



## GLOBAL BROADCAST NEWS LIMITED

(Incorporated on June 6, 2005 under the Companies Act, 1956 as a private limited company. The Company was converted into a public limited company under Section 44 of the Companies Act with effect from December 12, 2005 and its name was changed to Global Broadcast News Limited. Registered Office: The registered office of the Company was changed from 9<sup>th</sup> Floor, Videocon Towers, E-1, Rani Jhansi Road, Jhandewalan Extension, New Delhi 110 005 to B-2, Kailash Apartments, Lala Lajpat Rai Marg, New Delhi 110 048 with effect from November 15, 2005. The registered office was thereafter changed from B-2, Kailash Apartments, Lala Lajpat Rai Marg, New Delhi 110 048 to its current registered office at 601, 6th Floor, Commercial Tower, Hotel Le-Meridien, Raisina Road, New Delhi 110 001 with effect from November 18, 2006. Corporate Office: Express Trade Towers, Plot No. 15 & 16, Sector 16A, Noida, Uttar Pradesh 201 301, India. Tel: +91 120 4341 818. Fax: +91 120 4324 106. Contact Person: Mr. Hitesh Kumar Jain, Company Secretary. Tel: +91 120 4341 818. Fax: +91 11 4324 110. E-mail: ipo@tv18online.com. Website: www.ibnlive.com).

**PUBLIC ISSUE OF UP TO [●] EQUITY SHARES OF RS. 10 EACH ("EQUITY SHARES") FOR CASH AT A PRICE OF RS. [●] PER EQUITY SHARE OF GLOBAL BROADCAST NEWS LIMITED ("GBN", "THE COMPANY" OR "THE ISSUER") AGGREGATING UP TO RS. 105.00 CRORES (THE "ISSUE"). THE ISSUE COMPRISES A NET ISSUE TO THE PUBLIC OF UP TO [●] EQUITY SHARES OF RS. 10 EACH AGGREGATING UP TO RS. 100.00 CRORES ("THE NET ISSUE") AND A RESERVATION OF UP TO [●] EQUITY SHARES OF RS. 10 EACH FOR SUBSCRIPTION BY ELIGIBLE EMPLOYEES AGGREGATING UP TO RS. 5.00 CRORES (AS DEFINED HEREIN) (THE "EMPLOYEE RESERVATION PORTION"), AT THE ISSUE PRICE. THE ISSUE SHALL CONSTITUTE [●] % OF THE FULLY DILUTED POST-ISSUE CAPITAL OF GLOBAL BROADCAST NEWS LIMITED.**

**PRICE BAND: RS. 230 TO RS. 250 PER EQUITY SHARE OF FACE VALUE RS. 10  
THE FACE VALUE OF EQUITY SHARES IS RS. 10 THE FLOOR PRICE IS 23 TIMES OF THE FACE VALUE AND THE  
CAP PRICE IS 25 TIMES OF THE FACE VALUE.**

In case of revision of the Price Band, the Bidding/Issue Period will be extended for three additional working days after revision of the Price Band 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, will be widely disseminated by notification to the Bombay Stock Exchange Limited ("BSE") and the National Stock Exchange of India Limited ("NSE"), by issuing a press release, and also by indicating the change on the websites of the Book Running Lead Managers ("BRLMs") and the Co-Book Running Lead Managers ("Co-BRLMs") and at the terminals of the Syndicate. In terms of Rule 19(2)(b) of the SCRR (as defined below), this being an Issue for less than 25% of the post-Issue capital, the Issue is being made through the 100% Book Building Process wherein at least 60% of the Net Issue shall be Allotted on a proportionate basis to QIB Bidders, out of which 5% of the QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the QIB Portion shall be available for allocation on a proportionate basis to all QIB Bidders, including Mutual Funds, subject to valid Bids being received at or above Issue price. If at least 60% of the Net Issue cannot be Allotted to QIB Bidders, then the entire application money will be refunded forthwith. Further, up to 10% of the Net Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and up to 30% of the Net Issue 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. In addition, in accordance with Rule 19(2)(b) of the SCRR, a minimum of two million securities are being offered to the public and the size of the Net Issue shall aggregate to at least Rs. 100.00 crores. The Company has not opted for grading of the Issue.

### RISK IN RELATION TO FIRST ISSUE

This being the first issue of the Equity Shares, there has been no formal market for the Equity Shares. The face value of the Equity Shares is Rs. 10 and the Issue Price is [●] times of the face value. The Issue Price (as determined by the Company in consultation with the Book Running Lead Managers and Co-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 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 xii of this Red Herring Prospectus.

### ISSUER'S ABSOLUTE RESPONSIBILITY

The Issuer having made all reasonable inquiries, accept responsibility for and confirm 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 the BSE and the NSE. We have received in-principle approval from the BSE and the NSE for the listing of our Equity Shares pursuant to letters dated September 22, 2006 and September 29, 2006 respectively. BSE shall be the Designated Stock Exchange.

BOOK RUNNING LEAD MANAGERS		REGISTRAR TO THE ISSUE
 <b>ICICI SECURITIES LIMITED</b> ICICI Centre, H.T. Parekh Marg, Churchgate, Mumbai 400 020 Tel: +91 22 2288 2460 Fax: +91 22 2283 7045 E-mail: gbn_ipo@isecld.com Website: www.icicisecurities.com Contact Person: Mr. Mahesh Natarajan	 <b>KOTAK MAHINDRA CAPITAL COMPANY LIMITED</b> 3 <sup>rd</sup> Floor, Bakhtawar 229 Nariman Point, Mumbai 400 021 Tel: + 91 22 6634 1100 Fax: + 91 22 2284 0492 Email: gbn.ipo@kotak.com Website: www.kotak.com Contact Person: Mr. Chandrakant Bhole	 <b>Intime Spectrum Registry Limited</b> C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West) Mumbai 400078 Tel: + 91 22 2596 0320 Fax: + 91 22 2596 0329 Email: gbn-ipo@intimespectrum.com Website: www.intimespectrum.com Contact Person: Mr. Salim Shaikh
ISSUE PROGRAMME		
<b>BID / ISSUE OPENS ON</b>	<b>January 15, 2007</b>	<b>BID / ISSUE CLOSES ON</b>
		<b>January 18, 2007</b>

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## DEFINITIONS AND ABBREVIATIONS

Unless the context otherwise indicates, the following terms have the following meaning in this Red Herring Prospectus:

### Company Related Terms

Term	Description
“Global Broadcast News Limited” or “GBN” or “the Company” or “our Company”	Global Broadcast News Limited, a public limited company incorporated under the Companies Act, 1956.
CNN-IBN	The English language news channel owned and operated by our Company, which was launched in December 2005.
“We” or “us” or “our”	Unless the context otherwise requires, Global Broadcast News Limited, as described in this Red Herring Prospectus.

### Issue Related Terms

Term	Description
Allottee	The successful Bidder to whom Equity Shares are allotted.
Allotment	Unless the context otherwise requires, the allotment of Equity Shares pursuant to the Issue.
Articles/Articles of Association	Articles of Association of our Company.
Auditors	The statutory auditors of the Company, being, Deloitte Haskins & Sells, Chartered Accountants.
Banker(s) to the Issue	ICICI Bank Limited, Kotak Mahindra Bank Limited, Standard Chartered Bank, The Hongkong and Shanghai Banking Corporation Limited and Yes Bank Limited.
Bid	An indication to make an offer during the Bidding/Issue Period by a Bidder 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/Issue Closing Date	The date after which the Syndicate will not accept any Bids for the Issue, which shall be notified in an English national newspaper and Hindi national newspaper, both with wide circulation.
Bid cum Application Form	The form in terms of which the Bidder shall make an indication to make an offer to subscribe to the Equity Shares and which will be considered as the application for the issue of the Equity Shares pursuant to the terms of the Red Herring Prospectus.
Bidder	Any prospective investor who makes a Bid pursuant to the terms of

<b>Term</b>	<b>Description</b>
	the Red Herring Prospectus and the Bid cum Application Form.
Bidding/ 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, including any revisions thereof.
Bid/ Issue Opening Date	The date on which the Syndicate shall start accepting Bids for the Issue, which shall be the date notified in an English national newspaper and a Hindi national newspaper, both with wide circulation.
Board of Directors/Board	The board of directors of our Company or a committee constituted thereof.
Book Building Process	Book building process as provided in Chapter XI of the SEBI Guidelines, in terms of which this Issue is being made.
BRLMs/ Book Running Lead Managers	Book Running Lead Managers to the Issue, in this case being ICICI Securities Limited and Kotak Mahindra Capital Company Limited.
BSE	Bombay Stock Exchange Limited earlier known as The Stock Exchange, Mumbai.
CAN/ Confirmation of Allocation Note	The note, advice or intimations 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 the Issue Price will not be finalised and above which no Bids will be accepted.
Channel 7	Hindi language news channel owned and operated by Jagran TV Private Limited. This has been relaunched on August 15, 2006 under the name of 'IBN 7'.
Co-BRLMs/Co-Book Running Lead Mangers	Co-Book Running Lead Managers to the Issue, in this case being JM Morgan Stanley Private Limited and IL&FS Investsmart Limited.
Companies Act	The Companies Act, 1956 as amended from time to time.
Cut-off Price	Any price within the Price Band finalised by our Company in consultation with the BRLMs and Co-BRLMs. A Bid submitted at Cut-off Price is a valid Bid at all price levels within the Price Band.
Depository	A depository registered with SEBI under the SEBI (Depositories and Participant) Regulations, 1996, as amended from time to time.
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 funds are transferred from the Escrow Account(s) to the Issue Account(s) after the Prospectus is filed with the RoC, following which the Board shall Allot Equity Shares to successful Bidders.

Term	Description
Designated Stock Exchange	BSE, for the purpose of this Issue.
Director(s)	Director(s) of Global Broadcast News Limited, unless otherwise specified.
Draft Red Herring Prospectus	The Draft Red Herring Prospectus dated August 18, 2006 issued in accordance with Section 60B of the Companies Act and SEBI Guidelines, which did not have complete particulars of the price at which the Equity Shares are offered. Upon filing with RoC at least three days before the Bid/Issue Opening Date it will become the Red Herring Prospectus. It will become a Prospectus upon filing with RoC after the determination of the Issue Price.
Eligible Employee	All or any of the following: (a) a permanent employee of the Company as of December 31, 2006 and based, working and present in India as on the date of submission of the Bid cum Application Form; or (b) a Director of the Company, whether a whole time Director, part time Director or otherwise, except any Promoters or members of the Promoter group, as of December 31, 2006 and based and present in India as on the date of submission of the Bid cum Application Form.
Employee Reservation Portion	The portion of the Issue being up to [•] Equity Shares aggregating upto Rs. 5.00 crores available for allocation to Eligible Employees.
Equity Shares	Equity shares of the Company of face value of Rs. 10 each.
Escrow Account(s)	Account(s) opened with the Escrow Collection Bank(s) and in whose favour the Bidders will issue cheques or drafts in respect of the Bid Amount when submitting a Bid.
Escrow Agreement	Agreement to be entered into among the Company, the Registrar, the Escrow Collection Bank(s), the BRLMs, Co-BRLMs and the Syndicate Members 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 Banker to the Issue at which the Escrow Account will be opened, in this case being ICICI Bank Limited, Kotak Mahindra Bank Limited, Standard Chartered Bank, The Hongkong and Shanghai Banking Corporation Limited and Yes Bank Limited. .
FEMA	The Foreign Exchange Management Act, 1999, as amended from time to time, and the regulations framed thereunder.
FII	Foreign Institutional Investor (as defined under the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995) registered with SEBI under applicable laws in India.  FIIs are not allowed to participate in this Issue.
First Bidder	The Bidder whose name appears first in the Bid cum Application

Term	Description
	Form or Revision Form.
Floor Price	The lower end of the Price Band, below which the Issue Price will not be finalised and below which no Bids will be accepted.
FVCI	Foreign Venture Capital Investors (as defined under the Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000) registered with SEBI under applicable laws in India.  FVCIs are not allowed to participate in this Issue.
IBN 7	Hindi language news channel owned and operated by Jagran TV Private Limited earlier known as Channel 7, which was re-launched on August 15, 2006 under the name of 'IBN 7'.
Indian GAAP	Generally accepted accounting principles in India.
Issue	Public issue of up to [•] Equity Shares at a price of Rs. [•] each for cash aggregating upto Rs. 105.00 crores. The Issue comprises of the Net Issue and the Employees Reservation Portion.
Issue Price	The final price at which Equity Shares will be Allotted in terms of the Red Herring Prospectus, as determined by the Company in consultation with the BRLMs and Co-BRLMs, on the Pricing Date.
Issue Account	Accounts opened with the Banker(s) to the Issue to receive monies from the Escrow Account(s) for the Issue on the Designated Date.
Margin Amount	The amount paid by the Bidder at the time of submission of his/her Bid, being 10% to 100% of the Bid Amount.
Memorandum / Memorandum of Association/MoA	The memorandum of association of our Company.
Mutual Fund	A mutual fund registered with SEBI under the SEBI (Mutual Funds) Regulations, 1996.
Net Issue	The Issue less the Employees Reservation Portion.
NSE	National Stock Exchange of India Limited.
Non-Institutional Bidders	Bidders that are neither Qualified Institutional Buyers nor Retail Individual Bidders and who have Bid for an amount more than Rs. 1,00,000.
Non-Institutional Portion	The portion of the Issue being up to [•] Equity Shares available for allocation to Non-Institutional Bidders.
Non Residents	A person resident outside India, as defined under FEMA.
NRI/ Non Resident	A person resident outside India, who is a citizen of India or a person

Term	Description
Indian	<p>of Indian origin and shall have the same meaning as ascribed to such term in the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000.</p> <p>NRIs are not allowed to participate in this Issue.</p>
OCB/ Overseas Corporate Body	<p>A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly as defined under Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000.</p> <p>OCBs are not allowed to participate in this Issue.</p>
Pay-in Date	Bid/Issue Closing Date or the last date specified in the CAN sent to the 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 Bidders whose Margin Amount is less than 100% 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	The price band with a minimum price (Floor Price) of Rs. 230 and the maximum price (Cap Price) of Rs. 250, including any revisions thereof.
Pricing Date	The date on which the Company in consultation with the BRLMs and Co-BRLMs finalises the Issue Price.
Promoter	<p>Mr. Raghav Bahl, an individual is one of our Promoters.</p> <p>Additionally, the following companies are our Promoters:</p> <p>(i) Television Eighteen India Limited; and</p> <p>(ii) Network 18 Fincap Limited.</p>
Prospectus	The prospectus, to be filed with the RoC after pricing containing, among other things, the Issue Price that is determined at the end of the Book Building Process, the size of the Issue and certain other information.
Qualified Institutional Buyers or QIBs	Public financial institutions as specified in Section 4A of the Companies Act, scheduled commercial banks, mutual funds registered with SEBI, venture capital funds registered with SEBI, state industrial development corporations, insurance companies registered with the Insurance Regulatory and Development Authority, provident funds with minimum corpus of Rs. 25.00 crores and pension funds with minimum corpus of Rs. 25.00 crores.
QIB Margin Amount	An amount representing at least 10% of the Bid Amount.
QIB Portion	The portion of the Issue being at least [•] Equity Shares available for

Term	Description
	allocation to QIBs.
Registered Office of the Company	601, 6 <sup>th</sup> Floor, Commercial Tower, Hotel Le-Meridien, Raisina Road, New Delhi 110 001.
Registrar/ Registrar to the Issue	Registrar to the Issue, in this case being Intime Spectrum Registry Limited.
Retail Individual Bidders	Individual Bidders (including HUFs applying through their <i>karta</i> ) who have bid for Equity Shares for an amount less than or equal to Rs. 1,00,000, in any of the bidding options in the Issue.
Retail Portion	The portion of the Issue being up to [•] Equity Shares 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 their Bid cum Application Forms or any previous Revision Form(s).
RHP or Red Herring Prospectus	This Red Herring Prospectus issued in accordance with Section 60B of the Companies Act, which will not have complete particulars of the price at which the Equity Shares are offered. 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 determination of the Issue Price.
RoC	The Registrar of Companies, National Capital Territory of Delhi and Haryana, located at New Delhi.
SCRR	Securities Contracts (Regulation) Rules, 1957, as amended from time to time.
SEBI	The Securities and Exchange Board of India constituted under the SEBI Act.
SEBI Act	The Securities and Exchange Board of India Act, 1992, as amended from time to time.
SEBI Guidelines	The SEBI (Disclosure and Investor Protection) Guidelines, 2000 issued by SEBI, as amended, including instructions and clarifications issued by SEBI from time to time.
SEBI MAPIN Regulations	The SEBI (Central Database of Market Participants) Regulations, 2003, as amended from time to time.
Stock Exchanges	BSE and NSE.
Syndicate or members of the Syndicate	The BRLMs, Co-BRLMs and the Syndicate Members.
Syndicate Agreement	The agreement to be entered into among the Company and the members of the Syndicate, in relation to the collection of Bids in this Issue.



<b>Term</b>	<b>Description</b>
Syndicate Members	ICICI Brokerage Services Limited, Kotak Securities Limited, IL&FS Investsmart Limited and JM Morgan Stanley Financial Services Private Limited.
TRS/ Transaction Registration Slip	The slip or document issued by any of the members of the Syndicate to a Bidder as proof of registration of the Bid.
U.S. GAAP	Generally accepted accounting principles in the United States of America.
Underwriters	ICICI Securities Limited, Kotak Mahindra Capital Company Limited, JM Morgan Stanley Private Limited, IL&FS Investsmart Limited, ICICI Brokerage Services Limited, Kotak Securities Limited, IL&FS Investsmart Limited and JM Morgan Stanley Financial Services Private Limited.
Underwriting Agreement	The agreement among the members of the Syndicate and the Company to be entered into on or after the Pricing Date.
VCF/Venture Capital Fund	Venture Capital Funds (as defined under the Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996) registered with SEBI under applicable laws in India.

#### **Industry Related Terms & Abbreviations**

<b>Term/Abbreviation</b>	<b>Full Form</b>
C&S	Cable and Satellite
Channel Share	The total number of people that are watching the programme as a percentage of total number of people watching television at that point in time.
Market Share	Market share is computed from 'channel shares'. For a channel in a particular genre, it is that channel's 'channel share' as a percentage of the total 'channel shares' of all players in that genre.
CSO	Cable and Satellite Operators
DD	Doordarshan
DSNG	Digital Satellite News Gathering
Media Reach	Media Reach is defined by IRS as: <i>Press</i> – readers of an average issue of publication i.e. estimated number of those who have read any issue of the publication within a specified time interval, which is equal to the periodicity of the publication. <i>TV</i> – Have watched TV once in a week. <i>Radio</i> – Have heard radio once in a week. <i>Cinema</i> – Have watched cinema once in a month. <i>Internet</i> – Have surfed internet once in a week.
MSO	Multi-System Operators

<b>Term/Abbreviation</b>	<b>Full Form</b>
NRS	National Readership Survey
IRS	Indian Readership Survey
PIB	Press Information Bureau
SEC	Socio Economic Classification
TV	Television
TRP	Total Rating Point
TAM	TAM Media Research
Up linking Guidelines	Guidelines for uplinking from India dated December 2, 2005 issued by the Government of India, as may be amended from time to time.
VSAT	Very Small Aperture Terminal. A satellite communications technology that employs frequencies in the Ku band or C band and very small receiving dishes. VSAT systems employ satellite transponders; the receiving dishes may be leased or owned by the VSAT user.
WPC	Wireless and Planning Commission Wing of the Department of Telecommunication

#### **Abbreviations**

<b>Abbreviation</b>	<b>Full Form</b>
AS	Accounting Standards as issued by the Institute of Chartered Accountants of India
CAGR	Compounded Annual Growth Rate
CNN	Cable News Network LP, LLP
ECS	Electronic Clearing Services
EGM	Extraordinary General Meeting
EPS	Earnings per share
FDI	Foreign Direct Investment
FY/ Fiscal	Financial year/ Fiscal year
Financial year /Fiscal Year	Period of twelve months ended March 31 of that particular year, unless otherwise stated
GoI	Government of India
IL	IL&FS Investsmart Limited

Abbreviation	Full Form
I-SEC	ICICI Securities Limited
IT Act	The Income Tax Act, 1961, as amended from time to time.
JMMS	JM Morgan Stanley Private Limited
KMCC	Kotak Mahindra Capital Company Private Limited
MIB	Ministry of Information and Broadcasting
NAV	Net Asset Value
Network 18	Network 18 Fincap Limited
NSDL	National Securities Depository Limited
p.a.	per annum
P/E Ratio	Price/Earnings Ratio
PAN	Permanent Account Number
RBI	The Reserve Bank of India
RoNW	Return on Net Worth
SRH	SRH Broadcast News Holding Private Limited, a company incorporated under the Companies Act, 1956 which ceased to exit pursuant to the scheme of amalgamation between our Company and SRH.
TV 18	Television Eighteen India Limited
Turner	Turner Broadcasting System Asia Pacific, Inc.

## **PRESENTATION OF FINANCIAL AND MARKET DATA**

### **Financial Data**

Unless indicated otherwise, the financial data in this Red Herring Prospectus is derived from our restated financial statements prepared in accordance with Indian GAAP and included in this Red Herring Prospectus. Our Company was incorporated on June 6, 2005 and audited financial results contained in this Red Herring Prospectus are for the 10 month period ended March 31, 2006 and for the six month period ended September 30, 2006. Our fiscal year commences on April 1 and ends on March 31, so all references to a particular fiscal year are to the twelve-month period ended March 31 of that year. 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.

There are significant differences between Indian GAAP and U.S. GAAP; accordingly, the degree to which the financial statements prepared in accordance with Indian GAAP included in this Red Herring Prospectus will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting practices. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Red Herring Prospectus should accordingly be limited. We have not attempted to explain those differences or quantify their impact on the financial data included herein, and we urge you to consult your own advisors regarding such differences and their impact on our financial data.

### **Currency of Presentation**

All references to "India" contained in this Red Herring Prospectus are to the Republic of India. All references to "Rupees" or "Rs." are to Indian Rupees, the official currency of the Republic of India. All references to "US\$", "U.S. Dollar", "USD" or "US Dollars" are to United States Dollars, the official currency of the United States of America.

### **Market Data**

Unless stated otherwise, industry data used throughout this Red Herring Prospectus has been obtained from industry and company sources including the following publications.

- *The Indian Entertainment and Media Industry*, FICCI PricewaterhouseCoopers, March 2006
- *The Businessworld Marketing Whitebook 2003-04, 2005-2006*

Industry publications generally state that the information contained in those publications has been obtained from sources believed to be reliable but that their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although we believe industry data used in this Red Herring Prospectus is reliable, it has not been verified by any independent sources.

We have relied extensively on TAM Media Research (TAM) for cable and satellite industry data. Unless otherwise specified, the "TAM viewership data" in this document implies viewership data for all cable and satellite homes in India covered by TAM, for all viewers covered by TAM with age of more than 15 years and viewership for all day i.e. 07:00 hours to 24:00 hours.

## **FORWARD-LOOKING STATEMENTS**

We have included statements 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 expressions or variations of such expressions, that are “forward-looking statements”.

Actual results may differ materially from those suggested by the forward looking statements due to risks or uncertainties associated with our expectations with respect to, but not limited to, regulatory changes pertaining to the industries in India in which the Company has its businesses 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, general economic and political conditions in India and which 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 laws, regulations and taxes and changes in competition in our industry.

For further discussion of factors that could cause our actual results to differ, see the section titled “Risk Factors” beginning on page xii of this Red Herring Prospectus. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated. Neither our Company, nor the members of the Syndicate, nor any of their respective affiliates have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with SEBI requirements, our Company and the BRLMs and Co-BRLMs 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 for the Equity Shares allotted pursuant to the Issue.

## RISK FACTORS

*An investment in Equity Shares involves a high degree of risk. You should carefully consider all the information in this Red Herring Prospectus, including the risks and uncertainties described below, before making an investment in our Equity Shares. If any of the following risks actually occur, our business, results of operations and financial condition could suffer and the price of our Equity Shares and the value of your investment in our Equity Shares could decline. In addition, the risks set out in this Red Herring Prospectus may not be exhaustive and additional risks and uncertainties, not presently known to us, or which we currently deem immaterial, may arise or become material in the future.*

### Internal Risk Factors

***Our Promoters and our Company are involved in a legal proceeding, which if determined against them would adversely impact our business and financial condition***

Our Promoters, our Company and five other companies are involved as defendants in a legal proceeding wherein the plaintiffs have on August 25, 2006 filed a derivative action suit bearing no. 2709 of 2006 on behalf of e-Eighteen.com Private Limited before the High Court of Judicature at Mumbai. The plaintiffs, minority shareholders of e-Eighteen.com Private Limited have alleged that Mr. Raghav Bahl, TV 18, ICICI Global Opportunities Fund and e-Eighteen.com Private Limited had entered into a subscription cum shareholders agreement dated September 12, 2000 under which the Mr. Raghav Bahl and TV 18 had *inter alia* undertaken that any opportunity offered to them shall only be pursued or taken up through e-Eighteen.com Private Limited or its wholly owned subsidiary. The plaintiffs have alleged that Mr. Raghav Bahl and TV 18 have promoted and developed various businesses through various entities which should have under the aforesaid agreement rightfully been undertaken by e-Eighteen.com Private Limited or its wholly owned subsidiaries. The plaintiffs have alleged that by not doing so Mr. Raghav Bahl and TV 18 have caused monetary loss to e-Eighteen Private Limited as well as to the plaintiffs. The plaintiffs have valued their claims in the suit at Rs. 3,014.12 crores and Rs. 99.94 crores and have *inter alia* prayed that our Promoters, our Company and others be ordered to transfer to e-Eighteen Private Limited all their businesses, activities and ventures along with all assets and intellectual property. A reply has been filed with the High Court of Judicature at Mumbai on November 14, 2006 and the next date of hearing is January 15, 2007.

We cannot assure you that the court will not pass an adverse decision in these proceedings and any adverse decision would have a significant adverse effect on our business, our promoter's business and our results of operations.

For more information regarding this legal proceeding, see the section titled "Outstanding Litigation and Material Developments" beginning on page 161 of this Red Herring Prospectus.

***The MIB has issued a showcause notice to Jagran TV Private Limited in relation to transfer of shares by the Gupta family to BK Fincap Private Limited***

One of the objects of the Issue is to fund the acquisition of a strategic stake in Jagran TV Private Limited, which owns and operates IBN 7, the Hindi language news channel by acquiring 49% of the equity shares of BK Fincap Private Limited.

