the Equity Shareholders in any manner whatsoever including at presentations, in research or sales reports etc. after filing of this Letter of Offer with SEBI.

#### **Disclaimer with respect to jurisdiction**

This Letter of Offer has been prepared under the provisions of Indian Laws and the applicable rules and regulations thereunder. Any disputes arising out of this Issue will be subject to the jurisdiction of the appropriate court(s) in Mumbai, India only.

The distribution of the Letter of Offer and the issue of partly-paid up Equity Shares on a rights basis to persons in certain jurisdictions outside India may be restricted by legal requirements prevailing in those jurisdictions. Persons in whose possession this Letter of Offer may come are required to inform themselves about and observe such restrictions. Any disputes arising out of this issue will be subject to the jurisdiction of the appropriate court(s) in Mumbai, India only.

No action has been or will be taken to permit this Issue in any jurisdiction where action would be required for that purpose, except that this Letter of Offer has been filed with SEBI for observations and SEBI has given its observations. Accordingly, the Equity Shares represented thereby may not be offered or sold, directly or indirectly, and this Letter of Offer may not be distributed in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this Letter of Offer nor any sale hereunder, shall under any circumstances create any implication that there has been no change in our affairs from the date hereof or that the information contained herein is correct as of any time subsequent to this date.

The Letter of Offer has been filed with SEBI, SEBI Bhavan, Plot No.C4-A,'G' Block, Bandra Kurla Complex, Bandra (East), Mumbai 400051, for its observations. After SEBI gives its observations, the Letter of Offer would be filed with the Designated Stock Exchange as per the provisions of the Act.

#### **United States Restrictions**

NEITHER THE RIGHTS ENTITLEMENTS NOR THE EQUITY SHARES THAT MAY BE PURCHASED PURSUANT THERETO HAVE BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY U.S. STATE SECURITIES LAWS, AND MAY NOT BE OFFERED, SOLD, RESOLD OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES OF AMERICA OR THE TERRITORIES OR POSSESSIONS THEREOF (THE "UNITED STATES" OR THE "U.S.") OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, "US PERSONS" (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT ("REGULATION S")), EXCEPT IN A TRANSACTION EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT. THE RIGHTS REFERRED TO IN THIS LETTER OF OFFER ARE BEING OFFERED IN INDIA, BUT NOT IN THE UNITED STATES. THE ISSUE TO WHICH THIS LETTER OF OFFER RELATES IS NOT, AND UNDER NO CIRCUMSTANCES IS TO BE CONSTRUED AS, AN OFFERING OF ANY SHARES OR RIGHTS FOR SALE IN THE UNITED STATES OR AS A SOLICITATION THEREIN OF AN OFFER TO BUY ANY OF THE SAID SHARES OR RIGHTS. ACCORDINGLY, THIS LETTER OF OFFER SHOULD NOT BE FORWARDED TO OR TRANSMITTED IN OR INTO THE UNITED STATES AT ANY TIME, EXCEPT IN A TRANSACTION EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT. NEITHER THE COMPANY NOR ANY PERSON ACTING ON BEHALF OF THE COMPANY WILL ACCEPT SUBSCRIPTIONS FROM ANY PERSON, OR THE AGENT OF ANY PERSON, WHO APPEARS TO BE, OR WHO THE COMPANY OR ANY PERSON ACTING ON BEHALF OF THE COMPANY HAS REASON TO BELIEVE IS, A RESIDENT OF THE UNITED STATES AND TO WHOM AN OFFER, IF MADE, WOULD RESULT IN REQUIRING REGISTRATION OF THIS LETTER OF OFFER WITH THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION. THE COMPANY IS INFORMED THAT THERE IS NO OBJECTION TO A UNITED STATES SHAREHOLDER SELLING ITS RIGHTS IN INDIA. RIGHTS MAY NOT BE TRANSFERRED OR SOLD TO ANY U.S. PERSON.

#### **Designated Stock Exchange**

The Designated Stock Exchange for the purposes of this Issue will be the NSE.

#### **Disclaimer Clause of the BSE**

The Bombay Stock Exchange Limited (“the Exchange”) has given vide its letter dated October 7, 2008 permission to the Company to use the Exchange’s name in this Letter of Offer as one of the Stock Exchanges on which this Company’s securities are proposed to be listed. The Exchange has scrutinized this Letter of Offer for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Company. The Exchange does not in any manner: (i) warrant, certify or endorse the correctness or completeness of any of the contents of this Letter of Offer; or (ii) warrant that this Company’s securities will be listed or will continue to be listed on the Exchange; or (iii) take any responsibility for the financial or other soundness of this Company, its Promoters, its management or any scheme or project of this Company; and it should not for any reason be deemed or construed that this Letter of Offer has been cleared or approved by the Exchange. Every person who desires to apply for or otherwise acquires any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

#### **Disclaimer Clause of the NSE**

As required, a copy of this Letter of Offer has been submitted to National Stock Exchange of India Limited (“NSE”). NSE has given vide its letter Ref. No. NSE/LIST/87946-M dated October 20, 2008 permission to the Company to use NSE’s name in this Letter of Offer as one of the Stock Exchanges on which the Company’s securities are proposed to be listed. NSE has scrutinized this Letter of Offer for its limited internal purpose of deciding on the matter of granting the aforesaid permission to the Company. It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed that the Letter of Offer has been cleared or approved by NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Letter of Offer; nor does it warrant that the Company’s securities will be listed or will continue to be listed on NSE; nor does it take any responsibility for the financial or other soundness of the Company, its Promoters, its management or any scheme or project of the Company.

Every person who desires to apply for or otherwise acquire any securities of the Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against NSE whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/ acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.

#### **Impersonation**

**As a matter of abundant caution, attention of the applicants is specifically drawn to the provisions of sub-section (1) of section 68A of the Companies Act which is reproduced below:**

*“Any person who makes in a fictitious name an application to a Company for acquiring, or subscribing for, any shares therein, or otherwise induces a Company to allot, or register any transfer of shares therein to him, or any other person in a fictitious name, shall be punishable with imprisonment for a term which may extend to five years”*

#### **Dematerialised dealing**

The Company has entered into agreements dated December 27, 2006 and January 5, 2007 with National Securities Depository Limited (NSDL) and the Central Depository Services (India) Limited respectively, for its existing Equity Shares bearing the ISIN – INE965H01011.

#### **Listing**

The existing Equity Shares are listed on the BSE and NSE. Pursuant to a letter dated January 27, 2009, the Equity Shares have been voluntarily delisted from the CSE as per SEBI (Delisting of Securities) Guidelines, 2003. The Company has made applications to the BSE and NSE for permission to deal in and for an official quotation in respect of the Equity Shares being offered in terms of the Letter of Offer. The Company has received in-principle approvals from BSE and NSE by letters dated October 7, 2008 and October 20, 2008, respectively. The Company will apply to the BSE and NSE for listing of the Equity Shares to be issued pursuant to this Issue.

If the permission to deal in and for an official quotation of the securities is not granted by any of the Stock Exchanges mentioned above, within 15 days from the Issue Closing Date, the Company shall forthwith repay, without interest, all monies received from applicants in pursuance of this Letter of Offer. If such money is not paid within eight days after the Company becomes liable to repay it, then the Company and every Director of the Company who is an officer in default shall, on and from expiry of eight days, be jointly and severally liable to repay the money with interest as prescribed under the section 73 of the Act. In case of ASBA Investors, the Registrar to the Issue shall instruct the SCSBs to unblock the funds in the relevant ASBA Account to the extent of the Application Money for withdrawn, rejected or unsuccessful ASBAs within 15 days of the closure of the Issue. In case of a failure in providing instructions to SCSBs to unblock the funds in the relevant ASBA Account, the Company will pay interest on the monies in terms of Section 73 of the Companies Act.

### Consents

Consents in writing of the Auditors, Lead Manager, Legal Advisors, Registrar to the Issue and Banker to the Issue to act in their respective capacities have been obtained and filed with SEBI, along with a copy of the Letter of Offer and such consents have not been withdrawn up to the time of delivery of this Letter of Offer for registration with the stock exchanges.

S. R. Batliboi & Associates, Chartered Accountants, the Auditors of the Company have given their written consent for the inclusion of their Report in the form and content as appearing in this Letter of Offer and such consents and reports have not been withdrawn up to the time of delivery of this Letter of Offer for registration with the stock exchanges.

The Company has also obtained the no-objection certificates from the lenders to the Company and such consents have not been withdrawn up to the time of delivery of this Letter of Offer with the stock exchanges.

To the best of our knowledge there are no other consents required for making this Issue. However, should the need arise, necessary consents shall be obtained by us.

### Expert Opinion, if any

No expert opinion has been obtained by the Company in relation to this Letter of Offer.

### Expenses of the Issue

The expenses of the Issue payable by the Company including brokerage, fees and reimbursement to the Lead Manager, Monitoring Agency, Legal Advisors, Advisors to the Issue, Registrar to the Issue, printing and distribution expenses, publicity, listing fees, stamp duty and other expenses are estimated at Rs. 500 Lakhs (around 1.11% of the total Issue size) and will be met out of the proceeds of the Issue.

(In Rs. Lakhs)

S. No.	Particulars	Amount	% of net proceeds of the Issue	% of total expenses of the Issue
1.	Fees of the Lead Manager, Registrar to the Issue, Legal Advisors, Advisors to the Issue, Monitoring Agency and other advisors	325	0.72%	65%
2.	Printing and stationery, distribution, postage, etc.	130	0.29%	26%
3.	Advertisement and marketing expenses	25	0.06%	5%

4.	Other expenses	20	0.04%	4%
	<b>Total</b>	500	1.11%	

#### **Fees Payable to the Lead Manager to the Issue**

The fees payable to the Lead Manager to the Issue are set out in the engagement letters issued by the Company to the Lead Manager and the Memorandum of Understanding entered into by the Company with the Lead Manager, copies of which are available for inspection at the Corporate Office.

#### **Fees Payable to the Registrar to the Issue**

The fee payable to the Registrar to the Issue is as set out in the relevant documents, copies of which are available for inspection at the Corporate Office.

#### **Fees payable to the SCSBs**

The total fees payable to the SCSBs will be as per the memorandum of understanding among the Registrar to the Issue, our Company and the SCSBs, for the services rendered in uploading and processing the ASBA, a copy of which will be made available for inspection at our Registered Office.

#### **Previous Issues by the Company**

The Company has not undertaken any previous public or rights issue during the last five years.

#### **Date of listing on the Stock Exchange**

The Equity Shares of our Company were listed on January 10, 2007 on the BSE and the NSE. Thereafter, the Equity Shares were listed on the CSE on January 12, 2007.

#### **Issues for consideration other than cash**

The Company has not issued Equity Shares for consideration other than cash or out of revaluation reserves, other than issuances mentioned in the section "Capital Structure" beginning on page 48 of the Letter of Offer.

#### **Outstanding Debentures or Bonds and Preference Shares**

Other than as described in the section "Capital Structure" beginning on page 48, the Company has no outstanding debentures or bonds and preference shares.

#### **Option to Subscribe**

Other than the present Issue, the Company has not given any person any option to subscribe to the Equity Shares of the Company.

#### **Stock Market Data for Equity Shares**

As our Equity Shares are actively traded on the BSE and NSE, our Company's stock market data have been given separately for each of these Stock Exchanges. Our Equity Shares were infrequently traded on the CSE. By a certificate dated September 18, 2008 issued by CSE, there was no trading in the Equity Shares on the CSE since January 1, 2008. Pursuant to a letter dated January 27, 2009, the Equity Shares have been voluntarily delisted from the CSE as per SEBI (Delisting of Securities) Guidelines, 2003.

For further information on the high and low closing prices recorded on the BSE and NSE for the preceding month and the number of Equity Shares traded on the days the high and low prices, please refer to "Stock Market Data for Equity Shares of our Company", beginning on page 279 of this Letter of Offer.

#### **Important**

- This Issue is pursuant to the resolution passed by the Board of Directors at its meetings held on August 20, 2008.
- This Issue is applicable to those Equity Shareholders whose names appear as beneficial owners as per the list to be furnished by the depositories in respect of the Equity Shares held in the electronic form and on the Register of Members of the Company at the close of business hours on the start of the Book Closure Period i.e. August 15, 2009, after giving effect to the valid share transfers lodged with the Company upto the start of the Book Closure Period i.e. August 15, 2009.
- Your attention is drawn to the section entitled 'Risk Factors' appearing on page ix of the Letter of Offer and Abridged Letter of Offer, respectively.
- Please ensure that you have received the Composite Application Form ("CAF") with the Letter of Offer and Abridged Letter of Offer.
- Please read the Letter of Offer/Abridged Letter of Offer and the instructions contained therein and in the CAF carefully before filling in the CAF. The instructions contained in the CAF are each an integral part of the Letter of Offer and must be carefully followed. An application is liable to be rejected for any non-compliance of the provisions contained in the Letter of Offer or the CAF.
- All enquiries in connection with the Letter of Offer or CAF should be addressed to the Registrar to the Issue, quoting the Registered Folio number/ DP and Client ID number and the CAF numbers as mentioned in the CAF.
- All information shall be made available to the Investors by the Lead Manager and the Company, and no selective or additional information would be available by them for any section of the Investors in any manner whatsoever including at road shows, presentations, in research or sales reports, etc.
- The Lead Manager and the Company shall update the Letter of Offer and keep the public informed of any material changes till the listing and trading commences.

#### **Issue Schedule**

<b>Issue Opening Date:</b>	September 29, 2009
<b>Last date for receiving requests for split forms:</b>	October 12, 2009
<b>Issue Closing Date:</b>	October 21, 2009

The Board may however decide to extend the Issue period as it may determine from time to time, but not exceeding 30 days from the Issue Opening Date.

#### **Allotment Letters / Refund Orders**

The Company will issue and dispatch letters of allotment/ share certificates/ demat credit and/or letters of regret along with refund order or credit the allotted securities to the respective beneficiary accounts, if any, within a period of 15 days from the date of closure of the Issue. If such money is not repaid within eight days from the day the Company becomes liable to pay it, the Company shall pay that money with interest as stipulated under Section 73 of the Companies Act. The Board of Directors declares that funds against this Issue will be transferred to a separate bank account other than the bank account referred to in sub-section (3) of section 73 of the Act.

In case of ASBA Investors, the Registrar to the Issue shall instruct the SCSBs to unblock the funds in the relevant ASBA Account to the extent of the Application Money for withdrawn, rejected or unsuccessful ASBAs within 15 days of the closure of the Issue. In case of a failure in providing instructions to SCSBs to unblock the funds in the relevant ASBA Account, the Company will pay interest on the monies in terms of Section 73 of the Companies Act.

Applicants residing at 68 centers where clearing houses are managed by the Reserve Bank of India (RBI), will get refunds through ECS only (Electronic Clearing Service) except where Applicants are otherwise disclosed as applicable/eligible to get refunds through direct credit and RTGS.

In case of those Applicants who have opted to receive their Rights Entitlement in dematerialized form using electronic credit under the depository system, and advice regarding their credit of the Equity Shares shall be given separately. Applicants to whom refunds are made through electronic transfer of funds will be sent a letter through ordinary post intimating them about the mode of credit of refund within 15 working days of closure of the Issue.

In case of those Applicants who have opted to receive their Rights Entitlement in physical form and the Company issues Letter of Allotment, the corresponding share certificates will be kept ready within three months from the date of allotment thereof or such extended time as may be approved by the Companies Law Board under Section 113 of the Companies Act or other applicable provisions, if any. Allottees are requested to preserve such letters of allotment, which would be exchanged later for the share certificates. For more information please refer to the section titled 'Letters of Allotment/ Share Certificates/Demat Credit' beginning on page 376 of this Letter of Offer.

The letter of allotment / refund order exceeding Rs.1,500 would be sent by registered post/speed post to the sole/first Applicant's registered address. Refund orders up to the value of Rs.1,500 would be sent under certificate of posting. Such refund orders would be payable at par at all places where the applications were originally accepted. The same would be marked 'Account Payee only' and would be drawn in favour of the sole/first Applicant. Adequate funds would be made available to the Registrar to the Issue for this purpose.

#### Performance vis-a-vis objects

##### 1. The Company

###### Public/Rights Issue:

We have not made any public or rights issue of the Equity Shares in the past as our Company was listed on the BSE and NSE on January 10, 2007 and at CSE on January 12, 2007 pursuant to the Scheme of Arrangement. Pursuant to a letter dated January 27, 2009, the Equity Shares have been voluntarily delisted from the CSE as per SEBI (Delisting of Securities) Guidelines, 2003.

##### 2. Group Companies

###### *Zee Entertainment Enterprise Limited*

Zee Entertainment Enterprises Limited made a public issue of 8,200,000 equity shares of Rs. 10 each for cash at a premium of Rs. 30 per share aggregating to Rs. 24.60 Lakhs vide prospectus dated July 28, 1993. The issue opened on September 1, 1993 and closed on September 10, 1993.

The utilisation of issue proceeds was as under:

Objects of the issue	Amount raised (in Rs. Lakhs)	Utilisation
Part finance of its capital expenditure	24.60	The amounts were deployed for the purpose it was raised.
Cost of rights		
Working capital requirements		

The promise versus performance in respect of the public issue was as under:

	1993-94		1994-95		1995-96	
	Proj	Actual	Proj	Actual	Proj	Actual
Total Income	2458	2627	4292	5737	5470	9008
Total Expenditure	1561	1626	2554	3636	3462	6603
PAT	897	921	1688	2021	2008	2303

(Rs. Lakhs)

### ***ETC Networks Limited***

The company has not made any capital issue in last three years.

