



Red Herring Prospectus

Please read Section 60B of the Companies Act, 1956

Dated: January 27, 2007

100% Book Built Issue

BROADCAST INITIATIVES LIMITED

(Our Company was incorporated as SAB Samachar Limited on February 4, 2004. The name of our Company was changed to Sri Adhikari Brothers News & Television Network Limited with effect from July 8, 2005. The name of our Company was further changed to Broadcast Initiatives Limited with effect from May 18, 2006. The necessary ROC approval for the change of names as above has been received).

Registered Office: Adhikari Chambers, Oberoi Complex, New Link Road Andheri West, Mumbai 400053, India

Tel: (022) 2639 5400, 2639 5460; Fax: (022) 2639 5459, 2635 0996 Website: www.janmat.tv;

Compliance Officer: Mr. Sanjay Bhandari Tel: (022) 26351940, Fax: (022) 2635 0996 Email: ipo@janmat.tv

PUBLIC ISSUE OF 85,50,000 EQUITY SHARES OF RS 10/- EACH AT ISSUE PRICE OF RS [●] PER EQUITY SHARE (INCLUDING SHARE PREMIUM OF RS. [●] PER EQUITY SHARE), AGGREGATING RS [●] LAKHS (THE "ISSUE"). THE ISSUE CONSISTS OF RESERVATION OF 1,00,000 EQUITY SHARES OF RS. 10/- EACH AT ISSUE PRICE OF RS. [●] PER EQUITY SHARE (INCLUDING SHARE PREMIUM OF RS. [●] PER EQUITY SHARE) AGGREGATING RS. [●] LAKHS FOR ELIGIBLE EMPLOYEES (THE "EMPLOYEE RESERVATION PORTION"), AND NET ISSUE OF 84,50,000 EQUITY SHARES OF RS. 10/- EACH AT ISSUE PRICE OF RS. [●]. THE ISSUE WOULD CONSTITUTE 44.27 % OF FULLY DILUTED POST ISSUE PAID-UP CAPITAL OF THE COMPANY.

PRICE BAND: RS 100 TO 120 PER EQUITY SHARE OF FACE VALUE OF RS 10/- EACH

THE ISSUE PRICE IS 10 TIMES THE FACE VALUE AT THE LOWER END OF THE PRICE BAND AND 12 TIMES THE FACE VALUE AT THE HIGHER END OF THE PRICE BAND

The Issue is being made through the 100% Book Building Process wherein at least 50% of the Net Issue shall be allotted to QIB on a proportionate basis out of which 5% shall be available for allocation on a proportionate basis to Mutual Funds only and the remainder shall be available for allotment on a proportionate basis to QIB and Mutual Funds, subject to valid bids being received from them at or above the Issue Price. If at least 50% of the Net Issue cannot be allocated to QIB, then the entire application money will be refunded forthwith. Further, up to 15% of the Net Issue will be available for allocation on a proportionate basis to Non-Institutional Bidders and up to 35% of the Net Issue will be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid bids being received at or above the Issue Price.

In case of revision in the Price Band, the Bidding/Issue Period shall be extended for 3 additional working days after such revision, subject to the Bidding / Issue Period not exceeding 10 working days. Any revision in the Price Band, and the revised Bidding/Issue Period, if applicable, shall be widely disseminated by notification to the Bombay Stock Exchange Limited and National Stock Exchange of India Limited, by issuing a press release and by indicating the changes on the websites of the Book Running Lead Manager ("BRLM") and on the terminals of the member of the Syndicate.

RISK IN RELATION TO THE FIRST ISSUE

This being the first Issue of Equity Shares of Broadcast Initiatives Limited ("the Company"), there has been no formal market for the Equity Shares of the Company. The face value of the Equity Shares of the Company is Rs. 10/- per share and the Issue Price is 10 times of the face value at the lower price band and 12 times of the face value at the higher price band. The Issue Price (as determined by the Company in consultation with the Book Running Lead Managers, on the basis of assessment of market demand for the Equity Shares by way of Book Building) should not be taken to be indicative of the market price of the Equity Shares after the Equity Shares are listed. No assurance can be given regarding an active and / or sustained trading in the Equity Shares of the Company or regarding the price at which the Equity Shares will be traded after listing.

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 Equity Shares offered in the Issue 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 Red Herring Prospectus. Specific attention of the investors is invited to the section titled 'Risk Factors' beginning on page iii of this Red Herring Prospectus.

ISSUER'S ABSOLUTE RESPONSIBILITY

The Issuer, having made all reasonable inquiries, accepts responsibility for and confirms that this Red Herring Prospectus contains all information with regard to the Issuer and the Issue, which is material in the context of the Issue, that the information contained in this Red Herring Prospectus is true and correct in all material aspects 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 Red Herring Prospectus as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

LISTING

The Equity Shares offered through this Red Herring Prospectus are proposed to be listed on Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE). The in-principle approvals of BSE and NSE for listing of Equity Shares of the Company have been received pursuant to letters dated November 22, 2006 and January 08, 2007, respectively. BSE shall be the Designated Stock Exchange for the purpose of this Issue.

IPO GRADING

The Company has not opted for grading of the Initial Public Issue by any Credit Rating Agency.

BOOK RUNNING LEAD MANAGER



ALLIANZ SECURITIES LIMITED

33, Vaswani Mansion,
6th Floor, Dinshaw Vachha Road,
Churchgate, Mumbai - 400 020

Phone: 022-22870580

Fax: 022-22870581

Email: janmat.ipo@aslfinancial.com

Website: www.aslfinancial.com

Contact Person: Mr. Sunit Shangle

REGISTRARS TO THE ISSUE



INTIME SPECTRUM REGISTRY LIMITED

C-13, Pannalal Silk Mills Compound,
L. B. S. Marg, Bhandup (West),
Mumbai- 400 078.

Phone: 022- 2596 0320

Fax: 022- 2596 0329

Email: janmat.ipo@intimespectrum.com

Website: www.intimespectrum.com

Contact Person: Mr. Salim Shaikh

BID / ISSUE PROGRAMME

BID / ISSUE OPENS ON : FRIDAY, FEBRUARY 9, 2007

BID / ISSUE CLOSES ON : WEDNESDAY, FEBRUARY 14, 2007

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SECTION I - DEFINITIONS AND ABBREVIATIONS

DEFINITIONS

Term	Description
"BIL" or "Broadcast Initiatives" or "the Company" or "Our Company" or "Broadcast Initiatives Limited"	Broadcast Initiatives Limited, a public limited company incorporated under the Companies Act, 1956
"we" or "us" and "our"	Unless the context otherwise require, refers to Broadcast Initiatives Limited

Issue Related Terms

Terms	Description
Allianz	Allianz Securities Limited
Allotment / Allocation / Transfer	Unless the context otherwise requires, the Allotment and transfer of Equity Shares pursuant to this Issue
Allottee	The successful Bidder to whom the Equity Shares are/have been Issued or transferred
Bankers/Escrow Bankers to the Issue	ICICI Bank Limited, Standard Chartered Bank and UTI Bank Limited
Bid	An indication to make an offer during the Bidding / Issue Period by a prospective investor to subscribe to our Equity Shares at a price within the Price Band, including all revisions and modifications thereto.
Bid Amount	The highest value of the optional Bids indicated in the Bid-cum-Application Form and payable by the Bidder on submission of the Bid in the Issue.
Bid Closing Date/ Issue Closing date	The date after which the members of the Syndicate will not accept any Bids for the Issue, which shall be notified in a widely circulated English National Newspaper, Hindi National Newspaper and Marathi Newspaper.
Bid- cum- Application Form / Bid Form	The form in terms of which the bidder shall make an offer to subscribe to / purchase the equity shares of the Company and which will be considered as the application for issue and transfer of the Equity Shares in terms of this Red Herring Prospectus.
Bid Opening Date/ Issue Opening Date	The date on which the members of the Syndicate shall start accepting Bids for the Issue, which shall be the date notified in a widely circulated English National Newspaper, Hindi National Newspaper and Marathi Newspaper.
Bidder	Any prospective investor who makes a Bid pursuant to the terms of this Red Herring Prospectus and the Bid cum Application Form.
Bidding Period/ Issue Period	The period between the Bid/Issue Opening Date and the Bid/Issue Closing Date inclusive of both days and during which prospective Bidders can submit their Bids.
Board of Directors / Board	The Board of Directors of Broadcast Initiatives Limited

Broadcast Initiatives Limited

Term	Description
Book Building Process	Book Building process as provided under Chapter XI of the SEBI Guidelines, in terms of which the Issue is being made.
BRLM/Book Running Lead Manager	Book Running Lead Manager to the Issue, in this case being Allianz Securities Limited
CAN/Confirmation of Allocation Note	The note or advice or intimation of allocation of Equity Shares sent to the Bidders who have been allocated Equity Shares after discovery of the Issue Price in accordance with the Book Building Process.
Cap Price	The higher end of the Price Band, above which Issue Price will not be finalized and above which no Bids will be accepted.
Companies Act	The Companies Act, 1956, as amended from time to time
Cut-off Price	Any price within the price band finalized by the Company in consultation with BRLM. A Bid submitted at Cut-off Price is a valid Bid at all price levels within the Price Band.
Depository	A company formed and registered under the Companies Act, 1956 and which has been granted a certificate of registration under sub-section 1A of Section 12 of the Securities and Exchange Board of India Act, 1992.
Depositories Act	The Depositories Act, 1996, as amended from time to time
Depository Participant	A depository participant as defined under the Depositories Act
Designated Date	The date on which Escrow Collection Banks transfer the funds from the Escrow Account of the Company to the Issue Account, after the Prospectus is filed with the RoC, following which the allotment will be made to successful Bidders
Designated Stock Exchange	Bombay Stock Exchange Limited
Draft Red Herring Prospectus/ Draft RHP/DRHP	The Draft Red Herring Prospectus issued in accordance with Section 60B of the Companies Act, 1956, which does not have complete particulars of the price at which the Equity Shares are being offered and the size of the Issue. Upon filing with the RoC at least three days before the Bid / Issue Opening Date, it will be termed as the Red Herring Prospectus. It will be termed as Prospectus upon filing with RoC after the Pricing Date.
Equity Shares	Equity shares of the Company of face value of Rs.10/- each
Employees	Permanent Employees of Broadcast Initiatives Limited who are on payroll of the Company as on December 31, 2006
Employee Reservation portion	The portion of the Issue being a maximum of 1,00,000 Equity Shares available for allocation to Employees other than the Promoter Employees.
Escrow Account	Account opened with the Escrow Collection Bank(s) and in whose favour the Bidder will issue cheques or drafts in respect of the Bid Amount when submitting a Bid



Term	Description
Escrow Agreement	Agreement entered into amongst the Company, Members of Syndicate, the Registrar, the Escrow Collection Bank(s) and the BRLM for collection of the Bid Amounts and for remitting refunds (if any) of the amounts collected, to the Bidders
Escrow Collection Bank(s)	The banks which are clearing members and registered with SEBI as Bankers to the Issue at which the Escrow Account will be opened in this case being ICICI Bank Limited, Standard Chartered Bank and UTI Bank Limited.
Financial Year/fiscal/FY	Period of 12 months ended March 31 of that particular year, unless otherwise stated.
First Bidder	The bidder whose name appears first in the Bid cum Application Form or Revision Form.
Floor Price	The lower end of the Price Band, below which the Issue Price will not be finalized and below which no Bids will be accepted
FVCIs	Foreign Venture Capital Investors, as defined and registered with SEBI under the SEBI (Foreign Venture Capital Investor) Regulations, 2000 as amended from time to time.
GIR Number	General Index Registry Number
Indian GAAP	Generally Accepted Accounting Principles in India
Issue	Issue of 85,50,000 Equity Shares of Rs. 10/- each
Issue Price	The final price at which Equity Shares will be allotted in the Issue, as determined by our Company in consultation with the BRLM, on the pricing date.
Issue Account	Account opened with the Banker(s) to the Issue to receive monies from the Escrow Account for the Issue on the Designated Date.
Margin Amount	The amount paid by the Bidder at the time of submission of his/her Bid, which may be 10% or 100% of the Bid Amount, as applicable.
Mutual Funds	Mutual funds registered with SEBI under the SEBI (Mutual Funds) Regulations, 1996.
Mutual Funds Portion	5% of the QIB portion or 2,11,250 Equity Shares (assuming the QIB Portion is for 50% of the Issue size) available for allocation to Mutual Funds only, out of the QIB Portion on a proportionate basis.
Net Issue	The Issue of Equity Shares other than Equity Shares included in the Employee Reservation Portion, aggregating 84,50,000 Equity Shares.
Non-Institutional Bidders	All Bidders that are not Qualified Institutional Buyers or Retail Individual Bidders and who have bid for an amount more than Rs. 100,000.
Non-Institutional Portion	The portion of the Issue being 12,67,500 Equity Shares of Rs. 10/- each available for allocation to Non-Institutional Bidders.
Non Residents	A person resident outside India, as defined under FEMA.

Broadcast Initiatives Limited

Term	Description
NRIs / Non-Resident Indian	A person resident outside India, as defined under FEMA and who is a citizen of India or a Person of Indian Origin, each such terms as defined under Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000 as amended
Pay-in-Date	Bid / Issue Closing Date or the last date specified in the CAN sent to Bidders, as applicable
Pay-in-Period	<p>(i) With respect to Bidders whose Margin Amount is 100% of the Bid Amount, the period commencing on the Bid / Issue Opening Date and extending until the Bid / Issue Closing Date, and</p> <p>(ii) With respect to QIBs, whose Margin Amount is 10% of the Bid Amount, the period commencing on the Bid/Issue Opening Date and extending until the closure of the Pay-in Date.</p>
Price Band	Being the price band of a minimum price of Rs. 100 per Equity Share (Floor Price) and the maximum price of Rs. 120 per Equity Share (Cap Price) (both inclusive).
Pricing Date	The date on which the Company, in consultation with the BRLM, finalizes the Issue Price
Promoters	Mr. Gautam Adhikari and Mr. Markand Adhikari
Prospectus	The prospectus, filed with the RoC after pricing containing, inter alia, the Issue Price that is determined at the end of the Book Building process, the size of the Issue and certain other information.
Public Issue Account	Account opened with Banker(s) to the Issue to receive money from the Escrow Account for the Issue on the Designated Date.
Qualified Institutional Buyers or QIBs	Public financial institutions as specified in Section 4A of the Companies Act, FIIs, scheduled commercial banks, mutual funds registered with SEBI, multilateral and bilateral development financial institutions, venture capital funds registered with SEBI, foreign venture capital investors registered with SEBI, state industrial development corporations, insurance companies registered with the Insurance Regulatory and Development Authority, provident funds with minimum corpus of Rs.2500 lakhs and pension funds with a minimum corpus of Rs.2500 lakhs
QIB Margin	An amount representing 10% of the Bid Amount that QIBs are required to pay at the time of submitting their Bid.
QIB Portion	The portion of the Issue being 42,25,000 Equity Shares of Rs. 10/- each to be compulsorily allocated to QIBs.
Red Herring Prospectus or RHP	The Red Herring Prospectus issued in accordance with Section 60B of the Companies Act, which does not have complete particulars of the price at which the Equity Shares are issued and the size of Issue. The Red Herring Prospectus will be filed with the RoC at least three days before the Bid/Issue Opening Date and will become a Prospectus after filing with the RoC after pricing date.



Term	Description
Refund Account	Account opened with an Escrow Collection Bank, from which refunds of the whole or part of the Bid Amount, if any, shall be made.
Registrar/Registrar to the Issue	Registrar to the Issue being Intime Spectrum Registry Limited.
RoC / Registrar of Companies	Registrar of Companies, Maharashtra located at Mumbai.
Retail Individual Bidder	Individual bidder who apply for the Equity Shares of or for a value of not more than Rs.1,00,000
Retail Portion	The portion of the Issue being 29,57,500 Equity Shares of Rs. 10/- each available for allocation to Retail Individual Bidder(s)
Revision Form	The form used by the Bidders to modify the quantity of Equity Shares or the Bid Price in any of the Bid options as per their Bid-cum-Application Form and as modified by their subsequent Revision Form(s), if any.
Stock Exchanges	BSE and NSE.
Syndicate Agreement	Agreement to be entered into among the Company and Syndicate Member(s) in relation to the collection of Bids in the Issue
Syndicate or Members of Syndicate	BRLM and the Syndicate Members in this case being Allianz Securities Limited, Almondz Capital Markets Private Limited and Enam Securities Private Limited.
TRS or Transaction Registration Slip	The slip or document issued by the Syndicate Member to the Bidder as proof of registration of the Bid.
Underwriters	The BRLM and the Syndicate Members
Underwriting Agreement	The Agreement between the Underwriters and the Company to be entered into on or after the Pricing Date.
VCFs	Venture Capital Funds as defined and registered with SEBI under the SEBI (Venture Capital Fund) Regulations, 1996 as amended from time to time.

Glossary of Technical and Industry Terms

Terms	Description
3D	Three Dimensional
C&S SEC A 25+	Cable & Satellite Homes of socio economic class A with age group of 25 years and above as classified by TAM
C&S SEC ABC 25+	Cable & Satellite Homes of socio economic class A, B & C with age group of 25 years and above as classified by TAM
CAS	Conditional Access System
DoT	Department of Telecommunications
DSNG	Digital Satellite News Gathering
DSL	Digital Subscriber Line

Broadcast Initiatives Limited

Term	Description
DTH	Direct to Home
FICCI	Federation of Indian Chambers of Commerce and Industry
FTA	Free to Air
IPTV	Internet Protocol Television
LCO	Local Cable Operator
LOI	Letter of Intent
MCR	Master Control Room
MIB	Ministry of Information and Broadcasting
MoC&IT	Ministry of Communications and Information Technology
MoHA	Ministry of Home Affairs
MPEG	Motion Picture Experts Group
MSO	Multi Service Operator
NLE	Non Linear Editing
NRSC	National Readership Studies Council
PIB	Press and Information Bureau
PCR	Production Control Room
SMATV	Satellite Master Antenna Television
SNG	Satellite News Gathering
TC	Time Code
TDSAT	Telecom Dispute Settlement Appellate Tribunal
TAM	TAM Media Research
TRAI	The Telecom Regulatory Authority of India
TRAI Act	The Telecom Regulatory Authority Act, 1997
TRP	Television Rating Points
TVR	Television Viewer-ship Ratings
Up-linking Guidelines	Guidelines for Permission or License for Up-linking from India issued by the MIB on December 2, 2005
UGC	University Grants Commission
VTR	Video Tape Recorder
Wireless Act	The Indian Wireless Telegraphy Act, 1933
WPC	Wireless Planning & Coordination Wing



Abbreviations of General Terms

Abbreviation	Full Form
Articles/Articles of Association	Articles of Association of Broadcast Initiatives Limited
AS	Accounting Standards as issued by the Institute of Chartered Accountants of India
A/c	Account
Auditors	The Statutory Auditors of Broadcast Initiatives Limited, viz. M/s A.R.Sodha & Company.
BSE	Bombay Stock Exchange Limited
CDSL	Central Depository Services (India) Limited
EPS	Earning Per Share
EGM	Extraordinary General Meeting
FCNR Account	Foreign Currency Non Resident Account
FDI	Foreign Direct Investment
FEMA	Foreign Exchange Management Act, 1999, as amended from time to time, and the regulations framed there under
FIIIs	Foreign Institutional Investors (as defined under FEMA (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000) registered with SEBI under applicable laws in India
FIPB	Foreign Investment Promotion Board
Gol/Government	Government of India
HUF	Hindu Undivided Family
IDBI	Industrial Development Bank of India
I.T. Act	Income Tax Act, 1961, as amended from time to time
MOA/Memorandum/ Memorandum of Association	Memorandum of Association of Broadcast Initiatives Limited
MoF	Ministry of Finance, Government of India
MOU	Memorandum of Understanding
NAV	Net Asset Value
NPV	Net Present Value
NRIs	Non Resident Indians
NRE Account	Non Resident External Account
NRO Account	Non Resident Ordinary Account
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited

Broadcast Initiatives Limited

Abbreviation	Full Form
Person or Persons	Any individual, sole proprietorship, unincorporated association, unincorporated organization, body corporate, corporation, company, partnership, limited liability company, joint venture, or trust or any other entity or organization validly constituted and/or incorporated in the jurisdiction in which it exists and operates, as the context requires
p.a.	Per annum
P/E Ratio	Price/Earnings Ratio
PAN	Permanent Account Number
PAT	Profit after Tax
RBI	Reserve Bank of India
Registered Office	Adhikari Chambers, Oberoi Complex, New Link Road, Andheri (West), Mumbai - 400053
ROC	Registrar of Companies, Maharashtra
ROE	Return on Equity
RONW	Return on Net Worth
Rs.	Rupees
SEBI	The Securities and Exchange Board of India constituted under the SEBI Act, 1992
SEBI Act	Securities and Exchange Board of India Act, 1992, as amended from time to time
SEBI Guidelines	SEBI (Disclosure and Investor Protection) Guidelines, 2000 issued by SEBI on January 27, 2000, as amended, including instructions and clarifications issued by SEBI from time to time
SEBI Takeover Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 1997, as amended from time to time
US	United States of America
USD/ US\$/ \$	United States Dollar
£	British Pound



CERTAIN CONVENTIONS; USE OF MARKET DATA

In the Red Herring Prospectus, unless the context otherwise requires, all references to one gender also refers to the other gender. All references to "India" contained in this Red Herring Prospectus are to the Republic of India.

We were incorporated on February 4, 2004 and have commercially launched the channel "JANMAT" with effect from April 30, 2006, therefore, our company have not prepared any Profit & Loss Account for the fiscal year ended March 31, 2006.

Our fiscal year commences on April 1 and ends on March 31, so all references to a particular "fiscal year" or "Fiscal" are to the twelve-month period ended March 31 of that year, unless otherwise specified. In this Red Herring Prospectus, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding off.

For additional definitions, see the section titled 'Definitions and Abbreviations' on page b of the Red Herring Prospectus. In the section titled 'Main Provisions of Articles of Association of the Company' beginning on page 153 of the Red Herring Prospectus, defined terms have the meaning given to such terms in the Articles of Association of the Company.

Unless stated otherwise, industry data used throughout this Red Herring Prospectus has been obtained from "CII-KPMG Report on Indian Entertainment Industry - Focus 2010 Dreams to reality", industry publications and from data internal to the Company. Industry publications / reports generally state that the information contained in those publications has been obtained from sources believed to be reliable but their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although we believe market data used in the Red Herring Prospectus is reliable, it has not been independently verified.

FORWARD-LOOKING STATEMENTS

Statements included in this Red Herring Prospectus which contain words or phrases such as "will", "aim", "will likely result", "believe", "expect", "will continue", "anticipate", "estimate", "intend", "plan", "contemplate", "seek to", "future", "objective", "goal", "project", "should", "will pursue" and similar expression or variations of such expressions, that are "forward-looking statements".

All forward looking statements are subject to risks, uncertainties and assumptions 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, among others: -

- General economic and business conditions in India and other countries
- Regulatory changes relating to the entertainment industry in India and our ability to respond to them
- Our ability to successfully implement our strategy, our growth and expansion, technological changes, our exposure to market risks that have an impact on our business activities or investments.
- The monetary and fiscal policies of India, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, equity prices or other rates or prices, the performance of the financial markets in India and globally, changes in domestic and foreign laws, regulations and taxes and changes in competition in our industry.
- Changes in the value of the Rupee and other currencies.
- The occurrence of natural disasters or calamities
- Change in political condition in India

For further discussion of factors that could cause our actual results to differ, see the section titled "Risk Factors" on page iii of this Red Herring Prospectus. By their nature, certain 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. Our Company, the members of the Syndicate and their respective affiliates do not have any obligation to, and do not intend 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 requirements, our Company and the BRLM will ensure that investors in India are informed of material developments until such time as the grant of listing and trading permission by the Stock Exchanges.



RISK FACTORS

An investment in equity securities involves a high degree of risk. You should carefully consider all of the information in this Red Herring Prospectus, including the risks and uncertainties described below, before making an investment in our Equity Shares. Any of the following risks as well as the other risks and uncertainties discussed in this Red Herring Prospectus could have a material adverse effect on our business, financial condition and results of operations and could cause the market price of our Equity Shares to decline, which could result in the loss of all or part of your investment.

Prior to making an investment decision, prospective investors should carefully consider all of the information contained in this Red Herring Prospectus, including the restated financial statements beginning on Page no. 79. Unless stated otherwise, the financial data in this section is as per our restated financial statements prepared in accordance with Indian GAAP. In this section, any reference to "we", "us", "our" or "the Company" refers to Broadcast Initiatives Limited ".

Unless specified or quantified in the relevant risk factors below, we are not in a position to quantify the financial or other implications of any of the risks described in this section.

INTERNAL RISK FACTORS

1. *We are substantially dependent on our news & views channel, "JANMAT" for our revenues.*

We will derive 100% of our advertisement revenues from our channel JANMAT. Though our Company may also generate minor business revenue from ancillary sources like hiring of equipment, subscription revenues, syndication of programmes, income from liquid funds etc. The advertisement revenue from JANMAT channel is expected to contribute approximately 90% of the total revenue. Consequently, our future success, to a large extent, will depend on viewership of JANMAT. In the event of change in preferences of viewers and advertisers or other related factors, such as increased competition, which may reduce viewership for JANMAT and this could have an adverse effect on our business, financial condition and results of operations.

By being 100% dependant on just one channel, we may not be able to take the advantage of having a bouquet of channels like sharing of fixed expenses, better packaging option available to ad-sales team, cross promotion of channels etc. This may affect our business/ financial operations.

2. *We are focussed only on the news broadcasting industry.*

Our future success depends on the continued increase in viewership of our channels in the news broadcasting industry. There have been substantial changes in recent years, such as regulatory and technological changes, unforeseen news events, increasing competition or other occurrences, which we believe, have led to increased demand for news. If the growth rate of the news broadcasting industry were to slow down, we could experience slower growth in viewership, reduced viewer loyalty, and reduced number of advertisers or viewers relying on alternative source of news, which could have an adverse effect on our business. Further, our focus on the news broadcasting industry may limit our ability to offer a complete advertising solution to potential advertisers, which some of our competitors may be able to offer.

3. *Our Promoter Group Company viz. Sri Adhikari Brothers Television Network Limited (SABTNL) entered into a non-compete agreement which restricts our growth in entering different segments and using tradenames "Sri Adhikari Brothers" or "SAB" .*

Sri Adhikari Brothers Television Network Limited (SABTNL) have entered into a non-compete agreement on April 15, 2005, for a period of five years from the date of execution of the agreement, whereby SABTNL and its affiliates have been restricted from directly or indirectly dealing with or owning or managing any television programme, service, channel or network consisting of any or all forms of programming anywhere

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in the world whether for or by itself or any other entity or business organization. The above restrictions do not apply to a network whose programming is exclusively devoted to news and current affairs programming or in the marathi language. SABTNL has a right to produce, distribute, license and sell individual programmes for exhibition by third parties provided no such programmes are delivered, exhibited or marketed as a branded block or programme service, channel or network of SABTNL or any of its affiliates or a trade name controlled by SABTNL or its affiliates. SABTNL and its affiliates are restricted from using the tradenames "Sri Adhikari Brothers", "SAB" and other assets for any name similar to such names or assets with any such competing network or programme. However the company is authorized to use the surname 'Adhikari' and may continue to use the company name 'Sri Adhikari Brothers Television Network Limited' or SABTNL. Please refer to section "Information of our Subsidiary / Promoter Group Companies / Entities" appearing on page no. 67.

4. *We rely on the co-operation of cable operators and multi-system operators, which may adversely affect our business.*

We have a large penetration amongst cable and satellite homes primarily due to our distribution and cooperation of multi-system operators, cable operators and last-mile operators. In case of any dispute with either party or in case we are not able to offer them favourable terms in any dealings with them, we might lose the advantage we have over other channels in this regard. A loss in penetration would directly affect our viewership and thus our market share, which may adversely affect our profitability.

5. *We do not own our teleport for uplinking of the channel.*

We are at present outsourcing uplinking services from Essel Shyam Communications Limited and have entered into an agreement with them for a period of three years. The agreement may be terminated by either party at prior written notice of 90 days, which if terminated by them adversely affect our telecasting activities and in turn affect our business operations.

6. *Our ability to acquire desired programming and reputed anchors may be adversely affected by competition and increasing prices.*

Our success depends in part on our ability to attract popular anchors, who can attract good viewership. However because of intense competition among various channels, the professional charges may increase in future over which we have no control. This may adversely affect our financials and business conditions.

7. *We face significant competition from the existing channels and other potential entrants to the news broadcasting industry.*

Loss of market share and viewership to competitors may adversely affect our profitability. We expect competition could increase with new entrants coming into the news broadcasting industry and existing players consolidating their positions. Some of our competitors have access to significantly greater resources and hence the ability to compete more effectively. As a result of competition, we may have to reduce our advertising prices, increase our capital expenditures in order to differentiate ourselves from other news broadcasters and increase our advertising and distribution expenditures, which may adversely affect our business.

8. *We rely primarily on advertisement income*

Our primary source of revenue is advertisement, which is primarily dependent on viewership and loyalty of viewers. Although we may charge a subscription fee in future, when appropriate, we will continue to substantially rely on advertisement revenues. Our advertisers may terminate contracts, many of which are terminable with little advance notice, before completion or choose not to renew such contracts, due to non-achievement of their advertising objectives, which may adversely affect our revenues.



9. *We may not be able to differentiate our news & views channels.*

News being non-proprietary and largely non-exclusive results in the content, being similar across news channels, with key differentiating factors like speed, editorial quality and credibility. We cannot assure you that we will be able to adequately differentiate our news & views channels on a continuous basis, which could adversely affect our viewership or number of loyal viewers and thereby our revenues.

10. *Our operations are subject to a degree of risk pertaining to Technological breakdowns including our information technology based communication system which may disrupt our operations.*

Our operations are subject to hazards inherent to information technology based communication system which links our operations. In the case of a technological breakdown, the process of broadcasting news may be adversely affected. This may adversely affect our business and operations.

11. *Any inability to manage our growth in future could disrupt our business.*

The channel "JANMAT" has recently been launched and its success is yet to be proved in the industry. There can be no assurance that we will be able to execute our proposed strategy on time and within budget or that we will meet the expectations of the targeted viewers, achieve the planned viewership, increase viewer loyalty or get customers who will advertise on our channels. We expect our growth pattern to place significant demands on our management and other resources and require us to continue developing and improving our operational, financial and other internal controls. Larger broadcasting operations will also increase our fixed operating costs, and there can be no assurance that we will experience a sustained increase in revenue or derive operational synergies to offset these higher costs.

12. *We may face defamation charges for inadvertent errors in reporting.*

While presenting news as it happens, we at times, rely on secondary sources for newsgathering. Although we take prudent care to verify the source and correctness of information, our news may have certain inadvertent errors because of incorrect or non-factual information given by these secondary sources. This may expose us to litigations or defamation charges, which could adversely affect our goodwill and business.

13. *Our business is subject to extensive regulation by the Government and failure to comply with such regulations could have an adverse effect on our business.*

The broadcasting industry is subject to significant Government regulation. Our licenses to uplink news from India provide broad discretion to the Government to influence the conduct of our businesses by giving it the right to modify, at any time, the terms and conditions of our licenses and take over our news channels or terminate or suspend our licenses in the interests of national security or in the event of a national emergency, war or similar situation. Under our licenses, the Government may also impose certain penalties including suspension, revocation or termination of a license, in the event of default by us. Our business could be adversely affected if we fail to comply with these regulations or if there are adverse changes to the regulatory environment. Our business could also be adversely affected by regulations affecting other parties that are important to the conduct of our business.

14. *We have not yet placed orders or entered into agreements for 100% of our planned capital expenditure amounting to Rs. 5113 lakhs, which include purchase of land, construction of studio and purchase of equipments.*

As we plan to issue purchase orders for the equipments to be acquired from the proceeds of the Public Issue, we may face the risk of increase in the prices of these equipment which may adversely affect our estimates of the project cost adversely affecting our results of operations and financial condition.

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15. *We are exposed to the risk of fluctuation in foreign exchange.*

Approximately 56% of total equipments that we intend to purchase are imported and any changes in foreign exchange rates may adversely affect our import cost, which in turn may adversely impact our operations and project cost. For details of imported equipment, please refer to page no. 23 of Red Herring Prospectus.

16. *We may face a possible risk on account of not meeting our export obligations.*

We have obtained 2 licenses under EPCG scheme. As per the licensing requirements under the said scheme, we are required to export goods of a defined amount within a specific time period, failing which, we have to make payment to the Government of India equivalent to the duty benefit enjoyed by us under the said scheme along with interest. For details of export obligation, please refer to page no. 48 of Red Herring Prospectus.

17. *We have issued equity shares in the last twelve months and the price of such issuance may be lower than the Issue Price.*

We have made the following allotment of Equity Shares in the twelve months before the date of this Red Herring Prospectus and the price of such issuances may be lower than the Issue Price:

Allottee	Date of Allotment	Issue Price (Rs.)	Number of Equity Shares
Promoters	March 2, 2006	10.00	69,00,000

18. *Our inability to retain and attract key managerial personnel may adversely affect our business.*

Our ability to meet future business challenges depends on our ability to attract and recruit talented and skilled personnel. A numbers of our employees are skilled, qualified and experienced in our line of business and we may face competition to recruit and retain these manpower. Our future performance will depend upon the continued services of these personnel. The loss of any of the members of our senior management, our directors or other key personnel or an inability to manage the attrition levels in different employee categories may materially and adversely impact our business and results of operations.

19. *Promoter group will continue to retain majority control in the company after the Issue, which will enable them to influence the outcome of matters submitted to shareholders for approval.*

Upon completion of the Issue, Promoter / Promoter Group will own 55.73% of our post-Issue equity share capital. As a result, the Promoter Group will have the ability to control our business including matters relating to any sale of all or substantially all of our assets, the timing and distribution of dividends and the election or termination of appointment of our officers and directors. In addition, for so long as the Promoter Group continues to exercise significant control over the Company, they may influence the material policies of the Company in a manner that could conflict with the interest of our other shareholders. The Promoter group may have interests that are adverse to the interests of our other shareholders and may take positions with which we or our other shareholders do not agree.

20. *The grant of stock options and issue of Equity Shares under the Company's proposed employee stock option schemes will dilute your shareholding and may result in a charge to our profit and loss account.*

On April 10, 2006, shareholders in the Extraordinary General Meeting respectively, set aside 5,00,000 equity shares that may be issued pursuant to the grant of options by the Compensation Committee under a Employee Stock Option Scheme, which will comply with the SEBI (Employee Stock Option and Employee Stock Purchase Scheme) Guidelines, 1999, as amended. Pursuant to the grant of options under the Proposed ESOS, if the exercise price is lower than the fair value of the Equity Shares as certified by independent accountants, the ESOS will result in a charge to the Company's profit and loss account equal to the



product of the number of Equity Shares granted under the ESOS and the difference between the exercise price and the fair value. We expect that such charge will be reflected in our financial statements in the financial year in which the options are vested. Such charge will be amortized over the vesting period of the stock option. Please refer to section "Capital Structure" appearing on page no. 12 of RHP.

21. *Restriction on foreign investment in our Company, limits our ability to raise capital outside India.*

According to the prescribed limits under the Foreign Exchange Management Act, 1999 and applicable policy guidelines including the Manual on Foreign Direct Investment and the "Guidelines for Uplinking of News and Current Affairs Television channels from India" issued by the Government of India, as amended from time to time, not more than 26% of our paid up equity capital, as a company in the news broadcasting industry, can be held by foreign investors. While calculating the 26% foreign investment, the proportion of foreign holding, if any, in the equity of the Indian shareholder companies of the company will be duly accounted for on a pro rata basis so as to arrive at the total foreign holding in the company. For details please refer to section "Restrictions on foreign ownership of Indian securities" appearing on page no. 151 of Red Herring Prospectus. This regulation limits our ability to seek and obtain additional equity investments from foreign investors, which may adversely affect our ability to raise capital, value of our then listed equity shares and expansion of our business.

22. *We require certain registrations and no objection certificates from government and regulatory authorities in the ordinary course of business and the failure to obtain them in a timely manner or at all may adversely affect our operations.*

We require no objection certificate from Ministry of Information & Broadcasting for appointment of Directors. Our Company has intimated and applied to Ministry of Information & Broadcasting vide our letter dated December 20, 2006 for the appointment of Mr. M.S. Kapur as an Independent Director of the Company. For details of government approvals, please refer to section "Government and other approvals" appearing on page no. 111 of Red Herring Prospectus. Our Company's business may be adversely affected and our directors and officers may be subjected to proceedings under the relevant act for non compliance of various statutory registrations. Failure by us to renew, maintain or obtain the required approvals or no objection certificates may result in the interruption of our operations and may have a material adverse effect on our business, financial condition and results of our operations.

23. *Our Promoters and Promoter Group Companies are involved in legal proceedings.*

- Sri Adhikari Brothers Television Network Limited filed ten criminal complaints under Section 138 of Negotiable Instrument Act for cheque bouncing.
- Further, two summary suits (civil cases) have been filed by SABTNL involving an amount of Rs. 6.06 lakhs.
- One suit and one case has been filed against SABTNL for infringement of copyrights.
- Two suits have been filed against our Promoters for infringement of copyrights involving an amount of Rs. 90 lakhs.
- Some income tax proceedings have been filed by and against SABTNL, Westwind Realtors Private Limited and the Promoters.

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The summary of these case classified under the various legal heads is as under:

Category of Litigations	Total No. of Cases	Total amount involved (wherever ascertainable) Rs. in Lakhs
By Promoter Group Company		
Criminal	10	50.73
Civil	2	6.06
Income Tax	6	1422.00
Against Promoter Group Companies		
Infringement of Copy rights	2	Amount not ascertainable
Against Promoters		
Infringement of Copy right	1	90.00

For more information on these legal proceedings, please refer to section "Outstanding Litigations and Material Development" appearing on page no. 108 of Red Herring Prospectus.

24. *The purposes for which the proceeds of the Issue are to be utilized have not been appraised by an independent entity.*

The purposes for which the proceeds of the Issue are to be utilized have not been appraised by an independent entity and are based on our estimates and the quotations received from the suppliers. For details on how we intend to use the proceeds of the fresh issue, see the section titled "Objects of the Issue" on page no. 20 of Red Herring Prospectus.

25. *We do not own the registered office of our Company as it is taken on leave and license from Sri Adhikari Brothers Television Network Limited, which is one of the promoter group companies.*

We have executed a Leave and License Agreement for registered office on 1st September 2005 for a period of 2 (two) years at a monthly rental of Rs. 1,00,000/-, and either party can terminate the agreement with a notice of one month. There is no renewal clause in the agreement. The non-renewal of leave and license agreement will force us to shift the registered office to the alternate place in order to run the business smoothly.

26. *We have entered into transactions with related parties.*

The registered office of our Company was taken on lease from one of the Promoter Group Company viz. Sri Adhikari Brothers Television Network Limited, for which an amount of Rs. 7.00 lakhs have been paid as rent during F.Y. 2005-06. Similarly, the premises owned by Promoters and studio & guest house of Sri Adhikari Brothers Television Network Limited are also being used for our operations, for which an amount of Rs. 0.24 lakhs, Rs. 23.10 lakhs and Rs. 2.21 lakhs respectively have been paid during FY 2005-06 as rent. For more information on our related party transactions, refer section "Related Party Transactions" beginning on page 76 of this Red Herring Prospectus.

27. *Our Company can have a potential conflict of interest with other Promoter Group Companies.*

The main objects of other Promoter Group Companies namely Sri Adhikari Brothers Media Limited, Sri Adhikari Brothers Television and Network Limited, Shubham Media Limited, Middlesex Broadcasting Corporation Limited and SABe TV Limited, allow them to carry on the activities relating to news and views broadcasting and in future, if those companies decide to undertake the same activities, it may lead to a conflict of interest with those Promoter Group Companies / entities.



28. Some of our Promoter Group Companies are incurring losses.

Following Promoter Group Companies have incurred losses in the years ended March 31, 2004, 2005 and in 2006:

Name of Company	Profit /(Loss) after tax		
Westwind Realtors Private Limited (Rs. in lakhs)	(0.41) (April, 2003 to March, 2004)	(0.06) (April, 2004 to March, 2005)	(0.37) (April, 2005 to March, 2006)
Middlesex Broadcasting Corporation Limited (Amount £ in lakhs)	(0.82) (August, 2003 to July, 2004)	(2.67) (August, 2004 to July, 2005)	(1.23) (August, 2005 to July, 2006)
SABe TV Limited (Amount US\$ in lakhs)	(0.08) (April, 2003 to March, 2004)	(0.09) (April, 2004 to March, 2005)	(0.03) (April, 2005 to March, 2006)
Sri Adhikari Brothers Television Network Limited (Rs. in lakhs)	(681.05) (For 18 months period ended September 30, 2003)	9.00 (For 18 months period ended March 31, 2005)	528.02 (April, 2005 to March, 2006)

Further, three group companies viz. Sri Adhikari Brothers Media Limited, Shubham Media Limited (erstwhile SAB Television Network Limited) and Parvail Infocomm Private Limited are not undertaking any activity. For more information, please refer section "Information of our Subsidiary / Promoter Group Companies / Entities" beginning on page 67 of this Red Herring Prospectus.

29. Our Promoters have disassociated themselves from certain companies/ firms in the past

Our Promoters have disassociated themselves from Sri Adhikari Brothers Films Division Limited in February, 2006. Promoters have also dissolved a partnership firm viz. Sri Adhikari Brothers & Lotus Films, in March, 2005. For details, please refer to section "Information of our Subsidiary / Promoter Group Companies / Entities" on page no. 67.

30. Three Promoter Group Companies have filed an application with their Registrar of Companies for striking off their name from the register of companies.

Sri Adhikari Brothers Infotech Limited and SAB News Limited have filed an application on April 11, 2005 and Sri Adhikari Brothers Entertainment Limited filed an application on May 3, 2005 with Registrar of Companies, Maharashtra for striking off their names from the register of companies maintained at Registrar of Companies, Maharashtra. For details, please refer to section "Information of our Subsidiary / Promoter Group Companies / Entities" on page no. 67 of Red Herring Prospectus.

31. All approvals, no objection certificates, registrations are in the name of SAB Samachar Limited and Sri Adhikari Brothers News and Television Network Limited. We are now in the process of informing the concerned authorities for getting the name changed. For the status of the approvals etc to be transferred in the current name of the Company please refer to section "Government and other Approvals" on page no. 111 of Red Herring Prospectus.

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32. There are restrictive conditions and negative lien under lenders agreements about capital structure

The covenants in borrowings from banks, among other things, require us to obtain the approval of the banks, namely for, paying commission to the promoters, directors, managers or any other person for furnishing of guarantee, declare or pay dividend, create or permit creation of any charge on the Fixed assets of the our Company, enter into any partnership, etc. For details, please refer to notes to Capital Structure appearing in section "Capital Structure" on page no. 12 of Red Herring Prospectus.

33. As per notes attached to the audited accounts, the balances of Sundry Debtors, Sundry Creditors, and Loans & Advances receivable or payable are taken as per books and are subject to confirmation and reconciliation, if any. If there is any variation in final balances after reconciliation, the financials of the Company would be affected to that extent.

34. Our Company has yet to receive approval for the registration of Trade Marks 'Janmat' and 'Voice of India' from the Trade Marks Registry, Mumbai in various classes for which our company has applied for in December 2005. Until these trademarks are registered in the name of our Company, the status of trademark being used by our Company is ambiguous and due to the ambiguous status, our Company cannot protect its interest in case of third party infringement.

35. There has been delay in the implementation of the proposed plans by 7 to 8 months as envisaged earlier. Our proposed plans are subject to a number of contingencies, including foreign exchange fluctuations, government action, delays in obtaining approvals, land, inability to obtain machinery and other supplies at quoted or at acceptable terms and other factors, many of which may be beyond our control. This may result increase in cost and in turn affecting our financials.

EXTERNAL RISK FACTORS

Our business could be adversely impacted by economic, political and social developments in India.

Our performance and growth are dependent on the health of the Indian economy which could be adversely affected by various factors, such as political and 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 slowdown in these economies could adversely affect our advertisers and viewers, which in turn would adversely impact our business and financial performance and the price of our Equity Shares.

Valuation methodology and accounting practice in broadcasting businesses may change.

There is no standard valuation methodology or accounting practices in internet, media and related industries. The valuations in the media industry are presently high and may not be sustained in future. Additionally, current valuations may also not be reflective of future valuations within the industry.

Changes in technology may render our current technologies obsolete or require us to make substantial capital investments.

The broadcasting industry is subject to rapid and significant changes in technology. Although we strive to keep our technology in accordance with the latest international technological standards, the technology currently employed by us may become obsolete or subject to new technologies. The cost of implementing new technology could be significant and could adversely affect our business and financial condition. In addition, our ability to respond to technological changes, may depend upon our ability to obtain additional financing, which we may not be able to obtain or may obtain on terms which may not be favourable to us.



Technical failures and natural disasters can damage our existing set up.

Our infrastructure used in the process of broadcasting, is vulnerable to technological failures and also to natural disasters such as earthquakes and floods. We intend to insure all our assets which covers them against burglary, special contingency or all risk, depending upon the asset. We do not maintain business interruption insurance to protect us from technological failures or from any other factors that could result in disruption of our business operations. The disruption of our services, due to damage of these equipments, would lead to loss of revenues and since we have no insurance against this loss of revenue, our business may be adversely affected.

After this Issue, the price of our Equity Shares may be volatile or an active trading market for our Equity Shares may not develop.

Prior to this Issue, there has been no public market for our Equity Shares. The trading price of our Equity Shares may fluctuate after this Issue due to a wide variety of factors, including our results of operations and the performance of our business, competitive conditions and general economic, political and social factors, volatility in the India and global securities markets, the overall market for television broadcasting, the performance of the Indian and global economy and significant developments in India's fiscal regime. There can be no assurance that an active trading market for our Equity Shares will develop or be sustained after this Issue, or that the price at which our Equity Shares are initially offered will correspond to the prices at which they will trade in the market subsequent to this Issue.

Notes to Risk Factors:

1. The Networth of our Company as per the financial statements of the Company before the Issue (as on September 30, 2006) is Rs. 1138.56 lakhs and the size of this Issue is Rs. [*] Lakhs.
2. The average cost of acquisition of Equity shares of both the Promoters is Rs. 16.38 per Equity Share. The Book value per share as on September 30, 2006 is Rs. 10.58 per Equity Share.
3. Public Issue of 85,50,000 Equity Shares of Rs 10/- each at Issue Price of Rs [*] per Equity Share (including share premium of Rs. [*] Per Equity Share), aggregating Rs [*] Lakhs (The "Issue") including reservation of 1,00,000 Equity Shares for eligible employees.
4. The Issue is being made through a 100% Book Building Process wherein atleast 50 % of the Net Issue will be allocated on a proportionate basis to Qualified Institutional Buyers ("QIBs") out of which 5% shall be allocated proportionately for mutual funds. However if atleast 50% of the Net Issue to the public is not allocated to the QIBs as above full subscription amount will be refunded. Further, at least 15% of the Net Issue will be available for allocation on a proportionate basis to Non-Institutional Bidders and at least 35% of the Net Issue will be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid bids being received at or above the Issue Price.
5. For interest of our Promoters/Directors/Key Managerial Personnel and other ventures promoted by Promoters, please refer to section titled "Risk Factors", "Our Promoters", "Information of our Subsidiary / Promoter Group Companies / Entities", "Our Management", "Related Party Transactions" and "Financial Statements of the Company" beginning on page no iii, 66, 67, 58, 76 and 79 of this Red Herring Prospectus.
6. Our Company has entered into various related party transactions amounting to Rs. 10,291.53 lakhs during period ended September 30, 2006. For related party transaction refer to section titled "Related Party Transactions" beginning on page no. 76 of this Red Herring Prospectus.
7. Any clarification or information relating to the issue shall be made available by the BRLM, our company and our Compliance Officer to the investors at large and no selective or additional information would be available for a section of investors in any matter whatsoever. Investor may contact the BRLM for any complaint pertaining to the Issue.

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8. Investors are advised to refer to the paragraph entitled "Basis for Issue Price" on page 30 of this Red Herring Prospectus.
9. Trading in Equity Shares of our Company for all the investors shall be in dematerialized form only.
10. No part of the Issue proceeds will be paid as consideration to promoters, directors, key managerial personnel, associate or Group Companies.
11. Our Company was incorporated as SAB Samachar Limited on February 4, 2004. The name of our Company was changed to Sri Adhikari Brothers News & Television Network Limited with effect from July 8, 2005. The name of our Company was further changed to Broadcast Initiatives Limited with effect from May 18, 2006. The necessary ROC approval for the change of names as above has been received.
12. No loans and advances have been made to any person(s) / Companies in which the Director(s) of the Company are interested except as stated in the auditors certificate. For the details refer to section titled "Financial Statement of the Company" on page no. 79 of this Red Herring Prospectus



SUMMARY

Industry Overview

The Indian television broadcasting industry can be divided into three categories:

Terrestrial broadcasting

This is broadcast through transmitters and received by households through antennas. Prasar Bharati (Broadcasting Corporation of India) is the only terrestrial broadcaster in India and operates several channels under the umbrella brand "Doordarshan".

Cable and satellite broadcasting

There are a large number of operators in India, consisting of MSOs, as well as LCOs who provide the "last mile" connection. In most areas, there is only one provider of the last mile connection.

DTH

DTH is currently offered in India by DishTV, which is a part of the Zee TV Group and DD Direct Plus, which is a part of Doordarshan. Recent press reports indicate that there will be other entrants into the DTH business in the near future.

Revenue Streams of the Industry:

The revenues of cable and satellite broadcasters generally consist of the following sources:

- Advertising;
- Subscription, including from international arrangements; and
- Content syndication

Overview of our Company

Our Company was originally incorporated in the year 2004 in the name of SAB Samachar Limited. The name of the company was subsequently changed to Sri Adhikari Brothers News & Television Network Limited (SABNL) with effect from July 8, 2005. The name of our Company was further changed to Broadcast Initiatives Limited with effect from May 18, 2006. The necessary ROC approval for the change of names as above has been received.

Our Company is in the business of broadcasting and we have launched "JANMAT" channel on November 14, 2005 as test run and commercially launched the same on April 30, 2006 as news & views channel. Being a group company of Sri Adhikari Brothers Television Network Limited, Broadcast Initiatives Limited enjoys recognition and is ably supported by its network and programming experience.

JANMAT Channel -Our approach:

We intend to position "JANMAT" as a views channel in an attempt to inform the common man about his rights, duties & powers as a citizen of India through a series of programs. The channel provides a platform to the common people to address issues that are detrimental to the society at large. The channel seek to explore, analyze and offer insight into thought provoking issues of common people, speak to the concerned authorities, highlight the plight of the victims and report the changes effected.

Our Strengths:

Experience and Track record of the Promoters and Promoter group company in broadcasting business

Our promoters and one of our promoter group company viz. Sri Adhikari Brothers Television Network Limited has an experience of running TV channel SAB for nearly 5 years. This experience has helped in launching and networking of our new channel "JANMAT".

Qualified employee and Management team

We have qualified and experienced skilled manpower including engineers. The skills of employees' give the flexibility to

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adapt to the needs of various program and content. Our management team is qualified and experienced in industry and has been responsible for execution of diversified content.

Popular team of anchors, journalists and quality employee base

Television Personalities like Vir Sanghvi, Shekhar Suman, Alka Saxena, Rahul Dev, Harish Gupta, Umesh Upadhyay, Swati Chaturvedi, Shweta Ranjan, Mehar Bhasin are part of our team. We are supported by other key personnel for executing and managing affairs of our Company.

Marketing and advertising capabilities

We have marketing and advertising team, with existing relationships with major advertisers. Our marketing and advertising team comprises of professionals having varied media experience. The team works towards giving critical inputs for channel positioning also. We see a potential in retail/local advertisements coming in from strategic pockets in India and are in the process of appointing "Concessionaires" to execute the same. The concessionaires are essentially established people from the specific regions having a good network, infrastructure and ability to tap the local markets.

Distribution network and High connectivity

Considering the language of the channel the distribution activities have been concentrated more in the Northern, Western & Eastern India at the moment. Since the test launch from November 2005, JANMAT has achieved a growth of around 104% in GRPs in C&S SEC A 25+ and growth of 103 % in reach in Hindi Speaking Markets (HSM) in C&S SEC ABC 25+. (Source: TAM).



SUMMARY OF FINANCIAL / OPERATING DATA

STATEMENT OF AUDITED RESTATED ASSETS AND LIABILITIES

(Rs. In Lakhs)

PARTICULARS	As at 30.09.2006	As at 31.03.2006	As at 31.03.2005
A. Fixed Assets:			
Gross Block	956.70	835.69	0.74
Less : Depreciation	61.83	29.39	-
Net Block	894.87	806.30	0.74
Capital Work in Progress/Advance	-	10.80	-
Total	894.87	817.10	0.74
B. Channel Development Cost (Less Dep)	2174.79	1861.56	-
C. Investments	310.00	310.00	-
D. Deffered Tax Asset	291.88	-	-
E. Current Assets, Loans & Advances			
Sundry Debtors	345.98	199.03	-
Cash and Bank Balances	99.43	64.96	62.02
Loans and Advances	840.80	379.44	142.65
Total	1286.21	643.43	204.67
F. Liabilities & Provisions			
Secured Loans	2996.63	623.42	-
Unsecured Loans	39.00	738.07	0.11
Current Liabilities and Provisions	783.56	579.48	0.11
Total	3819.19	1940.97	0.22
G. Net worth (A+B+C+D+E-F)	1138.56	1691.12	205.19
H. Represented by			
Share Capital	1076.40	1000.00	5.00
Share Application Money	-	700.00	202.00
Add: Reserves & Surplus	687.60		
Less: Revaluation Reserves	-	-	
Reserves (Net of Revaluation Reserves)	-	-	
Less: Miscellaneous Expenditure Profit & Loss Dr. Bal	625.44	8.88	1.81
Net Worth	1138.56	1691.12	205.19

Broadcast Initiatives Limited

STATEMENT OF AUDITED RESTATED PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 30.09.2006, 31.03.2006 AND 31.03.2005

As the channel was commercially launched on April 30, 2006 there was no Profit & Loss Account for financial year 2005-06 & 2004-05. The profit & loss account for the period May 1, 2006 to September 30, 2006 is as under:

(Rs. in Lakhs)

	5 months ended September 30, 2006
A Income	
Income from Operation	665.58
Other Income	1.99
Total	667.57
B Expenditure	
Production Expenses	282.86
Telecasting Expenses	60.64
News Syndications	27.78
Administration Expenses	194.77
Human Resource Cost	336.91
Distribution, Marketing & Publicity Expenses	375.05
Miscellaneous Expenditure W/off	0.97
Total Expenditure	1278.98
C Profit Before Interest Depreciation & Tax	(611.40)
Financial Charges	133.00
Depreciation	122.73
D Total Financial Charges & Depreciation	255.73
E Net Profit / (Loss) before tax and extraordinary items	(867.14)
Provision for taxation	
Fringe benefit Tax	6.93
Deffered Tax	(291.87)
F Net Profit /(loss) after tax and extraordinary items	(582.20)



THE ISSUE

Issue of Equity Shares	85,50,000 Equity Shares of face value of Rs. 10 each
Of which, Employees Reservation	1,00,000 Equity Shares of face value of Rs. 10 each
Net Issue to Public	84,50,000 Equity Shares of face value of Rs. 10 each
Of which Qualified Institutional Buyers (QIB) portion *	At least 42,25,000 Equity Shares of face value of Rs. 10 each (Allocation on a proportionate basis)
Of which available for allocation to Mutual Funds only	2,11,250 Equity Shares of face value of Rs. 10 each (Allocation on a proportionate basis)
Balance for QIBs including Mutual Funds	40,13,750 Equity Shares of face value of Rs. 10 each (Allocation on a proportionate basis)
Non-Institutional Portion *	Up to 12,67,500 Equity Shares of face value of Rs. 10 each (Allocation on a proportionate basis)
Retail Portion *	Up to 29,57,500 Equity Shares of face value of Rs. 10 each (Allocation on a proportionate basis)
Equity Shares outstanding prior to the Issue	1,07,64,000 Equity Shares of face value of Rs. 10 each
Equity Shares outstanding after the Issue	1,93,14,000 Equity Shares of face value of Rs. 10 each
Use of Issue Proceeds	See the section titled "Objects of the Issue" on page 20 of Red Herring Prospectus.

Note *: Under-subscription, if any, in any category except in the QIB category would be met with spill-over from other categories at our sole discretion, in consultation with the BRLM. If a minimum allotment of 50% of the Issue is not made to the QIBs, the entire subscription monies shall be refunded.

The unsubscribed portion in the employee reservation portion, if any, shall be added back to the net Issue to the public.

In case of undersubscription in the net Issue to the public portion, spillover to the extent of undersubscription shall be permitted from the reserved category to the net public offer portion.

Broadcast Initiatives Limited

GENERAL INFORMATION

The Registered address of our Company is situated at Adhikari Chambers, Oberoi Complex, New Link Road, Andheri (West) Mumbai 400053, India. The registration number of the Company is 011-144371.

Our Company is registered with Registrar of Companies, Maharashtra situated at 100, Everest Building, Marine Lines, Mumbai, Maharashtra.

Board of Directors

Name of Director	Designation
Mr. Gautam Adhikari	Chairman
Mr. Markand Adhikari	Vice Chairman & Managing Director
Mr. Anand K. Pandit	Director
Mr. G.D. Sharma	Director
Mr. M.S.Kapur	Director

For further details of our Board of Directors, see "Our Management" on page no. 58 of this Red Herring Prospectus.

Compliance Officer

Mr. Sanjay Bhandari

Adhikari Chambers, Oberoi Complex,
New Link Road Andheri West,
Mumbai 400053, India

Tel: 022-26351940

Fax: 022-2635 0996

Email: ipo@janmat.tv

Website: <http://www.janmat.tv>

Investors can contact the Compliance Officer in case of any Pre-Issue or Post-Issue related problems such as non-receipt of letters of allotment / share certificates / credit of securities in depositories beneficiary account / refund orders, etc.