The Gupta family has transferred 74.3% of its shareholding in Jagran TV Private Limited to BK Fincap Private Limited. Pursuant to this transfer, BK Fincap Private Limited currently owns 82.10% of the equity shares of Jagran TV Private Limited. Kanchan Properties Limited (an entity controlled by the Gupta Family) and New Vernon Private Equity Limited own 7.84% and 10.01% of the equity shares of Jagran TV Private Limited, respectively. For details of our acquisition of strategic stake in Jagran TV Private Limited, see section titled "History and Certain Corporate Matters" beginning on page 72 of this Red Herring Prospectus.

The MIB has issued a showcause notice dated May 3, 2006 in relation to change in shareholding of Jagran TV Private Limited and has asked Jagran TV Private Limited to explain as to why action should not be taken against them for not obtaining prior permission of the MIB as required under its up linking approval dated January 28, 2005. Jagran TV Private Limited has through letter dated May 20, 2006 submitted its explanation to the showcause notice stating that they are complying with the Up linking Guidelines and the specific approval granted to Jagran TV Private Limited to the extent it conflicts with the Up linking Guidelines would stand amended. In this context, Jagran TV Private Limited has requested that the showcause notice be withdrawn and no action be taken. Jagran TV Private Limited has not received any further communication from MIB in this regard. We cannot assure you that the MIB will withdraw the showcause notice or not take any penal action against Jagran TV Private Limited including suspension or cancellation of the permission dated January 28, 2005 to uplink channel having news and current affairs content. In the event any penal action is taken by the MIB the same may adversely affect the results of our operations and financial condition due to our investments in BK Fincap Private Limited and their ownership of Jagran TV Private Limited.

***We have not taken approvals from the MIB which we may have been required to take in relation to change in our shareholding***

The approval dated August 30, 2005 granted by the MIB to our Company to uplink news channel 'Broadcast News' prescribes that approval of the MIB is required prior to undertaking any change in equity/share holding pattern of the Company. Equity Shares of our Company have been transferred by GBN Employees Welfare Trust to SRH on November 22, 2005 without seeking any prior approval. The Up linking Guidelines have been issued on December 2, 2005 and consequently, we believe that the specific approval granted to our Company to the extent it conflicts with the Up linking Guidelines would stand amended. Further, we have as required under the Up linking Guidelines informed the MIB through letters dated April 7, 2006 and May 22, 2006 the latest shareholding pattern (which reflects the aforesaid transfer) of our Company. However, we cannot assure you that action will not be taken by the MIB against our Company for non compliance with the conditions set out in the approval.

***We have entered into certain related party transactions***

We have entered into certain related party transactions with our Promoters, Directors and Promoter group entities and key managerial personnel. The table set out below is a summary of the related party contracts for the 10 month period ended March 31, 2006 and for the six month period ended September 30, 2006:

Sr. No.	Particulars	Amount in Rs. Crores	
		March 31, 2006	September 30, 2006
1.	Sales/Expenses incurred	22.82	57.40
2.	Debtors/Loans	2.95	2.53
3.	Creditors/Loans repayable	3.99	7.47
4.	Share application money	30.89	0.01
5.	Share application money paid	-	7.05

For further details, see section titled "Financial Statements – Related Party Transactions" beginning on page 121 of this Red Herring Prospectus.

***We have a negative cash flow***

Our operating loss before working capital changes for the 10 month period ended March 31, 2006 and for the six month period ended September 30, 2006 was Rs. 41.79 crores and Rs. 20.28 crores, respectively and our net cash flow from our operations for the same periods were negative amounting to Rs. 41.92 crores and Rs. 31.83 crores. Our net cash flow from investing activities

for the six months ended September 30, 2006 was negative amounting to Rs. 32.98 crores primarily on account of our investment in BK Fincap Private Limited amounting to Rs. 33.65 crores. Further, our net cash flow from investing activities for the 10 month period ended March 31, 2006 was also negative amounting to Rs. 60.81 crores primarily on account of Rs. 50.09 crores incurred for purchase of fixed assets (including capital advances) net of sales, required for starting our operations and Rs. 9.34 crores incurred for purchase of short term investments, net of sales. Our net cash flow from financing activities for the six month period ended September 30, 2006 was Rs. 65.38 crores mainly on account of Rs. 33.12 crores from issuance of equity shares and Rs. 35.21 crores as a result of increase in the secured loans. Our net cash flow from financing activities for the 10 month period ended 31, 2006 was Rs. 111.71 crores mainly as result of increase in the amount of secured and unsecured loans amounting to Rs. 32.39 crores and Rs. 40.00 crores respectively.

***We are yet to receive consents/renewals of certain statutory approvals required in the ordinary course of our business, and if we are unable to obtain these approvals, our business could be adversely affected***

We along with CNN have applied to the Registrar of Trade Mark for registration of 9 trademarks associated with our news channel CNN-IBN under Class 38 and 41 of the Fourth Schedule of Trade Marks Rules, 2002. Our Company has also submitted 23 trademark applications before the Registrar of Trade Mark under Class 16 and 41 of the Fourth Schedule of Trade Marks Rules, 2002. Further, we have applied for registration of 2 copyrights in relation to programmes being broadcast by our channel CNN IBN. We have filed an application dated November 20, 2006 with the central government in respect of the remuneration of our Joint Managing Director, Mr. Sameer Manchanda. The Company has also suo moto filed a compounding application before the RoC seeking compounding of the penalties payable by our Company in relation to non-compliance by our Company of the provisions of Section 297 of the Companies Act.

If we do not receive, renew or maintain our statutory and regulatory permits and approvals required to operate our business it may have a material adverse effect on our business and our results of operations. For further details, see section titled “Government and Other Approvals” beginning on page 169 of this Red Herring Prospectus.

***We are defendants in certain legal proceedings and have received legal notices from private parties in relation to news items broadcast on our channel CNN-IBN or published on ibnlive.com, if these legal cases are determined against us, the same could have a material adverse impact on our results of operations and financial condition.***

There are 3 legal proceedings pending against our Company:

- (a) Case filed by Mr. Victor Fernandez – for details see risk factor titled “Our Promoters and our Company are involved in a legal proceeding, which if determined against them would adversely impact our business and financial condition” beginning on page 100 of this Red Herring Prospectus.
- (b) Case filed by the Bahujan Samaj Party – the case relates to an allegedly defamatory news item broadcast by our Company. The plaintiffs have prayed that along with costs for the legal proceedings a decree for recovery of Rs. 200.00 crores by way of damages be passed against our Company.
- (c) Case filed by the Karnataka Wildlife Resorts Private Limited - the plaintiffs have alleged that our Company has published a totally false, scurrilous and defamatory article and slide show on the website ibnlive.com and broadcast the same news item on CNN IBN with a malafide intention of defaming the plaintiffs. The plaintiffs have *inter alia* sought an order of mandatory injunction and damages amounting to Rs. 1.00 crore with interest. The City Civil Court, Bangalore has through an order dated September 2, 2006 granted a



temporary injunction restraining our Company and others. Thereafter, the Additional City Civil Judge, Bangalore has through an order dated December 8, 2006 passed a mandatory interim injunction to remove all references and articles from the website ibnlive.com and instructed our Company to not broadcast the news item.

We cannot assure you that the courts will not pass an adverse decision in these proceedings and any adverse decision would have a significant effect on our business, our promoter's business and our results of operations.

We have also received 15 legal notices in relation to the news items broadcast on our channel CNN-IBN or published on ibnlive.com. The total amount claimed in respect of the aforesaid legal notices is Rs. 512.35 crores.

On of our Promoters, Mr. Raghav Bahl has five income tax cases and our other Promoter, TV 18 has six income tax cases pending before various tax authorities. Further, there is a civil defamation suit pending against TV 18 before a court in United Kingdom.

Our Company may in the future be involved in legal proceedings and claims in India. We may need to make provisions in our financial statements on account of such proceedings, which could increase our current liabilities and provisions. Any adverse decision may have a significant effect on our business and results of operations.

For more information regarding these legal proceedings, see section titled "Outstanding Litigation and Material Developments" beginning on page 161 of this Red Herring Prospectus.

***The Remuneration of our Joint Managing Director Mr. Sameer Manchanda exceeds the limits prescribed under the Companies Act***

Our Auditors, have in the notes to the restated summary statements stated that prior approval of the GoI is required under the Companies Act if the remuneration payable to a managing director exceeds the prescribed limits. In the context, the remuneration payable by our Company to Mr. Sameer Manchanda, our Joint Managing Director exceeds the prescribed limits. We have on November 20, 2006 applied for approval from the central government however we cannot assure you that we will get the approval. In the event we do not receive the necessary approval, as required under the Companies Act, our Joint Managing Director Mr. Manchanda would have to refund the sums received by him from the Company in excess of the permitted limits under the Companies Act and till such time such sums are not refunded Mr. Manchanda shall hold them in trust for the Company. Further, our Company and Mr. Manchanda may be liable to penalty of up to Rs. 50,000 and Rs. 1,00,000, respectively.

***We commenced our operations in June 2005 and made a net loss of Rs. 46.53 crores, during the 10 month period ended March 31, 2006 and a net loss of Rs. 25.80 crores, during the six month period ended September 30, 2006***

We commenced our operations in June 2005 and started broadcast of CNN-IBN in December 2005. We have had to make significant investments in technology and infrastructure for news gathering, production and distribution of our news channels. We had to also recruit an entire team of professionals including journalists for our news channel. Hence, while the start-up costs had to be incurred for launching our news channel and our production costs were high, advertisement revenue, our primary source of income, could only be generated after build up of channel share and reach, which was after December 2005.

Our total revenue for the 10 month period ended March 31, 2006 and for the six month period ended September 30, 2006 was Rs. 6.53 crores and Rs. 25.90 crores, respectively and our losses for the same periods were Rs. 46.53 crores and Rs. 25.80 crores, respectively. Our basic EPS for the 10 month period ended March 31, 2006 and for the six month period ended September 30,

2006 was Rs. (47.98) and Rs. (12.75), respectively. Our net asset value per share for the 10 month period ended March 31, 2006 and for the six month period ended September 30, 2006 was Rs. (5.65) and Rs. 18.50, respectively. We cannot assure you that our efforts would necessarily lead to profitability in the future.

***The scheme of amalgamation between our Company and SRH, which has been approved by the High Court of Delhi, may have an impact on our financial statements and results of operation***

As part of restructuring, our Company and SRH had filed a scheme of amalgamation under Companies Act before the High Court of Delhi to consolidate our Company and SRH. The High Court of Delhi has through an order dated October 31, 2006 sanctioned the scheme of amalgamation. The scheme of amalgamation is currently being implemented and upon successful implementation of the scheme of amalgamation, the entire undertaking of SRH comprising all of its assets and liabilities shall be transferred to and vested in our Company with effect from October 1, 2005. The amalgamation will be accounted for in accordance with applicable Indian GAAP. Accordingly, assets and liabilities of SRH, as on September 30, 2005, will be recorded by our Company at their book values, except those inter-company balances and holdings which stand cancelled. All transactions of SRH during the period between the appointed date (October 1, 2005) and effective date (December 4, 2006) would also be duly reflected in the financial statements of our Company. We estimate the net financial impact of the amalgamation on both our assets and liabilities, to be Rs. 9,98,341.

Pursuant to the amalgamation, the shareholding of our Company has undergone a change, with majority shareholding continuing to be held by our Promoter and Promoter group companies. For details of the scheme of amalgamation and its estimated financial impact on our Company see sections titled “Restructuring” and “Capital Structure” beginning on pages 1 and 23, respectively of this Red Herring Prospectus.

***We have entered into a brand license agreement and news services agreement and other arrangements with CNN and its related entities, which are material for our business, termination or amendment of these agreements, may adversely affect our business***

We have executed a brand license agreement dated October 27, 2005 (“Brand License Agreement”), which enables us to use the name and logo of CNN and a news service agreement dated October 27, 2005 (“News Service Agreement”) for production and broadcast services. We have applied for trademark registration of certain trade names jointly with CNN as is required under the terms of the Brand License Agreement. Under the terms of these agreements there are certain restrictions on our Company relating to the assignment of the name of our Company to any other general news channel in India. Under the terms of the Brand Licensing Agreement CNN has the right to add or remove elements from the materials licensed to our Company as it deems reasonably necessary. In the event CNN removes the CNN name from the licensed material, our Company has the right to terminate the agreement by providing seven days prior notice.

These agreements are for a period of 10 years from the date of launch of our channel (which was launched on December 17, 2005) but may be terminated by either party under certain pre-determined circumstances including non procurement of licenses required under applicable laws.

We cannot assure you that these agreements will not be terminated or unfavourably amended. Our channel is recognised as CNN-IBN and if we are, for any reason whatsoever including termination or unfavourable amendment, unable to retain the same brand identity, we may have to incur additional expenses for building the brand name of a separate channel. Further, we cannot assure you that we will be able to obtain requisite permission from the MIB for change of the name of our channel. All of these factors may adversely affect our operations and financial conditions and our profitability.

For details on our agreements with CNN and its affiliates see section titled “History and Certain

Corporate Matters” beginning on page 72 of this Red Herring Prospectus.

***The Gupta family owns 51% of the paid up share capital of BK Fincap Private Limited and hence our Company may not be able to exercise control over the operations of BK Fincap Private Limited***

Our Company has entered into a share subscription cum shareholders agreement dated July 25, 2006 with the Gupta family, BK Fincap Private Limited and Jagran TV Private Limited pursuant to which our Company has acquired 76,485 equity shares of BK Fincap Private Limited. Pursuant to the acquisition, our Company presently holds 86,485 equity shares i.e. 49% of the issued share capital of BK Fincap Private Limited. The agreement prescribes that our Company and Gupta family have affirmative voting rights on certain identified matters such as change in scope of business, amendment to the memorandum and articles of association, creation of any subsidiary and any act to list the shares of BK Fincap Private Limited. In the event of any conflict of views between our Company and the Gupta family, the operations and management of BK Fincap Private Limited may get affected which may affect our results of operations and financial condition.

For details of the share subscription cum shareholders agreement see section titled “History and certain corporate matters” beginning on page 72 of this Red Herring Prospectus.

***We are predominantly focussed on the news broadcasting industry***

We are predominantly focussed on broadcasting television news. Our future success depends on the leadership of our news channel(s) in the news broadcasting industry. There have been substantial changes in recent years, such as technological changes, unforeseen news events, launch of new channels, 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.

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. As we are presently focussed only on the news broadcasting genre, we cannot assure you of the success of any new channels that we may launch.

These factors may adversely affect our business, financial condition and results of operations.

***We may not be able to differentiate our news channels to maintain our leadership position***

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

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

Our primary competitors include NDTV 24X7, Headlines Today and Times Now. We also face competition from some of the regional players such as Sun News, Eenadu and Udaya News. A number of new news channels have built market share by both expansion of market and by capturing market share from the existing channels. Since our launch, we have established our position in the English language news broadcasting genre and are focussed on achieving growth. However, some of our competitors may have greater resources and hence may have the ability to absorb losses, and this we believe could affect the news broadcasting industry’s business plans.

Potential new entrants in the English news genre could intensify competition and may adversely affect our position in the industry, business, financial condition and results of operations. Some of our competitors who have access to greater resources shall have the ability to compete more effectively. We expect competition to increase with new entrants entering the news broadcasting industry and existing players consolidating their positions. 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, financial position and profitability.

***Our revenues are dependent on advertising income, which could decline due to a variety of factors***

Our primary source of revenue is advertising income, which is influenced by various factors, including primarily the viewership of our programs. Advertising is also affected by general economic conditions, and a downturn in the economy generally or in particular industries and markets served by our advertising customers may cause advertisers to decrease advertising budgets. We generate income from a limited number of advertisers. In the 10 month period ended March 31, 2006 and in the six month period ended September 30, 2006, our top 10 advertisers accounted for approximately 49% and 25%, respectively of our total advertising revenue. Our advertising revenue constituted 88.74% and 93.59% of our total revenues in the respective periods. The loss of any of our major advertisers could cause our advertising income to decline.

Further, in the advertising market, television competes with other advertising media, in particular, the print media and radio. As a consequence, our advertising income may be influenced to the extent our advertisers prefer to advertise on television compared to other media. Although we may be able to generate income from subscription revenues and other income sources in the future, we will continue to substantially rely on advertisement revenues.

Our advertisers generally make commitments to purchase advertising time only a short period in advance. Additionally, they can terminate contracts before completion or choose not to renew contracts at short notice. Non-payment or delay in payment by our advertisers can result in bad debts. We are also limited by a fixed amount of available advertising time and our rates are affected by the prices charged by our competitors. Thus, our ability to leverage any increase in viewership ratings to charge additional rates may be limited. Any change in advertiser preferences regarding our channels, which may arise due to the loss of market share, general economic conditions, changes in the media preferences of advertising customers or other reasons, will adversely affect our business and financial condition.

***We intend to pre-pay/repay Rs. 25.00 crores of our outstanding debt to ICICI Bank Limited from the Net Proceeds of the Issue and we may have to pay penalties for pre-payment of loan under our loan agreement with ICICI Bank Limited***

We have pursuant to a loan agreement dated May 11, 2006 taken a loan of Rs. 25.00 crores from ICICI Bank Limited and intend to pre-pay/repay the aforesaid loan from the Net Proceeds of the Issue. As per our loan agreement dated May 11, 2006 we cannot pre-pay/repay the loan without prior approval of ICICI Bank Limited and ICICI Bank Limited may impose terms and conditions including prepayment penalty for such prepayment. We cannot assure you that we will get the necessary approval from ICICI Bank and even if we get such an approval we cannot assure you that ICICI Bank Limited will not impose onerous terms and conditions for pre-payment which may effect out results of operation.

For further details, see section titled “Financial Indebtedness” beginning on page 66 of this Red Herring Prospectus.

***Part of the Net Proceeds of the Issue are being raised for pre-payment/repayment of our outstanding debt of Rs. 25.00 crores from ICICI Bank Limited, which is a holding company of one of the Book Running Lead Managers to the Issue, ICICI Securities Limited***

ICICI Securities Limited is one of the Book Running Lead Managers to the Issue and part of the Net Proceeds of the Issue is being raised for pre-payment/repayment of our outstanding debt of Rs. 25.00 crores from ICICI Bank Limited, which is a holding company of ICICI Securities Limited.

***Our ability to retain journalistic and production talent may be adversely affected by competition and increasing cost of human resources***

Our success depends in part on our ability to recruit and retain journalists and technicians of high quality at reasonable rates. We may face competition from other news channels in recruiting and retaining journalists and technical staff for the production of programs. The inability to recruit and retain such high quality human resources at reasonable rates could have an adverse effect on our business and financial condition.

***If we launch new channels, expand into new media operations or new geographic areas, we could face operational challenges and significant resource commitments***

We may launch new channels targeting a range of viewer preferences. We cannot assure you that we will be able to launch these channels or that, if launched, they will succeed. In particular, the success of any new channel that we launch will depend on our ability to develop attractive programming that generates adequate viewership and enables us to sell advertising time at profitable rates.

As part of our growth strategy, we may broaden our media presence through other platforms, including broadband, mobile and direct to home. We may consider expanding our television operations into other countries. We may face significant challenges in our expansion efforts, including the availability of sufficient capital resources, adequate management attention and new forms of competition. We cannot assure you that our attributes and strengths will enable us to be successful in regions outside our existing markets or in expanding into new delivery platforms.

We may also choose to expand through acquisitions, which involve transactional, financing and integration risks. Our ability to successfully manage any further expansion will require the continued enhancement of our operational, management and financial resources and controls. Our failure to manage any such expansion effectively could adversely affect our business.

***Our Promoter and Promoter group entities have interests in a number of companies, which are not restricted from engaging in businesses similar to ours.***

One of our Promoters, TV 18 directly owns and operates two television channels CNBC TV18 and CNBC Awaaz and controls a number of companies, which are allowed by their constitutional documents to own and operate television channels including news and current affairs channels. Further, BK Fincap Private Limited, a company in which we hold 49% of the issued share capital and which holds majority shares of Jagran TV Private Limited owns and operates a Hindi language news and current affairs channel. Presently, none of our Promoters or any entity controlled by them are in the business of owning and operating “English language news and current affairs channels” and therefore do not compete with us. However, we currently do not have any agreement that restricts our Promoters or any entity controlled by them or BK Fincap Private Limited and Jagran TV Private Limited from undertaking such business and this may result in a conflict of interest and adversely affect our business.

***Our transition to pay channel status could result in a decline in our audience share and have other adverse effects on our business***

We have entered in to a memorandum of understanding with Zee Turner Limited pursuant to which we have become a pay channel (except in Chennai). Although we believe that conversion of our channel to a pay channel will not result in loss of viewers, we cannot assure you that we will not lose any viewers. Any decline in audience share could result in a decline in advertising income and could otherwise adversely affect our revenues. The conversion of our channel to a pay channel could also subject us to adverse actions by parties such as multi service operators and local cable operators. If we were to face such actions or if the multiple service operators and cable operators refuse to carry our channels as pay channels, our business would be adversely affected.

***Our operations are concentrated in a single facility in Noida, and we are vulnerable to natural disasters or other events that could disrupt those operations***

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

***Technological failures could adversely affect our business***

We rely on sophisticated production and broadcast equipment, communications equipment and other information technology to conduct our business. Although we have backup equipment in some cases, if we were to experience significant damage to certain equipment or other technological breakdowns to equipment or systems, it could disrupt our ability to produce or broadcast our programming, our internal decision-making or other critical aspects of our business. Further, all of our broadcasting is done by uplink to a single satellite. If this satellite were to cease to be available to us for any reason, we would have to secure access to an alternative satellite, and we cannot assure you that such access would be available on equally favourable terms or at all or the time frame within which such access would be available. Though we do maintain insurance for our assets and loss of profits, any equipment or technological failure or damage that results in a disruption of our services could lead to loss of revenues.

***We are dependent on a number of key personnel who are part of our senior management, and the loss of such persons could adversely affect us***

Our performance depends largely on the efforts and abilities of senior management and other personnel. We do not maintain key-man insurance for any of our key personnel. We are also dependent on other members of our senior management team, including some who have been with the Company since its inception, and the loss of the services of some of these individuals could adversely affect us.

For details of our key managerial personnel see section titled “Our Management” beginning on page 88 of this Red Herring Prospectus.

***There are technological limitations to the expansion of television channels***

There are technological limitations to the extent to which we can expand our channel. For example, at present the cable connections between cable operators and subscribers are predominantly in the analog format, which limits the bandwidth available for the transmission of new channels. While digital technology and devices such as set top boxes are beginning to be used in “last mile” connectivity, we cannot assure you that if we decide to expand our channel

offerings, we will be able to do so on reasonable terms, on a timely basis, or at all.

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

The broadcasting industry is subject to rapid changes in technology. Although we strive to keep our technology in line with the latest international technological standards, the technology currently employed by us may become obsolete. 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 on favorable terms.

***Misappropriation of our intellectual property rights could harm our competitive position***

Our library of acquired and in-house programming is one of our most valuable assets. We rely on copyright and license agreements, among other things, to protect our intellectual property rights. These protections may not be sufficient to prevent unauthorized parties from infringing upon or misappropriating our programs. Changes to intellectual property law could also adversely affect the intellectual property protection available to our programming content, thereby reducing the value of such content. Further, local cable operators may occasionally try to use our signals as their own broadcasts and we may be required to take legal action to prevent such misappropriation. In addition, although we believe that our products, services and proprietary information do not infringe upon the intellectual property rights of others and that we have all the rights necessary to use the intellectual property employed in our business, there can be no assurance that infringement claims will not be asserted against us.

***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 Indian broadcasting industry, especially the news and current affairs genre 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.

***We may face additional defamation charges***

We rely on our editors, reporters and freelance journalists (known as stringers) as well as news wires and agencies for the news and other content of our newspapers. While we have established systems and protocols to help ensure that articles are duly vetted by senior editors before they are published, any failure in those systems and protocols may lead to the publishing of defamatory articles thereby exposing us and our employees to litigation for libel or defamation charges. Any such litigation may affect our revenue and this may affect our profitability.

***We have not got any independent valuation done for our investment in BK Fincap Private Limited, which is proposed to be partly financed from the proceeds of this Issue***

Our Company has entered into certain agreements pursuant to which our Company has subscribed to 76,485 equity shares of BK Fincap Private Limited, for a total consideration of Rs. 68.00 crores. Subsequent to the aforesaid subscription our Company holds 86,485 equity shares constituting 49% issued share capital of BK Fincap Private Limited, which is the holding

company of Jagran TV Private Limited. Further, under these agreements, our Company is under a contractual obligation to infuse funds amounting to Rs. 11.50 crores in BK Fincap Private Limited through an unsecured loan.

Out of the total valuation of Rs. 68.00 crores and the contractual obligation to infuse funds amounting to Rs. 11.50 crores, Rs. 33.65 crores has already been paid. The residual consideration of Rs. 45.85 crores, is proposed to be financed from the proceeds of the Issue.

We have not got any independent valuation done for the aforesaid investment and our management has determined the value for the investment. The estimate of the value determined by our management may be below the fair market value that may have been determined by an independent valuer. We cannot assure you that the consideration agreed for by us for our investment in BK Fincap Private Limited reflects the fair market value.

For details of our investment in BK Fincap Private Limited, see sections titled “Objects of the Issue” and “History and Certain Corporate Matters” beginning on pages 30 and 72 of this Red Herring Prospectus.

***We have not got any independent valuation done for the transfer our interactive internet portal, ibnlive.com to Web 18 Software Services Limited***

As a part of group restructuring, certain portal businesses of our group are getting consolidated into Web 18 Holdings Limited which would hold such businesses either directly or through its subsidiaries. In this regard, we have recently transferred our interactive internet portal, ibnlive.com, to Web 18 Software Services Limited, which is a subsidiary of Web 18 Holdings Limited. As a part of the arrangement, our Company would hold 15% equity shares in Web 18 Holdings Limited. We have not got any independent valuation done for the aforesaid transfer and our management has determined the value for the transfer. The estimate of the value determined by our management may be below the fair market value that may have been determined by an independent valuer. We cannot assure you that the consideration agreed for the transfer of our portal business reflects the fair market value of the business.

For details of the agreements relating to the transfer of business, see section titled “History and Certain Corporate Matters” beginning on page 72 of this Red Herring Prospectus.