### ***Essel Propack Limited***

Essel Propack Limited has made a rights issue of 38,62,044 equity shares of Rs. 10 each for cash at a premium of Rs. 215 per share aggregating to Rs. 8,689 Lakhs to the shareholders of the company vide letter of offer dated February 28, 1995. Issue opened on March 27, 1995 and closed on April 26, 1995.

The utilisation of issue proceeds was as under:

<b>Objects of the issue</b>	<b>Amount raised (in Rs. Lakhs)</b>	<b>Utilisation</b>
Part finance of expansion project	8,689	The amounts were deployed for the purpose it was raised.

The promise-v/s-performance in respect of the public issue was as under:

	<b>(Rs. in Lakhs)</b>					
	<b>1994-95</b>		<b>1995-96</b>		<b>1996-97</b>	
	<b>Proj</b>	<b>Actual</b>	<b>Proj</b>	<b>Actual</b>	<b>Proj</b>	<b>Actual</b>
Sales	6,397	8000	10,686	11,356	12,979	15,267
PBT	1,390	1,501	2,352	2,113	2,899	2,858
PAT	1,390	1,501	2,352	2,113	2,899	2,083

1995-96: The variation between the projected and the actual figures is attributable to the devaluation of Rupee by 12%, rise in polymer prices for most of the Financial Year, import of 53% of the raw materials consumed by the company, and delay in anticipated changes in aluminium tubes in view of the product design changes.

1996-97: The variation between the projected and actual figures is attributable to the revision in the schedule of project implementation resulting in the issue proceeds partly remaining unutilized which were thereafter invested in interest bearing short term instruments.

### ***Zee News Limited***

Zee News Limited has not made any public or rights issue as Zee News Limited was listed on the Stock Exchanges on January 10, 2007 pursuant to the Scheme of Arrangement by which news business, comprising of news and regional entertainment channel business of ZEEL were demerged and transferred to Zee News Limited. For more information see section titled "History and Certain Corporate Matters" beginning on page 91 of this Letter of Offer.

### ***Dish TV India Limited***

The shares of Dish TV India Limited are listed on the BSE and NSE on April 12, 2007 and on CSE on June 4, 2007 pursuant to the scheme of arrangement under which ZEEL transferred their direct consumer service business undertaking to Dish TV India Limited and Siti Cable Network Limited and New Era Entertainment Network Limited were merged with Dish TV India Limited. The partly paid up shares issued pursuant to the rights issue of the equity shares, closed on January 9, 2009, are listed on NSE and BSE on January 23, 2009 and on CSE on March 31, 2009. The utilisation of proceeds of the rights issue is as follows:

<b>Objects of the issue</b>	<b>Amount raised (in Rs.)</b>	<b>Utilisation till March 31, 2009 (in Rs.)</b>
Acquisition of consumer premises equipments	7,901,200,000	129,740,858
Repayment of loans	3,000,000,000	2,842,144,315
General corporate purposes	410,991,000	105,060,512
Issue expenses	87,100,000	31,951,867
<b>TOTAL</b>	<b>11,399,291,000</b>	<b>3,108,897,552</b>

## **Investor Grievances and Redressal System**

The Company has a Shareholders/ Investor Grievance Committee which meets as and when required, to deal and monitor redressal of complaints from shareholders. Generally, the investor grievances are dealt within seven days of the receipt of the complaint. The Company has adequate arrangements for redressal of Investor complaints. Well-arranged correspondence system developed for letters of routine nature. The share transfer and dematerialization for the Company is being handled by inhouse registrar and share transfer agent. Letters are filed category wise after having attended to. Redressal norm for response time for all correspondence including shareholders complaints is seven days.

### **Status of Complaints**

Total number of complaints received during the last three Financial Years: 25

Total number of complaints received during Financial Year 2009: 10

As of June 30, 2009, there are no investor grievances pending against our Company.

Status of complaints: Out of 25 complaints received during the last three Financial Years, we have resolved all the complaints to the satisfaction of the shareholders.

### **Investor Grievances arising out of this Issue**

The Company's investor grievances arising out of the Issue will be handled by Mr. Samir Raval, Compliance Officer and Company Secretary, and Sharepro Services (India) Limited, who are the Registrar to the Issue. The Registrar will have a separate team of personnel handling only our post-Issue correspondence.

The agreement between us and the Registrar will provide for retention of records with the Registrar for a period of at least one year from the last date of dispatch of Letter of Allotment/ share certificate / warrant/ refund order to enable the Registrar to redress grievances of Investors.

All grievances relating to the Issue may be addressed to the Registrar to the Issue giving full details such as folio no., name and address, contact telephone / cell numbers, email id of the first applicant, number and type of shares applied for, Application Form serial number, amount paid on application and the name of the bank and the branch where the application was deposited, along with a photocopy of the acknowledgement slip. In case of renunciation, the same details of the Renouncee should be furnished.

The average time taken by the Registrar for attending to routine grievances will be 7 days from the date of receipt. In case of non-routine grievances where verification at other agencies is involved, it would be the endeavour of the Registrar to attend to them as expeditiously as possible. We undertake to resolve the Investor grievances in a time bound manner.

**Investors may contact the Compliance Officer / Company Secretary or the Lead Manager to the Issue in case of any pre-Issue/ post -Issue related problems such as non-receipt of letters of allotment/share certificates/demat credit/refund orders etc. The address of the Compliance Officer is as follows:**

#### **Mr. Samir Raval**

Wire and Wireless (India) Limited,  
Madhu Industrial Estate, 4<sup>th</sup> Floor  
Pandurang Budhkar Marg, Worli,  
Mumbai- 400 013, India.  
Tel: +91 22 3954 2000  
Fax: +91 22 2499 2000  
Email: csandlegal@wwil.net

**The address of the Lead Manager to the Issue is as follows:**

**Enam Securities Private Limited**

801/802, Dalamal Towers,  
Nariman Point, Mumbai- 400 021, India.  
Tel: +91 22 6638 1800  
Fax: +91 22 2284 6824  
Email: [wwil@enam.com](mailto:wwil@enam.com)  
Website: [www.enam.com](http://www.enam.com)  
Contact Person: Sachin K. Chandiwala

#### **Changes in Auditors during the last three years**

There has been no change in the auditors since incorporation of our Company.

#### **Capitalisation of Reserves or Profits**

The Company has not capitalized any of its reserves or profits for the last five years.

#### **Revaluation of Fixed Assets**

There has been no revaluation of the Company's fixed assets for the last five years.

#### **Minimum Subscription**

If the Company does not receive the minimum subscription of 90% of the issued amount, the Company shall forthwith refund the entire subscription amount received within 15 days from the date of closure of the Issue. If there is a delay beyond eight days after the date from which the Company becomes liable to pay the amount, the Company shall pay interest for the delayed period as prescribed under Section 73 of the Companies Act.

The Issue will become undersubscribed after considering the number of Equity Shares applied as per the Rights Entitlement plus additional Equity Shares. In the event of under-subscription, our Promoters intend to apply for additional Equity Shares, subject to obtaining necessary approvals under the applicable laws, if any, such that at least 90% of the Issue is subscribed. As a result of this subscription and consequent Allotment, the Promoters or Promoter Group may acquire Equity Shares over and above their Rights Entitlement in the Issue, which may result in an increase of their shareholding.

This subscription and acquisition of additional Equity Shares by the Promoter or Promoter Group, if any, will not result in change of control of the management of the Company and shall be exempt in terms of proviso to Regulation 3(1)(b)(ii) of the Takeover Code. In the event of the minimum public shareholding falling below the prescribed minimum, the Company will take the necessary steps in ensuring that the minimum public shareholding is restored in compliance with the SEBI Regulations and Listing Agreement.

As such, other than meeting the requirements indicated in the section on "Objects of the Issue" beginning on page 58 of this Letter of Offer, there is no other intention/purpose for this Issue, including any intention to delist the Company, even if, as a result of Allotments to the Promoters or Promoter Group, in this Issue, the equity shareholding of the Promoters in the Company exceeds their current shareholding. Allotment to the Promoters or Promoter Group of any unsubscribed portion, over and above their Rights Entitlement shall be done in compliance with the Listing Agreement.

The above is subject to the terms mentioned under the section titled 'Basis of Allotment' beginning on page 374 of this Letter of Offer.

## TERMS OF THE ISSUE

The Equity Shares, now being issued, are subject to the terms and conditions contained in this Letter of Offer, the enclosed Composite Application Form (“CAF”), FEMA, the Memorandum and Articles of Association of the Company, ASBA Form, approvals from the RBI, the provisions of the Companies Act, guidelines issued by SEBI, guidelines, notifications and regulations for issue of capital and for listing of securities issued by Government of India and/or other statutory authorities and bodies from time to time. The terms and conditions as stipulated in the allotment advice or letter of allotment or security certificate and rules as may be applicable and introduced from time to time.

### Authority for the Issue

This Issue is being made pursuant to the resolution passed by the Board of Directors of the Company under Section 81(1) of the Companies Act at its meeting held on August 20, 2008.

### Basis for the Issue

The Equity Shares are being offered for subscription for cash to those existing Equity Shareholders whose names appear as beneficial owners as per the list to be furnished by the depositories in respect of the Equity Shares held in the electronic form and on the register of members of the Company in respect of Equity Shares held in the physical form at the close of business hours on the start of the Book Closure Period i.e. August 15, 2009 fixed in consultation with the Stock Exchanges.

The Equity Shares are being offered for subscription in the ratio of 109 Equity Shares for every 100 Equity Shares held by the Equity Shareholders.

### Ranking of Equity Shares

The Equity Shares shall be subject to the Memorandum and Articles of Association of the Company. The dividend payable on Equity Shares allotted in this Issue, until fully paid up shall rank for dividend in proportion to the amount paid up. The Equity Shares allotted in this Issue, once fully paid up shall be pari passu with the existing Equity Shares in all respects including dividend. The voting rights in a call, whether present in person or by representative or by proxy shall be in proportion to the paid up value of the Equity Shares held, and no voting rights shall be exercisable in respect of moneys paid in advance until the moneys have become payable. For more details see “Main Provisions of the Articles of Association” beginning on page 388 of this Letter of Offer.

### Mode of Payment of Dividend

We shall pay dividend to our shareholders as per the provisions of the Companies Act.

### Principal Terms and Conditions of the Issue

#### Face Value

Each Equity Share shall have the face value of Re. 1.

#### Issue Price

Each Equity Share is being offered at a price of Rs. 19 (including a premium of Rs. 18).

#### Terms of payment

On application, Rs. 9 per Equity Share shall be payable (“Application Money”). A further Rs. 10 per Equity Share, of the full amount of the Issue Price shall become payable after six months, at the option of the Company, but within 12 months after the Allotment Date. In case of ASBA Investors, the SCSB shall be authorised to block the Application Money for the Equity Shares applied for. The payment on application and on calls would be applied as under

#### Towards Share Capital Towards Share Premium Account

Particulars	Towards Share Capital	Towards Share Premium Account
On Application	Re. 0.50 per Equity Share	Rs. 8.50 per Equity Share
On further calls	Re. 0.50 per Equity Share	Rs. 9.50 per Equity Share

If there is a failure to pay any call or installment of a call on or before the day appointed for the payment of the same, in accordance with the provisions of the Articles of Association, the Board may, at any time during which any part of the call or installment remains unpaid, serve a notice on such member of the Company requiring him to pay the same together with any interest that may have accrued. The present

Articles of Association provide for a rate of interest at 12 %. The notice shall fix a date and a place or places on and at which such call or installment and such interest as aforesaid are to be paid. The notice shall also state that in the event of nonpayment at or before the time and at the place or places appointed, the Equity Shares in respect of which such call was made or installment is payable and to which the notice relates will be liable to be forfeited. If the requisites of such notice are not complied with, any shares in respect of which such notice has been given may, at any time thereafter before payment of all calls or installments, interest and expenses due in respect thereof, be forfeited by a resolution of the Board to that effect. Such forfeiture shall include all dividends declared in respect of the forfeited shares and not actually paid before the forfeiture. Neither the receipt by the Company of a portion of any money which shall from time to time be due from any Member to the Company in respect of his shares, either by way of principle or interest, nor any indulgence granted by the Company in respect of the payment of any such money, shall preclude the Company from thereafter proceeding to enforce a forfeiture of such shares. Any share so forfeited shall be deemed to be the property of the Company, and the Board may sell, re-issue or otherwise dispose of the same in such manner as they think fit.

### **Procedure For Calls**

*The schedule set out below for listing and trading of the partly paid and fully paid Equity Shares is based on the current regulatory framework applicable thereto. Accordingly, any change in the regulatory regime would accordingly affect the schedule.*

#### ***Calls***

The Company would convene meetings of the Board from time to time to pass the required resolution(s) for making the Calls and suitable intimation would be given by the Company to the Stock Exchanges. Further, advertisements for the same will be issued in one English national daily with wide circulation and one Hindi national daily with wide circulation.

#### ***Record date for Calls and suspension of trading***

The Company would fix a record date in consultation with the Stock Exchanges, giving prior notice to the Stock Exchanges for the purpose of determining the list of Equity Shareholders to whom the notice for call money ("Call Money Notice") would be sent. Once the record date has been fixed, trading in the partly paid Equity Shares for which calls have been made would be suspended 5 days prior to each record date that has been fixed for the call concerned.

#### ***Separate ISINs on application and call***

In addition to the present ISIN for the existing fully paid up Equity Shares, the Company would obtain separate ISIN Nos. for the Equity Shares arising after the payment of the Application Money. Such Equity Shares shall be traded under a separate ISIN No. for the period from the date of listing of these Equity Shares and up to five days prior to the record date for the first call. Equity Shares arising after the payment of first call money would be traded under a separate ISIN No. from the date of listing of such Equity Shares upto five days prior to the record date for the final call.

On payment of the final call, such Equity Shares on which final call has been duly paid would be converted into fully paid up Equity Shares and merged with the existing ISIN for fully paid Equity Shares of the Company.

#### ***Listing of partly paid Equity Shares***

The Equity Shares arising after the payment of the Application Money and the first call money would be listed on the Stock Exchanges. Once, the Call Money Notice for respective calls has been sent, the listing of then existing partly paid up Equity Shares would be terminated. The Company will make necessary applications to the Stock Exchanges for listing of partly paid up Equity Shares. The partly paid up Equity Shares will be issued in accordance with the Letter of Offer and would be listed for the period as per the following details.

- The allotment of Equity Shares arising after the payment of Application Money will be made within 15 days from the closure of Issue and the same will be listed within 10 days thereafter.

- The listing of Equity Shares arising after the payment of first call money will be done within approximately 15 days from the last date fixed for payment of first call money.
- The listing of fully paid-up Equity Shares will be done within approximately 15 days from the last date fixed for payment of final call money.
- The process of corporate action for crediting fully paid up Equity Shares to the Demat Account may take about two weeks time from the last date of payment of the account under the Call Money Notice. During this period the partly paid up Equity Shares would not be tradeable.

#### ***Payment Period for each call***

As per the article 16 of Articles of Association of the Company, the shareholders would have to make payment of the call money for each call on the day appointed for the payment, as the Directors may determine. The Equity Shares offered through this Issue shall be required to be made fully paid up within 12 months from the Date of Allotment as per the indicative schedule provided below. If a member of the company fails to pay the call money within the period of 12 months from the Date of Allotment, the subscription money already paid by such member may be forfeited by the Company.

#### ***Indicative Activities***

Indicative Schedule of activities for making the partly paid up shares fully paid up:

<b>Sr no</b>	<b>Event</b>	<b>Indicative time period (on or around)</b>
1.	Allotment is finalized with Stock Exchange	Day X
2.	Listing of equity shares arising out of payment of Application Money	Day X+7 working days
3.	Board to make the first call	Day X+ after 6 months but within 12 months
4.	Record date for making the final call	Y
5.	Suspension of ISIN no. representing Equity Shares arising after payment of Application Money	Y
6.	Suspension of trading of equity shares arising after Application Money	Y -5 trading days
7.	Send the call notice to the shareholders holding shares on the record date	Y+2
8.	Last date for payment of call money	Y+23 days
9.	Corporate action for credit of fullu Equity Shares arising after payment of final call money (represented by new ISIN No.) to the demat account of shareholders who have paid the call money	Y + 35 days
10.	Listing of fully paid Equity Shares arising after payment of first call money within	Y+ 40 days

#### **Rights Entitlement Ratio**

As your name appears as beneficial owner in respect of Equity Shares held in the electronic form or appears in the register of members as an Equity Shareholder of the Company as on the start of the Book Closure Period i.e. August 15, 2009. You are entitled to the number of Equity Shares as set out in Part A of the enclosed CAF.

The Equity Share are being offered on a rights basis to the existing Equity Shareholders of the Company in the ratio of 109 Equity Shares for every 100 Equity Shares held as on the start of the Book Closure Period.

Only upon receipt of the aforesaid details, Rights Entitlement of the claimants shall be determined.

#### **Rights of the Equity Shareholder**

Subject to applicable laws, the equity shareholders shall have the following rights:

- Right to receive dividend, if declared;
- Right to attend general meetings and exercise voting powers, unless prohibited by law;
- Right to vote on a poll either in person or by proxy;
- Right to receive offers for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation;

- Right of free transferability of shares; and
- Such other rights, as may be available to a shareholder of a listed public company under the Companies Act and our Memorandum and Articles of Association.

For a detailed description of the main provisions of our Articles of Association dealing with voting rights, dividend, forfeiture and lien, transfer and transmission and/or consolidation/splitting, see “Main Provisions of the Articles of Association” beginning on page 388 of this Letter of Offer.