Company Secretary

Ms Yagya Turker

Adhikari Chambers, Oberoi Complex,
New Link Road Andheri West,
Mumbai 400053, India

Tel: 022-26395400

Fax: 022-2635 0996

Email: cs@janmat.tv

Website: www.janmat.tv

BOOK RUNNING LEAD MANAGER

ALLIANZ SECURITIES LIMITED

33, Vaswani Mansion, 6th Floor,
Dinshaw Vachha Road,
Churchgate, Mumbai-400020

Tel: 022-22870580

Fax: 022-22870581

Email: janmat.ipo@aslfinancial.com

Website: www.aslfinancial.com

Contact Person: Mr. Sunit Shangle



SYNDICATE MEMBERS

ALLIANZ SECURITIES LIMITED

33, Vaswani Mansion, 6th Floor,
Dinshaw Vachha Road,
Churchgate, Mumbai-400020

Tel: 022-22870580

Fax: 022-22870581

Email: janmat.ipo@aslfinancial.com

Website: www.aslfinancial.com

Contact Person: Mr. S.N. Tare

ENAM SECURITIES PRIVATE LIMITED

Khatau Building, 2nd Floor,
44, Bank Street,
Fort, Mumbai 400 023

Tel: 022-22677901

Fax: 022-22665613

Email: ajays@enam.com

Website: www.enam.com

Contact Person : Mr. Ajay Sheth

ALMONDZ CAPITAL MARKETS PRIVATE LIMITED

33, Vaswani Mansion, 6th Floor,
Dinshaw Vachha Road,
Churchgate, Mumbai-400020

Tel: 022-22870580

Fax: 022-22870581

Email: janmat.ipo@almondz.com

Contact Person: Mr. Ashish Tapuriah

REGISTRAR TO THE ISSUE

Intime Spectrum Registry Limited

C-13, Pannalal Silk Mills Compound,
L. B. S. Marg, Bhandup (West),
Mumbai- 400 078.

Phone: 022- 2596 0320

Fax: 022- 2596 0329

Email: janmat.ipo@intimespectrum.com

Website: www.intimespectrum.com

Contact Person: Mr. Salim Shaikh

LEGAL ADVISORS

Rajani & Associates

Advocates & Solicitors,
F-4 "C" Road, Churchgate,
Mumbai- 400 020, India

Tel: 022 22021010

Fax: 022 22021011

E-mail: info@rajaniassociates.net

BANKERS TO THE COMPANY

Indian Overseas Bank

Nariman Point Branch, Bakhtawar, Nariman Point,
Mumbai- 400 021

Tel: 022 2202 8772

Fax: 022 2202 7461

E-mail: narimbr@mummsco.iobnet.co.in

Website: http://iob.in

Broadcast Initiatives Limited

BANKERS TO THE ISSUE AND ESCROW COLLECTION BANKS

ICICI Bank Ltd

Capital Markets Division
30, Mumbai Samachar Marg,
Mumbai - 400 001

Phone: +91 22 22655207

Fax: +91 22 2261 1138

Email: sidharth.routray@icicibank.com

Website: www.icicibank.com

Contact Person: Mr. Sidhartha Sankar Routray

Standard Chartered Bank

270, D.N. Road,
Fort, Mumbai - 400 001

Tel: 022-22092213

Fax: 022-22096067

Email: Banhid.Bhattacharya@in.standardchartered.com

Website: www.standardchartered.co.in

Contact Person: Mr. Banhid Bhattacharya

UTI Bank Limited

Business Banking Group
E-Wing, 3rd Floor,
Maker Tower, Cuffe Parade
Mumbai - 400 005

Tel: 022-22189106

Fax: 022-22155157

Email: Prashant.fernandes@utibank.co.in

Website: www.utibank.co.in

Contact Person: Mr. Prashant Fernandes

STATUTORY AUDITORS

A. R. Sodha & Co.

101 Ashiana, Plot No. 23A, 11Th Road T.P.S III,
Santacruz East, Mumbai 400 055

Tel: (022) 26102465

Fax: (022) 26101228

Email: ars@arsodha.com

Website: www.arsodha.com

MONITORING AGENCY

Punjab National Bank

Mid-Corporate Branch
Brady House, V.N. Road, Fort,
Mumbai - 400 023

Tel: (022) 2204 2252, 2204 9448

Fax: (022) 2204 9294

Email: bo3731@pnb.co.in

Contact Person: Mr. S. Lakshminarayana



IPO Grading

We have not opted for grading of this Issue from any credit rating Agency.

Credit Rating

This being an Issue of Equity Shares, Credit rating is not required.

Trustee

This being an Issue of Equity Shares, the appointment of trustees is not required.

Book Building Process

Book building, with reference to the Issue refers to the process of collection of Bids, on the basis of the Red Herring Prospectus within the Price Band. The Issue Price is fixed after the Bid Closing Date / Issue Closing Date.

The principal parties involved in the Book Building Process are:

- The Company;
- Book Running Lead Managers;
- Members of the Syndicate who are intermediaries registered with SEBI or registered as brokers with NSE / BSE and eligible to act as Underwriters. Syndicate Members are appointed by the BRLM;
- Escrow Collection Bank(s); and
- Registrar to the Issue.

In terms of Clause 2.2.2 (a)(i) of SEBI Guidelines on Disclosure and Investors' Protection, the Issue is being made through the 100% Book Building Process wherein at least 50% of the Issue shall be allotted to QIB on a proportionate basis out of which 5% shall be available for allocation on a proportionate basis to Mutual Funds only and the remainder shall be available for allotment on a proportionate basis to QIB and Mutual Funds, subject to valid bids being received from them at or above the Issue Price. If at least 50% of the Issue cannot be allocated to QIB, then the entire application money will be refunded forthwith. Further, up to 15% of the Issue will be available for allocation on a proportionate basis to Non-Institutional Bidders and up to 35% of the Issue will be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid bids being received at or above the Issue Price.

The process of Book Building under SEBI Guidelines is relatively new and investors are advised to make their own judgment about investment through this process prior to making a Bid or Application in the Issue.

The Company shall comply with guidelines issued by SEBI for this Issue. In this regard, the Company has appointed Allianz Securities Limited as the Book Running Lead Manager to manage the issue and to procure subscription to the Issue.

Pursuant to amendments to the SEBI Guidelines, QIB Bidders are not allowed to withdraw their Bid(s) after the Bid Closing Date / Issue Closing Date and for further details see the section titled "Terms of the Issue" on page 123 of this Red Herring Prospectus.

Steps to be taken by the Bidder for bidding:

- Check eligibility for bidding, see the section titled "Issue Procedure-Who Can Bid?" on page no. 127 of this Red Herring Prospectus;
- Ensure that the Bidder has a demat account; and
- Ensure that the Bid cum Application Form is duly completed as per instructions given in this Red Herring Prospectus and in the Bid cum Application Form and
- Ensure that the Bid - Cum - Application Form is accompanied by the Permanent Account Number or by Form 60 or Form 61 as may be applicable together with necessary documents providing proof of address. For details please refer to the section titled "Issue Procedure" beginning on page no. 127 of this Red Herring Prospectus. Bidders are specifically requested not to submit their General Index Register number instead of Permanent Account Number as the Bid is liable to be rejected on those grounds.

Broadcast Initiatives Limited

Illustration of Book Building and Price Discovery Process

(Investors should note that this example is solely for illustrative purposes and is not specific to this Issue)

Bidders can bid at any price within the price band. For instance, assume a price band of Rs. 20 to Rs. 24 per share, issue size of 3,000 equity shares and receipt of five bids from bidders, details of which are shown in the table below. A graphical representation of the consolidated demand and price would be made available at the bidding centers during the bidding period. The illustrative book as shown below shows the demand for the shares of the company at various prices and is collated from bids from various investors.

Bid Quantity	Bid Price (Rs.)	Cumulative Quantity	Subscription
500	24	500	16.67%
1000	23	1500	50.00%
1500	22	3000	100.00%
2000	21	5000	166.67%
2500	20	7500	250.00%

The price discovery is a function of demand at various prices. The highest price at which the issuer is able to issue the desired number of shares is the price at which the book cuts off, i.e., Rs. 22 in the above example. The issuer, in consultation with the book running lead managers, will finalize the issue price at or below such cut off price, i.e., at or below Rs. 22. All bids at or above this issue price and cut-off bids are valid bids and are considered for allocation in the respective categories.

Withdrawal of the Issue

Our Company, in consultation with the BRLM, reserves the right not to proceed with the Issue at anytime after the Bid Opening Date/ Issue Opening Date but before Allotment, without assigning any reason thereof.

Underwriting Agreement

After the determination of the Issue Price and allocation of our Equity Shares but prior to filing of the Prospectus with the Registrar of Companies, Maharashtra, our Company will enter into an Underwriting Agreement with the Underwriters for the Equity Shares proposed to be issued through this Issue. It is proposed that pursuant to the terms of the Underwriting Agreement, the BRLM shall be responsible for bringing in the amount devolved in the event that their respective Syndicate Members do not fulfill their underwriting obligations.

The Underwriters have indicated their intention to underwrite the following number of Equity Shares:

(This portion has been intentionally left blank and will be filled in before filing of the Prospectus with the Registrar of Companies, Maharashtra)

Name and Address of the Underwriters	Indicative Number of Equity Shares to be Underwritten	Amount Underwritten (Rs. Lakhs)
ALLIANZ SECURITIES LIMITED 33, Vaswani Mansion, 6th Floor, Dinsha Vachha Road, Churchgate, Mumbai-400020 Tel: 022-22870580 Fax: 022-22870581 Email: janmat.ipo@aslfinancial.com	[•]	[•]



Name and Address of the Underwriters	Indicative Number of Equity Shares to be Underwritten	Amount Underwritten (Rs. Lakhs)
ALMONDZ CAPITAL MARKETS PRIVATE LIMITED 33, Vaswani Mansion, 6th Floor, Dinsha Vachha Road, Churchgate, Mumbai-400020 Tel: 022-22870580 Fax: 022-22870581 Email: janmat.ipo@almondz.com	[•]	[•]
ENAM SECURITIES PRIVATE LIMITED Khatau Building, 2nd Floor, 44, Bank Street, Fort, Mumbai - 400 023 Tel: 022-22677901 Fax: 022-22665613 Email: ajays@enam.com	[•]	[•]
TOTAL	[•]	[•]

The issue will be fully underwritten. The above-mentioned amount is indicative underwriting and this would be finalized after pricing and actual allocation. The above Underwriting Agreement is dated [•].

In the opinion of our Board of Directors (based on a certificate given by the Underwriters), the resources of all the above mentioned Underwriters are sufficient to enable them to discharge their respective underwriting obligations in full. All the above-mentioned Underwriters are registered with SEBI under Section 12(1) of the Securities and Exchange Board of India Act, 1992 or registered as brokers with the Stock Exchange(s).

Allocation among Underwriters may not necessarily be in proportion to their underwriting commitments.

Notwithstanding the above table, the Underwriters shall be severally responsible for ensuring payment with respect to Equity Shares allocated to investors procured by them. In the event of any default, the respective Underwriter in addition to other obligations to be defined in the Underwriting Agreement will also be required to procure / subscribe to the extent of the defaulted amount.

Broadcast Initiatives Limited

CAPITAL STRUCTURE OF THE COMPANY

(Rs. in Lakhs)

	Aggregate Nominal Value	Aggregate value at Issue Price
(A) Authorized Share Capital		
2,50,00,000 Equity shares of Rs.10/- each	2,500.00	
(B) Issued, Subscribed and Paid-up Equity Capital		
1,07,64,000 Equity shares of Rs.10/- each fully paid up	1,076.40	
(C) Present Issue in terms of this Red Herring Prospectus		
85,50,000 Equity Shares of Rs.10/- each fully paid up	855.00	[●]
(D) Employees Reservation Portion		
1,00,000 Equity shares of Rs.10/- each fully paid up	10.00	[●]
(E) Net Issue to the Public		
84,50,000 Equity shares of Rs.10/- each fully paid up	845.00	[●]
(F) Paid up capital after the Issue		
1,93,14,000 Equity shares of Rs.10/- each fully paid up	1931.40	
(G) Share Premium Account		
Before the Issue	687.60	
After the Issue	[●]	

Note: (1) We have passed Special Resolution in the Extra Ordinary General Meeting of our Company dated April 10, 2006 issuing Employee Stock Option Scheme under Section 81(1A) of the Companies Act, 1956 under which it has consented to issue options convertible into Equity Shares to its Employees as defined in the said Scheme. The maximum of 5,00,000 equity shares underlying the options at a price of Rs. 10/-, as has been approved by the members of the Company, can be granted under the Scheme.

Details of Change in Authorized Capital

Particulars of change in Authorised Capital	Date of change	No Of Shares added / description changed in Authorised Capital	Cumulative Authorised Capital
Subscription to Memorandum of Association	04-02-2004 (Incorporation)	10,00,000 Equity Shares of Rs 10/- each	Initial Authorized Capital of Rs. 100.00 Lakhs divided into 10 Lacs Equity Shares of Rs. 10/- each
Increase	30-04-2005	60,00,000 Equity Shares of Rs 10/- each and 30,00,000 Preference Shares of Rs. 10 each	Authorized Capital increased from Rs 100.00 Lakhs to 1000.00 Lakhs divided into 70 Lacs Equity Shares of Rs. 10/- each and 30 Lacs Preference Shares of Rs. 10/- each
Reclassification	17-02-2006	30,00,000 un-issued Preference Shares of Rs. 10 each reclassified to equal number of equity shares of Rs. 10/- each	Authorised Capital of Rs. 1000.00 Lakhs divided into 100 Lacs Equity Shares of Rs. 10/- each
Increase	10-04-2006	1,50,00,000 Equity Shares of Rs 10/- each	Authorized Capital increased from Rs 1,000.00 Lakhs to Rs 2,500.00 Lakhs divided into 250 Lacs Equity Shares of Rs. 10/- each



NOTES FORMING PART OF TO THE CAPITAL STRUCTURE:

1. Equity Share Capital History of the Company (Capital Build up)

Date of allotment	Date Fully Paid Up	No. of shares allotted	Face Value Per Share (Rs.)	Cumulative no. of shares	Issue Price per Share (Rs.)	Consideration	Nature of Allotment	Securities Premium Account (Rs. In Lakhs)
04-02-2004	04-02-2004	50,000	10	50,000	10	Cash	Subscription to the MOA	Nil
05-05-2005	05-05-2005	30,50,000	10	31,00,000	10	Cash	Allotment to the Promoters	Nil
02-03-2006	02-03-2006	69,00,000	10	1,00,00,000	10	Cash	Allotment to the Promoters	Nil
03-05-2006	03-05-2006	7,64,000	10	1,07,64,000	100	Cash	Allotment to Promoters	687.60

2. Promoters' Contribution and lock-in

(a) Details of Promoters Contribution and Lock-in

Shareholding of Promoters

Date of acquisition	Date when fully paid up	Reason for allotment	Consideration	No. of shares	Face value (Rs.)	Issue/ transfer Price (Rs.)
Mr. Gautam Adhikari						
04-02-2004	04-02-2004	Subscription to MOA	Cash	24,500	10.00	10.00
05-05-2005	05-05-2005	Allotment	Cash	15,25,000	10.00	10.00
02-03-2006	02-03-2006	Allotment	Cash	34,50,000	10.00	10.00
03-05-2006	03-05-2006	Allotment	Cash	3,82,000	10.00	100.00
Total				53,81,500		
Mr. Markand Adhikari						
04-02-2004	04-02-2004	Subscription to MOA	Cash	24,500	10.00	10.00
05-05-2005	05-05-2005	Allotment	Cash	15,25,000	10.00	10.00
02-03-2006	02-03-2006	Allotment	Cash	34,50,000	10.00	10.00
03-05-2006	03-05-2006	Allotment	Cash	3,82,000	10.00	100.00
Total				53,81,500		
Grand Total				1,07,63,000		

Pursuant to the SEBI Guidelines, an aggregate of 20% of post-issue share capital shall be locked in for a period of three years from the date of allotment in the Issue. The lock-in details of Equity Shares are as under:

Broadcast Initiatives Limited

Date of Acquisition	No. of Shares	Face Value (Rs.)	% of post Issue Paid-up Equity Capital	Lock-in period
Mr. Gautam Adhikari				
04-02-2004	24,500	10.00		3 years
05-05-2005	15,25,000	10.00		3 years
03-05-2006	3,82,000*	10.00		3 years
Total	19,31,500		10.00%	
Mr. Markand Adhikari				
04-02-2004	24,500	10.00		3 years
05-05-2005	15,25,000	10.00		3 years
03-05-2006	3,82,000*	10.00		3 years
Total	19,31,500		10.00%	
Grand Total	38,63,000		20.00%	

* 7,64,000 Equity Shares which were allotted on May 3, 2006 have been considered under minimum promoters contribution and are also considered as eligible for lock-in period of 3 years. The Company has received an undertaking from the respective promoters whereby they have confirmed that they will bring in the difference of the Issue price and Rs 100/-, atleast one day before opening of the Issue in order to comply with the SEBI guidelines in respect of minimum Promoters contribution and Lock-in requirement.

The promoters of our Company viz. Mr. Gautam Adhikari and Mr. Markand Adhikari have vide their letter dated May 22, 2006 given their consent for lock in of shares for three years as stated above. The shares acquired last have been locked in first and the lock in period shall commence from the date of allotment of shares in the Public Issue.

In terms of Clause 4.14.1 of the SEBI DIP Guidelines, other than 38,63,000 Equity Shares mentioned above which are locked in for three years, the entire remaining pre-Issue share capital shall be locked in for a period of one year from the date of allotment in this Issue. The total number of equity shares which are locked-in for one year is 69,01,000 Equity Shares. The shares acquired last have been locked in first and the lock in period shall commence from the date of allotment of shares in the Public Issue.

Locked-in Equity Shares held by the Promoters can be pledged with banks or financial institutions as collateral security for loans granted by such banks or financial institution. The equity shares to be held by the promoters under lock-in period shall not be sold/ hypothecated/ transferred during the lock-in period. However, in terms of Clause 4.16.1 (b) of the SEBI Guidelines, the Equity Shares held by promoters may be transferred to and among the Promoter Group or to a new promoter or persons in control of the Company subject to continuation of the lock-in in the hands of the transferee for the remaining period and compliance with SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 as applicable.

Further in terms of clause 4.16.1(a) of the SEBI Guidelines, Equity Shares held by the shareholders other than the Promoters may be transferred to any other person holding shares which are lock-in as per Clause 4.14 of the SEBI Guidelines subject to continuation of the Lock-in in the hands of the transferees for the remaining period and compliance with SEBI Takeover Regulations, as applicable.



3. Shareholding pattern of our Company

Category	Pre Issue		Post Issue	
	No. of Equity Shares	%	No. of Equity Shares	%
A. Promoter's Holding				
Promoters & Promoter Group				
1. (a) Indian Promoters				
1. Mr. Gautam Adhikari	53,81,500	49.99%	53,81,500	27.86
1. Mr. Markand Adhikari	53,81,500	49.99%	53,81,500	27.86
Sub Total - (a)	1,07,63,000	99.99	1,07,63,000	55.73
2. (a) Relatives and Friends				
2. Ms. Urvee Adhikari	200	Negligible	[*]	[*]
Sub Total - (b)	200	Negligible	[*]	[*]
Total Promoter's Holding (A)	1,07,63,200	99.99	[*]	[*]
B. Non-Promoter Holding				
Directors, Employees & Others	800	Negligible	[*]	[*]
Total Non-Promoter Holding (B)	800	Negligible	800	NIL
Total Pre Issue Capital (A) + (B)	1,07,64,000	100.00	-	-
C. Fresh Issue (C)	-	-	85,50,000	44.27
Total Post Issue Share Capital (A)+(B)+(C)			1,93,14,000	100.00

The Shareholding of the Promoter, Directors and Employee of our Company in our Company as on date of RHP is as follows:

Name of the Shareholder capital	No. of Shares	% of Pre-Issue paid-up
(a) Promoters		
Mr. Gautam Adhikari	53,81,500	49.99%
Mr. Markand Adhikari	53,81,500	49.99%
Sub-total (a)	1,07,63,000	99.99%
(b) Relatives, Employees, Directors and others		
Mr. Anand Pandit	200	Negligible
Ms. Urvee Adhikari	200	Negligible
Mr. Manish Rach	200	Negligible
Mr. Sanjay Bhandari	200	Negligible
Mr. Parthasarathi Iyer	200	Negligible
Sub-total (b)	1,000	0.01%
Total (a) + (b)	1,07,64,000	100.00%

4. There have been no transactions in the securities of the company during preceding 6 months, which were financed/undertaken directly or indirectly by the promoters, promoter group and directors of the promoter group companies.

Broadcast Initiatives Limited

5. The list of shareholders of our Company and the number of Equity Shares held by them is as under:

- (a) The top 10 shareholders of our Company as on the date of filing of the Red Herring Prospectus are as follows:

Sr. No.	Name of Shareholders	No. of Equity Shares held	% age of holding
1.	Mr. Gautam Adhikari	53,81,500	49.99
2.	Mr. Markand Adhikari	53,81,500	49.99
3.	Mr. Anand Pandit	200	Negligible
4.	Ms. Urvee Adhikari	200	Negligible
5.	Mr. Manish Rach	200	Negligible
6.	Mr. Sanjay Bhandari	200	Negligible
7.	Mr. Parthasarathi Iyer	200	Negligible

- (b) The top ten shareholders as on ten days prior to filing this Red Herring Prospectus, were as follows:

Sr. No.	Name of Shareholders	No. of Equity Shares held	% age of holding
1.	Mr. Gautam Adhikari	53,81,500	49.99
2.	Mr. Markand Adhikari	53,81,500	49.99
3.	Mr. Anand Pandit	200	Negligible
4.	Ms. Urvee Adhikari	200	Negligible
5.	Mr. Manish Rach	200	Negligible
6.	Mr. Sanjay Bhandari	200	Negligible
7.	Mr. Parthasarathi Iyer	200	Negligible

- (c) The top ten shareholders of our Company as of two years prior to filing this Red Herring Prospectus were as follows:

Sr. No.	Name of Shareholders	No. of Equity Shares held	% age of holding
1.	Mr. Gautam Adhikari	24,500	49.00
2.	Mr. Markand Adhikari	24,500	49.00
3.	Mr. Anand Pandit	200	Negligible
4.	Mr. Parthasarthy Iyer	200	Negligible
5.	Mr. Manish Rach	200	Negligible
6.	Mr. Sanjay Bhandari	200	Negligible
7.	Ms. Urvee Adhikari	200	Negligible

6. There has been no sale or purchase of Equity Shares of the Company by the Directors / Promoters and Promoter Group, during the period of six months preceding the date on which the Red Herring Prospectus is filed with SEBI.
7. There are no partly paid up Equity Shares of our Company as on the date of RHP.
8. On the date of filing the Red Herring Prospectus with SEBI, there are no outstanding financial instruments or any other rights except for Employee Stock Option Scheme, which would entitle the existing Promoters or shareholders, or any other person any option to receive Equity Shares after the Issue.
9. Subject to Note no. (2) to Capital Structure table given on page no. 12, no further issue of capital whether by way of issue of bonus shares, preferential allotment, rights issue or in any other manner will be made by the Company during the period commencing from submission of the Red Herring Prospectus with SEBI till the equity shares referred to in this Red Herring Prospectus have been fully paid up and shares are listed or application money is refunded in case of failure of the Issue.



10. The Company presently does not have any intention or proposal to alter its capital structure for a period of six months from date of opening of the Issue, by way of split/consolidation of the denomination of Equity shares or further issue of Equity shares (including issue of securities convertible into Equity Shares) whether preferential or otherwise. However, during such period or at a later date, it may issue Equity Shares pursuant to the ESOS or issue Equity shares or securities linked to equity shares to finance an acquisition, merger or joint venture or as consideration for such acquisition, merger or joint venture, or for regulatory compliance or such other scheme of arrangement if an opportunity of such nature is determined by its Board of Directors to be in the interest of the Company. For the details of the ESOS please refer to page no. 17 of the Red Herring Prospectus
11. The Promoters and Directors of the Company and Book Running Lead Managers of the Issue have not entered into any "Buyback" or "Standby" or similar arrangement for the purchase of Equity Shares Issued through the Red Herring Prospectus.
12. The Company has not raised any bridge loans against the proceeds of this Issue. For details on use of proceeds, see the section titled "Objects of the Issue" on page no. 20 of this Red Herring Prospectus.
13. The Company has not issued any shares for consideration other than cash.
14. At any given point of time there shall be only one denomination for a class of Equity Shares of the Company, unless otherwise permitted by law and the Company shall comply with disclosures and accounting norms as may be specified by SEBI from time to time.
15. The Company has not issued any Equity Shares out of revaluation reserves.
16. The company has 7 shareholders as on the date of filing of this Red Herring Prospectus with the SEBI.
17. Only Eligible Employees would be eligible to apply in this Issue under the Employee Reservation Portion on competitive basis. Bid/ Application by Eligible Employees can be made also in the "Net Issue to the Public" and such Bids shall not be treated as multiple Bids.
18. Under-subscription, if any, in the Employee Reservation Portion will be added back to the Net Issue. In case of under subscription in the Net Issue other than the QIB portion, spillover to the extent of the under-subscription shall be permitted from the Employee Reservation Portion to the net public offer portion. In case of undersubscription in the QIB portion no spill over will be allowed from the Employee Reservation Portion.
19. An applicant in net public category cannot make an application for the number of Equity Shares exceeding the number of Equity Shares offered to the public.
20. In the case of employee reservation category, a single applicant in the employee reservation category can make an application for a number of Equity Shares, which exceed the employee reservation.
21. At least 50% of the Net Issue to the public shall be allotted to QIBs on a proportionate basis out of which 5% shall be available for allocation on a proportionate basis to Mutual Funds only and the remainder shall be available for allotment on a proportionate basis to QIBs and Mutual Funds, subject to valid bids being received from them at or above the Issue Price. If at least 50% of the Net Issue to the public cannot be allocated to QIBs, then the entire application money will be refunded forthwith. Further, up to 15% of the Issue will be available for allocation on a proportionate basis to Non-Institutional Bidders and up to 35% of the Issue will be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid bids being received at or above the Issue Price. Under-subscription, if any, in any category except in the QIB category would be met with spillover from other categories at our sole discretion, in consultation with the BRLM.
22. Investors may note that in case of over-subscription, allotment will be on proportionate basis as detailed in Para on "Basis of Allocation" on page no. 144 of this Red Herring Prospectus.
23. A Bidder cannot make a Bid for more than the number of Equity Shares Issued in this Issue, subject to the maximum limit of investment prescribed under relevant laws applicable to each category of investor.
24. An over-subscription to the extent of 10% of the Net Issue to the Public can be retained for the purpose of rounding off to the nearest multiple, while finalizing the allotment.
25. Our Company by a Special Resolution passed at the Extra Ordinary General Meeting held on April 10, 2006 approved the "ESOS-2006" Scheme under Section 81(1A) of the Companies Act, 1956 to be read alongwith the SEBI (Employee Stock Option and Employee Stock Purchase Scheme) Guidelines, 1999 whereby options convertible into Equity Shares shall be issued to eligible Employees of the Company. The maximum number of options granted to any one employee in a year will not be equal to or exceed 1% of the issued equity share capital of the Company

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(excluding outstanding warrants and conversions) at the time of granting the option. As such, it is proposed that options not exceeding 5,00,000 (Five Lacs) Equity shares of Rs. 10/- (Ten only) each in the aggregate can be granted under ESOS 2006. The detailed terms and conditions of the ESOS-2006, including the method of implementation, the eligibility of the employees to whom the grant will be made and other terms and conditions of such Scheme will be determined by the Compensation Committee.

As per Clause 15.3 of SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, the disclosure required to be made in the Red Herring Prospectus is as follows: -

(a) Options granted	Nil
(b) The pricing formula	Rs. 10/- per share (Face Value Rs.10/-)
(c) Options vested	Nil
(d) Options Exercised	Nil
(e) The total number of Shares arising as a result of Exercise of Options	Not applicable. However, maximum of 5,00,000 Equity Shares underlying the options.
(f) Options lapsed	Not applicable
(g) Variation of terms of options	Not applicable
(h) Money realized by exercise of Option	Not applicable
(i) Total Number of Options in force	Nil
(j) Employee-wise details of Options Granted to <ul style="list-style-type: none"> Permanent Employees (Senior Managerial Personnel only) of the Company working in India or out of India (if any) or Directors of the Company whether Whole Time Director or not; Any other employee who receive a grant in any one year of Option amounting to 5% or more of Option granted during that year: Identified employees who were granted Options, during any one-year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant. 	Not Applicable as no options yet granted.
(k) Diluted Earning Per Share (EPS) pursuant to issue of shares on exercise of Option calculated in accordance with Accounting Standard (AS) 20 'Earning Per share'.	No options granted
(l) 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.	Options have been priced at the face Value of Rs. 10/- per share.
(m) Weighted Average Exercise Prices and weighted average fair value of Options	Not applicable
(n) Description of the method and significant assumptions used during the year to estimate the fair values of options, including the following weighted average: <ul style="list-style-type: none"> (i) Risk-free interest rate (ii) Expected life (iii) Expected Volatility (iv) Expected Dividends (v) The Price of the underlying shares in the market at the time of option grant 	Not applicable

**Disclosures required as per Clause 15.3**

(a) The impact on the profits and on the EPS of the last three years if the company had followed the accounting policies specified in clause 13 in respect of options granted in the last three years.	Not Applicable
(b) The intention of the holders of shares allotted on exercise of option granted under ESOS to sell their shares within three (3) months after the date of listing of shares in such IPO (aggregate number of shares intended to be sold by option holders), if any.	Not applicable as options yet to be granted.
(c) The intention to sell shares arising out of ESOS within three (3) months after the date of listing, by directors, senior managerial personnel and employees having ESOS or ESPS shares amounting to more than 1% of the issued capital (excluding outstanding warrants and conversions), which inter-alia shall include name, designation and quantum of ESOS or ESPS shares and quantum they intend to sell within three (3) months.	Not applicable as options yet to be granted.
(d) Any disclosure / detail in respect of options/shares issued in last three (3) years (separately for each year) and on a cumulative basis for all the options/shares issued prior to date of the prospectus.	Not Applicable

26. Restrictive conditions and negative lien under lenders agreements about capital structure

The covenants in borrowings from banks, among other things, require us to obtain the approval of the banks, namely for, paying commission to the promoters, directors, managers or any other person for furnishing of guarantee, declare or pay dividend, create or permit creation of any charge on the Fixed assets of our Company, enter into any partnership, profit-sharing or royalty agreement or other similar arrangements whereby its income or profits are shared by any other person, amend its Memorandum and Article of Association, alter its capital structure, revalue its assets, change its registered office, withdraw any unsecured loan/ deposit brought in by its promoters, formulate any scheme of amalgamation or reconstruction, implement any scheme of expansion, diversification or modernization, to make any investments, to undertake any guarantee obligation on behalf of third party and enter into transactions with the insiders.

The Company has availed term loan from Indian Overseas Bank, Nariman Point, Mumbai Branch, and as per one of the terms of sanction, the Company is required to obtain permission from bank for any alteration in the capital structure. The Company has obtained approval vide their letter dated May 15, 2006, wherein the bank has imposed following conditions:

- After IPO, the credit facilities enjoyed by the Company will continue to be guaranteed by the personal guarantee of the present Directors Mr. Gautam Adhikari and Mr. Markand Adhikari as per banks sanction advice on April 4, 2006.
- There will not be any change in security coverage for the exposure from bank to the Company.
- The Company should follow norms and guidelines laid down by SEBI in respect of IPO.
- The Company to comply with terms of banks sanction dated April 4, 2006 in full.

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OBJECTS OF THE ISSUE

The broadcasting Industry is a capital-intensive industry & is also heavily technology dependent. Our Company launched Channel "JANMAT" which started its test run on November 14, 2005. It was commercially launched from April 30, 2006. In its initial phase, the channel has mainly been operational, on equipments procured on hire basis. While we plan to make investments on capital expenditure aimed at upgrading our current set up, we also aim to be cost efficient & ensure optimum utilization of our resources in hand. All this will help us to deliver quality products consistently and achieve cost competitiveness.

The objects of this Issue are to raise equity for financing the growth plans of our Company. We intend to deploy the net proceeds from the Issue as under:

- Purchase of Land & Construction of Studio
- Purchase of Production, Post Production & Broadcasting Equipments
- Prepayment of loans
- General Corporate purpose
- Issue Expenses

The main object 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 us through this Issue.

COST OF PROJECT

The details of the utilization of Issue Proceeds are summarized in the table below:

Sr. No.	Particulars	Amount (Rs. in Lakhs)
1	Purchase of Land & Construction of Studio	960.00
2	Purchase of Production, Post Production & Broadcasting Equipments	4153.00
3	Prepayment of loans	2500.00*
4	General Corporate purpose	[*]
5	Issue Expenses	[*]
	TOTAL	[*]

* (29.24% of the total Issue size based on lower price band and 24.37% based on upper price band)

We have not yet placed orders or entered into agreements for 100% of our planned capital expenditure amounting to Rs. 5113 lakhs from the net proceeds of the Issue.

The estimated funds requirement for the above stated objects is set forth in the table below:

Means of Finance	Amount (Rs. In Lakhs)
Proceeds of the Issue	[*]

The fund requirement and deployment are based on internal management estimates and quotations received from suppliers. The fund requirements have not been appraised by any bank or financial institution. However at the time of placement of orders there may be variations in the cost of projects as above and the actual cost. In the event of any shortfall in using the net proceeds of the Issue as described in the Objects of the Issue because of the above reasons, the Company will reduce the amount of repayment of debt and likewise in case of any surplus the Company will apply the same towards general corporate purpose.



Details of use of Funds of the Issue

1. Purchase of land & construction of studio:

Our existing studios are located at leased premises in New Delhi & the uplinking facilities are outsourced from M/s Essel Shyam Communications Limited.

We now intend to create our own asset base by acquiring land for construction of studios & other facilities in Greater Noida, Uttar Pradesh, India.

The market rate for acquiring land at the said location as on date is approximately Rs. 25,000 per square meter as per rates quoted by M/s R.K. Associates, Real Estate agents vide their letter dated January 16, 2007. The company intends to acquire atleast 1840 square meter of land. The total cost of land is estimated to Rs. 460 lakhs and cost of construction is estimated to Rs. 500 lakhs @ Rs. 3,000/- per square feet for a total area of approx 16,667 sq ft as per quotation dated January 12, 2007 from M/s Jagdish Mistry & Associates, Architects.

We intend to use Rs. 960 Lakhs from the proceeds of the Issue for the purchase of land and construction of studio.

2. Purchase of Production, Post Production & Broadcasting Equipments:

At present, we are using various equipments on rental basis, which increase the cost of operation as well as maintenance of the equipments, resulting into compromising on the quality. We now intend to invest in equipments of the existing available technology and estimate to incur Rs. 4,153.77 lakhs towards purchase and installation of new equipments, broadly covering following areas:

- DSNG Vans & uplink Setup
- Cameras & PCR Setup
- Playout & newsroom Setup
- Graphic & Virtual Studio Setup
- Infrastructure Setup

a) *DSNG Vans & uplink Setup:*

The process of converting the signals to Radio Frequency signal and sending it to satellite is referred to as uplinking. A critical function of channel, is that it require high quality redundant equipments to keep running 24 hours. These equipments include encoders, multiplexers, modulators, upconverters, high performance amplifiers and antennas. Also the antennas require a tracking system because satellites tend to shift from their position in the orbit.

To be able to receive feed from the field directly into the Production Control Room (PCR) or MCR live as the event is occurring, we need the facility of outdoor broadcasting or digital satellite newsgathering vans. These vans uplink the signal to satellite and we can down link and convert the signal to audio video signal while the newscast is running.

While it is impossible to have a DSNG van at every location it is cheaper to have a link, which may be fibre, or copper link, which is connected directly to the studio. To be able to send and receive signals over such links one needs to convert the audio/video to data and vice versa. For this we require MPEG2 encoders and decoders.

b) *Cameras & PCR setup:*

Camera equipments include complete camera chain & accessories. It also includes all equipments required in the PCR for the purpose of shooting & recording the programs. The said equipments are the latest equipments available in the market today in their category.

c) *Playout & Newsroom setup:*

This includes the network editing set up which is interfaced to the news room automation so that edited stories can be immediately be queued in the PCR for play back and associated with journalists/reporters scripts. The clips are accessible through the newsroom automation system as soon as the editing is complete.

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Every day several hours of news footage and content is created in a channel that relies on news & views. As new stories develop, this footage needs to be accessed time and again. Several times footage, which is several months or years old, needs to be accessed for reference or to playback during the news cast. To be able to easily access and retrieve this footage, it is important to have a library management and indexing system.

Newsroom automation systems help to integrate key functions for producing a newscast. These functions include researching, writing copy, approval and changes, referencing edited packages for playback in the PCR, lining up live- interviews via phone or DSNG vans etc. The essential element of the newsroom automation is the news run-down, which can be changed even as the newscast is running. The newsroom automation systems helps create manage a workflow all the way from assignment to telecast of the bulletin.

The process of sequentially playing back a series of audio video clips for the purpose of telecast in a television channel is referred to as playout automation. Modern day playout automation performs many functions that were not possible in tape based manually controlled play outs. Audio-video clips are ingested (captured) into the video servers and a transmission log is created which defines the sequence in which they should be played back. Whether it is commercials, programs, promos or news clips, the play out automation system has to play back at the correct time and in the correct sequence for a smooth running transmission. The system has to control various external devices such as switchers, VTRs, Logo inserters and ticker machines.

d) *Graphic and Virtual Studio Setup*

Reporting, discussion & interviews often need to be supported by graphical elements such as statistics, charts and graphical representation of events to explain the situation to the viewer easier.

Other graphics include graphic for packaging, promotion, astons & credits. To be able to produce high quality 3D graphics and to air them in conjunction with the live telecast one requires the latest graphic systems.

While it is impossible to have many physical sets for different programs with in the same studio, it is possible to achieve the same through the use of virtual sets. In the case of virtual sets, the program is shot using a chroma background and the signal is send through a virtual set system. The virtual set system replaces the plain chroma background with an attractive graphical background that is designed to look as close to a real set as possible. Also elements like plasmas and video walls are added and removed on the fly while the program is being run. This eliminates the need for investment in many physical sets, which also requires regular maintenance.

e) *Infrastructure set up:*

Common sets of equipment function as the backbone infrastructure for connectivity of the main equipment groups such as Playout Automation System, Non Linear Editing Systems, Graphics Systems, Virtual Studio and Production Control Rooms. This infrastructure includes Audio / Video Routers, Audio / Video Patch Panels, Networking Switches and Panels, Controllers and Centralized Monitoring equipment and their accessories.

To support the equipment we will also be building the auxiliary infrastructure for power, communications, and temperature control systems. Our infrastructure will also have DSNG Vans which will be linked to our newsroom to provide live coverage from the feed.

Power infrastructure mainly includes generators, UPS systems and Panels. These equipments have to be of very high reliability and have to provide smooth running power to the equipment installed in the television channel because such equipments are critical for smooth running of the channel without any fault.

Other infrastructure includes racks, housings, custom designed furniture to mount and easily access the equipments for shared operations.



The details of total equipments that are required to purchased, as explained above are as under:

Sl. No.	Equipment	Supplier	Quotation	Date	Qty	Rate (in Foreign Currency)	Total Amount (in foreign currency)
A.	Imported Equipment						
A1	Imported Equipment - (Currency US \$)	Benchmark	BMS/DEL/SR/BIL/2	16-Jan-07	1	44,450.00	44,450.00
	Audio/Video Monitoring for Ingesting						
	Audio/Video Monitoring for Newsroom & Editorial System	Benchmark	BMS/DEL/SR/BIL/2	16-Jan-07	1	17,044.00	17,044.00
	Avitech MCC-8004d Media Command Center	Benchmark	BMS/DEL/SR/BIL/2	16-Jan-07	8	4,704.00	37,632.00
	Axel Technology Off-Air Logging Setup	Benchmark	BMS/DEL/SR/BIL/2	16-Jan-07	1	11,100.00	11,100.00
	DS Option for WFM6100	Benchmark	BMS/DEL/SR/BIL/2	16-Jan-07	5	1,780.00	8,900.00
	EM-500-G2 Rackmount Receiver for Handheld Microphone	Pace Electronics	BY/RS/060518	17-Jan-07	8	485.00	3,880.00
	Glues for Ingesting	Benchmark	BMS/DEL/SR/BIL/2	16-Jan-07	1	37,124.00	37,124.00
	Graphics Creation Setup	Benchmark	BMS/DEL/SR/BIL/2	16-Jan-07	1	336,455.00	336,455.00
	IQAVDA Analog Video DA, 5 outputs	Benchmark	BMS/DEL/SR/BIL/2	16-Jan-07	16	284.00	4,544.00
	IQBDA3S Dual Analog Audio DA	Benchmark	BMS/DEL/SR/BIL/2	16-Jan-07	15	322.00	4,830.00
	IQDMX21 4 Channel analog audio De-embedder	Benchmark	BMS/DEL/SR/BIL/2	16-Jan-07	20	2,709.00	54,180.00
	IQSDA SDI Video DA, 7 outputs	Benchmark	BMS/DEL/SR/BIL/2	16-Jan-07	20	474.00	9,480.00
	IQSDES Monitoring Encoder & DA	Benchmark	BMS/DEL/SR/BIL/2	16-Jan-07	20	1,023.00	20,460.00
	IQH3A 3RU enclosure	Benchmark	BMS/DEL/SR/BIL/2	16-Jan-07	10	2,765.00	27,650.00
	IQMUX61 Universal Audio Multiplexer and ADC	Benchmark	BMS/DEL/SR/BIL/2	16-Jan-07	15	3,580.00	53,700.00
	Kroma LM5000X06 15-inch TFT Monitor With PC Connector. XGA Resolution.	Benchmark	BMS/DEL/SR/BIL/2	16-Jan-07	4	491.00	1964.00
	Kroma LM5014X80 Rack mounting kit for 15" TFT monitor	Benchmark	BMS/DEL/SR/BIL/2	16-Jan-07	2	75.00	150.00
	Kroma LM5015A12 15-inch TFT Monitor With PC Connector. XGA Resolution.	Benchmark	BMS/DEL/SR/BIL/2	16-Jan-07	4	2,843.00	11,372.00
	Kroma LM5109A11S	Benchmark	BMS/DEL/SR/BIL/2	16-Jan-07	10	3,360.00	33,600.00

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Sl. No.	Equipment	Supplier	Quotation	Date	Qty	Rate (in Foreign Currency)	Total Amount (in foreign currency)
	Master Control and Channel Branding set up	Benchmark	BMS/DEL/SR/BIL/2	16-Jan-07	1	24,822.00	24,822.00
	Monitoring for Master Control and Channel Branding	Benchmark	BMS/DEL/SR/BIL/2	16-Jan-07	1	17,521.00	17,521.00
	MZW-1 Windshield for SKM 535 G2	Pace Electronics	BY/RS/060518	17-Jan-07	10	10.00	100.00
	Newsroom Automation and Editorial Systems	Benchmark	BMS/DEL/SR/BIL/2	16-Jan-07	1	6,43,816.00	6,43,816.00
	Production Graphics Setup	Benchmark	BMS/DEL/SR/BIL/2	16-Jan-07	2	46,711.00	93,422.00
	Rackmount for Dual SPG	Benchmark	BMS/DEL/SR/BIL/2	16-Jan-07	1	606.00	606.00
	Samsung 710 VT 17" LCD r Computer Monito	Benchmark	BMS/DEL/SR/BIL/2	16-Jan-07	6	526.00	3,156.00
	SAN Storage & Playout Servers and Ingest Servers	Benchmark	BMS/DEL/SR/BIL/2	16-Jan-07	1	6,68,094.00	6,68,094.00
	Sennheiser CC2 Hard Carrying Case	Pace Electronics	BY/RS/060518	17-Jan-07	10	50.00	500.00
	Sennheiser MD-46 Wired Dynamic Reporter Microphones	Pace Communications	BY/RS/060517	17-Jan-07	30	206.00	6,180.00
	Sennheiser MK E2-ew-GOLD with SK-500-G2 and EM500G2	Pace Electronics	BY/RS/060518	17-Jan-07	10	1,016.00	10,160.00
	Sennheiser MK E2-ew-GOLD with SK-500-G2 and EK500G2	Pace Communications	BY/RS/060517	17-Jan-07	30	1,016.00	30,480.00
	Sennheiser MKE-2-PC Lapel Microphones (wired)	Pace Electronics	BY/RS/060518	17-Jan-07	20	330.00	6,600.00
	Sennheiser MQ800 Microphone Clamp	Pace Communications	BY/RS/060517	17-Jan-07	30	5.00	150.00
	Sennheiser MZW-1032-Pro Windshield for MD-42	Pace Communications	BY/RS/060517	17-Jan-07	30	28.00	840.00
	Sennheiser SKM-535-G2 Wireless HH Dynamic Microphone Sets (cordless)	Pace Electronics	BY/RS/060518	17-Jan-07	10	385.00	3,850.00
	Snell & Wilcox IQDEC0118-2A IQDEC01 12 bit Decoder with synchronizer.	Benchmark	BMS/DEL/SR/BIL/2	16-Jan-07	3	4,546.00	13,638.00
	IQSDA-1A IQSDA SDI Video DA, 7 outputs	Benchmark	BMS/DEL/SR/BIL/2	16-Jan-07	1	474.00	474.00
	IQH3A-S-P IQH3A 3RU	Benchmark	BMS/DEL/SR/BIL/2	16-Jan-07	1	2,765.00	2,765.00
	Sun Hood for LM5109	Benchmark	BMS/DEL/SR/BIL/2	16-Jan-07	10	129.00	1,290.00
	Tektronix 1700F00A Rackmount insert for 1/2 rack WFM601 series	Benchmark	BMS/DEL/SR/BIL/2	16-Jan-07	2	222.00	444.00
	Tektronix ECO422D Auto Change Over Unit	Benchmark	BMS/DEL/SR/BIL/2	16-Jan-07	1	4,830.00	4,830.00
	Tektronix SPG-300 SD Sync Pulse Generator	Benchmark	BMS/DEL/SR/BIL/2	16-Jan-07	2	4,110.00	8,220.00



Sl. No.	Equipment	Supplier	Quotation	Date	Qty	Rate (in Foreign Currency)	Total Amount (in foreign currency)
	Tektronix WFM 601A Serial composite & component WFM/VEC monitor	Benchmark	BMS/DEL/SR/BIL/2	16-Jan-07	2	7,670.00	15,340.00
	Tektronix WVR6100 Waveform Monitor / Vect.	Benchmark	BMS/DEL/SR/BIL/2	16-Jan-07	4	7,560.00	30,240.00
	Tektronix WVR6100DS Additional Support for Digital Audio Monitoring	Benchmark	BMS/DEL/SR/BIL/2	16-Jan-07	2	1,780.00	3,560.00
	Virtual Studio Setup	Benchmark	BMS/DEL/SR/BIL/2	16-Jan-07	1	3,47,936.00	3,47,936.00
	VPS-70 DPU Touch Panel Control	AGIV	AGIV/QT10/2007	18-Jan-07	2	2,800.00	5,600.00
	VPS-700 Video Production System (8 in/8 out) 6 Ch DVE w/ 4 Keyers	AGIV	AGIV/QT10/2007	18-Jan-07	2	26,000.00	52,000.00
	VPS-70DS 16 Ch DVE	AGIV	AGIV/QT10/2007	18-Jan-07	1	7,000.00	7,000.00
	VPS-70SDI	AGIV	AGIV/QT10/2007	18-Jan-07	1	2,300.00	2,300.00
	VPS-70SDO	AGIV	AGIV/QT10/2007	18-Jan-07	1	2,300.00	2,300.00
	Total						27,26,749.00
	Conversion to INR						45.00
	Amount in Rupees (in lakhs)						1227.04
	Add: Insurance & Freight						36.81
	Add: Custom Duty						341.24
	Total "A1" (Rupees in lakhs)						1605.09
A2	Imported Equipment - (Currency £)						
	6 Channel Mix D/A Board	AVF Distributors (i) pvt Ltd.	AVF-AS-QT-180107 D-A1	18-Jan-07	3	220.00	660.00
	Audio Connector Kit	AVF Distributors (i) Pvt. Ltd.	AVF-AS-QT-180107D-A1	18-Jan-07	2	35.00	70.00
	Canford Telex-RTY-04 & CMT-02 & Telex-ET-4 Telex Presenter Earphone	Technocraft Computers	Nil	18-Jan-07	10	47.48	474.80
	Coles 4104 Voice-over Lip Mics with Hygiene screen	Technocraft Computers	Nil	18-Jan-07	10	286.58	2,865.80
	Factory Configuration. Preparation of Pathfinder Database	AVF Distributors (i) Pvt. Ltd.	AVF-AS-QT-180107 D-A1	18-Jan-07	1	500.00	500.00
	Reserve Power Supply Module fitted within Matrix Frame	AVF Distributors (i) Pvt. Ltd.	AVF-AS-QT-180107 D-A1	18-Jan-07	1	375.00	375.00
	16 Key 2 U Operator Panel	AVF Distributors (i) Pvt. Ltd.	AVF-AS-QT-180107 D-A1	18-Jan-07	5	1,175.00	5,875.00
	18x 18 Expansion Board	AVF Distributors (i) Pvt. Ltd.	AVF-AS-QT-180107 D-A1	18-Jan-07	1	2,100.00	2,100.00

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Sl. No.	Equipment	Supplier	Quotation	Date	Qty	Rate (in Foreign Currency)	Total Amount (in foreign currency)
A3	Orator 18 x 18 Digital Matrix	AVF Distributors (I) Pvt. Ltd.	AVF-AS-QT-180107 D-A1	18-Jan-07	1	3,925.00	3,925.00
	Pathfinder with Rapide	AVF Distributors (I) Pvt. Ltd.	AVF-AS-QT-180107 D-A1	18-Jan-07	1	2,985.00	2,985.00
	Vinten VN-100-AP2S Tripod System	Perlink	V-4/E-3093	18-Jan-07	18	3,725.00	67,050.00
	Vinten VN-250-AP2S	Perlink	V-4/E-3093	18-Jan-07	3	5,605.00	16,815.00
	Total						103,695.60
	Conversion to INR						86.00
	Amount in Rupees (in lakhs)						89.18
	Add: Insurance & Freight						2.67
	Add: Custom Duty (Rs. in lakhs)						35.82
	Total "A2" (Rupees in lakhs)						127.67
	Imported Equipment - (Currency EURO)						
	SWE-DISH KU-Band Drive-Away Systems	SWE-DISH Satellite Systems	05-05436-2R	16-Jan-07	5	120,000.00	6,00,000.00
	Kayak DD-II	Cineom	OM::ADKRI:PSS: SB.07	16-Jan-07	2	86,675.00	173,350.00
	Total						7,73,350.00
	Conversion to INR						56.00
	Amount in Rupees (in lakhs)						433.08
	Add: Insurance & Freight (Rs. in lakhs)						12.99
	Add: Custom Duty (Rs. in lakhs)						173.97
	Total "A3" (Rupees in lakhs)						620.03
B	Total Imported Equipments	Total "A1"+"A2"+"A3" (Rupees in lakhs)					2352.79
	Indigenous Equipment					(Rs. in lakhs)	(Rs. in lakhs)
	2NPF970 Infolithium L Series Battery Package	Sun Broadcast	SUNBC/06-07/04	18-Jan-07	30	0.15	4.50
	AC-V700A AC Power Adaptor Cum Charger	Sun Broadcast	SUNBC/06-07/04	18-Jan-07	30	0.13	3.84
	BVF-10 1.5" Monochrome Viewfinder	Sun Broadcast	SUNBC/06-7/02	18-Jan-07	21	2.04	42.90
	BVP-E30P 3 Chip 2/3" 14-Bit 4:3 Camera Head	Sun Broadcast	SUNBC/06-7/02	18-Jan-07	21	19.70	413.71
	CA-590P Camera Adaptor	Sun Broadcast	SUNBC/06-7/02	18-Jan-07	21	8.37	175.81
	CCU-590P Camera Control Unit	Sun Broadcast	SUNBC/06-7/02	18-Jan-07	21	12.88	270.48
	Fabrication + Integration for DSNV Vans	Digital Broadcast India	DBI/SAB/2006-07/SB	18-Jan-07	5	19.67	98.35
	Fujinon A20X8.6B ERM Lense with 2x Extender	Sun Broadcast	SUNBC/06-7/02	18-Jan-07	4	5.72	22.88



Sl. No.	Equipment	Supplier	Quotation	Date	Qty	Rate (in Foreign Currency) (Rs. in lakhs)	Total Amount (in foreign currency) (Rs. in lakhs)
	Fujinon A20X8.6BRM Lense without Extender	Sun Broadcast	SUNBC/06-7/02	18-Jan-07	17	1.34	22.88
	HVL-20DW2 Battery Video Light	Sun Broadcast	SUNBC/06-07/04	18-Jan-07	30	0.096	2.90
	HVR Z1P 1/3" 3CCD Digital compact DVCAM Camcorder	Sun Broadcast	SUNBC/06-07/04	18-Jan-07	30	4.11	123.30
	JVC RK-A10E Rackmount Adapter for 10" Monitor	Mhatre Electronics	JVCP/SABTV/MUM/2006/0117	16-Jan-07	8	0.075	0.60
	JVC TM-1011GE 10" Monitor	Mhatre Electronics	JVCP/SABTV/MUM/2006/0117	16-Jan-07	21	0.38	7.98
	AC/DC						
	JVC TM1011GE 10" Monitor with SDI Input	Mhatre Electronics	JVCP/SABTV/MUM/2006/0117	16-Jan-07	8	0.60	4.80
	JVC TM-H150CGU 15" Monitor w/SDI	Mhatre Electronics	JVCP/SABTV/MUM/2006/0117	16-Jan-07	14	0.70	9.80
	LCR-FXA Rain Jacket	Sun Broadcast	SUNBC/06-07/04	18-Jan-07	30	0.139	4.17
	RCP-751 Remote Control Panel	Sun Broadcast	SUNBC/06-7/02	18-Jan-07	21	4.23	88.87
	RMB150/50US 30 Metre Cable	Sun Broadcast	SUNBC/06-7/02	18-Jan-07	21	0.32	6.76
	Sony DSBK-1601 SDI Output Board for DSR1600	Sun Broadcast	SUNBC/06/07/02	18-Jan-07	1	0.74	0.74
	Sony DSBK-1801 SDI AES/EBU Input/Output Board	Sun Broadcast	SUNBC/06/07/06	18-Jan-07	20	1.04	20.74
	Sony DSR-1600AP Digital Video Cassette Player	Sun Broadcast	SUNBC/06-07/02	18-Jan-07	6	4.555	27.33
	Sony DSR-1800AP	Sun Broadcast	SUNBC/06-07/06	18-Jan-07	20	5.90	118.03
	Sony RMM-131 Rackmount Kit	Sun Broadcast	SUNBC/06-07/06	18-Jan-07	20	0.23	4.62
	VCL-HG0758 Wide Conversion Lense	Sun Broadcast	SUNBC/06-07/04	18-Jan-07	15	0.34	5.14
	VCT-1170RM Video Tripod with Remote Control	Sun Broadcast	SUNBC/06-07/04	18-Jan-07	30	0.41	12.19
	VCT14 Tripod Adapter	Sun Broadcast	SUNBC/06-7/02	18-Jan-07	21	0.226	4.75
	VCTFXA Shoulder Brace	Sun Broadcast	SUNBC/06-07/04	18-Jan-07	30	0.316	9.47
	Vehicle Chassis with Registration	Shinrai Toyota	None	08-May-06	5	8.16	40.82
	VF-58PK Filter-Kit, PL Filter & Multi-coat filter	Sun Broadcast	SUNBC/06-07/04	18-Jan-07	20	0.084	1.69
	VMC-IL4435 IEEE i-Link Firewire Cable 4 pin - 4 pin	Sun Broadcast	SUNBC/06-07/04	18-Jan-07	15	0.0464	0.70
	VMC-IL4635A IEEE i-Link Firewire Cable 4 pin - 6 pin	Sun Broadcast	SUNBC/06-07/04	18-Jan-07	15	0.0464	0.70
	Yamaha O2R96 V DigitalMixing Console	Pace Electronics	BY/RS/060503	17-Jan-07	5	4.77	23.86
	Teleport for two channels India	Digital Broadcast	DBI/SAB/2006-07/SB	18-Jan-07	1	225.67	225.67
		Total "B"					1800.98
	Total Equipment Cost	Total "A" + "B"					4153.77

Broadcast Initiatives Limited

2. Prepayment of Term Loans:

We have been sanctioned a term loan of Rs. 2970 Lacs from Indian Overseas Bank which carries interest rate of 11% and is repayable in 4 years for the project cost of development of channels, which include take over of loan of Rs. 1315 lacs from Punjab National Bank.

We have utilized Rs. 2961.00lacs from the above referred loan as on January 18, 2007. The break up of utilization of Rs. 2961.00 lacs availed from Indian Overseas Bank is as under:

Particulars	Amount (Rs. in Lacs)
Take over of Loan from Punjab National Bank	1,315.00
Channel Development Expenses (JANMAT) till June, 2006	1,175.00
Channel Development Expenses (MI MARATHI)	471.00
Total Disbursement till date	2,961.00

The details of utilization of loan disbursed by Punjab National Bank amounting to Rs. 1315.00 lakhs, which was repaid from the loan taken from Indian Overseas bank as mentioned above, is as per details given below:

Particulars	Amount (Rs. in Lacs)
Purchase of Equipment	690.00
Channel Development Expenses	625.00
Total	1,315.00

As per the conditions of the term loan, we have to pay 1% prepayment charges. We intend to prepay substantial amount of the term loan together with prepayment charges by utilizing Rs. 2500 lakhs from the Issue proceeds. This prepayment of term loan is 29.24% of the total Issue size based on lower price band and 24.37% based on upper price band).

3. General Corporate Purpose:

We, in accordance with the policies set up by our Board, will have flexibility in applying the remaining Net Proceeds of this Issue, for general corporate purposes towards investment in distribution platforms, investment in overseas distribution arrangements and strategic initiatives and acquisitions.

As at the date of this Red Herring Prospectus, we have not entered into any letter of intent or any other commitment or definitive agreements for any such investment in any distribution platforms and strategic initiatives and acquisitions. Our Board of Directors typically reviews various opportunities periodically.