***Covenants with institutional lenders and other contractual commitments may restrict our operations and expansion ability***

Certain covenants in our loan agreements with ICICI Bank Limited and Yes Bank Limited require us to obtain their approval *inter alia* prior to undertaking any changes in capital structure or any major restructuring of our Company. Although we have generally not encountered difficulties in obtaining such consents for desired actions in the past, no assurance can be given that such consent will be granted at such times as we may require, or at all, in the future. Under the terms of the loan agreements ICICI Bank Limited is also entitled to appoint nominee directors on our Board.

For further details, see section titled “Financial Indebtedness” beginning on page 66 of this Red Herring Prospectus.

***Certain of our Promoters, Promoter group companies and Directors have interests in our Company, other than their shareholding, reimbursement of expenses incurred or normal remuneration or benefits***

Our Director, Mr. Sameer Manchanda has entered into an employment agreement dated November 1, 2005 and he may be interested to the extent of his entitlements therein including payment of Rs. 5.00 crores, out of which Rs. 2.00 crores has already been paid, upon successful



completion of this Issue and stock options in TV 18. For further details relating to the interest of our Promoters, Promoter Group and Directors in the Company and for the details of the terms and conditions of employment of Mr. Manchanda, refer section titled “Our Management” beginning on page 88 of this Red Herring Prospectus.

***Your holdings may be diluted by additional issuances of equity or sales by our principal shareholder, which may adversely affect the market price of our Equity Shares***

Any future issuance of our Equity Shares may dilute the positions of investors in our Equity Shares, which could adversely affect the market price of our Equity Shares. Additionally, sales of a large number of our Equity Shares by our principal shareholder could adversely affect the market price of our Equity Shares. Any perception that such primary or secondary sales may occur could also adversely affect the market price of our Equity Shares.

***If our employees unionize we may be subject to industrial unrest, slowdowns and increased wage costs***

India has stringent labor legislation that protects the interests of workers, including legislation that sets forth detailed procedures for the establishment of unions, dispute resolution and employee removal and legislation that imposes certain financial obligations on employers upon retrenchment. Although our employees are not currently unionized there can be no assurance that they will not unionize in the future. If our employees unionize, it may become difficult for us to maintain flexible labor policies, and our business may be adversely affected.

***Our Registered Office and other premises from which we operate are not owned by us***

We do not own the premises on which our Registered Office and other offices, including our production and uplinking facilities in Noida, are located. We operate from rented and leased premises. The lease for our Registered Office and the lease for our production and uplinking facility expires on September 30, 2008 and June 30, 2008, respectively. If any of the owners of these premises do not renew the agreements under which we occupy the premises or renew such agreements on terms and conditions unfavourable to us, we may suffer a disruption in our operations. For further details, see the section titled “Our Business” beginning on page 56 of this Red Herring Prospectus.

***The revenues generated from advertising are seasonal***

Our advertisement revenue is seasonal and is likely to be higher in the last six months of the fiscal year (October – March) primarily due to the occurrence of the festive season and the end of the financial year for most businesses in India. Any disturbances/disruptions during this period may lead to reduction in our revenues and can have a material adverse impact on our financial performance.

***Certain of our Promoter group companies have incurred losses***

We have 18 Promoter group companies of which the following five Promoter group companies incurred losses during the past four years. These are not expected to have any negative impact on our business. For further details, see the section titled “Our Promoters and Group Companies” beginning on page 100 of this Red Herring Prospectus.

Name of Company	Loss for the year ended March 31, 2006	Loss for the year ended March 31, 2005	Loss for the year ended March 31, 2004	Loss for the year ended March 31, 2003
TV 18 (In Rs. crores)	-	-	(3.93)	-
Network 18 (In Rs. crores)	-	2.86	-	-

Name of Company	Loss for the year ended March 31, 2006	Loss for the year ended March 31, 2005	Loss for the year ended March 31, 2004	Loss for the year ended March 31, 2003
SGA News Limited (In Rs. crores)	(26.55)	(20.10)	Negligible	-
SGA Media Inc. (in USD)	(2,43,287)	(7,05,381)	(7,17,521)	
Setpro Holdings Private Limited (in Rs.)	-	(2,011)	(2,654)	(1,567)

***We have, in the last twelve months issued Equity Shares at a price which is less than the Issue Price***

Our Company has issued the following shares at a price, which is less than the Issue Price:

- 10,408,163 Equity Shares to SRH at a price of Rs 18.93 per Equity Share on April 20, 2006. The issuance of the Equity Shares to SRH changed the swap ratio under the scheme of amalgamation from 5.2 as on October 1, 2005 i.e. appointed date under the scheme of amalgamation to 10.61 as on the effective date i.e. December 4, 2006. This resulted in each shareholder of SRH getting additional Equity Shares for each equity share held by them in SRH. These 10,408,163 Equity Shares have been extinguished pursuant to the scheme of amalgamation.
- 2,119,900 equity shares to IL&FS Trust Co. Limited a/c IL&FS Private Equity Trust – Leverage India Fund at Rs 188.69 per equity share on May 17, 2006. These shares were issued pursuant to the Investment cum Shareholders Agreement dated January 5, 2006.

For further details, see sections titled “Capital Structure” and “History and Certain Corporate Matters” beginning on page 72 of this Red Herring Prospectus.

**External Risk Factors**

***Our business could be adversely impacted by economic, political and social developments in India and particularly in the regional markets that we serve***

Our performance and growth are dependent on the health of the Indian economy and in particular the economies of the regional markets we serve. These economies 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 media 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. Current valuations of other listed companies, in our industry, may not be comparable with our company.

***Restrictions on foreign investment in our Company limits our ability to raise capital outside India.***

Foreign investment in the news and current affairs industry is regulated by the Government of India. Foreign direct investment, including investment by FIIs of up to 26% of the paid up equity

capital of the applicant company is permitted with the prior permission of the Government of India. Such an investment would be subject to the following conditions:

- Foreign investment will be allowed only where the applicant company is a company registered with the Registrar of Companies under the provisions of the Companies Act.
- At least 3/4th of the directors on the board of directors and all the key executives and editorial staff of the applicant company shall be resident Indians.
- Complete disclosures are required to be made by the applicant company at the time of making the application regarding any shareholders' agreements and loan agreements that are finalized or proposed to be entered into. Any subsequent change in these would be disclosed to the MIB within 15 days of the date of such a change.
- While calculating the 26% foreign investment in the equity of the company, the foreign holding component, if any, in the equity of the Indian shareholder companies of the entity will be duly reckoned on pro rata basis so as to arrive at the total foreign holding.

For further details, see section titled "Regulations and Policies" beginning on page 69 of this Red Herring Prospectus.

These regulations are applicable to our Company and it limits our ability to seek and obtain additional equity investments from foreign investors, which may adversely affect our ability to raise capital. Further, the Company is required to ensure that the sectoral cap of 26% of foreign investment in the Company is not breached in the secondary market and the Company may need to take all steps, including reversing or rescinding any sale or purchase of Equity Shares in the stock exchanges and rectify its register of members as per the Companies Act, in order to ensure that the obligations under the applicable laws and guidelines are not breached.

***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.

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

The Indian economy has shown sustained growth over the last few years. The estimate of GDP released by the Central Statistical Organisation ("CSO") has placed the GDP growth at 8.4% in fiscal 2006. GDP in India grew at 7.5 % in fiscal 2005, 8.5% in fiscal 2004, 4.0% in fiscal 2003 and 5.8% in fiscal 2002. India's GDP growth for the first and second quarters of fiscal 2006 was estimated at 8.9% and 9.2%, respectively, signalling continued strong growth. (Source: Central Statistical Organisation, Government of India.) Any slowdown in the Indian economy and the consequent impact on disposable income could adversely affect our advertising income, which could adversely affect our results of operations.

**Notes to Risk Factors:**

1. Public Issue of [•] Equity Shares of Rs. 10 each for cash at a price of Rs. [•] per Equity

Share aggregating upto Rs. 105.00 crores. The Issue would constitute [•]% of the fully diluted post issue paid-up capital of the Company.

2. The net worth of the Company was Rs. (5.65 crores) as of March 31, 2006 and Rs. 41.66 crores as of September 30, 2006 as per our restated financial statements included in this Red Herring Prospectus.
3. The net asset value per Equity Share of Rs. 10 each was Rs. (5.65) as of March 31, 2006 and Rs. 18.50 as of September 30, 2006, as per our restated financial statements included in this Red Herring Prospectus.
4. The average cost of acquisition of our Equity Shares by SRH (our erstwhile Promoter) was Rs. 36.26 per Equity Share. The average cost of acquisition of Equity Shares by our Promoter has been calculated by taking the average of the amount paid by them to acquire the Equity Shares issued by us. Pursuant to the scheme of amalgamation SRH has ceased to exist, the Equity Shares issued to SRH have extinguished and Network 18 our Promoter has been issued Equity Shares. For further details see sections titled “Restructuring” and “Capital Structure” beginning on pages 1 and 23 of this Red Herring Prospectus.
5. In terms of Rule 19 (2)(b) of the SCRR, this being an Issue for less than 25% of the post-Issue capital, the Issue is being made through the 100% Book Building Process wherein at least 60% of the Net Issue will be allocated on a proportionate basis to QIBs, out of which 5% shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder shall be available for allocation 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 60% of the Net Issue cannot be allocated to QIBs, then the entire application money will be refunded forthwith. Further, up to 10% of the Net Issue will be available for allocation on a proportionate basis to Non-Institutional Bidders and up to 30% 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.
6. Trading in Equity Shares of our Company for all investors shall be in dematerialised form only.
7. Any clarification or information relating to the Issue shall be made available by the BRLMs, the Co-BRLMs and our Company to the investors at large and no selective or additional information would be available for a section of investors in any manner whatsoever. Investors may contact the BRLMs, the Co-BRLMs and the Syndicate Members for any complaints pertaining to the Issue.
8. For details of our related party transactions, please refer to the risk factor titled “We have entered into certain related party transactions” and the section titled “Related Party Transactions” on page 13 and page 119 of this Red Herring Prospectus.
9. Investors may note that in case of over-subscription in the Net Issue, Allotment to QIBs, Non-Institutional Bidders and Retail Bidders shall be on a proportionate basis. For more information, please see section titled “Issue Procedure - Basis of Allotment” beginning on page 189 of this Red Herring Prospectus.
10. Investors are advised to refer to the section titled “Basis for Issue Price” beginning on page 39 of this Red Herring Prospectus.

## RESTRUCTURING

### SCHEME OF AMALGAMATION AND SCHEME OF ARRANGEMENT

#### Our Company

#### *Scheme of Amalgamation*

As part of a restructuring, our Company and SRH had filed a scheme of amalgamation under the Companies Act before the High Court of Delhi to consolidate our Company and SRH ("Scheme of Amalgamation"). The Scheme of Amalgamation was approved by the boards of our Company and SRH through resolutions of the respective boards dated May 2, 2006. The High Court of Delhi had through an order dated October 31, 2006 granted its sanction to the Scheme of Amalgamation and had instructed our Company and SRH to comply with statutory and other legal requirements to make effective the Scheme of Amalgamation. Our Company has on December 4, 2006 filed a certified copy of the order of the High Court of Delhi with the RoC. The RoC has confirmed the amalgamation of SRH and our Company through a certificate dated December 6, 2006.

The salient terms of the Scheme of Amalgamation were as follows:

- The Scheme of Amalgamation shall come into operation from the appointed date i.e. October 1, 2005 and shall be effective from the effective date i.e., the date on which the certified copies of the orders of the High Court of Delhi in relation to the Scheme of Amalgamation are filed with the RoC.
- The whole of the undertaking of SRH comprising all assets and liabilities shall be transferred to and vested in our Company.
- The swap ratio provided in the Scheme of Amalgamation is 5.2:1, i.e. each shareholder of SRH is entitled to 5.2 Equity Shares of GBN for every one equity share held by such shareholder in SRH. Further, the Scheme of Amalgamation prescribes that the swap ratio may be adjusted in the event of any change in the share capital of our Company or SRH and that all such adjustments would be deemed to be an integral part of the Scheme of Amalgamation.<sup>1</sup>
- The shares issued by our Company pursuant to the Scheme of Amalgamation coming into effect would rank *pari passu* with the Equity Shares.
- All transactions during the period between the appointed date i.e. October 1, 2005 and the effective date i.e. date on which the certified copy of the order of the High Court of Delhi is filed with the RoC, would be duly reflected in the financial statements of our Company.
- GBN shall record the assets and liabilities (except investment by SRH in the equity share capital of GBN and any inter company advances given by SRH to GBN which shall stand cancelled) of SRH vested in it pursuant to the Scheme of Amalgamation, at the respective book values as appearing in the books of SRH at the close of business of the day immediately preceding the appointed date i.e. October 1, 2005.

With the successful implementation of the Scheme of Amalgamation, the entire undertaking of SRH comprising all of its assets and liabilities have transferred and vested in our Company. In consideration for the same our Company has on December 7, 2006 issued and allotted Equity Shares at par to each shareholder of SRH as on December 4, 2006 (effective date) at the swap

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<sup>1</sup> J.N Sharma & Co., Chartered Accountants have through their valuation reports dated May 1, 2006 and May 20, 2006 arrived at the swap ratio on the basis of ratio of the number of Equity Shares held by SRH and the paid up share capital of SRH.

ratio as prescribed in the Scheme of Amalgamation.

Post the appointed date i.e. October 1, 2005 our Company had on April 20, 2006 issued 10,408,163 Equity Shares to SRH. As a consequence of such issuance, the swap ratio changed from 5.2 (as on the appointed date) to 10.61 (as on the effective date i.e. December 4, 2006) i.e. each shareholder of SRH as on the effective date was entitled to 10.61 Equity Shares for every one equity share held by such shareholder on the effective date in SRH.

Consequently, upon the scheme of amalgamation coming into effect, SRH ceased to exist and 20,408,163 Equity Shares held by SRH were extinguished. Further, pursuant to the scheme of amalgamation 20,408,163 Equity Shares were allotted to the shareholders of SRH.

The shareholding pattern of SRH as of December 4, 2006 was as follows:

<b>Name of Shareholder</b>	<b>No. of Equity Shares</b>	<b>% of Shareholding</b>
Network 18 Fincap Limited	981,000	51.01
RVT Investments Private Limited	442,000	22.98
Mr. Sameer Manchanda	201,576	10.48
Mr. Rajdeep Sardesai	100,788	5.24
Mr. Hareesh Chawla	100,788	5.24
Mr. Raghav Bahl	68,580	3.57
Mr. Vinay Tewari	1,300	0.07
Ms. Anubha Bhonsle	1,300	0.07
Mr. Bhupendra Chaubey	1,300	0.07
Ms. Suhasini Haider	1,300	0.07
Mr. Vidya Shankar Aiyar	1,300	0.07
Mr. Rajen Garabadu	1,300	0.07
Ms. Sagarika Ghose	1,300	0.07
Mr. Ajaya Chand	1,300	0.07
Mr. Piyush Goyal	1,300	0.07
Mr. Diptosh Majumdar	950	0.05
Mr. Mangesh Bapat	950	0.05
Mr. Nitin Malik	950	0.05
Mr. Rajiv Gupta	950	0.05
Mr. Sumit Sabharwal	950	0.05
Mr. V Sudesh	950	0.05
Mr. Vipul Panchal	950	0.05
Mr. V.K.Shashikumar	950	0.05
Mr. Kushal Bhattacharjee	650	0.03
Mr. Prabhakar Kumar	650	0.03
Ms. Priyanjana Dutta	650	0.03
Mr. Sudeep Mukhia	650	0.03
Mr. Sumon Kalyan Chakrabarti	650	0.03
Mr. Summit Grover	650	0.03
Ms. Smitha Nair	650	0.03
Mr. Abhishek Kumar	495	0.03
Ms. Tracy Shilshi	495	0.03
Ms. Nilanjana Bose	495	0.03
Mr. Rohit Khanna	495	0.03

Name of Shareholder	No. of Equity Shares	% of Shareholding
Mr. Gaurav Kalra	495	0.03
Mr. Surya Gangadharan	495	0.03
Mr. Asif Mukadam	395	0.02
Ms. Priya Mukherjee	395	0.02
Mr. P.R.Vasu	395	0.02
Mr. K Suresh Babu	250	0.01
SRH Shareholders Trust	13	Negligible
<b>Total</b>	<b>1,923,000</b>	<b>100.00</b>

*Estimated financial impact of the scheme of amalgamation*

The amalgamation will be accounted for in accordance with applicable Indian GAAP. Accordingly, assets and liabilities of SRH as on September 30, 2005, will be recorded by our Company at their book values, except those inter-company balances and holdings which stand cancelled. All transactions of SRH during the period between the appointed date (October 1, 2005) and effective date (December 4, 2006) will also be duly reflected in the financial statements of our Company. We estimate the financial effect on the balance sheet of our Company as follows:

	Estimated financial impact in Rs.
Increase in Reserves on account of Capital Reserve	99,98,341
Decrease in Unsecured Loans	(90,00,000)
<b>Total</b>	<b>9,98,341</b>
Increase in Current Assets	1,27,055
Increase in Current Liabilities	8,61,732
<b>Net Increase in Current Liabilities</b>	<b>(7,34,677)</b>
Increase in Investments	7,09,708
Increase in Carried forward Losses	10,23,310
<b>Total</b>	<b>9,98,341</b>

We do not foresee any change on account of Contingent Liabilities or Off Balance Sheet items.

The audited financial statements of SRH as on December 3, 2006 are set out below:

**Extract of Profit & Loss Account for the period ended December 03, 2006**

	For the period ended 03 December 2006 (Rs.)	For the period ended 31 March 2006 (Rs.)
<b>INCOME</b>		
Income from Investments	62,458	32,249
<b>TOTAL</b>	<b>62,458</b>	<b>32,249</b>
<b>EXPENDITURE</b>		
Administrative and other costs	8,58,800	3,01,326

<b>TOTAL</b>	<b>8,58,800</b>	<b>3,01,326</b>
Loss before tax and prior period items	(7,96,342)	(2,69,077)
Total tax expense	-	-
Loss after tax	(7,96,342)	(2,69,077)
Balance brought forward from previous years	(2,69,077)	-
Loss carried to Balance Sheet	<b>(10,65,418)</b>	<b>(2,69,077)</b>

**Extract of Balance Sheet As at December 03, 2006**

	<b>As at 03 December 2006 (Rs.)</b>	<b>As at 31 March 2006 (Rs.)</b>
<b>SOURCE OF FUNDS</b>		
Shareholders funds		
a) Share capital	1,92,30,000	1,92,30,000
b) Reserves and surplus	28,78,10,449	28,78,10,449
Loan funds		
a) Secured loans	-	-
b) Unsecured loans	-	-
<b>TOTAL</b>	<b>30,70,40,449</b>	<b>30,70,40,449</b>
<b>APPLICATION OF FUNDS</b>		
Fixed assets	-	-
Investments	29,77,09,708	10,96,47,250
Current assets, loans and advances		
a) Cash and bank balances	1,27,055	61,101
b) Loans and advances	90,00,000	19,71,00,000
	91,27,055	19,71,61,101
Less: Current liabilities and provisions		
a) Current liabilities	8,61,732	36,978
Net current assets	82,65,323	19,71,24,123
Profit and loss account	10,65,418	2,69,076
<b>TOTAL</b>	<b>30,70,40,449</b>	<b>30,70,40,449</b>

The abovementioned extracts should be read along with the notes to the account as provided in the auditors report dated December 18, 2006, which is a material document available for inspection at our corporate office. For details of the auditors report dated December 18, 2006 see



section titled “Material Contracts and Documents for Inspection” beginning on page 233 of this Red Herring Prospectus.

### **Promoter/Promoter Group**

#### ***Scheme of Arrangement***

TV 18, Network 18 and SGA News Limited (“SGA News”) had filed an application under the Companies Act before the High Court of Delhi in relation to a proposed scheme of arrangement between amongst them (“Scheme of Arrangement”).

The Scheme of Arrangement entailed:

- (a) demerger of media investment undertaking of TV 18 into Network 18, which entailed the transfer of the shares held by TV 18 in SRH to Network 18; and
- (b) demerger of Indian news business undertaking of SGA News to TV 18, which entailed the transfer of the shares held by SGA News in SRH to TV 18.

The High Court of Delhi had through its order dated April 20, 2006 directed that meetings of the equity shareholders, secured creditors and unsecured creditors of TV 18, Network 18 and SGA News be held. The meetings were held on May 19, 2006 and May 20, 2006 and the court has through orders dated July 20, 2006 granted its sanction to the Scheme of Arrangement and has instructed TV 18, Network 18 and SGA News to comply with statutory and other legal requirements to effectuate the Scheme of Arrangement. The parties have filed the certified copies of the orders with the RoC on September 27, 2006 i.e. the effective date under the Scheme of Arrangement.

To give effect to the Scheme to Arrangement inter alia the following actions have been undertaken:

- (a) TV 18 has on September 27, 2006 transferred 981,000 equity shares of SRH to Network 18 at the original cost price of Rs. 19,70,00,000; and
- (b) SGA News has on September 28, 2006 transferred 442,000 equity shares of SRH to TV 18 at the original cost price of Rs. 8,87,60,499.

The parties are taking all necessary steps and corporate actions to implement the said orders.

## SUMMARY

*This is only a summary and does not contain all information that you should consider before investing in our Equity Shares. You should read the entire Red Herring Prospectus, including the information on "Risk Factors" and our financial statements and related notes beginning on page xii of this Red Herring Prospectus, before deciding to invest in our Equity Shares.*

### Overview

We own and operate one of India's leading 24-hour English language news and current affairs channel, 'CNN-IBN'. CNN-IBN was launched in December, 2005 and has since its launch become one of India's leading English language news channel. For the five weeks ended December 2, 2006 it led the English news genre with an average weekly market share of 37.55% (our closest competitor had 35.37%), according to TAM Viewership Data. CNN-IBN has also recently been awarded the 'Best English News Channel' at the Hero Honda Indian Television Academy Awards 2006. We have also recently entered into a share subscription cum shareholders agreement with the Gupta family, BK Fincap Private Limited and Jagran TV Private Limited and have acquired significant equity shareholding in BK Fincap Private Limited which is the holding company of Jagran TV Private Limited, which owns IBN 7, a 24-hour Hindi language news and current affairs channel.

We have an agreement with CNN for an exclusive, limited, non transferable right to use and reproduce, *inter alia*, the CNN name and principal logo. We also have news services agreement with Turner for production and broadcasting services.

We are also part of the TV 18 group, which owns and operates some of India's leading business channels and internet portals. The TV 18 group owns and operates channels such as CNBC-TV18, CNBC Awaaz, etc. In addition, they also operate portals such as [www.moneycontrol.com](http://www.moneycontrol.com) and [www.commoditiescontrol.com](http://www.commoditiescontrol.com), etc.

As a part of group restructuring, certain portal businesses of our group are being consolidated into Web 18 Holdings Limited which would hold such businesses either directly or through its subsidiaries. In this regard, we have recently transferred our interactive internet portal, [ibnlive.com](http://ibnlive.com), for real time news and current affairs to Web 18 Software Services Limited, which is a subsidiary of Web 18 Holdings Limited. As a part of the arrangement, our Company would hold 15% equity shares in Web 18 Holdings Limited. In addition to [ibnlive.com](http://ibnlive.com), [moneycontrol.com](http://moneycontrol.com), [poweryourtrade.com](http://poweryourtrade.com) and [commoditiescontrol.com](http://commoditiescontrol.com), Web 18 Holdings Limited has added [indiaearnings.com](http://indiaearnings.com), [easymf.com](http://easymf.com), [cricketnext.com](http://cricketnext.com), [yatra.com](http://yatra.com), [jobstreet.com](http://jobstreet.com), [compareindia.com](http://compareindia.com) and [tech2.com](http://tech2.com) to its portfolio over the last four months.

Our total revenue for the 10 month period ended March 31, 2006 and the six month period ended September 30, 2006 was Rs. 6.53 crores and Rs. 25.90 crores, respectively. Our losses for the same periods were Rs. 46.53 crores and Rs. 25.80 crores, respectively..

### Competitive strengths

We believe that we are well positioned to capture considerable growth opportunities in India's news broadcasting industry, because of our following key strengths:

#### ***We have a team of renowned journalists.***

We have a team of approximately 300 journalist and 250 stringers. Our journalists are located all over India and have established a wide network for coverage of news and current affairs. Mr. Rajdeep Sardesai, has won a number of awards including the Asian Television Award in 1998 and 'News Anchor of the Year' for three consecutive years awarded at the 'Hero Honda Indian Television Academy Awards' and the 'Indian Telly Awards'. Our journalists have helped

establish our reputation as a channel with high editorial integrity. They have provided issue based coverage of news and current affairs, which has in a short time frame established the CNN-IBN brand and continues to increase our market share. We have benchmarked standards for journalists and conduct regular and intensive training programs for our journalists in all aspects of television news and current affairs programming.

***Increasing reach resulting in brand recognition.***

Since the launch in December 2005, CNN-IBN's share in the English language news genre has increased from 18.75% to 37.55% for the five weeks ended December 2, 2006, according to TAM Viewership Data. Further, in the five weeks ended December 2, 2006, we had an average weekly reach of 11.17 million viewers and were available in 87.60% of households with access to cable and satellite.

We are the number one English language news channel in terms of viewership in almost all categories considered to be important by advertisers. According to TAM Viewership Data for the five weeks ended December 2, 2006, for the category of Male viewers who are above 25 years of age, we had a share of 38.71% as compared to 34.41% of our nearest competitor. This is an important category in terms of their decision-making and buying power and has resulted in increasing interest of advertisers in our channel. In the period between April 2006 and September 2006, we had more than 200 advertisers. For the 10 month period ended March 31, 2006 and the six month period ended September 30, 2006, 88.74% and 93.59% of the revenue generated by us was from advertising revenues. We believe that the increasing popularity of our channel will encourage more advertisers to advertise on our channel.

***We have synergies with TV 18 group and our brand and content partner, CNN.***

We are part of the TV 18 group of companies, which has over 10 years of experience in the news broadcasting sector. The TV 18 group currently has four other channels on air, each focussing on specific market segment. Channels owned by TV 18, such as CNBC TV 18 enjoy popularity in the business news segment. Further, we are supported by CNN's extensive global news network. We leverage the local journalistic expertise provided by TV 18 channels and international content provided by CNN to provide news viewers in India coverage of global and local events, from an Indian perspective. In addition, we have access to the marketing network of TV 18, which is spread, across the country.