### **Market Lot**

The market lot for the Equity Shares in dematerialised mode is one. In case of physical certificates, the Company would issue one certificate for the Equity Shares allotted to one folio (“Consolidated Certificate”). In respect of consolidated certificate, the Company will upon receipt of a request from the respective holder of Equity Shares, split such consolidated certificates into smaller denominations within six weeks time from the receipt of the request in respect thereof.

**Investors may please note that the Equity Shares allotted under this Issue can be traded on the Stock Exchanges in dematerialized form only.**

### **Minimum Subscription**

If the Company does not receive the minimum subscription of 90% of the issued amount, the Company shall forthwith refund the entire subscription amount received within 15 days from the date of closure of the Issue and the Registrar to the Issue shall give instructions to SCSBs to unblock the funds in the relevant ASBA Account. If there is a delay beyond eight days after the date from which the Company becomes liable to pay the amount or a failure to provide instructions to SCSBs to unblock the funds in the relevant ASBA Account, the Company shall pay interest for the delayed period as prescribed under Section 73 of the Companies Act.

The Issue will become undersubscribed after considering the number of Equity Shares applied as per the Rights Entitlement plus additional Equity Shares. In the event of under-subscription, our Promoters intend to apply for additional Equity Shares, subject to obtaining necessary approvals under the applicable laws, if any, such that at least 90% of the Issue is subscribed. As a result of this subscription and consequent Allotment, the Promoters or Promoter Group may acquire Equity Shares over and above their Rights Entitlement in the Issue, which may result in an increase of their shareholding.

This subscription and acquisition of additional Equity Shares by the Promoter or Promoter Group, if any, will not result in change of control of the management of the Company and shall be exempt in terms of proviso to Regulation 3(1)(b)(ii) of the Takeover Code. In the event of the minimum public shareholding falling below the prescribed minimum, the Company will take the necessary steps in ensuring that the minimum public shareholding is restored in compliance with the SEBI Regulations and Listing Agreement.

As such, other than meeting the requirements indicated in the section on “Objects of the Issue” beginning on page 58 of this Letter of Offer, there is no other intention/purpose for this Issue, including any intention to delist the Company, even if, as a result of Allotments to the Promoters or Promoter Group, in this Issue, the equity shareholding of the Promoters in the Company exceeds their current shareholding. Allotment to the Promoters or Promoter Group of any unsubscribed portion, over and above their Rights Entitlement shall be done in compliance with the Listing Agreement.

The above is subject to the terms mentioned under the section titled ‘Basis of Allotment’ beginning on page 374 of this Letter of Offer.

### **Fractional Entitlements**

The Equity Shares are being offered on a rights basis to the existing Equity Shareholders of the Company in the ratio of 109 Equity Shares for every 100 Equity Shares held as on the start of the book closure period i.e. August 15, 2009. For Equity Shares being offered on rights basis under this Issue, if the shareholding of any of the Equity Shareholders is less than 100 Equity Shares or is not in multiples of 100, the fractional entitlement of such holders shall be ignored. Shareholders whose fractional

entitlements are being ignored would be given preferential Allotment of 1 additional Equity Share each if they apply for additional Equity Shares.

An illustration stating the rights entitlement for number of Equity Shares is set out below:

Number of Equity Shares Rights	Entitlement
25	27.25*
50	54.50
75	81.75*
100	109
101	110.09*
150	163.50*
200	218
225	245.25*
300	327

*\* The fractional entitlement in such cases shall be ignored. However, such shareholder shall be given a preference for allotment of 1 additional Equity Share if he has applied for additional shares.*

### **Joint-Holders**

Where two or more persons are registered as the holders of any Equity Shares, they shall be deemed to hold the same as joint-holders with benefits of survivorship subject to provisions contained in the Articles of Association of the Company.

### **Terms of payment**

An amount of Rs. 9 per Equity Share shall be payable on Application.

The payment towards Equity Shares offered will be applied as under:

Re. 0.50 paise towards share capital

Rs. 8.50 paise towards securities premium account.

Where an Applicant has applied for additional Equity Shares and is allotted lesser number of Equity Shares than applied for, the excess application money paid shall be refunded. The monies would be refunded within fifteen days from the closure of the Issue. In case of ASBA Investors, the Registrar to the Issue shall instruct the SCSBs to unblock the funds in the relevant ASBA Account to the extent of the Application Money for withdrawn, rejected or unsuccessful ASBAs within 15 days of the closure of the Issue. If there is a delay beyond eight days from the stipulated period or a failure to provide instructions to SCSBs to unblock the funds in the relevant ASBA Account, the Company will pay interest on the monies in terms of Section 73 of the Companies Act.

### **Nomination facility**

In terms of Section 109A of the Companies Act, nomination facility is available in case of Equity Shares. The applicant can nominate any person who is not an excluded U. S. Person as defined in Regulation S under the U.S. Securities Act of 1933, as amended, by filling the relevant details in the CAF in the space provided for this purpose.

A sole Equity Shareholder or first Equity Shareholder, along with other joint Equity Shareholders being individual(s) may nominate any person(s) who, in the event of the death of the sole holder or all the joint-holders, as the case may be, shall become entitled to the Equity Shares. A Person, being a nominee, becoming entitled to the Equity Shares by reason of the death of the original Equity Shareholder(s), shall be entitled to the same advantages to which he would be entitled if he were the registered holder of the Equity Shares. Where the nominee is a minor, the Equity Shareholder(s) may also make a nomination to appoint, in the prescribed manner, any person to become entitled to the Equity Share(s), in the event of death of the said holder, during the minority of the nominee. A nomination shall stand rescinded upon the sale of the Equity Share by the person nominating. A transferee will be entitled to make a fresh nomination in the manner prescribed. When the Equity Share is held by two or more persons, the

nominee shall become entitled to receive the amount only on the demise of all the holders. Fresh nominations can be made only in the prescribed form available on request at the registered office of the Company or such other person at such addresses as may be notified by the Company. The Applicant can make the nomination by filling in the relevant portion of the CAF.

Only one nomination would be applicable for one folio. Hence, in case the Shareholder(s) has already registered the nomination with the Company, no further nomination needs to be made for Equity Shares to be allotted in this Issue under the same folio. However, new nominations, if any, by the Equity Shareholder(s) shall operate in supersession of the previous nomination, if any.

In case the Allotment of Equity Shares is in dematerialised form, there is no need to make a separate nomination for the Equity Shares to be allotted in this Issue. Nominations registered with respective depository participant of the Applicant would prevail. If the applicant requires to change the nomination, they are requested to inform their respective DP.

### **Offer to Non-Resident Equity Shareholders / Applicants**

Applications received from NRIs and non-residents for Allotment of Equity Shares shall be inter alia, subject to the conditions imposed from time to time by the RBI under the Foreign Exchange Management Act, 2000 (FEMA) in the matter of receipt and refund of application moneys, Allotment of Equity Shares, issue of letter of allotment / share certificates, payment of interest, dividends, etc. General permission has been granted to any person resident outside India to purchase shares offered on a rights basis by an Indian company in terms of FEMA and regulation 6 of notification No. FEMA 20/2000-RB dated May 3, 2000. However, the general permission referred to in the sentence immediately above is subject to the restrictions described below under “No Offer in the United States”. The Board of Directors may at its absolute discretion, agree to such terms and conditions as may be stipulated by RBI while approving the Allotment of Equity Shares, payment of dividend etc. to the non-resident Shareholders. The equity shares purchased on a rights basis by non-residents shall be subject to the same conditions including restrictions in regard to the repatriability as are applicable to the original equity shares against which equity shares are issued on a right basis.

Currently, foreign direct investment (“FDI”) can be made in the cable network sector only after prior approval of the Foreign Investment Promotion Board (“FIPB”). Under the current foreign exchange regulation, foreign investment in the cable network sector (including both FDI component and FII component) is capped at 49% of the total paid up capital.

Our Company has received an approval dated February 6, 2009 from the FIPB for allowing participation and Allotment to Non Resident Equity Shareholders, including FIIs, up to their Rights Entitlement and for any additional Equity Shares under the Issue, subject to the overall sectoral cap as mentioned above. Further, the total holding by each FII or sub account of the FII should not exceed 10% of the total paid up equity capital of our Company and the aggregate holding of all FIIs and sub accounts of FIIs should not exceed 24% of the paid up equity capital of the Company.

Our Company has received approval dated March 6, 2009 from the RBI for allowing Non-Residents to subscribe to partly paid up Equity Shares in the Issue. In addition, renunciation in favour of Non-Residents is subject to the renouncer (s)/renounee(s) obtaining the approval of the FIPB and/or necessary permission of the RBI under the FEMA and such permissions should be attached to the CAF. Applications not accompanied by the aforesaid approvals are liable to be rejected.

By virtue of Circular No. 14 dated September 16, 2003 issued by the RBI, overseas corporate bodies (“OCBs”) have been derecognized as an eligible class of investors and the RBI has subsequently issued the Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies (OCBs)) Regulations, 2003. Accordingly, OCBs shall not be eligible to subscribe to the Equity Shares. The RBI has however clarified in its circular, A.P. (DIR Series) Circular No. 44, dated December 8, 2003 that OCBs which are incorporated and are not under the adverse notice of the RBI are permitted to undertake fresh investments as incorporated non-resident entities. Thus, OCBs desiring to participate in this Issue must obtain prior approval from the RBI. Such approval shall be submitted along with the CAF.

The Letter of Offer and CAF shall only be dispatched to non-resident Equity Shareholders with registered addresses in India. The Letter of Offer and CAF should not be forwarded to or transmitted in or into the United States of America or the territories or possessions thereof at any time or to, or for the account or benefit of, "U.S. Persons" (as defined in Regulation S under the United States Securities Act of 1933, as amended), except in a transaction exempt from the registration requirements of the Securities Act.

#### **No Offer in the United States**

The offer of Equity Shares pursuant to the Issue have not been and will not be registered under the United States Securities Act of 1933, as amended (the "Securities Act"), or any U.S. state securities laws and will not be offered, sold, resold or otherwise transferred within the United States or to, or for the account or benefit of, "U.S. Persons" (as defined in Regulation S under the Securities Act), except in a transaction exempt from the registration requirements of the Securities Act. The rights referred to in this Letter of Offer are being offered in India but not in the United States of America. The Issue to which this Letter of Offer relates is not, and under no circumstances is to be construed as, an offering of any Equity Shares or rights for sale in the United States of America, or the territories or possessions thereof, or as a solicitation therein of an offer to buy any of the said Equity Shares or rights. Accordingly, this Letter of Offer should not be forwarded to or transmitted in or into the United States of America at any time except in a transaction exempt from the registration requirements of the Securities Act. Neither the Company nor any person acting on behalf of the Company will accept subscriptions from any person, or the agent of any person, who appears to be, or who the Company or any person acting on behalf of the Company has reason to believe is, a resident of the United States of America and to whom an offer, if made, would result in requiring registration of this Letter of Offer with the United States Securities and Exchange Commission. The Company is informed that there is no objection to a United States shareholder selling its rights in India. Rights will not be transferred or sold to any U.S. Person (as defined in Regulation S under the Securities Act).

#### **Procedure for Application**

The CAF would be printed in blue ink for all shareholders. Additional separate advise for Non-resident shareholders will be provided. In case the original CAF is not received by the applicant or is misplaced by the applicant, the applicant may request the Registrars to the Issue, Sharepro Services (India) Private Limited, for issue of a duplicate CAF, by furnishing the registered folio number, DP ID Number, Client ID Number and their full name and address. Nonresident shareholders can obtain a copy of the CAF from the Registrars to the Issue, Sharepro Services (India) Private Limited by furnishing the registered folio number, DP ID number, Client ID number and their full name and address. Equity Shares offered to you either in full or in part in favour of any other person or persons. Such renounees can only be Indian Nationals/Limited Companies incorporated under and governed by the Act, statutory corporations/institutions, trusts (unless registered under the Indian Trust Act), minors (through their legal guardians), societies (unless registered under the Societies Registration Act, 1860 or any other applicable laws) provided that such trust/society is authorized under its constitution/bye laws to hold equity shares in a company and cannot be a partnership firm, more than three persons including joint-holders, HUF, foreign nationals (unless approved by RBI or other relevant authorities) or to any person situated or having jurisdiction where the offering in terms of this Letter of Offer could be illegal or require compliance with securities laws.

#### **Option to Subscribe**

Applicants to the Equity Shares, other than an ASBA Investor, issued through this Issue shall be allotted the securities in dematerialised (electronic) form at the option of the applicant. ASBA Investors shall be allotted the securities only in dematerialised form. Our Company signed a tripartite agreement with National Securities Depository Limited (NSDL) and Sharepro Services (India) Private Limited on December 27, 2006 and with Central Depository Services (India) Limited (CDSL) and the Registrar to the Issue on January 5, 2007, which enables the Investors to hold and trade in securities in a dematerialised form, instead of holding the securities in the form of physical certificates.

#### **Utilisation of Issue Proceeds**

The Board declares that:

- (a) The funds received against this Issue will be transferred to a separate bank account other than the bank account referred to sub-section (3) of Section 73 of the Companies Act.
- (b) Details of all moneys utilised out of the Issue shall be disclosed under an appropriate separate head in the balance sheet of the Company indicating the purpose for which such moneys has been utilised.
- (c) Details of all such unutilised moneys out of the Issue, if any, shall be disclosed under an appropriate separate head in the balance sheet of the Company indicating the form in which such unutilised moneys have been invested.

The funds received against this Issue will be kept in a separate bank account and the Company will not have any access to such funds until the finalisation of basis of allotment.

### **Undertakings by the Company**

- (a) The complaints received in respect of the Issue shall be attended to by the Company expeditiously and satisfactorily.
- (b) All steps for completion of the necessary formalities for listing and commencement of trading at all Stock Exchanges where the securities are to be listed will be taken within seven working days of finalization of basis of allotment.
- (c) The funds required for dispatch of refund orders/ allotment letters/ certificates by registered post or any other mode disclosed in the Letter of Offer shall be made available to the Registrar to the Issue.
- (d) The certificates of the securities/ refund orders, letters of allotment/allotment advice/ consolidated certificate to the shareholders including non-resident Indians shall be dispatched within the specified time.
- (e) No further issue of securities affecting equity capital of the Company shall be made till the securities issued/offered through the Issue are listed or till the application moneys are refunded on account of non-listing, under-subscription etc.
- (f) The Company accepts full responsibility for the accuracy of information given in this Letter of Offer and confirms that to best of its knowledge and belief, there are no other facts the omission of which makes any statement made in this Letter of Offer misleading and further confirms that it has made all reasonable enquiries to ascertain such facts.
- (g) All information shall be made available by the Lead Manager and the Company to the Investors at large and no selective or additional information would be available for a section of the Investors in any manner whatsoever including at road shows, presentations, in research or sales reports etc.
- (h) In accordance with clause 43A of the Listing Agreements, a statement shall be furnished to the Stock Exchanges on a quarterly basis indicating material deviations, if any, in the utilization of the proceeds of the Issue. This information shall also be published in the newspapers simultaneously with the interim or annual financial results, after such information has been placed before the Audit Committee in terms of Clause 49 of the Listing Agreements.
- (i) In accordance with clause 49 of the Listing Agreements, the Company shall disclose to the Audit Committee, the uses/application of the proceeds of the Issue by major category, on a quarterly basis as a part of its quarterly declaration of financial results. Further, on an annual basis and until the full utilization of the proceeds of the Issue, the Company shall prepare a statement, which shall be certified by the statutory auditors of the Company, of the proceeds of the Issue utilized for purposes other than those specified in this Letter of Offer and place such statement before the Audit Committee.
- (j) Adequate arrangements shall be made to collect all ASBA applications and to consider them similar to non-ASBA applications while finalizing the basis of allotment.

- (k) In the event that the public shareholding falls below the minimum prescribed in the Listing Agreements, the Company will take such steps as may be necessary to restore the minimum public shareholding in accordance with the SEBI regulations and undertakes to comply with such directions as may be issued by the Stock Exchanges.
- (l) Where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the Equity Shareholders within 15 days of the Issue Closing Date specifying details of the refund bank, along with the amount and the expected date of the electronic credit of refund.

### **How to Apply?**

#### **Resident Equity Shareholders**

Applications should be made only on the enclosed CAF provided by the Company. The enclosed CAF should be completed in all respects, including number of physical or dematerialized shares, as explained in the instructions indicated in the CAF. Applications will not be accepted by the Lead Manager or by the Registrar to the Issue or by the Company at any offices except in the case of postal applications as per instructions given in the Letter of Offer.

#### **Non-resident Equity Shareholders**

Applications received from the Non-Resident Equity Shareholders for the Allotment of Equity Shares shall, inter alia, be subject to the conditions as may be imposed from time to time by the RBI, in the matter of refund of application moneys, Allotment of Equity Shares, issue of letters of allotment/certificates/ payment of dividends etc.

The CAF consists of four parts:

Part A: Form for accepting the Equity Shares offered and for applying for additional Equity Shares

Part B: Form for renunciation

Part C: Form for application for renounees

Part D: Form for request for split application forms

Non-resident Equity Shareholders will be required to represent, inter alia, that they are not excluded U.S. Persons as such term is defined in Regulation S under the U.S. Securities Act of 1933, as amended.