4. Issue Expenses

The expenses of this issue include, among others, underwriting and management fees, selling commission, printing and distribution expenses, legal fees, statutory advertisement expenses and listing fees. The total expenses of the issue are estimated to be around [.] of the issue size. All expenses with respect to the issue would be met out of the proceeds of the issue. The details of the issue expenses are as under:

Expenses	Amount (Rs. in lakhs)
Management fees, underwriting & brokerage	[●]
Marketing and Advertising Expenses	[●]
Stationary, Printing & Registrar Expenses	[●]
Legal Fees, Listing fees, book building charges , auditors fees	[●]
Miscellaneous	[●]
Total	[●]



SCHEDULE OF IMPLEMENTATION

S No.	Particulars	Commencement	Completion
1	Purchase of Land & Construction of Studio	March' 2007	August' 2007
2	Purchase of Production, Post Production & Broadcasting Equipments	March' 2007	August' 2007
3	Prepayment of loans	March' 2007	August' 2006
4	General Corporate purpose	March' 2007	June' 2007
5	Issue Expenses	April' 2006	April' 2007

PROPOSED DEPLOYMENT OF FUND

(Rs. in Lakhs)

S No.	Particulars	FY 2006-07				FY 2007-08				TOTAL
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
1	Purchase of Land & Construction of Studio	-	-	-	115	345	125	125	250	960
2	Purchase of Production, Post Production & Broadcasting Equipments	-	-	-	1,073	1,748	795	297	240	4,153
3	Prepayment of loans	-	-	-	2,500	-	-	-	-	2,500
4	General Corporate purpose	-	-	[•]	[•]	[•]	-	-	-	[•]
5	Issue Expenses	6.31	17.75	-	-	-	-	-	-	[•]
	TOTAL	6.31	17.75	[•]	[•]	[•]	[•]	[•]	[•]	[•]

Funds Deployed till date and the sources of its deployment:

The expenditure incurred in respect of public issue upto January 10, 2007 as certified by our Statutory Auditor viz. M/s A.R.Sodha & Company, pursuant to their certificate dated January 12, 2007 was Rs. 24.06 lakhs as given in the table below:

Deployment of Funds	Amount (Rs. In Lakhs)
Public Issue Expenses	24.06
Total	24.06
Sources of Fund	
Internal Accruals	24.06
Total	24.06

Interim Use of Funds:

The Company's management, in accordance with the policies established by the Board, will have flexibility in deploying the proceeds received from the Issue. Pending utilization of the proceeds out of the Issue for the purposes described above, we intend to temporarily deposit the amount in a Scheduled Commercial Bank as Fixed Deposit. Such investments would be in accordance with the investment policies approved by our Board of Directors from time to time.

Monitoring of Utilisation of Funds

The appointment of monitoring agency was not required in accordance with Clause 8.17.1 of SEBI (DIP) Guidelines 2000. However, Punjab National Bank has been appointed as monitoring agency for the purpose of monitoring the utilization of Issue proceeds. We will disclose the utilization of proceeds of the issue under a separate head in our Company's balance sheet for fiscal 2007 clearly specifying the purpose for which such proceeds have been utilized. We, in our balance sheet for fiscal 2007, provide 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.

No part of the fresh Issue proceeds, will be paid by the Company, as consideration to Promoters, Directors, Company's Key managerial personals or companies promoted by the promoters.

Broadcast Initiatives Limited

BASIS FOR ISSUE PRICE

The Issue Price will be determined by our Company, in consultation with the BRLM, on the basis of Assessment of market demand for the issued Equity Shares by the Book Building Process. The face value of the Equity Shares is Rs.10/- and the Issue Price is 10 times the face value at the lower end of the Price band and 12 times the face value at the higher end of the Price Band.

Investors should read the following summary with the risk factors beginning from page no. iii and the details about the company and its financial statements included in this Red Herring Prospectus. The trading price of the Equity shares of the Company could decline due to these risk factors and you may lose all or part of your investments

Qualitative Factors

- **Experience and Track record of the Promoters and Promoter group company in broadcasting business**

Our promoters and one of our promoter group company viz. Sri Adhikari Brothers Television Network Limited has an experience of running TV channel SAB for nearly 5 years, this experience has helped in launching and networking of our new channel "JANMAT".

- **Qualified employee and Management team**

We have qualified and experienced skilled manpower including engineers. The skills of employees' give the flexibility to adapt to the needs of various program and content. Our management team is qualified and experienced in industry and has been responsible for execution of diversified content.

- **High Connectivity**

Considering the language of the channel the distribution activities have been concentrated more in the Northern, Western & Eastern India at the moment. As per TAM, the connectivity of JANMAT channel in Hindi speaking markets viz. Bombay, Delhi, Gujarat, Punjab, Haryana, Chandigarh, Himachal Pradesh, West Bengal and Orissa is more than 75-80%. Since the test launch from November 2005, JANMAT has achieved a growth of around 104% in GRPs in C&S SEC A 25+ and growth of 103 % in reach in Hindi Speaking Markets (HSM) in C&S SEC ABC 25+. (Source: TAM)

Quantitative Factors

Our Company was incorporated on February 4, 2004 and have commercially launched the channel "JANMAT" on April 30, 2006 as such no profitability statement for full financial year have been made. Therefore, we have not provided any financial ratios in this context.

Comparison with Industry Peers*

Based on the nature of activities of Company, the comparison of its accounting ratios with its closest comparable listed competitor in India is given below:

Name of the Company	Face Value (Rs.)	EPS (Rs.) (As on 31-03-2006)	P/E (times) (Current)	NAV (Rs.) (As on 31-03-2006)	RoNW (%) (As on 31-03-2006)
NDTV	4.00	-	-	29.1	(3.4)
TV Today	5.00	4.7	22.1	39.5	12.8
TV-18 India	5.00	3.6	244.1	42.4	12.0
Industry Average	-	-	45.30	-	-
Broadcast Initiatives Limited - 5 months period, Not-annualised (As on September 30, 2006)	10	(5.41)	-	10.58	(41.15)

*(Source: Capital Market January 15, 2007 - January 28, 2007. Category - Entertainment / Electronic Media Software)



The accounting ratios of the Company are based on its restated stand-alone financial statements.

The face value of Equity Shares of Broadcast Initiatives Limited is Rs. 10 and the Issue Price is Rs. [*] i.e. [*] times of the face value.

The BRLM believe that the Issue Price of Rs.[*] is justified in view of the above qualitative and quantitative parameters. See the Section entitled "Risk Factors" and "Financial Statements" beginning on page iii and 79 of this Red Herring Prospectus.

Broadcast Initiatives Limited

STATEMENT OF TAX BENEFIT

To

Broadcast Initiatives Limited
Adhikari Chambers, New Link Road,
Andheri (West), Mumbai.

Dear Sirs,

Statement of Possible Tax Benefits available to Broadcast Initiatives Limited (Formerly Sri Adhikari Brothers News & Television Network Limited) ('the Company') and its shareholders.

We hereby report that the enclosed statement states the possible tax benefits available to the Company and to the shareholders, of the Company under the Income tax Act, 1961 and 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 statute. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which based on business imperatives the Company faces in the future, the Company may or may not choose to fulfill.

The benefits discussed in the enclosed statement are not exhaustive. This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws and the fact that the Company will not distinguish between the shares offered for subscription and the shares offered for sale by the Selling Shareholders, 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.

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

- i. Company or its shareholders will continue to obtain these benefits in future; or
- ii. The conditions prescribed for availing the benefits have been / would be met with.

The contents of the enclosed statement are based on information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company.

FOR A. R. SODHA & Co.
CHARTERED ACCOUNTANTS

A. R. Sodha
Partner
M No. : 31878

Mumbai, January 12, 2007



TAX BENEFITS

STATEMENT OF TAX BENEFITS AVAILABLE TO THE COMPANY AND ITS SHAREHOLDERS

The tax benefits listed below are the possible benefits available under the current tax laws in India. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the tax laws. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions as may be prescribed under the relevant sections of the Income-tax Act, 1961 ('the Act'). It may be noted that the information given below is general in nature and should not be regarded as tax advice. Investors are advised to obtain specific tax advice before relying on anything mentioned below.

The following benefits may be available to the Company and the prospective shareholders under the Act.

1. Benefits applicable to the Company/prospective shareholders

1.1 Dividends exempt under section 10(34) of the Act

Dividends (whether interim or final) declared, distributed or paid by a domestic company are exempt in the hands of the Company/prospective shareholders, in its capacity as a registered shareholder, as per the provisions of Section 10(34) of the Act, if the same is subject to dividend distribution tax under section 115O of the Act. However, section 94(7) of the Act provides that losses arising from the sale/transfer of shares purchased upto three months prior to the record date and sold within three months after such date, will be disallowed to the extent dividend on such shares are claimed as tax exempt by the shareholder.

1.2 Computation of capital gains

Capital assets may be categorized into short term capital assets and long term capital assets based on the period of their holding. All capital assets (except shares held in a company or any other security listed in a recognized stock exchange in India or a unit of the UTI or a unit of a mutual fund specified under section 10(23D) or a zero coupon bond as defined under section 2(48) of the Act) are considered to be long term capital assets if they are held for a period in excess of 36 months. Shares held in a company or any other security listed in a recognized stock exchange in India or a unit of the UTI or a unit of a mutual fund specified under section 10(23D) or a zero coupon bond, shall be considered as long term capital assets if they are held for a period in excess of 12 months.

Gains arising on transfer of long-term capital assets are "long term capital gains".

Section 48 of the Act, which prescribes the mode of computation of capital gains, provides for deduction of cost of acquisition/ improvement and expenses incurred wholly and exclusively in connection with the transfer of a capital asset, from the full value of consideration to arrive at the amount of capital gains. Further, in respect of long term capital gains, it offers a benefit by permitting substitution of cost of acquisition / improvement with the indexed cost of acquisition / improvement, which increases the cost of acquisition / improvement by a cost inflation index, as prescribed annually.

However, in context of transfer of shares held in an Indian company by a non-resident, the computation of long term capital gains is to be determined in the foreign currency initially utilized for the purpose of acquiring the shares (First proviso to Section 48 of the Act). The capital gain (i.e., sale proceeds less cost of acquisition/ improvement) so computed in the original foreign currency is then required to be reconverted into Indian rupees at the prevailing prescribed rate of exchange. Accordingly, it may be noted that the benefit of indexation is not available if the shares are purchased in foreign currency by a non-resident.

1.3 Exemption of long term capital gains

- As per the provisions of Section 10(38) of the Act, long term capital gain arising from transfer of an equity share in a company or unit of an equity oriented fund is exempt from income-tax if the transaction for sale is chargeable to securities transaction tax under Chapter VII of the Finance (No.2) Act, 2004. However income by way of long term capital gain of a company shall be taken into account for computing the "book profit" and income tax payable under section 115JB (Proviso to section 10(38) of the Act).

Broadcast Initiatives Limited

- Additionally, in terms of section 88E of the Act, the securities transaction tax paid in respect of taxable securities transaction entered into in the course of business would be eligible for a rebate from the amount of income-tax on the income chargeable under the head "Profits and gains of business and profession" arising from taxable securities transaction. As such, no deduction will be allowed in computing the income chargeable to tax as Business Income, for the amounts paid on account of securities transaction tax.

As per the provisions of Section 54EC of the Act and subject to the conditions specified therein, capital gains arising from transfer of a long term capital asset shall not be chargeable to tax to the extent such capital gains are invested in "long term specified assets" (as defined under the said section) within six months from the date of transfer. Further, in the case of individuals, it may be noted that no deduction shall be available under section 80C, in respect of the amounts that are taken into consideration for the purpose of section 54EC of the Act.

In addition to the benefits mentioned above, the Company and its prospective shareholders would be entitled to the following specific benefits subject to satisfaction of the conditions prescribed under the relevant sections of the Act.

2. Specific benefits available to the Company

The following benefits are in addition to the benefits provided in Paragraph 1 above.

2.1 Taxation of capital gains (other than those discussed in Paragraph 1.3 above)

Nature of gain Benefit available/Rate of taxation

Long term capital gain.

As per the provisions of Section 112(1)(b) of the Act, long term capital gains would be subject to tax at a rate of 20 percent (plus applicable surcharge and education cess). However, as per the proviso to Section 112(1) of the Act, if the tax payable in respect of long term capital gains resulting on transfer of listed securities or units or zero coupon bonds, calculated at the rate of 20 percent with indexation benefit exceeds the tax payable on gains computed at the rate of 10 percent without indexation benefit, then such gains are chargeable to tax at the rate of 10 percent without indexation benefit (plus applicable surcharge and education cess).

Short term capital gain.

Gains arising on transfer of a short term capital assets are currently chargeable to tax at the rate of 30 percent (plus applicable surcharge and education cess).

However, as per section 111A of the Act, short term capital gain arising from transfer of an equity share in a company or a unit of an equity oriented fund would be taxable at 10 percent (plus applicable surcharge and education cess), if the transaction for sale is chargeable to securities transaction tax under Chapter VII of the Finance (No.2) Act, 2004.

2.2 Unabsorbed depreciation and business losses

As per the provisions of section 32(2) of the Act, where full effect cannot be given to the depreciation allowance in any year, the same can be carried forward and claimed in the subsequent year(s). Further, as per the provisions of section 72 of the Act, unabsorbed business losses which is not set off in any previous year can be carried forward and set off against the business profits of the subsequent assessment year(s), subject to a maximum of eight assessment years. However, the carry forward and set off of business losses are subject to restrictions specified in section 79 and section 80.

2.3 Others

2.3.1 Subject to compliance of certain conditions laid down in section 32 of the Act, the Company will be entitled to a deduction for depreciation:

- In respect of tangible assets, being building, machinery, plant or furniture; and



- In respect of intangible assets being know-how, patents, copy-rights, trademarks, licenses, franchises or any other business or commercial rights of similar nature acquired on or after April 1, 1998

at the rates prescribed under the Income tax Rules, 1962;

2.3.2 Under section 35D of the Act, a deduction equal to one-fifth of certain specified expenditure, including specified expenditure incurred in connection with the public offering of shares for the extension of the industrial undertaking or setting up a new industrial unit, for a period of five successive years subject to the limits provided and the conditions stated under the said section.

2.3.3 Under section 115JAA(1A) of the Act, credit shall be allowed for any tax paid under section 115JB of the Act (MAT) for any assessment year commencing on or after April 1, 2006 against the tax payable under the provisions of the Act other than section 115JB. Such set off is however restricted to the difference between tax on income computed in accordance with the provisions of the Act other than section 115JB and the tax payable under section 115JB. Credit eligible for carry forward is the difference between MAT paid and the tax computed as per the provisions of the Act excluding section 115JB. Such MAT credit shall not be available for set-off beyond seven years succeeding the year in which the MAT credit initially arose.

3. Benefits available to resident individual shareholders

The following benefits are in addition to the benefits stated in Paragraph 1 above.

3.1 Income of a minor exempt up to a certain limit

Under Section 10(32) of the Act, any income of minor children clubbed in the total income of the parent under Section 64(1A) of the Act will be exempt from tax to the extent of Rs. 1,500 per minor child.

3.2 Taxation of capital gains

Rate of taxation/Benefit available

Long term capital gain

As per the provisions of Section 112(1)(b) of the Act, long term capital gains would be subject to tax at a rate of 20 percent (plus applicable surcharge and education cess).

However, as per the proviso to Section 112(1) of the Act, if the tax payable in respect of long term capital gains resulting on transfer of listed securities or units or zero coupon bonds, calculated at the rate of 20 percent with indexation benefit exceeds the tax payable on gains computed at the rate of 10 percent without indexation benefit, then such gains are chargeable to tax at the rate of 10 percent without indexation benefit (plus applicable surcharge and education cess).

As per the provisions of Section 54F of the Act and subject to the conditions specified therein, gains arising on transfer of a long term capital asset (not being a residential house) are not chargeable to income-tax to the extent the entire net consideration received on such transfer is invested within the prescribed period in a residential house either purchased or constructed.

Short term capital gain

Gains arising from the transfer of short term capital assets are currently chargeable to tax at 30 percent (plus applicable surcharge and education cess).

However, as per section 111A of the Act, short term capital gain arising from transfer of an equity share in a company or a unit of an equity oriented fund would be taxable at 10 percent (plus applicable surcharge and education cess), if the transaction for sale is chargeable to securities transaction tax under Chapter VII of the Finance (No.2) Act, 2004

4. Benefits available to Non-Resident Indian (as defined in section 115C(e) of the Act) shareholders

The following benefits are in addition to the benefits stated in Paragraph 1 above.

Broadcast Initiatives Limited

4.1 Income of a minor exempt up to a certain limit

Under Section 10(32) of the Act, any income of minor children clubbed in the total income of the parent under Section 64(1A) of the Act will be exempt from tax to the extent of Rs 1,500 per minor child.

4.2 Taxation of capital gains - Options available under the Act (other than those discussed in Paragraph 1.3 above)

(A) Where shares have been subscribed in convertible foreign exchange - Option available under Chapter XII-A of the Act

- Non-Resident Indians [as defined in Section 115C(e) of the Act], being shareholders of an Indian Company, have the option of being governed by the provisions of Chapter XII-A of the Act, which inter alia entitles them to the following benefits in respect of income from shares of an Indian company acquired, purchased or subscribed to in convertible foreign exchange:
- As per the provisions of Section 115D read with Section 115E of the Act and subject to the conditions specified therein, long term capital gains arising on transfer of an Indian company's shares, will be subject to tax at the rate of 10 percent (plus applicable surcharge and education cess), without indexation benefit.
- As per the provisions of Section 115F of the Act and subject to the conditions specified therein, gains arising from the transfer of a long term capital asset being shares in an Indian company shall not be chargeable to tax if the entire net consideration received on such transfer is invested within a period of six months from the date of transfer in any specified asset (As defined under section 115C(f) of the Act) or savings certificates (As referred to in clause (4B) of section 10 of the Act).. If only part of such net consideration is so invested, then such gains would not be chargeable to tax on a proportionate basis.
- As per the provisions of Section 115G of the Act, Non-Resident Indians are not obliged to file a return of income under Section 139(1) of the Act, if their only source of income is income from investments or long term capital gains or both, provided tax has been deducted at source from such income as per the provisions of Chapter XVII B of the Act.
- Under Section 115H of the Act, where the Non-Resident Indian becomes assessable as a resident in India, he may furnish a declaration in writing to the Assessing Officer, along with his return of income for that year under Section 139 of the Act to the effect that the provisions of the Chapter XII-A shall continue to apply to him in relation to such investment income derived from certain specified assets for that year and subsequent assessment years until such assets are transferred or converted into money.
- As per the provisions of Section 115I 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 for that assessment year under Section 139 of the Act, declaring therein that the provisions of Chapter XII-A shall not apply to him for that assessment year and accordingly his total income for that assessment year will be computed in accordance with the other provisions of the Act.

(B) Where the shares have been subscribed in Indian Rupees

Rate of taxation/Benefit available

Long term capital gain.

As per the provisions of Section 112(1)(c) of the Act, long term capital gains would be subject to tax at a rate of 20 percent (plus applicable surcharge and education cess).

However, as per the proviso to Section 112(1) of the Act, if the tax payable in respect of long term capital gains resulting on transfer of listed securities or units or zero coupon bonds, calculated at the rate of 20 percent with indexation benefit exceeds the tax payable on gains computed at the rate of 10 percent without indexation benefit, then such gains are chargeable to tax at the rate of 10 percent without indexation benefit (plus applicable surcharge and education cess). As per the provisions of Section 112(1)(b) of the Act, long term capital gains as computed above would be subject to tax at a rate of 20 percent (plus applicable surcharge and education cess).



As per the provisions of Section 54F of the Act and subject to the conditions specified therein, gains arising on transfer of a long term capital asset (not being a residential house) are not chargeable to income-tax to the extent the entire net consideration received on such transfer is invested within the prescribed period in a residential house either purchased or constructed.

Short term capital gain.

Gains arising from the transfer of short term capital assets are currently chargeable to tax at 30 percent (plus applicable surcharge and education cess).

However, as per section 111A of the Act, short term capital gain arising from transfer of an equity share in a company or a unit of an equity oriented fund would be taxable at 10 percent (plus applicable surcharge and education cess), if the transaction for sale is chargeable to securities transaction tax under Chapter VII of the Finance (No.2) Act, 2004

4.3 Provisions of the Act vis-à-vis provisions of the tax treaty

As per Section 90(2) of the Act, the provisions of the Act would prevail over the provisions of the relevant tax treaty to the extent they are more beneficial to the non-resident Indian.

5. Benefits available to other Non-Residents shareholders

The following benefits are in addition to the benefits stated in Paragraph 1 above.

5.1 Income of a minor exempt up to a certain limit

Under Section 10(32) of the Act, any income of minor children clubbed in the total income of the parent under Section 64(1A) of the Act will be exempt from tax to the extent of Rs. 1,500 per minor child.

5.2 Taxation of capital gains (other than those discussed in Paragraph 1.3 above)

Benefit available

Long term capital gain

As per the provisions of Section 112(1)(c) of the Act, long term capital gains would be subject to tax at a rate of 20 percent (plus applicable surcharge and education cess).

However, as per the proviso to Section 112(1) of the Act, if the tax payable in respect of long term capital gains resulting on transfer of listed securities or units or zero coupon bonds, calculated at the rate of 20 percent with indexation benefit exceeds the tax payable on gains computed at the rate of 10 percent without indexation benefit, then such gains are chargeable to tax at the rate of 10 percent without indexation benefit (plus applicable surcharge and education cess).

As per the provisions of Section 54F of the Act and subject to the conditions specified therein, in the case of an individual, gains arising on transfer of a long term capital asset (not being a residential house) are not chargeable to tax to the extent the entire net consideration received on such transfer is invested within the prescribed period in a residential house either purchased or constructed.

Short term capital gain

As per section 111A of the Act, short term capital gain arising from transfer of an equity share in a company or a unit of an equity oriented fund would be taxable at 10 percent (plus applicable surcharge and education cess), if the transaction for sale is chargeable to securities transaction tax under Chapter VII of the Finance (No.2) Act, 2004.

5.3 Provisions of the Act vis-à-vis provisions of the treaty

As per section 90(2) of the Act, the provisions of the Act would prevail over the provisions of the relevant tax treaty to the extent they are more beneficial to the non-resident.

6. Benefits available to Foreign Institutional Investors ("FIIs")

The following benefits are in addition to the benefits stated in Paragraph 1 above.

Broadcast Initiatives Limited

6.1 Taxability of capital gains (other than those discussed in Paragraph 1.3 above)

As per the provisions of section 115AD of the Act, FIIs will be taxed on the capital gains income at the following rates:

Long term capital gains 10 percent

Short term capital gains 30 percent / 10 percent (Reduced rate of 10 percent applies if the transaction for sale is chargeable to securities transaction tax under Chapter VII of the Finance (No.2) Act, 2004).

The above tax rates would be increased by the applicable surcharge and education cess. The benefits of indexation and foreign currency fluctuation adjustment as provided by section 48 of the Act are not available to FIIs.

In accordance with the provisions of section 196D(2), no deduction of tax shall be made from any income, by way of capital gains arising on transfer of securities referred to section 115AD payable to a FII.

6.2 Provisions of the Act vis-à-vis provisions of the treaty

As per section 90(2) of the Act, the provisions of the Act would prevail over the provisions of the relevant tax treaty to the extent they are more beneficial to the non-resident.

7. Benefits available to Mutual Funds

As per the provisions of section 10(23D) of the Act, any income of Mutual Funds registered under the Securities and Exchange Board of India Act, 1992 or Regulations made thereunder, Mutual Funds set up by public sector banks or public financial institutions and Mutual Funds authorized by the Reserve Bank of India would be exempt from income tax, subject to such conditions as may be prescribed in this behalf. In addition, in accordance with the provisions of section 10(35) of the Act any income by way of income received in respect of units of a Mutual Fund specified under section 10(23D) is exempt from tax in the hands of the recipient.

8. Benefits available to Venture Capital Companies / Funds

As per the provisions of section 10(23FB) of the Act, income of:

- Venture Capital Company which has been granted a certificate of registration under the Securities and Exchange Board of India Act, 1992 and notified as such in the Official Gazette; and
- Venture Capital Fund, operating under a registered trust deed or a venture capital scheme made by the Unit Trust of India, which has been granted a certificate of registration under the Securities and Exchange Board of India Act, 1992 and notified as such in the Official Gazette set up for raising funds for investment in a Venture Capital Undertaking, are exempt from income-tax. However, the income distributed by the Venture Capital Companies / Funds to its investors would be taxable in the hands of the recipients.

9. Benefits available under the Wealth Tax Act, 1957

Shares of a company held by the shareholder will not be treated as an asset within the meaning of section 2(ea) of the Wealth Tax Act, 1957. Hence shares of the company are not liable to wealth tax.

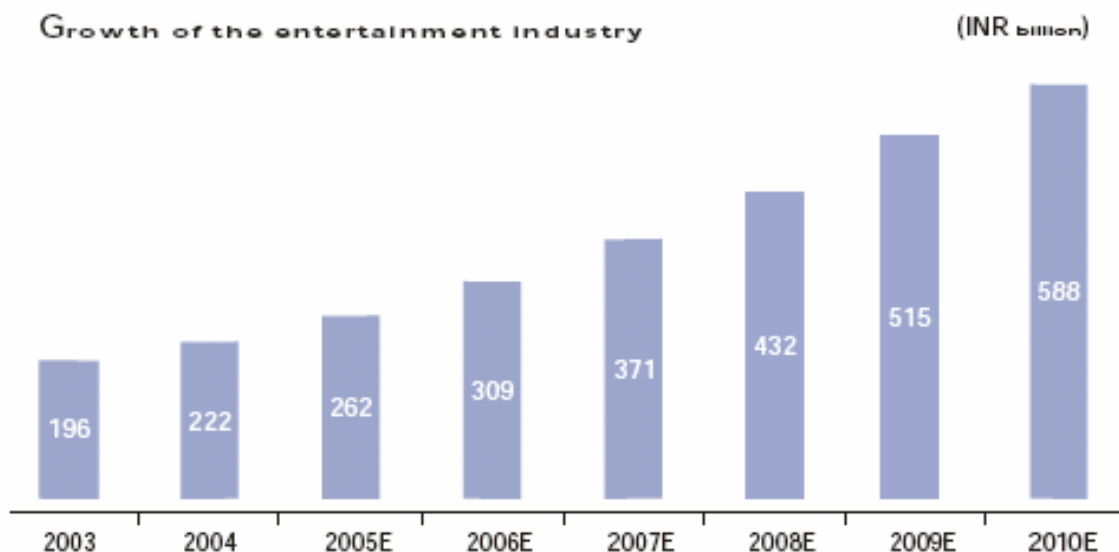


INDUSTRY OVERVIEW

General

India today ranks among the top five economies of the world when assessed in terms of purchasing power parity. Adding to this outlook is the fact that the average Indian is showing a greater propensity to indulge and entertain himself.

The Indian entertainment Industry is thriving on the current economic upswing and is currently estimated to be INR 222 billion. Propelled by innovation across its value chain and a series of enabling regulatory actions the entertainment industry is expected to grow annually at almost 18 percent to reach INR 588 billion by 2010.



(Source CII-KPMG Report)

The entertainment industry has been aided by the fact that India has been the second fastest growing economy in the world. In 2004 it grew by 8.2%. In terms of purchasing power parity it is already the fourth largest economy in the world. Major companies are of the opinion that it will become a key market in the years to come.

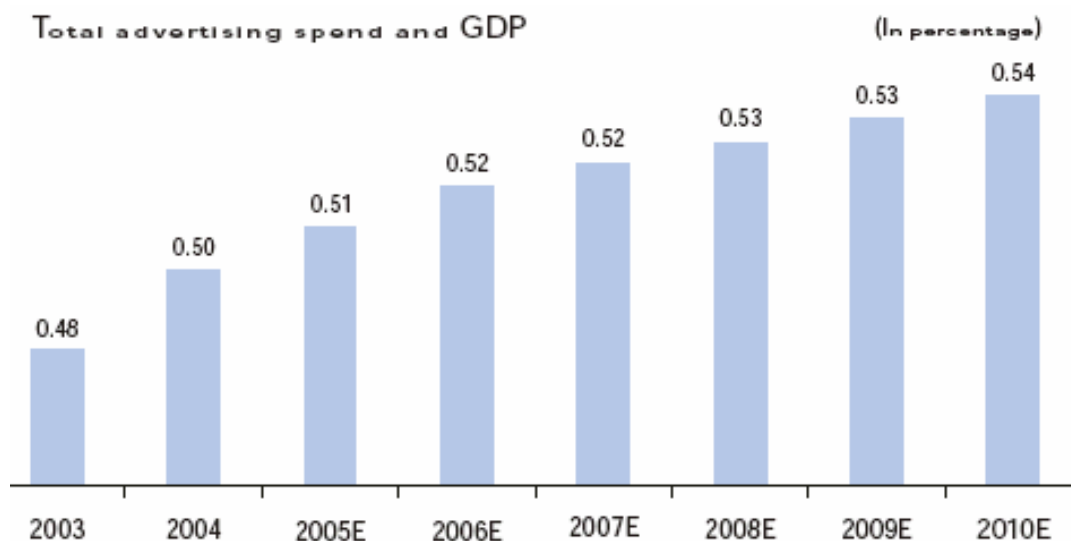
As the Indian economy continues growing, the Indian middle class has also expanded significantly. Compared to the other nations, the 300 million strong Indian middle class allocates a higher percentage of its monthly expenditure on Entertainment. There is an increase in the direct consumer spends on entertainment and advertising revenues have also been on the rise.

The entertainment industry is now at an inflection point. The earlier phase of growth has run its course. Now the industry is ready to enter a second stage of growth powered by the twin engines of technology and an enabling regulatory environment.

The increasing penetration of technology is a major force shaping the entertainment landscape today. It will completely revolutionize content delivery as well as the viewer ship experience. Due to the imminent impact of these and other technologies, the successful media and entertainment companies will be the ones that are prepared for their disruptive effects on their models and the industry structure.

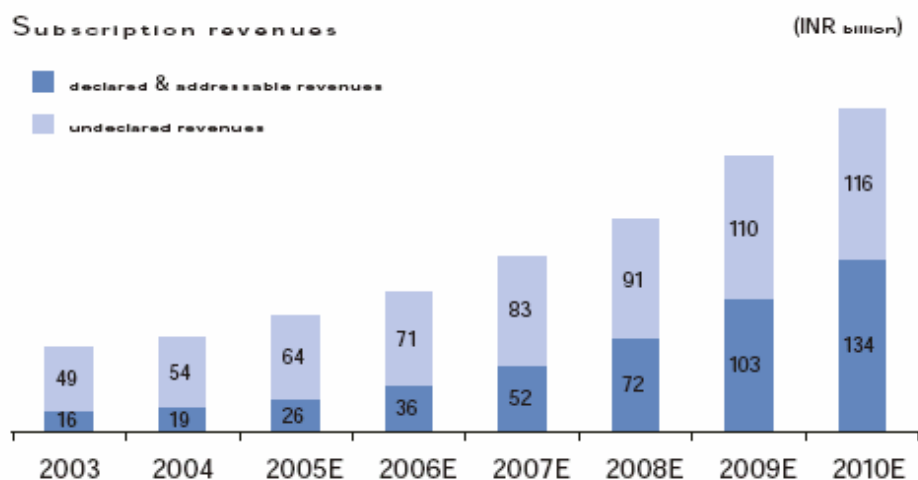
Due to its sheer size, television has been the main driver for Industries growth contributing 62% of the overall industries growth. With total revenues of INR 139 billion, television is the goliath of the entertainment industry. It is now ready to advance to the next stage of its evolution, grasping the opportunities presented by the digital age, which will completely change the home entertainment landscape. In the process it is expected to continue its rapid growth and reach INR 371 billion by 2010. (Source CII-KPMG Report)

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(Source CII-KPMG Report)

Subscription revenues are projected to be the key growth driver for the Indian television industry over the next five years. Subscription revenues will increase both from the number of pay TV homes as well as increased subscription rates. The buoyancy of the Indian economy will drive the homes, both in rural and urban (second TV set homes) areas to buy televisions and subscribe for the pay services. New distribution platforms like DTH and IPTV will only increase the subscribe base and push up the subscription revenues.



(Source CII-KPMG Report)

India currently continues to have low 'advertising spend to GDP' ratios compared to other economies, underscoring the untapped potential. In 2004, the advertising spend for India stood at .50% of the GDP, up from 48% the previous year. This is expected to increase significantly due to the rising consumerism and growing interest from global brands attracted by this huge and expanding market.



Relative advertising spend for various countries (USD billion)

	GDP	Total ad spend	Ad spend to GDP
Australia	412	4	1.0%
China	904	6	0.6%
Hong Kong	164	4	2.1%
India	485	2	0.5%
Malaysia	88	1	1.0%
Singapore	86	1	0.9%
South Korea	477	4	0.8%
USA	10,384	134	1.3%
France	132	1	0.8%
Germany	1,984	16	0.8%
United Kingdom	1,560	14	0.9%

(Source: CII-KPMG Report)

Sectoral Overview:

The Indian Television Sector

The Indian television market consists of terrestrial broadcasting which is provided solely by the state-owned broadcaster, Doordarshan, and cable and satellite broadcasting, which is provided by Doordarshan as well as other Indian and foreign broadcasters. The Indian television market had more than 119 million television households at the end of fiscal 2004, making it the third largest television market in the world after the United States and China. Of these, about 50 million households were cable television households, which represent a penetration rate of approximately 42% of the total television households and approximately 25% of the total households in India. The percentage of households with televisions was approximately 60% in fiscal 2004. An estimated nine million television sets were sold in India in 2004. Of the 25 million households that bought television sets over the three fiscal years ended March 31, 2004, 19 million, or 77% were rural households. (Source: CII-KPMG Report)

Structure of the Indian Television Broadcasting Industry

The Indian television broadcasting industry can be divided into two categories:

Terrestrial broadcasting

This is broadcast through transmitters and received by households through antennas. Prasar Bharati (Broadcasting Corporation of India) is the only terrestrial broadcaster in India and is owned by the Government of India. It operates several channels under the umbrella brand "Doordarshan". As the terrestrial broadcaster, all television households can potentially access Doordarshan. In addition to its national channels in Hindi and English, Doordarshan broadcasts several regional language channels that are broadcast in particular regions of the country.

Cable and satellite broadcasting

This is broadcast by uplink of the channel to a satellite, which then provides the downlink signal to a wide region. Ground-based cable distributors through dish antennas, amplifiers and decoders receive the downlink signal. The distribution

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of cable and satellite channels to households is then carried out by cable, and has been characterized by complexity and fragmentation. There are a large number of operators in India, consisting of MSOs, as well as LCOs who provide the "last mile" connection. In most areas, there is only one provider of the last mile connection.

DTH

DTH is currently offered in India by DishTV, which is a part of the Zee TV Group and DD Direct Plus, which is a part of Doordarshan. Recent press reports indicate that there will be other entrants into the DTH business in the near future, including a joint venture between the TATA group and Star TV.

Revenue Streams

The revenues of cable and satellite broadcasters generally consist of the following sources:

- Advertising;
- Subscription, including from international arrangements; and
- Content syndication

Advertising

Broadcasters earn revenues from advertising by selling time spots that are interspersed in the channel's regular programmes, sponsorships (including title sponsorships) and banners/crawlers that are displayed on a part of the television screen while regular programmes are broadcast. The television advertising market has grown over the last several years, particularly as the share of advertising on television relative to all media has grown. Revenues from Indian television advertising were about Rs. 49.00 billion in fiscal year 2005, which represented 47% of the total revenues from advertising on all kinds of media in India in that year of approximately Rs. 139.0 billion. The following chart shows the share of television advertising as compared to other forms of media advertising in India in fiscal 2004.

Shift in advertising over last three years

(INR billion)

Medium	2002		2003		2004	
	Spend	Share of total spend	Spend	Share of total spend	Spend	Share of total spend
Television	39.1	41.1%	43.0	41.3%	48.6	41.1%
Press	44.0	46.3%	47.5	45.6%	54.5	46.1%
Radio	1.5	1.6%	1.8	1.7%	2.2	1.9%
Cinema	3.3	3.5%	3.6	3.4%	3.75	3.2%
Out-of-home	6.9	7.3%	7.9	7.6%	8.5	7.2%
Internet	0.3	0.3%	0.4	0.4%	0.6	0.5%
Ad Industry Size	95.1		104.2		118.2	

(Source: CII KPMG Report)

Subscription

Broadcasters provide cable channels to cable operators either on a "free to air" basis or a pay basis. In the case of pay channels, the cable operators receive monthly fees from subscribers, which are shared with the broadcaster based on the number of subscribers declared by the cable operators.

The Indian cable and satellite television market has also been characterized by relatively low subscription rates, or the monthly fees paid by subscribers, compared to other countries. In addition, there has been alleged underreporting of subscriber numbers by some operators. Average subscription rates in India for cable and satellite channels were approximately Rs. 150 per subscriber per month in 2004. (Source: CII KPMG) Subscription revenues have grown in recent years due to expansion of the number of cable and satellite homes, as well as the development of pay channels.



Broadcasters also earn revenue for the broadcast of their programming in other countries. This is done through various technologies, such as cable, DTH and terrestrial broadcast, through arrangements with broadcasters, cable operators and other industry participants. Typically, these are revenue-sharing arrangements based on the total number of subscribers.

Content Syndication

Broadcasters also sell content from their libraries to other users, including other broadcasters and content producers.

Industry Outlook

Some of the factors that could have an effect on growth in television broadcasting industry revenues are:

- **Introduction of addressability:** In spite of apprehensions, public debate and litigations, CAS was eventually launched in Chennai, providing valuable lesson for future attempts to bring in address ability across the country, though the impact of the same is yet limited.
- **Alternative distribution platforms:** DTH broadcasting has introduced the power of choice to the consumer. The last mile distribution segment is expected to see further action with the entry of new DTH players, IPTV, broadcasting services on DSL technologies etc;
- **Meaningful regulatory intervention:** The government needs to create a conducive regulatory environment for rapid but stable growth by supporting initiatives like digitalizing of cable television, regulatory policy for DTH players etc.
- **Increases in advertising revenues:** Advertising spending is determined by several factors, including the overall economic and regulatory climate for existing and new industries, economic growth, competition and the availability of media. Some of the factors that could influence television-advertising revenues are the following:
 - **India has a comparatively low proportion of advertising expenditures to GDP:** At 0.5% in 2004, India continues to have one of the lowest 'Advertising spends to GDP' ratios amongst peer economies. This underscores the significant potential India has yet to achieve vis-à-vis advertising budgets.
 - **Increase in television advertising's share of total advertising revenue:** The share of television advertising as a percentage of total advertising revenue grew steadily in the 1990s. Although it has remained relatively stable in recent years at around 41%, there may be potential for further growth with increased consumerism and the continued entry of global brands in India.
 - **Increase in cable revenues:** In addition to possible growth due to an increase in the number of cable and television homes, overall subscription revenues may grow as more channels become pay channels and if subscription rates increase. In addition, the share of subscription revenues allocated to broadcasters could increase with the implementation of the CAS, DTH and other new technologies, as well as regulatory or other measures that could potentially address the problem of under-reporting of subscribers.
- **Increases in other revenue streams:** Revenues from international arrangements could increase as international markets readdressed through focused programming and greater penetration. Content syndication could also grow through international interest in India as well as the growth of the domestic broadcasting industry. The use of new media for broadcast of content through other platforms including mobile and broadband could also increase revenues. In addition, regulation of the Indian television market has had and will continue to have a significant effect on the opportunities for broadcasters. The Government has been considering opening up the terrestrial broadcasting sector to private companies for several years, although no action has yet been taken. The Government has also been considering reforms of the cable and satellite broadcasting segment, including changes relating to regulation and implementation of CAS legislation. The industry is also witnessing the introduction of DTH as an alternative platform for satellite broadcasting, and the regulations concerning cross-ownership of DTH platforms by broadcasters will have an important impact on the evolution of this market.

OUR BUSINESS

Overview

Our Company was originally incorporated in the year 2004 in the name of SAB Samachar Limited. The name of the company was subsequently changed to Sri Adhikari Brothers News & Television Network Limited (SABNL) with effect from July 8, 2005. The name of our Company was further changed to Broadcast Initiatives Limited with effect from May 18, 2006. The necessary ROC approval for the change of names as above has been received.

Our Company is in the business of broadcasting and we have launched "JANMAT" channel on November 14, 2005 as news & views channel. Being a group company of Sri Adhikari Brothers Television Network Limited, Broadcast Initiatives Limited enjoys recognition and is ably supported by its network and programming experience.

JANMAT Channel -Our approach:

We intend to position "JANMAT" as a views channel in an attempt to inform the common man about his rights, duties & powers as a citizen of India through a series of well-position programs. The channel provides a platform to the common people to address issues that are detrimental to the society at large. The channel seek to explore, analyze and offer insight into thought provoking issues of common people, speak to the concerned authorities, highlight the plight of the victims and report the changes effected.

Our Strengths:

Experience and track record of the Promoters and Promoter group company in broadcasting business

Our promoters and one of our promoter group company viz. Sri Adhikari Brothers Television Network Limited has an experience of running TV channel SAB for nearly 5 years, this experience has helped in launching and networking of our new channel "JANMAT".

Qualified employee and management team

We have qualified and experienced skilled manpower including engineers. The skills of employees' give the flexibility to adapt to the needs of various program and content. Our management team is qualified and experienced in industry and has been responsible for execution of diversified content.

Popular team of achors and journalists

Television Personalities like Vir Sanghvi, Shekhar Suman, Alka Saxena, Rahul Dev, Harish Gupta, Umesh Upadhyay, Swati Chaturvedi, Shweta Ranjan, Mehar Bhasin are part of our team.

Marketing and advertising capabilities

We have marketing and advertising team, with existing relationships with major advertisers. Our marketing and advertising team comprises of professionals having varied media experience. The team works towards giving critical inputs for channel positioning also. We see a potential in retail/local advertisements coming in from strategic pockets in India and are in the process of appointing "Concessionaires" to execute the same. The concessionaires are essentially established people from the specific regions having a good network, infrastructure and ability to tap the local markets.

Distribution network and High connectivity

Considering the language of the channel the distribution activities have been concentrated more in the Northern, Western & Eastern India at the moment. Since the test launch from November 2005, JANMAT has achieved a growth of around 104% in GRPs in C&S SEC A 25+ and growth of 103 % in reach in Hindi Speaking Markets (HSM) in C&S SEC ABC 25+. (Source: TAM)

Our Strategy:

Our strategic objective is to strengthen our position in the "VIEWS" genre and leverage revenues through advertising and subscription by pursuing the following business strategies:



Spreading our reach and gain market share:

We intend to increase our viewer ship and be the choice of various viewer categories by providing interactive views based programs, continuously differentiating our programming and presentation based on audience feedbacks and evolving into a people's channel, promoting and strengthening our brands by cross promotions in television, radio, print and other mediums as well as through public relations efforts. Creating an appropriate programming mix comprising elements such as news bulletins, talk shows and general interest programming, in order to enhance viewer loyalty and attract new viewers to our channels. We intend to enhance these revenues as well as create additional streams for delivering news through avenues such as DTH and Radio at an appropriate time.

Maximizing Advertisement Revenues

We plan to maintain our focus on increasing and maximizing our advertising revenues by leveraging on our competitive strengths to attract viewers and advertisers for our channels, moving advertisers towards our television channel from other media as a larger target audience can be addressed at a relatively lower cost, leveraging on our brand equity to achieve better price realizations.

Maximizing of Syndication Business

Program content is also expected to yield revenues from syndication business from International alliances. We expect this revenue model to grow through international interest in India as well as growth of domestic broadcasting industry. Any revenue generated from such a model is an addition to profitability.

Maintaining control over Expenses

We intend to maintain control over our operating expenses by utilizing our human resources and leveraging technology to control operating costs that include, among others, costs relating to production, communication and stores and spares.

Generating revenue from slot sale, On-screen Displays etc.

We plan to generate revenue from sale of slots i.e. Telemarketing slots, spirituals slots etc. The company also expects revenue from other innovative models of value additions like revenue from scrollers, tickers, Aston bands, pop ups etc.

Our Process

Production Process

Multi-cam setups are required for shooting the program, controlling and monitoring the shoot from the Production Control Room and recording the program. We look at the functionality of each equipment and its relevance in the production, post production and broadcasting chain.

Cameras, lenses are required for shooting the video. Camera converts the Audio / Video that it 'sees' into digital signals that can be transported over cable to the switcher. Camera requires a Camera Adapter (CA) and to control its settings it needs a Camera Control Unit (CCU) which is actually controlled using the Remote Control Panel (RCP), tripod and tripod adapter. To support the camera, we need to mount the camera on a tripod and therefore a suitable tripod adapter is required. For the cameramen to see the frame that is being sent to the PCR, viewfinder is required. Triax Cables connect the Camera in the studio with the Camera Control Unit in the PCR. This explains the complete camera chain, which is important for the shoot.

Switcher / Vision Mixer: The switcher switches between different video inputs such as various cameras, cassette players that are playing back stories, feeds coming through outdoor broadcast vans and other sources. The switcher itself contains several features which allow it to manage a program. These include the ability to mix several video sources with backgrounds in windows, keying of graphics seamlessly, controlling external devices such as clip and still stores, character generators and interfacing with play out automation using GPI triggers.

Microphones are important in recording audio which consists of Anchor Dialogue / Discussion / News reading. Other audio sources such as feeds, players, video cassette players, phone-in units are connected to the audio mixer. Audio mixer can combine various audio sources to give a single output to the Digital Video Cassette Recorder. It can also channelise the outputs so that specific audio channels are combined into specific outputs.

This explains the process of shooting and recording the programme / bulletin / capsule for television.

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The Post Production Process :

Ingest / Capture: It begins with getting the program that has been shot into a non-linear editing system. The VTR is routed to the Non-Linear editing system using the Audio/Video Router. The tape is then played back in the VTR and captured in the Non-Linear Editing Station as the Audio/Video information flows through the cables and router. It is sometimes captured into a Video Server using an ingesting station. When captured into a Video Server the Audio/Video footage is available to all the Non Linear Editing (NLE) Systems connected via LAN to the Video Server's Storage. High speed and redundancy ensure that multiple clients can access the same storage at once.

Editing: Once the Audio/Video footage is captured, it is available in what is called the "Bin". The "Bin" is a repository of all available Audio/Video footage. It can be sorted on date/time of capture size, clip name etc. This way the editor has easy access to all the footage. The editor then places the footage on what is called a "TimeLine". A timeline lets the editor define the sequence in which the Audio/Video footage should be finally mastered. It allows the editor to add cuts, trims, inserts etc. to modify the footage. Editing may also involve adding music / effects / voice-overs etc. The editor can also overlay graphics, supers, titles etc. to deliver the final mastered sequence.

Print-to-Tape: If the NLE is in the same network as the video servers being used for play out automation, then the mastered programme can be exported from the Non-Linear editing station directly to the Video Server for telecast. Sometimes, the episodes may have to be "Printed" to tape so that they can be ingested via tape into the Video Server. The NLE System plays back the entire programme as it is laid on the timeline and the VTR records it on tape.

Equipment required in the Post Production Process

Equipments	Uses
Non Linear Editing Systems	For editing the programmes
Video Tape Recorders (VTRs)	For transferring content between NLEs and tape
Graphics Station	For creating graphical content in the program.
Dubbing, Sound and Mixing Stations	For adding Voiceovers, sound effects, music etc.
Monitors	For monitoring the Video as it is being ingested, edited and printed to tape.
Speakers	For monitoring the Audio as it is being ingested, edited and printed to tape.

Telecasting Process

Telecasting- Broadcasting visual images of stationary or moving objects are referred to as telecasting.

Telecasting is divided into two main areas of activity in the modern television and broadcasting world: Playout Automation and Uplinking.

Playout Automation process involves some essential equipment and software to work with the equipment.

Ingesting Station is PC with capture Card and ingesting software. It is used for capturing Audio / Video footage and storing it in the Video Server so that it can be telecast. It provides for the addition of some valuable data along with the clip such as, Clip ID, Name, Description, TC In, TC Out, Date, House Number, Segment Number, Topic, Author etc. Immediately upon finishing the ingest, the ingest station adds the clip to the Video Servers Catalogue.

The Video Server plays the most central part in the Playout Automation Processes. It interfaces with the ingest station so that Video footage captured by the ingest station can be stored in its storage system. It cues up and prepares clips so that the clips can be played out by the Playout Automation Software. It provides the backend engine to the Playout Automation Software to enable it to control external devices such as VTRs, Switchers and Logo Inserters.

The Playout Automation Software- The essential elements of the Playout Automation Software include the playlist creation module, the Control Module and the Continuity module. The playlist creation module allows the operator to create a playlist using the available footage in the Catalogue. These may be programmes, promos, credit lines and commercials. A separate playlist is created for each day starting from 12:00 AM to 11:59:59 PM. When footage is still not available but needs to be scheduled, for example, in the case of deferred live programs, dummy entries are made in the playlist and they are replaced by the actual entries as soon as the required footage is ingested and updated in the catalogue.



The OnAir Switcher: Outputs of Both Video Servers is sent to an "On-Air Switcher" which is controlled by the Continuity of the Main Video Server which switches to the other Video Server automatically in case of failure. Sometime automatic switching may not be possible in which case the operator can switch manually.

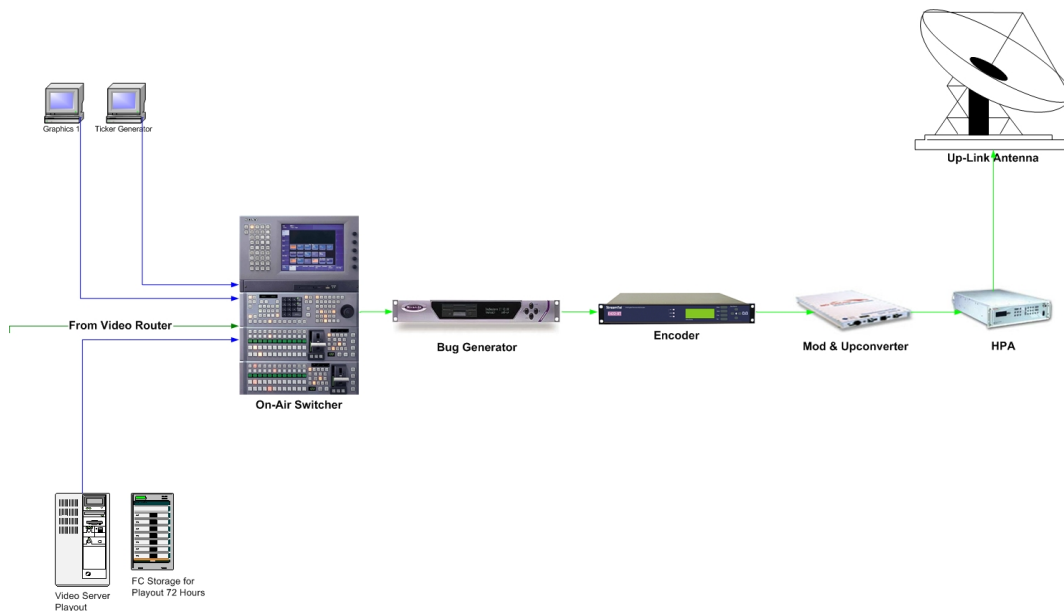
The Graphics Station / Logo Inserter / Ticker Machine: The switcher gives its output to the Graphics Station / Logo Inserter / Ticker machine as the case may be so that the Channel Branding and scrolls / tickers may be added. This output is then ready to be uplinked to Satellite for Broadcasting.

Uplinking Process

The process of converting the signals to Radio Frequency signal and sending it to satellite is referred to as uplinking. A critical function of channel, is that it require high quality redundant equipments to keep running 24 hours. These equipments include encoders, multiplexers, modulators, upconverters, high performance amplifiers and antennas. Also the antennas require a tracking system to align the dish accurately for uplinking to the satellite.

We are currently outsourcing the uplinking facilities from Essel Shyam Communications Limited (ESCL) for which we have entered into "Uplinking Service Agreement" on February 2, 2006 for a period of three years from the date of actual launch of the channel. The services to be provided / supported by ESCL is uplinking of approved TV Channels of our Company and / or our group company which have been specifically approved / permitted by the Ministry of Information and Broadcasting, Government of India for uplinking. The uplinking fee is payable to ESCL within 15 days of receiving invoice before the commencement of the month. The agreement can be terminated by either party by giving 90 days prior written notice.

We have to hire space capacity on satellite which receives signals uplinked by teleport and distribute the same to various cable operators. We have entered into an agreement with Antrix Corporation Limited, a Government of India company under Department of Space for lease of 4.5 MHz space capacity on INSAT-4A satellite for the said purpose.



Downlinking Process

Downlinking is a process of receiving the radio frequency signal by using a satellite dish, decoding it and converting it to an audio video signal. The cable operator installs the dish that points to the satellite to which the television channel is uplinking. The satellite dish receives the signal and provides it to a decoder that can de-code the MPEG2 encrypted or free to air signal and convert it to an audio video signal. This signal is further distributed over the cable operators' network.

Broadcast Initiatives Limited

Competition

The competition in the television News broadcasting industry is very intense. The competitors for JANMAT are NDTV, Aaj Tak, DD News, Star News, Zee News and Sahara Samay National. We also face competition from some of the regional players such as Sun News, ENadu and Udaya News. The competitive landscape in the news broadcasting industry has recently undergone significant change like Doordarshan, the Government controlled terrestrial broadcaster, has recently launched its 24-hour news channel and has to be carried on the prime band by all cable operators according to a direction of the Government. As a result of competition, we have to continuously review our advertising sales strategy, increase our capital expenditures in order to differentiate ourselves from other broadcasters, increase our marketing, distribution & promotional cost, change our programming mix and review our employee retention policies.

Distribution Platform

The Government has recently, liberalized regulations for implementation of conditional access systems, in a phased manner, and has recently allowed Direct-to-home broadcasting, which may bring about changes in the broadcasting industry. A delay in introduction of alternative medium for news broadcasting and any future technological changes, may affect the news broadcasting industry.

Our Offices

We have taken on lease and developed a studio in New Delhi. This forms the main centre for programming. The details of our various offices are as under:

Type	Address	Freehold/ Leased/ Rented	Approx. area
Registered Office	Adhikari Chambers, Oberoi Complex, New Link Road, Near Lakshmi Industrial Estate, Andheri (W), Mumbai 400053	Lease	2,000 sq. ft.
Delhi Office (Studio)	1, Mandir Marg, Premnath Motors Workshop Compound, New Delhi 110 001	Sub-Lease	11,300 sq ft

Export Obligations

Directorate General of Foreign Trade (DGFT) has launched "Export Promotion Capital Goods Scheme" or the EPCG scheme to promote exports from India. Under the said scheme, the capital goods can be imported by paying 5% duty and the importer is under obligation to export 8 times of the duty saved amount within a period of 8 years. We have imported capital goods under two licenses obtained under this scheme. The details of the licenses are as under.

EPCG License No. & Date	Import Items	Export Item	CIF Value of Import (Rs. In lakhs)	Export Obligation (Rs. In lakhs)	Period of Completion
0330009241 22/07/2005	Studio Equipment	Media Software	149.61	359.06	8 Years
0330011172 28/02/2006	Studio Equipment	Media Software	53.82	129.16	8 Years

We are required to complete the export obligation as follows.

EPCG License No. & Date	Export obligation to be completed	
	1st block of 6 years 50% (Rs. In lakhs)	2nd block of 7th & 8th Years 50% (Rs. In lakhs)
0330009241 22/07/2005	179.53	179.53
0330011172 28/02/2006	64.58	64.58



"JANMAT" is a views channel, which attempts to inform the common man about his rights, duties & powers as a citizen of India through a series of well-positioned programmes. Apart from the programs on the main theme of the channel, we also produce and runs programs on various subjects like lifestyle, cookery, television, films, Health, travel etc. This kind of programs has export potential in the form of supply to channels abroad.

Insurance

The details of Insurance policy taken by us other than the car insurance policy is as under:

Policy No	Name of Company	Expiry Date	Policy Amount (Rs. In Lakhs)	Premium Amount (Rs. In Lakhs)	Nature of Policy
1111800/11/06/00001006	The New India Assurance Company Ltd.	15/08/2007	847.38	3.33	Fire Policy building/stock furniture/equipment
1111800/46/06/04/0000060	The New India Assurance Company Ltd.	19/04/2007	679.65	0.75	Burglary for furniture/ equipments
111800/46/05/37/00001125	The New India Assurance Company Ltd.	27/02/2007	25 .00	0.20	Public Liability for tower
111800/11/06/11/00621	The New India Assurance Company Ltd.	27/06/2007	42.00	0.15	Fire Policy for Equipments

Employees

As on December 31, 2006 we have a total permanent full time work force of 275 employees, in following different fields:

Sr. No.	Department	No of Employees
1	Programming & Production	155
2	Human Resources & Administration	28
3	Distribution	14
4	Sales & Marketing	19
5	Studio	33
6	Operations, Traffic & Response	11
7	Accounts & Finance	11
8	EDP & Others	4
	Total	275

Broadcast Initiatives Limited

Our Indebtness

Name of Bank	Type of Loan	Amount (Rs. In Lakhs)	Rate Of Interest	Repayment Schedule	Security
Indian Overseas Bank	Term Loan	2970.00	BPLR-0.50% i.e. 11.00%	After moratorium of 12 months, repayment will be as under: In 2nd Year 12 instalments of Rs 37.17 Lakhs each In 3rd Year 12 instalments of Rs 86.67 lakhs each In 4th Year 12 instalments of Rs 123.67 lakhs each	First charge on the fixed assets and current assets of the Company. Collateral Security: First charge on the block of assets (excluding Media rights, Business & Commercial Rights and Vehicle Loans) of associates viz. SABTNL with book value of Rs 2348.37 lakhs as on 31-03-05, including immovable property at Oberoi Complex, New Link Road, Andheri (West), Mumbai, consisting of 6 floors with book value of Rs 877.97 lakhs and market value of Rs 20 crores. Second charge on the residential building owned by Mr. Gautam Adhikari or pledge of shares of SABTNL owned by Mr. Gautam Adhikari and Mr. Markand Adhikari for market value of 250% of the shortfall.



REGULATIONS AND POLICIES

The following description is a summary of the relevant key regulations and policies as prescribed by the Ministry of Information and Broadcasting, the Department of Telecommunications, the Reserve Bank of India and the Gol. The information detailed set out in this chapter has been obtained from the websites of the relevant regulators and publications available in the public domain.