***Our Promoters have experience in setting up and successfully operating television channels.***

Our Promoters, the TV 18 group have already set up two well established channels, CNBC-TV18 and CNBC Awaaz. These channels were established in December, 1999 and January, 2005, respectively. CNBC TV 18 is a leading English language business news channel and CNBC Awaaz is a leading Hindi language business news channel in India. According to TAM Viewership Data, CNBC-TV-18 and CNBC Awaaz dominated the Business News space with a combined average weekly market share of 61.75% for all individuals above 15 years of age, for the 11 months ended December 2, 2006. In addition, our Promoters have also been able to demonstrate ability to manage and successfully operate collaborations with international media entities such as CNBC.

***Our Strategy***

Our strategies for the conduct of our business are as follows:

***Increasing our reach and market share.***

Since the launch of CNN-IBN in December, 2005, its viewership has increased significantly. We intend to further increase our viewership and be the preferred choice of various viewer categories

by:

- providing more “live” news based on onsite coverage through our extensive news gathering infrastructure that comprises of 20 news bureaus, outdoor broadcasting vans, flyaway units, and state-of-the-art news gathering and production technology;
- continuously differentiating our news gathering, programming and presentation from competition;
- 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; and
- delivering news through multiple avenues, whether existing or emerging; and launching new channels to expand and strengthen our network, at an appropriate time, promoting and strengthening our brand by advertising on television, radio, print and other mediums as well as through public relations efforts, and focused promotion.

***Maximising our advertising revenues.***

We plan to maintain our focus on increasing and maximising our advertising revenues by:

- leveraging on our competitive strengths to attract viewers and advertisers;
- leveraging on our leadership position in the English language news genre to achieve better price realisations;
- enhancing our advertising revenues by offering branding opportunities to our advertisers, such as through sponsorships of specific programmes; and
- deploying the available news content through existing and emerging delivery mechanisms such as our website, mobile phones and radio.

***Leverage the size and growth in the Hindi news channels.***

The average weekly reach of Hindi language news channels in India for the 11 month period ended December 2, 2006 was 38.49 million as compared to 23.12 million viewers for English language news channels, according to TAM Viewership Data for all viewers above 15 years of age. We have entered into share subscription, share purchase and shareholders agreement with the promoters of Jagran TV Private Limited and others pursuant to which our Company has acquired 49% stake in BK Fincap Private Limited, a holding company of Jagran TV Private Limited, which owns a Hindi language channel, IBN 7. Channel 7 has been re-launched on June 5, 2006 with improved programming, visuals and graphics. On August 15, 2006 Channel 7 was renamed as IBN 7. We intend to assist IBN 7 attain a position of leadership in the Hindi language news channel genre to enable us to leverage the size of the Hindi language news genre. Under a team of journalists lead by Ashutosh, IBN7's average weekly market share increased from 7.61% in the five-month period between January 1, 2006 and June 3, 2006 to 9.14% in the six-month period between June 4, 2006 and December 2, 2006 according to the TAM Viewership Data for all individuals above 15 years in Hindi speaking markets in India. The competitors for IBN 7 are Aaj Tak, India TV, Janmat, NDTV India, Sahara Samay, Star News, Tez and Zee News.

***Derive subscription revenues***

We have evaluated the merits and demerits of making our channel CNN IBN, a pay channel so as to derive subscription revenues and in this regard we have entered into a memorandum of understanding with Zee Turner Limited granting it the exclusive right to receive and distribute the service via cable including digital, DTH, IPTV and any other mode that may be prevalent. Such alternate modes of distribution provide us additional platforms to derive subscription revenues. We also intend to derive international subscription revenues by catering to the Indian diaspora in

various countries, at an appropriate time. We have recently entered into an agreement with Univision Company Private Limited for the transmission and distribution of channel content in Nepal. We have also entered into an agreement with Reliance Communications Infrastructure Limited for distribution of channel content to the handsets of Reliance Communication's subscribers.

## THE ISSUE

Issue:	Up to [●] Equity Shares aggregating up to Rs. 105.00 crores.
Of which:	
Employee Reservation Portion:	Up to [●] Equity Shares aggregating up to Rs. 5.00 crores.
Net Issue to the public:	Up to [●] Equity Shares aggregating up to Rs. 100.00 crores.
Of which:	
Qualified Institutional Buyers Portion:	At least [●] Equity Shares (allocation on proportionate basis) out of which 5% of the QIB Portion or at least [●] Equity Shares (assuming the QIB Portion is 60% of the Net Issue) shall be available for allocation on a proportionate basis to Mutual Funds only (Mutual Funds Portion), and [●] Equity Shares (assuming the QIB Portion is 60% of the Net Issue) shall be available for allocation to all QIBs, including Mutual Funds.
Non-Institutional Portion:	Up to [●] Equity Shares (allocation on proportionate basis).
Retail Portion:	Up to [●] Equity Shares (allocation on proportionate basis).
Equity Shares outstanding prior to the Issue:	22,528,163 Equity Shares.
Equity Shares outstanding post the Issue:	[●] Equity Shares.
Objects of the Issue:	See section titled “Objects of the Issue” beginning on page 30 of this Red Herring Prospectus.

## SUMMARY FINANCIAL INFORMATION

The following tables set forth certain summary financial data derived from our restated financial statements for the 10 month period ended March 31, 2006 and for the six month period ended September 30, 2006. These financial statements have been prepared in accordance with Indian GAAP, the Companies Act and the SEBI Guidelines. The summary financial data presented below should be read in conjunction with our financial statements, the notes thereto and the section titled “Management’s Discussion and Analysis of Financial Condition and Results of Operations” beginning on page 150 of this Red Herring Prospectus.

### SUMMARY STATEMENT OF PROFITS AND LOSSES

(Rs in Crores)			
	Particulars	Half year ended 30.09.2006	Period ended 31.03.2006
A	Income		
	Income from News operations	24.24	5.92
	Other Income	1.66	0.61
	Total	25.90	6.53
B	Expenditure		
	Production, administrative and other costs	30.19	28.53
	Personnel expenses	15.21	19.18
	Interest and financial charges	3.43	1.58
	Depreciation	2.53	3.41
	Total	51.36	52.70
C	Net Profit/(Loss) before tax and extraordinary items	(25.46)	(46.17)
	Provision for taxation (Fringe benefit tax)	(0.34)	(0.36)
	Provision for deferred tax	-	-
D	Net profit/(loss) after tax and extraordinary items	(25.80)	(46.53)

## SUMMARY STATEMENT OF ASSETS AND LIABILITIES

(Rs in Crores)

	Particulars	As at 30.09.2006	As at 31.03.2006
A	Fixed Assets		
	Gross Block	50.88	49.29
	Less: Depreciation	5.92	3.41
	Net Block	44.96	45.88
B	Capital Work In Progress	0.09	-
C	Investments	36.92	9.34
D	Current Assets, Loans and Advances		
	Inventories	0.30	-
	Sundry Debtors	20.36	6.45
	Cash and Bank Balances	9.55	8.98
	Loans and Advances	18.14	10.25
		48.35	25.68
E	Total assets (A+B+C+D)	130.32	80.90
F	Liabilities and Provisions		
	Secured Loans	67.60	32.39
	Unsecured Loans	0.90	40.00
	Current Liabilities and Provisions	20.58	14.16
	Total liabilities	89.08	86.55
G	Miscellaneous Expenses (to the extent not written off)	0.42	-
H	Networth (E+G-F)	41.66	(5.65)
I	Represented By		
	1. Share Capital (Equity Paid-Up Capital)	22.52	10.00
	2. Share Premium Received	91.46	-
	3. Share Application Money Pending Allotment	0.01	30.88
	4. Adjusted Profit and Loss Debit Balance	(72.33)	(46.53)
	Net worth	41.66	(5.65)



## SUMMARY OF ACCOUNTING RATIOS

S.No.	Particulars	Half year ended 30.09.2006	Period ended 31.03.2006
1.	Basic Earnings per share (EPS)		
	– In Rupees	(12.75)	(47.98)
2.	Net Asset Value per share		
	- In Rupees	18.50	(5.65)
3.	Return on Net worth		
	- In percentage (See note 4 below)	N.A	N.A

Notes:

- The ratios have been computed as below:

$$\text{Earnings Per Share (Rs.)} = \frac{\text{Adjusted Profit/ (Loss) after tax but before extraordinary items}}{\text{Weighted average number of Equity shares outstanding during the period}}$$

$$\text{Net Asset Value Per Share (Rs.)} = \frac{\text{Net Worth excluding revaluation reserve}}{\text{Number of Equity shares outstanding at the period end}}$$

$$\text{Return on Net worth (\%)} = \frac{\text{Adjusted Profit/ (Loss) after tax but before extraordinary items}}{\text{Net Worth excluding revaluation reserve}}$$

- Earnings per share is calculated in accordance with Accounting Standard 20 “Earnings Per Share” issued by the Institute of Chartered Accountants of India.
- Profit and Loss as restated has been considered for the purpose of computing the above ratios
- In view of the net loss for the period, the ratio of ‘Return on Net Worth’ has not been computed.

## **GENERAL INFORMATION**

### **Registered Office of our Company**

Global Broadcast News Limited  
601, 6<sup>th</sup> Floor, Commercial Tower,  
Hotel Le-Meridien, Raisina Road  
New Delhi 110 001, India.  
Registration Number: U74300DL2005PTC137214

Our Company is registered at the office of the Registrar of Companies, National Capital Territory of Delhi and Haryana, located at Pariyavaran Bhawan, Block B, 2<sup>nd</sup> Floor, CGO Complex, Lodhi Road, New Delhi 110 003.

### **Board of Directors**

The following persons constitute our Board of Directors:

1. Mr. Raghav Bahl;
2. Mr. Sameer Manchanda;
3. Mr. Sanjay Ray Chaudhuri;
4. Mr. G K Arora;
5. Mr. Hari S Bhartia; and
6. Mr. Shahzaad Dalal.

For further details of our Directors, see section titled “Our Management” on page 88 of this Red Herring Prospectus.

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

Mr. Hitesh Kumar Jain,  
Express Trade Tower, Plot No. 15 & 16,  
Sector 16A, Noida,  
Uttar Pradesh 201 301, India.  
Tel: +91 120 4341 818  
Fax: +91 120 4324 110  
E-mail: ipo@tv18online.com

**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, credit of allotted shares in the respective beneficiary account or refund orders, etc.**

### **Book Running Lead Managers**

#### **ICICI Securities Limited**

ICICI Centre, H.T. Parekh Marg,  
Churchgate, Mumbai 400 021  
Tel: +91 22 2288 2460  
Fax: +91 22 2283 7045  
Email: gbn\_ipo@isecltd.com  
Website: www.icicisecurities.com  
Contact Person: Mr. Mahesh Natarajan

#### **Kotak Mahindra Capital Company Limited**

3<sup>rd</sup> Floor, Bakhtawar, 229  
Nariman Point, Mumbai 400 021

Tel: + 91 22 6634 1100  
Fax: + 91 22 2284 0492  
E-mail: gbn.ipo@kotak.com  
Website: www.kotak.com  
Contact Person: Mr. Chandrakant Bhole

#### **Co-Book Running Lead Managers**

##### **JM Morgan Stanley Private Limited**

141, Maker Chambers III,  
Nariman Point, Mumbai 400 021  
Tel: + 91 22 6630 3030  
Fax: + 91 22 2204 7185  
E-mail: gbnipo@jmmorganstanley.com  
Website: www.jmmorganstanley.com  
Contact Person: Mr. Vibhor Kumar

##### **IL&FS Investsmart Limited**

The IL&FS Financial Centre  
Plot No. C – 22, G Block,  
Bandra Kurla Complex,  
Bandra (E), Mumbai 400 051  
Tel: + 91 22 2653 3333  
Fax: + 91 22 2653 3093  
E-mail: gbn.ipo@investsmartindia.com  
Website: www.investsmartindia.com  
Contact Person: Mr. Vishal Bandekar

#### **Domestic Legal Advisors to the Issue**

##### **Amarchand & Mangaldas & Suresh A. Shroff & Co.**

Amarchand Towers,  
216, Okhla Industrial Estate, Phase – III,  
New Delhi 110 020  
Tel.: +91 11 2692 0500  
Fax.: +91 11 2692 4900  
E-mail: am.delhi\_corp@amarchand.com

#### **Syndicate Members**

##### **ICICI Brokerage Services Limited**

ICICI Centre, H.T. Parekh Marg,  
Churchgate, Mumbai 400 021  
Tel: +91 22 2288 2460  
Fax: +91 22 2283 7045  
Email: gbn\_ipo@isecltd.com  
Website: www.icicisecurities.com  
Contact Person: Mr. Anil Mokashi

##### **Kotak Securities Limited**

1st Floor, Bakhtawar  
Nariman Point  
Mumbai 400 021  
Tel: + 91 22 6634 1100  
Fax: + 91 22 6630 3927  
E-mail: umesh.gupta@kotak.com

Website: www.kotak.com  
Contact Person: Umesh Gupta

**JM Morgan Stanley Financial Services Private Limited**

Apeejay House, 3, Dinshaw Waccha Road  
Churchgate, Mumbai 400 020  
Tel: + 91 22 6704 3184/3185  
Fax: + 91 22 6654 1511  
E-mail: gbnipo@jmmorganstanley.com  
Website: www.jmmorganstanley.com  
Contact Person: Deepak Vaidya

**Bankers to the Company**

Set forth below are the details of the banks with which we have an account:

**ICICI Bank Limited**

ICICI Bank Towers, NBCC Place  
Bhishma Pitamah Marg  
Pragati Vihar, New Delhi 110 003  
Tel: +91 11 2439 0000  
Fax: +91 11 2439 0070

**ING Vysya Bank Limited**

9<sup>th</sup> floor, Mercantile House  
15, Kasturba Gandhi Marg  
New Delhi 110 001  
Tel: +91 11 5551 0000  
Fax: +91 11 5551 0124

**Yes Bank Limited**

48, Nyaya Marg,  
Chankyapuri,  
New Delhi 110 021  
Tel: +91 11 5556 9000  
Fax: +91 11 4168 0144

**Registrar to the Issue**

**Intime Spectrum Registry Limited**

C-13, Pannalal Silk Mills Compound,  
L.B.S. Marg, Bhandup (West)  
Mumbai 400078  
Contact Person: Mr. Salim Shaikh  
Tel: + 91 22 2596 0320  
Fax: + 91 22 2596 0329  
Email: gbn-ipo@intimespectrum.com

**Bankers to the Issue and Escrow Collection Banks**

**ICICI Bank Limited**

Capital Markets Division  
30, Mumbai Samachar Marg,  
Mumbai 400 001  
Tel: +91 22 2262 7600  
Fax: +91 22 2261 1138

Email: [sidhartha.routray@icicibank.com](mailto:sidhartha.routray@icicibank.com)  
Contact Person: Sidhartha Sankar Routray

**Kotak Mahindra Bank Limited**

CMS Dept., 4<sup>th</sup> Floor,  
Dani Corporate Park,  
C.S.T. Road, Kalina,  
Santa Cruz (E), Mumbai 400 098  
Tel: +91 22 6759 4876 / 4850  
Fax: +91 22 5648 2710  
Email: [mahendra.rao@kotak.com](mailto:mahendra.rao@kotak.com) / [ibrahim.sharief@kotak.com](mailto:ibrahim.sharief@kotak.com)  
Contact Person: Mahendra Rao / Ibrahim Sharief

**Standard Chartered Bank**

270 D.N. Road,  
Fort, Mumbai. 400 001  
Tel: +91 22 2268 3965 / 2209 2213  
Fax: +91 22 2209 6069  
Email: [rajesh.malwade@standardchartered.com](mailto:rajesh.malwade@standardchartered.com)  
Contact Person: Rajesh Malwade

**The Hongkong and Shanghai Banking Corporation Limited**

52/60, Mahatma Gandhi Road,  
Mumbai 400 001  
Tel: +91 22 2268 5568  
Fax: +91 22 2262 3890  
Email: [zersisirani@hsbc.co.in](mailto:zersisirani@hsbc.co.in)  
Contact Person: Zersis Irani

**Yes Bank Limited**

Nehru Centre  
9th Floor, Discovery of India,  
Dr. A.B. Road, Worli  
Mumbai 400 018  
Tel: +91 22 6669 9086  
Fax: +91 22 2494 7639  
Email: [rajesh.lahori@yesbank.com](mailto:rajesh.lahori@yesbank.com)  
Contact Person: Rajesh Lahori

**Auditors**

**Deloitte Haskins & Sells, Chartered Accountants**

MCT House, One Okhla Centre, Block A,  
Okhla Institutional Area,  
New Delhi 110 025  
Tel: +91 11 6662 2000  
Fax: +91 11 6662 2011  
E-mail: [jagarwal@deloitte.com](mailto:jagarwal@deloitte.com)

**Statement of Inter se Allocation of Responsibilities for the Issue**

The following table sets forth the distribution of responsibility and coordination for various activities amongst the BRLMs and Co-BRLMs:

Activities	Responsibility	Coordinator
Capital structuring with the relative components and formalities such as type of instruments, etc.	I-SEC, KMCC	I-SEC
Due diligence of the Company's operations/management/ business plans/legal, etc. Drafting and design of offer document and of statutory advertisement including memorandum containing salient features of the Prospectus. The Lead Managers shall ensure compliance with stipulated requirements and completion of prescribed formalities with the Stock Exchanges, Registrar of Companies and SEBI including finalisation of the Prospectus and filing with the Stock Exchanges	I-SEC, KMCC	I-SEC
Drafting and approval of all publicity material other than statutory advertisement as mentioned above including corporate advertisement, brochure, etc.	I-SEC, IIL, JMMS, KMCC	KMCC
Selection and appointment of Intermediaries such as Registrars, Bankers, printers, advertising agencies.	I-SEC, JMMS, KMCC	I-SEC
Marketing of the issue which will cover inter alia <ul style="list-style-type: none"> <li>Formulating institutional marketing strategy, road show marketing presentation</li> <li>Finalise the list and division of investors for one on one meetings, institutional allocation</li> </ul>	I-SEC, IIL, JMMS, KMCC	KMCC
Retail/Non-institutional marketing strategy which will cover, inter alia, <ul style="list-style-type: none"> <li>Formulating marketing strategies, preparation of publicity budget;</li> <li>Finalise media, marketing and public relations strategy;</li> <li>Finalise centres for holding conferences for brokers, etc.;</li> <li>Finalise collection centers and arrange for selection of underwriters and underwriting agreement; and</li> <li>Follow-up on distribution of publicity and issue material including form, Prospectus and deciding on the quantum of the issue material</li> </ul>	I-SEC, IIL, JMMS, KMCC	KMCC
Managing the Book, coordination with stock exchanges and pricing	I-SEC, IIL, JMMS, KMCC	JMMS
Post bidding activities including management of Escrow Accounts, co-ordinate non-institutional allocation, coordination with Registrars and Banks, intimation of allocation and dispatch of refund to Bidders, etc.	I-SEC, JMMS, KMCC	JMMS
The post issue activities of the issue will involve essential follow up steps, which include finalisation of basis of allotment, listing of instruments and dispatch of refunds, certificates and demat delivery of shares, co-ordination with the various agencies connected with the work such as Registrars to the issue, Banker to the issue and the bank handling refund business. The Lead	I-SEC, JMMS, KMCC	JMMS

Activities	Responsibility	Coordinator
Managers shall be responsible for ensuring that these agencies fulfill their functions and enable them to discharge the responsibility through suitable agreements with the issuer Company.		

### **Credit Rating**

As the Issue is of equity shares, credit rating is not required.

### **Grading**

We have not opted for the grading of this Issue.

### **Trustees**

As the Issue is of equity shares, the appointment of trustees is not required.

### **Book Building Process**

Book Building Process 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/ Issue Closing Date.

The principal parties involved in the Book Building Process are:

- (1) The Company;
- (2) BRLMs and Co-BRLMs;
- (3) Syndicate Members who are intermediaries registered with SEBI or registered as brokers with BSE/NSE and eligible to act as underwriters. Syndicate Members are appointed by the BRLMs and the Co-BRLMs; and
- (4) Registrar to the Issue.

This being an Issue for less than 25% of the post Issue capital, the securities are being offered to the public through the 100% Book Building Process in accordance with the SEBI Guidelines read with Rule 19(2)(b) of the SCRR, wherein: (i) at least 60% of the Net Issue shall be allocated on a proportionate basis to QIBs, including upto 5% of the QIB Portion that shall be available for allocation on a proportionate basis to Mutual Funds only and the remainder of the QIB Portion shall be available for Allocation on a proportionate basis to all QIB Bidders, including Mutual Funds; (ii) up to 10% of the Net Issue shall be available for allocation on a proportionate basis to the Non-Institutional Bidders and (iii) up to 30% of the Net Issue 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.

QIBs are not allowed to withdraw their Bid(s) after the Bid/Issue Closing Date. For further details, see section titled "Issue Procedure" beginning on page 189 of this Red Herring Prospectus.

Our Company shall comply with guidelines issued by SEBI for this Issue. In this regard, our Company has appointed ICICI Securities Limited and Kotak Mahindra Capital Company Limited as the BRLMs and JM Morgan Stanley Private Limited and IL&FS Investsmart Limited as Co-BRLMs to manage the Issue and to procure subscription to the Issue.

**Illustration of Book Building and Price Discovery Process** *(Investors may note that this illustration is solely for the purpose of easy understanding and is not specific to the Issue)*

Bidders can bid at any price within the price band. For instance, assuming a price band of Rs. 40 to Rs. 48 per share, issue size of 6,000 equity shares and receipt of nine 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 website of the BSE ([www.bseindia.com](http://www.bseindia.com)) and NSE ([www.nseindia.com](http://www.nseindia.com)). 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.

Number of equity shares bid for	Bid Price (Rs.)	Cumulative equity shares bid	Subscription
500	48	500	8.33%
700	47	1,200	20.00%
1,000	46	2,200	36.67%
400	45	2,600	43.33%
500	44	3,100	51.67%
200	43	3,300	55.00%
2,800	42	6,100	101.67%
800	41	6,900	115.00%
1,200	40	8,100	135.00%

The price discovery is a function of demand at various prices. The highest price at which the issuer is able to issue the desired quantum of shares is the price at which the book cuts off i.e. Rs. 42 in the above example. The Issuer, in consultation with the BRLMs and the Co-BRLMs will finalise the issue price at or below such cut off price i.e. at or below Rs. 42. All bids at or above this issue price and cut-off bids are valid bids and are considered for allocation in respective category.

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.

#### **Steps to be taken for bidding:**

1. Check eligibility for making a Bid (see section titled “Issue Procedure - Who Can Bid?” beginning on page 189 of this Red Herring Prospectus);
2. Ensure that you have a demat account and the demat account details are correctly mentioned in the Bid cum Application Form.
3. If your Bid is for Rs. 50,000 or more, ensure that you have mentioned your PAN and attached copies of your PAN cards or PAN allotment letter to the Bid cum Application Form.
4. Ensure that the Bid cum Application Form is duly completed as per instructions given in the Red Herring Prospectus and in the Bid cum Application Form.

#### **Withdrawal of the Issue**

Our Company, in consultation with the BRLMs and the Co-BRLMs, reserves the right not to proceed with the Issue at anytime after the Bid /Issue Opening Date but before Allotment, without assigning any reasons therefore. In terms of the SEBI Guidelines, QIB Bidders shall not be allowed to withdraw their Bids after the Bid/Issue Closing Date.

#### **Bid/Issue Programme**

##### **Bidding Period/Issue Period**

<b>BID/PUBLIC ISSUE OPENS ON</b>	<b>January 15, 2007</b>
<b>BID/PUBLIC ISSUE CLOSES ON</b>	<b>January 18, 2007</b>



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 and uploaded till such time as permitted by the BSE and the NSE.

The Company reserves the right to revise the Price Band during the Bidding Period in accordance with SEBI Guidelines. The cap on the Price Band should not be more than 20% of the floor of the Price Band. Subject to compliance with the immediately preceding sentence, the floor of the Price Band can move up or down to the extent of 20% of the floor of the Price Band.

In case of revision in the Price Band, the Bidding/Issue Period will be extended for three additional days after revision of Price Band subject to the Bidding /Issue Period not exceeding 10 days. Any revision in the Price Band and the revised Bidding /Issue Period, if applicable, will be widely disseminated by notification to the BSE and the NSE, by issuing a press release, and also by indicating the change on the web sites of the BRLMs and Co-BRLMs and at the terminals of the Syndicate.

### **Underwriting Agreement**

After the determination of the Issue Price and allocation of our Equity Shares but prior to filing of the Prospectus with RoC, our Company will enter into an Underwriting Agreement with the Underwriters for the Equity Shares proposed to be offered through this Issue. It is proposed that pursuant to the terms of the Underwriting Agreement, the BRLMs and the Co-BRLMs shall be responsible for bringing in the amount devolved in the event that the Syndicate Members do not fulfill their underwriting obligations. Pursuant to the terms of the Underwriting Agreement, the obligations of the Underwriters are subject to certain conditions to closing, as specified therein. 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 RoC)*

<b>(Rs. in crores)</b>		
<b>Name and Address of the Underwriters</b>	<b>Indicative Number of Equity Shares to be Underwritten</b>	<b>Amount Underwritten</b>
ICICI Securities Limited ICICI Centre, H.T. Parekh Marg Churchgate, Mumbai 400 021 Tel: +91 22 2288 2460 Fax: +91 22 2283 7045	[•]	[•]
Kotak Mahindra Capital Company Limited 3 <sup>rd</sup> Floor, Bakhtawar, 229 Nariman Point, Mumbai 400 021 Tel: + 91 22 5634 1100 Fax: + 91 22 2284 0492	[•]	[•]
JM Morgan Stanely Private Limited 141, Maker Chambers III Nariman Point, Mumbai 400 021 Tel: + 91 22 6630 3030 Fax: + 91 22 2204 7185	[•]	[•]

Name and Address of the Underwriters	Indicative Number of Equity Shares to be Underwritten	Amount Underwritten
IL&FS Investsmart Limited The IL&FS Financial Centre Plot No. C – 22, G Block Bandra Kurla Complex Bandra (E), Mumbai 400 051 Tel: + 91 22 2653 3333 Fax: + 91 22 2653 3093	[•]	[•]
ICICI Brokerage Services Limited ICICI Centre, H.T. Parekh Marg, Churchgate, Mumbai 400 021 Tel: +91 22 2288 2460 Fax: +91 22 2283 7045	[•]	[•]
Kotak Securities Limited 1st Floor, Bakhtawar Nariman Point Mumbai 400 021 Tel: + 91 22 6634 1100 Fax: + 91 22 6630 3927	[•]	[•]
JM Morgan Stanley Financial Services Private Limited Apeejay House, 3, Dinshaw Waccha Road Churchgate, Mumbai 400 020 Tel: + 91 22 6704 3184/3185 Fax: + 91 22 6654 1511	[•]	[•]

The above mentioned amount is indicative and this would be finalized after determination of Issue Price and actual allocation of the Equity Shares. The Underwriting Agreement is dated [•].