#### **Option available to the Equity Shareholders**

The Equity Shareholders will be having the following five options:

- (a) Apply for his entitlement in part
- (b) Apply for his entitlement in part and renounce the other part
- (c) Renounce his entire entitlement
- (d) Apply for his entitlement in full
- (e) Apply for his entitlement in full and apply for additional Equity Shares

#### **Acceptance of the Issue**

You may accept the Issue and apply for the Equity Shares offered, either in full or in part by filling of Part A of the enclosed CAF and submit the same along with the application money payable to the Bankers to the Issue at any of the branches as mentioned on the reverse of the CAF before the close of the banking hours on or before the Issue Closing Date or such extended time as may be specified by the Board thereof in this regard. Applicants at centers not covered by the branches of collecting banks can send their CAF together with the cheque drawn on a local bank at Mumbai or demand draft/pay order payable at Mumbai to the Registrar to the Issue by registered post. Such applications sent to anyone other than the Registrar to the Issue are liable to be rejected. An ASBA Investor may accept the Issue and apply for the Equity Shares offered, either in full or in part, by filling Part A of the respective CAFs sent by the Registrar, selecting the ASBA process option in Part A of the CAF and submit the same to the SCSB before the close of the banking hours on or before the Issue Closing Date or such extended time as may be specified by the Board of Directors of the Company in this regard.

## **Renunciation**

Any renunciation in favour of Non-Residents is subject to the renouncer (s)/renounee(s) obtaining the approval of the FIPB and/or necessary permission of the RBI under the FEMA and such permissions should be attached to the CAF. Applications not accompanied by the aforesaid approvals are liable to be rejected.

As an Equity Shareholder, other than ASBA Investor, you have the right to renounce your entitlement for the Equity Shares in full or in part in favour of one or more person(s). Your attention is drawn to the fact that the Company shall not allot and/or register any Equity Shares in favour of:

- FIIs / NRs (unless the copy of the RBI permission / FIPB approval is enclosed along with the application;
- More than three persons including joint holders
- Partnership firm(s) or their nominee(s)
- Minors
- Hindu Undivided Family
- Any Trust or Society (unless the same is registered under the Societies Registration Act, 1860 or any other applicable Trust laws and is authorized under its Constitutions to hold Equity Shares of a Company)

The right of renunciation is subject to the express condition that the Board/ Issue Committee shall be entitled in its absolute discretion to reject the request for allotment to renounee(s) without assigning any reason thereof.

## **Procedure for renunciation**

### **To renounce the whole offer in favour of one renounee**

If you wish to renounce the offer indicated in Part A, in whole, please complete Part B of the CAF. In case of joint holding, all joint holders must sign Part B of the CAF. The person in whose favour renunciation has been made should complete and sign Part C of the CAF. In case of joint renounees, all joint renounees must sign this part of the CAF.

Renounee(s) shall not be entitled to further renounce the entitlement in favour of any other person.

### **To renounce in part/or renounce the whole to more than one person(s)**

If you wish to either accept this offer in part and renounce the balance or renounce the entire offer in favour of two or more renounees, the CAF must be first split into requisite number of forms.

Please indicate your requirement of split forms in the space provided for this purpose in Part D of the CAF and return the entire CAF to the Registrar to the Issue so as to reach them latest by the close of business hours on the last date of receiving requests for split forms. On receipt of the required number of split forms from the Registrar, the procedure as mentioned in paragraph above shall have to be followed.

In case the signature of the Equity Shareholder(s), who has renounced the Equity Shares, does not agree with the specimen registered with the Company, the application is liable to be rejected.

## **Renounee(s)**

The person(s) in whose favour the Equity Shares are renounced should fill in and sign Part C of the Application Form and submit the entire Application Form to the Bankers to the Issue on or before the Issue Closing Date along with the application money.

## **Change and/ or introduction of additional holders**

If you wish to apply for Equity Shares jointly with any other person(s), not more than three, who is/are not already a joint holder with you, it shall amount to renunciation and the procedure as stated above for

renunciation shall have to be followed. Even a change in the sequence of the name of joint holders shall amount to renunciation and the procedure, as stated above shall have to be followed.

However, this right of renunciation is subject to the express condition that the Board of Directors of the Company shall be entitled in its absolute discretion to reject the request for allotment from the renouncee(s) without assigning any reason thereof.

**Please note that:**

- Part A of the CAF must not be used by any person(s) other than those in whose favour this Offer has been made. If used, this will render the application invalid.
- Request for split form should be made for a minimum of 100 Equity Shares or in multiples thereof and one Split Application Form for the balance Equity Shares, if any.
- Request by the Equity Shareholder(s) for the Split Application Form should reach the Company on or before October 12, 2009.
- Only the person to whom the Letter of Offer and/or Abridged Letter of Offer has been addressed to and not the renouncee(s) shall be entitled to renounce and to apply for Split Application Forms. Forms once split cannot be split again.
- Split form(s) will be sent to the applicant(s) by post at the applicant's risk.

***Additional Equity Shares***

You are eligible to apply for additional Equity Shares over and above the number of Equity Shares you are entitled to, provided that you have applied for all the Equity Shares offered without renouncing them in whole or in part in favor of any other person(s). Applications for additional Equity Shares shall be considered and Allotment shall be in the manner prescribed under the section titled "Basis of Allotment" beginning on page 374 of the Letter of Offer. The renouncees applying for all the Equity Shares renounced in their favor may also apply for additional Equity Shares.

In case of application for additional Equity Shares by Non-Resident Equity Shareholders, the Allotment of additional securities will be subject to the permission of the RBI/FIPB.

Where the number of additional Equity Shares applied for exceeds the number available for allotment, the Allotment would be made on a fair and equitable basis in consultation with the Designated Stock Exchange.

The summary of options available to the Equity Shareholder is presented below. You may exercise any of the following options with regard to the Equity Shares offered, using the enclosed CAF:

<b>Option Available</b>	<b>Action Required</b>
Accept whole or part of your entitlement without renouncing the balance.	Fill in and sign Part A ( <i>All joint holders must sign</i> )
Accept your entitlement in full and apply for additional Equity Shares	Fill in and sign Part A including Asset III relating to the acceptance of entitlement and Asset IV relating to additional Equity Shares ( <i>All joint holders must sign</i> )
Renounce your entitlement in full to one person ( <i>Joint renouncees are considered as one</i> ).	Fill in and sign Part B ( <i>all joint holders must sign</i> ) indicating the number of Equity Shares renounced and hand it over to the renouncee. The renouncees must fill in and sign Part C ( <i>All joint renouncees must sign</i> )
Accept a part of your entitlement and renounce the balance to one or more renouncee(s)  OR  <b>Renounce your entitlement to all the Equity Shares offered to you to more than one renouncee</b>	Fill in and sign Part D ( <i>all joint holders must sign</i> ) requesting for Split Application Forms. Send the CAF to the Registrar to the Issue so as to reach them on or before the last date for receiving requests for Split Forms. Splitting will be permitted only once.  On receipt of the Split Form take action as indicated below.  For the Equity Shares you wish to accept, if any, fill in and sign Part A.  For the Equity Shares you wish to renounce, fill in and sign Part B indicating the number of Equity Shares renounced and

Option Available	Action Required
	hand it over to the renounees. Each of the renounees should fill in and sign Part C for the Equity Shares accepted by them.
Introduce a joint holder or change the sequence of joint holders	This will be treated as a renunciation. Fill in and sign Part B and the renounees must fill in and sign Part C.

***For applicants residing at places other than designated Bank Collecting branches***

Resident investors residing at places other than the cities where the Bank collection centres have been opened and non-resident applicants applying on a non-repatriation basis should send their completed CAF by registered post/speed post to the Registrar to the Issue, Sharepro Services (India) Private Limited alongwith demand drafts net of bank and postal charges, payable at Mumbai in favour of the Bankers to the Issue, crossed account payee only and marked “Wire and Wireless (India) Limited-Rights Issue” so that the same are received on or before closure of the Issue i.e. October 21, 2009.

Non-resident investors, who are not excluded U. S. Persons as defined in Regulation S under the U.S. Securities Act of 1933, as amended, (a “U.S. Person”), applying on a repatriation basis should send their completed CAF by registered post/speed post to the Registrar to the Issue, along with demand drafts for the full application amount, payable at Mumbai in favour of the Bankers to the Issue, crossed account payee only and marked “Wire and Wireless (India) Limited-Rights Issue NR” so that the same are received on or before closure of the Issue i.e October 21, 2009.

The Company will not be liable for any postal delays and applications received through mail after the closure of the Issue are liable to be rejected and returned to the applicants. Applications by mail should not be sent in any other manner except as mentioned below.

***Availability of duplicate CAF***

In case the original CAF is not received, or is misplaced by the applicant, the Registrar to the Issue will issue a duplicate CAF on the request of the applicant who should furnish the registered folio number/ DP and Client ID number and his/ her full name and address to the Registrar to the Issue. Please note that those who are making the application in the duplicate form should not utilize the original CAF for any purpose including renunciation, even if it is received / found subsequently. If the applicant violates any of these requirements, he / she shall face the risk of rejection of both the applications.

***Application on Plain Paper***

A resident Equity Shareholder or a non-resident Equity Shareholder, who is not an excluded U.S. Person as defined in Regulation S under the U.S. Securities Act of 1933, as amended, (a “U.S. Person”), applying on a non-repatriation basis who has neither received the original CAF nor is in a position to obtain the duplicate CAF may make an application to subscribe to the Issue on plain paper, along with an Account Payee Cheque drawn on a local bank at Mumbai or Demand Draft/Pay Order payable at Mumbai in favour of the Bankers to the Issue, crossed account payee only and marked “Wire and Wireless (India) Limited -Rights Issue” and send the same by registered post directly to the Registrar to the Issue.

A non-resident Equity Shareholder, who is not an excluded U.S. Person as defined in Regulation S under the U.S. Securities Act of 1933, as amended, (a “U.S. Person”), applying on a repatriation basis who has neither received the original CAF nor is in a position to obtain the duplicate CAF may make an application to subscribe to the Issue on plain paper, along with an Account Payee Cheque drawn on a local bank at Mumbai or Demand Draft/Pay Order payable at Mumbai in favour of the Bankers to the Issue, crossed account payee only and marked “Wire and Wireless (India) Limited -Rights Issue NR” and send the same by registered post directly to the Registrar to the Issue.

The application on plain paper, duly signed by the applicants including joint holders, in the same order as per specimen recorded with the Company, must reach the office of the Registrar to the Issue before the Issue Closing Date and should contain the following particulars:

- Name of Company, being Wire and Wireless (India) Limited;
- Name and address of the Equity Shareholder including joint holders;

- Registered Folio Number/ DP and Client ID No.;
- Number of Equity Shares held as on the start of the Book Closure Period i.e. August 15, 2009;
- Number of Rights Equity Shares entitled;
- Number of Rights Equity Shares applied for;
- Number of additional Equity Shares applied for, if any;
- Total number of Equity Shares applied for;
- Total amount paid at the rate of Rs. 9 per Equity Share;
- Particulars of cheque/draft;
- Savings/Current Account Number and name and address of the bank where the Equity Shareholder will be depositing the refund order;
- Details of PAN;
- Include the representation in writing that "I/We understand that the Rights entitlements and the Equity Shares have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the "Securities Act"), or any United States state securities laws and may not be offered, sold, resold or otherwise transferred within the United States or to, or for the account or benefit of, "U.S. Persons" (as defined in Regulation S under the Securities Act (a "U.S. Person")), except in a transaction exempt from the registration requirements of the U.S. Securities Act, and I/we confirm that I/we am/are not a U.S. Person and am/are not applying for these Equity Shares for the account or benefit of a U.S. Person. There are no restrictions under the laws of my/our local jurisdiction that prevent or prohibit me/us from applying for the Equity Shares." In addition, residents of the European Economic Area must confirm that "I/We satisfy the requirements relating to the EEA in the Letter of Offer."; and
- Signature of Equity Shareholders to appear in the same sequence and order as they appear in the records of the Company.

Please note that those who are making the application otherwise than on original CAF shall not be entitled to renounce their rights and should not utilize the original CAF for any purpose including renunciation even if it is received subsequently. If the applicant violates any of these requirements, he/she shall face the risk of rejection of both the applications as well as forfeiture of amounts remitted along with the applications.

**For Applicants residing at places where the Bank collection centres have been opened, application forms duly completed together with cash/ cheque/demand draft for the application money must be submitted before the close of the subscription list to the Bankers to the Issue named herein or to any of its branches mentioned on the reverse of the CAF. The CAF alongwith application money must not be sent to the Company or the Lead Manager to the Issue or the Registrar to the Issue.**

**For Applicants residing at places other than the cities where the Bank collection centres have been opened, application forms duly completed together with cash/ cheque/demand draft for the application money net of bank charges for demand draft and postal charges must reach Registrar to the Issue before the close of the subscription list.**

**For ASBA Investors may fill Part A of the respective CAFs, selecting the ASBA process option in Part A of the CAF and submit the same to the SCSB before the close of the banking hours on or before the Issue Closing Date or such extended time as may be specified by the Board of Directors of the Company in this regard.**

**The Applicants are requested to strictly adhere to these instructions. Failure to do so could result in the application being liable to be rejected with the Company, the Lead Manager and the Registrar not having any liabilities to such Applicants.**

***Last date of Application***

The last date for submission of the duly filled in CAF is October 21, 2009. The Board or any committee thereof will have the right to extend the said date for such period as it may determine from time to time but not exceeding 30 (thirty) days from the Issue Opening Date.

If the CAF together with the amount payable is not received by the Banker to the Issue/ Registrar to the Issue, as the case may be, on or before the close of banking hours on the aforesaid last date or such date as may be extended by the Board/ Issue Committee, the offer contained in this Letter of Offer shall be

deemed to have been declined and the Board/ Issue Committee shall be at liberty to dispose off the Equity Shares hereby offered, as provided under the section titled “Basis of Allotment”.

**INVESTORS MAY PLEASE NOTE THAT THE EQUITY SHARES OF THE COMPANY CAN BE TRADED ON THE STOCK EXCHANGES ONLY IN DEMATERIALIZED FORM.**

***Basis of Allotment***

Subject to the provisions contained in this Letter of Offer, the Articles of Association of the Company and the approval of the Designated Stock Exchange, the Board will proceed to allot the Equity Shares in the following order of priority:

- (a) Full allotment to those Equity Shareholders who have applied for their Rights Entitlement either in full or in part and also to the Renouncee(s) who has / have applied for Equity Shares renounced in their favour, in full or in part.
- (b) If the shareholding of any of the Equity Shareholders is less than 100 or is not in multiples of 100, then the fractional entitlement of such holders for Equity Shares shall be ignored. Shareholders whose fractional entitlements are being ignored would be considered for allotment of one additional Equity Share each if they apply for additional Equity Share(s). Allotment under this head shall be considered if there are any un-subscribed Equity Shares after allotment under (a) above. If number of Equity Shares required for allotment under for this head are more than number of Equity Shares available after allotment under (a) above, the allotment would be made on a fair and equitable basis in consultation with the Designated Stock Exchange. For further details please see the section titled “Terms of the Issue – Fractional Entitlements” on page 364 of this Letter of Offer.
- (c) Allotment to the Equity Shareholders who having applied for all the Equity Shares offered to them as part of the Issue and have also applied for additional Equity Shares. The Allotment of such additional Equity Shares will be made as far as possible on an equitable basis having due regard to the number of Equity Shares held by them on the start of the Book Closure Period, provided there is an under-subscribed portion after making full Allotment in (a) and (b) above. The Allotment of such Equity Shares will be at the sole discretion of the Board/Issue Committee in consultation with the Designated Stock Exchange, as a part of the Issue and not preferential allotment.
- (d) Allotment to the Renouncees who having applied for the Equity Shares renounced in their favour have also applied for additional Equity Shares, provided there is an under-subscribed portion after making full Allotment in (a), (b) and (c) above. The Allotment of such additional Equity Shares will be made on a proportionate basis at the sole discretion of the Board/ Issue Committee but in consultation with the Designated Stock Exchange, as a part of the Issue and not as a preferential allotment.
- (e) Allotment to any other person as the Board may in its absolute discretion deem fit provided there is surplus available after making full Allotment under (a), (b), (c), and (d) above

After taking into account Allotment to be made under (a) and (b) above, if there is any unsubscribed portion, the same shall be deemed to be ‘unsubscribed’ for the purpose of regulation 3(1)(b)(ii) of the Takeover Code which would be available for allocation under (c), (d) and (e) above. After considering the above Allotment, any additional Equity Shares shall be disposed off by the Board or Issue Committee authorised in this behalf by the Board of Directors of the Company, in such manner as they think most beneficial to the Company and the decision of the Board or Issue Committee in this regard shall be final and binding. In the event of oversubscription, Allotment will be made within the overall size of the Issue.

Allotment to promoters of any unsubscribed portion, over and above their entitlement shall be done in compliance with Clause 40A of the Listing Agreement and the other applicable laws prevailing at that time.

The Company expects to complete the allotment of Equity Shares within a period of 15 days from the date of closure of the Issue in accordance with the Listing Agreement with the BSE and NSE. The Company shall retain no oversubscription.

### ***Underwriting***

The Company has not entered into any underwriting agreements.

### ***Allotment / Refund***

The Company will issue and dispatch letters of allotment/ share certificates/ demat credit and/or letters of regret along with refund order or credit the allotted securities to the respective beneficiary accounts, if any, within a period of 15 days from the date of closure of the Issue. If such money is not repaid within eight days from the day the Company becomes liable to pay it, the Company shall pay that money with interest as stipulated under Section 73 of the Companies Act.

In case of ASBA Investors, the Registrar to the Issue shall instruct the SCSBs to unblock the funds in the relevant ASBA Account to the extent of the Application Money for withdrawn, rejected or unsuccessful ASBAs within 15 days of the closure of the Issue. In case of a failure in providing instructions to SCSBs to unblock the funds in the relevant ASBA Account, the Company will pay interest on the monies in terms of Section 73 of the Companies Act.