The Government of India has, over the years, formulated various regulations which specifically apply to companies operating in the television broadcasting sector. These regulations are made applicable either by means of statutory enactment governing broadcasting, by action of the regulators who govern this area and are also made applicable as conditions under certain licenses that are required to be acquired prior to the broadcasting of information. Some of the important legislation in this area is:

The Indian Wireless Telegraphy Act, 1933 (the "Wireless Act")

The 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 Wireless Planning & Coordination Wing ("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 WPC is divided into major sections like licensing and receive, new technology group and Standing Advisory Committee on Radio Frequency Allocation (the "SACFA"). It is also involved in formulation of the frequency allocation plan, making recommendations to the International Telecom Union and clearance of all wireless installations in the country. Clearance from the WPC is required for the usage of certain equipment for television broadcasting including Satellite News Gathering ("SNG") and Digital Satellite News Gathering ("DSNG") equipment and teleports.

The Telecom Regulatory Authority Act, 1997 (the "TRAI Act")

The TRAI Act established the Telecom Regulatory Authority of India ("TRAI") and the Telecom Disputes Settlement and Appellate Tribunal ("TDSAT"). The TRAI and TDSAT are the regulatory and appellate bodies in India which regulate telecommunication services and adjudicate disputes in relation thereto, respectively.

Under the TRAI Act, the TRAI is empowered to make recommendations to the Central Government or the entity empowered under the Telegraph Act to issue licenses in connection with matters such as the need and timing for introduction of new service providers, terms and conditions of licenses issued to service providers and the revocation of licenses for non-compliance with terms and conditions. The functions to be discharged by the TRAI include ensuring compliance with the terms and conditions of licenses, regulate revenue sharing arrangements among service providers and specifying the standards of quality of service to be provided by service providers.

The TRAI is empowered to call upon any service provider at any time to furnish in writing such information or explanation as is required or to conduct an investigation into the affairs of any service provider or issue directions in respect thereof.

Regulations Governing Television Broadcasting

Television broadcasting in India is governed by regulations which apply to the various stages of gathering, processing, uplinking, down linking and accessing the television programming. In addition to the said legislation, the industry is also governed by an industry regulator.

Regulation by the TRAI

Television broadcasting was brought under the ambit of the TRAI by classifying broadcasting and cable services as "telecommunications" on January 9, 2004. The TRAI has been mandated to review policy governing broadcasting and cable services and has made significant recommendations and interventions in relation to the Conditional Access System ("CAS") Regime.

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Regulations for Uplinking

The gathering, uplinking and broadcasting of television based content in India was governed by a series of guidelines promulgated by the MIB. These included the "Guidelines for uplinking from India" notified in July 2000, the "Guidelines for Uplinking of News and Current Affairs TV Channels from India" notified in March 2003, and the "Guidelines for use of SNG/DSNGs" notified in May 2003.

On December 2, 2005, the above guidelines were consolidated into the "Guidelines for Uplinking from India" ("Uplinking Guidelines") which relate to:

- (i) Permission for setting up of Uplinking Hub/Teleports;
- (ii) Permission for Uplinking a Non-News and Current Affairs TV Channel;
- (iii) Permission for Uplinking a News and Current Affairs TV Channel;
- (iv) Permission for Uplinking by Indian News Agency;
- (v) Permission for use of SNG/DSNG Equipment in C Band and KU Band; and
- (vi) Permission for Temporary Uplinking.

Permission for Setting up of Uplinking Hub/ Teleports.

Companies making applications to establish uplinking hubs or teleports in India are required to satisfy certain capital adequacy requirements based on the number of channels being broadcast, for example a company with teleport with single channel capacity is required to maintain a net worth of Rs. 10 million and a company with teleport with 15 channel capacity is required to maintain a net worth of Rs. 30 million. Further, foreign equity holding including NRI/OCB/PIO investment is not permitted to exceed 49%. Licenses granted are valid for a period of ten years. A one time license fee is payable for every teleport licensed under the above system and uplinking is permitted only for channels which are approved for uplinking by the MIB.

Permission for Uplinking Non-News & Non Current Affairs TV Channel

This permission enables the uplinking of channels which do not include elements of news & current affairs in their programme content. Applicants with one channel are required to maintain net worth of Rs. 15 million for one channel and Rs. 10 million for every additional TV channel.

Licenses granted are valid for a period of ten years. The company is also required to comply with the procedure laid down in the downlinking guidelines notified by the MIB. Under these guidelines sports channels and sports management companies having TV broadcasting rights are required to share their feed with Prasar Bharati for national and international sporting events of national importance, held in India or abroad, for terrestrial transmission and DTH broadcasting subject to certain conditions. Revenue sharing in such conditions is prescribed in the ratio of 75:25 in favour of the company holding the license.

Permission for News & Current Affairs TV Channel

These guidelines apply to channels having any element of News & Current Affairs content in their programming content. Under the guidelines, foreign equity holding including FDI/FII/NRI investment in such companies is not to exceed 26% of the paid up equity of the company. However, entities making portfolio investment in the form of FII/NRIs deposits are not to be treated as "persons acting in concert" with FDI investors. While calculating the foreign holding component for the above limit, the equity of foreign entities in Indian shareholder companies of the company applying for uplinking permissions is reckoned as foreign holding in the applicant company. However, the indirect FII equity in a company as of 31st March of the year would be taken for the purposes of pro-rata reckoning of foreign holdings.

Under the Uplinking Guidelines at least 51% of the total equity (excluding the equity held by Public Sector Banks and Public Financial Institutions as defined in section 4A of the Act) in the company, is to be held by the largest Indian shareholder, which in case of an individual, would include all relatives of such shareholder and all companies in which such shareholder has controlling interest and who have entered into a legally binding agreement to act as a single unit. Licenses granted are valid for a period of ten years.



The company is required to disclose all material agreements in the nature of shareholders agreements, loan agreements and such other agreements that are finalized or are proposed to be entered into by it at the time of application for permission to uplink. Any subsequent changes in said agreements or the foreign direct investment in the company is to be disclosed to the MIB, within 15 days of the occurrence thereof. Upon the finalization of the Basis of Allotment, our Company would also be required to notify the MIB, of the percentage of the foreign direct investment pursuant to the Issue.

The company is required to intimate the names and details of all non resident persons proposed on the board of directors of the company and any foreigners/NRIs to be employed/engaged in the company either as consultants (or in any other capacity) for more than 60 days in a year, or, as regular employees to the MIB. Under the Uplinking Guidelines at least 75% of the directors on the board of directors of the company and all key executives and editorial staff including the CEO, known by any designation and/ or head of the channel, are required to be resident Indians. All appointments of key personnel (executive and editorial) are to be made by the company without any reference on/ from any other company, Indian or foreign. The representation on the board of directors of the company is required to be as far as possible proportionate to the shareholding. Companies are required to have complete management control, operational independence and control over its resources and assets and must have adequate financial strength for running a news and current affairs TV channel. Companies with one channel are required to maintain net worth of Rs. 30 million for one channel and Rs. 20 million for every additional TV channel.

Basic Conditions/Obligations

Permission for usage of facilities/infrastructure for live news/footage collection and transmission, irrespective of the technology used, is only to be granted to channels uplinked from India. The uplinking company or channel is further required to ensure that its news and current affairs content provider(s), if any, are accredited with the Press Information Bureau and that it uses only equipment which is duly authorised and permitted by the competent authority. The company/channel is to undertake to comply with the programme and advertising codes, keep a record of the content uplinked for a period of 90 days and to produce the same before any agency of the government, as and when required. The applicant company/channel is required to comply with all the terms and conditions of the permission/approval prescribed by the MIB and failure to comply with any of the terms and conditions will result in withdrawal of such permission/approval and suspension/cancellation of the wireless operating licence issued by the WPC. The licensee is required to sign a licence agreement after allotment of frequency by WPC. The license agreement is to specify detailed terms and conditions under which the licence is to be operated. Within one year from the date of signing of licence agreement, the applicant company is required to obtain SACFA clearance, set up the necessary broadcast facilities and obtain a Wireless Operating Licence from the Wireless Advisor in the WPC Wing of the Ministry of Communications and Information Technology and pay the spectrum usage fee as determined by the WPC.

Permission for the use of Satellite News Gathering Technology

The use of SNG and DSNG equipment is restricted to certain types of users, each of whom have to have to apply to the MIB and obtain permission for the same. PIB accredited content provider(s) if any, are permitted to use SNG/DSNG for collection/transmission of news/footage. These channels are permitted to use the technology to gather live news or footage and for point to point transmission entertainment channels uplinking from their own teleport are permitted to use SNG/DSNG for their approved channels, and for transfer of video feeds to the permitted teleport. All foreign channels, permitted entertainment channels uplinked from India and entities permitted to use SNG/DSNG equipment are required to seek temporary uplinking permission for using SNG/DSNG for any live coverage/footage collection and transmission on case to case basis. Certain technical and other restrictions are applicable to usage within these permitted categories such as captive usage.

1. Uplinking is to be carried out only in the encrypted mode, so as to be receivable only in closed user group. Signals are to be down linked only at the permitted teleport of the licensee and uplinked for broadcasting through permitted satellite only through such teleports.
2. Content collected through SNG/DSNG technology is required to conform to Programme and Advertisement Codes.
3. The use of SNG/DSNG is prohibited in certain regions by the Ministry of Home Affairs ("MoHA"), defense installations and in certain areas cordoned off for security purposes.
4. The company is required to inform the MIB about placement of their terminals.

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5. The usage term for SNG/DSNG equipment extends up to the period of the channel permission for news and current affairs content providers for such channels and up to the period of the teleport license for teleport owners.
6. Permissions are required to be taken from the WPC for the use of SNG/DSNG technology and for frequency authorization. The WPC permission is renewable annually.
7. Usage of the SNG/DSNG technology is also permitted in the KU Band. Penalties for violations of the said guidelines include suspensions of the corresponding uplinking licenses for various periods of time, and / or prohibitions on broadcasting material during the permission period.

Foreign Investment

Under Press Note No. 01 (2006) Series on Foreign Direct Investment (FDI) in Up-linking of TV Channels, FDI in the Up-linking of TV Channels is permitted as under:

1. FDI up to 49% is permitted with prior approval of the Government for setting up the Up-linking Hub/ Teleport;
2. FDI up to 100% is allowed with prior approval of the Government for Up-linking a Non-News & Current Affairs TV Channel;
3. FDI (including investment by Foreign Institutional Investors (FIIs) up to 26% is permitted with prior approval of the Government for Uplinking a News & Current Affairs TV Channel subject to the condition that the portfolio investment in the form of FII/ NRI deposits shall not be "persons acting in concert" with FDI investors as defined in Securities & Exchange Board of India (Substantial Acquisition of Shares & Takeovers) Regulations, 1997.

A company permitted to uplink a channel is required to certify the continued compliance of the above requirement at the end of each financial year. While calculating foreign equity of the applicant company, the foreign holding component, if any, in the equity of the Indian shareholder companies of the applicant company is to be duly reckoned on a pro-rata basis, so as to arrive at the total foreign holding in the applicant company. However, the indirect FII equity in a company as on 31st March of the year is to be taken for the purposes of pro-rata reckoning of foreign holdings. Further, FDI in the Up-linking TV Channels will be subject to compliance with the Uplinking Guidelines and policy of the MIB as may be notified from time to time.

Conditional Access System (CAS)

A conditional access system ("CAS") is a technology which enables electronic transmission of digital media, especially television signals, directly accessible to consumers who have subscribed and paid the requisites subscription fee. It is a conditional access as the television signals are not available to the non subscribers. A set-top box (STB) containing a conditional access module is required in the consumer's premises to receive the television signals.

By a recent Delhi High Court Order, CAS is to be implemented in Delhi, Mumbai and Kolkata from December 31, 2006.

The Government of India issued a Notification No. 39 dated 9 January 2004 whereby, under the proviso to clause (k) of sub-section (1) of section 2 of the TRAI Act, 1997 as amended, the scope of the expression telecommunication services was increased to include the broadcasting services and cable services also. Thus, broadcasting and cable services now come within the purview of the Telecom Regulatory Authority of India.



OUR HISTORY AND CERTAIN CORPORATE MATTERS

Our Company was promoted by Mr. Gautam Adhikari and Mr. Markand Adhikari to carry on the business of, news gathering, news syndication, content development, production and content management for news, news based programmes. Our Company was incorporated as SAB Samachar Limited on the February 04, 2004 and was granted Certificate of Commencement of business on September 13, 2004. The name of the company was changed to Sri Adhikari Brothers News and Television Network Limited on July 08, 2005. The name of the Company was further changed to Broadcast Initiatives Limited with effect from May 18, 2006. The necessary ROC approval for the change of names as above has been received.

Our Company was subsidiary of Sri Adhikari Brothers Television Network Limited (SABTNL) by way of "control of the Board" exercised by the management of SABTNL. An amendment was made in the Articles of Association of our Company, by inserting Article 46 (g) whereby Sri Adhikari Brothers Television Network Limited was empowered to control the composition of Board of Directors of our Company; thereby making the Company a "Board Controlled" subsidiary of SABTNL as defined in Section 4 (a) of The Companies Act. Subsequently, the clause has been deleted on adoption of new Articles as per special resolution passed by the members of our Company in the Annual General Meeting held on May 16, 2006. Since then, our Company has ceased to be the subsidiary of Sri Adhikari Brothers Television Network Limited.

Milestones

Year	Particulars
2003-04	Incorporation of the Company as "SAB Samachar Limited" on February 04, 2004 in the state of Maharashtra.
2004-05	Certificate of Commencement of business granted on September 13, 2004.
2005-06	<ul style="list-style-type: none"> Name of our Company was changed to Sri Adhikari Brothers News and Television Network Limited on July 08, 2005 Our Company received permission dated August 23, 2005 from the Ministry of Information & Broadcasting permitting to uplink the TV channel JANMAT (in Hindi and English languages in digital mode) from India from INSAT-2E for a period of 10 years. Obtained License from Ministry of Communication, Department of Telecommunication Wireless Planning & Coordination Wing for establishing communication with Insat-2E (83°) up-linking of its television channel 'JANMAT' on September 23, 2005 Our Company obtained up-linking permission for "JANMAT" dated September 29, 2005 through teleport Essel Shyam Communications Limited and MPTV result of 4.8 M Antenna in C-Band at site C-34, Sector 62, Noida from Network Operations Control Centre, Department of Telecom, Ministry of Communications and IT, Government of India. Uplinking with Insat 2E satellite on November 06, 2005. Trial launch of Janmat Channel on November 14, 2005 Sri Adhikari Brothers Media Ltd. was made 100% subsidiary of our Company March 02, 2006.
2006-07	<ul style="list-style-type: none"> Uplinking with Insat 4A satellite on April 30, 2006. Commercial Launch of Janmat Channel with live feeds on April 30, 2006. Our Company ceased to be subsidiary of SABTNL w.e.f. May 16, 2006. Name of the Company was changed to Broadcast Initiatives Limited on May 18, 2006.

Broadcast Initiatives Limited

Main Objects of the Company

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

To engage in and carry on the business of news gathering, news syndication, content development, production and content management for news, news based programmes, current affairs programmes, talk shows, chat shows, game shows and any other entertainment based content, programmes for broadcast on satellite television, cable, broadband, web, internet, radio and any other broadcast medium and to print, publish, sale and market newspapers, magazines and any other print form of content publication and to generally deal in producing, buying, selling, import and export of content and information in print, audio, video and any other form and also to carry on business as broadcasters, channel operators, publishers in India and abroad.

The main objects clause and objects incidental or ancillary to the main objects clause of the Memorandum of Association of the Company enables it to undertake the existing activities and the activities for which the funds are being raised, through the present Issue.

Changes in the Memorandum of Association

Date of Change	Particulars of Change
April 30, 2005	Increase in Authorized Equity Capital from Rs. 100 Lakhs to Rs. 1000 Lakhs
July 08, 2005	Change in name of our Company from SAB Samachar Limited to Sri Adhikari Brother News and Television Network Limited. The necessary ROC approval for the change of names as above has been received.
February 17, 2006	30,00,000 un-issued Preference Shares reclassified into Equity Shares.
April 10, 2006	Increase in Authorized Equity Share Capital of our Company to Rs. 2500 Lakhs consisting of 250 Lakhs Equity Shares of Rs. 10/- each.
May 18, 2006	Change in the name of the Company to Broadcast Initiatives Limited. The necessary ROC approval for the change of names as above has been received.

Subsidiaries of our Company

Sri Adhikari Brothers Media Limited is wholly owned subsidiary. For further details, please refer to the section titled 'Information of our Subsidiary / Promoter Group Companies / Entities' beginning on page no. 67 of this Red Herring Prospectus.

Shareholder Agreement

Our Company has not entered into any shareholders agreement.

Strategic Partners

At present, we do not have any strategic partners.

Financial Partners

At present, the Company does not have any financial partners.

Other Agreements

Our Company has entered in an agreement with Sri Adhikari Brothers Media Limited (SABML), our wholly owned subsidiary on January 5, 2006 whereby our Company will provide services to SABML for managing the operation of SABML's "Mi-Marathi" channel, which includes play out, uplink tie up, data transfer links, distribution and managing , operations as per the terms of the agreement. Some of the important terms of the agreement are as under:

- The agreement is effective from January 5, 2006 and shall continue for 2 years from the date of actual launch of channel unless terminated by either party in terms of the agreement.
- Either party can terminate the agreement by giving 90 days prior notice to the other party.



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- In case of termination of the agreement our Company will have to refund any advance management fees for the unutilized period to SABML after adjusting outstanding dues within 30 days failing which our Company will be liable to pay interest @ 2% per month or any part thereof till date of payment.
 - SABML will pay our Company the following service charges
 - For Play out, uplink and other links, footage and news feed services, a monthly fixed fees of Rs. 9 lakhs applicable from the date of launching the channel.
 - For Distribution and placement services 15% commission on yearly carriage fees spend
 - For managing operations, a fixed fee of Rs.3 lakh per month, applicable from February 1, 2007.
 - The payment terms would be 30 days from date of the invoice
 - For any delay in payment by SABML to our Company, SABML is liable to pay interest @ 2% per month till the date, the amount is paid.

Broadcast Initiatives Limited

OUR MANAGEMENT

Board of Directors

As per the Articles of Association of the Company, the Company must have a minimum of three (3) and maximum of twelve (12) directors. At present, the Company has 5 Directors. Mr. Markand Adhikari, Vice Chairman Managing Director manages the day-to-day affairs of the Company.

The Board of Directors of the Company comprises of the following members:

Sl. No	Name, Designation, Father's Name, Address and Occupation	Age (in yrs.)	Date of Appointment and Term	Other Directorships
01	Mr. Gautam Adhikari S/o Shri Navnitlal Adhikari 1001, Avishkar, 10th floor, S.V.Road, Irla Bridge, Andheri (W), Mumbai- 53 Non-Independent, Executive Director (Chairman) Occupation: Business	56	04-02-2004 Retire By Rotation	1) Sri Adhikari Brothers Television Network Ltd. 2) Sri Adhikari Brothers Media Ltd. 3) Shubham Media Ltd. 4) Westwind Realtors Pvt. Ltd. 5) Middlesex Broadcasting Corporation Ltd.
02	Mr. Markand Adhikari S/o. Shri Navnitlal Adhikari 702, Jeevan Anand, New Link Road, Andheri (W), Mumbai- 53 Non-Independent-Executive Director Occupation : Business	53	04-02-2004 Appointed as Managing Director for a period of 5 years with effect from 22-03-2006	1. Sri Adhikari Brothers Television Network Ltd. 2. Sri Adhikari Brothers Media Ltd. 3. Shubham Media Ltd. 4. Westwind Realtors Pvt. Ltd. 5. Middlesex Broadcasting Corporation Ltd. 6. Parvail Infocomm Private Limited.
03	Mr. Anand Pandit S/o Shri Kamalnayan Pandit Lotus Tower 1, Jai Hind Soc. N.S. Road no. 12-a, Juhu Scheme, Mumbai 400049. Independent Non-Executive Director Occupation : Business	43	04-02-2004 Retire By Rotation	1. Sri Adhikari Brothers Television Network Ltd. 2. Sri Adhikari Brothers Media Ltd. 3. Westwind Realtors PVT. Ltd. 4. Lotus Motion Pictures Ltd. 5. Lotus Real Estate Creators India Pvt. Ltd. 6. Centrum Direct Ltd. 7. Middlesex Broadcasting Corporation Ltd. 8. Sri Lotus Value Realty Pvt. Ltd. 9. Sea Whisper Service Apartment Pvt. Ltd. 10. Kamal Value Realty (India) Pvt. Ltd. 11. Parvail Infocomm Private Limited. 12. Bank of Maharashtra



Sl. No	Name, Designation, Father's Name, Address and Occupation	Age (in yrs.)	Date of Appointment and Term	Other Directorships
04	Mr. G.D.Sharma S/o. Late Mr. R.C.Sharma A-I 08, Janta Colony, Jaipur - 302004 Independent Non-Executive Director Occupation: Retired Professor	72	02-05-2006 Retire By Rotation	Nil
05	Mr. M.S. Kapur S/o. Late Sardar Balwant Singh Kapur C-15A, (FF) Jangpura Extension, Delhi - 110 014 Independent Non-Executive Director Occupation: Retired from Bank	60	26-12-2006 Retire By Rotation	1. Bharat Dynamics Limited 2. International Space and Infrastructure Deliveries Private Limited 3. DKP Solutions Private Limited 4. Corporate Ispat Alloys Limited

Brief Details of the Directors

Mr. Gautam Adhikari

For details please refer to page no. 66 of Red Herring Prospectus relating to "Our Promoters"

Mr. Markand Adhikari

For details please refer to page no. 66 of Red Herring Prospectus relating to "Our Promoters"

Mr. Anand K. Pandit, aged 42 years, is a B.E. Electronics and Communication Engineer from L.D. Engineering College, Ahmedabad. He is associated with the Company as Director since incorporation. He is Trustee of Yuvak Pratishthan (An NGO active in the field of public health). He was honored with Diamond Ratna Award in 2002 for his outstanding contribution towards Diamond Business and Dhirubhai Ambani Memorial Award in the year 2003 for contribution to Gujarati Community.

Mr. G.D. Sharma, aged 72 years, is M.Com., Ph.D. He served as Professor and Head of Department Business Administration in Rajasthan University, Jaipur. He was Dean, Faculty of Commerce and Director at P.G. School of Commerce. He was appointed as a Director, Central Bank of India from 1995 to 2000 and Bank of Maharashtra from 2001 to 2004 by the Ministry of Finance, Government of India.

Mr. M.S.Kapur, aged 60 years, is B.Sc. and M.A from Punjab University. He has retired as a Chairman and Managing Director of Vijaya Bank in March 2006. He has more than 37 years of experience in the banking industry and has worked as Officiating Chairman & Managing Director of Syndicate bank and Punjab & Sindh Bank and as Chief Vigilance Officer of Union Bank of India and Indian Overseas Bank.

Borrowing powers of the Directors

Pursuant to a resolution dated February 17, 2006 passed by our shareholders in an extra-ordinary general meeting, in accordance with the provisions of the Companies Act, our Board has been authorized to borrow money for the purposes of the Company upon such terms and conditions and with / without security as the Board of Directors may think fit, provided that the money or monies to be borrowed together with the monies already borrowed by the Company (apart from the temporary loans obtained from the Company's bankers in the ordinary course of business) shall not exceed, at any time, a sum of Rs. 5000 lakhs.

Broadcast Initiatives Limited

Compensation paid to Managing Director, Whole-Time Directors of the Company

Mr. Markand Adhikari, Managing Director

Mr. Markand Adhikari has been appointed as a Managing Director of the Company with effect from March 22, 2006 for a period of 5 years. Pursuant to the resolution, he shall not draw any remuneration or perquisites, however, he shall be reimbursed with all the expenses incurred by him for the business of the Company.

Compliance with Corporate Governance Requirements

The provisions of the listing agreements to be entered into with the Stock Exchanges with respect to corporate governance become applicable to us at the time of seeking in-principle approval of the Stock Exchanges. The Company has complied with SEBI Guidelines in respect of corporate governance, including with respect to broad basing of Board including the appointment of independent Directors to the Board and the constitution of the various committees of the Board viz. Audit Committee, the Shareholder's/ Investors Grievances-cum-Share Transfer Committee and Remuneration Committee. The Company undertakes to take all necessary steps to comply with all the requirements of the guidelines on corporate governance and adopt the Corporate Governance Code as per Clause 49 of the listing agreement to be entered into with the Stock Exchanges, as would be applicable to the Company upon listing of its Equity Shares.

Audit Committee

The Audit Committee provides directions to and reviews functions of the Audit Department. The Committee evaluates internal audit policies, plans, procedures and performance and reviews the other functions through various internal audit reports and other year-end certificates issued by the statutory auditors. Quarterly and Annual Accounts will be reviewed by the Audit Committee, prior to their presentation to the Board along with the recommendations of the Audit Committee. Besides, Audit Committee will be authorized to exercise all such powers as are required under the amended Clause 49 of the Listing Agreement. The Committee was reconstituted in the meeting of Board of Directors held on December 26, 2006.

Composition of Audit Committee

Sr. No	Name of the Director	Designation	Nature of Directorship
01	Mr. Anand Pandit	Chairman	Independent Non- Executive Director
02	Mr. M.S.Kapur	Member	Independent Non- Executive Director
03	Mr. G.D.Sharma	Member	Independent Non- Executive Director

Shareholders' / Investors Grievance- cum-Share Transfer Committee

Our Company has complied with the requirements of Clause 49 of the listing agreement to be entered into with the Stock Exchanges by constituting a Shareholders' / Investors Grievance - Cum - Share Transfer Committee. In the meeting of the Board of Directors of the Company held on December 26, 2006 the committee was reconstituted. The Committee is to redress the complaints of the shareholders in respect of matters pertaining to transfer of shares, non-receipt of annual report, dematerialization of shares, non-receipt of declared dividend etc.

Composition of Shareholders' / Investors Grievance - Cum - Share Transfer Committee

Sr. No	Name of the Director	Designation	Nature of Directorship
1	Mr. M.S.Kapur	Chairman	Independent/Non Executive Director
2	Mr. Anand Pandit	Member	Independent/Non Executive Director
3	Mr. G. D. Sharma	Member	Independent/Non Executive Director

Remuneration Committee

As a measure of Corporate Governance we have also constituted Remuneration Committee. This committee was reconstituted in the meeting of Board of Directors held on December 26, 2006.



Composition of Remuneration Committee

Sr. No	Name of the Director	Designation	Nature of Directorship
1	Mr. G. D. Sharma	Chairman	Independent/Non Executive Director
2	Mr. Anand Pandit	Member	Independent/Non Executive Director
3	Mr. M.S.Kapur	Member	Independent/Non Executive Director

Shareholding of Directors

Our Articles do not require our Directors to hold any qualification shares in our Company. The list of Directors holding Equity Shares and the number of Equity Shares held by them as on date of RHP is set forth below:

Sr. No	Name of the Director	Number of Shares	% of holding
1	Mr. Gautam Adhikari	53,81,500	49.99
2	Mr. Markand Adhikari	53,81,500	49.99
3	Mr. Anand Pandit	200	0.002

Interest of Directors

All of our Directors may be deemed to be interested to the extent of fees payable to them for attending meetings of the Board or a committee thereof as well as to the extent of other remuneration and reimbursement of expenses payable to them under our Articles of Association and to the extent of remuneration paid to them for services rendered as an officer or employee of our Company.

Our Directors may also be regarded as interested in the Equity Shares, if any, held by them or that may be subscribed by or allotted to the companies, firms, trusts, in which they are interested as directors, members, partners, trustees and promoters, pursuant to this Issue. All of our Directors may also be deemed to be interested to the extent of any dividend payable to them and other distributions in respect of the said Equity Shares.

Except as stated in the section titled "Related Party Transactions" on page no. 76 of Red Herring Prospectus, and to the extent of shareholding in our Company, our Directors do not have any other interest in our business.

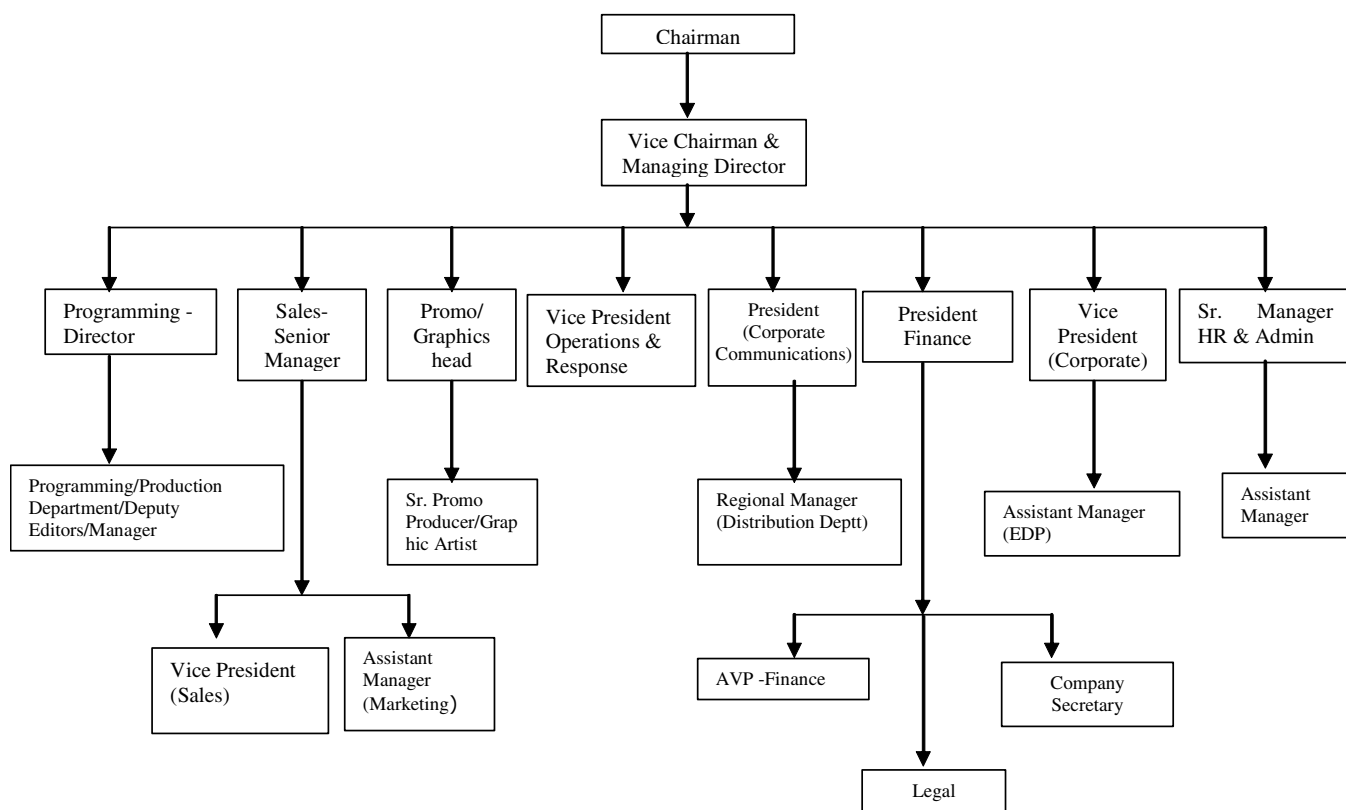
We have not entered into any contracts in the last two years from the date of this Red Herring Prospectus, in which our directors are interested, directly or indirectly, and no payments have been made to them in respect of these contracts, or is proposed to be made to them other than as mentioned in "Financial Statements - Related Party Transactions".

Changes, if any, in the Directors in last three years and reasons thereof

Sr. No.	Name of Director	Date of appointment	Date of Resignation	Reasons of Change
1	Mr. G.D.Sharma	May 2, 2006	-	Appointment as Additional Director liable to retire by rotation.
2	Mr. P.K.Mittal	May 2, 2006	-	Appointment as Additional Director liable to retire by rotation.
3	Mr. P.K. Mittal	-	September 23, 2006	Resignation
4	Mr. M.S. Kapur	December 26, 2006	-	Appointment as Additional Director liable to retire by rotation.

Broadcast Initiatives Limited

Management Organisation Chart



Key Management Personnel

Our key managerial personnel other than Chairman and Vice Chairman & Managing Director are as under:

Sr. No.	Name of the employee	Age (yrs)	Qualification	Experience (in yrs)	Date of Joining	Previous Employment	Remuneration during last F.Y. 2005-06 (Rs. in lakhs)
01	Mr. Sanjay Bhandari	33	FCA	13	01-04-2006	Self Employed	N.A.
02	Ms. Harina Chandan	38	Bachelor of Arts	16	01-04-2006	Sri Adhikari Brothers Television Network Ltd.	N.A.
03	Mr. M. S. Krishnan	49	B.Com, Post Graduate Diploma in Industrial Relations and Personnel Management	27	01-04-2006	Sri Adhikari Brothers Television Network Ltd.	N.A.
04	Mr. Parthasarthy Iyer	26	B.Com	6	01-04-2006	Sri Adhikari Brothers Television Network Ltd.	N.A.



Sr. No.	Name of the Employee	Age (yrs)	Qualification	Experience (in yrs)	Date of Joining	Previous Employment	Remuneration during last F.Y. 2005-06 (Rs. in lakhs)
05	Mr. Yazdi Sodawaterwala	40	B.Com	11	01-04-006	Sri Adhikari Brothers Television Network Ltd.	N.A.
06	Mr. Harish Gupta	54	Master of Arts	32	01-06-2005	Sri Adhikari Brothers Television Network Ltd.	9.70
07	Ms. Yagya Turker	26	ACS	-	March 20, 2006	Nil	0.05
08	Mr. Chirag Patel	34	B.Com	14	June 20, 2006	Independent News Service Private Limited.	N.A
09	Mr. Pranjal Chavan	30	Masters Diploma in Software Engg. And Diploma in Web Designing, application and Marketing	10	April 01, 2006	Sri Adhikari Brothers Television Network Ltd.	N.A

Brief details of Key Managerial Personnel

Mr. Sanjay Bhandari, President (Finance), 33 years, is a Chartered Accountant by profession. Prior to joining us, he was a practicing Chartered Accountant specializing in the field of Internal Audit, Financial consultancy & Taxation. He is responsible for the accounting and financial functions of the company apart from forming of strategic initiatives. His functions also include liaising with various government organizations & authorities on behalf of the company apart from ensuring sound corporate governance.

Ms. Harina Chandan, Vice President, (Operations & Response), 38 years, has a bachelor's degree in Arts from University of Mumbai. She is responsible for Operations and Response department of our Company. In addition, she also handles the library department of our Company.

Mr. M. S. Krishnan, Sr. Manager, (HR and Administration), 49 years, has a bachelor's degree in Commerce from University of Mumbai and Post Graduate diploma in IR and Personnel Management from Bhavan's College, Mumbai. His present responsibilities include general administration, human resource management, employee welfare and facilities management.

Mr. Parthasarthy Iyer, Senior Promo Producer, 26 years, has a Bachelors Degree in Commerce from Bombay University. His job profile involves branding of the shows, creating the look of the channel and editing the various promotion campaigns for the various shows on air.

Mr. Yazdi Sodawaterwala, Regional Manager-West (Distribution), 40 years, has a bachelor's degree in Commerce from University of Mumbai. Prior to joining us, he has also worked for Home TV in Distribution department. His job responsibility includes ensuring the distribution of the channel for Western India.

Mr. Harish Gupta, Director, (News & Current Affairs), 55 years, has Post Graduation degree from Delhi University. He has 32 years of experience in the field of Journalism and e-media.

Ms. Yagya Turker, Company Secretary, aged 26, is a qualified Company Secretary from Institute of Company Secretaries of India. She is looking after the secretarial work of our Company.

Mr. Chirag Patel, Associate Vice President, Sales (West & South), aged 35 years, has a bachelors degree in commerce from Sardar Patel University, Gujarat. He has experience of working with media companies like Media India TV etc. He is responsible for handling relationship management of Clients/ Agencies account for West and South zone. He is also responsible for sales functions and sales research & planning for west & south.

Broadcast Initiatives Limited

Mr. Pranjal Chavan, Assistant Manager (E-Technologies), aged 31 years , has a bachelors degree in B.Sc from Mumbai University and Masters Diploma in software engineering and has experience in languages like HTML and JAVA, Application packages and WEB marketing Strategies. He is responsible for all EDP functions and E-Technologies for our channel JANMAT.

All the above key managerial personnel are as per Accounting Standard 18 issued by Institute of Chartered Accountants of India. Further, all the key management personnel are permanent employees of the Company. None of the aforementioned key managerial personnel are related to the promoters of our Company.

Shareholding of the Key Managerial personnel

The shareholding of the Key Managerial Personnel of the Company is as per details below:

Sr. No	Name of the Director	Number of Shares	% of holding
01	Mr. Sanjay Bhandari	200	0.002
02	Mr. Parthasarathi Iyer	200	0.002

Bonus or Profit Sharing Plan for the Key Managerial Personnel

There is no Bonus or Profit Sharing Plan for the Key Managerial Personnel of the Company.

Changes in Key Managerial Personnel

Following have been the changes in the key managerial personnel during the last one year:

Sr. No.	Name of Key managerial person	Date of appointment	Date of ceasing	Designation	Reason
1	Mr. Sanjay Bhandari	01-04-2006	-	President- Finance	Appointment
2	Mr. Subramanian Iyer	15-02-2006	-	Sr.VicePresident - Sales	Appointment
3	Ms. Harina Chandan	01-04-2006	-	Vice President - Operations & Response	Appointment
4	Mr. M. S. Krishnan	01-04-2006	-	Sr. Manager - HR and Administration	Appointment
5	Mr. Junaid Banatwala	01-04-2006	-	V.P. - Corporate	Appointment
6	Mr. Yazdi Sodawaterwala	01-04-2006	-	Regional Manager - Distribution - West	Appointment
7	Mr. Sudhir Mohan	01-04-2006	-	Regional Manager - Distribution - North	Appointment
8	Mr. Harish Gupta	01-06-2005	-	Director - Programming	Appointment
9	Mr. Parthasarthy Iyer	01-04-2006	-	Senior Promo Producer	Appointment
10	Ms. Yagya Turker	20-03-2006	-	Company Secretary	Appointment
11	Mr. Subramanian Iyer		20-06-2006		Resignation
12	Mr. Junaid Banatwala		16-08-2006		Resignation
13	Mr. Sudhir Mohan		04-09-2006		Resignation
14	Mr. Chirag Patel	20-06-2006		Associate Vice President - Sales West & South	
15	Mr. Pranjal Chavan	01-04-2006		Assistant Manager (E-Technologies)	



Interest of Key Managerial Personnel

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 and to the extent of Equity Shares held by them in the Company.

Employee Stock Option Scheme (ESOS)

Our Company by a Special Resolution passed at the Extra Ordinary General Meeting held on April 10, 2006 approved the "ESOS-2006" Scheme under Section 81(1A) of the Companies Act, 1956 to be read alongwith the SEBI (Employee Stock Option and Employee Stock Purchase Scheme) Guidelines, 1999 whereby options convertible into Equity Shares shall be issued to eligible Employees of the Company. The maximum number of options granted to any one employee in a year will not be equal to or exceed 1% of the issued equity share capital of the Company (excluding outstanding warrants and conversions) at the time of granting the option. As such, it is proposed that options not exceeding 5,00,000 (Five Lacs) Equity shares of Rs. 10/- (Ten only) each in the aggregate can be granted under ESOS 2006. The detailed terms and conditions of the ESOS-2006, including the method of implementation, the eligibility of the employees to whom the grant will be made and other terms and conditions of such Scheme will be determined by the Compensation Committee. For the details of the ESOS please refer to page no. 17 of the Red Herring Prospectus

Payment or benefit to officers of the company (non salary related)

No amount or benefit has been paid or given within the two preceding years or is intended to be paid or given to any of the officers of the Company.

OUR PROMOTERS

Our present Promoters are:



Mr. Gautam Adhikari, aged 56, is a diploma holder in Applied Arts from J.J. School of Arts, Mumbai. He is associated with our Company since incorporation. His name is listed in the Limca Books of records in the year 1999 as having directed maximum number of episodes. He has directed more than 1500 episodes of popular television programs. He began his career as visualizer in an advertising agency and gradually rose to become the Art Director. Mr. Gautam Adhikari jointly with his brother, Mr. Markand Adhikari set up a small advertising agency in eighties. With the expansion in the television and entertainment industry, he started production of regional software for National Network. He is currently creative head of the group & personally supervises the content format & offers creative insights.

Passport number: E9147748

Voter ID: MT/08/039/090164

Driving License No: Not Available



Mr. Markand Adhikari, aged 53, is intermediate in Arts from University of Bombay. He is also associated with our Company since incorporation. He is looking after the day to day affairs of our Company and is designated as Managing Director of our Company. He began his career with an advertising agency in eighties alongwith his brother.

He was instrumental in creating successful association with National network Doordarshan, during which period SABTNL became the first content production house to be listed on the stock exchange in 1995. He is also credited with having developed the concept of sponsored slot production in the national network & having introduced many innovative formats to Indian television for the first time. He also guides our Company in marketing and product development.

Passport Number: E8369695

Voter ID: Not Available

Driving License No: Not Available

We confirm that the Permanent Account Number, Bank Account Number and Passport Number of the Promoters have been submitted to the BSE and NSE at the time of filing this Red Herring Prospectus with them.

Common Pursuits and Interest of the Promoters

Except as stated in the Related Party Information on page no. 76 of this Red Herring Prospectus, the Promoters do not have any interest in the business of our Company, except to the extent of investments made by them in the Company and the returns earned thereon. For further details, please refer to chapter titled "Related Party Transactions" on page no. 76 of this Red Herring Prospectus.



INFORMATION OF OUR SUBSIDIARY / PROMOTER GROUP COMPANIES / ENTITIES

1. Sri Adhikari Brothers Media Limited (SABML)

SABML was originally incorporated as SAB Regional Network Limited on March 15, 2004 as a subsidiary of Sri Adhikari Brothers Television Network Limited (SABTNL) in the State of Maharashtra. The name of the company was changed to its current name w.e.f. September 9, 2005. The Company was granted Certificate of Commencement of Business on September 13, 2004. SABML is in the business of broadcasting and is in the process of launching a Marathi language channel "MI MARATHI". However, as on the date of RHP, the company has not undertaken any commercial activity.

SABML became wholly owned subsidiary of our Company on March 02, 2006.

Shareholding pattern of SABML as on December 31, 2006 is as under:

Name of Shareholders	No of Shares held	Percentage (%)
Broadcast Initiatives Limited	30,99,994	99.99
Broadcast Initiatives Limited through Mr. Gautam Adhikari as its Nominee	1	Negligible
Broadcast Initiatives Limited through Mr. Markand Adhikari as its Nominee	1	Negligible
Broadcast Initiatives Limited through Mr. Anand Pandit as its Nominee	1	Negligible
Broadcast Initiatives Limited through Ms. Urvee Adhikari as its Nominee	1	Negligible
Broadcast Initiatives Limited through Mr. Sanjay Bhandari as its Nominee	1	Negligible
Broadcast Initiatives Limited through Mr. Parthasarthy Iyer as its Nominee	1	Negligible
Total	31,00,000	100%

The present promoter of the Company is Broadcast Initiatives Limited.

Board of Directors of SABML are as under:

1. Mr. Gautam Adhikari
2. Mr. Markand Adhikari
3. Mr. Anand Pandit

Brief Audited Financials of SABML are as under:

(Rs. lakhs except per share data)

	FY 2005-06	FY 2004-05
Sales	-	-
Profit / (loss) after tax	-	-
Reserves and surplus	-	-
Equity capital	310.00	5.00
Earnings per equity share (Rs.)	-	-
Book value per equity share (Rs.)	9.85	6.14

Sri Adhikari Brothers Media Limited (SABML) has entered Ad - Sales Representation Agreement with NDTV Media Limited on December 5, 2006 whereby NDTV Media will act as an exclusive advertisement sales representative in India for the channel Mi-Marathi for air time on the channel. The important terms and condition of the agreement are as under:

- SABML will not sell air time on the channel or authorize any other person other than NDTV media.

Broadcast Initiatives Limited

- In consideration of the advertising sales representation performed by NDTV Media, it will be entitled to earn commission as per terms of the agreement.
- Bad-debt written off provisioning was made upto 4% of net ad sales billing which would be borne by SABML and above that will be borne by NDTV Media.
- The agreement shall come into effect from December 6, 2006 and shall be valid for a period of two years from the date of launch of channel unless terminated in terms of the agreement.
- Either party can terminate this agreement by serving a written notice of not less than 3 months.
- In the event of termination of agreement solely by SABML (for no fault whatsoever on part of NDTV Media), then SABML shall be liable to pay NDTV Media, a one-time termination compensation fee as equivalent to Rs. 150 lakhs, if the agreement is terminated within 12 months from the effective date and Rs. 12.50 lakhs for every month that is remaining as a part of the agreement, if the agreement is terminated after 12 months from the effective date.

The company is not listed on any stock exchange and it does not have any subsidiary. Further the Company has not made any public or rights Issue in the preceding three years. The Company is not a Sick Company under the meaning of the Sick Industrial Companies (Special Provisions) Act, 1995 or is under winding up.

2. Sri Adhikari Brothers Television Network Limited (SABTNL)

Sri Adhikari Brothers Television Network Limited was incorporated on December 19, 1994 in the state of Maharashtra. The ROC Mumbai issued certificate of Commencement of Business on January 09, 1995. The Company is in the business of production of television programmes.

Shareholding pattern of SABTNL as on December 31,2006 is as under:

Category	No. of Shares Held	Percentage of Shareholding (%)
A. Promoter's holding		
1 Indian Promoters	207,09,285	44.62
Sub-Total (A)	2,07,09,285	44.62
B. Non-Promoter Holding		
1. Institutional Investors		
a. Mutual Funds and UTI	32,89,856	7.09
b. Bank, Financial Institutions, Insurance Companies	12,34,726	2.66
c. Venture Capital Funds	400	0.00
d. FII's	5,55,500	1.19
Sub-Total (B)	50,80,482	10.94
C. Others		
a. Corporate Bodies	51,23,467	11.04
b. Indian Public	1,54,20,485	33.22
d. Any Other (Clearing Members)	83,781	0.18
Sub-Total (C)	2,06,27,733	44.44
GRAND TOTAL	464,17,500	100.00

The present promoters of the Company are:

1. Mr Gautam Adhikari
2. Mr. Markand Adhikari



Board of Directors of SABTNL are as under:

1. Mr Gautam Adhikari
2. Mr. Markand Adhikari
3. Mr. Anand Pandit
4. Mr. Arun Khakhar
5. Mr. M.K.Aggarwal

Brief Audited Financials

(Rs. in Lakhs except per share data)

	FY 2005-2006	For the Period of 18 months ended March 31, 2005	For the Period of 18 months ended September 30, 2003
Sales	3770.66	8657.25	8627.66
Other Income	34.49	56.60	98.07
Profit / (loss) after tax	528.02	9.00	(681.05)
Reserves and surplus (excluding revaluation reserves)	9,338.83	8961.05	7989.71*
Equity Share Capital#	928.35	928.35	867.10
Earnings per equity share (Rs.)#	1.14	0.10	(7.85)
Book value per equity share (Rs.)#	21.72	103.02	101.71

*Reduction of capital under section 78 & 100 of Companies Act, 1956 pursuant to order dated January 22, 2004 of Hon'ble High Court, Bombay by setting off the permanent diminution in the value of investments in SABe TV Limited, a wholly owned subsidiary of SABTNL against securities premium account to the extent of Rs. 6695.19 lakhs.

#The nominal value of Equity shares of Rs. 10/- each has been sub-divided into Rs. 2/- per share w.e.f December 7, 2005 vide resolution passed at EGM, thereby resulting in increase in Equity shares from 92,83,500 Equity shares to 4,64,17,500 equity shares.

SABTNL has entered into an Asset Purchase Agreement dated March 13, 2005, with SET Satellite (Singapore) Pte. Limited for the sale of the satellite television channel SAB or SAB TV for a total consideration of USD 13,000,001 Million. The sale includes the transfer of all copyrights, trademarks and other intellectual property related to the channel including any rights to the Programming in the Program Library set out therein.

Pursuant to the Asset Purchase Agreement SABTNL and Set Satellite have entered into a Non-Compete Agreement dated April 15, 2005, for a period of five years from the date of execution of the agreement, whereby SABTNL and its affiliates have been restricted from directly or indirectly dealing with or owning or managing any television programme, service, channel or network consisting of any or all forms of programming anywhere in the world whether for or by itself or any other entity or business organization.

The above restrictions do not apply to a network whose programming is exclusively devoted to news and current affairs programming or in the marathi language. SABTNL has a right to produce, distribute, license and sell individual programmes for exhibition by third parties provided no such programmes are delivered, exhibited or marketed as a branded block or programme service, channel or network of SABTNL or any of its affiliates or a trade name controlled by SABTNL or its affiliates. SABTNL and its affiliates are restricted from using the tradenames Sri Adhikari Brothers, SAB and other assets for any name similar to such names or assets with any such competing network or programme. However the company is authorized to use the surname 'Adhikari' and may continue to use the company name 'Sri Adhikari Brothers Television Network Limited' or SABTNL.

Broadcast Initiatives Limited

Mr. Gautam Adhikari and Mr. Markand Adhikari have executed an Agreement of Guarantee dated April 15, 2005 to ensure the complete performance of the Asset Performance Agreement and other related agreements by SABTNL and its affiliates. The Agreement of Guarantee is valid for six (6) years i.e. till April 15, 2011.

Stock Market Data

The shares of the Company are listed on Bombay Stock Exchange Limited and National Stock Exchange of India Limited

Last 6 months' high and low prices (Rs.) of Equity shares of Sri Adhikari Brothers Television Network Limited at BSE is as follows:

	December, 2006	November, 2006	October, 2006	September, 2006	August, 2006	July, 2006
High	16.85	17.00	15.09	15.90	17.50	14.40
Low	13.85	13.10	13.05	13.50	11.51	11.00
Average	15.35	15.05	14.07	14.70	14.51	12.70

Source: www.bseindia.com

Last 6 months' high and low prices (Rs.) of Equity shares of Sri Adhikari Brothers Television Network Limited at NSE is as follows:

	December, 2006	November, 2006	October, 2006	September, 2006	August, 2006	July, 2006
High	17.50	16.90	15.80	15.80	17.75	14.25
Low	13.90	13.00	13.20	13.65	11.95	11.00
Average	15.70	14.95	14.50	14.72	14.85	12.62

Source: www.nseindia.com

The market price of the scrip of Sri Adhikari Brothers Television Network Limited on the day immediately after the day on which the Board of Directors of Broadcast Initiatives Limited passed the resolution authorizing the Public Issue, i.e. on April 03, 2006, was Rs. 16.00/- and Rs. 15.55 at BSE and NSE respectively.

Further the Company has not made any public or rights Issue in the preceding three years. The Company is not a Sick Company under the meaning of the Sick Industrial Companies (Special Provisions) Act, 1995 or is under winding up.

3. Shubham Media Limited (previously known as SAB Television Network Limited)

Shubham Media Limited was originally incorporated as SAB Television Network Limited on December 07, 2004 in the state of Maharashtra. Thereafter the name of the Company was changed to the present name w.e.f. September 27, 2005. The Company was granted Certificate of Commencement of business on December 16, 2004. The Company is in the business of broadcasting of television and radio channels. However no commercial activities have been undertaken in the company.

Shareholding pattern of company as on December 31, 2006 is as under:

Name	No. of Shares	Shareholding (%)
Mr. Gautam Adhikari	24997	4.54%
Mr. Markand Adhikari	24997	4.54%
Other Non Promoter	6	0.001%
Absolute Films Private Limited	5,00,000	90.919%
Total	5,50,000	100.00%



The present promoters of the Company are:

1. Mr. Rashesh Purohit
2. Mr. Ram Purohit

Board of Directors

1. Mr. Gautam Adhikari
2. Mr. Markand Adhikari
3. Mr. Rashesh Purohit
4. Mr. Ram Purohit

Brief Audited Financials

The company does not have any commercial activity.

(Rs. in lakhs except per share data)

	FY 2005-2006	FY 2004-05
Sales	-	-
Profit / (loss) after tax	-	-
Reserves and surplus	450.00	-
Equity capital	55.00	5.00
Earnings per equity share (Rs.)	-	-
Book value per equity share (Rs.)	91.49	6.26

The company is not listed on any stock exchange and it does not have any subsidiary. Further the Company has not made any public or rights Issue in the preceding three years. The Company is not a Sick Company under the meaning of the Sick Industrial Companies (Special Provisions) Act, 1995 or is under winding up.

4. Westwind Realtors Private Limited

Westwind Realtors Private Limited was incorporated on November 02, 1993 in the state of Maharashtra. The Company is in the business of real estate development.

Shareholding pattern as on December 31, 2006 is as under:

Name	No. of Shares	Percentage Of Shareholding
Mr. Ranvir Oberoi	3,834	0.38%
Mr. Vikas Oberoi	333	0.03%
Mr. Santosh Oberoi	33	Negligible
Sri Adhikari Brothers Television Network Limited	7,74,600	77.46%
Freight Line India Private Limited	1,21,200	12.12%
Ms. Bindu Oberoi	1,00,000	10.00%
Total	10,00,000	100.00%

The present promoters of the Company are:

1. Mr. Gautam Adhikari
2. Mr. Markand Adhikari

Broadcast Initiatives Limited

Board of Directors:

1. Mr. Gautam Adhikari
2. Mr. Markand Adhikari
3. Mr. Anand Pandit

Brief Audited Financials

(Rs. in lakhs except per share data)

	FY 2005-06	FY 2004-05	FY 2003-04
Income (Maintenance Charges for property)	0.24	33.55	36.60
Profit / (loss) after tax	(0.37)	(0.06)	(0.41)
Reserves and surplus	-	-	-
Equity capital	100.00	100.00	100.00
Earnings per equity share (Rs.)	(0.04)	(0.01)	(0.04)
Book value per equity share (Rs.)	9.96	9.99	9.99

The company is not listed on any stock exchange and it does not has any subsidiary. Further the Company has not made any public or rights Issue in the preceding three years. The Company is not a Sick Company under the meaning of the Sick Industrial Companies (Special Provisions) Act, 1995 or is under winding up.

5. Parvail Infocomm Private Limited

Parvail Infocomm Private Limited was incorporated on April 26, 2006 in the state of Maharashtra. The Company is in the business of software development of applications for providing SMS solutions based service and solution based service for designing, publishing, and maintaining web pages on internet/intranets and other services related to information technology.

Shareholding pattern as on December 31, 2006 is as under:

Name	No. of Shares	Shareholding (%)
Mr. Nikhil Fatnani	2500	25%
Mr. Ishwar Fatnani	2500	25%
Mr. Markand Adhikari	2500	25%
Mr. Anand Pandit	2500	25%
Total	10,000	100%

The present promoters of the Company are:

1. Mr. Markand Adhikari
2. Mr. Anand Pandit
3. Mr. Nikhil Ishwar Fatnani
4. Mr. Ishwar Aildas Fatnani

Board of Directors:

1. Mr. Markand Adhikari
2. Mr. Anand Pandit
3. Mr. Nikhil Ishwar Fatnani
4. Mr. Ishwar Aildas Fatnani



Brief Audited Financials

This is the first year of incorporation as such there are no audited accounts of the Company.

The company is not listed on any stock exchange and it does not have any subsidiary.

6. Middlesex Broadcasting Corporation Limited

Middlesex Broadcasting Corporation Limited is a Special Purpose Vehicle company for carrying out the joint venture project between Sri Adhikari Brothers Television Network Limited, a listed venture of our promoters and Mr H.B.Popat. The Called up share capital of the company is 1,66,670 Ordinary Shares of £1 each as on July 31, 2005. The Company was incorporated on July 02, 1996 in England and Wales.

The company is a 50:50 joint venture for terrestrial broadcast of television channel located at Leicestershire, England, telecasting "MATV" a terrestrial channel in Leicestershire and "MATV National" a satellite channel exhibited on the BskyB satellite DTH platform throughout United Kingdom and Ireland. SABTNL has agreed to supply content from its library to enable MBCL to telecast at least 6 hours per day of programming on MATV.

Shareholding pattern as of December 31, 2006

Name	No. of Shares	Shareholding (%)
Mr. H.B.Popat	50,001	30.00
Rohan Commodities International Limited	33,334	20.00
Sri Adhikari Brothers Television Network Limited	83,335	50.00
Total	1,66,670	100%

The present promoters of the Company are:

1. Mr. H.B.Popat
2. Sri Adhikari Brothers Television Network Limited

Board of Directors:

1. Mr. Gautam Adhikari
2. Mr. Markand Adhikari
3. Mr. Anand Pandit
4. Mr. H.B.Popat

Brief Financials*

(Amount £ in Lakhs) (as on July 31)

Particulars	2005-06	2004-05	2003-04
Sales	9.45	6.76	7.96
Profit / (loss) after tax	(1.23)	(2.67)	(0.82)
Reserves and surplus	(1.69)	(0.46)	2.21
Equity capital#	1.67	1.67	1.00
Earnings per equity share (Rs.)	(0.74)	(1.60)	(0.82)
Book value per equity share (Rs.)	-	0.73	3.20

Note #: Face Value of the Equity Share is £ 1.00 per Share

Broadcast Initiatives Limited

* The financials are certified by the Chartered Accountant but not audited. The Company has been incorporated in England and Wales and as per the local Companies Act, they are qualified to get audit exemption available to small companies as they meet the conditions for exemption of appointing an auditor or reporting accountant.

Further the Company has not made any public or rights Issue in the preceding three years. The Company is not a Sick Company under the meaning of the Sick Industrial Companies (Special Provisions) Act, 1995 or is under winding up.

7. SABe TV Limited

The company was incorporated on January 06, 2000 in the Republic of Mauritius under the Companies Act, 1984 as a private company limited by shares with the object to purchase, acquire, and undertake business, goodwill, assets and liabilities of any person, firm or company.