In the opinion of the Board of Directors (based on a certificates dated [•] given to them by BRLMs, Co-BRLMs and the Syndicate Members), the resources of the 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 SEBI Act or registered as brokers with the stock exchanges. The above Underwriting Agreement has been accepted by the Board of Directors and our Company has issued letters of acceptance to the Underwriters.

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 the 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.

## CAPITAL STRUCTURE

Our Equity Share capital before the Issue and after giving effect to the Issue, as at the date of filing of this Red Herring Prospectus with Registrar of Companies, is set forth below:

(Rs. in Crores)

	Aggregate nominal value	Aggregate Value at Issue Price
<b>A. Authorised Capital*</b>		
40,000,000 Equity Shares of Rs.10 each	40.00	
<b>B. Issued, Subscribed and Paid-Up Capital prior to the Issue:</b>		
22,528,163 Equity Shares of Rs.10 each	22.53	
<b>C. Present Issue to the public in terms of the Red Herring Prospectus</b>		
[•] Equity Shares of Rs.10 each**	[•]	[•]
Of which:		
[•] Equity Shares are reserved for Eligible Employees	[•]	5.00
[•] Equity Shares are available for allocation to the public as the Net Issue	[•]	100.00
<b>D. Issued, Subscribed and Paid-Up Capital post the Issue:</b>		
[•] Equity Shares of Rs.10 each**	[•]	
<b>E. Share Premium Account</b>		
Prior to the Issue		91.47
Post the Issue		[•]

*\*The authorized share capital of our Company was increased from Rs. 0.10 crores divided into 100,000 Equity Shares to Rs. 10.00 crores divided into 10,000,000 Equity Shares through a resolution of the shareholders of the Company dated June 8, 2005. The authorized share capital of the Company was further increased from Rs. 10.00 crores divided into 10,000,000 Equity Shares to Rs. 40.00 crores divided into 40,000,000 Equity Shares through a resolution of shareholders of the Company dated October 1, 2005.*

*\*\* The present Issue has been authorised by the Board of Directors in their meeting on May 11, 2006, and by the shareholders of our Company at an extra ordinary general meeting held on May 15, 2006.*

## NOTES TO THE CAPITAL STRUCTURE

### 1. Share Capital History of our Company:

The following is the history of the equity share capital of our Company:

Date of Allotment	Number of Shares	Issue Price per Equity Share (in Rs.)	Face value per Equity Share (in Rs.)	Consideration (cash or other than cash)	Reasons for Allotment	Cumulative Share Premium (in Rs.)	Cumulative Equity Share Capital (In Rs.)
June 6, 2005	10,000	10	10	Cash	Subscription on signing of the Memorandum of Association.**	Nil	100,000
June 9, 2005	9,390,000	10	10	Cash	On subscription to Equity Shares by SRH.	Nil	94,000,000
June 9, 2005	600,000	10	10	Cash	On subscription to Equity Shares by GBN Employees Welfare Trust.* (**)	Nil	100,000,000
April 20, 2006	10,408,163	18.93	10	Cash	On subscription to Equity Shares by SRH.**	92,918,370	204,081,630
May 17, 2006	100	44,29,595.51	10	Cash	On subscription to Equity Shares by TV 18. ***	535,876,921	204,082,630
May 17, 2006	2,119,900	188.68	10	Cash	On subscription to Equity Shares by IL&FS Trust Co. Limited a/c IL&FS Private Equity Trust – Leverage India Fund.	914,677,921	225,281,630
December 7, 2006	20,408,163	-	10	Pursuant to scheme of amalgamation between our Company and SRH	To shareholders of SRH pursuant to the scheme of amalgamation between our Company and SRH coming into effect.	914,677,921	225,281,630

\* These Equity Shares were transferred by GBN Employees Welfare Trust to SRH on November 22, 2005.

\*\* These Equity Shares were extinguished and 20,408,163 Equity Shares were issued to the shareholders of SRH as on December 6, 2006 pursuant to the Scheme of Amalgamation between our Company and SRH.

\*\*\* These Equity Shares were transferred by TV18 to RVT Investments Private Limited on November 3, 2006.

Other than as mentioned in the table above, we have not made any issue of equity shares during the preceding one year.

### 2. Shareholding Pattern of our Company before and after the Issue is as under:

Name of Shareholder	Number of Equity Shares held prior to the Issue	Pre-Issue percentage of Equity Share Capital (%)	Number of Equity Shares held post the Issue	Post-Issue percentage of Equity Share Capital (%)*
<b>Promoters/Promoter Group</b>				
Network 18	10,411,028	46.21	10,411,028	[•]

Name of Shareholder	Number of Equity Shares held prior to the Issue	Pre-Issue percentage of Equity Share Capital (%)	Number of Equity Shares held post the Issue	Post-Issue percentage of Equity Share Capital (%)*
RVT Investments Private Limited	4,690,899	20.82	4,690,899	
Raghav Bahl	727,816	3.23	727,816	[•]
<b>Total Promoter Group Holding</b>	15,829,743	70.27	15,829,743	[•]
<b>Non-Promoters</b>				
IL&FS Trust Co. Limited a/c IL&FS Private Equity Trust – Leverage India Fund	2,119,900	9.41	[•]	[•]
Sameer Manchanda	2,139,259	9.50	[•]	[•]
Rajdeep Sardesai	1,069,629	4.75	[•]	[•]
Haresh Chawla	1,069,629	4.75	[•]	[•]
Mr. Vinay Tewari	13,796	0.06	[•]	[•]
Ms. Anubha Bhonsle	13,796	0.06	[•]	[•]
Mr. Bhupendra Chaubey	13,796	0.06	[•]	[•]
Ms. Suhasini Haider	13,796	0.06	[•]	[•]
Mr. Vidya Shankar Aiyar	13,796	0.06	[•]	[•]
Mr. Rajen Garabadu	13,796	0.06	[•]	[•]
Ms. Sagarika Ghose	13,796	0.06	[•]	[•]
Mr. Ajaya Chand	13,796	0.06	[•]	[•]
Mr. Piyush Goyal	13,796	0.06	[•]	[•]
Mr. Diptosh Majumdar	10,082	0.04	[•]	[•]
Mr. Mangesh Bapat	10,082	0.04	[•]	[•]
Mr. Nitin Malik	10,082	0.04	[•]	[•]
Mr. Rajiv Gupta	10,082	0.04	[•]	[•]
Mr. Sumit Sabharwal	10,082	0.04	[•]	[•]
Mr. V Sudesh	10,082	0.04	[•]	[•]
Mr. Vipul Panchal	10,082	0.04	[•]	[•]
Mr. V.K. Shashikumar	10,082	0.04	[•]	[•]
Mr. Kushal Bhattacharjee	6,898	0.03	[•]	[•]
Mr. Prabhakar Kumar	6,898	0.03	[•]	[•]
Ms. Priyanjana Dutta	6,898	0.03	[•]	[•]
Mr. Sudeep Mukhia	6,898	0.03	[•]	[•]
Mr. Suman Kalyan Chakrabarti	6,898	0.03	[•]	[•]
Mr. Summit Grover	6,898	0.03	[•]	[•]
Ms. Smitha Nair	6,898	0.03	[•]	[•]
Mr. Abhishek Kumar	5,253	0.02	[•]	[•]
Ms. Tracy Shilshi	5,253	0.02	[•]	[•]
Ms. Nilanjana Bose	5,253	0.02	[•]	[•]
Mr. Rohit Khanna	5,253	0.02	[•]	[•]
Mr. Gaurav Kalra	5,253	0.02	[•]	[•]
Mr. Surya Gangadharan	5,253	0.02	[•]	[•]
Mr. Asif Mukadam	4,192	0.02	[•]	[•]
Ms. Priya Mukherjee	4,192	0.02	[•]	[•]
Mr. P.R. Vasu	4,192	0.02	[•]	[•]
Mr. K Suresh Babu	2,653	0.01	[•]	[•]
SRH Shareholders	150	Negligible	[•]	[•]

Name of Shareholder	Number of Equity Shares held prior to the Issue	Pre-Issue percentage of Equity Share Capital (%)	Number of Equity Shares held post the Issue	Post-Issue percentage of Equity Share Capital (%)*
Trust				
Public	-	-	[•]	[•]
<b>Total Non-Promoter Group Holding</b>	6,698,420	29.73	[•]	[•]
<b>Total</b>	22,528,163	100.00	[•]	100.00

\*Will be filled in upon determination of the Issue Price and consequently upon finalization of the number of Equity Shares comprising this Issue.

### 3. Restructuring

For details about the restructuring i.e. Scheme of Amalgamation and Scheme of Arrangement, see section titled “Restructuring” beginning on page 1 of this Red Herring Prospectus.

### 4. Promoters’ Contribution and Lock-in

#### (a) Share Capital Locked-In For Three Years:

The Equity Shares, which are being locked in for three years from the date of Allotment, are as follows:

Name of the Promoter	Date of Allotment	Nature of Allotment	No. of Equity Shares locked-in*	Face Value (in Rs.)	Issue Price (in Rs.)	% of Post-Issue paid-up capital
Network 18	December 7, 2006	Allotted pursuant to the Scheme of Amalgamation between our Company and SRH.**	[•]	10	Allotted pursuant to the scheme of amalgamation between our Company and SRH	20

\* The number of Equity Shares which would be locked in for a period of three years shall be inserted upon determination of the Issue Price and consequently upon finalization of the number of Equity Shares comprising this Issue.

\*\* These Equity Shares were allotted to Network 18 pursuant to the Scheme of Amalgamation approved by the High Court of Delhi and hence are eligible to be considered as promoters contribution under Clause 4.6.4 of the SEBI Guidelines. Of the 20,408,163 Equity Shares issued by the Company to SRH prior to filing of the Draft Red Herring Prospectus, 9,400,000 Equity Shares were eligible for promoter’s contribution under Clause 4.6.2 of the SEBI Guidelines. Subsequently, pursuant to the Scheme of Amalgamation, these equity shares were extinguished and fresh Equity Shares were issued to SRH’s shareholders including to our Promoter, Network 18. Thus, we confirm that Equity Shares presently held by our Promoters are eligible under Clause 4.6.4 of the SEBI Guidelines read together with Clause 4.6.2 of the SEBI Guidelines.

As set out in the table above, Network 18 will lock in Equity Shares to the extent of 20% of the post Issue share capital of our Company from the date of Allotment in the Issue for a period of three years as part of Promoters’ contribution. All the Equity Shares which are being locked-in are not ineligible for computation of promoters’ contribution under Clause 4.6 of the SEBI Guidelines.

(b) ***Share capital locked-in for one year:***

The entire pre issue capital of our Company other than the Promoters' contribution will be locked in for period of one year. The total number of Equity Shares, which are locked-in for one year is [•]\* Equity Shares.

*\* The number of Equity Shares which would be locked in for a period of one year shall be inserted upon determination of the Issue Price and consequently upon finalization of the number of Equity Shares comprising this Issue.*

(c) ***Other requirements in respect of lock-in:***

In terms of Clause 4.15 of the SEBI Guidelines, the locked-in Equity Shares held by the Promoters can be pledged only with banks or financial institutions as collateral security for loans granted by such banks or financial institutions, provided the pledge of shares is one of the terms of sanction of loan.

In terms of Clause 4.16.1 (a) of the SEBI Guidelines, the Equity Shares held by persons other than Promoters, prior to the Issue may be transferred to any other person holding the Equity Shares which are locked-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 (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, as applicable.

Further, in terms of Clause 4.16.1(b) of the SEBI Guidelines, the Equity Shares held by the Promoter may be transferred to and amongst the Promoter group or to new promoter or persons in control of the Company subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, as applicable.

5. Our Company, our Promoters, our Directors, the BRLMs and the Co-BRLMs have not entered into any buy-back and/or standby arrangements for purchase of Equity Shares from any person.
6. In the case of over-subscription in all categories, at least 60% of the Net Issue shall be allotted on a proportionate basis to QIBs, up to 10% of the Net Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and up to 30% of the Net Issue 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. In case 60% of the Net Issue is not allotted to QIBs the full subscription monies shall be refunded. Under subscription, if any, in the Non-Institutional Portion and Retail Individual Portion would be met with spill over from other categories at the sole discretion of our Company in consultation with the BRLMs and the Co-BRLMs.
7. A total of up to [•] Equity Shares aggregating upto Rs. 5.00 crores, have been reserved for allocation to the Eligible Employees on a proportionate basis, subject to valid Bids being received at or above the Issue Price and subject to the maximum Bid Amount in this portion being Rs. 50,00,000. Only Eligible Employees would be eligible to apply in this Issue under Employees Reservation Portion. Eligible Employees may bid in the Net Issue portion as well and such Bids shall not be treated as multiple Bids. Any under subscription in the Equity Shares under the Employees Reservation Portion would be treated as part of the Net Issue to the public. For further details, see section titled "Issue Procedure" beginning on page 189 of this Red Herring Prospectus.
8. Over subscription to the extent of 10% of the Issue can be retained for the purpose of rounding off to the nearest integer.
9. Our Company was incorporated on June 6, 2005. Hence, the shareholding pattern of the

Company two years prior to the date of filing this Red Herring Prospectus is not available.

The top 10 shareholders of our Company and the number of Equity Shares held by them as on the date of filing of this Red Herring Prospectus and as of 10 days prior to the date of filing of this Red Herring Prospectus is as follows:

<b>Name of Shareholder</b>	<b>No. of Equity Shares</b>	<b>Shareholding (%)</b>
Network 18	10,411,028	46.21
RVT Investments Private Limited	4,690,899	20.82
IL&FS Trust Co. Limited a/c IL&FS Private Equity Trust – Leverage India Fund	2,119,900	9.41
Sameer Manchanda	2,139,259	9.50
Rajdeep Sardesai	1,069,629	4.75
Haresh Chawla	1,069,629	4.75
Raghav Bahl	727,816	3.23
Mr. Vinay Tewari	13,796	0.06
Ms. Anubha Bhonsle	13,796	0.06
Mr. Bhupendra Chaubey	13,796	0.06

10. Except for the subscription to Equity Shares by our Promoters, promoter group companies, our Directors and our key managerial employees pursuant to the Scheme of Amalgamation between our Company and SRH on December 7, 2006 as provided herein above our Promoters, members of our promoter group, our Directors and our key managerial employees have not acquired, purchased or sold any Equity Shares, during a period of six months preceding the date on which this Red Herring Prospectus is filed with SEBI.
11. Our Company has not granted any options or issued any Equity Shares under any employees' stock option or employees stock purchase scheme.
12. QIB Bidders and Non Institutional Bidders cannot make a Bid for more than the number of Equity Shares offered through the Net Issue, subject to the maximum limit of investment prescribed under relevant laws applicable to each category of investor. Retail Individual Bidders cannot make a Bid for such number of Equity Shares in multiples of 25 Equity Shares so that the Bid Amount does not exceed Rs. 1,00,000.
13. Except as disclosed in the section titled "Our Management" beginning on page 88 of this Red Herring Prospectus, none of our Directors and key managerial employees hold any Equity Shares.
14. There would be no further issue of capital whether by way of issue of bonus shares, preferential allotment, rights issue or in any other manner during the period commencing from the submission of this Red Herring Prospectus with SEBI until the Equity Shares to be issued pursuant to the Issue have been listed.
15. We presently do not intend or propose to alter our capital structure for a period of six months from the date of opening of the Issue, by way of split or consolidation of the denomination of Equity Shares or further issue of Equity Shares (including issue of securities convertible into or exchangeable, directly or indirectly for Equity Shares) whether preferential or otherwise except that if we enter into acquisitions or joint ventures, we may, subject to necessary approvals, consider raising additional capital to fund such activity or use Equity Shares as currency for acquisition or participation in such joint ventures.
16. There shall be only one denomination of the Equity Shares, unless otherwise permitted by



law. We shall comply with such disclosure and accounting norms as may be specified by SEBI from time to time.

17. As on the date of filing of this Red Herring Prospectus there are 42 members of our Company.
18. We have not raised any bridge loans against the proceeds of the Issue.
19. Except for the issuance of 20,408,163 Equity Shares to the shareholders of SRH on December 7, 2006 pursuant to the scheme of amalgamation between our Company and SRH, we have not issued any Equity Shares out of revaluation reserves or for consideration other than cash.
20. There are no outstanding warrants, options or rights to convert debentures, loans or other instruments into our Equity Shares.
21. Our Promoters and members of the Promoter group entities will not participate in this Issue.
22. There are certain restrictive covenants in the agreements that our Company has entered into with ICICI Bank Limited and Yes Bank Limited. For further details of the terms of this agreement, please refer to the section titled “Financial Indebtedness” beginning on page 66 of this Red Herring Prospectus.

## OBJECTS OF THE ISSUE

The objects of the Issue are:

- (a) Further investment for expansion into Hindi news genre by investment in BK Fincap Private Limited;
- (b) Repayment of a loan of our company;
- (c) General corporate purposes; and
- (d) Avail of the benefits of listing of our Equity Shares on the Stock Exchanges.

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

We intend to utilize the proceeds of the issue after deducting the Issue related expenses which include, among others, underwriting and selling commissions, printing and distribution expenses, legal fees, advertisement expenses, registrar and depository fees ("Net Proceeds").

### Details of the Objects

The details of the Objects are provided in the table below:

(Rs. in Crores)		
Sr. No.	Proposed Expenditure Program	Estimated cost of project
	<b>Total Proceeds</b>	105.00
1.	Issue expenses	[•]
	<b>Net Proceeds</b>	[•]
2.	Further investment for expansion into Hindi news genre by investment in BK Fincap Private Limited	45.85
3.	Repayment of a loan of our company	25.00
4.	General Corporate Purposes	[•]

#### **I. Further investment for expansion into Hindi news genre by investment in BK Fincap Private Limited**

Our Company has entered into a share subscription cum shareholders agreement dated July 25, 2006 with the members of the Gupta family, BK Fincap Private Limited and Jagran TV Private Limited under which our Company has subscribed to 76,485 equity shares, for a total consideration of Rs. 68.00 crores. Pursuant to the aforesaid subscription our Company holds 86,485 equity shares of BK Fincap Private Limited BK Fincap Private Limited is the holding company of Jagran TV Private Limited which owns and operates the Hindi language news channel, IBN 7. BK Fincap Private Limited currently owns 82.10% of the equity shares of Jagran TV Private Limited.

Out of the total consideration of Rs. 68.00 crores, Rs. 33.65 crores has already been paid as of December 22, 2006 (as certified by M/s. VSH & Associates, Chartered Accountants) in relation to the investment in equity shares of BK Fincap Private Limited.

Further, under the share purchase cum shareholder agreement dated July 25, 2006 between our Company, BK Fincap Private Limited, Jagran TV Private Limited, New Vernon Private Equity Limited and members of the Gupta family, our Company is under a contractual obligation to infuse funds amounting to Rs. 11.50 crores in BK Fincap Private Limited, prior to January 30,

2007. This amount would be utilized by BK Fincap Private Limited to purchase equity shares of Jagran TV Private Limited. For details of these agreements, see section titled “History and Certain Corporate Matters” beginning on page 72 of this Red Herring Prospectus.

Hence the balance investment required by our Company for expansion into Hindi news genre is Rs. 45.85 crores. This includes Rs. 11.50 crores to be infused in BK Fincap Private Limited by way of a loan.

#### *Means of Finance*

We propose to fund the entire expenses for the project mentioned above through equity, which will be utilized from the Net Proceeds. There is no debt component for the project.

#### *Schedule for implementation*

The following table details the schedule for implementation in respect of the above mentioned project:

<b>Project</b>	<b>Estimated Schedule of Implementation</b>	<b>Estimated Issue Proceeds Utilisation as of March 31, 2007 (in Rs. crores)</b>
Further investment for expansion into Hindi news genre by investment in BK Fincap Private Limited	Investment to be completed by January 30, 2006 pursuant to the share subscription cum shareholders agreement dated July 25, 2006 with the members of the Gupta family, BK Fincap Private Limited and others.	45.85

Details of the financial statements of BK Fincap Private Limited and Jagran TV Private Limited are set out below.

#### **BK Fincap Private Limited**

BK Fincap Private Limited was incorporated on March 10, 2006 and therefore the audited financial statements including profits and loss and assets and liabilities of BK Fincap Private Limited are available only for the six month period ended September 30, 2006.

#### *Extract of Profit and Loss Account for the period ended September 30, 2006*

	<b>For the period ended September 30, 2006 Rs.</b>
<b>INCOME</b>	
Income from operations	-
Total	
<b>EXPENDITURE</b>	
Other operating and administrative expenses	12,530
Financial expenses	17,058
Total	29,588
<b>Loss before tax and prior period items</b>	(29,588)
Provision for Taxation	-

<b>Loss after tax</b>	(29,588)
<b>Balance brought forward from previous years</b>	-
<b>Loss carried to Balance Sheet</b>	(29,588)

*Extract of Balance Sheet as at September 30, 2006*

	<b>As at September 30, 2006 Rs.</b>
<b>I SOURCE OF FUNDS</b>	
<b>1 Shareholders funds</b>	
a) Share capital	13,82,575
b) Reserves and surplus	33,61,17,157
<b>2 Loan funds</b>	
a) Secured loans	-
b) Unsecured loans	-
<b>Total</b>	<b>33,74,99,732</b>
<b>II APPLICATION OF FUNDS</b>	
<b>Fixed assets</b>	-
<b>Investments</b>	21,55,37,500
<b>Current assets, loans and advances</b>	
c) Cash and bank balances	1,89,486
e) Loans and advances	22,15,00,000
<b>Less: Current liabilities and provisions</b>	10,00,11,642
<b>Net current assets</b>	12,16,77,844
<b>Miscellaneous expenditure</b>	2,54,800
(To the extent not written off or adjusted)	
<b>Profit and loss account</b>	29,588
<b>Total</b>	<b>33,74,99,732</b>

The abovementioned extracts should be read along with the notes to the account as provided in the auditors report dated December 18, 2006, which is a material document available for inspection at our corporate office. For details of the auditors report dated December 18, 2006 see section titled “Material Contracts and Documents for Inspection” beginning on page 233 of this Red Herring Prospectus.

**Jagran TV Private Limited**

BK Fincap Private Limited is the holding company of Jagran TV Private Limited, which owns and operates IBN 7.

The shareholding pattern of Jagran TV Private Limited as on November 30, 2006 is as follows:

Name of Shareholder	Number of Shares	% of Shareholding
BK Fincap Private Limited	1,1055,855	82.1
Kanchan Properties Limited	1,055,854	7.84
New Vernon Private Equity Limited	1,347,241	10.01
<b>Total</b>	<b>13,458,950</b>	<b>100.00</b>

Jagran TV Private Limited was incorporated on April 8, 2004 and its commercial operations started on April 9, 2005. Therefore, while the statements of assets and liabilities for Fiscal 2005 and Fiscal 2006 are available, the statement of profit and loss is available only for Fiscal 2006 and for the six month period ended September 30, 2006. The said profit and loss and the assets and liabilities of Jagran TV Private Limited, as described in the auditor's report dated December 18, 2006, are as follows:

Details of the financial statements of Jagran TV Private Limited

***Abstract of Profit and Loss Account***

	(Rs. in Crores)	
	For the half year ended September 30, 2006	For the year ended March 31, 2006
<b>INCOME</b>		
Income from operations	6.25	7.33
Other income	0.14	0.30
<b>TOTAL</b>	<b>6.39</b>	<b>7.63</b>
<b>EXPENDITURE</b>		
Production expenses	4.47	7.30
Other operating and administrative expenses	14.91	19.86
Personnel expenses	8.97	13.09
Depreciation/ amortization	1.68	3.88
Financial expenses	1.65	2.91
Pre-operative expenses written off	-	1.25
<b>TOTAL</b>	<b>31.69</b>	<b>48.29</b>
<b>Loss before tax and prior period items</b>	<b>25.30</b>	<b>40.66</b>
Fringe benefit tax	0.25	0.49
Total tax expense	0.25	0.49
<b>Loss after tax</b>	<b>25.55</b>	<b>41.15</b>
<b>Balance brought forward from previous years</b>	<b>41.15</b>	<b>-</b>
<b>Loss carried to Balance Sheet</b>	<b>66.70</b>	<b>41.15</b>

Earnings per share		
Basic and Diluted [Nominal value of shares Rs.10/- (Previous year Rs.10/-)]	(18.97)	(33.22)

### ***Abstract of Balance Sheet***

	<b>(Rs. in Crores)</b>	
	<b>As at September 30, 2006</b>	<b>As at March 31, 2006</b>
<b>I SOURCE OF FUNDS</b>		
<b>1 Shareholders funds</b>		
a) Share capital	13.46	13.46
b) Reserves and surplus	25.75	25.75
<b>2 Loan funds</b>		
a) Secured loans	30.62	30.95
b) Unsecured loans	26.30	6.14
<b>TOTAL</b>	<b>96.13</b>	<b>76.30</b>
<b>II APPLICATION OF FUNDS</b>		
<b>1 Fixed assets</b>		
a) Gross block	36.59	35.48
b) Less: Accumulated depreciation	5.66	3.99
c) Net block	30.93	31.49
d) Capital work-in-progress including capital advances	0.17	0.02
	<b>31.10</b>	<b>31.51</b>
<b>2 Current assets, loans and advances</b>		
a) Inventories	0.08	0.08
b) Sundry debtors	4.95	2.85
c) Cash and bank balances	2.87	1.53
d) Other current assets	0.40	0.01
e) Loans and advances	4.97	2.92
	<b>13.27</b>	<b>7.39</b>
<b>Less: Current liabilities and provisions</b>		
a) Current liabilities	14.26	3.08
b) Provisions	0.68	0.67
	<b>14.94</b>	<b>3.75</b>
<b>Net current assets</b>	<b>(1.67)</b>	<b>3.64</b>
<b>3 Profit and loss account</b>	66.70	41.15
<b>TOTAL</b>	<b>96.13</b>	<b>76.3</b>

The abovementioned extracts should be read along with the notes to the account as provided in the auditors report dated December 18, 2006, which is a material document available for inspection at our corporate office. For details of the auditors report dated December 18, 2006 see section titled “Material Contracts and Documents for Inspection” beginning on page 233 of this Red Herring Prospectus.