Applicants residing at 68 centers where clearing houses are managed by the Reserve Bank of India (RBI), will get refunds through ECS only (Electronic Clearing Service) except where Applicants are otherwise disclosed as applicable/eligible to get refunds through direct credit and RTGS.

In case of those Applicants who have opted to receive their Rights Entitlement in dematerialized form using electronic credit under the depository system, and advise regarding their credit of the Equity Shares shall be given separately. Applicants to whom refunds are made through electronic transfer of funds will be sent a letter through ordinary post intimating them about the mode of credit of refund within 15 working days of closure of Issue.

In case of those Applicants who have opted to receive their Rights Entitlement in physical form and the Company issues Letter of Allotment, the corresponding share certificates will be kept ready within three months from the date of allotment thereof or such extended time as may be approved by the Companies Law Board under Section 113 of the Companies Act or other applicable provisions, if any. Allottees are requested to preserve such letters of allotment, which would be exchanged later for the share certificates. For more information please refer to the section titled 'Letters of Allotment/ Share Certificates/Demat Credit' on page 376 of this Letter of Offer.

The letter of allotment / refund order exceeding Rs. 1,500 would be sent by registered post/speed post to the sole/first Applicant's registered address. Refund orders up to the value of Rs.1,500 would be sent under certificate of posting. Such refund orders would be payable at par at all places where the applications were originally accepted. The same would be marked 'Account Payee only' and would be drawn in favour of the sole/first Applicant. Adequate funds would be made available to the Registrar to the Issue for this purpose.

### ***Payment of Refund***

Mode of making refunds

The payment of refund, if any, would be done through any of the following modes:

1. ECS – Payment of refund would be done through ECS for applicants having an account at any of the following 68 centres : Ahmedabad, Bangalore, Bhubaneshwar, Kolkata, Chandigarh, Chennai, Guwahati, Hyderabad, Jaipur, Kanpur, Mumbai, Nagpur, New Delhi, Patna, Thiruvananthapuram (managed by RBI); Baroda, Dehradun, Nashik, Panaji, Surat, Trichy, Trichur, Jodhpur, Gwalior, Jabalpur, Raipur, Calicut, Siliguri (Non-MICR), Pondicherry, Hubli, Shimla (Non-MICR), Tirupur, Burdwan (Non-MICR), Durgapur (Non-MICR), Sholapur, Ranchi, Tirupati (Non-MICR), Dhanbad (Non-MICR), Nellore (Non-MICR) and Kakinada (Non-MICR) (managed by State Bank of India); Agra, Allahabad, Jalandhar, Lucknow, Ludhiana, Varanasi, Kolhapur, Aurangabad, Mysore, Erode, Udaipur, Gorakhpur and Jammu (managed by Punjab National Bank); Indore (managed by State Bank of Indore); Pune, Salem

and Jamshedpur (managed by Union Bank of India); Visakhapatnam (managed by Andhra Bank); Mangalore (managed by Corporation Bank); Coimbatore and Rajkot (managed by Bank of Baroda); Kochi/Ernakulum (managed by State Bank of Travancore); Bhopal (managed by Central Bank of India); Madurai (managed by Canara Bank); Amritsar (managed by Oriental Bank of Commerce); Haldia (Non-MICR) (managed by United Bank of India); Vijaywada (managed by State Bank of Hyderabad); and Bhilwara (managed by State Bank of Bikaner and Jaipur). This mode of payment of refunds would be subject to availability of complete bank account details including the MICR code as appearing on a cheque leaf, from the Depositories. The payment of refunds is mandatory for applicants having a bank account at any of the abovementioned 68 centers, except where the applicant, being eligible, opts to receive refund through direct credit or RTGS.

2. NEFT (National Electronic Fund Transfer) – Payment of refund shall be undertaken through NEFT wherever the applicants' bank has been assigned the Indian Financial System Code (IFSC), which can be linked to a Magnetic Ink Character Recognition (MICR), if any, available to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the applicants have registered their nine digit MICR number and their bank account number while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the applicants through this method.
3. Direct Credit – Applicants having bank accounts with the Bankers to the Issue shall be eligible to receive refunds through direct credit. Charges, if any, levied by the Bankers to the Issue for the same would be borne by the Company.
4. RTGS – Applicants having a bank account at any of the abovementioned 68 centres and whose refund amount exceeds Rs. 50 Lakhs, have the option to receive refund through RTGS. Such eligible applicants who indicate their preference to receive refund through RTGS are required to provide the IFSC code in the Bid-cum-application Form. In the event the same is not provided, refund shall be made through ECS. Charges, if any, levied by the Refund Bank(s) for the same would be borne by the Company. Charges, if any, levied by the applicant's bank receiving the credit would be borne by the applicant.
5. For all other applicants, including those who have not updated their bank particulars with the MICR code, the refund orders will be despatched under certificate of posting for value up to Rs. 1,500 and through Speed Post/ Registered Post for refund orders of Rs. 1,500 and above. Such refunds will be made by cheques, pay orders or demand drafts payable at par.

#### ***Letters of Allotment / Share Certificates / Demat Credit***

Letter(s) of allotment/ share certificates/ demat credit or letters of regret will be dispatched to the registered address of the first named applicant or respective beneficiary accounts will be credited within 15 days, from the date of closure of the subscription list. In case the Company issues letters of allotment, the relative share certificates will be dispatched within three months from the date of allotment. Allottees are requested to preserve such letters of allotment (if any) to be exchanged later for share certificates. Export of letters of allotment (if any)/ share certificates/ demat credit to non-resident allottees will be subject to the approval of RBI.

#### ***Option to receive Equity Shares in Dematerialized Form***

Applicants to the Equity Shares issued through this Issue, other than ASBA Investor, shall be allotted the securities in dematerialised (electronic) form at the option of the applicant. ASBA Investors shall be allotted the securities only in dematerialised form. The Company signed a tripartite agreement with National Securities Depository Limited (NSDL) on December 27, 2006 and with Central Depository Services (India) Limited (CDSL) and the Registrar to the Issue on January 5, 2007 which enables the Investors to hold and trade in securities in a dematerialised form, instead of holding the securities in the form of physical certificates.

In this Issue, the Allottees who have opted for Equity Shares in dematerialised form will receive their Equity Shares in the form of an electronic credit to their beneficiary account with a depository participant. Investor will have to give the relevant particulars for this purpose in the appropriate place in the CAF. Applications, which do not accurately contain this information, will be given the securities in physical form. No separate applications for securities in physical and/or dematerialized form should be made. If such applications are made, the application for physical securities will be treated as multiple applications and is liable to be rejected. In case of partial allotment, allotment will be done in demat option for the shares sought in demat and balance, if any, may be allotted in physical shares.

The Equity Shares will be listed on the BSE and NSE.

Procedure for availing the facility for Allotment of Equity Shares in this Issue in the electronic form is as under:

1. Open a beneficiary account with any depository participant (care should be taken that the beneficiary account should carry the name of the holder in the same manner as is exhibited in the records of the Company. In the case of joint holding, the beneficiary account should be opened carrying the names of the holders in the same order as with the Company). In case of investors having various folios in the Company with different joint holders, the investors will have to open separate accounts for such holdings. *Those Equity Shareholders who have already opened such beneficiary account(s) need not adhere to this step.*
2. For Equity Shareholders already holding Equity Shares in dematerialized form as on the start of the Book Closure Period, the beneficial account number shall be printed on the CAF. For those who open accounts later or those who change their accounts and wish to receive their Equity Shares pursuant to this Issue by way of credit to such account, the necessary details of their beneficiary account should be filled in the space provided in the CAF. It may be noted that the Allotment of Equity Shares arising out of this Issue may be made in dematerialized form even if the original Equity Shares are not dematerialized. Nonetheless, it should be ensured that the depository account is in the name(s) of the Equity Shareholders and the names are in the same order as in the records of the Company.
3. Responsibility for correctness of information (including Applicant's age and other details) filled in the CAF vis-à-vis such information with the Applicant's depository participant, would rest with the Applicant. Applicants should ensure that the names of the Applicants and the order in which they appear in CAF should be the same as registered with the Applicant's depository participant.
4. Applicants must necessarily fill in the details (including the beneficiary account number or client ID number) appearing in the CAF under the heading 'Request for Shares in Electronic Form'.
5. Equity Share/Warrants allotted to an Applicant in the electronic account form will be credited directly to the Applicant's respective beneficiary account(s) with depository participant.
6. Applicants should ensure that the names of the Applicants and the order in which they appear in the CAF should be the same as registered with the Applicant's depository participant.
7. Non-transferable allotment advice/refund orders will be directly sent to the Applicant by the Registrar to this Issue.
8. If incomplete/incorrect details are given under the heading 'Request for Shares in Electronic Form' in the CAF, the Applicant will get Equity Shares in physical form.
9. Renounees can also exercise the option to receive Equity Shares in the demat form by indicating in the relevant asset and providing the necessary details about their beneficiary account.
10. It may be noted that Equity Share arising out of this Issue can be received in demat form even if the existing Equity Shares are held in physical form. Nonetheless, it should be ensured that the

depository participant account is in the name of the Applicant(s) in the same order as per specimen signatures appearing in the records of the depository participant/Company.

11. It may be noted that Equity Shares in electronic form can be traded only on the Stock Exchanges having electronic connectivity with NSDL or CDSL.
12. Dividend or other benefits with respect to the Equity Shares held in dematerialised form would be paid to those Equity Shareholders whose names appear in the list of beneficial owners given by the depository participant to the Company as on the date of the book closure.
13. If incomplete / incorrect beneficiary account details are given in the CAF the Applicant will get Equity Shares in physical form.
14. The Equity Shares pursuant to this Issue allotted to investors opting for dematerialized form would be directly credited to the beneficiary account as given in the CAF after verification. Allotment advice, refund order (if any) would be sent directly to the Applicant by the Registrar to the Issue but the Applicant's depository participant will provide to him the confirmation of the credit of such Equity Shares to the Applicant's depository account.
15. Renounees will also have to provide the necessary details about their beneficiary account for Allotment in this Issue. In case these details are incomplete or incorrect, the Renounees will get Equity Shares in physical form.

#### **UNIQUE IDENTIFICATION NUMBER - MAPIN**

##### **Unique Identification Number ("UIN")**

With effect from July 1, 2005, SEBI had decided to suspend all fresh registrations for obtaining UIN and the requirement to contain/quote UIN under the SEBI MAPIN Regulations/Circulars vide its circular MAPIN/Cir-13/2005. However, in a press release dated December 30, 2005, SEBI has approved certain policy decisions and has now decided to resume registrations for obtaining UINs in a phased manner.

The press release states that the cut off limit for obtaining UIN has been raised from the existing limit of trade order value of Rs.100,000 to Rs. 500,000 or more. The limit will be reduced progressively. For trade order value of less than Rs. 500,000 an option will be available to investors to obtain either the PAN or UIN. These changes are, however, not effective as of the date of this Letter of Offer and SEBI has stated in the press release that the changes will be implemented only after necessary amendments are made to the SEBI MAPIN Regulations.

##### ***General instructions for applicants***

- (a) Please read the instructions printed on the enclosed CAF carefully.
- (b) Application should be made on the printed CAF, provided by the Company and should be completed in all respects. The CAF found incomplete with regard to any of the particulars required to be given therein, and / or which are not completed in conformity with the terms of this Letter of Offer are liable to be rejected and the money paid, if any, in respect thereof will be refunded without interest and after deduction of bank commission and other charges, if any. The CAF must be filled in English and the names of all the applicants, details of occupation, address, father's / husband's name must be filled in block letters.
- (c) The CAF together with cheque / demand draft should be sent to the Bankers to the Issue / Collecting Bank or to the Registrar to the Issue, as the case may be, and not to the Company and the Lead Manager to the Issue. Applicants residing at places other than cities where the branches of the Bankers to the Issue have been authorised by the Company for collecting applications, will have to make payment by Account Payee Cheque drawn on a local bank at Mumbai or Demand Draft/Pay Order payable at Mumbai in favour of the Bankers to the Issue, crossed account payee only and marked "Wire and Wireless (India) Limited -Rights Issue" and send their application forms to the Registrar to the Issue by registered post. If any portion of the CAF is / are detached or separated, such application is liable to be rejected.

- (d) Each of the applicants should mention his/ her PAN allotted under the IT Act along with the application for the purpose of verification of the number. **CAFs without the PAN details will be considered incomplete and are liable to be rejected.**
- (e) Applicants are advised to provide information as to their savings/current account number, 9 digit MICR number and the name of the Bank, branch with whom such account is held in the CAF to enable the Registrar to the Issue to print the said details in the refund orders, if any, after the names of the payees.
- (f) The payment against the application should not be effected in cash if the amount to be paid is Rs. 20,000 or more. In case payment is effected in contravention of this, the application may be deemed invalid and the application money will be refunded and no interest will be paid thereon. Payment against the application if made in cash, subject to conditions as mentioned above, should be made only to the Bankers to the Issue.
- (g) Signatures should be either in English, Hindi or Gujarati or in any other language specified in the Eighth Schedule to the Constitution of India. Signatures other than in English or Hindi and thumb impression must be attested by a Notary Public or a Special Executive Magistrate under his/ her official seal. The Equity Shareholders must sign the CAF as per the specimen signature recorded with the Company.
- (h) In case of an application under power of attorney or by a body corporate or by a society, a certified true copy of the relevant power of attorney or relevant resolution or authority to the signatory to make the relevant investment under this Offer and to sign the application and a copy of the Memorandum and Articles of Association and / or bye laws of such body corporate or society must be lodged with the Registrar to the Issue giving reference of the serial number of the CAF. In case these papers are sent to any other entity besides the Registrar to the Issue or are sent after the Issue Closing Date, then the application is liable to be rejected.
- (i) In case of joint holders, all joint holders must sign the relevant part of the CAF in the same order and as per the specimen signature(s) recorded with the Company. Further, in case of joint applicants who are renounees, the number of applicants should not exceed three. In case of joint applicants, reference, if any, will be made in the first applicant's name and all communication will be addressed to the first applicant.
- (j) Application(s) received from Non-Resident / NRIs, or persons of Indian origin residing abroad for allotment of Equity Shares shall, inter alia, be subject to conditions, as may be imposed from time to time by the RBI under FEMA in the matter of refund of application money, allotment of Equity Shares, subsequent issue and allotment of Equity Shares, interest, export of share certificates, etc. In case a Non-Resident or NRI Equity Shareholder has specific approval from the RBI, in connection with his shareholding, he should enclose a copy of such approval with the CAF.
- (k) All communication in connection with application for the Equity Shares, including any change in address of the Equity Shareholders should be addressed to the Registrar to the Issue prior to the Allotment Date quoting the name of the first / sole applicant Equity Shareholder, folio numbers and CAF number. Please note that any intimation for change of address of Equity Shareholders, after the Allotment Date, should be sent to the Registrar and Transfer Agents of the Company, Sharepro Services (India) Private Limited in the case of Equity Shares held in physical form and to the respective depository participant, in case of Equity Shares held in dematerialized form.
- (l) Split forms cannot be re-split.
- (m) Only the person or persons to whom Equity Shares have been offered and not renounee(s) shall be entitled to obtain split forms.
- (n) Applicants must write their CAF number at the back of the cheque / demand draft.

- (o) Only one mode of payment per application should be used. The payment must be either in cash or by cheque / demand draft drawn on any of the banks, including a co-operative bank, which is situated at and is a member or a sub member of the Bankers Clearing House located at the centre indicated on the reverse of the CAF where the application is to be submitted.
- (p) A separate cheque / draft must accompany each CAF. Outstation cheques / demand drafts or post-dated cheques and postal / money orders will not be accepted and applications accompanied by such cheques / demand drafts / money orders or postal orders will be rejected. The Registrar will not accept payment against application if made in cash. (For payment against application in cash please refer point (f) above)
- (q) No receipt will be issued for application money received. The Bankers to the Issue / Collecting Bank / Registrar will acknowledge receipt of the same by stamping and returning the acknowledgment slip at the bottom of the CAF.

#### ***Grounds For Technical Rejections***

Applicants are advised to note that applications are liable to be rejected on technical grounds, including the following:

- Amount paid does not tally with the amount payable for;
- Bank account details (for refund) are not given;
- Age of First Applicant not given;
- PAN details not given;
- In case of Application under power of attorney or by limited companies, corporate, trust, etc., relevant documents are not submitted;
- If the signature of the existing shareholder does not match with the one given on the Application Form and for renounees if the signature does not match with the records available with their depositories;
- If the Applicant desires to have Equity Shares in electronic form, but the Application Form does not have the Applicant's depository account details;
- Application Forms are not submitted by the Applicants within the time prescribed as per the Application Form and the Letter of Offer;
- Applications not duly signed by the sole/joint Applicants;
- Applications by OCBs unless accompanied by specific approval from the RBI permitting the OCBs to invest in the Issue;
- Applications accompanied by Stockinvest;
- In case no corresponding record is available with the Depositories that matches three parameters, namely, names of the Applicants (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the beneficiary's identity;
- Applications by persons in United States of America;
- Applications which have evidence of being dispatched from United States of America;
- Applications by ineligible Non-residents (including on account of restriction or prohibition under applicable local laws) and where last available address in India has not been provided;
- Multiple Applications; and
- Duplicate Applications.

#### ***Mode of payment for Resident Equity Shareholders/ Applicants***

- Applicants who are resident in centers with the bank collection centres shall draw cheques / drafts accompanying the CAF in favour of the Bankers to the Issue, crossed account payee only and marked "Wire and Wireless (India) Limited -Rights Issue".
- Applicants residing at places other than places where the bank collection centres have been opened by the Company for collecting applications, are requested to send their applications together with Demand Draft/Pay Order payable at Mumbai in favour of the Bankers to the Issue, crossed account payee only and marked "Wire and Wireless (India) Limited -Rights Issue" directly to the Registrar to the Issue by registered post so as to reach them on or before the Issue Closing Date. The Company or the Registrar to the Issue will not be responsible for postal delays or loss of applications in transit, if any.