Shareholding pattern as on December 31, 2006 is as under:

Name	No. of Equity Shares	No. of Preference Shares
Sri Adhikari Brothers Television Network Limited	45,00,000	113,20,000
Total	45,00,000	113,20,000

The present promoters of the Company are:

1. Mr Gautam Adhikari
2. Mr. Markand Adhikari

Board of Directors:

1. Mr Gautam Adhikari
2. Mr. Markand Adhikari
3. Mr. Suhas Parsuram Bade

Brief Financials

(Amount US \$ in Lakhs)

Particulars	2005-06	2004-05	2003-04
Sales	Nil	Nil	Nil
Other Income	Nil	Nil	0.12
Profit / (loss) after tax	(0.03)	(0.09)	(0.08)
Reserves and surplus	-	-	-
Equity capital*	158.20	158.20	158.20
Earnings per equity share (Rs.)	-	-	-
Book value per equity share (Rs.)	0.078	0.078	0.078

Note *: Face Value of the Equity Share is US \$ 1.00 per Share

Further the Company has not made any public or rights Issue in the preceding three years. The Company is not a Sick Company under the meaning of the Sick Industrial Companies (Special Provisions) Act, 1995 or is under winding up.

8. Sri Adhikari Brothers Films Division Limited

Sri Adhikari Brothers Films Division Limited was incorporated on February 06, 2002 in the state of Maharashtra. The company was granted Certificate of Commencement of Business on February 28, 2002. The company is in the business of producing, buying, selling, creating and exporting feature films, talkies, television, theatres, satellite television and cable television and also maintaining and managing film studios.



The promoters decided to exit from film production business and hence by way of a Share Transfer Agreement dated February 10, 2006 promoter and directors of the company Mr. Markand Adhikari and Mr. Gautam Adhikari have sold/ transferred the shares of this company to Digital Dreams Entertainment Private Limited and have since disassociated from the company.

9. Sri Adhikari Brothers & Lotus Films

Sri Adhikari Brothers Television Network Limited (SABTNL) and Lotus Films (a proprietary concern of Mr. Anand Pandit) having its office at Lotus Tower, 1, Jai Hind Society, N.S. Road No. 12-A, Juhu Scheme, Mumbai 400049) entered into a Deed of Partnership dated October 20, 2003. By way of a Deed of Admission and Retirement dated March 31, 2004, Lotus Films retired as a Partner of the firm and Lotus Motion Pictures Limited was admitted as the new partner. SABTNL decided to exit from the film production business and hence the Firm has been dissolved w.e.f. March 31, 2005 by way of a deed of dissolution on March 31, 2005.

10. Sri Adhikari Brothers Entertainment Limited

The company was incorporated on May 12, 1998 with the object to carry on the business of entertainment, information and education in the state of Maharashtra. There were no major activities carried out in the company and therefore, company decided to wind up its business. The company made an application under Section 560 of the Companies Act, 1956 on May 03, 2005 to strike off the name from the register of companies maintained by the Registrar of Companies (Maharashtra), Mumbai. The application is pending before the RoC for appropriate action. The promoters of the company were Mr. Gautam Adhikari and Mr. Markand Adhikari.

11. Sri Adhikari Brothers Infotech Limited

The company was incorporated on November 12, 1999 with the object to carry on the business to manufacture and produce and dealing in computer programming in related software relating to the entertainment industry in the state of Maharashtra. There were no major activities carried out in the company and therefore, company decided to wind up its business. The company made an application under Section 560 of the Companies Act, 1956 on April 11, 2005 to strike off the name from the register of companies maintained by the Registrar of Companies (Maharashtra), Mumbai. The application is pending with RoC for appropriate action. The promoters of the company were Mr. Gautam Adhikari and Mr. Markand Adhikari.

12. SAB News Limited

The Company was incorporated on January 31, 2001 with the object of Television Channel Operations & management, content production and broadcasting of news and current affairs in the state of Maharashtra. There were no major activities carried out in the company and therefore, company decided to wind up its business. The company made an application under Section 560 of the Companies Act, 1956 on April 11, 2005 to strike off the name from the register of companies maintained by the Registrar of Companies (Maharashtra) Mumbai. The application is pending with RoC for appropriate action. The promoters of the company were Mr. Gautam Adhikari and Mr. Markand Adhikari.

Broadcast Initiatives Limited

RELATED PARTY TRANSACTIONS

The Company has entered into the following related party transactions; such parties and transactions are identified as per Accounting Standard 18 issued by Institute of Chartered Accountants of India:

Name of Related Party	Relationship
Sri Adhikari Brothers Media Ltd.	100% subsidiary company
Gautam Adhikari	Promoter
Markand Adhikari	Promoter
Sri Adhikari Brothers Television Network Ltd.	Promoter Group Company in which Directors holding more than 20% shares of the Company

(b) Transactions with Related Parties:

(Rs. in lakhs)

Name of the Party	Relationship	Nature of Transaction	Volume of Transaction during the year 2006-07	Amount O/s as on 30.09.2006	Volume of Transaction during the year 2005-06	Amount O/s. as on 31/03/2006	Volume of Transaction during the year 2004-05	Amount O/s. as on 31/03/05
Gautam Adhikari	Promoter	Rent Paid	0.06	-	0.12	-	-	-
		Contribution received towards purchase of Equity share	32.00	-	746.50	-	101.00	-
		Amount paid for Purchase of shares of Sri Adhikari Brothers Media Ltd	-	-	155.00	-	-	-
		Deposit paid for Premises	-	51.00	51.00	51.00	-	-
		Loan taken	11.00	11.00				
		Personal Guarantee Given to Bank	2970.00	-	1315.00	-	-	-
Markand Adhikari	Promoter	Rent Paid	0.06	-	0.12			
		Contribution received towards purchase of Equity share	32.00	-	746.50	-	101.00	-
		Amount paid for Purchase of shares of Sri Adhikari Brothers Media Ltd	-	-	155.00	-	-	-
		Deposit paid for Premises	-	51.00	51.00	51.00	-	-
		Loan taken	28.00	28.00				
		Personal Guarantee Given to Bank	2970.00	-	1315.00	-	-	-
Sri Adhikari Brothers Television Network Ltd.	Promoter Group Company	Rent Paid	23.13	-	32.31	-	-	-
		Reimbursements of cost of shared services	50.93	-	668.78	-	-	-
		Advances	1204.35	-	382.00	-	361.30	(118.55)
		Corporate Guarantee & Collateral Securities Given to Bank	2970.00	-	1315.00	-	-	-



MATERIAL DEVELOPMENTS

Significant development since the last audited balance sheet as on September 30, 2006 till the date of Red Herring Prospectus

No circumstances have arisen since the date of last financial statement until the date of filing of this Red Herring Prospectus with SEBI, which materially and adversely affect or is likely to affect the operations or profitability of our Company, or value of its assets, or its ability to pay its liability within next twelve months.

There is no subsequent development after the date of the Auditor's Report, which will have a material impact on the reserves, profits, earnings per share and book value of the Equity Shares of our Company.

DIVIDEND POLICY

The declaration and payment of dividends will be recommended by the Board of Directors and the shareholders of the Company, in their discretion, and will depend on a number of factors, including but not limited to the profits, capital requirements and overall financial condition. The Company has not paid any dividend during the last two years (Date of Incorporation of the Company is February 4, 2004).



AUDITORS' REPORT

FINANCIAL STATEMENTS OF THE COMPANY

Date: 26.12.2006

The Board of Directors,
Broadcast Initiatives Limited
Mumbai

We have examined the following financial information of Broadcast Initiatives Limited. ("the Company") and consolidated financial information of Broadcast Initiatives Limited ("the Holding Company") and Sri Adhikari Brothers Media Ltd ("the subsidiary Company") as attached to this report stamped and initialed by us for identification and as approved by the Board of Directors which has been prepared in accordance with Paragraph B-1 of Schedule II of the Companies Act, 1956 ("the Act") and the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines 2000 ("the Guidelines") issued by the Securities and Exchange Board of India ("SEBI") on January 19, 2000, as amended from time to time, in pursuance to Section 11 of the Securities and Exchange Board of India Act, 1992 and related clarifications and in accordance with the instructions dated 12th December 2006, issued by the Company in connection with the Offer Document to be issued by the Company in connection with its proposed Equity Shares.

Annexure I	:	Statement of restated Assets and Liabilities as at 30th September 2006, 31st March 2006 & 31st March 2005
Annexure II	:	Statement of restated Profit and Loss Account for the period ended 30th September 2006, 31st March 2006 and 31st March 2005.
Annexure II-A	:	Significant Accounting Policies and Notes to Accounts as per the audited accounts.
Annexure III		Statement of restated Assets and Liabilities of Sri Adhikari Brothers Media Ltd. ("the subsidiary Company of Broadcast Initiatives Ltd.") as at 30th September 2006, 31st March 2006 & 31st March 2005
Annexure IV		Statement of restated Profit and Loss Account Sri Adhikari Brothers Media Ltd. ("the subsidiary Company of Broadcast Initiatives Ltd.") for the period ended 30th September 2006, 31st March 2006 and 31st March 2005.
Annexure V		Statement of Consolidated restated Assets and Liabilities as at 30th September 2006, 31st March 2006 & 31st March 2005
Annexure VI		Statement of Consolidated restated Profit and Loss Account for the period ended 30th September 2006, 31st March 2006 and 31st March 2005.
Annexure VII	:	Statement of rate of Dividend for the last Three years.
Annexure VIII	:	Statement of Accounting Ratios.
Annexure IX	:	Capitalization Statement.
Annexure X	:	Tax Shelter Statement.
Annexure XI	:	Details of Other Income.
Annexure XII	:	Statement showing Age-wise analysis of Sundry Debtors.
Annexure XIII	:	Details of Loans and advances.
Annexure XIV	:	Analysis of Outstanding unsecured loans taken by the Company.
Annexure XV	:	Analysis of Outstanding secured loans taken by the Company.

Broadcast Initiatives Limited

Annexure XVI	:	Details of related party transactions.
Annexure XVII	:	Details of quoted investments.
Annexure XVIII	:	Statement of Cash Flows for the period ended 30th September 2006, 31st March 2005 & 31st March 2006
Annexure XIX	:	Consolidated Statement of Cash Flows for the period ended 30th September 2006, 31st March 2005 & 31st March 2006

Based on examination of the above statements with the respective audited financial statements and on the basis of information and explanations given to us, we report as under:

- The Statements referred to as Annexure I to XVII read with the respective Significant Policies and read together the notes thereon and after making such adjustments, regroupings and disclosures as were, in our opinion, appropriate and require have been prepared out of audited financial statements for the years / periods.
- We confirm the calculations of (a) Accounting ratios in Annexure VI; (b) Long-term Debt / Equity ratios mentioned in Annexure VII; and (c) Tax Shelter Statement in Annexure VIII.
- This report is intended solely for use for your information and for inclusion in the Red Herring Prospectus / Prospectus in connection with the Proposed Initial Public Offer of Equity Shares of the Company and is not to be used, referred to or distributed for any other purpose without our prior written consent. This report should not in any way construed as a re issuance or redating of any of the previous audit reports issued by us nor this report should be construed as a new opinion on any of the financial statements referred to herein.

For A.R.Sodha & Co.

Chartered Accountants

A.R.Sodha

Partner

Membership No 31878

Place : Mumbai



ANNEXURE I

STATEMENT OF RESTATED ASSETS AND LIABILITIES OF BROADCAST INITIATIVES LIMITED

(Rs. In Lakhs)

PARTICULARS	As at 30.09.2006	As at 31.03.2006	As at 31.03.2005
A. Fixed Assets:			
Gross Block	956.70	835.69	0.74
Less : Depreciation	61.83	29.39	-
Net Block	894.87	806.30	0.74
Capital Work in Progress/Advance	-	10.80	-
Total	894.87	817.10	0.74
B. Channel Development Cost	2174.79	1861.56	
C. Investments	310.00	310.00	-
D. Deffered Tax Asset	291.88	-	-
E. Current Assets, Loans & Advances			
Sundry Debtors	345.98	199.03	-
Cash and Bank Balances	99.43	64.96	62.02
Loans and Advances	840.80	379.44	142.65
Total	1286.21	643.43	204.67
F. Liabilities& Provisions			
Secured Loans	2996.63	623.42	-
Unsecured Loans	39.00	738.07	0.11
Current Liabilities and Provisions	783.56	579.48	0.11
Total	3819.19	1940.97	0.22
G. Net worth (A+B+C+D+E-F)	1138.56	1691.12	205.19
H. Represented by			
Share Capital	1076.40	1000.00	5.00
Share Application Money	-	700.00	202.00
Add: Reserves & Surplus	687.60		
Less: Revaluation Reserves		-	-
Reserves (Net of Revaluation Reserves)		-	-
Less: Miscellaneous Expenditure Profit & Loss Dr. Bal	625.44	8.88	1.81
Net Worth	1138.56	1691.12	205.19

Broadcast Initiatives Limited

ANNEXURE II

STATEMENT OF RESTATED PROFIT AND LOSS ACCOUNT OF BROADCAST INITIATIVES LIMITED FOR THE PERIOD ENDED 30.09.2006, 31.03.2006 AND 31.03.2005

Channel was commercial Launched on April 30, 2006 so there was no Profit & Loss A/c for 2005-06 & 2004-05.
Profit & Loss for the period May to September 2006 as under

(Rs. In Lakhs)

	5 Month Ended 30.09.2006
A Income	
Income from Operation	665.58
Other Income	1.99
Total	667.57
B Expenditure	
Production Expenses	282.86
Telecasting Expenses	60.64
News Syndications	27.78
Administration Expenses	194.77
Human Resource Cost	336.91
Distribution, Marketing & Publicity Expenses	375.05
Miscellaneous Expenditure W/off	0.97
Total Expenditure	1278.98
C Profit Before Interest Depreciation & Tax	(611.40)
Financial Charges	133.00
Depreciation	122.73
D Total Financial Charges & Depreciation	255.73
E Net Profit / (Loss) before tax and extraordinary items	(867.14)
Provision for taxation	
Fringe benefit Tax	6.93
Deffered Tax	(291.87)
F Net Profit /(loss) after tax and extraordinary items	(582.20)



ANNEXURE IIA

1. SIGNIFICANT ACCOUNTING POLICIES:

Basis for preparation of Financial Statements:

The financial statements have been prepared under the historical cost convention ignoring changes, if any, in the purchasing power of money and on accounting principles of going concern. All income and expenditure having a material bearing on the financial statements are recognized on accrual basis.

The preparation of financial statements in conformity with Accounting Standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Examples of such expenses include the useful lives of fixed assets, provision for doubtful debts/advances etc. Actual results could differ from those estimates.

Revenue Recognition:

Advertisement Revenue (Net of Commission) is recognized on accrual basis when the respective advertisement or commercial appears on the concerned channel & when there is no uncertainty regarding their collection. However Advertisement revenue (net of commission) income is generated during the trial run up to 30.4.06 has been adjusted against Channel Development cost.

Fixed Assets:

Tangible fixed Assets are stated at cost of acquisition, which includes taxes, duties, freight, insurance and other incidental expenses incurred for bringing the assets to the working condition for their intended use.

All the expenses net of revenue up to 30.4.06 relating to setting up of the channel are capitalized as Channel Development

Depreciation:

Depreciation has been provided on Tangible Asset on Straight Line Method on Pro Rata basis at the rates and in the manner specified in Schedule XIV of the Companies Act, 1956.

Intangible Asset has been amortized over the period of 10 years from the commercial launch of the channel.

Foreign Currency Transaction:

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.

Exchange differences on the reporting date or settlement date arising from repayment of liabilities incurred in relation to Channel Development is adjusted to the cost of the assets.

Investments:

Current Investments are valued at cost or fair value whichever is lower. Long term investments are stated at cost of acquisition.

Employee Benefits:

A Employee benefit in the form of Provident Fund is charged to the Profit & Loss Account of the year when the contributions to the respective funds are due. Liability in respect of Leave encashment & Gratuity is provided for as per company's scheme and charged to Profit & Loss account.

Other Short Term Employee Benefits are provided on accrual basis & charged to profit & loss account.

Borrowing Cost:

Financing costs relating to setting up the Channel is added to the channel development cost to the extent they relate to the period till Channel is ready for Commercial Launch.

Financing costs other than above are charged to Profit & Loss account as period cost.

Broadcast Initiatives Limited

Taxes On Income

Tax Expense comprises both current & deferred taxes. Deferred income taxes reflects the impact of current year timing difference between taxable income and accounting income for the year and reversal of timing difference 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 are recognized only to the extent that there is reasonable certainty & in case of Unabsorbed depreciation & Carry forward losses when there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realized.

Earning per share

Basic earning per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

Provisions

A provision is recognised when the company 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.

NOTES TO ACCOUNTS

2. Allocation of Expenses for setting up the Channel:

The expenses net of revenue, incurred during the development phase of the channel ("test run") till the date of commercial launch of the channel i.e. till 30th April 06 are capitalized as "Channel Development Cost" and will be amortized over a period of 10 years from the year of commercial launch.

Statement of Channel Development Cost till 30.04.2006.

No.	Particulars	(Rs. in lacs)
1	Distribution Expenses	557.68
2	Production Expenses	823.19
3	Telecasting Expenses	113.66
4	Finance Expenses	168.80
5	Other Expenses	859.88
	Total Rs.	2523.20
	Less: Revenue	
1.	Sales	250.50
2.	Other Income	42.77
	Net Total	2269.94

3. Change of Name of the Company:

In the Extra Ordinary General Meeting of the Company held on 31st March 2006 the shareholders have approved the change of name of Company to "**Broadcast Initiatives Limited**" & necessary approvals are obtained from Registrar of Companies.



4. Allotment of Equity Shares on Preferential basis:

Addition to Share capital of Rs.76.4Lacs represents allotment of equity shares to the promoters of the Company at a premium of Rs.90/- per share.

5. Investment:

The Company has 100 % holding in Sri Adhikari Brothers Media Limited . The said Company is in the process of launching a Regional language Channel in Marathi.

6. SEGMENT REPORTING:

The company operates in a single primary segment of television media and accordingly, there is no separate reportable segment.

7. RELATED PARTIES DISCLOSURES:

The Company has entered into the following related party transactions; such parties and transactions are identified as per Accounting Standard 18 issued by Institute of Chartered Accountants of India:

Name of Related Party	Relationship
Sri Adhikari Brothers Media Ltd.	100% subsidiary company
Gautam Adhikari	Promoter
Markand Adhikari	Promoter
Sri Adhikari Brothers Television Network Ltd.	Promoter Group Company in which Directors holding more than 20% shares of the Company

(b) Transactions with Related Parties:

(Rs. in lakhs)

Name of the Party	Relationship	Nature of Transaction	Volume of Transaction during the year 2006-07	Amount O/s as on 30.09.2006	Volume of Transaction during the year 2005-06	Amount O/s. as on 31/03/2006	Volume of Transaction during the year 2004-05	Amount O/s. as on 31/03/05
Gautam Adhikari	Promoter	Rent Paid	0.06	-	0.12	-	-	-
		Contribution received towards purchase of Equity share	32.00	-	746.50	-	101.00	-
		Amount paid for Purchase of shares of Sri Adhikari Brothers Media Ltd	-	-	155.00	-	-	-
		Deposit paid for Premises	-	51.00	51.00	51.00	-	-
		Loan taken	11.00	11.00				
		Personal Guarantee Given to Bank	2970.00	-	1315.00	-	-	-
Markand Adhikari	Promoter	Rent Paid	0.06	-	0.12			
		Contribution received towards purchase of Equity share	32.00	-	746.50	-	101.00	-
		Amount paid for Purchase of shares of Sri Adhikari Brothers Media Ltd	-	-	155.00	-	-	-

Broadcast Initiatives Limited

(Rs. in lakhs)

Name of the Party	Relationship	Nature of Transaction	Volume of Transaction during the year 2006-07	Amount O/s as on 30.09.2006	Volume of Transaction during the year 2005-06	Amount O/s. as on 31/03/2006	Volume of Transaction during the year 2004-05	Amount O/s. as on 31/03/05
		Deposit paid for Premises	-	51.00	51.00	51.00	-	-
		Loan taken	28.00	28.00				
		Personal Guarantee Given to Bank	2970.00	-	1315.00	-	-	-
Sri Adhikari Brothers Television Network Ltd.	Promoter Group Company	Rent Paid	23.13	-	32.31	-	-	-
		Reimbursements of cost of shared services	50.93	-	668.78	-	-	-
		Advances	1204.35	-	382.00	-	361.30	(118.55)
		Corporate Guarantee & Collateral Securities Given to Bank	2970.00	-	1315.00	-	-	-

8. DEFERRED TAX LIABILITY / ASSETS:

The Company has accounted for Deferred Tax in accordance with Accounting Standard - 22 "Accounting for Taxes on Income" issued by The Institute of Chartered Accountants of India. Accordingly, the components of deferred tax assets/liability as at 30th September 2006 are as follows.

(Rs.in Lakhs)

Deferred Tax Liability:	As at 30.09.2006	As at 31.03.2006
Depreciation & Miscellaneous Expenditure	78.04	-
Total Deferred Tax Liability	78.04	-
Deferred Tax Asset:		
Carried forward Losses & Unabsorbed Depreciation	369.92	-
Total Deferred Tax Asset	369.92	-
Net Deferred Tax Assets	291.88	-

9. ADDITIONAL INFORMATION PURSUANT TO THE PROVISIONS OF PARAGRAPHS 3, 4C & 4D OF PART II OF SCHEDULE VI TO THE COMPANIES ACT, 1956.(To the extent applicable)

Particulars	Period ended 30.09.2006		Year Ended 31.03.2006	
	Quantity(Nos.)	Rs. InLacs	Quantity(Nos.)	Rs. in Lacs
(a) Raw material (cassettes) consumed	13680	37.64	11396	48.36
(b) Value of imported & indigenous Raw material (cassettes) consumed:	Nil			



(Rs. in Lacs)

c) Value of imports calculated on C.I.F basis	Period ended 30.09.2006	Year Ended 31.03.2006
Capital Goods	22.71	211.29
d) Payment To Auditors(Including Service Tax)		
a) Audit fees	2.81	4.40
b) Tax Audit fees	-	1.11
c) Other Services	-	0.12
e) Information required under Para 4 (C) of part II of schedule VI of the Companies Act, 1956 to the extent applicable.		
(i) The Licensed Capacity	N.A.	N.A.
(ii) The Installed Capacity -	N.A.	N.A.
(iii) The Actual Production -	N.A.	N.A.

10. CONTINGENT LIABILITIES & EVENT OCCURRING AFTER THE BALANCE SHEET DATE:

The management of the Company does not anticipate any contingent liability having material effect on the position stated in the balance sheet at the year-end. To the best of knowledge of the management, there are no events occurring after the Balance Sheet date that provide additional information materially affecting the determination of the amount relating to the conditions existing at the Balance Sheet Date that requires adjustment to the Assets or Liabilities of the Company.

11. DETAILS ABOUT SMALL SCALE INDUSTRIES:

The company does not have any dues exceeding Rs. 1 Lacs being outstanding for more than 30 days to any small-scale industrial undertaking (s).

12. DEBTORS/CREDITORS/ADVANCES:

During the period, confirmation letters have been issued, of which few confirmations have been received till date. Hence, balances of Sundry Debtors, Sundry Creditors, and Loans & Advances receivable or payable are taken as per books and are subject to confirmation and reconciliation, if any.

13. Figures of previous period have been regrouped, rearranged and recasted wherever considered necessary.

14. Break up of Preliminary Expenses:

(Rs. In Lacs)

Sr. No.	Particulars of Expenses	30.09.2006	31.03.2006
1	Stamp Duty & Authorised Capital Increase	18.55	7.28
2	Company Incorporation Expenses	1.60	1.60
3.	Share Issue Expenses	24.06	-
4.	Less: Written off	0.97	-
	Total	43.24	8.88

15. Breakup of Share Application Money:

(Rs. In Lacs)

Sr. No.	Name of Shareholder	30.09.2006	31.03.2006
1	Mr. Gautam Adhikari	Nil	350.00
2	Mr. Markand Adhikari	Nil	350.00

Note: Rs. 64 Lacs received as Share Application Money after 31st March, 2006 and 7,64,000 Equity Shares of Rs. 10/- each are allotted to Promoters at premium of Rs. 90/- per share on 3rd May, 2006.

Broadcast Initiatives Limited

ANNEXURE III

STATEMENT OF RESTATED ASSETS AND LIABILITIES OF SRI ADHIKARI BROTHERS MEDIA LTD. ("THE SUBSIDIARY COMPANY OF BROADCAST INITIATIVES LTD.) AS AT 30TH SEPTEMBER 2006, 31ST MARCH 2006 & 31ST MARCH 2005

(Rs. In Lakhs)

PARTICULARS	As at 30.09.2006	As at 31.03.2006	As at 31.03.2005
A. Fixed Assets:			
Gross Block	-	-	-
Less : Depreciation	-	-	-
Net Block	-	-	-
Capital Work in Progress/Advance	323.02	130.99	-
Total	323.02	130.99	-
B. Channel Development Cost			
C. Investments	-	-	-
D. Deffered Tax Asset	-	-	-
E. Current Assets, Loans & Advances			
Sundry Debtors	-	-	-
Programme rights	1692.42	573.41	-
Cash and Bank Balances	4.45	3.92	-
Loans and Advances	8.00	330.00	-
Total	1704.87	907.33	-
F. Liabilities& Provisions			
Secured Loans	-	-	-
Unsecured Loans	1017.04	156.91	-
Current Liabilities and Provisions	705.57	576.03	-
Total	1722.61	732.94	-
G. Net worth (A+B+C+D+E-F)	305.27	305.37	-
H. Represented by			
Share Capital	310.00	310.00	-
Less: Revaluation Reserves			
Reserves (Net of Revaluation Reserves)			
Add: Reserves & Surplus			
Less: Miscellaneous Expenditure Profit & Loss Dr. Bal	4.73	4.63	-
Net Worth	305.27	305.37	-



ANNEXURE IV

STATEMENT OF RESTATED PROFIT AND LOSS ACCOUNT SRI ADHIKARI BROTHERS MEDIA LTD. ("THE SUBSIDIARY COMPANY OF BROADCAST INITIATIVES LTD.) FOR THE PERIOD ENDED 30TH SEPTEMBER 2006, 31ST MARCH 2006 AND 31ST MARCH 2005.

No profit & loss a/c has been prepared since the company has yet to commence the operations.

Broadcast Initiatives Limited

ANNEXURE V

STATEMENT OF CONSOLIDATED RESTATED ASSETS AND LIABILITIES AS AT 30th SEPTEMBER 2006, 31st MARCH 2006 & 31st MARCH 2005

(Rs. In Lakhs)

PARTICULARS	As at 30.09.2006	As at 31.03.2006	As at 31.03.2005
A. Fixed Assets:			
Gross Block	956.70	835.69	0.74
Less : Depreciation	61.83	29.39	-
Net Block	894.87	806.30	0.74
Less: Revaluation Reserve	-	-	-
Capital Work in Progress/Advance	323.02	141.79	0.11
Total	1217.89	948.09	0.85
B. Channel Development	2174.79	1861.56	
C. Investments	-	-	-
D. Deferred Tax Asset	291.88		
E. Current Assets, Loans & Advances			
Programme Rights	1692.42	573.41	-
Sundry Debtors	345.98	199.03	-
Cash and Bank Balances	103.88	68.88	62.12
Loans and Advances	285.67	709.44	146.04
Total	2427.95	1550.76	208.16
F. Liabilities& Provisions			
Secured Loans	2996.63	623.42	-
Unsecured Loans	492.91	894.98	0.42
Current Liabilities and Provisions	1489.14	1155.52	0.22
Deferred Tax Provision	-	-	-
Total	4978.68	2673.92	0.64
G. Net worth (A+B+C+D+E-F)	1133.83	1686.49	208.37
H. Represented by			
Share Capital	1076.40	1000.00	10.00
Share Application Money	-	700.00	202.00
Reserves & Surplus	687.60		
Less: Revaluation Reserves	-	-	
Reserves (Net of Revaluation Reserves)	-	-	
Miscellaneous Expenditure & Profit & Loss	630.17	13.51	3.63
Net Worth	1133.83	1686.49	208.37



ANNEXURE VI

STATEMENT OF CONSOLIDATED RESTATED PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 30th SEPTEMBER 2006, 31st MARCH 2006 AND 31st MARCH 2005.

Channel was commercial Launched on April 30, 2006 so there was no Profit & Loss A/c for 2005-06 & 2004-05. Profit & Loss for the period May to September 2006 as under, Subsidiary is yet to commence commercial launch of the channel

(Rs. In Lakhs)

	5 Month Ended 30.09.2006
A Income	
Income from Operation	665.58
Other Income	1.99
Total	667.57
B Expenditure	
Production Expenses	282.86
Telecasting Expenses	60.64
News Syndications	27.78
Administration Expenses	194.77
Human Resource Cost	336.91
Distribution, Marketing & Publicity Expenses	375.05
Miscellaneous Expenditure W/off	0.97
Total Expenditure	1278.98
C Profit Before Interest Depreciation & Tax	(611.40)
Financial Charges	133.00
Depreciation	122.73
D Total Financial Charges & Depreciation	255.73
E Net Profit / (Loss) before tax and extraordinary items	(867.14)
Provision for taxation	
Fringe benefit Tax	6.93
Deffered Tax	(291.87)
F Net Profit /(loss) after tax and extraordinary items	(582.20)

ANNEXURE VII

STATEMENT OF RATE OF DIVIDEND FOR LAST 3 YEARS

Sl. No.	Financial Year	% of Dividend
1	2004-2005	Nil
2	2005-2006	Nil
3	2006-2007	Nil

Broadcast Initiatives Limited

ANNEXURE VIII - STATEMENT OF ACCOUNTING RATIOS

Ratio	For the Financial Year Ended		
	30.09.2006	31.03.2006	31.03.2005
EPS (Rs.) Before Extra-ordinary items#	(5.41)	N.A.	N.A.
EPS (Rs.) (After extra ordinary items) #	(5.41)	N.A.	N.A.
Return on net worth (%) # (Before extra-ordinary items)	(41.15%)	N.A.	N.A.
RONW (%) # (After extra ordinary items)	(41.15%)	N.A.	N.A.
Net Asset Value per share (Rs.)	10.58	15.80	9.91

Notes:

Earnings per share (before extra ordinary items) = Adjusted Profit after Tax but before extra ordinary items (Net of Tax) / No. of Shares.

Earnings per share (after extra ordinary items) = Adjusted Profit after Tax and extra ordinary items / No. of Shares.

Return on Net Worth (%) (Before extra ordinary items) = Adjusted profit after Tax but before extra ordinary items / Average adjusted Net Worth.

Return on Net Worth (%) (After extra ordinary items) = Adjusted profit after Tax and extra Ordinary items / Average adjusted Net Worth.

Net Asset value per share = Adjusted Net Worth / No. of shares outstanding at the year end (including no. of shares represented by share application money)

Net Worth = Share Capital + Reserves & Surplus - Miscellaneous expenditure to the extent not written off.

Average adjusted Net Worth = (Adjusted Net Worth at the beginning of the year + Adjusted Net Worth at the end of the year) / 2

ANNEXURE IX CAPITALIZATION STATEMENT

(Rs. In Lakhs)

	Pre-Issue as at 30/09/2006	Pre-Issue as at 31/03/2006	As adjusted for the Issue
Borrowing			
Short term Debt	-		
Long Term Debt	3035.63	1361.49	
Total Debt	3035.63	1361.49	
Shareholders' Funds			
- Share Capital	1076.40	1000.00	Refer Note
- Share Application Money	-	700.00	
- Reserves	687.60	-	
Total Shareholders funds	1764.00	1700.00	
Long term debt / Equity Ratio	1.72	0.80	

Note: The post issue capitalization cannot be determined till the completion of the book building process.



ANNEXURE X TAX SHELTER STATEMENT

(Rs. In Lakhs)

Particulars	Period ended 30.09.2006	Period ended 31.03.2006	Period ended 31.03.2005
Tax Rate (including surcharge and cess)	33.66%	33.66%	33.66%
Adjusted net profit before tax and after prior period / extraordinary item adjustment	(867.14)	-	-
Tax at notional rates (A)	(291.88)	-	-
Book Depreciation	122.73	-	-
Tax Depreciation	354.58	-	-
Difference between tax and book depreciation	(231.85)	-	-
Other adjustment	-	-	-
Net adjustments	(231.85)	-	-
Tax expense / (saving) on net adjustment (B)	(78.04)	-	-
Tax (A-B)	(369.92)	-	-
Tax Payable	NIL	NIL	NIL

ANNEXURE XI DETAILS OF OTHER INCOME

(Rs. in Lakhs)

Particulars	Nature of Income	Period ended 30.09.2006	Period ended 31.03.2006
Bank Interest	Recurring	1.99	-

ANNEXURE -XII STATEMENT OF AGE WISE ANALYSIS OF SUNDRY DEBTORS

a. Age wise Analysis of Sundry Debtors

(Rs. In Lakhs)

Period (days)	Balance as at September 30, 2006		Balance as at March 31, 2006		Balance as at March 31, 2005	
	Total	From related parties	Total	From related parties	Total	From related parties
Up to 180 days	257.64	-	199.03	-	-	-
Greater than 180 days	88.35	-				
TOTAL :	345.99	-	199.03	-	-	-

b. Details of the Related Party Debtors

(Rs. In Lakhs)

Company	Balance as at September 30, 2006	Balance as at March 31, 2006	Balance as at March 31, 2005
TOTAL :	--NIL---	-NIL---	-NIL---

Broadcast Initiatives Limited

ANNEXURE -XIII DETAILS OF LOANS AND ADVANCES

a. Analysis of Loans & Advances

(Rs. in Lakhs)

Description	Balance as at September 30, 2006	Balance as at March 31, 2006	Balance as at March 31, 2005
Pre-paid expenses	48.05	195.31	0.03
Deposits with Government Agencies and Others	19.50	19.50	19.50
Advances to other.	108.11	62.63	4.57
Advances to Related Parties:-			
Markand Adhikari (Premises Deposit)	51.00	51.00	-
Gautam Adhikari (Premises Deposit)	51.00	51.00	-
Sri Adhikari Brothers Media Ltd (Subsidiary)	563.13		
Sri Adhikari Brothers Television Network Ltd	-	-	118.55
TOTAL:	840.79	379.44	142.65

Note: Loans and Advances of the previous years regrouped wherever necessary



ANNEXURE -XIV UNSECURED LOAN

(Rs. in lacs)

Particulars	30.09.2006	31.03.2006
Corporate Loans		
From Banks		
a. Punjab National Bank		
1. Secured by First Charge over block Assets (excluding media rights, Business & commercial Rights & Vehicle Loan) of SRI ADHIKARI BROTHERS TELEVISION NETWORK LTD. with Book Value	0.00	730.00
2. Secured by the Personal Guarantee of Directors & Corporate guarantee of SRI ADHIKARI BROTHERS TELEVISION NETWORK LTD		
3. Charge on 3 Lacs Equity Shares of SRI ADHIKARI BROTHERS TELEVISION NETWORK LTD. standing in the name of Mr. Markand Adhikari. & Mr.. Gautam Adhikari		
b. Promoters /Directors		
1. From Mr. Gautam Adhikari	11.00	0.00
2. From Mr. Markand Adhikari	28.00	0.00
Total - (a. + b.)	39.00	730.00

Principal terms of Unsecured Loans as on 31st March, 2006

(Rs. in Lacs)

Name	Date Sanctioned	Amount Sanctioned	Outstanding Amount	Rate of Interest	Repayment Schedule
Punjab National Bank	20.10.2005	730.00	730.00	BPLR+2% (Presently 12.75%p.a.) payable monthly	15 equal monthly installments commencing from 20 month after the date of first disbursement.

Principal terms of Unsecured Loans as on 30th September 2006

(Rs. in Lacs)

Name	Amount Sanctioned	Outstanding Amount	Rate of Interest	Repayment Schedule
Mr. Gautam Adhikari	11.00	11.00	Nil	On Demand
Mr. Markand Adhikari	28.00	28.00	Nil	On Demand

Broadcast Initiatives Limited

ANNEXURE -XV SECURED LOAN

A. Secured Loans

(Rs. in lacs)

Particulars	30.09.2006	31.03.2006
Term Loans		
From Banks		
a. Punjab National Bank		
1. Secured by First Charge over the fixed assets & current Assets of the company	0.00	585.00
2(A) Secured by the Personal Gurantee of Directors		
(B) Second Charge over block Assets (excluding media rights, Business & commercial Rights) of SRI ADHIKARI BROTHERS TELEVISION NETWORK LTD. with Book Value		
(C) Charge on 3 Lacs Equity Shares of SRI ADHIKARI BROTHERS TELEVISION NETWORK LTD. standing in the name of Mr. Markand Adhikari. & Mr.. Gautam Adhikari		
b. Indian Overseas Bank	2970.00	-
1. Secured by First Charge on Fixed Assets & Current Assets of the company		
2. Secured by First charge on the Block Assets (excluding Media rights ,Bussiness & commercial Rights & Vehicle Loans) of SRI ADHIKARI BROTHERS TELEVISION NETWORK LTD. with Book Value		
2. Second Charge on the residential Bldg owened by Mr. Gautam Adhikari Situated at Nalini Villa, Plot No. 46, Hatkesh Co op Hsg. Soc., N.S. Rd. No. 7, JVPD Scheme, Vile Parle (W) Mum - 400 009. (first Charge being held by Punjab National Bank For Housing loan Guarantee)		
Total - (a. + b.)	2970.00	585.00

B. Vehicles Loan

(Rs. In Lakhs)

Name	Loan Amount	Rate of Interest	Sanction Date	Balance as on 30.09.06	Pending EMI as at 30.09.2006	EMI	Balance as on 31.03.06	Pending EMI as at 31.03.06
ICICI Bank Ltd	6.39	9.51	31/10/2005	5.03	36	0.16	5.76	42
ICICI Bank Ltd	9.48	9.51	18/10/2005	8.00	49	0.20	8.78	55
ICICI Bank Ltd	18.13	9.51	31/10/2005	15.62	50	0.39	17.15	56
Citicorp Maruti Finance	7.74	10.00	31/07/2006	7.55	59	0.26	NIL	NIL
Total	41.74			36.20			31.69	



Principal terms of Secured Loans as on 31st March, 2006

1. Term Loan

(Rs. in Lacs)

Name	Date Sanctioned	Amount Sanctioned	Outstanding Amount	Rate of Interest	Repayment Schedule
Punjab National Bank	17.06.2005	585.00	585.00	Interest Rate is 2% + 0.50% over Prevailing PLR (Prime Lending Rate) plus applicable interest tax (if any) p.a. with quarter rests. At the time of Loan disb. The Lending Rate was 10.75%p.a.	17 equal quarterly installments commencing from 9 month after the date of first disbursement.

Principal terms of Secured Loans as on 30th September, 2006

1. Term Loan

(Rs. in Lacs)

Name	Date Sanctioned	Amount Sanctioned	Outstanding Amount	Rate of Interest	Repayment Schedule
Indian Overseas Bank	04.04.2006	2970.00	2960.00	BPLR-0.50% = 10.50%	After Moratorium of 12 months After Disbursal of 12 monthly installments Rs. 37.17 lacs, Rs.86.67 lacs & Rs. 123.67 Lacs p.m. for 2nd, 3rd & 4th year respectively.

Broadcast Initiatives Limited

ANNEXURE - XVI RELATED PARTIES DISCLOSURES

The Company has entered into the following related party transactions; such parties and transactions are identified as per Accounting Standard 18 issued by Institute of Chartered Accountants of India:

Name of Related Party	Relationship
Sri Adhikari Brothers Media Ltd.	100% subsidiary company
Gautam Adhikari	Promoter
Markand Adhikari	Promoter
Sri Adhikari Brothers Television Network Ltd.	Promoter Group Company in which Directors holding more than 20% shares of the Company

(b) Transactions with Related Parties:

(Rs.in Lakhs)

Name of the Party	Relationship	Nature of Transaction	Volume of Transaction during the year 2006-07	Amount O/s as on 30.09.2006	Volume of Transaction during the year 2005-06	Amount O/s. as on 31/03/2006	Volume of Transaction during the year 2004-05	Amount O/s. as on 31/03/05
Gautam Adhikari	Promoter	Rent Paid	0.06	-	0.12	-	-	-
		Contribution received towards purchase of Equity share	32.00	-	746.50	-	101.00	-
		Amount paid for Purchase of shares of Sri Adhikari Brothers Media Ltd	-	-	155.00	-	-	-
		Deposit paid for Premises	-	51.00	51.00	51.00	-	-
		Loan taken	11.00	11.00				
		Personal Guarantee Given to Bank	2970.00	-	1315.00	-	-	-
Markand Adhikari	Promoter	Rent Paid	0.06	-	0.12			
		Contribution received towards purchase of Equity share	32.00	-	746.50	-	101.00	-
		Amount paid for Purchase of shares of Sri Adhikari Brothers Media Ltd	-	-	155.00	-	-	-
		Deposit paid for Premises	-	51.00	51.00	51.00	-	-
		Loan taken	28.00	28.00				
		Personal Guarantee Given to Bank	2970.00	-	1315.00	-	-	-
Sri Adhikari Brothers Television Network Ltd.	Promoter Group Company	Rent Paid	23.13	-	32.31	-	-	-
		Reimbursements of cost of shared services	50.93	-	668.78	-	-	-
		Advances	1204.35	-	382.00	-	361.30	(118.55)
		Corporate Guarantee & Collateral Securities Given to Bank	2970.00	-	1315.00	-	-	-



ANNEXURE -XVII DETAILS OF INVESTMENTS AS AT

(Rs. In Lakhs)

UNQUOTED	30.09.2006	31.03.2006
Shares of Sri Adhikari Brothers Media Limited (Subsidiary Company) 31,00,000 Equity shares (P.Y. Nil) of Rs.10 each	310.00	310.00
QUOTED	Nil	Nil

ANNEXURE -XVIII STATEMENT OF CASH FLOWS

(Rs. In Lakhs)

PARTICULARS	30.09.2006	31.03.2006	31.03.2005
A Cash flows from operating activities			
Net profit before taxation, and extraordinary items	(867.14)	-	-
Adjustments for:			
Depreciation	122.73		
Loss / (Profit) on Sale of Fixed Assets			
Interest expense	132.34		
Misc. expenditure	0.96		
Preliminary Expenses			
Operating profit before working capital changes	(611.11)		
(Increase) / Decrease in sundry debtors	(146.96)	(199.03)	
(Increase) / Decrease in Loans Advances & Deposit	(461.35)	(236.79)	(142.65)
(Increase) / Decrease in Current Liabilities	197.15	579.37	0.11
Cash generated from operations	(1,022.27)	143.55	(142.54)
Direct Tax Paid			
Prior Period (Expenses)/Incomes			
Cash flow before extraordinary items			
Provision For Contingencies			
Net cash from operating activities			
B Cash flows from investing activities			
Purchase of fixed assets	(110.21)	(816.36)	(0.74)
General Expenses			
Sale of fixed assets			
Purchase of Investments	-	(310.00)	
Channel Development Cost	(403.52)	(1861.56)	
Sale of Investments			
Net cash from investing activities	(513.73)	(2987.92)	(0.74)
C Cash flows from financing activities			
Proceeds from issuance of share capital			
(Repayment) / Proceeds of long-term borrowings including interest	1654.90	1361.49	-
(Repayment) / Proceeds of short-term borrowings including interest			0.11
Fund generated through promoter's contribution	64.00	1493.00	207.00
Preliminary Exp	(35.33)	(7.08)	(1.81)
Interest Paid	(113.10)		
Repayment of Unsecured Loan	-	(0.11)	-
Net cash used in financing activities	1570.47	2847.31	205.30
Net increase in cash and cash equivalents	34.47	2.94	62.02
Cash and cash equivalents at beginning of period	64.96	62.02	-
Cash and cash equivalents at end of period	99.43	64.96	62.02

Broadcast Initiatives Limited

ANNEXURE -XIX CONSOLIDATED STATEMENT OF CASH FLOWS

(Rs. In Lakhs)

PARTICULARS	30.09.2006	31.03.2006	31.03.2005
A Cash flows from operating activities			
Net profit before taxation, and extraordinary items	(867.14)	-	-
Adjustments for:			
Depreciation	122.73	-	-
Loss / (Profit) on Sale of Fixed Assets	-	-	-
Interest expense	132.34	-	-
Preliminary Expenses			
Misc. Expenditure	0.96		
<i>Operating profit before working capital changes</i>	(611.11)		
(Increase) / Decrease in Programme Rights			
(Increase) / Decrease in sundry debtors & Programme Rights	(146.96)	(199.03)	
(Increase) / Decrease in Loans Advances & Deposit	423.78	(563.40)	(146.05)
Inventories	(1119.01)	(573.41)	
(Increase) / Decrease in Current Liabilities	326.69	1155.30	0.22
<i>Cash generated from operations</i>	(1126.61)	(180.54)	(145.83)
Direct Tax Paid			
Prior Period (Expenses)/Incomes			
Cash flow before extraordinary items			
Provision For Contingencies			
Net cash from operating activities			
B Cash flows from investing activities			
Purchase of fixed assets	(302.24)	(947.24)	(0.85)
Sale of fixed assets			
Purchase of Investments			
Sale of Investments			
Channel Development cost	(403.52)	(1861.56)	
Net cash from investing activities	(705.76)	(2808.80)	(0.85)
C Cash flows from financing activities			
Proceeds from issuance of share capital			
(Repayment) / Proceeds of long-term borrowings including interest	1654.90	1361.49	
(Repayment) / Proceeds of short-term borrowings including interest	297.00	156.60	0.42
Fund Raised through Promoter's Contribution	64.00	1488.00	212.00
Preliminary Exp	(35.43)	(9.88)	(3.62)
Interest Paid	(113.10)		
Repayment of Unsecured Loan	-	(0.11)	-
Net cash used in financing activities	1867.37	2996.10	208.80
Net increase in cash and cash equivalents	35.00	6.76	62.12
Cash and cash equivalents at beginning of period	68.88	62.12	-
Cash and cash equivalents at end of period	103.88	68.88	62.12



MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion of our financial condition and result of operations together with our restated financial statements for the financial year ended March 31, 2005, March 31, 2006 and for the period ended September 30, 2006 including the notes thereto and the report thereon, which appears elsewhere in this Red Herring Prospectus. These financial statements have been prepared in accordance with the Indian GAPP, the Companies Act, and the SEBI (DIP) Guidelines and the restated as described in the Auditors Report of M/s A.R.Sodha & Co. dated December 26, 2006, in the section "Financial Statement of the Company on page no. 79 of Red Herring Prospectus.

Industry Overview

The Indian television broadcasting industry can be divided into two categories:

Terrestrial broadcasting

This is broadcast through transmitters and received by households through antennas. Prasar Bharati (Broadcasting Corporation of India) is the only terrestrial broadcaster in India and operates several channels under the umbrella brand "Doordarshan".

Cable and satellite broadcasting

This is broadcast by uplink of the channel to a satellite, which then provides the downlink signal to a wide region. Ground-based cable distributors through dish antennas, amplifiers and decoders receive the downlink signal. The distribution of cable and satellite channels to households is then carried out by cable, and has been characterized by complexity and fragmentation. There are a large number of operators in India, consisting of MSOs, as well as LCOs who provide the "last mile" connection. In most areas, there is only one provider of the last mile connection.

DTH

DTH is currently offered in India by DishTV, which is a part of the Zee TV Group and DD Direct Plus, which is a part of Doordarshan. Recent press reports indicate that there will be other entrants into the DTH business in the near future.

Revenue Streams of the Industry:

The revenues of cable and satellite broadcasters generally consist of the following sources:

- Advertising;
- Subscription, including from international arrangements; and
- Content syndication

Advertising

The television advertising market has grown over the last several years, particularly as the share of advertising on television relative to all media has grown.

Subscription

The Indian cable and satellite television market has also been characterized by relatively low subscription rates, or the monthly fees paid by subscribers, compared to other countries. In addition, there has been alleged underreporting of subscriber numbers by some operators. Subscription revenues have grown in recent years due to expansion of the number of cable and satellite homes, as well as the development of pay channels.

Broadcasters also earn revenue for the broadcast of their programming in other countries. This is done through various technologies, such as cable, DTH and terrestrial broadcast, through arrangements with broadcasters, cable operators and other industry participants. Typically, these are revenue-sharing arrangements based on the total number of subscribers.

Content Syndication.

Broadcasters also sell content from their libraries to other users, including other broadcasters and content producers.

Broadcast Initiatives Limited

Factors affecting growth in Television broadcasting Industry revenues

Some of the factors that could have an effect on growth in television broadcasting industry revenues are:

- **Introduction of addressability**

In spite of apprehensions, public debate and litigations, CAS was eventually launched in Chennai, providing valuable lesson for future attempts to bring in address ability across the country, though the impact of the same is yet limited.

- **Alternative distribution platforms**

DTH broadcasting has introduced the power of choice to the consumer. The last mile distribution segment is expected to see further action with the entry of new DTH players, IP-TV, broadcasting services on DSL technologies etc;

- **Meaningful regulatory intervention**

The government needs to create a conducive regulatory environment for rapid but stable growth by supporting initiatives like digitalizing of cable television, regulatory policy for DTH players etc.

- **Increase in advertising revenues**

Advertising spending is determined by several factors, including the overall economic and regulatory climate for existing and new industries, economic growth, competition and the availability of media. Some of the factors that could influence television-advertising revenues are the following:

- India has a comparatively low proportion of advertising expenditures to GDP. At 0.5% in 2004, India continues to have one of the lowest 'Advertising spends to GDP' ratios amongst peer economies. This underscores the significant potential India has yet to achieve vis-à-vis advertising budgets.
- **Increase in television advertising's share of total advertising revenue:** The share of television advertising as a percentage of total advertising revenue grew steadily in the 1990s. Although it has remained relatively stable in recent years at around 41%, there may be potential for further growth with increased consumerism and the continued entry of global brands in India.
- **Increase in cable revenues:** In addition to possible growth due to an increase in the number of cable and television homes, overall subscription revenues may grow as more channels become pay channels and if subscription rates increase. In addition, the share of subscription revenues allocated to broadcasters could increase with the implementation of the CAS, DTH and other new technologies, as well as regulatory or other measures that could potentially address the problem of under-reporting of subscribers.
- **Increases in other revenue streams:** Revenues from international arrangements could increase as international markets readdressed through focused programming and greater penetration. Content syndication could also grow through international interest in India as well as the growth of the domestic broadcasting industry. The use of new media for broadcast of our content through other platforms including mobile and broadband could also increase revenues. In addition, regulation of the Indian television market has had and will continue to have a significant effect on the opportunities for broadcasters. The Government has been considering opening up the terrestrial broadcasting sector to private companies for several years, although no action has yet been taken. The Government has also been considering reforms of the cable and satellite broadcasting segment, including changes relating to regulation and implementation of CAS legislation. The industry is also witnessing the introduction of DTH as an alternative platform for satellite broadcasting, and the regulations concerning cross-ownership of DTH platforms by broadcasters will have an important impact on the evolution of this market.

Introduction of address ability

In spite of apprehensions, public debate and litigations, CAS was eventually launched in Chennai, providing valuable lesson for future attempts to bring in address ability across the country, though the impact of the same is yet limited

Alternative distribution platforms

DTH broadcasting has introduced the power of choice to the consumer. The last mile distribution segment is expected to see further action with the entry of new DTH players, IP-TV, broadcasting services on DSL technologies etc;



Meaningful regulatory intervention

The government needs to create a conducive regulatory environment for rapid but stable growth by supporting initiatives like digitalizing of cable television, regulatory policy for DTH players etc.

Increases in advertising revenues

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Increases in other revenue streams

Revenues from international arrangements could increase as international markets readdressed through focused programming and greater penetration. Content syndication could also grow through international interest in India as well as the growth of the domestic broadcasting industry. The use of new media for broadcast of our content through other platforms including mobile and broadband could also increase revenues. In addition, regulation of the Indian television market has had and will continue to have a significant effect on the opportunities for broadcasters. The Government has been considering opening up the terrestrial broadcasting sector to private companies for several years, although no action has yet been taken. The Government has also been considering reforms of the cable and satellite broadcasting segment, including changes relating to regulation and implementation of CAS legislation. The industry is also witnessing the introduction of DTH as an alternative platform for satellite broadcasting, and the regulations concerning cross-ownership of DTH platforms by broadcasters will have an important impact on the evolution of this market.

Overview of our Company

Our Company was originally incorporated in the year 2004 in the name of SAB Samachar Limited. The name of the company was subsequently changed to Sri Adhikari Brothers News & Television Network Limited (SABNL) with effect from July 8, 2005. The name of our Company was further changed to Broadcast Initiatives Limited with effect from May 18, 2006. The necessary ROC approval for the change of names as above has been received.

Our Company is in the business of broadcasting and we have launched "JANMAT" channel on November 14, 2005 as test run and commercially launched the same on April 30, 2006 as news & views channel. Being a group company of Sri Adhikari Brothers Television Network Limited, Broadcast Initiatives Limited enjoys recognition and is ably supported by its network and programming experience.

JANMAT Channel -Our approach:

We intend to position "JANMAT" as a views channel in an attempt to inform the common man about his rights, duties & powers as a citizen of India through a series of programs. The channel provides a platform to the common people to address issues that are detrimental to the society at large. The channel seek to explore, analyze and offer insight into thought provoking issues of common people, speak to the concerned authorities, highlight the plight of the victims and report the changes effected.

Broadcast Initiatives Limited

Factors affecting our results of operations

The factors that affect the results of operations are as follows:

Revenue

Advertising income

Our advertising income accounted for Rs. 665.58 lakhs for the six-month period ended September 30, 2006 which was 99.78% of our total income. Our financial performance will depend on our ability to maximize our advertisement income. Consequently, any change in advertiser and viewer preferences may affect our financial performance.

Growth of the news and current affairs broadcasting sector in India

The news and current affairs broadcasting sector has witnessed significant growth in recent years primarily due to liberalization of the laws and regulations governing the sector, changes in technology and introduction of competing broadcasting, advertising or distribution mediums. Deregulation of the news and current affairs broadcasting sector has allowed private players like our Company to enter and compete in the sector. Changes in technology and the introduction of competing broadcasting, advertising or distribution mediums have resulted in reach and viewership of news programs and have therefore increased the scope for earning advertising revenues.

Advertising rates

The reach and viewership of news and current affairs channels offers an attractive platform for advertisers. Consequently, the advertisement rates charged by a news and current affairs channel are dependent on the reach and viewership of its programs. Advertisement income constitutes a significant portion of our total income and hence the advertising rate is a predominant factor affecting the results of our operation.

Subscription revenues and other revenue streams

The primary source of our income is in the form of advertisement income. In the future, when we go as a pay channel, the subscription income we derive, may constitute a significant part of our total income. Our subscription revenue will depend on a number of factors such as the implementation of conditional access systems and introduction of direct-to-home broadcasting.

Expenditure

Production and administrative costs

Our administrative and production costs consist primarily of advertisement and distribution expenses, studio and equipment hire expenses, content franchise fee, consultancy and professional fees, rent, production expenses, and travelling and conveyance costs. These costs form the largest component of our total expenditure. The various factors affecting our total production and administrative costs are Advertisement and Distribution Expenses, travelling and conveyance expenses, consultancy and professional fee, content franchise fee, rent, production expenses, studio and equipment hire expenses, etc.

Employee cost

We operate in a highly competitive industry, which is centred on human resources and retention is the key for the business. We may be required to increase our cost on employees from time to time in order to attract and retain the talented and skilled individuals.

Our Results of Operations

Since the channel has commenced the commercial operation from April 30, 2006, no Profit & Loss Account has been prepared for the year ended March 31, 2006 and all the expenses (net of revenue) were capitalised under the head Channel Development Cost.

The total revenue earned during the test run phase was Rs, 195.42 lacs. The channel commenced its test launch from 14.11.2005 onwards and the commercial launch from 30-04-2006.



Capitalisation of Expenses

The expenses net of revenue , incurred during the development phase of channel ("test run") till the date of commercial launch of the channel i.e. 30th April 2006 are capitalized as "Channel Development Cost" and will be amortized over a period of 10 years from the year of commercial launch.

(Rs. in Lakhs)

No.	Particulars	Amount
1	Distribution Expenses	441.00
2	Production Expenses	685.33
3	Telecasting Expenses	95.40
4	Finance Expenses	127.28
5	Other Expenses	707.97
	Total Rs.	2056.98
	Less: Revenue	
1.	Sales - Advertisement Revenues	192.65
2.	Interest on Fixed Deposit	2.77
	Net Total	1861.56

Summary of Profit and Loss:

(In Rs. Lacs)

PARTICULARS	Five months period ended September 30, 2006	% of Total Income
INCOME		
Sales	665.58	99.70
Other Income	1.99	0.30
Total Income	667.57	100.00
EXPENDITURE		
Production Expenses	282.86	18.43
Telecasting Expenses	60.64	3.95
News Syndication	27.78	1.81
Administration Expenses	194.76	12.69
Human Resource Cost	336.91	21.95
Distribution, Marketing & Publicity Expenses	375.05	24.44
Miscellaneous Expenditure written off	0.97	0.06
Finance Charges	133.01	8.67
Depreciation	122.73	8.00
Total Expenditure	1,534.71	100.00

Broadcast Initiatives Limited

Income

Our total income which amounted to Rs. 667.57 Lacs for the five month period ended September 30, 2006 comprises of Rs. 665.57 Lacs from Advertisement and sponsorship and Rs. 1.99 Lacs other income.

Expenditures

Our expenditures comprise our production and administrative costs, employee costs, financial charges and provisions for depreciation. Our total expenditure for the period ended September 30, 2006 amounted to Rs. 1534.71 lacs.

Production Expenses

Our production expenses consist primarily of studio and equipment hire expenses, shooting expenses and travelling and conveyance costs. These costs form the largest component of our total cost. In the five months period ended September 30, 2006 our production expenses amounted to Rs. 282.86 lacs, which constituted 18.43 % of our total cost.

Telecasting Expenses

Our telecasting expenses consist primarily of uplink fees, transponder hire charges and bandwidth cost for various links for transmission of signals. In the five month period ended September 30, 2006 our telecasting expenses amounted to Rs.60.64 lacs, which constituted 3.95% of our total cost.

News Syndication Expenses

We pay subscription and purchase charges for licensing or purchase of news content and footage from ANI, UNI, Reuters and other agencies. For the five month period ended September 30, 2006 we incurred an expenditure of Rs. 27.78 Lacs in relation to the above, which constituted 1.81% our total cost.

Administration Expenses

Our Administrative Expenses includes travelling and conveyance costs, rental cost for our offices, hiring cost of media professionals and consultants in relation to the operation of our channel. For the five month period ended September 30, 2006 we incurred an expenditure of Rs. 194.77 lacs in relation to the above, which constituted 12.69% of our total cost.