## ***II. Repayment of certain loans of our company***

We have taken a loan of Rs. 25.00 crores from ICICI Bank Limited pursuant to a loan agreement dated May 11, 2006. The loan agreement prescribes that ICICI Bank Limited may at the time of

disbursement of each drawal stipulate the interest rate, which shall be 2.75% below IBAR prevailing as on that date, plus applicable interest tax or other statutory levy, if any. We have drawdown the loan in the following tranches: (a) Rs. 5.00 crores on May 15, 2006; and (b) Rs. 20.00 crores on May 16, 2006. The rate of interest fixed at the time of drawdown was 10%. We intend to pre-pay/repay Rs. 25.00 crores of our outstanding debt from the Net Proceeds of the Issue. The loan agreement provides for payment of pre-payment penalties and we may have to pay such excess amounts. We propose to deploy the entire amount of Rs. 25.00 crores during Fiscal 2007. For details regarding the loan, see section titled “Financial Indebtedness” beginning on page 66 of this Red Herring Prospectus.

S.No.	Name of the Lender	Date of Loan agreement	Proposed repayment during Fiscal 2007	Outstanding amount post repayment
1	ICICI Bank Limited	May 11, 2006	Rs. 25.00 crores.	Nil

We will approach ICICI Bank Limited after the completion of this Issue for pre-payment/repayment of this loan.

### **III. General Corporate Purposes**

The amount of [•] crores, which is raised through the Issue and which is in excess of proposed project cost, loan repayment and the Issue expenses, will be utilized for general corporate purposes. The management, in accordance with the policies of the Board, will have the flexibility in utilizing any surplus amounts from the proceeds of the Issue.

#### **Appraisal Reports**

None of the projects/purposes for which Issue proceeds are proposed to be utilized has been appraised by any financial institution.

#### **Issue Related Expenses**

The Issue related expenses include, among others, underwriting and selling commissions, printing and distribution expenses, legal fees, advertisement expenses, registrar and depository fees. The estimated Issue expenses are as follows:

Activity	Expense (Rs. Crores)
Lead Management, underwriting and selling commissions*	[•]
Advertising and marketing expenses*	[•]
Printing and Stationary expenses*	[•]
Others (Registrar fees, legal fees etc.)*	[•]
<b>Total estimated Issue expenses</b>	<b>[•]</b>

*\* The amounts in this regard will be finalised on finalisation of the Issue Price.*

#### **Interim Use of Proceeds**

Pending utilisation for the purposes described above, we intend to temporarily invest the funds in high quality interest bearing liquid instruments including deposits with banks, for the necessary duration or for reducing overdraft to save interest costs. Such investments would be in accordance with investment policies approved by our Board of Directors from time to time.

**Monitoring of Utilisation of Funds**

Our Board will monitor the utilization of the proceeds of the Issue. Pursuant to Clause 49 of the listing agreement, the Company shall on a quarterly basis disclose to the Audit Committee the uses and application of the proceeds of the Issue. We will disclose the utilization of the proceeds of the Issue under a separate head in our Balance Sheet for Fiscal 2007 and Fiscal 2008 clearly specifying the purpose for which such proceeds have been utilized. We will also, in our Balance Sheet for Fiscal 2007 and Fiscal 2008, 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 proceeds of the Issue will be paid by us as consideration to our Promoters, our directors, key management personnel or companies promoted by our Promoters.



## **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, 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, the Stock Exchanges, the RBI, RoC 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 including rights in respect of dividend. The allottees will be entitled to dividend or any other corporate benefits, if any, declared by our Company after the date of allotment.

### **Mode of Payment of Dividend**

We shall pay dividend to our shareholders as per the provisions of the Companies Act.

### **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 total price of Rs. [●] per Equity Share. At any given point of time there shall be only one denomination for the Equity Shares.

### **Rights of the Equity Shareholder**

Subject to applicable laws, the equity shareholders shall have the following rights:

- Right to receive dividend, if declared;
- Right to attend general meetings and exercise voting powers, unless prohibited by law;
- Right to vote on a poll either in person or by proxy;
- Right to receive offers for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation;
- Right of free transferability of shares; and
- Such other rights, as may be available to a shareholder of a listed public company under the Companies Act and our Memorandum and Articles of Association.

For a detailed description of the main provisions of our Articles of Association dealing with voting rights, dividend, forfeiture and lien, transfer and transmission and/or consolidation/splitting, see section titled “Main Provisions of Articles of Association of the Company” on page 220 of this Red Herring Prospectus.

### **Market Lot and Trading Lot**

In terms of existing SEBI Guidelines, the trading in the Equity Shares shall only be in dematerialised form for all investors. Since trading of our Equity Shares is in dematerialised mode, the tradable lot is one Equity Share. In terms of Section 68B of the Companies Act, the Equity Shares shall be allotted only in dematerialised form. Allotment through this Issue will be done only in electronic form in multiples of 25 Equity Shares subject to a minimum allotment of 25 Equity Shares.

## **Nomination Facility to the Investor**

**In accordance with Section 109A of the Companies Act, the sole or First Bidder, along with other joint Bidder(s), may nominate any one person in whom, in the event of 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 our Company or at the registrar and transfer agent of our 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 our 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, our 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 90 days, our 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 the investors require changing 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 including devolvment of the members of the Syndicate, if any, within 60 days from the Bid/ Issue Closing Date, 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 as per Section 73 of the Companies Act.

If at least 60% of the Net Issue cannot be allotted to QIBs, then the entire application money will be refunded.

Further, in accordance with Clause 2.2.2A of the SEBI Guidelines, we shall ensure that the number of allottees, i.e. persons to whom the Equity Shares will be allotted under the Issue shall be not less than 1,000.

## **BASIS FOR ISSUE PRICE**

The Issue Price will be determined by us in consultation with BRLMs and Co-BRLMs, on the basis of assessment of market demand for the Equity Shares, by the Book Building Process.

### **Qualitative Factors**

#### ***Factors external to the company:***

According to the Indian Entertainment and Media Industry Report by FICCI PricewaterhouseCoopers dated March 2006:

- The entertainment industry is expected to grow annually at almost 19 percent to reach Rs. 83,740 crores by 2010.
- Cable & satellite households are expected to increase from 62 million to 90 million by 2010.
- The overall revenue of television broadcasters is expected to register a compounded annual growth rate of approximately 24% from Rs. 12,870 crores in 2004 to Rs. 42,700 crores by the end of 2010.
- Advertising revenues of the Indian television broadcasting industry to grow to Rs.10,500 crores by 2010;
- Television subscription revenues are projected to rise by 29% compounded annually to reach Rs. 30,600 crores in 2010.

The growth in this sector can be attributed to enabling regulatory environment and the innovation in technology. The entertainment industry has been aided by the fact that India has been the second fastest growing economy in the world. Further, the television industry constitutes a big component of the Indian Entertainment Industry.

#### ***Factors internal to the company:***

- We own one of India's leading 24-hour English language news and current affairs channels. 'CNN-IBN' and led the English language news genre with an average weekly market share of 37.55% for the five weeks ended December 2, 2006, according to TAM Viewership Data
- We have built a loyal, high quality management and editorial team that includes several journalists. They are well supported by an experienced and efficient operations team
- We are a part of the TV-18 group, which owns and operates some of India's leading business channels and internet portals. This allows us to leverage TV 18's local journalistic expertise and access to the nationwide marketing network of TV 18.
- We have synergies with our brand and content partner CNN. Our relationship with CNN allows us to synthesize international content provided by CNN to provide news viewers in India coverage of global and local events, from an Indian perspective.

### **Quantitative factors**

We commenced our operations in June 2005 and made a net loss of Rs. 46.53 crores, during the 10 month period ended March 31, 2006 and a net loss of Rs 25.80 crores, during the six month period ended September 30, 2006. The Information presented in this section is derived from our unconsolidated restated financial statements, prepared in accordance with Indian GAAP

1. Earning Per Share (EPS) (as adjusted for changes in capital)

	<b>Rupees</b>
Period ended March 31, 2006*	(47.98)
Six months ended September 30, 2006	(12.75)

\*Period beginning June 2005

2. Since our company had EPS of Rs. (47.98) for the period ended March 31, 2006 and EPS of Rs. (12.75) for the six month period ended September 30, 2006; the Price/Earning (P/E) ratio in relation to the Issue Price cannot be computed.
3. Return on Average Net Worth:

<b>Year</b>	<b>RONW %</b>
Period ended March 31, 2006*	NA
Six months ended September 30, 2006	NA

\*Period beginning June 2005

4. Since our company had EPS of Rs. (47.98) for the period ended March 31, 2006 and EPS of Rs. (12.75) for the six month period ended September 30, 2006, the Minimum Return on Increased Net Worth required for maintaining pre-issue EPS is not a relevant quantitative measure.
5. Net Asset Value
  - (i) Net Asset Value per Equity Share for the period ended March 31, 2006 is Rs. (5.65) and Net Asset Value per Equity Share for the six month period ended September 30, 2006 is Rs. 18.50.
  - (ii) The Net Asset Value per Equity Share after the Issue is Rs. [●]
  - (iii) Issue price Rs. [●]
6. The comparison of accounting ratios for the closest comparable listed competitors in India is given below:

<b>Particulars</b>	<b>Book Value(Rs.)<sup>1</sup></b>	<b>EPS(Rs.)<sup>2</sup></b>	<b>P/E<sup>3</sup></b>	<b>RONW(%)<sup>4</sup></b>	<b>Sales<sup>5</sup> (Rs.Crore)</b>
GBN*	(5.65)	(47.98)	-	NA	6.53
NDTV	29.1	-	-	-3.4	228.8
Sun TV	132.5	14.6	66.8	36.4	321.9
T.V Today	39.5	4.7	17.8	12.8	159.6
TV 18 India	103.1	9.0	143.8	12.0	127.1

Source : Capital Markets Magazine dated December 4-December 17,2006

<sup>1</sup>Book Value is for the full year ended March 31, 2006

<sup>2</sup>EPS is for trailing twelve months ended March 31,2006

<sup>3</sup>Price per share has been taken as the closing price on November 27, 2006

<sup>4</sup>RONW has been calculated as per latest fiscal year ended March 31, 2006

<sup>5</sup>Sales has been calculated as per latest fiscal year ended March 31, 2006

\* GBN numbers are for the 10 month period ended March 31, 2006 and are derived from our unconsolidated restated financial statements.

The Issue Price of Rs. [●] has been determined on the basis of the demand from investors through the Book Building process.

## STATEMENT OF TAX BENEFITS

*The information provided below sets out the possible tax benefits available to the Company and its shareholders under the current tax laws presently in force in India. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant tax laws. 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 below are not exhaustive. This statement has been prepared based on a certificate received from M/s. Deloitte Haskins and Sells, Chartered Accountants. 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, 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.*

### **(A) Under the Income-Tax Act, 1961 (“the Act”):**

#### **I. Benefits available to the Company**

1. As per section 10(34) of the Act, any income by way of dividends referred to in Section 115-O (i.e. dividends declared, distributed or paid on or after 1 April 2003 by domestic companies) received on the shares of any company is exempt from tax.
2. 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

3. 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.

4. As per section 10(35) of the Act, the following income shall be exempt in the hands of the Company:
- a. Income received in respect of the units of a Mutual Fund specified under clause (23D) of section 10; or
  - b. Income received in respect of units from the Administrator of the specified undertaking; or
  - c. Income received in respect of units from the specified company

However, this exemption does not apply to any income arising from transfer of units of the Administrator of the specified undertaking or of the specified Company or of a mutual fund, as the case may be.

For this purpose (i) “Administrator” means the Administrator as referred to in section 2(a) of the Unit Trust of India (Transfer of Undertaking and Repeal) Act, 2002 and (ii) “Specified Company” means a company as referred to in section 2(h) of the said Act.

5. As per section 10(38) of the Act, long term capital gains arising to the Company from the transfer of a long term capital asset being an equity share in a company or a unit of an equity oriented fund where such transaction is chargeable to securities transaction tax would not be liable to tax in the hands of the Company.

For this purpose, “Equity Oriented Fund” means a fund –

- (i) where the investible funds are invested by way of equity shares in domestic companies to the extent of more than sixty five percent of the total proceeds of such funds; and
- (ii) which has been set up under a scheme of a Mutual Fund specified under section 10(23D) of the Act.

As per the section 115JB, the Company will not be able to reduce the income to which the provisions of section 10(38) of the Act apply while calculating “book profits” under the provisions of section 115JB of the Act and will be required to pay Minimum Alternate Tax @11.22% (including a surcharge of 10% and education cess of 2% on the overall tax) of the book profits determined.

As per section 88E of the Act, the securities transaction tax paid by the shareholder in respect of taxable securities transactions entered into in the course of the business would be eligible for deduction from the amount of income tax on the income chargeable under the head “Profits and Gains of Business or Profession” arising from taxable securities transactions, subject to certain limits and conditions specified in the section.

6. As per section 112 of the Act, taxable long-term capital gains, if any, on sale of listed securities or units or zero coupon bonds (in cases not covered under section 10(38) of the Act) would be charged to tax at the rate of 20% (plus applicable surcharge and education cess) after considering indexation benefits in accordance with and subject to the provisions of section 48 of the Act or at 10% (plus applicable surcharge and education cess) without indexation benefits, at the option of the Company. Under section 48 of the

Act, the long term capital gains arising out of sale of capital assets excluding bonds and debentures (except Capital Indexed Bonds issued by the Government) will be computed after indexing the cost of acquisition/improvement.

7. As per 54EC of the Act and subject to the conditions and to the extent specified therein, long-term capital gains (in cases not covered under section 10(38) of the Act) arising on the transfer of a long-term capital asset will be exempt from capital gains tax if the capital gains are invested in a “long term specified asset” within a period of 6 months after the date of such transfer. However, if the assessee transfers or converts the long term specified asset into money within a period of three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long-term capital gains in the year in which the long term specified asset is transferred or converted into money.

A “long term specified asset” means any bond, redeemable after three years and issued on or after the 1<sup>st</sup> day of April 2006:

- (i) by the National Highways Authority of India constituted under section 3 of the National Highways Authority of India Act, 1988, and notified by the Central Government in the Official Gazette for the purposes of this section; or
  - (ii) by the Rural Electrification Corporation Limited, a company formed and registered under the Companies Act, 1956, and notified by the Central Government in the Official Gazette for the purposes of this section.
8. As per section 111A of the Act, short term capital gains arising to the Company from the sale of equity share or a unit of an equity oriented fund transacted through a recognized stock exchange in India, where such transaction is chargeable to securities transaction tax, will be taxable at the rate of 10% (plus applicable surcharge and education cess).

## **II. Benefits to the Resident Shareholders of the Company under the Income-Tax Act, 1961:**

1. As per section 10(34) of the Act, any income by way of dividends referred to in Section 115-O (i.e. dividends declared, distributed or paid on or after 1 April 2003) received on the shares of the Company is exempt from tax.
2. As per section 10(38) of the Act, long term capital gains arising to the shareholder from the transfer of a long term capital asset being an equity share in the Company, where such transaction is chargeable to securities transaction tax would not be liable to tax in the hands of the shareholder.
3. As per section 88E of the Act, the securities transaction tax paid by the shareholder in respect of taxable securities transactions entered into in the course of the business would be eligible for deduction from the amount of income tax on the income chargeable under the head “Profits and Gains of Business or Profession” arising from taxable securities transactions, subject to certain limits specified in the section. No deduction will be allowed in computing the income chargeable to tax as “Capital Gains” or under the head “Profits and Gains of Business or Profession” for such amount paid on account of securities transaction tax.
4. As per section 112 of the Act, if the shares of the Company are listed on a recognised stock exchange, taxable long term capital gains, if any, on sale of the shares of the Company (in cases not covered under section 10(38) of the Act) would be charged to tax at the rate of 20% (plus applicable surcharge and education cess) after considering

indexation benefits or at 10% (plus applicable surcharge and education cess) without indexation benefits, whichever is less. The excess shall be ignored for the computation of tax.

5. As per section 54EC of the Act and subject to the conditions and to the extent specified therein, long-term capital gains (in cases not covered under section 10(38) of the Act) arising on the transfer of a long-term capital asset will be exempt from capital gains tax if the capital gains are invested in a “long term specified asset” within a period of 6 months after the date of such transfer. However, if the assessee transfers or converts the long term specified asset into money within a period of three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long-term capital gains in the year in which the long term specified asset is transferred or converted into money.

A “long term specified asset” means any bond, redeemable after three years and issued on or after the 1<sup>st</sup> day of April 2006:

- (i) by the National Highways Authority of India constituted under section 3 of the National Highways Authority of India Act, 1988, and notified by the Central Government in the Official Gazette for the purposes of this section; or
  - (ii) by the Rural Electrification Corporation Limited, a company formed and registered under the Companies Act, 1956, and notified by the Central Government in the Official Gazette for the purposes of this section.
6. As per section 54F of the Act, long-term capital gains (in cases not covered under section 10(38) of the Act) arising to an individual or Hindu Undivided Family (HUF) on transfer of shares of the Company will be exempt from capital gains tax subject to certain conditions, if the net consideration from such shares is used for purchase of a residential house property within a period of one year before or two year after the date on which the transfer took place or for construction of a residential house property within a period of three years after the date of transfer.
7. As per section 111A of the Act, short term capital gains arising to the shareholder from the sale of equity shares of the Company transacted through a recognized stock exchange in India, where such transaction is chargeable to securities transaction tax, will be taxable at the rate of 10% (plus applicable surcharge and education cess). Individuals/HUF will be eligible to the benefit of minimum exemption limit of income for the purpose of taxability as prescribed in the act.

### **III. Non-Resident Indians/Non Resident Shareholders (Other than FIIs and Foreign venture capital investors).**

1. As per section 10(34) of the Act, any income by way of dividends referred to in Section 115-O (i.e. dividends declared, distributed or paid on or after 1 April 2003) received on the shares of the Company is exempt from tax.
2. As per section 10(38) of the Act, long term capital gains arising to the shareholder from the transfer of a long term capital asset being an equity share in the Company, where such transaction is chargeable to securities transaction tax would not be liable to tax in the hands of the shareholder.
3. As per section 88E of the Act, the securities transaction tax paid by the shareholder in respect of taxable securities transactions entered into in the course of the business would be eligible for deduction from the amount of income tax on the income chargeable under



the head “Profits & Gains of Business or Profession” arising from taxable securities transactions, subject to certain limits specified in the section. No deduction will be allowed in computing the income chargeable to tax as “capital gains” or under the head “Profit and gains of Business or Profession” for such amount paid on account of securities transaction tax.

4. As per section 54EC of the Act and subject to the conditions and to the extent specified therein, long-term capital gains (in cases not covered under section 10(38) of the Act) arising on the transfer of a long-term capital asset will be exempt from capital gains tax if the capital gains are invested in a “long term specified asset” within a period of 6 months after the date of such transfer. However, if the assessee transfers or converts the long term specified asset into money within a period of three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long-term capital gains in the year in which the long term specified asset is transferred or converted into money.

A “long term specified asset” means any bond, redeemable after three years and issued on or after the 1<sup>st</sup> day of April 2006:

- (i) by the National Highways Authority of India constituted under section 3 of the National Highways Authority of India Act, 1988, and notified by the Central Government in the Official Gazette for the purposes of this section; or
  - (ii) by the Rural Electrification Corporation Limited, a company formed and registered under the Companies Act, 1956, and notified by the Central Government in the Official Gazette for the purposes of this section.
5. As per section 54F of the Act, long-term capital gains (in cases not covered under section 10(38) of the Act) arising to an individual or Hindu Undivided Family (HUF) on transfer of shares of the Company will be exempt from capital gains tax subject to certain conditions, if the net consideration from such shares is used for purchase of a residential house property within a period of one year before or two years after the date on which the transfer took place or for construction of residential house property within a period of three years after the date of transfer.
6. Under section 115-I of the Act, the Non-Resident Indian shareholder has an option to be governed by the provisions of Chapter XIIA of the Act viz. “Special Provisions Relating to Certain Incomes of Non-Residents” which are as follows:
  - As per 115E of the Act, where shares in the Company are acquired or subscribed to in convertible foreign exchange by a Non-Resident Indian, capital gains arising to the non-resident on transfer of shares held for a period exceeding 12 months, shall (in cases not covered under section 10(38) of the Act) be concessionally taxed at the flat rate of 10% (plus applicable surcharge and education cess) (without indexation benefit but with protection against foreign exchange fluctuation).
  - As per section 115F of the Act, long-term capital gains (in cases not covered under section 10(38) of the Act) arising to a Non-Resident Indian from the transfer of shares of the company subscribed to in convertible foreign exchange shall be exempt from income tax, if the net consideration is reinvested in specified assets within six months of the date of transfer. If only part of the net consideration is so reinvested, the exemption shall be proportionately reduced. The amount so exempted shall be chargeable to tax subsequently, if the specified assets are transferred or converted into money within three years from the date of

their acquisition.

- As per 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 specified investments or long term capital gains earned on transfer of such investments or both, provided tax has been deducted at source from such income as per the provisions of Chapter XVII-B of the Act.
  - As per 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 the assessment year in which he is first assessable as a Resident, 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 the specified assets for that year and subsequent assessment years until such assets are converted into money.
7. The tax rates and consequent taxation mentioned above shall be further subject to any benefits available under the Tax Treaty, if any, between India and the country in which the non-resident has fiscal domicile. As per the provisions of section 90(2) of the Act, the provisions of the Act would prevail over the provisions of the Tax Treaty to the extent they are more beneficial to the non-resident.

#### **IV. Foreign Institutional Investors (FIIs)**

1. As per section 10(34) of the Act, any income by way of dividends referred to in section 115-O (i.e. dividends declared, distributed or paid on or after 1 April 2003) received on the shares of the Company is exempt from tax.
2. As per section 10(38) of the Act, long term capital gains arising to the FIIs from the transfer of a long term capital asset being an equity share in the Company where such transaction is chargeable to securities transaction tax would not be liable to tax in the hands of the FIIs.
3. As per section 115AD of the Act, FIIs will be taxed on the capital gains that are not exempt under the section 10(38) of the Act at the following rates:

<b>Nature of income</b>	<b>Rate of tax (%)</b>
Long term capital gains	10
Short term capital gains (other than referred to section 111A)	30*

\*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 have to be increased by the applicable surcharge and education cess.

In case of long term capital gains, (in cases not covered under section 10(38) of the Act), the tax is levied on the capital gains computed without considering the cost indexation and without considering foreign exchange fluctuation.

4. As per section 54EC of the Act and subject to the conditions and to the extent specified therein, long-term capital gains (in cases not covered under section 10(38) of the Act) arising on the transfer of a long-term capital asset will be exempt from capital gains tax if the capital gains are invested in a “long term specified asset” within a period of 6 months after the date of such transfer. However, if the assessee transfers or converts the long term

specified asset into money within a period of three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long-term capital gains in the year in which the long term specified asset is transferred or converted into money.

A “long term specified asset” means any bond, redeemable after three years and issued on or after the 1<sup>st</sup> day of April 2006:

- (i) by the National Highways Authority of India constituted under section 3 of the National Highways Authority of India Act, 1988, and notified by the Central Government in the Official Gazette for the purposes of this section; or
  - (ii) by the Rural Electrification Corporation Limited, a company formed and registered under the Companies Act, 1956, and notified by the Central Government in the Official Gazette for the purposes of this section.
5. The tax rates and consequent taxation mentioned above shall be further subject to any benefits available under the Tax Treaty, if any, between India and the country in which the FII has fiscal domicile. As per the provisions of section 90(2) of the Act, the provisions of the Act would prevail over the provisions of the Tax Treaty to the extent they are more beneficial to the FII.

#### **V. Venture Capital Companies/Funds**

As per section 10(23FB) of the Act, all venture capital companies<sup>1</sup> / funds<sup>2</sup> registered with the Securities and Exchange Board of India, subject to the conditions specified, are eligible for exemption from income tax on all their income, including income from sale of shares of the Company. However income received by a person out of investment made in a venture capital company or in a venture capital fund shall be chargeable to tax in the hands of such person.

\*<sup>1</sup> 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 \* <sup>2</sup> 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

#### **VI. Mutual Funds**

As per 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 there under, Mutual Funds set up by public sector banks or public financial institutions and Mutual Funds authorised by the Reserve Bank of India would be exempt from income tax, subject to such conditions as the Central Government may by notification in the Official Gazette specify in this behalf.

#### **VII. General**

##### **Provisions of the Act vis-à-vis provisions of the Tax Treaty**

In respect of non-residents shareholders, the tax rates and consequent taxation mentioned above shall be further subject to any benefits available under the Tax Treaty, if any, between India and the country in which the non-resident has fiscal domicile. As per the

provisions of section 90(2) of the Act, the provisions of the Act would prevail over the provisions of the Tax Treaty to the extent they are more beneficial to the non-resident.

#### **Security Transaction Tax (STT)**

STT in respect of any taxable securities transaction shall be collected from the seller or the buyer, on the value of such transaction, by every recognised stock exchange or the prescribed person in case of any Mutual Fund at the rate specified in section 98 of Act.

#### **Gift Tax Act, 1958**

Gift made after 1st October 1998 is not liable for gift tax, and hence, gift of shares of the Company would not be liable for gift tax.

#### **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 the shares of the Company will not be liable to Wealth Tax.

The above Statement of Possible Direct Tax Benefits sets out the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of shares.

#### **Notes:**

- (i) All the above benefits are as per the current tax laws.
- (ii) In view of the individual nature of tax consequences, each investor is advised to consult his/her own tax advisor with respect to specific tax consequences of his/her investments in the shares of the company.

*No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to change from time to time. We do not assume responsibility to update the views consequent to such changes. We shall not be liable to the company for any claims, liabilities or expenses relating to this assignment except to the extent of fees relating to this assignment, as finally judicially determined to have resulted primarily from bad faith or intentional misconduct. We will not be liable to any other person in respect of this statement.*

## INDUSTRY OVERVIEW

Unless otherwise indicated, industry data used throughout this Red Herring Prospectus has come from industry and company sources including the following publications:

- *The Indian Entertainment and Media Industry*, FICCI PricewaterhouseCoopers, March 2006
- *The Businessworld Marketing Whitebook 2003-04, 2005-2006*

### History and Development of the Indian Broadcasting Industry

The Indian broadcasting industry has come a long way from the commencement of *Doordarshan's* operations in 1959. The Indian entertainment industry is currently estimated to be Rs. 35,300 crores in terms of revenues (2005 estimates). The growth in this sector can be attributed to enabling regulatory environment and the innovation in technology. The entertainment industry is expected to grow annually at almost 19 percent to reach Rs. 83,740 crores by 2010. [Source: March 2006 FICCI PwC Report on 'The Indian Entertainment and Media Industry' (FICCI PwC Report<sup>2</sup>)]

The entertainment industry has been aided by the fact that India has been the second fastest growing economy in the world. As the Indian economy continues growing, the Indian middle class has also expanded significantly. Consequently, 300 million strong Indian middle class is able to allocate 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 Indian television entertainment industry has been growing from strength to strength with total revenues currently being approximately Rs. 14,800 crores and are expected to go up to Rs. 42,700 crores by 2010. (Source: FICCI PwC Report).