### ***Mode of payment for Non-Resident Equity Shareholders/ Applicants***

As regards the application by non-resident equity shareholders, the following further conditions shall apply:

Payment by non-residents must be made by demand draft payable at Mumbai / cheque payable drawn on a bank account maintained at Mumbai or funds remitted from abroad in any of the following ways:

#### ***Application with repatriation benefits***

- By Indian Rupee drafts purchased from abroad and payable at Mumbai or funds remitted from abroad (submitted along with Foreign Inward Remittance Certificate); or
- By cheque / draft on a Non-Resident External Account (NRE) or FCNR Account maintained in Mumbai; or
- By Rupee draft purchased by debit to NRE/ FCNR Account maintained elsewhere in India and payable in Mumbai; or FIIs registered with SEBI must remit funds from special non-resident rupee deposit account.
- Non-resident investors applying with repatriation benefits should draw cheques/drafts in favour of the Bankers to the Issue and marked “Wire and Wireless (India) Limited -Rights Issue NR” payable at Mumbai and must be crossed ‘account payee only’ for the full application amount.

#### ***Application without repatriation benefits***

As far as non-residents holding shares on non-repatriation basis is concerned, in addition to the modes specified above, payment may also be made by way of cheque drawn on Non-Resident (Ordinary) Account maintained in Mumbai or Rupee Draft purchased out of NRO Account maintained elsewhere in India but payable at Mumbai. In such cases, the Allotment of Equity Shares will be on non-repatriation basis.

All cheques/drafts submitted by non-residents applying on a non-repatriation basis should be drawn in favour of the Bankers to the Issue and marked “Wire and Wireless (India) Limited -Rights Issue” payable at Mumbai and must be crossed ‘account payee only’ for the full application amount. The CAF duly completed together with the amount payable on application must be deposited with the Collecting Bank indicated on the reverse of the CAF before the close of banking hours on or before the Issue Closing Date. A separate cheque or bank draft must accompany each CAF.

Applicants may note that where payment is made by drafts purchased from NRE/ FCNR/ NRO accounts as the case may be, an Account Debit Certificate from the bank issuing the draft confirming that the draft has been issued by debiting the NRE/ FCNR/ NRO account should be enclosed with the CAF. Otherwise the application shall be considered incomplete and is liable to be rejected.

New demat account shall be opened for holders who have had a change in status from resident Indian to NRI.

#### **Note:**

- In case where repatriation benefit is available, interest, dividend, sales proceeds derived from the investment in Equity Shares can be remitted outside India, subject to tax, as applicable according to IT Act.
- In case Equity Shares are allotted on non-repatriation basis, the dividend and sale proceeds of the Equity Shares cannot be remitted outside India.
- The CAF duly completed together with the amount payable on application must be deposited with the Collecting Bank indicated on the reverse of the CAF before the close of banking hours on or before the Issue Closing Date. A separate cheque or bank draft must accompany each CAF.

In case of an application received from non-residents, Allotment, refunds and other distribution, if any, will be made in accordance with the guidelines/ rules prescribed by RBI as applicable at the time of making such Allotment, remittance and subject to necessary approvals.

### ***Payment by Stockinvest***

In terms of RBI Circular DBOD No. FSC BC 42/24.47.00/2003-04 dated November 5, 2003, the Stockinvest scheme has been withdrawn with immediate effect. Hence, payment through Stockinvest would not be accepted in this Issue.

### ***Procedure for Applications by Mutual Funds***

A separate application can be made in respect of each scheme of an Indian mutual fund registered with the SEBI and such applications shall not be treated as multiple applications. The applications made by asset management companies or custodians of a mutual fund should clearly indicate the name of the concerned scheme for which the application is being made.

### ***Disposal of application and application money***

No acknowledgment will be issued for the application moneys received by the Company. However, the Bankers to the Issue / Registrar to the Issue receiving the CAF will acknowledge its receipt by stamping and returning the acknowledgment slip at the bottom of each CAF.

The Board reserves its full, unqualified and absolute right to accept or reject any application, in whole or in part, and in either case without assigning any reason thereto.

In case an application is rejected in full, the whole of the application money received will be refunded. Wherever an application is rejected in part, the balance of application money, if any, after adjusting any money due on Equity Shares allotted, will be refunded to the applicant within 15 days from the close of the Issue.

For further instruction, please read the Composite Application Form (CAF) carefully.

### **Procedure for Application through the ASBA (“ASBA Process”)**

**This section is for the information of Equity Shareholders proposing to subscribe to the Issue through the ASBA Process. The Company and the Lead Manager are not liable for any amendments or modifications or changes in applicable laws or regulations, which may occur after the date of this Letter of Offer. Equity Shareholders who are eligible to apply under the ASBA Process are advised to make their independent investigations and ensure that the number of Equity applied for by such Equity Shareholders do not exceed the applicable limits under laws or regulations. Equity Shareholders applying under the ASBA Process are also advised to ensure that the CAF is correctly filled up, stating therein the bank account number maintained with the SCSB in which an amount equivalent to the amount payable on application as stated in the CAF will be blocked by the SCSB.**

The list of banks who have been notified by SEBI to act as SCSB for the ASBA Process are provided on <http://www.sebi.gov.in/pmd/scsb.pdf>. For details on designated branches of SCSB collecting the CAF, please refer the above mentioned SEBI link.

### **Equity Shareholders who are eligible to apply under the ASBA Process**

The option of applying for Equity Shares in the Issue through the ASBA Process is only available to Equity Shareholders of the Company on the start of the Book Closure Period and who:

- Is holding Equity Shares in dematerialised form and has applied towards his/her rights entitlements or additional Securities in the Issue in dematerialised form;
- Has not renounced his/her entitlements in full or in part;
- Is not a Renouncee;
- Is applying through a bank account maintained with one of the SCSBs.

### **CAF**

The Registrar will despatch the CAF to all Equity Shareholders as per their entitlement on the start of the Book Closure Period for the Issue. Those Equity Shareholders who wish to apply through the ASBA payment mechanism will have to select for this mechanism in Part A of the CAF and provide necessary

details. Equity Shareholders desiring to use the ASBA Process are required to submit their applications by selecting the ASBA Option in Part A of the CAF only. Application in electronic mode will only be available with such SCSB who provides such facility. The Equity Shareholder shall submit the CAF to the SCSB for authorising such SCSB to block an amount equivalent to the amount payable on the application in the said bank account maintained with the same SCSB.

### Acceptance of the Issue

You may accept the Issue and apply for the Equity Shares offered, either in full or in part, by filling Part A of the respective CAFs sent by the Registrar, selecting the ASBA process option in Part A of the CAF and submit the same to the SCSB before the close of the banking hours on or before the Issue Closing Date or such extended time as may be specified by the Board of Directors of the Company in this regard.

### Mode of payment

The Equity Shareholder applying under the ASBA Process agrees to block the Application Money for the Equity Shares applied for (including for additional Equity Shares, if any) with the submission of the CAF, by authorizing the SCSB to block such amount in the ASBA Account.

After verifying that sufficient funds are available in the ASBA Account provided in the CAF, the SCSB shall block an amount equivalent to the Application Money for the Equity Shares applied for until it receives instructions from the Registrar of the Issue. Upon receipt of intimation from the Registrar, the SCSBs shall transfer the Application Money in relation to the Equity Shares which will be allotted to the ASBA Investor. Such amount will be transferred into the separate bank account maintained by the Company. The balance amount remaining after the finalisation of the basis of allotment shall be either unblocked by the SCSBs or refunded to the investors by the Registrar on the basis of the instructions issued in this regard by the Registrar to the Issue and the Lead Managers to the respective SCSB.

The Equity Shareholders applying under the ASBA Process would have agreed to permit blocking of the Application Money for the Equity Shares applied for at the time of the submission of the CAF. The SCSB may reject the application at the time of acceptance of CAF if the ASBA Account provided in the CAF does not have sufficient funds equivalent to the Application Money for the Equity Shares applied for. Subsequent to the acceptance of the application by the SCSB, the Company would have a right to reject the application only on technical grounds.

### Options available to the Equity Shareholders applying under the ASBA Process

The summary of options available to the ASBA Investors is presented below. An ASBA Investor may exercise any of the following options with regard to the Equity Shares offered, using the respective CAFs received from Registrar:

	Option available	Action required
1.	Accept whole or part of your entitlement without renouncing the balance.	Fill in and sign Part A of the CAF ( <i>All joint holders must sign</i> )
2.	Accept your entitlement in full and apply for additional Equity Shares	Fill in and sign Part A of the CAF including Block III relating to the acceptance of entitlement and Block IV relating to additional Equity Shares ( <i>All joint holders must sign</i> )

**An ASBA Investor will need to select the ASBA option process in the CAF and provide required necessary details. However, in cases where this option is not selected, but the CAF is tendered to the SCSB with the relevant details required under the ASBA process option and SCSB blocks the requisite amount, then that CAF would be treated as if the Equity Shareholder has selected to apply through the ASBA process option.**

### Additional Equity Shares

You are eligible to apply for additional Equity Shares over and above the number of Equity Shares (as the case may be) that you are entitled to, provided that (i) you have applied for all the Equity offered without renouncing them in whole or in part in favour of any other person(s). Applications for additional Equity Shares shall be considered and allotment shall be made at the sole discretion of the Board, in

consultation with the Designated Stock Exchange and in the manner prescribed under “Basis of Allotment” on page 374 of this Letter of Offer.

If you desire to apply for additional Equity Shares, please indicate your requirement in the place provided for additional Securities in Part A of the CAF.

#### **Renunciation under the ASBA Process**

Renounees cannot participate in the ASBA Process.

#### **Last date of Application**

The last date for submission of the duly filled in CAF is October 21, 2009. The Issue will be kept open for a minimum of 23 (twenty three) days and the Board or any committee thereof will have the right to extend the said date for such period as it may determine from time to time but not exceeding 30 (thirty) days from the Issue Opening Date.

If the CAF together with the amount payable is not received by the Banker to the Issue/Registrar to the Issue or if the CAF is not received by the SCSB on or before the close of banking hours on the aforesaid last date or such date as may be extended by the Board/Committee of Directors, the offer contained in this Letter of Offer shall be deemed to have been declined and the Board/Committee of Directors shall be at liberty to dispose off the Equity Shares hereby offered, as provided under “Basis of Allotment”.

#### **Option to receive Securities in Dematerialised Form**

**EQUITY SHAREHOLDERS UNDER THE ASBA PROCESS MAY PLEASE NOTE THAT THE EQUITY SHARES UNDER THE ASBA PROCESS CAN ONLY BE ALLOTTED IN DEMATERIALISED FORM AND TO THE SAME DEPOSITORY ACCOUNT IN WHICH THE EQUITY SHARES ARE BEING HELD ON THE START OF THE BOOK CLOSURE PERIOD I.E. AUGUST 15, 2009.**

#### **General instructions for Equity Shareholders applying under the ASBA Process**

- a) Please read the instructions printed on the respective CAF carefully.
- b) Application should be made on the printed CAF only and should be completed in all respects. The CAF found incomplete with regard to any of the particulars required to be given therein, and/or which are not completed in conformity with the terms of this Letter of Offer are liable to be rejected. The CAF must be filled in English.
- c) The CAF in the ASBA Process should be submitted at a Designated Branch of the SCSB and whose bank account details are provided in the CAF and not to the Bankers to the Issue/Collecting Banks (assuming that such Collecting Bank is not a SCSB), to the Company or Registrar or Lead Manager to the Issue.
- d) All applicants, and in the case of application in joint names, each of the joint applicants, should mention his/her PAN number allotted under the Income-Tax Act, 1961, irrespective of the amount of the application. **CAFs without PAN will be considered incomplete and are liable to be rejected.**
- e) All payments will be made by blocking the Application Money for the Equity Shares applied for in the ASBA Account. Cash payment is not acceptable. In case payment is affected in contravention of this, the application may be deemed invalid and the application money will be refunded and no interest will be paid thereon.
- f) Signatures should be either in English or Hindi or in any other language specified in the Eighth Schedule to the Constitution of India. Signatures other than in English or Hindi and thumb impression must be attested by a Notary Public or a Special Executive Magistrate under his/her official seal. The Equity Shareholders must sign the CAF as per the specimen signature recorded with the Company/or Depositories.
- g) In case of joint holders, all joint holders must sign the relevant part of the CAF in the same order and as per the specimen signature(s) recorded with the Company. In case of joint applicants, reference, if any, will be made in the first applicant’s name and all communication will be addressed to the first applicant.

- h) All communication in connection with application for the Securities, including any change in address of the Equity Shareholders should be addressed to the Registrar to the Issue prior to the date of allotment in this Issue quoting the name of the first/sole applicant Equity Shareholder, folio numbers and CAF number.
- i) Only the Equity Shareholders as on the start of the Book Closure Period and not renouncee(s) shall be eligible to participate under the ASBA process.

***Do's:***

- a) Ensure that the ASBA Process option is selected in part A of the CAF and necessary details are filled in.
- b) Ensure that you submit your application in physical mode only. Electronic mode is only available with certain SCSBs and not all SCSBs and you should ensure that your SCSB offers such facility to you.
- c) Ensure that the details about your Depository Participant and beneficiary account are correct and the beneficiary account is activated as Equity Shares will be allotted in the dematerialized form only.
- d) Ensure that the CAFs are submitted at the SCSBs whose details of bank account have been provided in the CAF.
- e) Ensure that you have mentioned the correct bank account number in the CAF.
- f) Ensure that there are sufficient funds (equal to {number of Equity Shares applied for} X {Issue Price}) available in the ASBA Account mentioned in the CAF before submitting the CAF.
- g) Ensure that you have authorised the SCSB for blocking the Application Money for the Equity Shares applied for, in the ASBA Account, of which details are provided in the CAF and have signed the same.
- h) Ensure that you receive an acknowledgement from the SCSB for your submission of the CAF in physical form.
- i) Each applicant should mention their Permanent Account Number ("PAN") allotted under the I. T. Act.
- j) Ensure that the name(s) given in the CAF is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the CAF is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the CAF.
- k) Ensure that the Demographic Details are updated, true and correct, in all respects.

***Don'ts:***

1. Do not apply on duplicate CAF after you have submitted a CAF to a Designated Branch of the SCSB.
2. Do not pay the Application Money for the Equity Shares applied for in cash, by money order or by postal order.
3. Do not send CAF to the Lead Manager to Issue / Registrar / Collecting Banks (assuming that such Collecting Bank is not a SCSB) / to a branch of the SCSB which is not a Designated Branch of the SCSB / Company; instead submit the same to a Designated Branch of the SCSB only.
4. Do not submit the GIR number instead of the PAN as the application is liable to be rejected on this ground.
5. Do not instruct your respective banks to release the funds blocked under the ASBA Process.

**Grounds for Technical Rejection under the ASBA Process**

In addition to the grounds listed under "Grounds for Technical Rejection" on page 380 of this Letter of Offer, applications under the ABSA Process are liable to be rejected on the following grounds:

- a) Application on split form.
- b) Application for entitlements or additional shares in physical form.
- c) Equity Shareholders applying under ASBA Process for additional Equity Shares in CAF of 'A' Equity Shares and vice versa.
- d) DP ID and Client ID mentioned in CAF not matching with the DP ID and Client ID records available with the Registrar.
- e) Sending CAF to a Lead Manager / Registrar / Collecting Bank (assuming that such Collecting Bank is not a SCSB) / to a branch of a SCSB which is not a Designated Branch of the SCSB / Company.

- f) Renounee applying under the ASBA Process.
- g) The application form does not bear the stamp of the syndicate member / SCSBs.
- h) Insufficient funds are available with the SCSB for blocking the Application Money for the Equity Shares applied for.
- i) Funds in the ASBA Account having been frozen pursuant to regulatory orders.
- j) Account holder not signing the CAF or declaration mentioned therein.

#### **Depository account and bank details for ASBA Investors**

**IT IS MANDATORY FOR ALL THE ASBA INVESTOR TO RECEIVE THEIR EQUITY SHARES IN DEMATERIALIZED FORM. ALL ASBA INVESTORS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE CAF. THE ASBA INVESTORS MUST ENSURE THAT THE NAME GIVEN IN THE CAF IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE CAF IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE CAF.**

**The ASBA Investors should note that on the basis of name of these Equity Shareholders, Depository Participant's name and identification number and beneficiary account number provided by them in the CAF, the Registrar to the Issue will obtain from the Depository demographic details of these Equity Shareholders such as address, bank account details for printing on refund orders and occupation ("Demographic Details"). Hence, ASBA Investors should carefully fill in their Depository Account details in the CAF.**

These Demographic Details would be used for all correspondence with such Equity Shareholders including mailing of the letters intimating unblock of bank account of the respective Equity Shareholder. The Demographic Details given by Equity Shareholders in the CAF would not be used for any other purposes by the Registrar. Hence, Equity Shareholders are advised to update their Demographic Details as provided to their Depository Participants. By signing the CAFs, the Equity Shareholders applying under the ASBA Process would be deemed to have authorised the Depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records.