Human Resource Cost

We incur substantial expenditure on our employees. As of September 30, 2006 we had 669 employees, in relation to whom for the five month period ended September 30, 2006, we incurred a cost of Rs. 336.91 Lacs, which constituted 21.95% of our total cost.

Distribution, Marketing & Publicity Expenses

We incur expenses in relation to the promotion and distribution of our channel. Our advertisement costs consist primarily of advertisement and business promotion expenses. Our distribution costs consist primarily of the band placement fee. The total expenditure incurred by our Company in relation to distribution, marketing & publicity of our channel for the five month period ended September 30, 2006 amounted to Rs. 375.04 Lacs, which constituted 24.44% of our total expenditure.

Financial charges

Finance charges are primarily composed of interest on term loans, other interest including interest on hire purchase and bank charges and upfront fee, in relation to which for the five month period ended September 30, 2006 we incurred an expenditure of Rs. 133.01 Lacs, which constituted 8.69% of our total expenditure.

Depreciation

Depreciation on fixed assets used in our operations amounted to expenses of Rs. 122.73 Lacs, which was 8.00% of our total expenditure incurred in the five month period ended September 30, 2006.

Taxation

For the five month period ended September 30, 2006, Deferred Tax Asset of Rs. 291.87 Lacs were created and provision for taxation was Rs. 6.94 lacs in relation to fringe benefit tax.

Loss After Tax and extraordinary items

Our Net Loss for the five months period ended September 30, 2006 was Rs.582.20 lacs. This is primarily on account of the fact that we commenced our test launch in November 2005 and commercial launch of our channel JANMAT on April 30, 2006. We had to make significant investments in technology and infrastructure for news gathering, production and distribution of the channel. We also had to recruit and train an entire team of professionals including journalists for our channel. Hence, while the start-up and production costs had to be incurred for launching our channel, advertisement and sponsorship revenue, our primary source of income, could only be generated after build up of our market share and reach, which was post April, 2006.



Indebtedness

For details of our secured loans please refer sub-section titled "Our Indebtedness" on page no. 50 of this Red Herring Prospectus.

Liquidity and Capital Resources

Our primary liquidity requirements have been to finance our working capital requirements and for capital expenditure. We have met these requirements primarily from our share capital and bank borrowings.

Other Matters

Unusual or infrequent events or transactions

There are no unusual or infrequent events or transactions.

Significant economic changes that materially affected or are likely to affect income from continuing operations

There are no significant economic changes that materially affected Company's operations or are likely to affect income from continuing operations except for changes in government regulations.

Known trends or uncertainties that have had or are expected to have a material adverse impact on sales, revenue or income from continuing operations.

There are no known trends or uncertainties that have had or are expected to have a material adverse impact on sales, revenue or income from continuing operations except as described in the section titled "Risk Factors" on page no. iii and in "Management Discussion and Analysis of Financial Condition and Results of Operations" on page no. 101 of this Red Herring Prospectus, to Company's knowledge.

Future changes in relationship between costs and revenues

Other than as described in the section titled "Risk Factors" and "Managements Discussion and Analysis of Financial Conditions and Results of Operation" in this Red Herring Prospectus, to our knowledge there are no future relationship between cost and income that have or had or expected to have a material adverse impact on our operations and finances.

Increases in net sales or revenue and Introduction of new products or services or increased sales prices

Increases in revenues are by and large linked to increases in advertising revenues, and introduction of our channel in new locations.

Total turnover of each major industry segment in which the Company operated

The Company operates in only one Industry Segment i.e. Entertainment Industry.

Status of any publicly announced New Products or Business Segment

Other than as described in the section "Our Business" on page no 44 of Red Herring Prospectus and the section "Objects of the Issue" on page no 20 there are no new products or business segment.

Seasonality of Business

Our Company's business is not seasonal. However as our major portion of the revenue will depend on advertisement, the advertisement revenue may increase if some sporting or other events take place. However our Company's business is not seasonal.

Dependence on a single or few suppliers or customers

We are not dependent on any single or few suppliers or customers.

Competitive conditions

We will face competition from existing players in entertainment industry in India. Refer to the Section titled "Our Business" on page no 44 of this Red Herring Prospectus.

OUTSTANDING LITIGATIONS AND MATERIAL DEVELOPMENTS

Except as stated below there are no outstanding litigation, suits, criminal or civil prosecutions, proceedings or tax liabilities against our Company, and there are no defaults, non payment of statutory dues, over-dues to banks/financial institutions, defaults against banks/financial institutions, defaults in dues payable to holders of any debenture, bonds and fixed deposits and arrears of preference shares issue by the Company, defaults in creation of full security as per terms of issue/other liabilities, proceedings initiated for economic/civil/any other offences (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) other than unclaimed liabilities of the Company and no disciplinary action has been taken by SEBI or any stock exchanges against the Company, its Subsidiaries, its Promoter or Directors. The subsidiary of the Company has no material litigation pending against it.

Cases filed against our Company

There are no litigations filed against the Company.

Cases filed by the Company

There are no proceedings filed our Company against any person.

Proceedings before the TDSAT

There are no proceedings filed by or against our Company before the TDSAT.

Outstanding Cases by / against our Group Companies

Sri Adhikari Brothers Television Network Limited (SABTNL)

Cases filed under Section 138 of the Negotiable Instruments Act, 1881

1. SABTNL has filed a complaint (1879/S/2003) against Kuwar Ajay Foods Private Limited and its Directors before the Metropolitan Magistrate, 10th Court, Andheri for cheque bouncing of Rs. 15.00 Lakhs made towards payment for showing advertisements on the television channel SAB TV. Summon have been issued by the Court but they could not be served on the accused. The next date of the hearing is March 26, 2007
2. SABTNL has filed a complaint (862/S/2005) against Eve's Advertising and its partners before the Metropolitan Magistrate, 10th Court, Andheri for cheque bouncing of Rs. 2.75 Lakhs made towards non-payment for advertisements on SAB TV. Summons have been issued by the Court and the next date for hearing is February 14, 2007.
3. SABTNL has filed a complaint (2008/SS/2004) against Eve's Advertising and its partners before the Metropolitan Magistrate, 10th Court, Andheri for cheque bouncing of Rs. 7.98 Lakhs made towards payment for advertisements on SAB TV. Summons have been issued by the Court and the next date for hearing is April 16, 2007.
4. SABTNL has filed four complaints (1940/SS/2004) (2630/M/2004) (2011/SS/2004) (2631/M/2004) against Chakola Ayurvedic for cheque bouncing of Rs. 6.50 Lakhs made towards payment of advertisements shown on SAB TV. Summons for the first three complaints have been issued by the Court. One Complaint is pending verification. The next date for hearing for the first two of the complaints is February 14, 2007 and the date for other two complaints is on August 22, 2007.
5. SABTNL has filed two complaints (3110/M/2004) (757/M/2005) against Anytime Advertising & Ors. for cheque bouncing of Rs. 2.50 Lakhs made towards payment of advertisements shown on SAB TV. Summons for the first Complaint has been issued by the Court. Since the accused has failed to appear before the Court, the company has applied for non-bailable warrants. The other complaint is pending verification. The next date for hearing is February 17, 2007 and April 16, 2007, respectively.
6. SABTNL has filed a complaint (4791/SS/2005) against Sangam Marketing & Network Pvt. Ltd. & Directors for cheque bouncing of Rs. 16.00 Lakhs made towards payment of advertisements shown on SAB TV. Summons against the accused have been issued by the Court. The next date for hearing is March 26, 2007.



Civil Cases

1. SABTNL has filed a Summary Suit (Summary Suit No. 13 of 2006) against AD Merchant India Private Limited and its Director in the Bombay High Court. SABTNL has filed this summary suit for the recovery of Rs. 2.81 Lakhs with interest for advertisements of the Defendant's clients shown on SAB TV. The matter shall come up for hearing in the normal course.
2. SABTNL has filed a Summary Suit (Summary Suit No. 3328 of 2005) in the Bombay High Court against Sital Prasad Jain, Proprietor - Arihant Advertising Agency claiming an amount of Rs. 3.25 Lakhs with interest for advertisements of his clients shown on SAB TV. The Defendant has filed an application seeking condonation of delay in filing his reply to the suit. The matter shall come up in the normal course.

Infringement of Copyrights

1. A compliant (439 of 2001) has been filed by one Ms. Lalan Saran against SABTNL and its Directors before the Judicial Magistrate First Class (AC Link) Pune for alleging infringement of copyrights and compensation (not quantified) in relation to the television serial 'Sambandh'. The Judicial Magistrate by an order dated October 3, 2001 issued non-bailable warrants against all the accused due to non-appearance before the Court alongwith search and seizure orders. SABTNL filed an Appeal before the Session Court for setting aside the issue of search warrants for the search and seizure of articles, which was granted on January 25, 2005. The Directors of the Company have been granted permanent exemption from appearance in the Judicial Magistrate's Court. The matter shall come up for hearing in the normal course.
2. A suit (OMP No. 164 of 2005) has been filed in the Delhi High Court by Mr. Ashok Chakradhar against SABTNL and others in relation to the television programme "Wah Wah" telecast on SAB TV. The Plaintiff has filed this suit for permanent injunction from telecast of the above programme claiming literary works or copyright on the programme. The Delhi High Court after hearing the matter by an Order dated May 23, 2005 dismissed the suit. Mr. Ashok Chakradhar has filed an FAO (OS) 166-67 of 2005 against the above Order. In the First Appeal, the Delhi High Court by an interim order dated May 31, 2005 has directed SABTNL to maintain the accounts and records of the telecast of the programme. At the time of the hearing on August 1, 2006 the Delhi High Court appointed an Arbitrator to adjudicate the matter between the parties. The Plaintiff has not yet filed the Statement of Claim and the arbitration proceedings shall be held in the normal course.

Income Tax Cases of Sri Adhikari Brothers Television Network Limited (SABTNL):

1. SABTNL has filed an Appeal before the CIT (Appeals) against the order of the ITO disallowing the claim of deduction u/s. 35D of the Income Tax Act, 1961. The Appeal has been filed on the ground that the ITO has wrongly mentioned in his assessment order that SABTNL was already operating in the area of broadcasting by virtue of which the deduction under Section 35 D for substantial expansion of the undertaking does not arise. The amount of deduction claimed by SABTNL is Rs. 111 .00 lakhs for A.Y. 2003-2004. The matter shall come up for hearing in the normal course.
2. SABTNL has filed an Appeal before the ITAT against the order of the CIT (Appeals) disallowing the claim of deduction u/s. 80 HHF of the Income Tax Act, 1961. The Appeal has been filed on the ground that the CIT (Appeals) has erred in reducing profit of Rs. 455.00 lakhs derived by Export Oriented Unit (EOU) of SABTNL while computing profit eligible for deduction under section 80 HHF of the Act on the ground that the profit derived by the EOU is exempt from tax u/s. 10B. The amount of deduction claimed by SABTNL is for the A.Y. 2001-2002. SABTNL has already paid the tax liability on the above amount. The matter shall come up for hearing in the normal course.
3. SABTNL has filed an Appeal before the ITAT against the order of the CIT (Appeals) against the addition in allocating certain indirect expenses towards earning of export income by estimating Rs. 1.00 Crore as indirect expenses and thereby reducing the deduction allowable under Section 80 HHF of the Act. The amount of reduction in the deduction claimed by SABTNL is Rs. 100.00 lakhs for A.Y. 2000-2001. SABTNL has already paid the tax liability on the above amount. The matter shall come up for hearing in the normal course.
4. SABTNL has filed an Appeal before the CIT (Appeals) against the order of the ITO for the A.Y. 2001-2002 as the ITO has erred in holding SABTNL as a representative assessee of SAB TV Limited (Mauritius) under section 163 of the Income Tax Act. The demand raised by the ITO is of Rs. 59.00 Lakhs. The matter shall come up for hearing in the normal course.

Broadcast Initiatives Limited

5. SABTNL has filed an Appeal before the CIT (Appeals) against the order of the ITO for the A.Y. 2002-2003 as the ITO has erred in holding SABTNL as a representative assessee of SAB TV Limited (Mauritius) under section 163 of the Income Tax Act. The demand raised by the ITO is of Rs. 105.00 lakhs. The matter shall come up for hearing in the normal course.
6. SABTNL has filed an appeal before the CIT (Appeals) against the order of the ITO disallowing the claim of deduction u/s 35D of the Income Tax Act, 1961. The appeal has been filed on the ground that the ITO had disallowed our appeal of deduction u/s 35D. The amount of deduction claimed by SABTNL is Rs. 114.00 lakhs for A. Y. 2002-2003. The matter shall come up for hearing in the normal course.

Cases of Westwind Realtors Private Limited (WRPL):

Income Tax

1. WRPL has filed an Appeal before the ITAT against the order of the CIT (Appeals) for erring in confirming the turnover of WRPL at Rs. 478.00 lakhs as against Rs. 11.95 Lakhs reported in the audited financial statements by WRPL for A.Y. 2000-2001. The amount of penalty levied is Rs. 1.00 Lakh. The amount of penalty has already has been paid. The matter shall come up for hearing in the normal course.

Criminal Complaints

Various criminal proceedings and suits have been filed in various courts against SABTNL and its Directors, as also the directors, artists, writer and other technicians of the serial 'Ram Khilawan C.M. 'N' Family' for permanent injunction against the telecasting the above serial on SAB TV in the year 2002. The Court of Sub-Judge, 1st Patna by an Order dated October 7, 2002 granted permanent injunction against the telecast of the serial. After various proceedings before the Patna High Court and the Supreme Court of India, the Patna High Court after hearing the matter at length by an Order dated January 25, 2005 disposed off the matter and allowed the telecast of the serial 'Ram Khilawan C.M. 'N' Family'.

Notices served upon the Sri Adhikari Brothers Television Network Limited

The company has been served with notices from various persons in relation to copyright infringement and money claims in the last three financial years but none of them have materialized into a litigations till the date of filing this Red Herring Prospectus

Litigations against Promoters

Civil Cases

Two suits has been filed by one Ms. Mayaben Mehta against our Promoter Mr. Gautam Adhikari and others in the City Civil Court, Ahmedabad (Suit No. 3492 of 2002 and Civil Suit No. 1720 of 2005) and Mr. Gautam Adhikari, Director of the Company for infringement of copyright in respect of a serial 'Kunti' telecast on Doordarshan in the year 2002. The Plaintiff is claiming a copyright to the story of the serial 'Kunti' as she claims the story of the serial to be her life story and has claimed damages and royalty of Rs. 90.00 Lakhs. The company has filed a reply to the above suit and has denied and disputed the claims of the Plaintiff. On the last date of the hearing of the matter the City Civil Court suggested the parties to settle the matter and appointed Mediators to assist the parties to arrive at a settlement.

DETAILS ABOUT SMALL SCALE INDUSTRIES:

The company does not have any dues exceeding Rs. 1 Lacs being outstanding for more than 30 days to any small-scale industrial undertaking (s).



GOVERNMENT AND OTHER APPROVALS

In view of the approvals listed below, we can undertake this Issue and our current business activities and no further major approvals from any governmental or regulatory authority or any other entity are required to undertake the Issue or continue our business activities except as mentioned below. The Company has also received approvals from those of its lenders whose financing arrangements required it to obtain approvals in connection with the Issue. Unless otherwise stated, these approvals are all valid as of the date of this Red Herring Prospectus.

Approvals to carry on our Business

A. General

1. The Company obtained Certificate of Incorporation on February 04, 2004 and is registered with the ROC, Mumbai under Registration No. 11-144371.
2. The Company has obtained a licence dated October 28, 2005 issued by the Brihanmumbai Mahanagar Palika, K West Ward, under the Shops & Establishment Act, 1948 bearing Registration No. KW-II/012463 for its commercial establishment being its office premises at Adhikari Chambers, Oberoi Complex, New Link Road, Andheri (W), Mumbai 400053 where the registered office of the Company is situated. The licence is valid upto the year 2007.
3. No objection letter no. 1501/9/2006-TV(1) dated May 22, 2006 from Ministry of Information & Broadcasting for the proposed issue.
4. The Company has obtained a Certificate of Importer-Exporter Code (IEC) dated January 28, 2005. The IEC Number of the Company is 0304077071.
5. The Company has obtained registration under the Central Sales Tax (Registration and Turnover) Rules, 1957 vide certificate of Registration No. 400053/C/4535 w.e.f August 19, 2005.
6. The Company has obtained registration under the Maharashtra Value Added Tax Act, 2002 vide Certificate of Registration No. 400053/V/0262 w.e.f August 19, 2005.
7. The Company's VAT - TIN No. 27610291146V and CST - TIN No. is 27610291146C.
8. The Company has obtained registration under the Maharashtra State Tax on Professions, Trades, Callings and Employments Act, 1975 vide certificate number PT/E/1/1/29/18/8065 dated August 19, 2005.
9. The Company has obtained registration under the Employees Provident Funds & Miscellaneous Provisions Act, 1952 & Scheme framed thereunder bearing sub-code no. MH/94079 under original code no. MH/41937/PF/APP/Enf.Zone.VIII/11241 dated February 24, 2006 of Sri Adhikari Brothers Television Network Limited.
10. The has applied for the ESIC Code Number under the ESIC Act by a letter dated April 16, 2006 to the Regional Director, Sub-Regional Office, Employees State Insurance Organisation.
11. The Permanent Account Number (PAN) of the Company is AAICS3595F.
12. The TAN of the Company is MUMS45946F.
13. Service Tax Registration Number is ST/MUM/DIV IV/BRD/17/REG/2005 and Assessee Code AAICS3595FST001.

B. Broadcasting Approvals

1. The Company has obtained a license dated September 23, 2005 bearing no. P-5697/6 from the Ministry of Communication, Department of Telecommunication Wireless Planning & Coordination Wing for establishing communication with Insat-2E (830) up-linking of its television channel 'JANMAT'.
2. The Company has obtained up-linking permission for "JANMAT" dated September 29, 2005 through teleport Essel Shyam Communications Limited and MPTV result of 4.8 M Antenna in C-Band at site C-34, Sector 62, Noida from Network Operations Control Centre, Department of Telecom, Ministry of Communications and IT, Government of India.

Broadcast Initiatives Limited

3. The Company has received permission dated August 23, 2005 from the Ministry of Information & Broadcasting permitting to uplink the TV channel JANMAT (in Hindi and English languages in digital mode) from India from INSAT-2E for a period of 10 years through the teleport of M/s Essel Shyam Communications Limited located at C-34, Electronic City, Sector 62, Noida, U.P..
4. The Company has received a no-objection letter dated March 22, 2006 from the Ministry of Information & Broadcasting permitting the Company to change the satellite for up-linking Janmat on INSAT-4A from INSAT-2E.
5. The Company has received permission from Network Operations Control Centre, Department of Telecommunication, Ministry of Communication & IT vide letter no. CC-47/2006 dated April 19, 2006 for permission to change the satellite from INSAT-2E to INSAT 4A and unlink permission for "Janmat" TV Channel through teleport antenna of 4.8 M of M/s Essel Shyam Communications Limited

C. FIPB Approvals

The Company has received approval from the FIPB dated June 30, 2006 for the Issue of Equity Shares to eligible foreign investor's upto 26% of the paid up equity capital of the Company post the Issue.

Pending Approval:

Other Approvals

1. The Company has in December, 2005 applied for the registration of Trade Marks 'Janmat' and 'Voice of India' with the Trade Marks Registry, Mumbai in various classes.
2. The Company has intimated and applied to Ministry of Information & Broadcasting vide our letter dated December 20, 2006 for the appointment of Mr. M.S. Kapur as an Independent Director of the Company.

There are certain approvals in the name of SAB Samachar Limited and Sri Adhikari Brothers News and Television Network Limited. The status of various approvals which are to be transferred in the current name of our Company is as under:

Name of Authority	Type of Approval	Approval in the name of	Status of Application
Ministry of Information and Broadcasting	For uplinking of the Channel "Janmat"	Broadcast Initiatives Limited	Approval for change of name received.
Foreign Investment Promotion Board	For Equity participation upto 26% of the Paid up Capital by FIs.	Broadcast Initiatives Limited intimated.	Intimated
Income Tax Authorities	To obtain Income Tax Registration	Broadcast Initiatives Limited	PAN received in new name
Sales Tax Authorities	Obtain Registration for Broadcasting Business from Dept. of Sales Tax, Govt. of Maharashtra	Sri Adhikari Brothers News And Television Network Limited	Application filed, necessary changes by Authority is pending.
Service Tax Authorities	Obtain Registration to Commence business as to render services to customers	Broadcast Initiatives Limited	Authority has taken new name of the Company on record.
Profession Tax Authorities	Obtain Registration to Commence to be registered for Employer/Employee	Broadcast Initiatives Limited	Authority has taken new name of the Company on record.



Name of Authority	Type of Approval	Approval in the name of	Status of Application
Municipal Authorities for amendment in licence under Shops & Establishment Act	Obtain Registration to Commence business in the premises	Broadcast Initiatives Limited	Licence amended in new name
Provident Fund Authorities	Registration for Employer under the Act.	Broadcast Initiatives Limited	Authority has taken new name of the Company on record.
Employees State Insurance Corporation (ESIC)	Registration for insurance of Employees under the Act	Sri Adhikari Brothers News And Television Network Limited	Application filed, necessary changes by Authority is pending.
Director General for Foreign Trade (DGFT)	For obtaining IEC & EPCG Licences.	Broadcast Initiatives Limited	Name changed
Federation of Indian Exports Organisation (FIEO)	For Membership of FIEO.	Broadcast Initiatives Limited	Authority has taken new name of the Company on record.
Banks/ financial Institutions 1) Indian Overseas Bank 2) Punjab National Bank 3) UTI Bank Ltd. 4) Bank of Maharashtra	Name Changed in the Statement of Account. No Approvals as such.	Broadcast Initiatives Limited	Change of name intimated and banks have taken new name of the Company on record.

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

The Fresh Issue of Equity Shares by the Company has been authorised by the resolution of the Board of Directors passed at their meeting held on April 03, 2006, subject to the approval of shareholders through a special resolution to be passed pursuant to Section 81(1A) of the Companies Act, 1956. The shareholders approved the fresh issue at the Extra-Ordinary general meeting of the Company held on April 10, 2006.

We have applied to FIPB vide letter dated April 29, 2006 for Issue of Equity Shares to eligible NRI, FII, foreign venture capital investors registered with SEBI, multilateral and bilateral development financial institutions, and other foreign eligible investors up to 26% of the paid up equity capital of the Company post the Issue.

The MIB, by way of its letter dated May 22, 2006 bearing number 1501/9/2006-TV (1) has indicated its no objection to the Issue subject to the following conditions;

1. The Company continues to comply with the provisions of the Up-linking Guidelines from India for uplinking of news and current affairs TV channel from India and should obtain prior approval of the MIB before effecting any change in the shareholding of the largest Indian shareholder, as is required under clause 3.1.2 of the Up-linking Guidelines.
2. The foreign investment in the Company including FDI does not exceed 26% of the total paid up equity.
3. As per clause 3.1.5 of the Up-linking Guidelines, that the Company intimate the MIB of the changes in FDI, within 15 days of such change and while effecting changes in the shareholding patterns, the Company ensure its continued compliance with clauses 3.1.1 and 3.1.2 of the Up-linking Guidelines.
4. As per clause 3.1.5.6 of the Up-linking Guidelines, the Company intimate the MIB of the names and details of all persons, not being resident Indians, who are proposed to be inducted in the Board.
5. The Company ensures that even if FII buy into the Issue, their foreign equity holding does not exceed the limit as prescribed in Sl. No. (3) above.

Prohibition by SEBI

Neither our Company, nor our Promoters, our directors, or any of our Promoter Group Companies the companies or entities with which our directors are associated with, as directors or promoters, have been prohibited from accessing or operating in the capital market or restrained from buying, selling or dealing in securities under any order or directions passed by SEBI.

Neither we nor our Directors, our Promoters, Promoter Group Companies or relatives of Promoters have been detained as willful defaulters by RBI/ government authorities and there are no proceedings relating to violations of securities laws pending against them and there are no violations of securities laws committed by them in the past except as disclosed in the "Risk Factors" appearing on page no. iii of this Red Herring Prospectus.

Eligibility for the Issue

We are eligible for the Issue as per Clause 2.2.2 of the SEBI Guidelines as explained under:

Clause 2.2.2 of the SEBI Guidelines states as follows:

"2.2.2 An unlisted company not complying with any of the conditions specified in Clause 2.2.1 may make an initial public offering (IPO) of equity shares or any other security which may be converted into or exchanged with equity shares at a later date, only if it meets both the conditions (a) and (b) given below:

- (a) (i) The issue is made through the book-building process, with at least 50% of the issue size being allotted to the Qualified Institutional Buyers (QIBs), failing which the full subscription monies shall be refunded.

OR

- (a) (ii) The "project" has at least 15% participation by Financial Institutions/ Scheduled Commercial Banks, of which at least 10% comes from the appraiser(s). In addition to this, at least 10% of the issue size shall be allotted to QIBs, failing which the full subscription monies shall be refunded



AND

- (b) (i) The minimum post-issue face value capital of the company shall be Rs. 10 crores.

OR

- (b) (ii) There shall be a compulsory market-making for at least 2 years from the date of listing of the shares, subject to the following:
- (a) Market makers undertake to offer buy and sell quotes for a minimum depth of 300 shares;
 - (b) Market makers undertake to ensure that the bid-ask spread (difference between quotations for sale and purchase) for their quotes shall not at any time exceed 10%;
 - (c) The inventory of the market makers on each of such stock exchanges, as of the date of allotment of securities, shall be at least 5% of the proposed issue of the company."

The Company is an unlisted Company that does not comply with the conditions specified under Clause 2.2.1 and therefore, is required to meet both the conditions under Clause 2.2.2(a)(i) and 2.2.2(b) of the SEBI Guidelines as specified above.

- The Company will comply with Clause 2.2.2(a)(i) of the SEBI Guidelines and at least 50% of the Net Issue is proposed to be allotted to QIBs and in the event we fail to do so, the full subscription monies shall be refunded to the Bidders.

Further, the Company will comply with Clause 11.3.5(i)(a) and (b) of the SEBI Guidelines, and at least 15% and 35% of the Net Issue shall be available for allocation to Non-Institutional Bidders and Retail Individual Bidders, respectively.

- The Company will also comply with Clause 2.2.2(b)(i) of the SEBI Guidelines and the post-Issue face value capital of the Company shall be Rs. 1931.40 lakhs, which is more than the minimum requirement of Rs. 10 crores (Rs. 1000 lakhs).

Hence, the Company is eligible for the Issue under Clause 2.2.2 of the SEBI Guidelines.

Further, in accordance with Clause 2.2.2A of the SEBI Guidelines, our Company undertakes that the number of allottees in the proposed Issue shall be atleast 1,000; otherwise, the Company shall forthwith refund the entire subscription amount received. In case of delay, if any, in refund, the Company shall pay interest on the application money at the rate of 15% per annum for the period of delay.

DISCLAIMER CLAUSE

AS REQUIRED, A COPY OF THE DRAFT RED HERRING PROSPECTUS HAS BEEN SUBMITTED TO SEBI. IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THE DRAFT RED HERRING PROSPECTUS TO SEBI SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED TO MEAN 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 THIS ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE DRAFT RED HERRING PROSPECTUS. THE BOOK RUNNING LEAD MANAGER, ALLIANZ SECURITIES LIMITED HAS CERTIFIED THAT THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI (DISCLOSURE AND INVESTOR PROTECTION) GUIDELINES 2000, AS FOR THE TIME BEING IN FORCE. 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 ISSUER COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE DRAFT RED HERRING PROSPECTUS, THE BOOK RUNNING LEAD MANAGERS ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE BOOK RUNNING LEAD MANAGER M/S ALLIANZ SECURITIES LIMITED HAS FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED MAY 22, 2006 IN ACCORDANCE WITH THE SEBI (MERCHANT BANKERS) REGULATIONS, 1992 WHICH READS AS FOLLOWS:

Broadcast Initiatives Limited

- (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 DRAFT RED HERRING PROSPECTUS 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.
- (3) WE CONFIRM THAT:
 - A. THE DRAFT RED HERRING PROSPECTUS FORWARDED TO SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THIS 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;
 - C. THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE;
 - D. BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE DRAFT RED HERRING PROSPECTUS ARE REGISTERED WITH SEBI AND THAT TILL DATE SUCH REGISTRATIONS ARE VALID; AND
 - E. WE HAVE SATISFIED OURSELVES ABOUT THE WORTH OF UNDERWRITERS TO FULFILL THEIR UNDERWRITING COMMITMENTS.
- (4) WE CERTIFY THAT A WRITTEN CONSENT FROM THE PROMOTERS HAS BEEN OBTAINED FOR INCLUSION OF THEIR SECURITIES AS A PART OF PROMOTERS CONTRIBUTION SUBJECT TO LOCK-IN AND THE SECURITIES PROPOSED TO FORM PART OF THE PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN, WILL NOT BE DISPOSED/SOLD/TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING OF THE DRAFT RED HERRING PROSPECTUS WITH THE BOARD TILL THE DATE OF COMMENCEMENT OF THE LOCK-IN PERIOD AS STATED IN THE DRAFT RED HERRING PROSPECTUS.

ALL LEGAL REQUIREMENTS PERTAINING TO THE ISSUE WILL BE COMPLIED WITH AT THE TIME OF FILING OF THE RED HERRING PROSPECTUS WITH THE REGISTRAR OF COMPANIES, MAHARASHTRA IN TERMS OF SECTION 56, SECTION 60 AND SECTION 60B OF THE COMPANIES ACT, 1956.

THE FILING OF THE DRAFT RED HERRING PROSPECTUS DOES NOT, HOWEVER, ABSOLVE THE COMPANY FROM ANY LIABILITIES UNDER SECTIONS 63 OR 68 OF THE COMPANIES ACT, 1956 OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY OR 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 MANAGERS, ANY IRREGULARITIES OR LAPSES IN THE DRAFT RED HERRING PROSPECTUS.

DISCLAIMER FROM THE ISSUER AND THE BOOK RUNNING LEAD MANAGER

Our Company, our Directors and the Book Running Lead Managers accepts no responsibility for statements made otherwise than in this Red Herring Prospectus or in the advertisement or any other material issued by or at our instance and that anyone placing reliance on any other source of information, including our website, www.janmat.tv, would be doing so at his or her own risk.

The Book Running Lead Managers accepts no responsibility, save to the limited extent as provided in the Memorandum of Understanding entered into between the Book Running Lead Managers and our Company dated May 22, 2006 and the underwriting agreement to be entered into between the underwriter and us.

All information shall be made available by us, the Book Running Lead Managers to the public and investors at large and no selective or additional information would be available for a section of investors in any manner whatsoever including road show presentations, research or sales reports or at bidding centres or elsewhere.



Neither we nor BRLM or Syndicate Members shall be liable to the Bidders for any failure in downloading the bids due to faults in any software/ hardware system or otherwise.

DISCLAIMER IN RESPECT OF JURISDICTION

This Issue is being made in India to persons resident in India (including Indian nationals resident in India, who are majors, Hindu Undivided Families, Companies, Corporate Bodies and Societies registered under the applicable laws in India and authorized to invest in shares, Indian Mutual Funds registered with SEBI, Indian Financial Institutions, Commercial Banks, Regional Rural Banks, Co-operative Banks (subject to RBI permission), Trusts registered under the Societies Registration Act, 1860, as amended from time to time, or any other Trust law and who are authorized under their constitution to hold and invest in shares), permitted insurance companies and pension funds and to NRIs on non-repatriable basis and FIIs registered with SEBI. This Red Herring Prospectus does not, however, constitute an Issue to sell or an invitation to subscribe to shares issued hereby in any other jurisdiction to any person to whom it is unlawful to make an issue or invitation in such jurisdiction. Any person into whose possession this Red Herring Prospectus comes is required to inform himself about and to observe any such restrictions. Any dispute arising out of this Issue will be subject to the jurisdiction of appropriate court(s) in Mumbai only.

No action has been or will be taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that this Red Herring Prospectus has been filed with SEBI for observations and SEBI has given its observations and the final Red Herring Prospectus has been filed with RoC as per the provisions of the Act. Accordingly, the Equity Shares, represented thereby may not be issued or sold, directly or indirectly, and this Red Herring Prospectus may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this Red Herring Prospectus nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Company since the date hereof or that the information contained herein is correct as of any time subsequent to this date.

The Equity Shares have not been and will not be registered under the US Securities Act ("the Securities Act") or any state securities laws in the United States and may not be issued or sold 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 pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act

Accordingly, the Equity Shares are only being issued and sold (i) in the United States to "qualified institutional buyers", as defined in Rule 144A of the Securities Act in reliance on Rule 144A under the Securities Act and (ii) outside the United States to certain persons in offshore transactions in compliance with Regulation S under the Securities Act and the applicable laws of the jurisdiction where those issues and sales occur.

DISCLAIMER CLAUSE OF BOMBAY STOCK EXCHANGE LIMITED

(The Designated Stock Exchange)

Bombay Stock Exchange Limited ("the Exchange") has given vide its letter dated November 27, 2006, permission to this Company to use the Exchange's name in this offer document as one of the Stock Exchanges on which this Company's securities are proposed to be listed. The Exchange has scrutinized this offer document 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 offer document; 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 offer document 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.

Broadcast Initiatives Limited

DISCLAIMER CLAUSE OF THE NATIONAL STOCK EXCHANGE OF INDIA LIMITED (NSE)

As required, a copy of this Offer Document has been submitted to National Stock Exchange of India Limited (hereinafter referred to as NSE). NSE has given vide its letter ref: NSE/LIST/36761-C dated January 08, 2007, permission to the Issuer to use the Exchange's name in this Offer Document as one of the Stock Exchanges on which this Issuer's securities are proposed to be listed. The Exchange has scrutinised this Draft Offer Document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Issuer. It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed that the Offer Document 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 Offer Document; nor does it warrant that this Issuer's securities will be listed or will continue to be listed on the Exchange; nor does it take any responsibility for the financial or other soundness of this Issuer, its promoter, its management or any scheme or project of this Issuer.

Every person who desires to apply for or otherwise acquire any securities of this Issuer may do so pursuant to an 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 or acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.

FILING OF PROSPECTUS WITH THE BOARD AND ROC

A copy of Red Herring Prospectus has been filed with SEBI at Corporation Finance Department, SEBI Bhavan, Plot No. C-4A, G-Block, Bandra Kurla Complex, Mumbai - 400 051.

A copy of Red Herring Prospectus, along with the documents to be filed under Section 60B of the Companies Act, 1956 will be delivered to the RoC, Maharashtra situated at 100, Everest, Marine Lines, Mumbai-400002. A copy of the Prospectus, required to be filed under section 60 of the Companies Act, 1956 would be delivered for registration to the Registrar of Companies, Maharashtra, 100, Everest, Marine Lines, Mumbai-400002

IMPERSONATION

As a matter abundant caution, attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 68 A of the Companies Act, 1956 which is reproduced below:

"Any person who:

- (a) makes in a fictitious name, an application to a Company for acquiring or subscribing for, any shares therein, or
- (b) 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."

LISTING

The initial listing applications have been made to Bombay Stock Exchange Ltd. (BSE) and The National Stock Exchange of India Limited (NSE) for permission to list the Equity Shares and for an official quotation of the Equity Shares of our Company. Bombay Stock Exchange Limited will be the Designated Stock Exchange.

In case the permission for listing of the Equity Shares and for official quotation of the Equity Shares is not granted by any of the above mentioned Stock Exchanges, our Company will forthwith repay, without interest, all monies received from the applicants in pursuance of this Red Herring Prospectus and if such money is not repaid within eight days after the day from which the Company becomes liable to repay it from the date of refusal or within 70 days from the Bid/Issue closing date whichever is earlier, then our Company and every director of the Company who is an officer in default shall, on and from such expiry of 8 days, be jointly and severally liable to repay the money with interest prescribed under Section 73 of the Companies Act 1956.

Our Company with the assistance of the Book Running Lead Managers shall ensure that all steps for the completion of necessary requirements for listing and commencement of trading at the Stock Exchanges mentioned above are taken within seven working days of finalisation and adoption of the Basis of Allotment for the Issue.



CONSENTS

Consents in writing of: (a) our Directors, the Company Secretary, Compliance Officer, the Auditors, Bankers to the Company, the Escrow Bankers / Bankers to this Issue, Monitoring Agency; and (b) Book Running Lead Managers to the Issue and Syndicate members, Registrars to the Issue and Legal advisors to the Issue and the Underwriters, to act in their respective capacities, have been obtained and shall be filed along with a copy of the Red Herring Prospectus with the Registrar of Companies, Maharashtra, Mumbai as required under Section 60 and 60B of the Companies Act, 1956 and such consents have not been withdrawn up to the time of delivery of a copy of this Red Herring Prospectus, for registration with the Registrar of Companies, Maharashtra, Mumbai. In addition, Promoters of our Company viz. Mr. Gautam Adhikari and Mr. Markand Adhikari have also given their consent to lock-in vide their letter dated May 22, 2006 given their consent for lock in of 38,63,000 shares for three years from the date of allotment of shares in the Public Issue.

M/s A.R.Sodha & Company, Statutory Auditors, have also given their consent to the inclusion of their report as appearing hereinafter in the form and context in which it appears in this Red Herring Prospectus and also tax benefits accruing to the Company and to the members of the Company in the form and context in which it appears in this Red Herring Prospectus and such consent and report have not been withdrawn up to the time of delivery of this Red Herring Prospectus for registration with the Registrar of Companies, Maharashtra at Mumbai.

EXPERT OPINION

No opinion of any expert has been obtained by the Company, except that of M/s A.R.Sodha & Company, Statutory Auditors of the Company and Rajani Associates, Legal Advisors to the Issue.

ISSUE RELATED EXPENSES

The expenses for this Issue includes issue underwriting & management fees, selling commission, distribution expenses, legal fees, fees to advisors, stationery costs, advertising expenses and listing fees payable to the Stock Exchanges, among others. The total expenses for this Issue are estimated at approximately Rs. [●] Lakhs, details of which are as under:

Activity	Amount (Rs. in lakhs)	% of Total Issue Size	% of Total Issue Expenses
Lead Managers' Fees	[●]	[●]	[●]
Registrars fees	[●]	[●]	[●]
Printing & Distribution of Issue Stationery	[●]	[●]	[●]
Advertising and Marketing expenses	[●]	[●]	[●]
Brokerage and Selling commission	[●]	[●]	[●]
Other expenses (stamp duty, initial listing fees, depository fees, charges for using the book building software of the exchanges, Legal counsel fees and other related expenses)	[●]	[●]	[●]
Total	[●]	[●]	[●]

Fees Payable to the BRLM, Underwriting, Brokerage and Selling Commission

The total fees payable to the Book Running Lead Manager, and Syndicate Members including brokerage and selling commission for the Issue will be as per the Memorandum of Understanding executed between us and the BRLM dated May 22, 2006, copy of which is available for inspection at the Registered Office of the Company.

Fees Payable to the Registrar

The total fees payable to the Registrar to the Issue will be as per the Memorandum of Understanding executed between our Company and the Registrar dated May 18, 2006 copy of which is available for inspection at the Registered Office of the Company.

Broadcast Initiatives Limited

Adequate funds will be provided to the Registrar to the Issue for making refunds to unsuccessful applicants as per the mode disclosed under para "Dispatch of Refund Orders" appearing on page no. 149 of Red Herring Prospectus.

Previous Public and Rights Issues

Our Company has not made any public or rights issue since its inception.

Previous Issues of Shares Otherwise than for cash

The Company has not issued shares for consideration other than for cash.

Commission and Brokerage paid on Previous Issues

Since this is an initial Public Issue of the Equity Shares, no sum has been paid/ is payable as commission or brokerage for subscribing to or procuring for, or agreeing to procure subscription for any of the Equity Shares of the Company since its incorporation.

Companies under the Same Management

We do not have any other company under the same management within the meaning of Section 370 (1B) of the Companies Act, 1956 which has made any capital issue during the last three years.

PROMISE VIS-A-VIS PERFORMANCE

(A) LAST THREE ISSUES MADE BY BROADCAST INITIATIVES LTD.

The Company has not made any issue of equity shares to the public prior to the present Public Issue.

(B) LAST ISSUE OF THE LISTED VENTURES OF PROMOTER GROUP

Sri Adhikari Brothers Television Network Limited came out with a public issue of 20,00,000 Equity shares of Rs.10/- each for cash at par aggregating to Rs.200 lakhs. The Issue opened on May 24, 1995. The actual performance achieved by the company against the projections mentioned in the offer document are as under:

Particulars	1994-95		1995-96 I Operating Year		1996-97 II Operating Year	
	Projected	Actual	Projected	Actual	Projected	Actual
Earnings						
Local TV Programs	82.00	109.34	530.00	955.99	795.00	1,999.13
Foreign TV Programs	28.00	-	180.00	-	270.00	-
Studio & Equipments	-	-	25.00	-	50.00	-
Hire Charges	-	-	-	-	-	-
Miscellaneous Income	2.00	3.00	10.00	47.21	15.00	17.73
TOTAL	112.00	112.34	745.00	1,003.20	1,130.00	2,016.86
Total Cost	98.00	81.82	610.00	789.88	873.50	1,725.21
PBDIT	14.00	30.52	135.00	213.32	256.50	291.65
Depreciation	-	-	5.50	4.68	14.00	11.69
Interest	-	-	-	6.44	-	14.06
PBT	14.00	30.52	129.50	202.20	242.50	265.90
Tax	3.00	-	29.00	32.00	61.00	35.00
PAT	11.00	30.52	100.50	170.20	181.50	230.90



Particulars	1994-95		1995-96 I Operating Year		1996-97 II Operating Year	
	Projected	Actual	Projected	Actual	Projected	Actual
Net Cash Accruals	11.00	16.48	117.00	174.88	195.50	242.59
EPS	0.31	0.55	2.01	3.40	3.63	4.62
CEPS	0.31	0.55	2.34	3.50	3.91	4.85
GPM (%)	12.50%	27.17%	18.12%	21.26%	22.70%	14.46%
NPM (%)	9.82%	27.17%	13.49%	16.97%	16.06%	11.45%
Equity Capital	300	300	500	500	500	500
Reserves & Surplus	11	9.08	61.5	108.25	168	249.15
Net worth	10.5	306.26	59	500.08	165.5	526.22
Dividend	0	15%	10%	16%	15%	18%

Main Object of Issue	Actual Implementation
To part finance the capital expenditure to be incurred by the company to set up its own video software production facilities for the production of television software at Veera Desai Road, Andheri(West), Mumbai. The final completion of installation of equipment expected in December, 1995.	Video software production facilities were set up at Vile Parle (West), Mumbai as company changed its plan for the location. However, the company was able to met its financial projected figures.

Outstanding Debentures, Bonds, Redeemable Preference Shares or other Instruments

The Company has not issued any Redeemable Preference shares and debentures, bonds or other instruments

Option to Subscribe

Equity Shares being issued through this Red Herring Prospectus can be applied for in Dematerialized Form only.

Stock Market Data for our Equity Shares

This being the Initial Public Issue of our Company, no Stock Market Data is available.

Mechanism for Redressal of Investor Grievances

The Memorandum of Understanding between the Registrar to the Issue and our company, will provide for retention of records with the registrar to the Issue for a period of atleast one year from the last date of dispatch of letters of allotment, demat credit, refund orders to enable the investors to approach the registrar to the Issue for the redressal of their grievances.

All grievances relating to the Issue may be addressed to the registrar to the Issue, giving full details such as name, address of the applicant, application number, number of shares applied for, amount paid on application, depository participant number and beneficiary account number, and the bank branch or bidding center where the application was submitted.

Disposal of Investor Grievances

We estimate that the average time required by us or the Registrar to the Issue for the redressal of the routine investor grievances should be fifteen days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, we will seek to redress these complaints as expeditiously as possible.

We have appointed Mr.Sanjay Bhandari as Compliance Officer and he may be contacted in case of any pre issue/post issue related problems. The Compliance Officer can be contacted at the following address:

Broadcast Initiatives Limited

Mr. Sanjay Bhandari

Adhikari Chambers, Oberoi Complex,
New Link Road Andheri West,
Mumbai 400053
Tel: 022 26351940,
Fax: 022 2635 0996
Email: ipo@janmat.tv
Website: www.janmat.tv

Changes in Auditors

There has been no change in the Auditors of the Company since inception.

Capitalization of Reserves or Profits (during the last five years)

We have not capitalized our profits or reserves at any time.

Revaluation of Assets

The Company has not revalued its assets since inception.



TERMS OF THE ISSUE

The Equity Shares being issued are subject to the provisions of the Companies Act, our Memorandum and Articles of Association, the terms of this Red Herring Prospectus, Prospectus, Bid cum Application Form, the Revision Form, the Confirmation of Allocation Note and other terms and conditions as may be incorporated in the allotment advices and other documents/certificates that may be executed in respect of the Issue. The Equity Shares shall also be subject to laws as applicable, guidelines, notifications and regulations relating to the Issue of capital and listing and trading of securities issued from time to time by SEBI, the Government of India, Stock Exchanges, FIPB, RBI, Registrar of Companies and/or other authorities, as in force on the date of the Issue and to the extent applicable.

Ranking of Equity Shares

The Equity Shares being issued shall be subject to the provisions of our Memorandum and Articles of Association and shall rank *pari passu* in all respects with the existing Equity Shares of our Company including rights in respect of dividend. The allottees will be entitled to dividend or any other corporate benefits, if any, declared by the Company after the date of allotment/allocation. See the section titled "Main Provisions of the Articles of Association of the Company" beginning on page no. 153 of this Red Herring Prospectus.

Mode of Payment of Dividend

Payment of dividend by our Company, if recommended by our Board and declared at our general meeting, would be in any of the modes specified or permitted by the Act from time to time.

Face Value and Issue Price

The Equity Shares with a face value of Rs. 10/- each are being issued in terms of this Red Herring Prospectus at a price of Rs. [●] per Equity Share. At any given point of time there shall be only one denomination for the Equity Shares.

Compliance with SEBI Guidelines

We shall comply with all disclosure and accounting norms as specified by SEBI from time to time.

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; 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 further details on the main provisions of our Articles of Association dealing with voting rights, dividend, forfeiture and lien, transfer and transmission and/or consolidation/splitting, refer to the Section on "Main Provisions of Articles of Association of the Company" on page no. 153 of this Red Herring Prospectus.

Market Lot and Trading Lot

In terms of Section 68B of the Companies Act, the Equity Shares of the Company shall be allotted only in dematerialized form. As per existing SEBI Guidelines, the trading of our Equity Shares shall only be in dematerialized form for all investors.

Since trading of our Equity Shares is compulsorily in dematerialized mode, the tradable lot is one Equity Share. Allotment through this Issue will be done only in electronic form in multiples of 1 Equity Shares subject to a minimum Allotment of 50 Equity Shares.

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Nomination Facility to the Investor

In accordance with Section 109A of the Companies Act, the sole or first Bidder, along with other joint Bidder, may nominate any one Person in whom, in the event of the death of sole Bidder or in case of joint Bidders, death of all the Bidders, as the case may be, the Equity Shares allotted, if any, shall vest. A Person, being a nominee, entitled to the Equity Shares by reason of the death of the original holder(s), shall in accordance with Section 109A of the Companies Act, be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the Equity Share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any Person to become entitled to Equity Share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale/ transfer/ alienation of Equity Share(s) by the Person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at the registered office of the Company or at the Registrar and Transfer Agents of the Company.

In accordance with Section 109B of the Companies Act, any Person who becomes a nominee by virtue of the provisions of Section 109A of the Companies Act, shall upon the production of such evidence as may be required by the Board, elect either:

- a. to register himself or herself as the holder of the Equity Shares; or
- b. to make such transfer of the Equity Shares, as the deceased holder could have made.

Further, the Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with, within a period of ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Since the allotment of Equity Shares in the Issue will be made only in dematerialised mode, there is no need to make a separate nomination with us. Nominations registered with the respective depository participant of the applicant would prevail. If an investor needs to change the nomination, they are requested to inform their respective depository participant.

Minimum Subscription

If we do not receive the minimum subscription of 90% of the net Issue to the public, including devolvement on Underwriters within 60 days from the date of closure of the bid, we shall forthwith refund the entire subscription amount received. If there is a delay beyond 8 days after we become liable to pay the amount, we shall pay interest prescribed under Section 73 of the Companies Act 1956

Jurisdiction

Exclusive jurisdiction for the purpose of this Issue is with competent courts/authorities in Mumbai, India.

Subscription by Non-Residents, NRI, FIIS

There is no reservation for any Non-Residents, NRIs, FIIs, foreign venture capital investors registered with SEBI and multilateral and bilateral development financial institutions and such Non-Residents, NRIs, FIIs, foreign venture capital investors registered with SEBI and multilateral and bilateral development financial institutions will be treated on same basis with the other categories for the purpose of allocation.

As per RBI regulations, OCBs cannot participate in the Issue. Equity Shares acquired by NRIs can only be sold to Indian Residents and other NRIs.

Withdrawal of the Issue

The Company, in consultation with the BRLM, reserves the right not to proceed with the Issue at anytime including after the Bid Closing Date, without assigning any reason thereof.

Arrangements for Disposal of Odd Lots

Since the market lot of our Equity Shares will be one, no arrangements for disposal of odd lots is required.

Restriction on Transfer of Shares and Alteration of Capital Structure

The restriction if any, on the transfer of our Equity Shares are contained in the section titled "Main Provisions of the Articles of Association of the Company beginning at Page no. 153 of this Red Herring Prospectus.



ISSUE STRUCTURE

Public Issue of 85,50,000 Equity Shares of Rs. 10 each for cash at a price of Rs. [●] per Equity Share aggregating Rs. [●] lakhs. The Issue will constitute 44.27% of the fully diluted post offer paid-up capital of our Company.

1,00,000 Equity Shares of Rs. 10 each will be reserved in the issue for subscription by eligible employees.

	QIBs	Non-Institutional Bidders	Retail individual Bidders	Employee Reservation Portion
Number of Equity Shares*	Minimum of 42,25,000 Equity Shares must be allotted to QIB	At least 12,67,500 Equity Shares shall be available for allocation.	At least 29,57,500 Equity Shares shall be available for allocation.	Upto 1,00,000 Equity Shares
Percentage of Offer Size Available for Allocation	At least 50% of the Net Issue (of which 5% shall be available for allocation Mutual Funds)*. Mutual Funds participating in the 5% reservation in the QIB Portion will also be eligible for allocation in the remaining QIB Portion. The unsubscribed portion, if any, in the Mutual Fund reservation will be available to QIBs.	At least 15% of Net Offer to Public or Net Offer to Public less allocation to QIB Bidders and Retails Individual Bidders	Atleast of 35% of Net Offer to Public or Net Offer to Public less allocation to QIB Bidders and Non-Institutional Bidders	Upto 1.17% of Issue size
Basis of Allocation if respective category is oversubscribed	Proportionate as follows: a. Equity Shares constituting 5% of the QIB portion shall be allocated on a proportionate basis to Mutual Funds in the Mutual Funds Portion: b. The balance Equity Shares of the QIB portion shall be allocated on a proportionate basis to all QIBs including Mutual Funds receiving allocation as per (a) above.	Proportionate	Proportionate	Proportionate
Minimum Bid	Such number of Equity Shares in multiples of 50 Equity Shares so that the Bid Amount exceeds Rs. 1,00,000.	Such number of Equity Shares in multiples of 50 Equity Shares so that the Bid Amount exceeds Rs. 1,00,000.	50 Equity shares and in multiples of 50 Equity Share thereafter	50 Equity shares and in multiples of 50 Equity Share thereafter
Maximum Bid	Such number of Equity Shares not exceeding the Net Offer to the Public, subject to applicable limits.	Such number of Equity Shares not exceeding the Net Offer to Public, subject to applicable limits.	Such number of Equity Shares whereby the Bid amount does not exceeds Rs. 1,00,000	Not exceeding 1,00,000 equity shares
Mode of Allotment	Compulsorily in dematerialised mode	Compulsorily in dematerialised mode	Compulsorily in dematerialised mode	Compulsorily in dematerialised mode
Trading Lot	One Equity Share	One Equity Share	One Equity Share	One Equity Share
Bidding Lot	50 Equity Shares and in multiple of 50 Equity Shares thereafter	50 Equity Shares and in multiple of 50 Equity Shares thereafter	50 Equity Shares and in multiple of 50 Equity Shares thereafter	50 Equity Shares and in multiple of 50 Equity Shares thereafter
Who can apply***	Public financial institutions, as specified in Section 4A of the Companies Act, scheduled commercial banks, mutual funds registered with SEBI, foreign institutional investors registered with	Resident Indian individuals, HUF (in the name of Karta), companies, corporate bodies, NRIs, scientific institutions, societies and trusts.	Individuals (including NRIs and HUFs) applying for Equity Shares such that the Bid amount does not exceed Rs. 100,000 in value.	Eligible Employees other than the Promoter Employees.

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	QIBs	Non-Institutional Bidders	Retail individual Bidders	Employee Reservation Portion
	SEBI, multilateral and bilateral development financial institutions, venture capital funds registered with SEBI, foreign venture capital investors registered with SEBI and State Industrial Development Corporations, permitted insurance companies registered with the Insurance Regulatory and Development Authority, provident funds with minimum corpus of Rs. 2500 lakhs (subject to applicable laws) and pension funds with minimum corpus of Rs. 2500 lakhs in accordance with applicable laws.			
Terms of Payment	Margin Money applicable to QIB Bidders shall be payable at the time of submission of Bid cum Application Form to the Syndicate Members.	Margin Money applicable to Non institutional Bidders shall be payable at the time of submission of Bid cum Application Form to the Syndicate Members.	Margin Money applicable to Retail Individual Bidders shall be payable at the time of submission of Bid cum Application Form to the Syndicate Members.	Margin Money applicable to eligible employee shall be payable at the time of submission of Bid cum Application Form to the Syndicate Members
Margin Amount	10% of the bid amount	100% of the Bid amount on Bidding	100% of the Bid amount on Bidding	100% of the Bid amount on Bidding

* Subject to valid Bids being received at or above the Issue Price.

Under-subscription, if any, in any category except in the QIB category would be met with spill-over inter-se from other categories at our sole discretion, in consultation with the BRLM. If a minimum allotment of 50% of the Issue is not made to the QIBs, the entire subscription monies shall be refunded.

*** In case the Bid cum Application Form is submitted in Joint names, the Investors should ensure that the demat account is also held in the same joint names and are in the same sequence in which they appear in the Bid cum Application Form.

Any under-subscription in Equity shares, if any, reserved for Employees would be included in the Net Offer and allocated in accordance with the description in the Section titled 'Basis of Allocation' as described in page no. 144 of this Red Herring Prospectus.



ISSUE PROCEDURE

Book Building Procedure

This Issue is being made through the 100% Book Building Process where in minimum 50% of the Net Issue to Public shall be allocated on a proportionate basis to Qualified Institutional Buyers including upto 5 % of the QIB Portion shall be available for compulsory allocation to mutual funds only and the remainder of the Qualified Institutional Buyers portion shall be available for allocation on a proportionate basis to all Qualified Institutional Buyers, including Mutual Funds, subject to valid Bids being received at or above the Issue price. In the event minimum 50% of the Net Issue to public is not allocated to QIBs as above, the full subscription money shall be refunded to the bidders. Further, not less than 15% of the Net Issue to Public shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Net Issue to Public shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price.

Bidders are required to submit their Bids through the Syndicate members. Our Company in consultation with the BRLM, reserve the right to reject any Bid procured from QIBs, by any or all members of the Syndicate, for reasons to be recorded in writing provided that such rejection shall be made at the time of receipt of the Bid and the reasons thereof shall be disclosed to the Bidders. In case of Non-Institutional Bidders and Retail Individual Bidders, our Company has a right to reject the Bids only on technical grounds.

Investors should note that allotment of Equity Shares to all successful Bidders would only be in dematerialized form. Bidders will not have the option of getting Allotment of the Equity Shares in physical form. The Equity Shares on Allotment shall be traded only in the dematerialized segment of the Stock Exchanges.

Bid-cum-Application Form

Bidders shall only use the specified Bid-cum-Application Form bearing the stamp of a member of the Syndicate for the purpose of making a Bid in terms of this Red Herring Prospectus. The Bidder shall have the option to make a maximum of three Bids in the Bid-cum-Application Form and such options shall not be considered as multiple Bids. Upon the allocation of Equity Shares, dispatch of the CAN and filing of the Prospectus with the RoC, the Bid-cum-Application Form shall be considered as the Application Form. Upon completing and submitting the Bid-cum-Application Form to a member of the Syndicate, the Bidder is deemed to have authorized us to make the necessary changes in this Red Herring Prospectus and the Bid-cum-Application Form as would be required for filing the Prospectus with the RoC and as would be required by the RoC after such filing, without prior or subsequent notice of such changes to the Bidder.

The prescribed colour of the Bid-cum-Application Form for various categories, is as follows:

Category	Colour of Bid-cum-Application Form
Indian Public or NRIs applying on a non-repatriation basis	White
NRIs or FIIs or Foreign Venture Capital Funds registered with SEBI, Multilateral and Bilateral Development Financial Institutions applying on a repatriation basis	Blue
Eligible Employees	Red

Who Can Bid?

- Indian nationals resident in India who are majors, or in the name of their minor children as natural/legal guardians, in single or joint names (not more than three);
- HUFs, in the individual name of the Karta. The Bidder should specify that the Bid is being made in the name of the HUF in the Bid cum Application Form as follows: "Name of Sole or First Bidder: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the Karta". Bids by HUFs would be considered at par with those from individuals;
- Companies, corporate bodies and societies registered under the applicable laws in India and authorized to invest in Equity shares;

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- Indian Mutual Funds registered with SEBI;
- Indian Financial Institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI regulations and SEBI Guidelines and Regulations, as applicable);
- Venture Capital Funds registered with SEBI;
- Foreign Venture Capital investors registered with SEBI;
- State Industrial Development Corporations;
- Insurance companies registered with the Insurance Regulatory and Development Authority;
- Provident funds with minimum corpus of Rs. 2500 lakhs and who are authorized under their constitution to invest in Equity Shares;
- Pension funds with minimum corpus of Rs. 2500 lakhs and who are authorized under their constitution to invest in Equity Shares;
- Multilateral and bilateral development financial institutions;
- Trusts/Societies registered under the Societies Registration Act, 1860, as amended, or under any other law relating to Trusts/Societies and who are authorized under their constitution to hold and invest in equity shares;
- NRIs on a repatriation basis or a non- repatriation basis subject to applicable local laws;
- FIIs registered with SEBI;
- Scientific and/or industrial research organizations authorized under their constitution to invest in equity shares; and
- Permanent Employees of the Company who are on the pay-roll of our Company as on December 31, 2006.