According to the 2006 NRS figures India is the third-largest cable television viewing nation in the world after China and the US with approximately 68 million cable television households. Television currently has the highest reach amongst the primary media delivery channels as highlighted below:

#### Reach amongst primary media delivery channels

Socio Economic Classification	Media Reach (%)					
	Press	Television	C&S Television	Radio	Cinema	Internet
A1	93%	96%	85%	37%	30%	31%
A2	88%	94%	78%	31%	25%	19%
B1, B2	78%	90%	68%	24%	19%	8%
C	66%	85%	60%	23%	18%	4%
D	50%	76%	49%	21%	17%	1%
E1, E2	27%	62%	37%	16%	15%	1%

Source: IRS 2006, Round 1

The above figures represent percentage reach of each medium in the respective Socio Economic Classification (SEC) in urban India. For definition of Media Reach, see section titled "Definitions

<sup>2</sup> Disclaimer in the FICCI PwC Report, 2006 This Report has been prepared on the basis of information obtained from key industry players, trade associations, government agencies, trade publications and various industry sources specifically mentioned in the report. While due care has been taken to ensure the accuracy of the information contained in this Report, no warranty, expressly or implied, is being made or will be made, by FICCI or PricewaterhouseCoopers Pvt. Ltd., India (PwC) as regards the accuracy or adequacy of the information contained in the report. No responsibility is being accepted or will be accepted by FICCI or PwC, for any consequences, including loss of profits, that may arise as a result of any consequences, including loss of profits that may arise as a result of errors or omissions in this report. This Report is only intended to be a general guide and professional advice should be sought before taking any action on any matter.

and Abbreviations” beginning on page 1 of this Red Herring Prospectus.

Television’s share of overall advertising spending has also increased consistently over the last few years relative to the primary media delivery channels. During the year 2005, the television sector in India accounted for approximately 42% of the total advertisement pie, as compared to 47% for print media, according to ‘The Businessworld Marketing Whitebook 2005-2006’.

The Indian broadcasting industry comprises of terrestrial broadcasters, cable & satellite broadcasters and foreign cable & satellite broadcasters. The cable and satellite broadcasters use satellite equipment to broadcast their channels to the cable operators, which are then distributed to consumer households through ground-based cable distribution systems. The industry is also witnessing an increase in the adoption of Direct to Home broadcasting as an alternative platform for satellite broadcasting. Another alternate platform, which is all set to make its foray in India, is IPTV.

### **Industry Structure**

The Indian Broadcasting industry can be segmented across three categories:

- ***Terrestrial Broadcasting*** - Prasar Bharti Corporation (“Prasar Bharti”), the only terrestrial television broadcaster in India, owned by the Government of India, operates several channels under the umbrella brand of “*Doordarshan*”. Their channels are received directly from proximate broadcasting stations by consumer households through antennas. As the terrestrial broadcaster, Doordarshan can potentially be accessed by all television households. In addition to its national channels, Doordarshan broadcasts several regional language channels that are broadcast by its broadcasting stations in particular geographical areas of the country.
- ***Cable and satellite broadcasting*** - Cable & satellite broadcasters uplink their channels to satellites that provide the downlink signals to a wide region, which in most cases covers several countries other than India. The downlink signal is received by ground-based cable distributors through equipments that include dish antennas, amplifiers, and decoders. The number of channels that a representative cable and satellite household receives on an average have increased to over 100 from only two in 1992. Several Doordarshan channels are also available in the cable and satellite broadcasting mode.
- ***Direct to Home Broadcasting (DTH)*** - With Direct to Home broadcasting, channels can be provided directly to consumer households through addressable equipment that enables consumers to receive and view the downlink signal from the satellites. The Zee group launched its DTH services on October 2, 2003. As of September 2006, it had 1.3 million subscribers. This was followed by the launch of Doordarshan’s DTH and Tata - Sky (a TATA - Star TV alliance). Sun TV and Reliance are also planning to enter this space by the end of this year. The entry of new private sector players would boost the adoption of DTH across the country.

### **Revenue Streams**

The revenues of cable and satellite broadcasters primarily comprises of:

- Advertising revenue
- Subscription revenue
- International revenue (primarily subscription revenue)
- Content syndication
- Value added services through non-traditional platforms

**Advertising revenue:** Cable and satellite broadcasters typically sell the time between their regular programming to advertisers where advertisers can place their advertisements. Several broadcasters also offer in-programme advertising opportunities advertising banners and other branding opportunities such as title sponsorships for which they earn advertising revenue.

According to FICCI PwC Report, the television broadcasting industry's advertising revenue was approximately Rs. 5,450 crores in 2005. This accounted for approximately 42% of the total amount spent on media advertising in India.

The share of television broadcasting in the overall advertising spend has increased as follows:

Year	Breakdown of Total Advertising Spend in India: 1990-2005				
	TV %	Print %	Radio %	Cinema %	Outdoor %
1990	16%	70%	3%	1%	11%
1995	24%	65%	3%	1%	7%
2000	37%	54%	2%	1%	7%
2005	42%	47%	2%	1%	7%

Source: The Businessworld Marketing Whitebook 2003-2004, 2005-2006

**Subscription revenue:** Several cable and satellite broadcasters broadcast their channels using encryption techniques that require special equipment. The encrypted signals are downlinked to cable operators, which could be Multi-system operators or local cable operators or independent cable operators, who decrypt them using equipment and authorizations provided by the Broadcasters. The cable operators feed the decrypted signals as a part of the uniform content package to consumers and collect a monthly fee from their subscribers. Cable operators give a share of this subscription revenue to cable and satellite broadcasters, based on the number of reported consumer households. The subscription revenue accruing to broadcasters represented approximately 10% of the Rs. 8,650 crores gross subscription revenue that was being collected by the cable industry from cable and satellite households during the year 2005 according to the FICCI PwC report.

**International revenue:** The Indian diaspora is a generic term to describe the people who migrated from territories that are currently within the borders of the Republic of India and their descendants. According to the Annual Report – 2006 prepared by the Ministry of Overseas Indian Affairs there were approximately 25 million non-resident Indians and persons of Indian origin living outside India in over 110 countries. These persons represent a potential source of subscription revenues for the Indian broadcasting industry.

**Content syndication:** Broadcasters can monetize their programming library and footage through syndication of content to various users. For example, international broadcasters or documentary producers can acquire rights to content from Indian broadcasters for relevant events such as daily news bulletin, elections, foreign policy statements, human-interest stories, natural calamities and other events.

**Value added services through non-traditional platforms:** The mobile phone is quickly emerging as an option to offer several types of content. Ranging from pure SMS-based contests, news updates to checking Internet sites. The last couple of years has seen an increase in the usage of streaming video, downloading, and other higher-end applications. The strong focus on broadband, both by the government and the service providers, would lead to quick uptake in broadband services.

## Viewership Drivers

Some of the drivers for increase in the viewership of news are:

**Frequency and Quantum of Relevant News** - News viewership is related to the occurrence of expected as well sudden news events that are relevant to viewers. India is currently witnessing

significant changes in its economy, politics, external relations and social structures. This is resulting in a significant flow of news that appeals to a wide and diverse base of Indian viewers. In addition, the relevance and awareness of international events such as 9/11, the Asian Tsunami have also increased thereby creating greater viewer demand for news programming.

**Quality of News Content** - News broadcasters have focused on delivering news as fast as possible to viewers and presenting news in an interesting manner. Several factors such as extensive news gathering networks, use of advanced news gathering technology, effective editing and production systems are facilitating the rapid and interesting dissemination of news content to viewers. News broadcasters are also focussing on improved distribution and on-air look of news channels. This has been possible with the participation of the private sector and the launch of new channels in this space.

**Programming Strategy of News Broadcasters** - News broadcasters are attracting a wider base of viewers to their channels by adopting diverse strategies for presenting and packaging news.

**Increased Economic Awareness and Literacy** – India's increasing importance in the global business and political arena, improving literacy rates and economic conditions have resulted in an increase in the need for news and information across audience segments.

Based on these factors, the viewership of news channels has increased significantly in the last few years. The number of viewers in terms of reach has increased by 112% from 29.85 million the period January 2003 to June 2003 to 63.15 million January 2006 to June 2006 as per TAM viewership data. The average time spent viewing news among 15 years+ cable and satellite viewers has increased from approximately 3.7 minutes a day in the period January 2003 to June 2003 to 5.9 minutes a day in the period January 2006 to June 2006 as per TAM viewership data.

## Revenue Drivers

In addition to the overall viewership base, advertising spending is increasing on news channels. According to the FICCI PwC report, the news genre witnessed a 20% growth in its share of the total television advertising pie from 2004 to 2005. Over the same period the share of english entertainment, hindi general entertainment & film channels and sports channels declined by 20%, 12% and 10%, respectively. The share of regional channels increased by 20% and the share of the infotainment/ kids/ music/ lifestyle/ fashion genre increased by 50%. The growth in advertising on news channels is for a range of factors that include:

**Extensive Reach** - The high absolute reach of news channels offers an attractive platform for advertisers to build reach.

**Male viewership** - News channels have a relatively high viewership share among male viewers. News channels offer an attractive platform for brands targeting this segment of viewers and attempting to establish an image of credibility among them.

The channel share of news channels rose from 9% in period of January 2003 to June 2003 13% in the period of January 2005 to June 2006 as per TAM viewership data for 15 years + male audiences.

The following table shows distribution of male viewership across various genres:

Genre	Channel share among Male Audience Channel Share %
Hindi Mass	38
Hindi Movies	22
News	13
Sports	13



Genre	Channel share among Male Audience Channel Share %
Kids	4
English Movies	3
Music	3
Infotainment	2
English General Entertainment	1

Source: TAM data for January 2006 to June 2006 for males 15 years+, All India, excludes channels (such as regional, terrestrial and miscellaneous channels) other than those listed below.

- Mass represents: Sony TV, Zee TV, Star Plus, Sahara Manoranjan etc.
- Hindi Movies represents: Set Max, Zee Cinema, B4U Movies, Star Gold etc.
- News represents: CNN-IBN, CNBC TV18, IBN 7, Aaj Tak, NDTV India, Star News, Zee News, Sahara Samay, DD News, NDTV 24X7, BBC, , Headlines Today etc.
- Sports represents: DD Sports, Ten Sports, ESPN, Star Sports etc.
- Kids represents: Pogo, Cartoon Network, Disney Channel etc.
- English Movies represents: HBO, Star Movies, Zee MGM etc.
- Music represents: Channel V, MTV, B4U Music, ETC, Zee Music etc.
- Infotainment represents: NGC, Discovery etc.
- General English represents: Star World, Zee Café etc.

**SEC Profile of Viewership** - News channels have a higher proportion of viewership among SEC A and SEC B households relative to all cable and satellite viewership. These households typically have higher purchasing power and are attractive targets for advertisers.

Socio Economic Category	All Channels (%)	English News Channels (%)	Hindi News Channels (%)
A	17	34	22
B	24	28	27
C	26	18	24
D&E	33	20	27

Source: TAM viewership data for the four weeks ended July 29, 2006

**Competitive rates** - News channels are estimated to be significantly cheaper than other niche genres on the basis of the Cost Per Rating Point (CPRP). CPRP represents the cost to an advertiser to reach a universe of viewers of a defined target group with a defined rating point.

In addition to advertising, news channels can also target other revenue streams, including:

**Domestic Subscription Revenue** - The Indian television industry is in the initial stages of the implementation of additional distribution platforms such as Direct to Home broadcasting (DTH) and Internet Protocol Television (IPTV). These addressable distribution platforms will reach out to the consumers directly and reduce dependence on the cable operators who traditionally under-declare number of subscribers. These platforms would also enable news channels in reaching out to new subscribers who do not have cable connectivity. At the same time, it will give viewers the opportunity to pick and choose. Hence, both these addressable distribution platforms will help the news channels to access domestic subscription revenue.

**Content Syndication** - News channels have the potential to syndicate their content to domestic and international broadcasters or other parties interested in news content.

**Revenue from News Delivery on Other Avenues** - Due to technological developments, the means of delivering news for commercial benefits have increased over the last few years. Indian news broadcasters have the opportunity to earn revenue by delivering news over mediums such as Internet and SMS.

***International Subscription Revenues*** - The Indian diaspora in regions such as the US, UK, Middle East and South Africa represent a significant opportunity for subscription revenues for the Indian broadcasters.

### **Impact of successful CAS, DTH and IPTV implementation on the Indian Broadcasting Industry**

The current structure of the cable industry results in high 'leakage' of revenues with cable operators under-declaring their subscriber bases to broadcasters of pay-TV channels. The under-declaration results in a very small share of subscription revenues for broadcasters, with the substantial share of subscription revenues being retained by local cable operators (who provide the cable connection to subscribers and receive monthly payments from subscribers) and multi-system operators (MSOs, who download encrypted signals of pay-TV channels and retail it to the local cable operators).

Successful implementation of Conditional Access System (CAS) is likely to address the problem of under-declaration and, hence result in higher share of subscription revenues for broadcasters. The Indian broadcasting industry is also witnessing the introduction of Direct-to-Home (DTH) subsequent to the regulatory changes that permitted such services. DTH broadcasting utilizes a dish antenna that is available at the viewer's premises and is capable of directly receiving television signals from the broadcast satellite. DTH broadcasting is expected to provide an alternative means of reaching satellite television viewers, especially in relatively inaccessible areas. Zee Group launched its DTH services on October 2, 2003. As of September 2006, it had 1.3 million subscribers. This was followed by the launch of Doordarshan's DTH and Tata-Sky (a TATA - Star TV alliance). Sun TV and Reliance are also planning to enter this space by the end of this year. DTH broadcasting may offer revenue growth opportunities to broadcasters through the creation of additional channels or distribution of their existing channels through this additional distribution platform.

Another distribution platform awaiting its launch in the Indian markets is IPTV. IPTV allows distribution of television over broadband access lines. It provides TV service over the same network that provides data and voice service. With 1.7 million broadband connections by July 2006 (Source: TRAI press release dated August 10, 2006), the Indian market seems set for IPTV to take-off. MTNL has launched its IPTV services. Reliance and Bharti are planning to launch IPTV soon. IPTV would enable broadcasters to provide value added services such as video on demand and pay per view movie facilities, and help improve addressability and increase the scope for niche channels for smaller audiences.

### **Industry Outlook**

Some of the factors that could potentially drive revenue growth in the television broadcasting industry revenues are as under:

***Increase in Advertising Spending:*** Advertising spending is related to a range of factors which include overall economic growth, competitive landscape and growth stage of various industries and availability of effective media vehicles. The following factors highlight the potential for growth in overall advertising spending:

- The current high growth rate of the Indian economy is favourable for the growth in overall advertising spending
- Several rapidly growing and competitive industries such as real estate, retail, automobile are increasingly adopting mass advertising on media vehicles such as print and television
- According to FICCI PwC report the level of advertising spending in India, as a percentage of GDP was 0.34% in 2005, which is relatively lower as compared to a global average of 0.98%. This global average includes various developed and emerging economies. Advertising spends, as percentage of GDP in some of the other Asian countries is much

higher. For example, 1.60% in Thailand; 1.38% in New Zealand and 1.12% in Singapore. This indicates a huge potential for growth in Indian advertising spend.

***Increase in Cable Penetration:*** India has approximately 68 million cable and satellite households at the end of September, 2006 as compared to approximately 0.4 million households in 1992. According to the FICCI PwC Report, the television and cable and satellite households are expected to increase to 128 million and 90 million respectively by 2010.

***Alternate Distribution Platforms:*** Alternate distribution platforms to cable, such as DTH, Mobile TV and broadband, are likely to add to the subscription revenues of broadcasters. Other delivery platforms like mobile and Internet are also gaining usage. Value added services through the mobile could be good source of revenues for broadcasters. Currently India has over 111 million mobile phone subscribers (Source: TRAI press release dated August 10, 2006). According to NRS 2006, almost 38 percent mobile phone owners access value added features such as news, cricket scores, contest SMS etc.

***Increase in Television Broadcaster's Share of Domestic Advertising Spending*** - According to the FICCI PwC Report, with increased consumerism and continued entry of global brands, there is potential for increasing the share of television advertisement in the overall advertising spends. Advertising revenues of the Indian television broadcasting industry are expected to grow to Rs.10,500 crores by 2010.

***Increase in Television Broadcasters' Share of the Domestic Subscription Revenue*** - Television Broadcasters currently receive a small portion of the overall subscription revenue collected by cable operators. Currently Indian broadcasters receive approximately 10% of the total subscription revenue, while in developed markets such as the U.S. broadcasters get close to 45%. This indicates the potential for subscription revenues that can accrue to Indian broadcasters with greater addressability. However, the projected growth in subscription revenues for the broadcasters will be closely interlinked with the pace and effectiveness at which conditional access system, direct-to-home, IPTV and other delivery medium are rolled out across the country.

***Increase In Cable Subscription Rates*** - According to the FICCI PwC Report, the average collection from households currently stands at Rs. 130 per month with the total subscription revenue estimated at Rs. 8,700 crores in 2005. This is projected to go up to at least Rs. 250 per month by 2010 resulting in gross television subscription revenues of Rs. 30,600 crores by 2010 at a CAGR of 29%. As TRAI intends to gradually remove price freezes on cable rates, this increase could be higher still.

***Potential increase in international, content syndication and emerging revenue streams*** - Due to commitment towards economic reforms and globalisation, Indian markets are generating interest from both foreigners and persons of Indian origin living outside India. This represents a significant opportunity for Indian broadcasters and quality content providers in terms of potential revenue from international subscription, advertising and content syndication.

According to the FICCI PwC Report, the overall revenue of television broadcasters is expected to register a compounded annual growth rate of approximately 24% from Rs. 14,800 crores in 2005 to Rs. 42,700 crores by the end of 2010.

## OUR BUSINESS

### Overview

We own and operate one of India's leading 24-hour English language news and current affairs channel, 'CNN-IBN'. CNN-IBN was launched in December, 2005 and has since its launch become one of India's leading English language news channel. For the five weeks ended December 2, 2006 it led the English news genre with an average weekly market share of 37.55% (our closest competitor had 35.37%), according to TAM Viewership Data. CNN-IBN has also recently been awarded the 'Best English News Channel' at the Hero Honda Indian Television Academy Awards 2006. We have also recently entered into a share subscription cum shareholders agreement with the Gupta family, BK Fincap Private Limited and Jagran TV Private Limited and have acquired significant equity shareholding in BK Fincap Private Limited which is the holding company of Jagran TV Private Limited, which owns IBN 7, a 24-hour Hindi language news and current affairs channel.

We have an agreement with CNN for an exclusive, limited, non-transferable right to use and reproduce, *inter alia*, the CNN name and principal logo. We also have news services agreement with Turner for production and broadcasting services.

We are also part of the TV 18 group, which owns and operates some of India's leading business channels and internet portals. The TV 18 group owns and operates channels such as CNBC-TV18, CNBC Awaaz, etc. In addition, they also operate portals such as [www.moneycontrol.com](http://www.moneycontrol.com) and [www.commoditiescontrol.com](http://www.commoditiescontrol.com), etc.

We are focused on producing high quality news programming driven by the spirit of 'whatever it takes' to capture news and events around the world. We believe that we are a journalist led channel and have achieved recognition in the short span of our existence due to the editorial integrity and our unbiased, issue based coverage of news and current affairs. We have a news-gathering network comprising of 20 news bureaus.

As a part of group restructuring, certain portal businesses of our group are being consolidated into Web 18 Holdings Limited which would hold such businesses either directly or through its subsidiaries. In this regard, we have recently transferred our interactive internet portal, [ibnlive.com](http://ibnlive.com), for real time news and current affairs to Web 18 Software Services Limited, which is a subsidiary of Web 18 Holdings Limited. As a part of the arrangement, our Company would hold 15% equity shares in Web 18 Holdings Limited. In addition to [ibnlive.com](http://ibnlive.com), [moneycontrol.com](http://moneycontrol.com), [poweryourtrade.com](http://poweryourtrade.com) and [commoditiescontrol.com](http://commoditiescontrol.com), Web 18 Holdings Limited has added [indiaearnings.com](http://indiaearnings.com), [easymf.com](http://easymf.com), [cricketnext.com](http://cricketnext.com), [yatra.com](http://yatra.com), [jobstreet.com](http://jobstreet.com), [compareindia.com](http://compareindia.com) and [tech2.com](http://tech2.com) to its portfolio over the last four months.

Our total revenue for the 10 month period ended March 31, 2006 and the six month period ended September 30, 2006 was Rs. 6.53 crores and Rs. 25.90 crores, respectively. Our losses for the same periods were Rs. 46.53 crores and Rs. 25.80 crores, respectively..

### Competitive strengths

We believe that we are well positioned to capture considerable growth opportunities in India's news broadcasting industry, because of our following key strengths:

#### ***We have a team of renowned journalists.***

We have a team of approximately 300 journalist and 250 stringers. Our journalists are located all over India and have established a wide network for coverage of news and current affairs. Mr. Rajdeep Sardesai, has won a number of awards including the Asian Television Award in 1998 and 'News Anchor of the Year' for three consecutive years awarded at the 'Hero Honda Indian

Television Academy Awards’ and the ‘Indian Telly Awards’. Our journalists have helped establish our reputation as a channel with high editorial integrity. They have provided issue based coverage of news and current affairs, which has in a short time frame established the CNN-IBN brand and continues to increase our market share. We have benchmarked standards for journalists and conduct regular and intensive training programs for our journalists in all aspects of television news and current affairs programming.

***Increasing reach resulting in brand recognition.***

Since the launch in December 2005, CNN-IBN’s share in the English language news genre has increased from 18.75% to 37.55% for the five weeks ended December 2, 2006, according to TAM Viewership Data. Further, in the five weeks ended December 2, 2006, we had an average weekly reach of 11.17 million viewers and were available in 87.60% of households with access to cable and satellite.

We are the number one English language news channel in terms of viewership in almost all categories considered to be important by advertisers. According to TAM Viewership Data for the five weeks ended December 2, 2006, for the category of Male viewers who are above 25 years of age, we had a share of 38.71% as compared to 34.41% of our nearest competitor. This is an important category in terms of their decision-making and buying power and has resulted in increasing interest of advertisers in our channel. In the period between January 2006 and September 2006, we had more than 200 advertisers. For the 10 month period ended March 31, 2006 and the six month period ended September 30, 2006, 88.74% and 93.59% of the revenue generated by us was from advertising revenues. We believe that the increasing popularity of our channel will encourage more advertisers to advertise on our channel.

***We are reputed for our program content and therefore are the preferred English language news channel for coverage of important events.***

We are the preferred English language news channel for coverage of important news events and our viewership for the following events as compared to that of our closest competitor was as follows:

Event	Channel Share of CNN-IBN	Channel Share of closest competitor
Republic Day	0.25	0.17
Pramod Mahajan’s Shooting	0.34	0.31
Rahul Mahajan and Vivek Moitra’s Drug Case	0.24	0.18
Mumbai Blasts	0.37	0.33

*Source: TAM Viewership Data, All India, TG: 15+ CS, 0700 – 2400 hours*

Further, more specifically for males in the age group of 25-44 and in the socio economic classification category of Sec A, our viewership for the following events as compared to that of our closest competitor was as follows:

Event	Channel Share of CNN-IBN	Channel Share of closest competitor
Republic Day	0.31	0.22
Budget Day	0.41	0.40
Sonia Gandhi’s Resignation	0.32	0.30
Pramod Mahajan’s Shooting	0.56	0.44
Rahul Mahajan and Vivek Moitra’s Drug Case	0.30	0.25

*Source: TAM Viewership Data, All India, TG: Male 25-44 Sec A, , 0700 – 2400 hours*

***We have synergies with TV 18 group and our brand and content partner, CNN.***

We are part of the TV 18 group of companies, which has over 10 years of experience in the news broadcasting sector. The TV 18 group currently has four other channels on air, each focussing on specific market segment. Channels owned by TV 18, such as CNBC TV 18 enjoy popularity in the business news segment. Further, we are supported by CNN's extensive global news network. We leverage the local journalistic expertise provided by TV 18 channels and international content provided by CNN to provide news viewers in India coverage of global and local events, from an Indian perspective. In addition, we have access to the marketing network of TV 18, which is spread, across the country.

***Our Promoters have experience in setting up and successfully operating television channels.***

Our Promoters, the TV 18 group have already set up two well established channels, CNBC-TV18 and CNBC Awaaz. These channels were established in December, 1999 and January, 2005, respectively. CNBC TV 18 is a leading English language business news channel and CNBC Awaaz is a leading Hindi language business news channel in India. According to TAM Viewership Data, CNBC-TV-18 and CNBC Awaaz dominated the business news space with a combined average weekly market share of 61.75% for all individuals above 15 years of age, for the 11 months ended December 2, 2006. In addition, our Promoters have also been able to demonstrate ability to manage and successfully operate collaborations with international media entities such as CNBC.

### **Our Strategy**

Our strategies for the conduct of our business are as follows:

#### ***Increasing our reach and market share.***

Since the launch of CNN-IBN in December, 2005, its viewership has increased significantly. We intend to further increase our viewership and be the preferred choice of various viewer categories by:

- providing more “live” news based on onsite coverage through our extensive news gathering infrastructure that comprises of 20 news bureaus, outdoor broadcasting vans, flyaway units, and state-of-the-art news gathering and production technology;
- continuously differentiating our news gathering, programming and presentation from competition;
- 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; and
- delivering news through multiple avenues, whether existing or emerging; and launching new channels to expand and strengthen our network, at an appropriate time, promoting and strengthening our brand by advertising on television, radio, print and other mediums as well as through public relations efforts, and focused promotion.

#### ***Maximising our advertising revenues.***

We plan to maintain our focus on increasing and maximising our advertising revenues by:

- leveraging on our competitive strengths to attract viewers and advertisers;
- leveraging on our leadership position in the English language news genre to achieve better price realisations;

- enhancing our advertising revenues by offering branding opportunities to our advertisers, such as through sponsorships of specific programmes; and
- deploying the available news content through existing and emerging delivery mechanisms such as our website, mobile phones and radio.