**Letters intimating allotment and unblocking or refund (if any) would be mailed at the address of the ASBA Investor as per the Demographic Details received from the Depositories. Refunds, if any, will be made directly to the bank account in the SCSB and which details are provided in the CAF and not the bank account linked to the DP ID. ASBA Investors may note that delivery of letters intimating unblocking of bank account may get delayed if the same once sent to the address obtained from the Depositories are returned undelivered. In such an event, the address and other details given by the Equity Shareholder in the CAF would be used only to ensure dispatch of letters intimating unblocking of bank account.**

**Note that any such delay shall be at the sole risk of the ASBA Investor and none of the Company, the SCSBs or the Lead Manager shall be liable to compensate the ASBA Investor for any losses caused to such Equity Shareholder due to any such delay or liable to pay any interest for such delay.**

In case no corresponding record is available with the Depositories that matches three parameters, namely, names of the Equity Shareholders (including the order of names of joint holders), the DP ID and the beneficiary account number, then such applications are liable to be rejected.

#### ***Important***

- Please read the Letter of Offer carefully before taking any action. The instructions contained in the accompanying CAF are an integral part of the conditions of the Letter of Offer and must be carefully followed; otherwise the application is liable to be rejected.
- All enquiries in connection with the Letter of Offer or accompanying CAF and requests for Split Application Forms must be addressed (quoting the Registered Folio Number/ DP and Client ID number, the CAF number and the name of the first Equity Shareholder as mentioned on the

CAF and superscribed 'Wire and Wireless (India) Limited -Rights Issue' on the envelope) to the Registrar to the Issue at the following address:

Sharepro Services (India) Private Limited  
13AB, Samhita Warehousing Complex, Second Floor,  
Sakinaka Telephone Exchange Lane, Off Andheri Kurla Road,  
Sakinaka, Andheri (East),  
Mumbai- 400072, India.

The Issue will be kept open for 23 days unless extended, in which case it will be kept open for a maximum of 30 days.

## MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION

*Pursuant to Schedule II of the Companies Act and the SEBI Regulations, the main provisions of the Articles of Association relating to voting rights, dividend, lien, forfeiture, restrictions on transfer and transmission of Equity Shares or debentures and/or on their consolidation/splitting are detailed below. Please note that each provision herein below is numbered as per the corresponding article number in the Articles of Association and capitalized/defined terms herein have the same meaning given to them in the Articles of Association.*

### CAPITAL AND SHARES

3.	The Authorised Share Capital of the Company shall be such amount and be divided into such shares as may, from time to time, be provided in clause V of Memorandum of Association with power to subdivide consolidate and increase and with power from time to time, to issue any shares of the original capital with and subject to any preferential, qualified or special rights, privileges or conditions as may be, thought fit, and upon the subdivision of shares to apportion the right to participate in profits, in any manner as between the shares resulting from sub-division. Minimum paid up share capital of the Company shall be Rs.5,00,000/- (Rupees Five lakhs).	
4.	The Company shall have power to issue Preference Shares carrying right to redemption out of profits which would otherwise be available for dividend, or out of the proceeds of a fresh issue of shares made for the purpose of such redemption, or liable to be redeemed at the option of the Company, and the Board may subject to the provisions of Section 80 of the Act, exercise such power in such manner as it think fit.	Redeemable preference shares
5.	Subject to the provisions of these Articles, the shares shall be under the control of the Directors who may allot or otherwise dispose off the same on such terms and condition, and at such time as the Directors think fit and with power to issue any shares as fully paid up in consideration, of services rendered to the Company in its formation or otherwise, provided that where the Directors decide to increase the issued capital of the Company by the issue of further shares, the provisions of Section 81 of the Act will be complied with. Provided further that the option or right to call of shares shall not be given to any person except with the sanction of the company in general meeting.	Allotment of shares
6.	Subject to the provisions of the Act it shall be lawful for the company to issue at a discount, shares of a class already issued.	Issue of shares at discount
7.	The Company may, subject to compliance with the provisions of Section 76 of the Act, exercise the powers of paying commission on the issue of shares debentures. The commission may be paid or satisfied in cash or shares, debentures or debenture stock of the Company.	Payment of Commission
8.	The Company may pay a reasonable sum of brokerage, subject to the ceiling prescribed under the Act.	Payment of brokerage
9.	Subject to Section 187C of the Act, the Company shall be entitled to treat the registered holder of any share as the absolute owner thereof and accordingly shall not, except as ordered by a Court of competent jurisdiction or as by law required, be bound to recognize any trust, benami or equitable or other claim to or interest in such shares or any fractional part of a share whether or not it shall have express or other notice thereof.	Registered owner to be absolute owner
32(a).	That fully paid shares shall be free from all liens and that in the case of partly paid shares, the Company's lien shall be restricted to money called or payable at a fixed time in respect of such shares.	Company's lien on share

	For the purpose of enforcing such lien, the Directors may sell the shares subject thereto in such manner as they think fit, but no sale shall be made until such period as aforesaid shall have elapsed and until notice in writing of the intention to sell shall have been served on such member, his committee, a curator bonis or other person recognized by the Company as entitled to represent such member and default shall have been made by him or them in the payment of the sum payable as aforesaid for thirty days after such notice. The net proceeds of any such sale shall be applied in or towards satisfaction of such part of the amount in respect of which the lien exists as is presently payable by such member, and the residual (if any) be paid to such member, his executors, administrators or other representatives or persons so recognized as aforesaid.	
132.	Unless otherwise directed, any dividend may be paid by cheque or warrant sent through post to the registered address of the member or person entitled thereto, or in the case of joint-holders to the registered address of that one whose name stands first on the Register in respect of the joint holding or to such person and such address and the member or person entitled or such joint-holders as the case may be, may direct and every cheque or warrant so sent shall be made payable at par to the person or to the order of the person to whom it is sent or to the order of such other person as the member or person entitled or such joint-holders, as the case may be, may direct.	Payment by post
134	Where the company has declared a dividend but which has not been paid or the dividend warrant in respect thereof has not been posted within 42 days from the date of declaration to any shareholder entitled to the payment of the dividend, the company shall within 7 days from the days of expiry of the said period of 42 days, open a special account in that behalf in any scheduled bank called "Unpaid Dividend of Wire and Wireless (India) Limited" and transfer to the said account, the total amount of the dividend which remains unpaid or in relation to which no dividend warrant has been posted. Any money transferred to the unpaid dividend account of the company which remains unpaid or unclaimed for a periods of three years from the date of such transfer, shall be transferred by the company to the Investor Education and Protection Fund established the Central Government. a claim to any money so transferred to the above fund may be preferred to the Central Government/committee appointed by the Central Government by the shareholders to whom the money is due. No unclaimed or unpaid dividend shall be forfeited by the Board.	Unclaimed Dividend
135	No unclaimed dividend shall be forfeited by the Board and the Company shall comply with provisions of Section 205A of the Companies Act, 1956 and rules made there under in respect of such dividend.	No forfeiture of unclaimed dividend

#### SHARE CERTIFICATES

10.	The certificate to title to shares shall be issued under the Seal of the Company.	Certificate
11.	Every member shall be entitled free of charge to one or more certificates in marketable lots, for all the shares of each class or denomination registered in his name or if the Directors so approve (upon paying such fees as the Directors may from time to time determine) to several certificates, each for one or more of such shares and the company shall complete and have ready for delivery such certificates within three months from the date of allotment,	Member's right to

	<p>unless the conditions of issue thereof otherwise provide, or within one month of receipt of the application for registration of the transfer, transmission, sub-division, consolidation, renewal or renewal of any of its shares, as the case may be. every certificate of shares shall be under the seal of the company and shall specify the number and distinctive number of shares in respect of which it is issued and amount paid-up thereon and shall be in such form as the directors may prescribe or approve, provided that in respect of share or shares held jointly by several persons, the company shall not be bound to issue more than one certificate and delivery of a certificate of shares to one of several joint holders shall be sufficient delivery to all such holder.</p>	certificate
12(1)	<p>If any certificate of any share or shares be surrendered to the Company for sub-division or consolidation or if any certificate be defaced, torn or old, decrepit, worn-out or where the cages on the reverse for recording transfer have been duly utilized, then upon production and surrender thereof to the Company, the Board, may order the same to be cancelled and may issue new certificate in lieu thereof, and if any certificate be lost or destroyed, then upon proof thereof to the satisfaction of the Board, and on execution of such indemnity as the Board thinks fit being given a new certificate in lieu thereof; shall be given to party entitled to the shares to which such lost or destroyed certificate relates. Every certificates under the Articles shall be issued without payment of fees if the Directors so decide, or on payment of such fees (not exceeding Rs. 2 for each certificate) as the Directors shall prescribe. Provided that no fee shall be charged for issue of new certificates in replacement of those which are old, defaced or worn out or where there is no further space on the back thereof for endorsement of transfer.</p> <p>Provided that notwithstanding what is stated above the Directors shall comply with such Rules or Regulations or requirements of any Stock Exchanges or the Rules made under the Act or the rules made under Securities Contracts (Regulation) Act, 1956 or any other Act, or rules applicable in this behalf.</p> <p>The provisions of this Article shall mutatis mutandis apply to debentures of the Company.</p>	Issue of new Certificates
12(2)	<p>No fee shall be charged for sub-division and consolidation of share and debenture certificates and for sub-division of letter of allotment and split, consolidation, renewal and pukka transfer receipts into denominations corresponding to the market units of trading, for sub-division of renounceable letters of rights; for issue of new certificate in replacement of those which are old, decrepit or worn out, or where the cages on the reverse for recording transfers have been fully utilized. Provided that the Company may charge such fees as may be agreed by it with the Stock Exchange with which its shares may be enlisted for the time being for issue of new certificates in replacement of those that are torn, defaced, lost or destroyed, and for sub-division and consolidation of share and debenture certificates and for sub-division of letter of allotment and split, consolidation, renewal and pukka transfer receipts into denominations other than those fixed for the market units of trading.</p>	Fees for issue of new certificate

13(d)	Only the person whose name stands first in the Register as one of the joint-holders of any share shall be entitled to delivery of the certificate relating to such share.	To which of joint holder certificate to be issued
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### CALLS

16.	The Directors may, from time to time, subject to the terms on which any shares may have been issued, make such calls as they think fit upon the members in respect of all moneys unpaid on the shares held by them respectively, and not by the conditions of allotment thereto made payable at fixed times, and each member shall pay the amount of every call so made on him to the persons and at the times and places appointed by the Directors. A call may be made payable by installments.	
17.	That the option or right to call of shares shall not be given to any person except with the sanction of the Company in general meeting.	Right to call
18.	Not less than 30 (thirty) days notice of any call shall be given specifying the time and place of payment and to whom such call shall be paid.	Notice of call
19.	If by the terms of issue of any share or otherwise, the whole or part of the amount of issue price thereof is made payable at any fixed time or by installments at fixed times, every such amount of issue price or installment thereof shall be payable as if it was a call duly made by the Directors and of which due notice had been given and all the provisions herein contained in respect of calls shall apply to such amount or issue price or installments accordingly.	Deemed call and notice
20.	If the sum payable in respect of any call or installment not paid on or before the day appointed for the payment thereof, the holder for the time being of the share in respect of which the call shall have been made or the installment shall be due, shall pay interest for the same, from the day appointed for the payment thereof to the actual payment at 12% p.a. as per the Board of Directors but they shall have power to waive the payment thereof wholly or in part.	When interest on a call or installment payable.
21.	On the trial or hearing of any action or suit brought by the Company against any member or his representative to recover any debt or money claimed to be due to the Company in respect of his shares, it shall be sufficient to prove that the name of the defendant is, or was, when the claim arose, on the Register of the Company as a holder, or one of the holders of the number of shares in respect of which such claim is made, that the resolution making the call is duly recorded in the minute book and that the amount claimed is not entered as paid in the books of the Company, and it shall not be necessary to prove the appointment of the Directors who made any call nor that a quorum of Directors was present at the meeting at which any call was made nor that such meeting was duly convened or constituted, nor any other matter whatsoever; but the proof of the matters aforesaid shall be conclusive evidence of the debt.	Evidence of debt in case of trial
22.	The Board may, if it thinks fit, subject to the provisions of section 92 of the Act, agree to and receive from any member willing to advance the same, all or any part of the moneys due upon the shares held by him beyond the sums actually called for, and upon the amount so paid or satisfied in advance, or so much thereof as from time to time exceeds the amount of call then made, upon the share in respect of which such advance has been made, the Company may pay interest at such rate as member paying such sum in advance and the Directors agree upon provided that money paid in advance of calls shall not confer a right to participate in profits or	Payment of call in advance

<p>dividend. The Board may at any time repay the amount so advanced.</p> <p>The members shall not be entitled to any voting rights in respect of the moneys so paid by him until the same would but for such payment, becomes presently payable.</p> <p>The provision of these Articles shall mutatis mutandis apply to the calls on debentures of the Company.</p>	
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**FORFEITURE AND LIEN**

23.	If any member fails to pay any call or installment on or before the day appointed for the payment of the same, the Directors may at any time thereafter, during such time as the call or installment remains unpaid, serve notice on such member requiring him to pay the same together with any interest that may have accrued and expenses, that may have been incurred by the Company by reasons of such non-payment.	If call or installment not paid, notice may be given
24.	The notice shall name a day (not being less than 30 (Thirty) days from the date of the notice and a place or places on and at which such call or installment and such interest and expenses as aforesaid are to be paid. The notice shall also state that in the event of non-payment at or before the time, and at the place or places appointed, the shares in respect of which such call was made or installment is payable will be liable to be forfeited.	Notice regarding payment of call and forfeiture
25.	If the requirement of any such notice as aforesaid be not complied with, any shares in respect which such notice has been given may, at any time thereafter before payment of all calls or installments, interest and expenses due in respect thereof be forfeited by a resolution of the Directors to that effect. Such forfeiture shall include all dividends declared in respect of the forfeited share not actually paid before the forfeiture. Neither the receipt by the Company of a portion of any money which shall, from time to time, be due from any member of the Company in respect of his shares, either by way of principal or interest, nor any indulgency granted by the Company in respect of the payment of any such money shall preclude the Company from thereafter proceeding to enforce a forfeiture of such share as herein provided.	In default of payment shares may be forfeited
26.	When any shares shall have been so forfeited, notice of the forfeiture shall be given to the member in whose name it stood immediately prior to the forfeiture, and an entry of the forfeiture with the date thereof, shall forthwith be made in the Register but no forfeiture with the date thereof, shall forthwith be made in the Register but no forfeiture shall be in any manner invalidated by any omission or neglect to give such notice or to make such entry as aforesaid.	Notice of forfeiture to member
27.	Any share so forfeited shall be deemed to be the property of the Company, and the Directors may sell, re-allot or otherwise dispose off the same in such manner as they think fit.	Forfeited shares
28.	The Directors may, at any time before any share so forfeited shall not be sold, re-allotted or otherwise disposed off, annul the forfeiture thereof upon such conditions as they think fit.	Power to annul forfeiture
29.	Any member whose shares have been forfeited shall notwithstanding such forfeiture, be liable to pay and shall forthwith pay to the Company all calls, installments, interest and the expenses, owing upon or in respect of such shares, at the time of all installments, interest and the forfeiture together with interest thereupon, from the time	Payment of

	of the forfeiture until payment at 12 (Twelve) per cent per annum or such other rate as the Directors may determine and the Directors may enforce the payment thereof without any deduction or allowance for the value of shares at the time of forfeiture but shall not be under any obligation to do so.	forfeited shares
30.	The forfeiture of a share shall involve the extinction of all the interest in and also of all claims and demands against the Company in respect of the share and all other rights incidental to the share except only such of those rights as by these Articles are expressly saved.	Extinction of interest in case of forfeiture
31.	A duly verified declaration in writing that the declarant is a Director of the Company and that certain shares in the Company have been duly forfeited on a date stated in the declaration shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the shares and the receipt of the Company for the consideration, if any, given for the shares on the sale or disposition thereof, shall constitute a written title to such shares.	Evidence of forfeiture
32(a)	The Company shall have a first and paramount lien upon all the shares/debentures (other than fully paid-up shares/debentures) registered in the name of each member (whether solely or jointly with others) and upon the proceeds of sale thereof for all moneys (whether presently payable or not) called or payable at a fixed time in respect of such shares/debentures, and no equitable condition that this Article will have full effect. And such lien shall extend to all dividends and bonuses from time to time declared in respect of such shares/debentures. Unless otherwise agreed the registration of a transfer of shares/debentures shall operate as a waiver of the Company's lien, if any, on such shares/debentures. The Directors may at any time declare any shares/debentures wholly or in part to be exempt from the provisions of this clause.	Company's Lien on Shares
32(b)	That a common form of transfer shall be used.	Form of transfer
33.	For the purpose of enforcing such lien, the Directors may sell the shares subject thereto in such manner as they think fit, but no sale shall be made until such period as aforesaid shall have elapsed and until notice in writing of the intention to sell shall have been served on such member, his committee, a curator bonis or other person recognized by the Company as entitled to represent such member and default shall have been made by him or them in the payment of the sum payable as aforesaid for thirty days after such notice. The net proceeds of any such sale shall be applied in or towards satisfaction of such part of the amount in respect of which the lien exists as is presently payable by such member, and the residual (if any) be paid to such member, his executors, administrators or other representatives or persons so recognized as aforesaid.	Sale of shares for exercising lien
34.	Upon sale after forfeiture or for enforcing a lien in purported exercise of the powers by these presents given, the Directors may appoint some person to execute an instrument of transfer of the shares sold and cause the purchaser's name to be entered in the register in respect of the shares sold and after his name has been entered in the Register in respect of such shares his title to such shares shall not be affected by any	Appointment of person to transfer shares sold
35.	Where any shares under the powers in that behalf herein contained are sold by the Directors and the certificate thereof has not been delivered to the Company by the former holders of the said shares the Directors may issue new certificate in lieu of	New certificate in lieu of certificate not delivered

certificate not so delivered.	
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### TRANSFER AND TRANSMISSION OF SHARES