Note:

The BRLM and Syndicate Members shall not be entitled to subscribe to this Issue in any manner except towards fulfilling their underwriting obligation if any.

Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law.

As per existing regulations, OCBs cannot Bid in this Issue.

As per the current regulations, the following restrictions are applicable for investments by mutual funds:

No mutual fund scheme shall invest more than 10% of its net asset value in equity shares or equity related instruments of any company provided that the limit of 10% shall not be applicable for investments in index funds or sector or industry specific funds. No mutual fund under all its schemes should own more than 10% of any Company's paid-up share capital carrying voting rights. These limits would have to be adhered to by the mutual funds for investment in the Equity Shares.

In case of a mutual fund, a separate Bid can be made in respect of each scheme of the mutual fund registered with SEBI and such Bids in respect of more than one scheme of the mutual fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made.

As per the current regulations, the following restrictions are applicable for investments by FIIs:

No single FII can hold more than 10% of our post-Issue paid-up capital (i.e., 10% of 1,93,14,000 Equity Shares). In respect of an FII investing in our Equity Shares on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10% of our total issued capital or 5% of our total issued capital in case such sub-account is a foreign corporate or an individual. Under the current foreign investment policy applicable to us foreign equity participation up to 26% is permissible in view of the FIPB approval, for which we have already received approval from FIPB vide their letter dated June 30, 2006.

Subject to compliance with all applicable Indian laws, rules, regulations guidelines and approvals in terms of Regulation 15A(1) of the Securities Exchange Board of India (Foreign Institutional Investors) Regulations, 1995, as amended, an FII



or its sub account may issue, deal or hold, off shore derivative instruments such as Participatory Notes, equity-linked notes or any other similar instruments against underlying securities listed or proposed to be listed in any stock exchange in India only in favour of those entities which are regulated by any relevant regulatory authorities in the countries of their incorporation or establishment subject to compliance of "know your client" requirements. An FII or sub-account shall also ensure that no further downstream issue or transfer of any instrument referred to hereinabove is made to any person other than a regulated entity

As per the current regulations, the following restrictions are applicable for investments by SEBI registered VCFs and FVCIs:

The SEBI (Venture Capital) Regulations, 1996, and the SEBI (Foreign Venture Capital Investor) Regulations, 2000, prescribe investment restrictions on venture capital funds and foreign venture capital investors registered with SEBI. Accordingly, the investment by any VCF or FVCI should not exceed the prescribed investment limit as the case may be.

The above information is given for the benefit of the Bidders. Our Company and the BRLM are not liable for any amendments or modification or changes in applicable laws or regulations, which may happen after the date of this Red Herring Prospectus. Bidders are advised to make their independent investigation and ensure that the number of Equity Shares bid for don't exceed the applicable limit under laws or regulation, and our Company and the BRLM shall on no grounds what so ever be liable for or responsible for any breach of applicable regulations by any investors or category of investors.

Bids by Eligible NRIs

NRI Bidders to comply with the following:

1. Individual NRI Bidders can obtain the Bid cum Application Forms from our Registered Office, members of the Syndicate or the Registrar to the Issue.
2. NRI Bidders may please note that only such Bids as are accompanied by payment in free foreign exchange shall be considered for allotment. NRIs who intend to make payment through Non-Resident Ordinary (NRO) accounts shall use the Bid cum Application Form meant for resident Indians (White in color). All instruments accompanying bids shall be payable in Mumbai only.

Bids by non-residents including NRIs, FIIs and Foreign Venture Capital Funds registered with SEBI and multilateral and bilateral development financial institutions on a repatriation basis.

Bids and Revision of Bids

Bids and Revision of Bids must be made:

- On the prescribed Bid cum Application Form or Revision Form, as applicable (blue in colour) and completed in full in BLOCK LETTERS in ENGLISH in accordance with the instructions contained therein.
- In a single name or joint names (not more than three)
- NRIs for a Bid Amount of up to Rs. 1,00,000 would be considered under the Retail Bidders portion for the purposes of allocation and Bids for a Bid amount of more than Rs. 1,00,000 would be considered under the Non-Institutional Bidders portion for the purposes of allocation; by FIIs for a minimum of such number of Equity Shares and in multiples of 50 Equity Shares thereafter that the Bid Amount exceeds Rs. 1,00,000; for further details see "Maximum and Minimum Bid Size" at page no. 130 of this Red Herring Prospectus.
- In the names of individuals, or in the names of FIIs or Foreign Venture Capital Funds registered with SEBI and multilateral and bilateral but not in the names of minors, OCBs, firms or partnerships, foreign nationals (excluding NRIs) or their nominees.
- Refunds, dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and / or commission. In case of Bidders who remit money through Indian Rupee drafts purchased abroad, such payments in Indian Rupees will be converted into U.S. Dollars or any other freely convertible currency as may be permitted by the RBI at the rate of exchange prevailing at the time of remittance and will be despatched by registered post or if the Bidders so desire, will be credited to their NRE accounts, details of which should be furnished in the space provided for this purpose in the Bid-cum-Application Form. The Company will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

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It is to be distinctly understood that there is no reservation for Non Residents, NRIs, FIIs and Foreign Venture Capital Funds and all Non Residents, NRI, FII and Foreign Venture Capital Funds applicants will be treated on the same basis with other categories for the purpose of allocation.

Maximum and Minimum Bid size

For Retail Bidders: The Bid must be for minimum of 50 Equity Shares and in multiples of 50 Equity Shares thereafter subject to maximum bid amount of Rs. 1,00,000. In case of revision of Bids, the Retail Individual Bidders have to ensure that the Bid Amount does not exceed Rs. 1,00,000. In case the Bid Amount is over Rs. 1,00,000 due to revision or revision of the Price Band or on exercise of Cut-off option, the Bid would be considered for allotment under the Non-Institutional Bidders category. The Cut-off option is an option given only to the Retail Individual Bidders indicating their agreement to bid and purchase at the final Issue Price as determined at the end of the Book Building Process.

For Others Bidders (Non-Institutional Bidders and QIBs): The Bid must be for a minimum of such number of Equity Shares in multiples of 50 Equity Shares such that the Bid Amount payable by the Bidder exceeds Rs. 1,00,000 and in multiples of 50 Equity Shares thereafter. A Bid cannot be submitted for more than the net issue to the public. However, the maximum Bid by a QIB should not exceed the investment limits prescribed for them by applicable laws. Under existing SEBI DIP guidelines, a QIB Bidder cannot withdraw its Bid after the Bid/Issue Closing Date.

In case of revision in Bids, the Non-Institutional Bidders who are individuals have to ensure that the Bid Amount is greater than Rs. 1,00,000, for being considered for allocation in the Non Institutional Portion. In case the Bid Amount reduces to Rs. 1,00,000 or less due to a revision in Bids or revision of Price Band, Bids by Non-Institutional Bidders who are eligible for allocation in the Retail Portion would be considered for allocation under the Retail Portion. Non Institutional Bidders and QIBs are not allowed to Bid at 'Cut-off'.

For Bidders in the Employee Reservation Portion

The Bid must be for a minimum of 50 Equity Shares and in multiples of 50 Equity Shares thereafter. Bidders in the Employee Reservation Portion applying for a maximum Bid in any of the Bidding Options not exceeding Rs. 1,00,000 may bid at Cut-off price. The allotment in the employee reservation portion will be on proportionate basis.

Information for the Bidders

- a) The Company will file this Red Herring Prospectus with the RoC at least 3 (three) days before the Bid/Issue Opening Date.
- b) The members of the Syndicate will circulate copies of this Red Herring Prospectus along with the Bid-cum-Application Form to their potential investors.
- c) Any investor (who is eligible to invest in the Equity Shares) who would like to obtain a copy of this Red Herring Prospectus and/or the Bid-cum- Application Form can obtain the same from the registered office of the Company or from a member of the Syndicate.
- d) Eligible Investors who are interested in subscribing for our Company's Equity Shares should approach BRLM or Syndicate Members or their authorized agent(s) to register their Bid.
- e) The Bids should be compulsorily submitted on the prescribed Bid-cum-Application Form only. Bid-cum-Application Forms should bear the stamp of a member of the Syndicate. The Bid-cum-Application Forms, which do not bear the stamp of a member of the Syndicate, will be rejected.

Method and Process of bidding

1. We, with the BRLM shall declare the Bid/Issue Opening Date, Bid/Issue Closing Date and the Price Band at the time of filing the Red Herring Prospectus with RoC and publish the same in two national newspapers (one each in English and Hindi) and a regional newspaper (Marathi). This advertisement, subject to the provisions of Section 66 of the Companies Act and shall be in the format prescribed in Schedule XX-A of SEBI DIP Guidelines, as amended.
2. The members of the Syndicate shall accept Bids from the Bidders during the Issue Period in accordance with the terms of the Syndicate Agreement.
3. Investors who are interested in subscribing for our Equity Shares should approach any of the members of the Syndicate or their authorized agent(s) to register their Bid.



4. The Bidding Period shall be a minimum of 3 (three) working days and shall not exceed 7 (seven) working days. In case the Price Band is revised, the revised Price Band and the Bidding Period will be published in two national newspapers (one each in English and Hindi) and one regional newspaper (Marathi) and the Bidding Period may be extended, if required, by an additional 3 (three) working days, subject to the total Bidding Period not exceeding ten working days.
5. During the Bidding Period, the Bidders may approach the Syndicate to submit their Bid. Every member of the Syndicate shall accept Bids from all clients/investors who place orders through them and shall have the right to vet the Bids.
6. Each Bid cum Application Form will give the Bidder the choice to bid for up to three optional prices (for details refer to the paragraph entitled "Bids at Different Price Levels" on page no. 131 of this Red Herring Prospectus) within the Price Band and specify the demand (i.e., the number of Equity Shares bid for) in each option. The price and demand options submitted by the Bidder in the Bid cum Application Form will be treated as optional demands from the Bidder and will not be cumulated. After determination of the Issue Price, the maximum number of Equity Shares bid for by a Bidder at or above the Issue Price will be considered for allocation and the rest of the Bid(s), irrespective of the Bid amount, will become automatically invalid.
7. The Bidder cannot bid on another Bid cum Application Form after Bids on one Bid cum Application Form have been submitted to any member of the Syndicate. Submission of a second Bid cum Application Form to either the same or to another member of the Syndicate will be treated as multiple bids and is liable to be rejected either before entering the Bid into the electronic bidding system, or at any point of time prior to the allocation/allotment of Equity Shares in this Issue. However, the Bidder can revise the Bid through the Revision Form, the procedure for which is detailed in the paragraph "Build up of the Book and Revision of Bids" on page no. 134 of this Red Herring Prospectus.
8. The members of the Syndicate will enter each Bid option into the electronic bidding system as a separate Bid and generate a Transaction Registration Slip, ("TRS"), for each price and demand option and give the same to the Bidder. Therefore, a Bidder can receive up to three TRSs for each Bid cum application Form.
9. Along with the Bid cum Application Form, all Bidders will make payment in the manner described under the paragraph "Terms of Payment and Payment into the Escrow Account" on page no. 132 of the Red Herring Prospectus.

Bids at Different Price Levels

1. The Price Band has been fixed at Rs. 100 to Rs. 120 per Equity Share of Rs. 10 each, Rs 100 being the lower end of the Price Band and Rs. 120 being the higher end of the Price Band. The Bidders can bid at any price within the Price Band, in multiples of 50 Equity Shares.
2. Our Company, in consultation with the BRLM, reserves the right to revise the Price Band during the Bidding Period, in which case the Bidding Period shall be extended further for a period of three working days, subject to the total Bidding Period not exceeding ten working days. The higher end on the Price Band should not be more than 20% of the lower end of the Price-band. Subject to compliance with the immediately preceding sentence, the floor of Price Band can move up or down to the extent of 20% of the Floor Price disclosed in this Red Herring Prospectus.
3. In case of revision in the Price Band and the Bid/ Issue Period will be extended for 3 (three) additional working days after revision of Price Band subject to maximum of 10 working days. Any revision in the Price Band and the revised Bidding /Issue Period, if applicable, will be widely disseminated by informing the stock exchanges, by issuing a public notice in two national newspapers (one each in English and Hindi), and one regional newspaper (Marathi) and also indicating the change on the relevant websites of the BRLM, Company and the terminals of the members of the Syndicate and the Bidding Period shall be extended for a further period of 3(three) working days, subject to the total Bidding Period not exceeding 10 working days.
4. Our Company, in consultation with the BRLM, can finalise the Issue Price within the Price Band in accordance with this clause, without the prior approval of, or intimation to, the Bidders.
5. The Bidder can bid at any price within the Price Band. The Bidder has to bid for the desired number of Equity Shares at a specific price. **Retail Individual Bidders applying for a maximum Bid in any of the bidding options not exceeding Rs. 1,00,000 may bid at "Cut-off" price. However, bidding at "Cut-off" price is prohibited for QIB or Non Institutional Bidders and such Bids from QIBs and Non Institutional Bidders shall be rejected.**

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6. Retail Individual Bidders who bid at the Cut-off price agree that they shall purchase the Equity Shares at issue price as finally determined, which will be a price within the Price Band. Retail Individual Bidders bidding at Cut-off price shall deposit the Bid Amount based on the Cap of the Price Band in the Escrow Account. In the event the Bid Amount is higher than the allocation amount payable by the Retail Individual Bidders (i.e. the total number of Equity Shares allocated in the Issue multiplied by the Issue Price), who bid at Cut off Price, shall receive the refund of the excess amounts from the Escrow Account.
7. In case of an upward revision in the Price Band announced as above, Retail Individual Bidders, who had bid at Cut-off price could either (i) revise their Bid or (ii) make additional payment based on the higher end of the revised Price Band (such that the total amount i.e. original Bid Amount plus additional payment does not exceed Rs. 1,00,000 for the Retails Individual Bidders, if the bidder wants to continue to bid at Cut-off Price), with the member of the Syndicate to whom the original Bid was submitted. In case the total amount (i.e. original Bid Amount plus additional payment) exceeds Rs.1,00,000, the Bid will be considered for allocation under the Non-Institutional category in terms of this Red Herring Prospectus. If, however, the Bidder does not either revise the Bid or make additional payment and the Issue Price is higher than the higher end of the Price Band prior to revision, the number of Equity Shares bid for shall be adjusted downward for the purpose of allocation, such that no additional payment would be required from the Bidder and the Bidders shall be deemed to have approved such revised Bid at Cut-off Price.
8. In case of a downward revision in the Price Band, announced as above, Retail Individual Bidders who have bid at Cut-off price could either revise their Bid or the excess amount paid at the time of bidding would be refunded from the Escrow Account.
9. In the event of any revision in the Price Band, whether upwards or downwards, the Minimum Application value shall be within the range of Rs. 5,000 to Rs. 7,000. Our Company in consultation with the BRLM shall accordingly stipulate the minimum application size (in terms of number of shares) falling within the aforesaid range.

Application in the Issue

Equity Shares being issued through this Red Herring Prospectus can be applied for in the dematerialized form only.

Escrow Mechanism

1. Our Company and members of the Syndicate shall open Escrow Accounts with one or more Escrow Collection Banks in whose favour the Bidders shall make out the cheque or demand draft in respect of his or her Bid and/or revision of the bid. Cheques or demand drafts received for the full Bid amount from Bidders in a certain category would be deposited in the Escrow Account for the Issue. The Escrow Collection Banks will act in terms of this Red Herring Prospectus and an Escrow Agreement. The monies in the Escrow Account shall be maintained by the Escrow Collection Bank(s) for and on behalf of the Bidders. The Escrow Collection Bank(s) shall not exercise any lien whatsoever over the monies deposited therein and shall hold the monies therein in trust for the Bidders. On the Designated Date, the Escrow Collection Banks shall transfer the monies from the Escrow Account to the Public Issue Account and the Refund Account as per the terms of the Escrow Agreement and this Red Herring Prospectus.
2. The Bidders may note that the Escrow Mechanism is not prescribed by SEBI and has been established between our Company, the BRLM, the Syndicate Members, the Escrow Collection Bank(s) and the Registrar to the Issue to facilitate collection from the Bidders

Terms of Payment and Payment into the Escrow Collection Account

Each Bidder shall pay the applicable margin amount, with the submission of the Bid-cum-Application Form draw a cheque, demand draft for the maximum amount of his/ her Bid in favour of the Escrow Account of the Escrow Collection Bank(s) (for details refer to the paragraph "Payment Instructions" on page no. 140 of this Red Herring Prospectus) and submit the same to the member of the Syndicate to whom the Bid is being submitted. Bid-cum-Application Forms accompanied by cash shall not be accepted. The maximum bid price has to be paid at the time of submission of the Bid-cum-Application Form based on the highest bidding option of the Bidder.

The members of the Syndicate shall deposit the cheque or demand draft with the Escrow Collection Bank(s), which will hold the monies for the benefit of the Bidders till such time as the Designated Date. On the Designated Date, the Escrow Collection Bank(s) shall transfer the funds equivalent to the size of the Issue from the Escrow Account, as per the terms



of the Escrow Agreement, into the Public Issue Account with the Banker(s) to the Issue. The balance amount after transfer to the Public Issue Account, lying credited with Escrow Collection Banks shall be held in the Refund Account for the benefit of the Bidders who are entitled to refunds. No later than 15 days from the Bid / Issue Closing Date, the Escrow Collection Bank(s) shall refund all amount payable to unsuccessful Bidders and also the excess amount paid on bidding, if any, after adjustment for allocation to the Bidders.

Each category of Bidders i.e. QIBs, Non Institutional Bidders, Retail Individual Bidders would be required to pay their applicable Margin Amount at the time of the submission of the Bid-cum-Application Form. The Margin Money payable by each category of Bidders is mentioned under the heading "Issue Structure" on page 125 of this Red Herring Prospectus. Where the Margin Amount applicable to the Bidder is less than 100% of the Bid Amount, any difference between the amount payable by the Bidder for Equity Shares allocated at the Issue Price and the Margin Amount paid at the time of Bidding, shall be payable by the Bidder no later than the Pay-in-Date, which shall be a minimum period of two days from the date of communication of the allocation list to the members of the Syndicate by the BRLM. If the payment is not made favouring the Escrow Account within the time stipulated above, the Bid of the Bidder is liable to be cancelled. However, if the members of the Syndicate do not waive such payment, the full amount of payment has to be made at the time of submission of the Bid cum Application Form.

QIB bidders will be required to deposit a margin of 10% at the time of submitting their bids. After the Issue Closing Date / Bid Closing Date, the level of subscription in all categories shall be determined. Based on the level of subscription, additional margin money, if any, shall be called from QIBs.

Where the Bidder has been allocated lesser number of Equity Shares than he or she had applied for, the excess amount paid on bidding, if any, after adjustment for allocation, will be refunded to such Bidder within 15 days from the Bid Closing Date/Issue Closing Date, failing which the Company shall pay interest @15% per annum for any delay beyond the periods mentioned above.

Electronic Registration of Bids

- (a) The members of the Syndicate will register the Bids using the on-line facilities of NSE and BSE. There will be at least one on-line connectivity to each city where a Stock Exchange is located in India and the Bids are accepted.
- (b) NSE and BSE will offer a screen-based facility for registering Bids for the Issue. This facility will be available on the terminals of the members of the Syndicate and their authorized agents during the Bidding Period. Members of the Syndicate can also set up facilities for off-line electronic registration of Bids subject to the condition that they will subsequently download the off-line data file into the on-line facilities for book building on a regular basis. On the Bid Closing Date, the Syndicate Member shall upload the Bids till such time as may be permitted by the Stock Exchanges.
- (c) The aggregate demand and price for bids registered on the electronic facilities of NSE and BSE will be uploaded on regular interval in accordance with SEBI guidelines and market practices, consolidated and displayed on-line at all the bidding centers. A graphical representation of consolidated demand and price would be made available at the bidding centers during the bidding period.
- (d) At the time of registering each Bid, the members of the Syndicate shall enter the following details of the investor in the on-line system:
 - **Name of the investor (Investors should ensure that the name given in the bid cum application form is exactly the same as the number in which the Depository Account is held. In case the Bid cum Application Form is submitted in Joint names, investors should ensure that the Depository account is also held in the same joint names and are in the same sequence in which they appear in the Bid cum Application Form.)**
 - **Investor Category -Individual, Corporate, NRI, FII, or Mutual Fund, etc.**
 - **Numbers of Equity Shares bid for.**
 - **Bid Price.**
 - **Bid-cum-Application Form number.**

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- **Whether payment is made upon submission of Bid-cum-Application Form.**
 - **Margin Amount and**
 - **Depository Participant Identification No. and Client Identification No. of the Demat Account of the Bidder.**
- (e) A system generated TRS will be given to the Bidder as a proof of the registration of each of the bidding options. It is the Bidder's responsibility to obtain the TRS from the members of the Syndicate. The registration of the Bid by the members of the Syndicate does not guarantee that the Equity Shares shall be allocated either by the members of the Syndicate or our Company.
- (f) Such TRS will be non-negotiable and by itself will not create any obligation of any kind.
- (g) In case of QIB bidder, member of the Syndicate also have the right to accept the bid or reject it. However such rejection should be made at the time of receiving the bid and only after assigning a reason for such rejection in writing. In case of non-institutional bidders and retails individual bidders who bid, bids would not be rejected except on the technical grounds listed on page no. 142 of this Red Herring Prospectus.
- (h) It is to be distinctly understood that the permission given by NSE and BSE to use their network and software of the online IPO system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by the Company or BRLM are cleared or approved by NSE and BSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of our Company, our Promoters, our management or any scheme or project of our Company.
- (i) It is also to be distinctly understood that the approval given by BSE and/or NSE should not in any way be deemed or construed that this Red Herring Prospectus has been cleared or approved by BSE and NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Red Herring Prospectus; nor does it warrant that the Equity Shares will be listed or will continue to be listed on the BSE and NSE.

Build Up of the Book and Revision of Bids

- (a) Bids registered by various Bidders through the members of the Syndicate shall be electronically transmitted to the NSE or BSE mainframe on a regular basis.
- (b) The book gets build up at various price levels. This information will be available with the BRLM on a regular basis.
- (c) During the Bidding Period, any Bidder who has registered his or her interest in the Equity Shares at a particular price level is free to revise his or her Bid within the price band using the printed Revision Form, which is a part of the Bid-cum-Application Form.
- (d) Revisions can be made in both the desired numbers of Equity Shares and the bid price by using the Revision Form. Apart from mentioning the revised options in the revision form, the Bidder must also mention the details of all the options in his or her Bid-cum-Application Form or earlier Revision Form. For example, if a Bidder has bid for three options in the Bid-cum-Application Form and he is changing only one of the options in the Revision Form, he must still fill the details of the other two options that are not being revised, in the Revision Form. The members of the Syndicate will not accept incomplete or inaccurate Revision Forms.
- (e) Any revision of the Bid shall be accompanied by payment in the form of cheque or demand draft for the incremental amount, if any, to be paid on account of the upward revision of the Bid. The excess amount, if any, resulting from downward revision of the Bid would be returned to the Bidder at the time of refund in accordance with the terms of the Red Herring Prospectus. In case of QIBs, the members of the Syndicate may at their sole discretion waive the payment requirement at the time of one or more revisions by the QIB Bidders.
- (f) The Bidder can make this revision any number of times during the Bidding Period. However, for any revision(s) in the Bid, the Bidders will have to use the services of the same member of the Syndicate through whom he or she has placed the original Bid.
- (g) Bidders are advised to retain copies of the blank Revision Forms and the revised Bid must be made only in such Revision Form or copies thereof.



- (h) When a Bidder revises his or her Bid, he or she shall surrender the earlier TRS and get a revised TRS from the members of the Syndicate. **It is the responsibility of the Bidder to request for and obtain the revised TRS, which will act as proof of his or her having revised the previous Bid.**
- (i) In case of discrepancy of data between BSE or NSE and members of the Syndicate, the decision of the BRLM based on the physical records of Bid cum Application Forms, shall be final and binding to all concerned.

Price Discovery and Allocation

1. After the Bid/Issue Closing Date, the BRLM shall analyze the demand generated at various price levels and discuss pricing strategy with the Company.
2. Our Company, in consultation with the BRLM shall finalise the "Issue Price", the number of Equity Shares to be allotted in each category to Bidders.
3. The allocation to Non-Institutional Bidders and Retail Individual Bidders of not less than 15% and not less than 35% of the Net Issue to the Public respectively and the allocation to QIBs for minimum of 50% of the Net Issue to Public would be proportionate basis in the manner specified in the SEBI guidelines and this Red Herring Prospectus, in consultation with the Designated Stock Exchange, subject to valid Bids being received at or above the Issue Price.
4. Under-subscription, if any, in any category except in the QIB category would be met with spill-over from other categories at our sole discretion, in consultation with the BRLM. If a minimum allotment of 50% of the Net Issue is not made to the QIBs, the entire subscription monies shall be refunded.
5. Allocation to NRIs, FIIs, foreign venture capital funds registered with SEBI applying on repatriation basis will be subject to applicable laws.
6. The BRLM, in consultation with our Company shall notify the Syndicate Members of the Issue Price and allocations to their respective Bidders, where the full Bid Amount has not been collected from the Bidders.
7. Our Company reserves the right to cancel the Issue any time after the Bid/Issue Opening Date but before allotment without assigning reasons whatsoever.
8. QIB bidders shall not be allowed to withdraw their bid after the Bid / Issue Closing Date.

Notice to QIBs: Allotment Reconciliation

After the Bid/Issue Closing Date, an electronic book will be prepared by the Registrar on the basis of Bids uploaded on the BSE/NSE system. Based on the electronic book, QIBs may be sent a CAN, indicating the number of Equity Shares that may be allocated to them. This CAN is subject to the basis of final Allotment, which will be approved by the Designated Stock Exchange and reflected in the reconciled book prepared by the Registrar. Subject to SEBI Guidelines, certain Bid applications may be rejected due to technical reasons, non-receipt of funds, cancellation of cheques, cheque bouncing, incorrect details, etc., and these rejected applications will be reflected in the reconciliation and basis of Allotment as approved by the Designated Stock Exchange. As a result, a revised CAN may be sent to QIBs, and the allocation of Equity Shares in such revised CAN may be different from that specified in the earlier CAN. QIBs should note that they may be required to pay additional amounts, if any, by the Pay-in Date specified in the revised CAN, for any increased allocation of Equity Shares. The CAN will constitute the valid, binding and irrevocable contract (subject only to the issue of a revised CAN) for the QIB to pay the entire Issue Price for all the Equity Shares allocated to such QIB. The revised CAN, if issued, will supersede in entirety the earlier CAN.

Issuance of Confirmation of Allocation Note

Subject to the section titled "Notice to QIBs: Allotment Reconciliation and Revised CANs" as set forth below:

- (a) Upon approval of the basis of Allotment by the Designated Stock Exchange, the BRLM or the Registrar to the Issue shall send to the members of the Syndicate a list of their Bidders who have been allocated Equity Shares in the Issue. The approval of the basis of allocation by the Designated Stock Exchange for QIB Bidders may be done simultaneously with or prior to the approval of the basis of allocation for the Retail and Non-Institutional Bidders. However, the investor should note that we shall ensure that the date of Allotment of the Equity Shares to all investors in this Issue shall be done on the same date.

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- (b) BRLM or the members of the Syndicate would then send the CAN to their Bidders who have been allocated Equity Shares in the Issue. The dispatch of a CAN shall be deemed a valid, binding and irrevocable contract for the Bidder to pay the entire Issue Price for all the Equity Shares allocated to such Bidder. Those Bidders who have not paid the Margin Amount into the Escrow Account at the time of bidding shall pay the balance amount payable into the Escrow Account by the Pay-in Date specified in the CAN.
- (c) Bidders who have been allocated Equity Shares and who have already paid into the Escrow Account at the time of bidding shall directly receive the CAN from the Registrar to the Issue subject, however, to realization of their cheque or demand draft paid into the Escrow Account. The dispatch of a CAN shall be deemed as a valid, binding and irrevocable contract for the Bidder to pay the entire Issue Price for the allotment to such Bidder.
- (d) The Issuance of CAN is subject to "Notice to QIBs: Allotment Reconciliation" as set forth under the chapter "Issue Procedure" of this Red Herring Prospectus.

Signing of Underwriting Agreement and ROC Filing

- (a) The Company, the BRLM, and the Syndicate Members shall enter into an Underwriting Agreement on finalisation of the Issue Price and allocation(s) to the Bidders.
- (b) After signing the Underwriting Agreement, our company will update and file the updated Red Herring Prospectus with RoC, which then would be termed 'Prospectus'. The Prospectus would have details of the Issue Price, Issue Size, underwriting arrangements and would be complete in all material respects.
- (c) We will file a copy of the Prospectus with the RoC, Maharashtra located at 100 Everset Building, Marine Drive, Mumbai, Maharashtra.

Announcement of Pre-Issue Advertisement

Subject to section 66 of the Companies Act, our Company shall after receiving final observation, if any, on this Red Herring Prospectus with SEBI, publish an advertisement, in the form prescribed by the SEBI DIP guidelines in an English national daily with wide circulation, one national newspaper and a marathi newspaper.

Advertisement regarding Issue Price and Prospectus

A statutory advertisement will be issued by our Company after the filing of the Prospectus with the RoC. This advertisement in addition to the information that has to be set out in the statutory advertisement shall indicate the Issue Price. Any material updates between the date of the Red Herring Prospectus and the Prospectus will be included in such statutory advertisement.

Designated Date and Allotment of Equity Shares

- 7.1. Our Company will ensure that the allotment of Equity Shares is done within 15 days of the Bid/Issue Closing Date. After the funds are transferred from the Escrow Account to the Public Issue Account on the Designated Date, we would allot the Equity Shares to the allottees. Our Company would ensure the credit to the successful Bidders depository account. Allotment of the Equity Shares to the allottees shall be completed within two working days of the date of finalization of the basis of allotment. In case, our Company fails to make allotment or transfer within 15 days of the Bid/Issue Closing Date, interest would be paid to the investors at the rate of 15% per annum.
- 8.2. **In accordance with the SEBI DIP Guidelines, Equity Shares will be issued and allotment shall be made only in the dematerialised form to the allottees.** Allottees will have the option to re-materialise the Equity Shares, if they so desire, as per the provisions of the Companies Act and the Depositories Act.

Investors are advised to instruct their Depository Participant to accept the Equity Shares that may be allocated to them pursuant to this Issue.

General Instructions

Do's:

- (a) Check if you are eligible to apply;
- (b) Read all the instructions carefully and complete the resident Bid-cum-Application Form (white in color) or Non-Resident Bid-cum-Application Form (blue in color)



- (c) Ensure that the details about Depository Participant and Beneficiary Account are correct, as Allotment of Equity Shares will be in the dematerialized form only. Ensure that the Bids are submitted at the Bidding Centers only on forms bearing stamp of the Syndicate Member;
- (d) Investors must ensure that the name given in the Bid cum Application form is exactly the same as the name in which the Depository account is held. In case the Bid cum Application Form 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 Bid cum Application Form.
- (e) Ensure that you have been given a TRS for all your Bid options;
- (f) Submit Revised Bids to the same Syndicate Member through whom the original Bid was placed and obtain a revised TRS;
- (g) Ensure that the Bid is within the Price Band.
- (h) Ensure that you mention your Permanent Account Number (PAN) allotted under the I.T. Act where the maximum Bid for Equity Shares by a Bidder is for a total value of Rs. 50,000 or more and attach a copy of the PAN Card and also submit a photocopy of the PAN card(s) or a communication from the Income Tax authority indicating allotment of PAN along with the application for the purpose of verification of the number, with the Bid cum Application Form. In case you do not have a PAN, ensure that you provide a declaration in Form 60 or 61 as the case may be together with the permissible documents as address proof
- (i) Ensure that demographic details (as defined herein below) are updated true and correct in all respects.

Don'ts:

- (a) Do not Bid if you are prohibited from doing so under the law of your local jurisdiction;
- (b) Do not Bid for lower than minimum Bid size;
- (c) Do not Bid or revise the Bid to less than the lower end of the Price Band or higher than the higher end of the Price Band;
- (d) Do not Bid on another Bid cum Application Form after you have submitted a Bid to the members of the Syndicate;
- (e) Do not pay Bid amount in cash;
- (f) Do not Bid at cut off price (for QIB Bidders, Non-Institutional Bidders);
- (g) Do not bid where bid amount exceeds Rs. 1,00,000 (for Retail Individual Bidders)
- (h) Do not fill up the Bid cum Application Form for an amount that exceeds the investment limit or maximum number of Equity Shares that can be held by a Bidder under the applicable laws / regulations.
- (i) Do not send Bid cum Application Form by post; instead submit the same to a member of the Syndicate only.
- (j) Do not submit bid accompanying with Stock Invest.
- (k) Do not provide your GIR number instead of your PAN as bid is liable to be rejected on those ground.

Instructions for completing the Bid cum Application Form

Bidders can obtain Bid cum Application Forms and/or revision Forms from the members of Syndicate

Bids and Revisions of Bids

Bids and revisions of Bids must be:

- (a) Made only in the prescribed Bid-cum-Application Form or Revision Form, as applicable (white colour for Resident Indians, blue colour for NRI or FII or foreign venture capital fund registered with SEBI applying on repatriation basis.)
- (b) Completed in full, in BLOCK LETTERS in ENGLISH and in accordance with the instructions contained herein, in the Bid-cum-Application Form or in the Revision Form. Incomplete Bid-cum-Application Forms or Revision Forms are liable to be rejected.

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- (c) The Bids from the Retail Individual Bidders must be for a minimum of 50 Equity Shares and in multiples of 50 Equity Shares thereafter subject to a maximum bid amount of Rs. 1,00,000.
- (d) For non institutional and QIB Bidders, Bids must be for a minimum of such number of Equity Shares that the Bid amount exceeds Rs. 1,00,000 and in multiples of 50 Equity Shares thereafter. Bids cannot be made for more than the net Issue to Public. Bidders are advised to ensure that a single bid form them should not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable laws or regulations.
- (e) For bidder in the Employee reservation portion, the bid must be for a minimum of 50 Equity Shares and shall be in multiples of 50 Equity Shares thereafter. The allotment in the employee reservation portion will be on a proportionate basis. However, in case of over subscription in the employee reservation portion, the maximum allotment in the employee reservation portion will be capped at upto 1,00,000 equity shares.
- (f) In single name or in joint names (not more than three, and in the same order as their Depository Participant details).
- (g) Thumb impressions and signatures other than in the languages specified in the Eighth Schedule in the Constitution of India must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.

Bids by Eligible Employees

1. For the purpose of the Employee Reservation Portion, Eligible Employee means permanent employees of our company other than the Promoter Employees and who are on the pay-roll of our Company as on December 31, 2006.
2. Bids under Employee Reservation Portion by Eligible Employees shall be made only in the prescribed Bid cum Application Form or Revision Form (i.e. red color Form).
3. Eligible Employees, as defined above, should mention the Employee Number at the relevant place in the Bid cum Application Form.
4. The sole/ first bidder should be Eligible Employees as defined above.
5. Only Eligible Employees would be eligible to apply in this Issue under the Employee Reservation Portion.
6. Bids by Eligible Employees will have to bid like any other Bidder. Only those bids, which are received at or above the Issue Price, would be considered for allocation under this category.
7. Bidding at cut-off is allowed only for employees whose bid amount is less than or equal to Rs. 1,00,000. Bids made by the employees under both employee reservation portion as well as in the net issue shall not be treated as multiple bids.
8. If the aggregate demand in this category is less than or equal to 1,00,000 Equity Shares at or above the issue Price, full allocation shall be made to the Eligible Employees to the extent of their demand.
9. Any under subscription in Equity Shares reserved for Employees would be treated as part of the Net Issue and Allocation to be made in accordance with the description in Basis of Allocation as described in page 144 of this Red Herring Prospectus.
10. If the aggregate demand in this category is greater than 1,00,000 Equity Shares at or above the Issue Price, the allocation shall be made on a proportionate basis.

Bidder's Bank Details

Bidders should note that on the basis of name of the Bidders, Depository Participant's name, Depository Participant-Identification number and Beneficiary Account Number provided by them in the Bid cum Application Form, the Registrar to the Issue will obtain from the Depository the Bidders bank account details. These bank account details would be printed on the refund order, if any, to be sent to Bidders or used for sending the refunds through direct credit or ECS. Hence, Bidders are advised to immediately update their bank account details as appearing on the records of the depository participant. Please note that failure to do so could result in delays in credit of refunds to Bidders at the Bidders sole risk and neither the BRLM nor the Bank shall have any responsibility and undertake any liability for the same.



Bidder's Depository Account Details

IT IS MANDATORY FOR ALL THE BIDDERS TO GET THEIR EQUITY SHARES IN THE DEMATERIALISED FORM. ALL BIDDERS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT'S IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE BID-CUM-APPLICATION FORM. INVESTORS MUST ENSURE THAT THE NAME GIVEN IN THE BID CUM APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE BID-CUM-APPLICATION FORM 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 BID CUM APPLICATION FORM.

Bidders should note that on the basis of name of the Bidders, Depository Participant's name, Depository Participation-Identification number and Beneficiary Account Number provided by them in the Bid cum Application form, the Registrar to the Issue will obtain from the Depository demographic details of the bidders such as address, bank account details for details for printing on refund orders and occupation (herein referred to as 'Demographic Details'). Hence the Bidders should carefully fill in the Depository Account detail in the Bid cum Application form.

These Demographic Details would be used for all correspondence with the Bidders including mailing of the refund orders/ CANs/Allocation Advice and printing of Bank particulars on the refund order and the Demographic Details given by Bidders in the Bid-cum-Application Form would not be used for any purposes by the Registrar.

Hence, Bidders are advised to update their Demographic Details as provided to their Depository Participants and ensure that they are true and correct.

By signing the Bid-cum-Application Form, Bidder would have deemed to authorized the depositories to provide, upon request, to the Registrar to the Issue, the required Demographic details as available on its records.

Refund Orders/ Allocation Advice/ CANs would be mailed at the address of the Bidder as per the Demographic Details received from the Depositories. Bidders may note that delivery of refund orders/ allocation advice/ CANs 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 Bidders in the Bid cum Application Form would be used only to ensure dispatch of refund orders. Please note that any such delay shall be at the Bidders sole risk and neither our Company nor the Escrow Collection Bank nor the BRLM's shall be liable to compensate the Bidder for any losses caused to the Bidder 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 Bidders (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the beneficiary's identity, then such Bids are liable to be rejected.

Bids under Power of Attorney

In case of Bids made pursuant to a power of attorney or by limited companies, corporate bodies, registered Societies, a certified copy of the Power of Attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the Memorandum & Article of Association and/or Bye Laws must be lodged along with the Bid cum Application Form. Failing this, our company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason thereof.

In case of Bids made pursuant to a Power of Attorney by FII's, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of their SEBI registration certificate must be submitted with the Bid-cum-Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part, in either case without assigning any reason thereof.

In case of Bids made by insurance companies registered with Insurance Regulatory and Development Authority, a certified copy of the certificate of registration issued by Insurance Regulatory and Development Authority must be submitted with the Bid-cum-Application Form. Failing this, the Company reserves the right to accept or reject any Bid in whole or in part, in either case without assigning any reason thereof.

In case of Bids made by provident fund with the minimum corpus of Rs. 2500 lakhs and pension fund with the minimum corpus of Rs. 2500 lakhs, a certified copy of certificate from a chartered accountant certifying the corpus of the provident fund/ pension fund must be lodged with the Bid-cum-Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part, in either case without assigning any reason thereof.

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In case of Bids made by Mutual Fund registered with SEBI, venture capital fund registered with SEBI and foreign venture capital investor registered with SEBI, a certified copy of their SEBI registration certificate must be submitted with the Bid cum Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason.

Our Company, in its absolute discretion, reserves the right to relax the above condition of simultaneous lodging of the power of attorney along with the Bid-cum-Application Form, subject to such terms and conditions as the Company/BRLM may deem fit.

Payment Instructions

The Company shall open an Escrow Account of the Company with the Escrow Collection Banks for the collection of the Bid Amounts payable upon submission of the Bid cum Application Form. The BRLM and Syndicate Member(s) shall also open Escrow Accounts of the Syndicate with one or more of the Escrow Collection Banks for the collection of the margin amounts payable upon submission of the Bid-cum-Application Form and for amounts payable pursuant to allocation in the Issue.

Each Bidder shall draw a cheque or demand draft for the amount payable on the Bid and/or on allocation as per the following terms:

Payment into Escrow Account to the Issue

1. The Bidders for whom the applicable Margin Amount is equal to 100% shall, with the submission of the Bid cum Application Form, draw a payment instrument for the Bid Amount in favour of the Escrow Account of the Company and submit the same to the member of the Syndicate. QIB bidders will be required to deposit a margin of 10% at the time of submitting of their bids.
2. In case the above Margin Amount paid by the Bidders during the Bidding Period is less than the Issue Price multiplied by the Equity Shares allocated to the Bidder, the balance amount shall be paid by the Bidders into the Escrow Account of the Company within the period specified in the CAN which shall be subject to a minimum period of two days from the date of communication of the allocation list to the members of the Syndicate by the BRLM.
3. The payment instruments for payment into the Escrow Account of the Company should be drawn in favour of:
 - (a) **In case of Resident Bidders: "Escrow Account - Broadcast Public Issue - R"**
 - (b) **In case of Non-Resident Bidders: "Escrow Account - Broadcast Public Issue - NR"**
 - (c) **In case of Resident QIB bidders: "Escrow Account - Broadcast Public Issue - QIB - R"**
 - (d) **In case of Non-Resident QIB bidders: "Escrow Account - Broadcast Public Issue - QIB - NR"**
 - (e) **In case of Eligible Employees: "Escrow Account - Broadcast Public Issue - Employee"**

In case of Bids by NRIs applying on repatriation basis, the payments must be made through Indian Rupee drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in Non-Resident External (NRE) Accounts or Foreign Currency Non-Resident (FCNR) accounts, maintained with banks authorised to deal in foreign exchange in India, along with documentary evidence in support of the remittance. Payment will not be accepted out of a Non-Resident Ordinary (NRO) Account of a Non-Resident bidder bidding on a repatriation basis. Payment by drafts should be accompanied by a bank certificate confirming that the draft has been issued by debiting an NRE or FCNR Account.

- In case of Bids by FIIs, the payment should be made out of funds held in a Special Rupee Account along with documentary evidence in support of the remittance. Payment by drafts should be accompanied by a bank certificate confirming that the draft has been issued by debiting the Special Rupee Account.

4. Where a Bidder has been allocated a lesser number of Equity Shares than what the Bidder has Bid for, the excess amount, if any, paid on bidding, after adjustment towards the balance amount payable on the Equity Shares allocated, will be refunded to the Bidder from the Escrow Account of the Company.
5. The monies deposited in the Escrow Account of the Company will be held for the benefit of the Bidders till the Designated Date.



6. On the Designated Date, the Escrow Collection Banks shall transfer the funds from the Escrow Account of the Company as per the terms of the Escrow Agreement into the Public Issue Account with the Bankers to the Issue.
7. On the Designated Date and no later than 15 days from the Bid/Issue Closing Date, the Escrow Collection Bank shall also refund all amounts payable to unsuccessful Bidders and also the excess amount paid on Bidding, if any, after adjusting for allocation to the Bidders.
8. Payments should be made by cheque, or demand drafts drawn on any Bank (including a Co-operative Bank), which is situated at, and is a member of or sub-member of the bankers' clearing house located at the center where the Bid cum Application Form is submitted. Outstation cheque/bank drafts drawn on banks not participating in the clearing process will not be accepted and applications accompanied by such cheques or bank drafts are liable to be rejected. Cash/ Stockinvest/ Money Orders/ Postal Orders will not be accepted.

Payment by Stockinvest

In terms of Reserve Bank of India Circular No. DBOD No. FSC BC 42/24.47.00/2003-2004 dated November 5, 2003, the option to use the stockinvest instrument in lieu of cheques or bank drafts for payment of Bid money has been withdrawn.

Submission of Bid-cum-Application Form

All Bid-cum-Application Forms or Revision Forms duly completed and accompanied by Account Payee cheques or drafts shall be submitted to the Members of the Syndicate at the time of submitting the Bid-cum-Application Form. The Members of the Syndicate may at their discretion waive the requirement of payment at the time of submission of the Bid cum Application Form and Revision Form.

No separate receipts shall be issued for the money payable on submission of Bid-cum-Application Form or Revision Form. However, the collection centre of the Members of the Syndicate will acknowledge the receipt of the Bid cum Application Forms or Revision Forms by stamping and returning to the Bidder the acknowledgement slip. This acknowledgement slip will serve as the duplicate of the Bid-cum-Application Form for the records of the Bidder.

OTHER INSTRUCTIONS

Joint Bids in the case of Individuals

Bids may be made in single or joint names (not more than three). In the case of joint Bids, all payments will be made out in favour of the Bidder whose name appears first in the Bid-cum-Application Form or Revision Form ("First Bidder"). All communications will be addressed to the First Bidder and will be dispatched to his or her address as per the demographic details received from the depository.

Multiple Bids

A Bidder should submit only one Bid (and not more than one) for the total number of Equity Shares required. Two or more Bids will be deemed to be multiple Bids if the sole or First Bidder is one and the same.

In case of a mutual fund, a separate Bid can be made in respect of each scheme of the mutual fund registered with SEBI and such Bids in respect of more than one scheme of the mutual fund will not be treated as multiple bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made.

Bidders in the Employee Reservation portion can also bid in the Net Issue to the Public and such Bids shall not be treated as multiple Bids

Our Company reserves the right to reject, in their absolute discretion, all or any multiple Bids in any or all categories.

Permanent Account Number (PAN)

Where Bid(s) is/are for Rs. 50,000 or more, the Bidder or in the case of an Bid in joint names, each of the Bidders, should mention his/her Permanent Account Number (PAN) allotted under the I.T. Act. **The copy of the PAN card or PAN allotment letter is required to be submitted with the Bid-cum-Application Form.** Applications without this information and documents will be considered incomplete and are liable to be rejected. **It is to be specifically noted that Bidders should not submit the GIR number instead of the PAN as the Bid is liable to be rejected on this ground.** In case the Sole/First Bidder and Joint Bidder(s) is/are not required to obtain PAN, each of the Bidder(s) shall mention "Not Applicable" and in the event that the sole Bidder and/or the joint Bidder(s) have applied for PAN which has not yet been allotted

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each of the Bidder(s) should mention "Applied for" in the Bid each of the Joint Bidder(s), as the case may be, would be required to submit Form 60 (Form of declaration to be filed by a person who does not have a permanent account number and who enters into any transaction specified in rule 114B), or, Form 61 (form of declaration to be filed by a person who has agricultural income and is not in receipt of any other income chargeable to income tax in respect of transactions specified in rule 114B), as may be applicable, duly filled along with a copy of any one of the following documents in support of the address: (a) Ration Card (b) Passport (c) Driving License (d) Identity Card issued by any institution (e) Copy of the electricity bill or telephone bill showing residential address (f) Any document or communication issued by any authority of the Central Government, State Government or local bodies showing residential address (g) Any other documentary evidence in support of address given in the declaration. **It may be noted that Form 60 and Form 61 have been amended vide a notification issued on December 1, 2004 by the Ministry of Finance, Department of Revenue, Central Board of Direct Taxes. All Bidders are requested to furnish, where applicable, the revised Form 60 or 61, as the case may be.**

Our Right to Reject Bids

In case of QIBs, our Company and the BRLM reserve the right to reject any Bid at the time of submission of Bid provided that the reasons for rejection are provided to such Bidder in writing. In case of Non-Institutional Bidders and Retail Individual Bidders, our Company would have a right to reject bids based on technical grounds. Consequent refunds shall be made by cheque or pay order or draft and will be sent to the bidder's address at the Bidder's risk.

Grounds for Technical Rejections

Bidders are advised to note that Bids are liable to be rejected on technical grounds, including the following:

1. Amount paid doesn't tally with the amount payable for the highest value of Equity Shares bid for;
2. In case of Partnership firms, the shares may be registered in the name of individual partners and no firm as such shall be entitled to apply.
3. Age of First Bidder not given;
4. Bids by Persons not competent to contract under the Indian Contract Act, 1872, including minors, insane Persons;
5. PAN photocopy/ PAN Communication/ Form 60 or Form 61 declaration along with documentary evidence in support of address given in the declaration, not given if Bid is for Rs. 50,000 or more;
6. Bids for lower number of Equity Shares than specified for that category of investors;
7. Bids at a price less than the lower end of the Price Band;
8. Bids at a price more than the higher end of the Price Band;
9. Bids at cut-off price by Non-Institutional and QIB Bidders;
10. Bids for number of Equity Shares, which are not in multiples of 50 Equity Shares;
11. Category of Bidder not ticked;
12. Multiple bids as defined in this Red Herring Prospectus;
13. In case of Bid under power of attorney or by limited companies, corporate, trust etc., relevant documents are not submitted;
14. Bids accompanied by Stock invest/money order/ postal order/ cash;
15. Bids not duly signed by the sole/joint Bidders;
16. Bid-cum-Application Form does not have the stamp of the Syndicate Member;
17. Bid-cum-Application Form does not have Bidder's depository account details;
18. Bid-cum-Application Forms are not submitted by the Bidders within the time prescribed as per the Bid-cum-Application Form, Bid/Issue Opening Date advertisement and this Red Herring Prospectus and as per the instructions in this Red Herring Prospectus and the Bid-cum-Application Form; or



19. Bids for amounts greater than the maximum permissible amounts prescribed by the regulations.
20. In case no corresponding record is available with the Depositories that matches three parameters, namely, names of the Bidders (including the order of names of joint holders), the depository participant's identity (DP ID) and the beneficiary's identity;
21. Bids by OCBs;
22. Bids by US persons other than "Qualified Institutional Buyers" as defined in Rule 144A of the Securities Act.
23. Bids by NRIs not disclosing their residential status.
24. If GIR number is mentioned instead of PAN number.

Equity Shares in Dematerialised Form with NSDL or CDSL

As per the provisions of Section 68B of the Companies Act, the Equity Shares in this Issue shall be allotted only in a dematerialised form, (i.e. not in the form of physical certificates but be fungible and be represented by the statement issued through the electronic mode).

In this context, two tripartite agreements have been signed among the Company, the Depositories and the Registrar,

1. An Agreement dated July 17, 2006 among NSDL, the Company and Intime Spectrum Registry Limited.
2. An Agreement dated December 12, 2006 among CDSL, the Company and Intime Spectrum Registry Limited.

All Bidders can seek allotment only in Dematerialized mode through any of the above depositories. Bids from any Bidder without the following details of his or her depository account are liable to be rejected:

1. A Bidder applying for Equity Shares must have at least one beneficiary account with either of the Depository Participants of NSDL or CDSL prior to making the Bid.
2. The Bidder must necessarily fill in the details (including the beneficiary account number and Depository Participant's Identification number) appearing in the Bid cum Application Form or Revision Form.
3. Equity Shares allotted to a Bidder will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Bidder.
4. Names in the Bid-cum-Application Form or Revision Form should be identical to those appearing in the account details in the Depository. In case of joint holders, the names should necessarily be in the as they appear in the depository account of the Bidder(s).
5. Non Transferable allotment advise or refund orders will be directly sent to the Bidders by the registrar to this Issue.
6. If incomplete or incorrect details are given under the heading 'Bidders Depository Account Details' in the Bid-cum-Application Form or Revision Form, it is liable to be rejected.
7. The Bidder is responsible for the correctness of his or her demographic details given in the Bid-cum-Application Form vis-à-vis those with his or her Depository Participant.
8. 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. All the stock exchanges where Equity Shares are proposed to be listed are connected to NSDL and CDSL.
9. The trading of Equity Shares of the Company would only be in dematerialized form for all investors in the demat segment of the respective Stock exchanges.

COMMUNICATIONS

All future communications in connection with Bids made in this Issue should be addressed to the Registrar to the Issue quoting the full name of the sole or First Bidder, Bid cum Application Form number, details of Depository Participant, number of Equity Shares applied for, date of Bid form, name and address of the member of the Syndicate where the Bid was submitted and cheque or draft number and issuing bank thereof.

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PRE-ISSUE AND POST ISSUE RELATED PROBLEMS

We have appointed Mr. Sanjay Bhandari, as the Compliance Officer and he may be contacted in case of any pre-Issue or post-Issue-related problems. He can be contacted at the following address:

Mr. Sanjay Bhandari,
Adhikari Chambers, Oberoi Complex,
New Link Road Andheri West,
Mumbai 400053
Tel: +91 22 26351940,
Fax: +91 22 2635 0996
Email: ipo@janmat.tv
Website: www.janmat.tv

DISPOSAL OF APPLICATIONS AND APPLICATIONS MONEY

Our Company shall ensure despatch of allotment advice, refund orders (except for Bidders who receive refunds through Electronic Transfer of Fund) and give benefit to the beneficiary account with Depository Participants and submit the documents pertaining to the allotment to the Stock Exchanges within 2 (two) working days of date of finalisation of allotment of Equity Shares.

In case of applicants who receive refund through ECS, direct credit or RTGS, the refund instruction will be given to the clearing system within 15 days from the Bid/Issue Closing Date. A suitable communication shall be sent to the bidders receiving refunds through this mode within 15 days of Bid/ Issue Closing Date, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund

Our Company shall despatch refund orders, as per the procedure mentioned under section "Dispatch of Refund Orders" on page no. 149 of this Red Herring Prospectus, at the sole or First Bidder's sole risk.

We will provide adequate funds required for dispatch of refund orders or allotment advice to the Registrar to the Issue.

INTEREST IN CASE OF DELAY IN DESPATCH OF ALLOTMENT LETTER/REFUND ORDERS

Our Company shall use best efforts to ensure that all steps for completion of the necessary formalities for listing and commencement of trading at the Stock Exchanges where the Equity Shares are proposed to be listed are taken within 7 (seven) working days of finalization of the basis of allotment. In accordance with the Companies Act, the requirements of the Stock Exchanges and SEBI DIP Guidelines, our Company further undertakes that:

- allotment shall be made only in dematerialized form within 15 (fifteen) days of the Bid/Issue Closing Date;
- dispatch refund orders within 15 (fifteen) days of the Bid/Issue Closing Date would be ensured; and
- our Company shall pay interest at 15% (fifteen) per annum (for any delay beyond the 15 (fifteen)-day time period as mentioned above), if allotment is not made and refund orders are not dispatched and/or demat credits are not made to investors within the 15 (fifteen)-day time prescribed above as per the Guidelines issued by the Government of India, Ministry of Finance pursuant to their letter No. F/8/S/79 dated July 31, 1983, as amended by their letter No. F/14/SE/85 dated September 27, 1985, addressed to the Stock Exchanges, and as further modified by SEBI's Clarification XXI dated October 27, 1997, with respect to the SEBI DIP Guidelines.
- Refunds will be made by cheques, pay orders or demand drafts drawn on the banks appointed by us, as an Escrow Collection Banks and payable at par at places where Bids are received except for Bidders who have opted to receive refunds through ECS facility. Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

Basis of Allocation

1. For Retail Individual Bidders

- Bids received from the Retail Individual Bidders at or above the Issue Price shall be grouped together to determine the total demand under this portion. The allocation to all the successful Retail individual Bidders will be made at the Issue Price.



- The Net Issue size less allocation to Non-Institutional Bidders and QIBs shall be available for allocation to Retail Individual Bidders who have bid in the Issue at a price, which is equal to or greater than the Issue Price.
- If the aggregate demand in this category is less than or equal to 29,57,500 Equity Shares at or above the Issue Price, full allocation shall be made to the Retail Individual Bidders to the extent of their demand.
- If the aggregate demand in this category is greater than 29,57,500 Equity Shares at or above the Issue Price, the allocation shall be made on a proportionate basis up to a minimum of 50 Equity Shares and in multiples of 1 Equity Share thereafter. For the method of proportionate basis of allocation, refer below.

2. For Non Institutional Bidders

- Bids received from Non-Institutional Bidders at or above the Issue Price shall be grouped together to determine the total demand under this portion. The allocation to all successful Non-Institutional Bidders will be made at the Issue Price.
- The Issue size less allocation to QIBs and Retail Portion shall be available for allocation to Non- Institutional Bidders who have bid in the Issue at a price, which is equal to or greater than the Issue Price.
- If the aggregate demand in this category is less than or equal to 12,67,500 Equity Shares at or above the Issue Price, full allocation shall be made to Non-Institutional Bidders to the extent of their demand.
- In case the aggregate demand in this category is greater than 12,67,500 Equity Shares at or above the Issue Price; allocation shall be made on a proportionate basis up to a minimum of 50 Equity Shares and in multiples of one Equity Share thereafter. For the method of proportionate basis of allotment refer below.

3. For QIB Bidders

- Bids received from the QIB Bidders at or above the Issue Price shall be grouped together to determine the total demand under this portion. The allocation to all the QIBs will be made at the Issue price.
- The QIB portion shall be available for allocation to QIB bidders who have bid in the Issue at the price that is equal to or greater than the Issue price
- The allotment shall be undertaken in the following manner -
 - a) In the first instance, allocation to mutual funds for upto 5% of the QIB portion shall be determined as follows-
 - i) In the event that bids from mutual funds exceeds 5% of the QIB portion, allocation to mutual funds shall be done on a proportionate basis upto 5% of the QIB portion.
 - ii) In the event that the aggregate demand from mutual funds is less than 5% of QIB portion, then all mutual funds shall get full allotment to the extent of valid bids received above the Issue price.
 - iii) Equity Shares remaining unsubscribed, if any, not allocated to mutual funds shall be available to all QIB Bidders as set out in as (b) below;
 - b) In the second instance, allocation to all QIBs shall be determined as follows -
 - i) The number of Equity Shares available for this category shall be the QIB portion, allocation to mutual funds as calculated in (a) above.
 - ii) The subscription level for this category shall be determined based on the overall subscription in the QIB portion less allocation only to mutual funds as calculated in (a) above.
 - iii) Based on the above, the level of subscription shall be determined and proportionate allocation to all QIBs including mutual funds in this category shall be made.

4. For Employee Reservation Portion

- Bids received from the eligible Employees at or above the Issue Price shall be grouped together to determine the total demand under this portion. The allocation to all the successful Employees will be made at the Issue Price.