36.	Subject to the provisions of the Act, no transfer of shares shall be registered unless a proper instrument of transfer duly stamped and executed by or on behalf of the transferor or transferee has been delivered to the Company together with the certificate or certificates of the shares, or if no such certificate is in existence along with the letter of allotment of shares. The instrument of transfer of any shares shall be signed both by or on behalf of the transferor and by or on behalf of transferees and the transferor shall be deemed to remain the holder of such share until the name of the transferee is entered in the Register in respect thereof.	Transfer not to be registered except on production of instrument of transfer
37.	Application for the registration of the transfer of a share may be made either by the transferor or the transferee provided that, where such application is made by the transferor, no registration shall in the case of partly paid shares be effected unless the Company gives notice of the application to the transferee in the manner prescribed by the Act, and, subject to the provisions of Articles hereof, the company shall, unless objection is made by the transferee within two weeks from the date of receipt of the notice, enter in the Register the name of the transferee in the same manner and subject to the same conditions as if the application for registration was made by the transferee.	Application for registration
38.	Before registering any transfer tendered for registration, the Company may, if it so thinks fit, give notice by letter posted in the ordinary course to the registered holder that such transfer deed has been lodged and that, unless objection is taken, the transfer will be registered and if such registered holder fails to lodge an objection in writing at the office of the Company within two weeks from the posting of such notice to him he shall be deemed to have admitted the validity of the said transfer	Notice to registered holder before registering transfer
39.	The Company shall keep a "Register of Transfers" and therein shall be fairly and distinctly entered particular of every transfer of any share	Register of transfer
40.	Subject to the provisions of Section 111 of the Act, the Board, regarding powers to refuse Registration of Transfer and appeal against such refusal should be adhered to. Provided that the registration of a transfer of share shall not be refused on the ground of the transferor being either alone or jointly with any other person or persons indebted to the Company on any account whatsoever except when the company has a lien on the shares. Transfer of shares in whatever lot shall not be refused.	Power to refuse registration
41.	No transfer shall be made to a person of unsound mind.	Transfer to unsound mind
42.	No fee shall be charged for registration of transfer, probate, letter of administration, succession certificate, certificate of death or marriage, Power of Attorney or similar other instruments.	No fee for registration of transfer
43.	All instruments of transfer duly approved shall be retained by the Company and in case of refusal, instruments of transfer shall be returned to the person who lodges the transfer deeds.	Retaining instrument of transfer
44.	If the Directors refuse to register the transfer of any shares, the Company shall, within	Notice when director

	one month from the date on which the instrument of transfer was lodged with the Company or intimation given, send to the transferor and the transferee or the person giving intimation of such transfer, notice of such refusal	refuses to register transfer
45.	On giving seven days' notice by advertisement in a news paper circulating in the District in which the Registered Office of the Company is situated, the Register of Members may be closed during such time as the Directors think fit not exceeding in the whole forty five days in each year but not exceeding thirty days at a time.	Closure of register of members upon notice
46	The executors or administrators or the holder of a succession certificate in respect of shares of a deceased member (not being one of several joint holders) shall be the only person whom the Company shall recognize as having any title to the shares registered in the name of such member and, in case of the death of any one or more of the joint-holders of any registered shares the survivors shall be only persons recognized by the Company as having any title to or interest in such share but nothing herein contained shall be taken to release the estate of a deceased joint-holder from any liability on shares held by him jointly with any other person. Before recognizing any legal representative or heir or a person otherwise claiming title to the shares the Company may require him to obtain a grant of probate or letters of administration or succession certificate, or other legal representation, as the case may be from a competent Court, provided nevertheless that in any case where the Board in its absolute discretion think fit, it shall be lawful for the Board to dispense with production of probate or letters of administration or a succession certificate or such other legal representation upon such terms as to indemnify or otherwise as the Board may consider desirable	Shares of deceased member
47.	Any person becoming entitled to or to transfer shares in consequence of the death or insolvency of any member, upon producing such evidence that he sustains the character in respect of which he proposes to act under this article, or of his title as the Directors think sufficient, may with the consent of the Directors (which they shall not be under any obligation to give), be registered as a member in respect of such shares or may, subject to the regulations as to transfer hereinbefore contained, transfer such shares. This Article is hereinafter referred to as "The transmission Article". Subject to any other provisions of these Articles if the person so becoming entitled to shares under this or the last preceding Articles shall elect to be registered as a member in respect of the share himself he shall deliver or send to the company a notice in writing signed by him stating that he so elects. If he shall elect to transfer to some other person he shall execute an instrument of transfer of shares. All the limitations, restrictions and provisions of these articles relating to the rights to transfer and the registration of transfers of shares shall be applicable to any such notice of transfer as aforesaid.	Transmission of shares
48.	Subject to any other provisions of these Articles if the Directors in their sole discretion are satisfied in regard thereof, a person becoming entitled to a share in consequence of the death or insolvency of a member may receive and give a discharge for any dividends or other money payable in respect of the share.	Dividends in case of transfer and transmission
49.	The instrument of transfer shall be in writing and all the provisions of Section 108 of the Companies Act, 1956 and of any statutory modification thereof for the time being shall be duly complied with in respect of all transfers of shares and the registration	Form of transfer

	thereof.	
50.	Subject to the provisions of Sections 114 and 115 of the Act and subject to any directions which may be given by the Company in General Meeting, the Board may issue share-warrants in such manner and on such terms and conditions as the Board may deem fit. In case of such issue Regulations 40 to 43 of table “A” in Schedule 1 to the Act, shall apply	Issue of share warrants

#### ALTERATION OF CAPITAL

53.	The company may, by ordinary resolution, from time to time, alter the condition of Memorandum of Association as follows	
	Increase the Share Capital by such amount to be divided into shares of such amount as may be specified in the resolution	Increase of authorized share capital
	Consolidate and divide all or any of its share capital into shares of larger amount than its existing shares. Convert all or any of its fully paid up shares into stock, and reconvert that stock into fully paid up shares of any denomination; Sub-divide its existing shares or any of them into shares of smaller amount than is fixed by the Memorandum of Association, so however, that in the sub-division the proportion between the amount paid and the amount, if any, unpaid on each reduced share shall be the same as it was in the share from which the reduced share is derived, and Cancel shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the share so cancelled.”	Consolidation, division and sub-division

#### GENERAL MEETING

64.	The Directors may, whenever they think fit, call an Extra Ordinary General Meeting provided however if at any time there are not in India, Directors capable of acting who are sufficient in number to form a quorum any Director present in India may call an Extra Ordinary General Meeting in the same manner as nearly as possible as that in which such a meeting may be called by the Board.”	
65	The Board of Directors of the Company shall on the requisition of such member or members of the company as is specified in subsection (4) of Section 169 of the act forthwith proceed to call an Extra ordinary General Meeting of the Company and in respect of any such requisition and of any meeting to be called pursuant thereto, all the provisions of section 169 of the Act and of any statutory modification thereof for the time being shall apply.	Extraordinary general meeting
66.	The quorum for a general meeting shall be five members present in person.	Quorum of General Meeting

67.	At every General Meeting, the Chair shall be taken by the Chairman of the Board of Directors. If at any meeting, the Chairman of the Board of Directors is not present within fifteen minutes after the time appointed for holding the meeting or, though present is unwilling to act as chairman, the members present shall choose one of the Directors present to be the Chairman or if no Director shall be present or though present shall be unwilling to take the chair then the members present shall choose one of their members, being a member entitled to vote, to be the Chairman.	Chairman of meeting
69.	If within half an hour from the time appointed for the meeting a quorum is not present, the meeting, if convened upon a requisition on share holders, shall be dissolved but in any other case it shall stand adjourned to the same day in the next week at same time and place, unless the same shall be public holiday then the meeting shall stand adjourned to the next day not being a public holiday at the time and place and if at such adjourned meeting a quorum is not present within half an hour from the time appointed for the meeting, those members who are present and not being less than two persons shall be a quorum and may transact the business for which the meeting was called.	Adjournment of meeting
70.	In the case of an equality of votes the Chairman shall both on a show of hands and a poll have a casting vote in addition to the vote or votes to which he may be entitled as a member.	Casting vote of the chairman
71.	The Chairman of a General Meeting may adjourn the meeting, from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place. It shall not be necessary to give notice to the members of such adjournment or of the time, date and place appointed for the holding of the adjourned meeting.	Chairman to adjourn meeting
72.	If a poll is demanded, the demand of a poll shall not prevent the continuance of a meeting for the transaction of any business other than the question on which poll has been demanded.	Demand for poll

#### VOTES OF MEMBERS

73(1).	On a show of hands every member present in person and being a holder of Equity Shares shall have one vote and every person present either as a proxy on behalf of a holder of Equity Shares or as a duly authorized representative of a body corporate being a holder of Equity Shares, if he is not entitled to vote in his own right, shall have one vote.	Voting on show of hands by member or proxy
73(2)	On a poll the voting rights of a holder of Equity Shares shall be as specified in Section 87 of the Act.	Voting by Poll
73(3)	The voting rights of the holders of the Preference Shares including the Redeemable Cumulative Preference Shares shall be in accordance with the provisions of Section 87 of the Act.	Voting rights of holders of preference shares
73(4)	“No company or body corporate shall vote by proxy so long as a resolution of its Board of Directors under Section 187 of the Act is in force and the representative named in such resolution is present at the General Meeting at which the vote by proxy is tendered.	Restriction on vote by proxy
74.	A person becoming entitled to a share shall not before being registered as member in respect of the share be entitled to exercise in respect thereof any right conferred	

	<p>by membership in relation to the meeting of the Company.</p> <p>If any member be a lunatic or idiot, he may vote whether on a show of hands or at a poll by his committee or other legal curator and such last mentioned persons may give their votes by proxy provided twenty four hours at least before the time of holding the meeting or adjourned meeting, as the case may be, at which any such person proposes to vote he shall satisfy the Board of his rights under this Article unless the Board shall have previously admitted his right to vote at such meeting in respect thereof.</p>	Requirements for voting by proxy and transmission
75.	<p>Where there are joint holders of any share any one of such persons may vote at any meeting either personally or by proxy in respect of such shares as if he were solely entitled thereto and if more than one of such joint-holders is present at any meeting either personally or by proxy then that one of the said persons so present whose name stands prior in order on the register in respect of such share shall alone be entitled to vote in respect thereof. Several executor or administrators of deceased member in whose name any share stands shall for the purpose of this Article be deemed joint-holders thereof.</p>	Voting rights of joint holders
76.	<p>The instrument appointing a proxy shall be in writing under the hand of the appointer or of his Attorney duly authorized in writing or if such appointer is a corporation under its common seal or the hands of its Attorney.</p>	Form of instrument appointing proxy
79.	<p>Every instrument appointing a proxy shall as nearly as circumstances will admit, be in the form set out in Schedule IX to the Act.</p>	
77.	<p>The instrument appointing a proxy and the Power-of-Attorney or other authority (if any) under which it is signed or a notarially certified copy of that power of authority shall be deposited at the office not less than forty-eight hours before the time for holding the meeting at which the person named in the instrument proposes to vote and in default, the instrument of proxy shall not be treated as valid.”</p>	Instrument to be notarially certified copy
78.	<p>A vote given in accordance with the terms of an instrument appointing a proxy shall be valid notwithstanding the previous death or insanity of the principal or revocation of the instrument of transfer of the share in respect of which the vote is given. Provided no intimation in writing of the death, insanity and revocation of transfer of the share shall have been received at the office or by the Chairman of the Meeting before the vote is given. Provided nevertheless that the Chairman of any meeting shall be entitled to require such evidence as he may in his discretion think fit of the due execution of an instrument of proxy and that the same has not been revoked.”</p>	Validity of vote given by proxy in case of death, insanity, revocation
80.	<p>No objection shall be taken to the validity of any vote except at the meeting or poll at which such vote shall be tendered and every vote not disallowed at such meeting or poll and whether given personally or by proxy or otherwise shall be deemed valid for all purposes.”</p>	Validity of Vote

81.	Before or on the declaration of the result of the voting on any resolution on a show of hands, a poll may be ordered to be taken by the Chairman of the Meeting on his own motion and shall be ordered to be taken by him on a demand made in that behalf by any member or members present in person or by proxy and fulfilling the requirements as laid down in Section 179 of the Act, for the time being in force.”	Demand for Poll
82.	No member shall be entitled to exercise any voting rights either personally or by proxy at any meeting of the Company in respect of any shares registered in his name on which any calls or other sums presently payable by him have not been paid or in regard to which the Company has and has exercised any right or lien	Restriction on exercise of voting right

## MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts (not being contracts entered into in the ordinary course of business carried on by us or entered into more than two years before the date of this Letter of Offer) which are or may be deemed material have been entered or are to be entered into by us. These contracts and also the documents for inspection referred to hereunder, may be inspected at the Registered Office situated at Wire and Wireless (India) Limited, Continental Building, 135 Dr. Annie Besant Road, Worli, Mumbai 400 018, India from 11.00 a.m. to 2.00 p.m. from the date of this Letter of Offer until the date of closure of the subscription list.

### A. Material Contracts

1. Memorandum of Understanding dated September 26, 2008 between the Company and Enam Securities Private Limited, addendum to the MoU dated September 15, 2009 between the Company and Enam Securities Private Limited and the addendum to the MoU dated September 22, 2009 between Company, Enam Securities Private Limited and Edelwiess Capital Limited.
2. Memorandum of Understanding between the Company and the Registrar dated September 26, 2008.

### B. Documents

1. Memorandum of Association and Articles of Association of the Company.
2. Certificate of Incorporation of the Company dated March 24, 2006.
3. Copy of Board Resolution dated October 23, 2007 appointing Mr. Amit Goenka as the Whole time Director of our Company and fixing his remuneration.
4. Copy of Board Resolution dated January 29, 2007 fixing the remuneration of the directors.
5. Copy of the Board Resolution dated August 20, 2008 approving this Issue. Copy of the resolution passed buy the committee duly constituted by the Board of Directors dated September 19, 2009 for approving the Letter of Offer
6. Consents of the Directors, Auditors, Lead Manager to the Issue, Legal Counsel to the Issue, Bankers to the Issue, Bankers to the Company, Registrars to the Issue and Advisors to the Issue, to include their names in the Letter of Offer to act in their respective capacities.
7. Appointment of Company Secretary as Compliance Officer.
8. Letter dated September 11, 2009 from the Auditors of the Company confirming tax benefits as mentioned in this Letter of Offer.
9. Certified copy of the Scheme of Arrangement.
10. Letter from SEBI dated December 28, 2006 relaxing the conditions under section 19(2)(b) of Securities Contract (Regulations) Rules, 1957.
11. Copy of the certificate dated December 22, 2006 from M/s Nandkishor Patil & Co, Chartered Accountants, for calculated the book value per share of our Company as on March 31, 2006.
12. Agreement to provide HITS digital services between Dish TV India Limited and the Company dated May 1, 2008.
13. MOU between the Company and M/s NBC Enterprises dated November 8, 2007 and the amendment to the MOU dated December 5, 2007 and the amendment to the MOU dated September 10, 2009.
14. MOU between the Company and the promoters of WWIL Satellite Network Private Limited dated April 18, 2008 and the amendment to the MOU dated September 11, 2009.
15. MOU between the Company and Mr. Rakesh Mishra, sole proprietor of M/s Triveni Vision, dated June 24, 2008 and the amendment to the MOU dated September 11, 2009.
16. The Report of the Auditors, S.R. Batliboi, Chartered Accountants, as set out herein dated September 11, 2009 in relation to the restated financial information of the Company as at and for the financial year/ period ended March 31, 2009 and March 31, 2008.
17. In-principle listing approval dated October 8, 2008 and October 20, 2008 from the BSE and the NSE respectively.
18. Letter No. CFD/DIL/ISSUES/NB/EB/160642/2009 dated April 17, 2009 and letter CFD/DIL/ISSUES/SP/EB/177354/2009 dated September 18, 2009 issued by SEBI for the Issue.
19. Due Diligence Certificate dated September 29, 2008 from Enam Securities Private Limited
20. Tri-partite Agreement dated January 5, 2007 between the Company, Sharepro Services (India) Private Limited and CDSL to establish direct connectivity with Depository.
21. Tri-partite Agreement dated December 27, 2006 between the Company, Sharepro Services (India) Private Limited and NSDL to establish direct connectivity with Depository.

## **DECLARATION**

We, the Directors, the Chief Executive Officer, the Chief Financial Officer and the Company Secretary of the Company, certify that all relevant provisions of the Companies Act, 1956, and the guidelines issued by the Government of India or the guidelines issued by Securities and Exchange Board of India, applicable, as the case may be, have been complied with and no statement made in this Letter of Offer is contrary to the provisions of the Companies Act, 1956, the Securities and Exchange Board of India Act, 1992 or the rules made or guidelines issued thereunder, as the case may be, and that all approvals and permissions required to carry on the business of our Company have been obtained, are currently valid and have been complied with. We further certify that all the statements in this Letter of Offer are true and correct.

### **SIGNED BY THE DIRECTORS OF THE COMPANY**

Mr. Subhash Chandra

Mr. Brijendra K Syngal

Mr. Amit Goenka

Mr. Arun Kapoor

Mr. Sureshkumar Agarwal

Mr. Michael Kevin Block

### **SIGNED BY THE CEO**

Mr. Sudhir Agarwal

### **SIGNED BY THE CFO**

Mr. Raj Kumar Agarwal

### **SIGNED BY THE COMPANY SECRETARY**

Mr. Samir Raval

Place: Mumbai

Date: September 22, 2009