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- If the aggregate demand in this portion is less than or equal to 1,00,000 Equity Shares at or above the Issue Price, full allocation shall be made to Employees to the extent of their demand.
- If the aggregate demand in this portion is greater than 1,00,000 Equity Shares at or above the Issue Price, allocation shall be made on a proportionate basis. For the method of proportionate basis of allocation, refer below.
- Only eligible Employees shall apply under the Employee reservation portion.

Under-subscription, if any, in any category except in the QIB category would be met with spill-over from any other categories at our sole discretion, in consultation with the BRLM. If a minimum allotment of 50% of the Net Issue is not made to the QIBs, the entire subscription monies shall be refunded

The unsubscribed portion in the employee reservation portion, if any, shall be added back to the net Issue to the public.

Method of Proportionate Basis of Allocation

In the event of the Issue being over-subscribed, the basis of allocation shall be finalized by our company in consultation with the Designated Stock Exchange. The Executive Director or Managing Director (or any other senior official nominated by them) of the Designated Stock Exchange along with the BRLM and the Registrars to the Issue shall be responsible for ensuring that the basis of allotment is finalized in a fair and proper manner. Allotment to the Bidders shall be as per the basis of allocation as set out in this Red Herring Prospectus under "Issue Structure" on page no. 125 of Red Herring Prospectus.

Bidders will be categorized according to the number of Equity Shares applied for by them.

- (a) Bidders will be categorized according to the number of Equity Shares applied for.
- (b) The total number of Equity Shares to be allotted to each category as a whole shall be arrived at on a proportionate basis, being the total number of Equity Shares applied for in that portion (number of Bidders in the portion multiplied by the number of Equity Shares applied for) multiplied by the inverse of the over-subscription ratio.
- (c) Number of Equity Shares to be allotted to the successful Bidders will be arrived at on a proportionate basis, being the total number of Equity Shares applied for by each Bidder in that portion multiplied by the inverse of the over-subscription ratio.
- (d) If the proportionate allotment to a Bidder is a number that is more than 50 but is not a multiple of one (which is the market lot), the decimal would be rounded off to the higher whole number if that decimal is 0.5 or higher. If that number is lower than 0.5, it would be rounded off to the lower whole number. Allotment to all Bidders in such categories would be arrived at after such rounding off.
- (e) In all Bids where the proportionate allotment is less than 50 Equity Shares per Bidder, the allotment shall be made as follows:
 - Each successful Bidder shall be Allotted a minimum of 50 Equity Shares;
 - The successful Bidders out of the total Bidders for a category shall be determined by draw of lots in a manner such that the total number of Equity Shares Allotted in that portion is equal to the number of Equity Shares calculated in accordance with (b) above; and
- (f) If the Equity Shares allocated on a proportionate basis to any portion are more than the Equity Shares allotted to the Bidders in that portion, the remaining Equity Shares available for allotment shall be first adjusted against any other portion, where the Equity Shares are not sufficient for proportionate allotment to the successful Bidders in that portion. The balance Equity Shares, if any, remaining after such adjustment will be added to the portion comprising Bidders applying for minimum number of Equity Shares.



Illustration of Allotment to QIBs and Mutual Funds ("MF")

A. Issue details

Sr. No.	Particulars	Issue details
1	Issue size	100 lakhs Equity Shares
2	Allocation to QIB (minimum 10% of the Issue)	50 lakhs Equity Shares
	Of which:	
	a. Reservation For Mutual Funds, (5%)	2.50 lakhs Equity Shares
	b. Balance for all QIBs including Mutual Funds	47.50 lakhs Equity Shares
3	Number of QIB applicants	10
4	Number of Equity Shares applied for	250 lakhs Equity Shares

B. Details of QIB Bids

Sr. No.	Type of QIB bidders#	No. of shares bid for (in Lakhs)
1	A1	25
2	A2	10
3	A3	65
4	A4	25
5	A5	25
6	MF1	20
7	MF2	20
8	MF3	40
9	MF4	10
10	MF5	10
	TOTAL	250

A1-A5: (QIB Bidders other than Mutual Funds), MF1-MF5 (QIB Bidders which are Mutual Funds)

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C. Details of Allotment to QIB Bidders/Applicants

(Number of equity shares in million)

Type of QIB bidders	Shares bid for	Allocation of 2.5 lakh Equity Shares to MF proportionately (please see note 2 below)	Allocation of balance 47.50 lakhs Equity Shares to QIBs proportionately (please see note 4 below)	Aggregate allocation to MFs
(I)	(II)	(III)	(IV)	(V)
A1	25	0	4.80	0
A2	10	0	1.92	0
A3	65	0	12.48	0
A4	25	0	4.80	0
A5	25	0	4.80	0
MF1	20	0.50	3.74	4.24
MF2	20	0.50	3.74	4.24
MF3	40	1.0	7.48	8.48
MF4	10	0.25	1.87	2.12
MF5	10	0.25	1.87	2.12
	250	2.50	47.50	21.20

Please note:

- The illustration presumes compliance with the requirements specified in this Red Herring Prospectus in the section titled "Issue Structure" beginning on page 125 of this Red Herring Prospectus.
- Out of 50 lakhs Equity Shares allocated to QIBs, 2.50 lakh (i.e. 5%) will be allocated on proportionate basis among five Mutual Fund applicants who applied for 100 lakh shares in the QIB Portion.
- The balance 47.50 lakhs Equity Shares [i.e. 50 - 2.5 (available for Mutual Funds only)] will be allocated on proportionate basis among 10 QIB Bidders who applied for 250 lakh Equity Shares (including 5 Mutual Fund applicants who applied for 100 lakh Equity Shares).
- The figures in the fourth column titled "Allocation of balance 95 lakhs Equity Shares to QIBs proportionately" in the above illustration are arrived as under:
 - For QIBs other than Mutual Funds (A1 to A5)= Number of Equity Shares Bid for X 47.5/247.5
 - For Mutual Funds (MF1 to MF5)= [(No. of shares bid for (i.e., in column II of the table above) less Equity Shares allotted (i.e., column III of the table above)] X 47.5/247.5
 - The numerator and denominator for arriving at allocation of 47.5 lakhs Equity Shares to the 10 QIBs are reduced by 2.5 lakh shares, which have already been allotted to Mutual Funds in the manner specified in column III of the table above.

Letters of Allotment or Refund Orders

We shall give credit to the beneficiary account with depository participants within 2 working days of finalisation of the basis of allotment of Equity Shares.



In accordance with the Companies Act, the requirements of the Stock Exchanges and the SEBI guidelines, we undertake that:

- Allotment shall be made only in dematerialized form within 15 days from the Bid/Issue Closing Date;
- Despatch of refund orders or refund instructions to the clearing system shall be done within 15 days from the Bid/Issue Closing Date; and
- We shall pay interest at 15% per annum (for any delay beyond the 15 day time period as mentioned above), if allotment is not made, refund orders not dispatched to the applicants and/or Demat credit are not made to investors within 14 day time prescribed above as per the guidelines issued by the Government of India, Ministry of Finance or if, in a case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given to the clearing system in the disclosed manner appearing under para "Dispatch of Refund Orders" on page no. 149 within 15 days from the date of Bid / Issue Closing Date.

The company will provide adequate funds for making refunds to unsuccessful applicants as per the mode disclosed under "Dispatch of Refund Order" appearing on page no. 149 to the Registrars to the Issue.

DISPATCH OF REFUND ORDERS

The payment of refund, if any, would be done through various modes in the following order of preference -

1. ECS - Payment of refund would be done through ECS for applicants having an account at any of the following fifteen centers - Ahmedabad, Bangalore, Bhubneshwar, Kolkatta, Chandigarh, Chennai, Guwahati, Hyderabad, Jaipur, Kanpur, Mumbai, Nagpur, New Delhi, Patna and Thiruvanthapuram. This mode of payment of refunds would be subject to availability of complete bank account details including the MICR Code as appearing on a cheques leaf from the Depositories. The payment of refunds is mandatory through this mode for applicants having a bank account at any of the above-mentioned fifteen centers, except where the applicant, being eligible, opts to receive refund through direct credit or RTGS.
2. Direct Credit - Applicants having bank accounts with the Refund Bankers, in this case being ICICI Bank Limited, shall be eligible to receive funds through direct credit. Charges, if any, levied by the Refund Bankers for the same would be borne by our Company.
3. RTGS - Applicants having a bank account at any of the above-mentioned fifteen centers and whose refund amount exceeds Rs. Ten 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 banks for the same would be borne by our Company. Charges, if any, levied by the applicants bank receiving the credit would be borne by the applicant.
4. For all other applicants, including those who have not updated their bank particulars with the MICR Code, the refund orders will be dispatched under certificate of posting for value upto 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 drawn on the Escrow Collection Banks and payable at par at places where bids are received. Banks charges, if any, for cashing such cheques, pay orders or Demand Drafts at other centers will be payable by the bidder.

Bid/Issue Programme

Bidding Period/Issue Period

BID/ISSUE OPENS ON	:	FRIDAY, FEBRUARY 9, 2007
BID/ISSUE CLOSSES ON	:	WEDNESDAY, FEBRUARY 14, 2007

Bids and any revision in Bids shall be accepted only between 10 a.m. and 3 p.m. (Indian Standard Time) during the Bidding Period as mentioned above at the bidding centres mentioned on the Bid cum Application Form except that on the Bid/Issue Closing Date, the Bids shall be accepted only between 10 a.m. and 3 p.m. (Indian Standard Time) or uploaded till such time as may be permitted by the BSE and NSE on the Bid/Issue Closing Date.

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In case of revision in the Price Band, the Bidding/Issue Period will be extended for three additional working days after revision of Price Band. Any revision in the Price Band and the revised Bid/Issue Period, if applicable, will be widely disseminated by notification to the BSE and NSE, by issuing a press release, and also by indicating the change on the web site of the BRLM and at the terminals of the Syndicate.

UNDERTAKING BY OUR COMPANY

We undertake as follows:

- (a) that the complaints received in respect of this Issue shall be attended to by us expeditiously and satisfactorily;
- (b) that all steps will be taken for the completion of the necessary formalities for listing and commencement of trading at all the stock exchanges where the Equity Shares are proposed to be listed within seven working days of finalisation of the basis of allotment;
- (c) that the funds required for despatch of refunds to unsuccessful applicants as per the mode disclosed shall be made available to the Registrar to the Issue by us;
- (d) that where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within 15 days of closure of Issue, giving details of the bank where refunds shall be credited alongwith the amount and expected date of electronic credit of refund;
- (e) that the refund orders or allotment advice to the Eligible NRIs or FIIs shall be dispatched within specified time; and
- (f) that no further Issue of Equity Shares shall be made until the Equity Shares Issued through this Red Herring Prospectus are listed or until the Bid Money's are refunded on account of non-listing, under-subscription etc.

UTILISATION OF ISSUE PROCEEDS

Our Board of Directors certify that:

- (a) All monies received out of the Issue shall be credited / transferred to a separate bank account other than the bank account referred to in sub-section (3) of Section 73 of the Companies Act;
- (b) Details of all monies utilised out of the Issue referred above will be disclosed under an appropriate separate head in our balance sheet indicating the purpose for which such monies have been utilised;
- (c) Details of all monies utilised out of the funds received from Employee reservation portion will be disclosed under an appropriate separate head in our balance sheet indicating the purpose for which such monies have been utilised;
- (d) Details of all unutilised monies out of the Fresh Issue, if any, will be disclosed under the appropriate separate head in our balance sheet indicating the form in which such unutilised monies have been invested.
- (e) Details of all unutilised monies out of the funds received from Employee reservation portion, if any, will be disclosed under the appropriate separate head in our balance sheet indicating the form in which such unutilised monies have been invested.

Our Company shall not have recourse to the Issue proceeds until the approval for trading of the Equity Shares from all the Stock Exchanges where listing is sought has been received.



RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

Foreign investment in Indian securities is regulated through the Foreign Direct Investment (FDI) Policy of GoI and FEMA. While the FDI Policy, amended from time to time, prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. Under the FDI Policy, unless specifically restricted, foreign investment is freely permitted in all sectors of the Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment. As per current foreign investment policies, foreign investment in the broadcasting sector is not permitted under the automatic route.

Our Company consequently requires approvals from the FIPB for the issue of Equity Shares in this Issue to eligible NRIs, FIIs, foreign venture capital investors registered with SEBI and multilateral and bilateral development financial institutions. As per the RBI regulations, OCBs are not permitted to participate in the Issue. By way of Circular No. 53 dated December 17, 2003, the RBI has permitted FIIs to subscribe to shares of an Indian company in a public offer without the prior approval of the RBI, so long as the price of the equity shares to be issued is not less than the price at which the equity shares are issued to residents.

Transfers of equity shares previously required the prior approval of the FIPB. However, vide a RBI circular dated October 4, 2004 issued by the RBI, the transfer of shares between an Indian resident and a non-resident does not require the prior approval of the FIPB or the RBI, provided that (i) the activities of the investee company are under the automatic route under the foreign direct investment (FDI) Policy and transfer does not attract the provisions of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 (ii) the non-resident shareholding is within the sectoral limits under the FDI policy, and (iii) the pricing is in accordance with the guidelines prescribed by the SEBI/RBI.

Foreign Investment in Broadcasting

Foreign investment in India is regulated by the FDI Policy, Foreign Exchange Management Act, 1999 (FEMA), the regulations framed by the Reserve Bank of India (RBI) and policy guidelines issued by the Ministry of Industry (through various Press Notes issued from time to time). Prior permission of the FIPB is required for foreign investment in this sector.

Broadcasting

The Foreign Exchange Management (Transfer or Issue of Shares to a Resident Outside India) Regulations, 2000 sets out the foreign investment permitted or prohibited in various sectors. Broadcasting is has been included in the list of activities set out in Annexure A to the Foreign Exchange Management (Transfer or Issue of Shares to a Resident Outside India) Regulations, 2000 for which Automatic Route of RBI for investment from person resident outside India is not available.

The Company has therefore applied to the FIPB for approval by their letter dated April 29, 2006 for the Issue of Equity Shares under this Public Issue to eligible NRIs, FIIs, foreign venture capital investors registered with SEBI, multilateral and bilateral development financial institutions and other eligible foreign investors upto 26% of the paid up equity capital of Broadcasting Initiatives Limited post the Issue.

Under Press Note No. 01 (2006) Series on Foreign Direct Investment (FDI) in Up-linking of TV Channels, FDI in the Up-linking of TV Channels is permitted as under:

1. FDI up to 49% is permitted with prior approval of the Government for setting up the Up-linking Hub/ Teleport;
2. FDI up to 100% is allowed with prior approval of the Government for Up-linking a Non-News & Current Affairs TV Channel;
3. FDI (including investment by Foreign Institutional Investors (FIIs)) up to 26% is permitted with prior approval of the Government for Uplinking a News & Current Affairs TV Channel subject to the condition that the portfolio investment in the form of FII/ NRI deposits shall not be "persons acting in concert" with FDI investors as defined in Securities & Exchange Board of India (Substantial Acquisition of Shares & Takeovers) Regulations, 1997.

A company permitted to uplink a channel is required to certify the continued compliance of the above requirement at the end of each financial year. While calculating foreign equity of the applicant company, the foreign holding component, if any, in the equity of the Indian shareholder companies of the applicant company is to be duly reckoned on a pro-rata

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basis, so as to arrive at the total foreign holding in the applicant company. However, the indirect FII equity in a company as on 31st March of the year is to be taken for the purposes of pro-rata reckoning of foreign holdings. Further, FDI in the Up-linking TV Channels will be subject to compliance with the Uplinking Guidelines and policy of the MIB as may be notified from time to time.

Uplinking Guidelines

Under the Uplinking Guidelines, certain specific rules are applicable to entities which uplink channels containing an element of News & Current Affairs content in their programming. Under the Uplinking Guidelines, foreign equity holding including FDI/FII/NRI investment in such companies is not to exceed 26% of the paid up equity of the company.

While calculating foreign equity of the Company, the foreign holding component, if any, in the equity of our Indian shareholder companies will be duly reckoned on pro-rata basis, so as to arrive at the total foreign holding in us. However, the indirect FII equity in us as on 31st March of the year would be taken for the purposes of pro-rata reckoning of foreign holdings.

Any change in the foreign direct investment in the Company is to be disclosed to the MIB, within 15 days of the occurrence thereof. Upon the finalization of the Basis of Allotment, our Company would also be required to notify the MIB, of the percentage of the foreign direct investment pursuant to this Issue.

The MIB has, by way of its letter dated February 16, 2006 bearing number 1404/4/2000-TV(I) indicated its no objection to the Issue; subject to compliance with the following conditions;

- a) The Company continuing to comply with the provisions of the Uplinking Guidelines and obtaining prior approval of the MIB before effecting any change in the shareholding of the largest Indian shareholder, as is required under clause 3.1.2 of the Uplinking Guidelines.
- b) The Company complying with the conditions of the FM licenses as prescribed under the Phase II Policy.
- c) Foreign investment in the Company including FDI not exceeding 20% of the total paid up equity.
- d) That the Company, in accordance with clause 3.1.5 of the Uplinking Guidelines, intimate the MIB of the changes in FDI, within 15 days of such change and while effecting changes in the shareholding patterns, the Company ensure its continued compliance with clauses 3.1.1 and 3.1.2 of the Uplinking Guidelines.

The Company ensuring that even if FII's buy into the Issue, foreign equity holding consequent to such change does not exceed the limit as prescribed in Sl. No. (3) above.

Subscription by foreign investors (NRIs/FIIs)

There is no reservation for Non Residents, NRIs, FIIs, foreign venture capital funds, multi-lateral and bilateral development financial institutions and any other foreign investor. All Non Residents, NRIs, FIIs and foreign venture capital funds, multi-lateral and bilateral development financial institutions and any other foreign investor applicants will be treated on the same basis with other categories for the purpose of allocation.

As per existing regulations, OCBs cannot participate in the Issue.

The Equity Shares have not been and will not be registered under the US Securities Act of 1933 (the "Securities Act") or any state securities laws in the United States and may not be offered or sold 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 pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Equity Shares are only being offered and sold (i) in the United States to "qualified institutional buyers", as defined in Rule 144A of the Securities Act in reliance on Rule 144A under the Securities Act, and (ii) outside the United States to certain persons in offshore transactions in compliance with Regulation S under the Securities Act.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

The above information is given for the benefit of the Bidders. The Company and the BRLM are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of the Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares Bid for do not exceed the applicable limits under laws or regulations.



MAIN PROVISIONS OF ARTICLES OF ASSOCIATION

Capitalised terms used in this section have the meaning given to such terms in the Articles of the Company.

Pursuant to Schedule II of the Companies Act, 1956 and the SEBI (DIP) Guidelines, the main provisions of the Articles of Association of the Company relating to voting rights, dividend, lien, forfeiture, restrictions on transfer and transmission of equity shares and or their consolidation/splitting are detailed below.

The regulations contained in Table 'A' in the first schedule to the Companies Act, 1956, shall not apply to the Company, but the regulations for the management of the company and for the observance of the members thereof and their representatives, shall, subject to any exercise of the statutory powers of the Company with reference to the repeal or alternations of, or addition to, its regulations by Special Resolution, as prescribed by the said Companies Act, 1956, be such as are contained in these Articles.

Article

SHARE CAPITAL

17 The Authorised Share Capital of the Company shall be as per Clause V of the Memorandum of Association of the Company with rights to alter the same in whatever way as deemed fit by the Company. The company may increase or decrease the Authorised Share Capital in accordance with Company's regulations and legislative provisions for the time being in that behalf.

18. Power to Increase Capital

- (a) The Company in general meeting may, from time to time increase the capital by the creation of new shares; such increase to be of such aggregate amount and of such classes and to be divided into shares of such respective amounts as the resolution shall prescribe.
- (b) Subject to the provisions of the Act, the new shares shall be issued upon such terms and conditions and with such rights and privileges annexed thereto as the Company in general meeting shall prescribe, and in particular such shares may be issued with a preferential or qualified right to dividends and in the distribution of assets of the company, and with a right of voting at general meeting of the Company in conformity with Section 87 and 88 of the Act. Whenever the capital of the company is increased under the provisions of these Articles, the Directors shall comply with the provisions of Section 97 of the Act.

19. New Capital same as existing Capital

Except so far as otherwise provided by the conditions of issue of or by these Articles, any capital raised by the creation of new shares shall be considered as part of the existing capital and shall be subject to the provisions herein contained with reference to the payment of calls and installments, forfeiture, lien, surrender, transfer and transmission voting and otherwise.

20. Power to issue Redeemable Preference Shares

Subject to the provisions of Section 80 and 80A of the Act any such new shares may be issued as preference shares which are or at the option of the Company are liable to be redeemed, and the resolution authorizing such issue shall prescribe the manner, terms and conditions of the redemption subject however to the following conditions:

- (a) No such shares shall be redeemed except out of profits of the company, which would otherwise be available for dividend, or out of the proceeds of a fresh issue of shares made for the purpose of redemption;
- (b) No such shares shall be redeemed unless they are fully paid up,
- (c) The premium, if any, payable on redemption shall have been provided for out of the profits of the Company or the company's share premium account before the shares are redeemed;
- (d) Where any such shares are redeemed otherwise than out of the proceeds of a fresh issue, there shall out of profits which would otherwise have been available for dividend be transferred to a reserve fund, to be called "the Capital Redemption Reserve Account" a sum equal to the nominal amount of the shares redeemed and the provisions of the Act relating to the reduction of the share capital of the company shall except as provided in Section 80 of the Act, apply as if the Capital Redemption Reserve Account were paid-up share capital of the company.

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- (e) Subject to the provisions of Section 80 and 80A of the Act, the redemption of preferential share hereunder may be affected in accordance with the terms and conditions of their issue and the absence of any specific terms and conditions in that behalf in such manner as the Directors determine;
- (f) Whenever the Company shall redeem any redeemable preference shares, the Company shall, within one month thereafter, give notice thereof to the Registrar of Companies as required by Section 95 of the Act.

21. Reduction of Capital

Subject to the provisions of Section 78, 80, 80A and 100 to 105 of the Act, the Company may from time to time, by special resolution, reduce its capital in any manner for the time being authorized by law, and in particular, hold up again or otherwise, This Article is not to derogate from any power the company would have if it were omitted.

22. Sub-division or consolidation of Capital

Subject to the provision of Section 94 of the Act, the company in General Meeting may from time to time:

- (i) Consolidate and divide all or any of its Share Capital of larger amount than its existing Shares;
- (ii) Convert all or any of its fully paid-up shares into stock and reconvert that stock into fully paid-up shares of any denomination;
- (iii) Sub-divide its shares or any of them into shares of smaller amount than is fixed by the Memorandum, 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 case of the shares from which the reduced share is derived;
- (iv) Cancel shares, which at the date of the passing of the resolution in that behalf 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 shares so cancelled.

23. Buy-Back of Shares

Notwithstanding anything contained in these Articles, but subject to the provisions of applicable laws, the Board of Directors may, when and if thought fit, authorize buy back of such of the company's own shares or securities as it may think fit, subject to such limits, upon such terms and conditions, and in such manner as may be prescribed by the law and subject to such approvals as may be necessary.

24. Issue of shares with disproportionate rights

The company may issue shares including sweat equity shares and quasi equity instruments with differential rights as to dividend, voting or otherwise in accordance with such regulations as may be prescribed or hybrids, derivatives and options as may be allowed under the Act or any other regulations/enactment that may be in force from time to time.

MODIFICATION OF CLASS RIGHTS

25. Modification of class rights

- (a) If at any time the share capital by reason of the issue of preference share or otherwise, is divided into different classes of shares all or any of the rights and privileges attached to each class may, subject to the provisions of Section 106 and 107 of the Act, and whether or not the Company is being wound up, be varied, modified, abrogated or dealt with the consent in writing of the holders of not less than three-fourths of the issued shares of that class, or with the sanction of a special resolution passed at a separate meeting.
- (b) The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not unless otherwise the shares of that class be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.



FORFEITURE AND LIEN

56. If money payable on share not paid, notice to be given to the member

If any member or his legal representatives fails to pay any call or installments or any money due in respect of any shares either by way of interest or otherwise of a call on or before the day of appointed for the payment of the same or any such extension thereof as aforesaid, the Board of Directors may, at any time thereafter while the call or installments remain unpaid, give notice to him requiring him to pay the same together with any interest that may have been accrued by the Company by reason of such non-payment.

57. Terms of notice

The notice shall name the day (not being earlier than 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 the non-payment at or before the time and at the place specified the shares in respect of which the call was made or installment is payable, shall be liable to be forfeited.

58. In default of payment, share to be forfeited

If the requisitions of any such notice as aforesaid are not complied with, any share in respect of which such notice has been given may, at any time thereafter but before the payment of all calls, or installments, interest and expenses or other money due in respect thereof, be forfeited by a resolution of the Board of Directors to that effect. Such forfeiture shall include all dividends declared in respect of the forfeited shares and not actually paid before the forfeiture.

59. Notice of forfeiture to the member

When any share 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 of members but no forfeiture shall be in any manner invalid by any omission or neglect to give such notice or to make such entry as aforesaid.

60. Forfeited share to be the property of the company and may be sold etc.

Any share so forfeited shall be deemed to be the property of the Company, and may be sold, re-allocated or otherwise disposed off, either to the original holder thereof or to any other person, upon such terms and in such manner as the Board of Directors may think fit.

61. Power to annul forfeiture

The Board of Directors may at any time before any share so forfeited shall have been sold, re-allocated or otherwise disposed off, annul the forfeiture upon such condition as it thinks fit.

62. Member liable to pay money owing at time of forfeiture and interest

Any member whose share shall have been forfeited shall notwithstanding the forfeiture be liable to pay and shall forthwith pay to the Company on demand all calls, installments, interest and expenses and other moneys owing upon or in respect of such share at the date of the forfeiture, together with interest thereon from the date of forfeiture until the payment at such rate not exceeding 12% per annum or such other rate as the Board of Directors may determine, and the Board of Directors may enforce the payment thereof, or any part thereof, if it thinks fit.

63. Effect of forfeiture

- (a) The forfeiture of a share shall involve extinction at the time of the forfeiture of all interest in and all claims and demands against the company in respect of the share all other rights incidental to the shares except only such of those rights as by these presents are expressly saved.
- (b) A declaration in writing that the Declarant is a director or, secretary of the company and that certain shares in the company have been duly forfeited on a date stated in declaration shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the shares and such declaration and the receipt of the Company for the consideration, if any, given for the shares on the sale or disposition thereof shall constitute a good title to such shares and the purchasers shall not be bound to see to the application of

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the purchase money, nor shall his title to such shares be affected by any irregularity or invalidity in the proceeding in the reference to such forfeiture, sale or disposition.

64. Company's lien on share

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 interest in any share shall be created except upon the footing and 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."

65. Enforcement of lien by sale

For the purpose of enforcing such lien, the Board of 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 arrived and until notice in writing of the intention to sell shall have been served as provided for service of documents in these Articles, on such member, his heirs, executors or administrators and default shall have been made by him or them in the payment, fulfillment, or discharge of such debts, liabilities or engagements for thirty days after such notice. To give effect to any such sale, the Board may authorise some person to execute an instrument of transfer in respect of the share sold and to transfer the share sold to the purchaser thereof and the purchaser shall be registered as the holders of the shares comprised in any such transfer. Upon any such sale as aforesaid the certificate in respect of the shares sold shall stand cancelled and become null and void and of no effect, and the directors shall be entitled to issue a new certificate or certificates in lieu thereof to the purchaser concerned.

66. Application of proceeds of sale

The net proceeds of any such sale after payments of the costs of such sale shall be applied in or towards satisfaction of the debts, liabilities or engagements of such member and the residue (if any) or the short fall (if any) shall be paid to or recovered from him, his heirs, executors, administrators or assignees as the case may be.

67. Validity of sale under Articles 58 and 63

- (a) Upon any sale after forfeiture or the enforcing a lien in purported exercise of the power hereinbefore given, the Board of Directors may cause the purchaser's name to be entered in the register in respect of the shares sold and the purchaser shall not be bound to see the regularity of the proceedings, or to the application of the purchase money and after his name has been entered in the register in respect of such shares, the validity of the sale and of the entry in the register in respect of such share sold shall not be impeached by any person, and the remedy (if any) of any person aggrieved by the sale shall be in damages only and against the company exclusively.
- (b) Upon sale, re-allotment or other disposal under the provisions of the preceding Articles, the certificate or certificates originally issued in respect of the relative shares shall (unless the same shall on demand by the company have been provisionally surrendered to it by the defaulting member) stand cancelled and become null and void and shall have no effect. Where any share under the power in that behalf herein contained are sold by the Board of Directors and the certificate, in respect thereof has not been delivered to the company by the former holders of such shares, the Board of Directors may issue a new certificate for such shares distinguishing it in such manner as it may think fit from the certificate not so delivered.

68. Application of forfeiture provisions

The provisions of these Articles as to forfeiture shall apply in the case of non-payment of any sum which by terms of the issue of share becomes payable at a fixed time, whether on account of the amount of the share or by way of premium, as if the same had been payable by virtue of a call duly made and notified.



TRANSFER AND TRANSMISSION OF SHARES

69. Instrument of transfer and register of transfer

- (a) The instrument of transfer shall be common in writing and all provisions of Section 108 of the Companies Act, 1956 and statutory modification thereof for the time being shall be duly complied with in respect of all transfer of shares and registration thereof".
- (b) The company shall keep a book to be called 'Register of transfer', and therein shall be fairly and distinctly entered the particulars of every transfer or transmission of shares.

70. Execution and Registration of transfer etc.

No transfer shall be registered unless a proper instrument of transfer has been delivered to the company in the prescribed form and in accordance with the provisions of Section 108 of the Act. Every such instrument of transfer shall be duly stamped and executed both by the transferor and the transferee and witnessed. The transferor shall be deemed to remain the holder of such share until the name of the transferee shall have been entered in the register in respect thereof.

71. "Transfer of Securities"

Nothing contained in Section 108 of the Act or these Articles shall apply to a transfer of securities effected by a transferor and transferee both of whom are entered as beneficial owners in the records of depository.

72. DIRECTORS MAY REFUSE TO REGISTER TRANSFER

Subject to the provisions of Section III of the Act and Section 22A of the Securities Contracts (Regulation) Act, 1956, the Directors may, at their own absolute and uncontrolled discretion and by giving reasons, decline to register or acknowledge any transfer of shares whether fully paid or not and the right of refusal, shall not be affected by the circumstances that the proposed transferee is already a member of the Company but in such cases, the Directors shall within one month from the date on which the instrument of transfer was lodged with the Company, send to the transferee and transferor notice of the refusal to register such transfer provided that registration of transfer 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/debentures in whatever lot shall not be refused.

- (b) The Board of Directors shall be entitled to decline to register more than three persons as the joint holders of any shares.
- (c) Without prejudice to the generality of provisions of Article 59, the Board may refuse to register transfer of shares, listed on any of the recognised Stock Exchanges in the name of the transferee on any one or more of the following grounds, namely:-
 - (i) that the instrument of transfer is not proper, or has not been duly stamped and executed, or that the certificate relating to the share has not been delivered to the Company, or that any other requirement under the law relating to registration of such transfer has not been complied with;
 - (ii) that the transfer of shares is in contravention of any law;
 - (iii) that the transfer of shares is likely to result in such a change in the composition of the Board of Directors as would be prejudicial to the interest of the Company or to the public interest;
 - (iv) that the transfer of the shares is prohibited by any order of any Court, tribunal or other authority under any law for the time being in force.
- (d)
 - (1) The Board shall, before the expiry of two months from the date on which the instrument of transfer is lodged with the company for the purposes of such transfer, form its opinion as to whether such registration ought or ought not to be refused on any of the grounds mentioned in Article 60.
 - (2) If the Board has formed the opinion that such registration ought not to be refused the company shall effect the registration of transfer.

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- (3) If the Board forms an opinion that such registration ought to be refused on the grounds mentioned in Clause (a) of Article 58, it shall intimate the transferor and transferee by notice in the prescribed form about the requirements under laws which have or which have to be complied with for securing such registration.
- (4) If the Board forms an opinion that the registration ought to be refused on any of the grounds in clauses (b) to (d) of Article 58, it shall make a reference to the Company Law Board and forward thereof to the transferor and the transferee.
- (5) When on reference to the Company Law Board, the said Board directs that the transfer of shares-
 - (a) shall be registered by the Company, the company shall register the transfer of shares within 10 days of the order of the Board.
 - (b) need not be registered by the Company, the Company shall, within 10 days from the date of the order intimate the transfer and the transferee accordingly.

73. Notice to transferor and transferee of refusal to transfer shares

If the Board of Directors refuses to register a transfer of any shares, they shall within two months from the date on which the transfer was lodged with the Company send to the transferee and the transferor notice of the refusal in accordance with the provisions of the Act.

74. Restriction on transfer

No transfer shall be made to a person of unsound mind or insolvent or to a firm or partnerships in the name of the firm or to the name of the minor.

75. Transfer to be presented with evidence to title

- (a) Every instrument of transfer shall be presented to the Company duly stamped for registration accompanied by the certificate or certificates of the shares to be transferred and such other evidence as the Board of Directors may require to prove the title of the transferor, his right to transfer the shares and generally under and subject to such conditions and regulations as the Board of Directors shall from time to time prescribe.
- (b) Every registered instrument of transfer shall remain in the custody of the company until destroyed by the order of the Board of Directors. But any instrument of transfer, which the Board of Directors may decline to register, shall, on demand, be returned to the person depositing the same.

76. No fees on transfer or transmission

No fee shall be charged by the Company in respect of registration of transfer, probate, succession certificate and letters of administration, certificate of death or marriage, power of attorney or similar other documents.

77. Transfer Books when closed

The Board of Directors shall have power to close the Register of members and /or the Register of Debenture holders at such time or times and for such period or periods as the Board may deem expedient in accordance with the provisions of the Act.

78. Title to shares of deceased member

The executors or administrators of a deceased member shall be the only persons recognized by the Company as having any title to his share except in the case of joint holders, in which case the surviving holder or holders or the executors or administrators of the last surviving holders shall be the only persons entitled to be recognized; but nothing herein contained shall release the estate of any share jointly held by him. The company shall not be bound to recognize such executor or administrators unless he shall have first obtained probate or Letters of Administration or other Legal representation as the case may be from a duly constituted Court in India to grant such probate or Letters of Administration; provided nevertheless that in cases, which the Board in its discretion consider to be special cases and in such case only, it shall be lawful for the Board of Directors to dispense with the production of probate or Letter of Administration or a Succession Certificate upon such terms as to indemnity publication of notice or otherwise as the Board of Directors may, deem fit.



79. Registration of Persons entitled to share otherwise than by transfer (Transmission clause)

Subject to the provisions of these Articles any person becoming entitled to shares in consequence of the Death, lunacy, bankruptcy or insolvency of any member or by any lawful means other than by a transfer in accordance with these presents, may, with the consent of the Board of Directors (Which the Board shall not be under any obligation to give), upon producing such evidence that he sustains the character in respect of which he proposes to act under the Article or his title, as the Board of Directors think sufficient, be registered as a member in respect of such share, or may, subject to the regulation as to transfer hereinabove contained, transfer such shares. This clause is hereinafter referred to as "The Transmission Clause".

80. Directors' right to refuse registration

Subject to the provisions of the Act and Section 22 of Securities Contracts (Regulation) Act, 1956, the Board of Directors without assigning any reason shall have the same right to refuse to register a person entitled by the transmission to any shares or his nominee, as if he was the transferee named in any ordinary instrument of transfer presented for registration.

81. The company is not liable for disregard of notice prohibiting registration of transfer

The company shall incur no liability or responsibility whatsoever in consequence of its registering or giving effect to any transfer of shares, made or purporting to be made by any apparent legal owner thereof (as shown or appearing in the register) to the prejudice of a person having or claiming any equitable right, title or interest to or in the said shares notwithstanding that the Company may have had notice prohibiting registration of such transfer and may have entered such notice or referred thereto in any book or record of the company and the company shall not be bound or required to regard to attend or give effect to any notice which may be given to it of any equitable right, title or interest, or be under any liability whatsoever for refusing or neglecting to do so, notwithstanding that the notice may have been entered in or referred to in some book or record of the company, but the company shall nevertheless be at liberty to regard and attend to any such notice and give effect thereto if the Board of Directors shall so think fit.

82. Provision for Transfer of shares applicable to Transfer of Debentures

The provisions of these Articles shall mutatis mutandis apply to the transfer of or the transmission by operation of law of the right to Debentures of the company.

Notwithstanding anything stated in Article 65 and 66 a holder or joint holders of shares or debentures, may nominate, in accordance with the provisions of Section 109A of the Companies Act 1956 and/or any amendments and/or modifications that may be made by the Central Government in that behalf from time to time and in manner in the manner prescribed there under, a person to whom all the rights in the shares or debentures of the company shall vest in the event of death of such holder/s. Any nominations so made shall be dealt with by the company in accordance with the provisions of Section 109B of the Companies Act 1956 and/or any amendments and/or modifications that may be made by the Central Government in that behalf from time to time.

BORROWING POWERS

83. Power to borrow

- (a) Subject to the provisions of Sections 58A, 58B, 292 and 293 of the Act and these Articles, the Board of Directors may from time to time at its discretion by a resolution passed by a Meeting of the Board, accept deposits from members, either in advance of calls or otherwise or accept deposits from the public and may generally raise or borrow or secure the payment of any sum or sums of money for the purpose of the company not exceeding aggregate of paid up capital of Company and its reserves. (Not being any reserves set apart for any specific purpose.) Provided, however, where the moneys to be borrowed together with the moneys already borrowed (apart from temporary loans obtained from the company's Bankers in the ordinary course of the business) exceed the aggregate of the paid up capital of the company and its free reserves

(not being reserves set apart for any specific purpose) the Board of Directors shall not borrow such moneys without the consent of the company in general meeting.

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- (b) The company may invite or renew either from the public or from its members deposit upto the limit and in the manner and subject to the rules and conditions prescribed by the Central Government as contemplated under the Act and the rules and the rules framed there under.

84. The repayment of moneys borrowed

Subject to the provisions of the Act and these Articles the payment or repayment of moneys borrowed aforesaid may be secured in such manner and upon such terms and conditions in all respect as the Board of Directors may think fit, and, in particular, pursuant to resolution passed at a meeting of the Board and not passed by a circular resolution by the issue of bonds perpetual or redeemable debenture or debenture-stock of the company, or any mortgage or charge or security upon all any part of the property of the company (both present and future), including its uncalled capital for the time being.

85. Terms of issue of Debentures

Any debentures, debenture-stock or other securities may be issued at a discount, premium or otherwise and may be issued on condition that they shall be convertible into shares of any denomination and with any privileges and conditions as to redemption, surrender, drawing, allotment of shares, attending (but not voting) at the General Meeting, appointment of Directors and otherwise Debentures with the right to conversion into or allotment of shares shall be issued only with the consent of the Company in the General Meeting by a Special Resolution.

86. Mortgage of uncalled capital

- (a) If any uncalled capital of the Company is included in or charged by any mortgage or other security, the Board of Directors shall subject to the provisions of the Act and these Articles make calls on the member in respect of such uncalled capital in trust for the person in whose favour such mortgage or security is executed or, if permitted by the Act may, by instrument under the Company's seal, authorise the person in whose favour such mortgage or security is executed or any other person in trust for him, to make calls on the members in respect of such uncalled capital, and the provisions hereinbefore contained in regard to calls, shall mutatis mutandis, apply to calls made under such authority and such authority may be made exercisable either conditionally or unconditionally and either presently or contingently and either to the exclusion of the Board's power or otherwise, and shall be assignable if expressed so to be.
- (b) Where any uncalled capital of the Company is charged, all persons taking any subsequent charge thereon shall take the same subject to such prior charge and shall not be entitled by notice to the share-holder or otherwise to obtain priority over such prior charge.
- (c) If the Directors or any of them or any other persons shall become personally liable for the payment of any sum primarily due from the Company, the directors may execute or cause to be executed any mortgage, charge or security over or affecting the whole or any part of the assets of the Company by way of indemnity to save the Directors or persons so becoming liable as aforesaid, from any loss in respect of such liability.

87. Indemnity may be given

Subject to the provisions of the Act and these Articles if the Directors or any of them or any other persons shall become personally liable for the payment of any sum primarily due from the Company by reason of furnishing any guarantee or otherwise the Directors may execute or cause to be executed any mortgage charge or security over or affecting whole or any part of the assets of the Company by way of security indemnity to secure the Directors or persons so becoming liable as aforesaid from any loss in respect of such liability arising out of the said guarantee.

VOTES OF MEMBERS

122. Votes may be by proxy or attorney

- 1. Subject to the provisions of the Act and these Articles, votes may be given either personally or by an Attorney or by proxy or in case of a body Corporate also by a representative duly authorised under Section 187 of the Act.
- 2. Every member holding preference share capital shall not be entitled to vote at general meeting of company except as provided by Section 87 (2) of Act.



3. Where company except form member all or part of money due in respect of shares held by him beyond sum called for, member shall not be entitled to any voting right in respect of monies so paid by him.

123. Number of votes to which Members entitled

Subject to the provisions of the Act and these Articles upon a show of hands every member entitled to vote and present in person (including a body corporate present by a representative duly authorised in accordance with the provisions of Section 187 of the Act and Article 120 or by Attorney shall have one vote.

124. Representation of member Companies.

If a body corporate is a member of the Company or creditor of the Company then it shall be entitled through a resolution of its Board to authorize such person as it think fit to act as its representative at any meeting of the Company or any meeting of the creditors of the Company held in pursuance of the act or in pursuance of the provisions contained in any debenture or trust deed, a person authorized by a resolution as aforesaid shall be entitled to exercise the same rights and powers, including the right to vote by proxy, which the body corporate could exercise if were an individual member or creditor of the Company.

125. Votes of members of unsound mind.

A member of unsound mind, or in respect of whom an order has been made by an court having jurisdiction in lunacy, may vote whether on a show of hands or on a poll, by his committee or other legal guardian, and any such committee or guardian may on a poll vote by proxy.

126. Votes by proxies.

In a poll votes may be given either personally or by proxy, or in the case of a company or other body corporate, by a representative duly authorized as aforesaid. Every notice convening a meeting of the Company shall state that a member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of him and that a proxy need not be a member of the Company.

127. No voting by proxy on show of hands

No members not personally present shall be entitled to vote on show of hands unless such member is present by Attorney or unless such member is a body corporate present by a representative duly authorised under Section 187 of the Act in which case such Attorney or representative may vote on a show of hands as if he were a member of the Company.

128. Votes in respect of shares of deceased and bankrupt member

Any person entitled under the Transmission Clause (Article 77 hereof) to transfer any shares may vote at any General Meeting in respect thereof in the same manner as if he were the registered holder of such shares, provided that at least forty- eight hours before the time of holding meeting or adjourned meeting, as the case may be, at which he proposes to vote, he shall satisfy the Board of Directors in that behalf of his rights to transfer such shares unless the Directors shall have preciously admitted his right to transfer such shares or his right to vote at such meeting in respect thereof.

129. Joint holders

Where there are joint registered holders of any shares any one of such persons may vote at any meeting either personally or by an Attorney duly authorised under Power of Attorney or by proxy in respect of such shares as if he were solely entitled thereto and if more than one such joint-holders be personally present at any meeting then one of the said person so present whose name stands first or higher on the Register in respect of such share shall alone be entitled to vote in respect thereof.

130. Instrument appointing proxy

- (a) Any member entitled to attend and vote at meeting of the Company shall be entitled to appoint another person (whether a member or not) as his proxy to attend and vote on a poll instead of himself, but a proxy so appointed shall not have any right to speak at the meeting.

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- (b) The instrument appointing a proxy shall be in writing under the hand of the appointer or of his Attorney duly authorised in writing or if such appointer is a corporation, under its common seal or the hand of an officer or any attorney duly authorised by it.

131. Members' right to appoint a proxy to be stated in notice

- (a) Every notice convening a meeting of the Company shall state that a member entitled to vote at the meeting is entitled to appoint a proxy to attend and vote instead of hi
- (b) A proxy shall be entitled to vote only on a poll.

132. Instrument appointing proxy to be deposited at office

The instrument appointing a proxy and the Power of Attorney or other authority (if any) under which it is signed or a contrarily certified copy thereof shall be deposited at the Registered Office of the Company not less than forty-eight hours before the time for holding the meeting at which the person named in instrument proposes to vote.

133. When vote by proxy valid though authority revoked

A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death of the principal or revocation of the proxy or transfer of the share in respect of which the vote is given provided no intimation in writing of the death, revocation or transfer shall have been received at the Registered office of the Company or by the Chairman of the meeting at which the vote is given.

134. Forms of proxy

Every instrument of proxy whether for a specified meeting or otherwise shall, as nearly as circumstances will admit, be in the form set out in Schedule IX of the Act.

135. Time and place to inspect the proxies lodged

Every member entitled to vote at a meeting of the Company according to the provisions of these Articles on any resolution to be moved thereat, shall be entitled during the period beginning twenty-four hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting, to inspect the proxies lodged, at any time during the business hours of the Company, provided not less than three days' notice in writing of the intention to do so is given to the Company.

136. No member entitled to vote when any call due to Company

1. No member shall be entitled to vote at any General Meeting either personally or by proxy or as proxy for another member or be reckoned in a quorum while any call or other sum shall be due and payable to the Company in respect of any of the share of such member or in respect of any shares on which the Company has or had exercised any right of lien.
2. Any objections as to the admission or rejection of a vote made on show of hands or on a poll shall be referred to the Chairman of the meeting who shall forthwith determine the same, and such determination made in good faith shall be final and conclusive.
3. No objection shall be made to the validity of any vote on a show of hands or on a poll except at the meetings at which such vote shall be tendered and every vote, whether shall be deemed valid for all purposes.

DIVIDEND

190. Dividends

The profits of the Company subject to any special rights relating thereto created or authorized to be created by the Memorandum or these Articles and subject to the provisions of any law for the time being in force and subject to these Articles shall be divisible among the members in proportion to the amount of capital paid up on the shares held by them respectively.

Provided always that (subject as aforesaid) any capital paid up on a share during the period in respect of which dividend is declared shall, unless the Board of Directors otherwise determine, only entitle and shall be deemed always to have only entitled, the holder of such share to an apportioned amount of such dividend as from the date of payment.



191. The Company in General Meeting may subject to section 205 of the Act, declare dividends, to be paid to members according to their respective rights and interests in the profits by the shareholders subject to any law for the time being in force and may fix the time for payment but no dividend shall exceed the amount recommended by the Board of Directors. However, the members in General Meeting may declare a smaller dividend than recommended.

192 Dividend only to be paid out of profit

- (a) No dividend shall be paid otherwise than out of the profits of the year or any other undistributed profits of the year or any other undistributed profits or otherwise than in accordance with the provisions of Sections 205, 206 and 207 of the Act or any other law for the time being in force. The declaration of the Directors as to the amount of the net profits of the Company shall be conclusive.
- (b) No dividend shall be declared or paid by the company for any financial year except out of the profits of the company for that year arrived at after providing for depreciation in accordance with the provisions of sub-section (2) of Section 205 of the Act.

193. Interim Dividend

Subject to the provisions of the Act or of any law for the time being in force, the Board of Directors may from time to time, pay to the Members interim dividends as in their judgments, the position of the Company justifies.

194. Capital paid-up in advance and carrying interest not to earn dividend

Where capital is paid in advance of calls upon the footing that the same shall carry interest, such capital shall not, whilst carrying interest, confer a right to dividend or participate in profits.

195 Returns

The Company shall make the requisite annual returns in accordance with section 159 and 161 of the Act and shall file with the Registrar 3 copies of the Balance Sheet and Profit & Loss Account in accordance with section 220 of the Act.

196. Dividend in proportion to amount paid up

The Company shall pay dividends in proportion to the amount paid up or credited on each share, where a larger amount is paid up or credited as paid up on some shares than on others.

197 Retention of dividends until completion of transfer under Article 71

The Board of Directors may, if they so think fit, retain the dividends payable upon shares in respect of which any person is under Article 71 entitled to become a member or which any person under that Article is entitled to transfer until such person shall become a member in respect of such shares or shall duly transfer the same.

198. No member to receive dividend whilst indebted to the Company right to reimbursement there out.

No member shall be entitled to receive payment of any interest or dividend in respect of his share or shares, whilst any money may be due or owing from him to the Company in respect of such share or shares or otherwise howsoever, either alone or jointly with any other person or persons and the Directors may without prejudice to any other right of the company deduct from the interest or dividend payable to any member all sums of money so due from him to the Company.

199 Transfer of shares must be registered.

- (a) A transfer of shares shall not pass the right to any dividend declared thereon before the Registration of the transfer.
- (b) Where any instrument of transfer of shares has been delivered to the company for registration and the transfer of such shares has not been registered by the company, notwithstanding anything contained in any other provisions of the Act, the Company shall comply with the provisions of Section 205A of the Act by transferring the dividend in relation to such shares to the special account referred to in Section 205A of the Act unless the Company is authorized by the registered holder of such shares in writing to pay such dividend to the transferee in such instrument of transfer.

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200. Dividend to joint holder

Any one of several persons who are registered as the joint holders of any share may give effectual receipts for all dividends and payment on account of dividends in respect of such share.

201. Dividends how remitted

- (a) 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 or in case of joint holders to that one of them first named in the register in respect of the joint holding. Every cheque or warrant shall be made payable to the order of the person to whom it is sent. The company shall not be liable or responsible for any cheque or warrant lost in transit or for any dividend lost to the member or person entitled thereto by the forged endorsement of any cheque or warrant or the fraudulent or improper recovery thereof by any other means. Several executors or administrators of a deceased member in whose sole name any share stands, shall for the purpose of this clause be deemed to be joint holders thereof.
- (b) Any dividend remaining un-paid or unclaimed after having been declared by the company shall be dealt with by the company in accordance with Section 205A of the Act.

'UNPAID OR UNCLAIMED DIVIDEND'

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 30 days from the date of declaration to any shareholder entitled to the payment of the dividend, the Company shall within 7 days from the date of expiry of the said period of 30 days, open a special account in that behalf in any scheduled bank called, "Unpaid Dividend Account of "Broadcast Initiatives Limited" and transfer to the said account, the total amount of 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 period of three years from the date of such transfer, shall be transferred by the Company to the general revenue account of the Central Government. A claim to any money so transferred to the general revenue account may be preferred to the Central Government by the shareholders to whom the money is due.

No unclaimed or unpaid dividend shall be forfeited by the board.

202. Dividend payable in cash

- (a) No dividend shall be paid otherwise than in cash
- (b) There shall be no forfeiture of unclaimed dividend.

203. Dividend and call together

- (1) Any general meeting declaring a dividend may make a call on the members of such amount as the meeting fixes, but the amount of call on each member shall not exceed the dividend payable to him, and that the call be made payable at the same time as the dividend and the dividend may, if so arranged between the company and the members, be set off against the calls.
- (2) The Declaration of directors as to amount of net profits of the Company shall be conclusive.

CAPITALISATION OF PROFITS AND RESERVES

- 212 (1). Any General Meeting may upon the recommendation of the Board resolve that any amounts standing to the credit of the Share Premium Account or the Capital Redemption Reserve Account or any moneys, investments or other assets forming part of the undivided profits (including profits or surplus moneys arising from the realization and, where permitted by law, from the appreciation in value of any capital assets of the Company) standing to the credit of the General Reserve, Reserve or any Reserve Fund or any other Fund of the company or in the hands of the Company and available for dividend be capitalized:



(a) by the issue and distribution as fully paid up shares of the company

OR

(b) by crediting shares of the Company, which may have been issued and are not fully paid up with the whole or any of the sum remaining unpaid thereon.

Provided that any amount standing to the credit of the Share Premium Account or the Capital Redemption Reserve Account shall be applied only in crediting the payment of capital on shares of the Company to be issued to members (as herein provided) as fully paid bonus shares.

- (2) Such issue and distribution under (a) above and such payment to credit of unpaid shares capital under (1) (b) above, shall be made to, among and in favour of the members or any class of them or any of them entitled thereto and in accordance with their respective rights and interests and in proportion to the amount of capital paid upon the shares held by them respectively in respect of which such distribution under (1) (a) or payment under (1) (b) above shall be made on the footing that such members become entitled thereto as capital.
- (3) The Directors shall give effect to any such resolution and apply such portion of the profits, General Reserve, Reserve or Reserve Fund or any other Fund or account as aforesaid as may be required for the purpose of making payment in full for the shares of the Company so distributed under (1) (a) above or (as the case may be) for the purpose of paying, in whole or in part, the amount remaining unpaid on the shares which may have been issued and are not fully paid up under (1) (b) above, provided that no such distribution or payment shall be made unless recommended by the Directors and if so recommended such distribution and payment shall be accepted by such members as aforesaid in full satisfaction of their interest in the said capitalized sum.
- (4) For the purpose of giving effect to any such resolution the Directors may settle any difficulty which arise in regard to the distribution or payments aforesaid as they think expedient and in particular they may issue fractional certificates and may fix the value for distribution of any specific assets and may determine that cash payments be made to any members on the footing of the value so fixed and may vest any such case or shares in trustees upon such trusts for the persons entitled thereto as may seem expedient to the Directors and generally may make such arrangement for the acceptance, allotment and sale of such shares, and fractional certificates or otherwise as they may think fit.
- (5) When deemed requisite a proper contract shall be filed in accordance with the act and the Board may appoint any person to sign such contract on behalf of the members entitled, as aforesaid and such appointment shall be effective.

213. Subject to the provisions of the Act and these Articles, in cases where some of the shares of the Company are fully paid and others are partly paid, only such capitalization may be effected by the distribution of further shares in respect of the fully paid shares and by crediting the partly paid shares with the whole or part of the unpaid liability thereon but so that as between the holders of the fully paid shares and the partly paid shares the sums so applied in the payment of such further shares and in the extinguishments or diminution of the liability on the partly paid shares shall be so applied pro rata in proportion to the amount then already paid or credited as paid on the existing fully paid and partly paid shares respectively.

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MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts (not being contracts entered into in the ordinary course of business carried on by the Company) which are or may be deemed material have been entered or to be entered into by the Company. These contracts, copies of which have been attached to the copy of the Red Herring Prospectus, have been delivered to the Registrar of Companies, Maharashtra, for registration and also the documents for inspection referred to hereunder, may be inspected at the Corporate Office of our Company situated at Adhikari Chambers, Oberoi Complex, New Link Road Andheri West, Mumbai 400053, from 10.00 a.m. to 4.00 p.m. on any working day from the date of the Red Herring Prospectus until the Bid / Offer Closing date.

Material Contracts

1. Memorandum of Understanding, dated May 22, 2006 signed between our Company, Allianz Securities Limited, the Book Running Lead Manager to the Issue.
2. Memorandum of Understanding, dated May 18, 2006 signed between our Company and Registrar to the Issue.
3. Copy of the Tri-partite Agreement dated July 17, 2006 between NSDL, our Company and Intime Spectrum Registry Limited.
4. Copy of the Tri-partite Agreement dated December 21, 2006 between CDSL, our Company and Intime Spectrum Registry Limited.
5. Escrow Agreement dated [*] among our Company, the BRLM, Escrow Collection Banks and Registrars to the Issue.
6. Syndicate Agreement dated [*] among our Company, the BRLM and the Syndicate Members.
7. Underwriting Agreement dated [*] among our Company, the BRLM and Syndicate Members.

Documents for Inspection

1. Memorandum and Articles of Association of Broadcast Initiatives Limited
2. Certificate of Incorporation of Broadcast Initiatives Ltd. dated February 4, 2004.
3. Fresh certificate of incorporation consequent to change of name from "SAB Samachar Limited" to "Sri Adhikari Brothers News and Television Network Limited" dated July 8, 2005
4. Fresh certificate of incorporation consequent to change of name from "Sri Adhikari Brothers News and Television Network Limited" to Broadcasting Initiatives Limited dated May 18, 2006.
5. Certificate of Commencement of Business of Broadcast Initiatives Ltd. dated September 13, 2004.
6. Copy of Special Resolution passed at EGM dated April 10, 2006 u/s 81 (1A) authorizing the Issue of Equity Shares.
7. Copies of Auditors Reports issued by Statutory Auditors of the Company, M/S A.R.Sodha & Company, Chartered Accountants, regarding reinstated financial of the company for last three financial years and period ended September 30, 2006, dated December 26, 2006.
8. Certificate from Statutory Auditors dated January 12, 2007 regarding the deployment of funds in relation to the Fresh Issue.
9. Copy of Tax Benefits Certificate issued by Statutory Auditors of the Company, M/S A.R.Sodha & Company, Chartered Accountants, dated January 12, 2007.
10. Copy of letter dated January 19, 2007 from Legal Advisors for the vetting and approval of the Red Herring Prospectus.
11. Consent letters from Promoters, Directors, Book-Running Lead Manager to the Issue, Syndicate Members, Escrow Bankers & Bankers to the Issue, Bankers to the Company, Auditors, Legal Advisors to the Issue, Registrar to the Issue, Monitoring Agency and Compliance Officer to act in their respective capacities and for inclusion of their names in the Red Herring Prospectus.



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12. Copies of Annual Reports of the Company for the last 2 accounting periods i.e. FY 2004-05, FY 2005-06 and six months ended September 30, 2006.
 13. Copies of Annual Reports of the Group Companies for the last 3 accounting periods i.e. FY 2004, FY 2005 and FY 2006.
 14. Due Diligence Certificate dated May 22, 2006 issued by Book Running Lead Manager to the Issue viz. Allianz Securities Limited.
 15. Copies of letters dated May 24, 2006 and dated May 24, 2006 respectively to BSE & NSE regarding In-principle approval for Listing.
 16. Copies of In-principle approvals from BSE & NSE dated November 22, 2006 and dated January 8, 2007 respectively.
 17. A copy of the SEBI observation letter no. CFD/DIL/ISSUES/SC/84000/2007 dated January 10, 2007.

DECLARATION

All the 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, established under Section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Red Herring Prospectus is contrary to the provisions of the Companies Act, the Securities and Exchange Board of India Act, 1992 or rules made there under or guidelines issued, as the case may be. We further certify that all statements in this Red Herring Prospectus are true and correct.

SIGNED BY ALL THE DIRECTORS OF BROADCAST INITIATIVES LIMITED

Gautam Adhikari
Chairman

Markand Adhikari
Vice Chairman & Managing Director

Anand K.Pandit
Director

G.D.Sharma
Director

M.S. Kapur
Director

Sanjay Bhandari
President (Finance)

Date : January 27, 2007
Place : Mumbai