***Leverage the size and growth in the Hindi news channels.***

The average weekly reach of Hindi language news channels in India for the 11 month period ended December 2, 2006 was 38.49 million as compared to 23.12 million viewers for English language news channels, according to TAM Viewership Data for all viewers above 15 years of age. We have entered into share subscription, share purchase and shareholders agreement with the promoters of Jagran TV Private Limited and others pursuant to which our Company has acquired 49% stake in BK Fincap Private Limited, a holding company of Jagran TV Private Limited, which owns a Hindi language channel, IBN 7. Channel 7 has been re-launched on June 5, 2006 with improved programming, visuals and graphics. On August 15, 2006 Channel 7 was renamed to IBN 7. We intend to assist IBN 7 attain a position of leadership in the Hindi language news channel genre to enable us to leverage the size of the Hindi language news genre. Under a team of journalists lead by Ashutosh, IBN7's average weekly market share increased from 7.61% in the five-month period between January 1, 2006 and June 3, 2006 to 9.14% in the six-month period between June 4, 2006 and December 2, 2006 according to the TAM Viewership Data for all individuals above 15 years in Hindi speaking markets in India. The competitors for IBN 7 are Aaj Tak, India TV, Janmat, NDTV India, Sahara Samay, Star News, Tez and Zee News.

***Derive subscription revenues***

We have evaluated the merits and demerits of making our channel CNN IBN, a pay channel so as to derive subscription revenues and in this regard we have entered into a memorandum of understanding with Zee Turner Limited granting it the exclusive right to receive and distribute the service via cable including digital, DTH, IPTV and any other mode that may be prevalent. Such alternate modes of distribution provide us additional platforms to derive subscription revenues. We also intend to derive international subscription revenues by catering to the Indian diaspora in various countries, at an appropriate time. We have recently entered into an agreement with Univision Company Private Limited for the transmission and distribution of channel content in Nepal. We have also entered into an agreement with Reliance Communications Infrastructure Limited for distribution of channel content to the handsets of Reliance Communication's subscribers.

***Our Business Methodology***

We gather news through a network of 20 news bureaus across India. All our bureaus are connected via live links & lease lines to our main facilities in Noida. We have an extensive mobile news gathering network that comprises outdoor broadcasting vans and flyaway units. We believe that these facilities provide us a competitive advantage in rapid access to breaking news as well as speedy and reliable communication of news.

We also gather news through our subscription to various domestic and international news services. We use video production, post-production and communication facilities for expeditious and cost-effective gathering of news. We make independent editorial decisions that are communicated to our journalists all over the country on a regular basis. This assists them to prioritize among the range of emerging news stories and plan their news gathering efforts.

Our bureaus are equipped with infrastructure that allows our journalists to provide focused coverage of events that are considered relevant for all or any of the specific avenues that we use to deliver news. The news footage generated by our journalists is sent to our editing and production facilities primarily via Multi-Protocol Label Switching (MPLS) that allow live transfer of audio, visuals and data. News footage primarily comprises of live coverage of breaking news and events

and follow-up coverage on important news stories.

Footage received from our news bureaus is digitized and stored onto our centralized 'Avid Unity Storage Area Network' ("AUSAN") that allows us to make it available to multiple personnel simultaneously. This allows us to shorten the lead-time required for breaking news and expeditiously presenting stories that are accompanied by graphics, music, voice-overs and other enhancements. Satellite feeds on international news and events from news agencies are also digitized into our AUSAN. Every journalist has access to footage and they can script, compile and edit stories, before forwarding the same to the production control room. An input editor approves the decisions and schedule for broadcasting news stories prior to the same being aired.

The final output from our production control rooms is then sent to our master control rooms, which embeds elements such as the channel logo, stock quotes and live weather data.

We pass on important news footage to a specialized team, which then creates promotional clips and special effects. The promotional clips produced by this team are used on-air to provide a preview of upcoming special programmes and stories.

We have three studios at our office in Noida that are used for the news bulletins on our channel as well as production of studio-based news and related programmes.

The final output is sent to the teleport where the signals gets encrypted and up linked on the broadcast satellite, which then beams the signals back for viewers.

We provide cable operators with a viewing card and a set-top box, which enables further distribution of the signal to viewers.

### ***Editorial Policy and Processes***

Our objective is to cover news and events around the world with a spirit of 'whatever it takes'. We believe, our unflinching editorial integrity and policies, besides a refreshing style, has enabled our current leadership status in the English language news genre.

Our editorial policy and guidelines encompass a wide array of areas. Some of key areas we have focused on are as follows:

- Special investigations;
- News related to human and public interest;
- Acts of omission and commission by the government and people holding office of authority;
- Capturing social trends and customs;
- Elections and their impact on governance;
- Internal security issues;
- Lifestyle and entertainment news;
- Sports reportage and special shows;
- Special focus on 'news you can use';
- Special debates and shows on a wide range of issues;
- Special opinion polls during elections and social trends;
- Tracking business and financial markets; and
- International affairs.

We have introduced some innovative concepts designed to engage the viewer in the news genre. These include the following:

- **Citizen Journalists:** A concept, which provides viewers a chance to become one of our



reporters as well. Any misdemeanour, event, happening or incident which a viewer sees and can capture on video is put out after editorial checks as a citizen journalist initiative.

- **India Talks:** Another concept designed to provide viewers a platform to air their views on the most current critical issues.
- **‘Public Ka Kaptan’:** For the sports lovers a chance to role play captain of the Indian cricket team.

To achieve all this, our core editorial team meets several times a day to discuss ideas, finalise the news menu of the day and assign responsibilities. All outstation bureaus participate in the meeting, keeping in mind our policy of collective decision-making and to secure informed local opinion on a developing news.

Our newsroom operations are headed by a team led by the editor-in-chief and a team of senior editors and channel managers. Their basic functions are as follows:

- The editor-in-chief is responsible for the overall content of all news bulletins, chairs key meetings, and takes policy decisions and provides news priorities.
- The senior editors handling input operations independently head news gathering operations. They conduct newsroom meetings, finalise story lists, prepare story play out plans, brief local and outstation bureau reporters on all stories, oversee forward planning processes, decide allocation of resources and employees and manage the newsroom on a day-to-day basis. They are also responsible for taking all decisions on real time editorial issues.
- Senior editors handling output operations are responsible for overseeing the programming schedules, take decisions on the presentation style, prioritise news, provide headlines to stories and manage the anchors. They also oversee all on-air scripts.
- Channel managers are responsible for the packaging of the channel, oversee studio and production operations, manage and produce special programmes and shows.

In addition, the editorial team also includes our national affairs editor, sports editor, foreign editor, special investigations editor, features editor, entertainment editor and a special features editor.

### ***Awards and Recognition***

In the first year of our operations, we have received numerous awards from industry experts. These include:

- Hero Honda Indian Television Academy Awards 2006:
  - Best English News Channel: CNN-IBN
  - Best TV Host: Rajdeep Sardesai
  - Best Editing: Koteswar Rao
  - Best TV Documentary: ‘Missing in Action’
- Indian Telly Awards 2006: ‘Best News Anchor’ - Rajdeep Sardesai
- Wildscreen Panda Award 2006: ‘Best Wildlife Story’ won by CNN-IBN reporter for the film ‘Last Dance of the Sarus’
- All India Promo Awards 2006: ‘Best Promotion’ Jury Prize for the Citizen Journalist Promo on CNN-IBN
- Asian Telly Awards 2006: Nominated in 3 categories

## ***Technology***

As detailed above, we have 20 news bureaus, all of which are connected live to our main offices in Noida. We have an arrangement with TV 18 for outdoor broadcasting vans and flyaway units, for the purpose of rapid collection of news as well as collection of news from areas that may be difficult to access. We use non-linear technology for the acquisition, editing and layout of our news which facilitates multi-user access of the same audio-video footage, expeditious production, template-driven generation of graphics by the system and real-time modification and updation of news stories.

Our distribution network comprises digital integrated receivers & decoders that enable us to encrypt our broadcast and create the platform for subscription revenue collection at an appropriate time in the future.

We have provisioned for redundancies while planning our information technology systems. We maintain complete back up for all our critical equipment and servers.

## ***Marketing and Advertising sales***

Since the launch of our news channel in December 2005, we have attracted a number of advertisers and brands. Our advertising sales team endeavours to attract quality advertisers to our channels, which we believe offer long-term growth prospects and effectively complement the brand image of our channel.

We have an experienced marketing and advertising sales team that has relationships with major advertisers. The current focus of our advertising sales team is to:

- Maintain and enhance the relationships with our current base of advertisers;
- Focus on attracting new advertisers to our channel by highlighting the strong reach and viewership of CNN-IBN;
- Leverage our position as a member of the TV 18 group with the network of successful channels such as CNBC TV-18, CNBC Awaaz, CNN-IBN and IBN 7;
- Proactively manage the seasonality of the advertising spending patterns of clients;
- Create specialised teams for catering to unique clients such as the GoI;
- Attracting advertisers to place advertisements on CNN-IBN for key upcoming news events, such as elections and budgets; and
- Offer innovative advertising and sponsorship properties for our programmes to advertisers to enhance our overall revenue.

Our marketing and advertising sales team negotiates rates and offers packages to advertisers based on a range of factors, which include volume of advertising, tenure of the contract, frequency of advertising and effective utilization of inventory on our channels. The current rate structure offers advertising opportunities across pre-defined time-bands. We offer opportunities for advertisers to choose a specific time-schedule in which their advertisements are placed, from among defined time-schedules. Our rate is structured to allow different rates for time-schedules, depending on whether they are chosen for weekdays or for weekends. We offer different rates for live events and special programmes, for example, coverage of elections or budgets.

In addition, we have a special team for creating marketing concepts, ideas and solutions for some of our clients. This team enables us to provide a complete solutions centre to our clients for their marketing requirements.

## ***Competition***

The competition in the television news broadcasting industry is intense. We believe that competitive advantage is based principally on connectivity and the ability to attract and retain viewers and advertisers. Our ability to compete successfully depends, in part, on our ability to

anticipate and respond to competitive factors affecting the Indian news broadcasting industry, and more specifically, the Indian television news broadcasting industry. The competitors for CNN-IBN are NDTV 24X7, Times Now and Headlines Today.

The reach and market share of CNN-IBN is as under:

Channel - English News (All India)	Reach (Million Viewers)	Market Shares (%)
CNN-IBN	11.17	37.55
NDTV 24*7	12.06	35.37
Headlines Today	6.19	10.48
Times Now	7.16	16.59

Source: TAM Viewership Data, All Day, All India, TG: 15+, Average of Five Weeks ending December 2, 2006

*Viewership profile:*

We have a diverse profile of viewers and the details of the profile of our viewers is as follows:

#### Regional Market Shares

Channel – English News (Regional)	North (%)	South (%)	East (%)	West (%)
CNN-IBN	38.64	36.36	29.03	36.84
NDTV 24*7	34.09	38.18	38.71	34.21
Headlines Today	9.09	9.09	16.13	13.16
Times Now	18.18	16.36	16.13	15.79

Source: TAM Viewership Data, Regional Market Shares, TG: 15+, 0700 hours to 2400 hours, Weekly average for the five weeks ended December 2, 2006

#### SEC Wise Market Shares

Channel – English News (SEC Wise)	25+, SEC A (%)	25+, SEC AB (%)	25+, SEC ABC (%)
CNN-IBN	36.62	35.71	36.36
NDTV 24*7	32.39	33.93	36.36
Headlines Today	11.27	10.71	9.09
Times Now	19.72	19.64	18.18

Source: TAM Viewership Data, Key SEC Wise Market Shares, TG: 25+, 0700 hours to 2400 hours, Weekly average for the five weeks ended December 2, 2006

#### Leadership in Key Genres

Channel - English News (All India)	All 15+, SEC AB (%)	Male 25+ (%)	All, 15-34, SEC AB (%)	Male, 25-44, SEC AB (%)
CNN-IBN	40.30	38.71	44.26	50.63
NDTV 24x7	28.36	34.41	27.87	31.65
Headlines Today	8.96	11.83	9.84	7.59
Times Now	22.39	15.05	18.03	10.13

Source: TAM Viewership Data, All India, 0700 hours to 2400 hours, five weeks ended December 2, 2006

Viewership since Inception (Monthly Market Shares)

Monthly Market Shares

Channel - English News (All India)	Dec '05 (%)	Jan '06 (%)	Feb '06 (%)	Mar '06 (%)	April '06 (%)	May '06 (%)
CNN-IBN	18.75*	34.04	31.91	31.48	32.65	34.00
NDTV 24x7	59.38	46.81	48.94	50.00	44.90	42.00
Headlines Today	21.88	17.02	12.77	9.26	12.24	12.00
Times Now	N.A.**	2.13	6.38	9.26	10.20	12.00

Channel - English News (All India)	June '06 (%)	July '06 (%)	Aug '06 (%)	Sep '06 (%)	Oct '06 (%)	Nov '06 (%)
CNN-IBN	32.14	33.90	37.04	34.69	35.29	36.96
NDTV 24x7	41.07	38.98	38.89	36.73	35.29	34.78
Headlines Today	12.50	11.86	11.11	10.20	9.80	10.87
Times Now	14.29	15.25	12.96	18.37	19.61	17.39

Source: TAM Viewership Data, All India, 15+C&S, Market shares for each month, 0700 hours to 2400 hours

\*Launched on December 17 '05, \*\*Channel not launched

Market Share and C&S Household Connectivity Build-Up Since Launch

Channel - English News (All India)	December 17, 2005 (Day 1 of CNN IBN Launch)		December 31, 2005* (Week 2 of CNN IBN Launch)		October 7, 2006* (Week of CNN IBN's Peak Market Share Lead)	
	Market Share (%)	Connectivity (%)**	Market Share (%)	Connectivity (%)	Market Share (%)	Connectivity (%)
CNN-IBN	13.79	44.50	39.47	76.70	39.22	87.00
NDTV 24x7	55.17	85.70	44.74	85.30	29.41	90.60
Headlines Today	31.03	77.20	15.79	77.60	11.76	76.10
Times Now	0.00***	0.00***	0.00***	0.00***	19.61	66.00

Source: TAM Viewership Data, All India, Market Share for C&S 15+, 0700 hours to 2400 hours

\* For the week ending on the corresponding date

\*\* As of the week ended December 24, 2005

\*\*\* Channel Not Launched

**Intellectual Property**

For conducting our business, we own intellectual property rights over our programs in the nature of copyright and we have filed applications for registration of certain trademarks, including for "CNN-IBN". For further details, see section titled "Government and Other Approvals" beginning on page 169 of this Draft Red Herring Prospectus. We believe that trademarks and copyrights are important assets to our business. In the course of our business, we have been using trademarks, which are extensively promoted and advertised on our news channel CNN-IBN.

**Employees**

As of October 31, 2006, the number of people employed by our Company was 669. There has been no employee unrest in the Company that has had material adverse effect on the operations and business of the Company. We believe we enjoy good relations with our employees. There has not been any material claim of unfair practices, with respect to the employees at any of our facilities till date.

### ***Properties and Facilities***

Our registered office is located in New Delhi and the main facilities are located in Noida. We operate through leased properties for conducting our operations. The details of our main property are as follows:

<b>Location/Address of property</b>	<b>Area (square feet)</b>	<b>Other Details</b>
Express Trade Towers, Tower A & B, Plot no. 15 and 16, Sector 16 A, Noida 201301.	55,496	Sub lease dated July 1, 2005 between our Company and Network 18 for a period of 3 years.
601, 6 <sup>th</sup> floor, Commercial Tpwre, Hotel Le Meridien, Raisina Road, New Delhi	NA	Sub licence dated October 3, 2005 between our Company and Mr. Kuldip Singh.

Further, we have entered into lease agreements in relation to 20 news bureaus located in the major cities in India.

## FINANCIAL INDEBTEDNESS

Set forth below is a brief summary of our significant outstanding secured borrowings as of the date of filing of this Red Herring Prospectus together with a brief description of certain significant terms of the financing arrangements.

Name of Lender	Facility & Loan Documentation	Interest Rate	Repayment Schedule	Security Created
Syndicate Bank	Letter dated December 28, 2006 granting in principle sanction for grant of a loan of Rs. 5.00 crores.	Prime Lending Rate at present 11.5% at monthly rest.	Within 6 months.	Nil.
ICICI Bank Limited <sup>(1)(2)(3)(4)</sup>	Loan agreement dated September 5, 2005 for a facility of Rs. 32.00 crores.	2% below ICICI Benchmark Advance Rate (IBAR) prevailing as on the date of disbursement, plus applicable interest tax or other statutory levy, if any.	16 equal quarterly instalments of Rs. 2.00 crores payable on the last day of each quarter starting from December 2007.	<p>First charge on all of the Companies movable assets subject to the charges on current assets created /to be created in favour of the Companies bankers for securing borrowings for working capital requirements.</p> <p>Further secured by irrevocable and unconditional personal guarantee from Mr. Raghav Bahl.</p> <p>Letter of comfort from TV 18 undertaking to take all necessary steps to ensure that the Company fulfils all necessary obligations under the agreement.</p>
ICICI Bank Limited <sup>(1)(2)(f)(3)(4)(5)(6)(7)(8)</sup>	Loan agreement dated May 11, 2006 for a facility of Rs. 25.00 crores.	To be stipulated by the lender bank at the time of disbursement of each drawal, which shall be 2.75% below IBAR prevailing as on that date,	20 quarterly instalments of Rs. 1.25 crores each starting from December 2007 and ending	<p>First charge on the Company's moveable and fixed assets.</p> <p>Further secured by letters of comfort from TV 18 and Network 18 duly</p>

Name of Lender	Facility & Loan Documentation	Interest Rate	Repayment Schedule	Security Created
		plus applicable interest tax or other statutory levy, if any. The rate of interest will be reset after every twelve months from the date of first disbursement.	September 2012.	supported by Board resolution.
Yes Bank Limited <sup>(9)</sup>	Loan facility dated July 26, 2006 for an amount not exceeding Rs. 20.00 crores.	<p>10.5% per annum excluding interest tax calculated and payable with quarterly rests, or such other rate as may be stipulated by the Bank at its absolute discretion from time to time.</p> <p>Cash credit: Yes Bank Prime Lending Rate (PLR) minus 2.00% prevalent from time to time.</p> <p>The current Yes bank Prime Lending Rate being 12.50 per annum. The effective rate is 10.50 % per annum.</p>	Each advance shall be repaid in full on the last business day of the term for which such advance was drawn down.	<p>Secured by hypothecation by way of a first charge on all current assets of the Company.</p> <p>Further the security of first charge already created on the said goods and debts in favour of the Bank to secure the cash credit facility, would extend to and cover and operate as and by way of first further charge to secure the loan and the interest and all other monies due and payable thereon.</p> <p>The Company is also required to furnish upon demand all/ any security in such form and value as may be required by the Bank from time to time in amounts and values sufficient at all time in the opinion of the Bank to secure the payment of the loan and any other obligations of the Company to the Bank.</p> <p>Unconditional and</p>

Name of Lender	Facility & Loan Documentation	Interest Rate	Repayment Schedule	Security Created
				irrevocable corporate guarantee of Network 18.

(1) Under the terms of the loan agreement, our Company cannot declare or pay any dividend on its Equity Shares or authorise or make any distribution, payment, delivery of property or cash to its shareholders without obtaining prior written consent of the lender. Further, the Company shall not declare dividend if it fails to meet its obligations to pay interest and/or instalments and/or other monies under the loan agreement.

(2) Under the terms of the loan agreement, the Company shall not during the subsistence of the liability with respect to the facility, without the prior written consent of the lender do any of the following:

- (a) raise any term loans/debentures, incur major capital expenditure or make any investment either directly or through its subsidiaries;
- (b) make any payments to the redemption of its preference share capital;
- (c) undertake any new project or diversification, modernisation or substantial expansion of its business;
- (d) engage in any business or activities other than those which the Company is currently engaged in, either alone or in partnership or joint venture;
- (e) create any subsidiaries;
- (f) undertake or permit any merger, de-merger, consolidation, reorganisation with its creditors or shareholders or effect any scheme of amalgamation or reconstruction;
- (g) buy back, cancel, reduce, redeem, purchase or otherwise acquire any share capital or issue any further share capital whether on preferential basis or otherwise or change its capital structure in any manner whatsoever; or
- (h) amend or modify Memorandum and Articles of Association of the Company.

(3) Under the terms of the loan agreement the lender has a right to appoint and remove nominee directors on the Board of Directors.

(4) Under the terms of the loan agreement, in the event that our Company commits a default in payment/repayment of two consecutive instalments of principal amounts of the facility or interest thereon, the lender shall have the right to convert at its option whole or part of the outstanding amount of the facility into fully paid up Equity Shares at par.

(5) Under the terms of the loan agreement, the lender has the option to call the outstanding facility amount on occurrence of any of the following events: (a) in case there is any fresh issue of Equity Shares; (b) at any time after 12 months from the date of the loan agreement.

(6) Under the terms of the agreement, the management control of the Company is required to remain with the Promoters.

(7) Under the terms of the agreement, the Company cannot transfer, assign, lease the license regarding telecast of news without prior written approval of the lender.

(8) Under the terms of the agreement, the facility is convertible into Equity Shares to the extent of the outstanding facility amount at the option of the lender on the occurrence of an event of default at a conversion price to be decided on the basis of fair valuation.

(9) Under the loan agreement, the Company is (i) not permitted to bring any change in its ownership or control which may change the effective beneficial ownership or control of the Company and also not effect any material change in the management of the business and not make any amendments in its Memorandum and Articles without the prior written consent of the Bank (ii) not to assume guarantee, endorse or in any manner become directly or contingently liable for or in connection with the obligation of any person, firm or corporation except for transactions in the ordinary course of its business.



## **REGULATIONS AND POLICIES**

Our Company is involved in the news and current affairs broadcasting business. The following description is a summary of the relevant statutes, regulations and policies as prescribed by the Ministry of Information and Broadcasting, the Department of Telecommunications, the Reserve Bank of India and the GoI.

The introduction of regulation in the cable broadcasting industry was with the Cable Television Networks (Regulation) Act, 1995. Thereafter, the Government has continuously introduced various legislations and guidelines on issues relating to uplinking, cable television networks and broadcasting. The following discussion details the important laws and regulations, which govern channels providing news and current affairs in India.

### **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.

### **Foreign Investment Regulations**

Foreign investment in the news and current affairs television channel broadcasting sector is regulated by the Government of India. The limits of foreign investments in India are provided in the Industrial Policy issued by the Government of India.

- Foreign shareholding up to 26% of the paid up equity of the company is permitted with the prior approval of the Government. However, an entity making portfolio investment in the form of FII/NRIs deposits shall not be “persons acting in concert” with FDI investors, as defined in Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997.
- While calculating foreign equity of the company, the foreign holding component, if any, in the equity of the Indian shareholder companies of the company will be duly reckoned on pro-rata basis, so as to arrive at the total foreign holding in the company. However, the indirect FII equity in a company as on March 31 of the year would be taken for the purposes of pro-rata reckoning of foreign holdings.

In addition, the MIB has established guidelines for investment in Indian companies in the news and current affairs television channel broadcasting sector, which are discussed below.

### **Guidelines for Uplinking News and Current Affairs Channels from India**

In July 2000, the MIB issued the Up linking Guidelines. The Up linking Guidelines were formulated to permit privately controlled companies in India to establish uplinking hubs or

teleports, permit uplinking of television channels from India and to facilitate Indian news agencies to have their own uplinking facilities for the purposes of news gathering and its further distribution to other news agencies or broadcasters. On March 26, 2003, the GoI introduced guidelines for uplinking of news and current affairs in TV channels from India. The GoI has on December 2, 2005 consolidated and notified these guidelines in supercession of all previous guidelines. The key features of the Up linking Guidelines are as under:

- The companies seeking permission to set up uplinking hub/teleport or uplink a TV channel or uplink facility by a news agency have to be registered in India under the Companies Act.
- Foreign shareholding including FDI/FII/NRI investments cannot exceed 26% of the paid up equity of the company. However, an entity making portfolio investment in the form of FII/NRIs deposits shall not be “persons acting in concert” with FDI investors, as defined in Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997.
- Equity held by the largest Indian shareholder should be 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 Companies Act. While calculating foreign equity of the company, the foreign holding component, if any, in the equity of the Indian shareholder companies of the company will be duly reckoned on pro-rata basis, so as to arrive at the total foreign holding in the company. However, the indirect FII equity in a company as on March 31 of the year would be taken for the purposes of pro-rata reckoning of foreign holdings.
- The company shall make full disclosure, at the time of application, of shareholders agreements, loan agreements and such other agreements that are finalized or are proposed to be entered into. Any subsequent changes in these have to be disclosed to the MIB, within 15 days of any change.
- It will be obligatory on the part of the company to intimate the MIB of the changes in foreign direct investment in the company, within 15 days of such change. The applicant shall be required to intimate the names and details of all persons, not being resident Indians, who are proposed to be inducted in the board of directors of the company.
- At least three-fourths of the directors on the board of directors of the company and all key executives and editorial staff shall be resident Indians.
- The representation on the board of directors of the company shall as far as possible be proportionate to the shareholding.
- All appointments of key personnel (executive and editorial) shall be made by the applicant company without any reference on from any other company, Indian or foreign.
- The company must 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.
- The chief executive officer of the company, known by any designation, and/or head of the channel, has to be a resident Indian.
- The company should have a minimum net worth as prescribed below:

Item	Required Net Worth
Single TV channel	Rs. 3.00 Crore
For each additional TV channel	Rs. 2.00 Crore

- Permission for usage of facilities/infrastructure for live news/footage collection and transmission, irrespective of the technology used, will be given to only those channels, which are uplinked from India.
- The channel/company will ensure that its news and current affairs content provider(s), if any, are accredited with the Press Information Bureau. Such accredited content provider(s) only can use equipment/platform for collection/transmission of news/footage.
- The company can uplink either in C or Ku Band. Uplinking in C Band would be

permitted both to Indian as well as foreign satellites. However, proposals envisaging use of Indian satellites will be accorded preferential treatment. On the other hand, uplinking in Ku Band would be permitted through Indian satellite only, subject to the condition that this permission is not used to run/ operate DTH service without proper license, to which separate guidelines apply. Satellite to be used should have been coordinated with Insat System.

- The company shall comply with the Programme & Advertising Codes, as laid down in the Cable Television Networks (Regulation) Act, 1995 and the rules framed there under.
- The company shall comply with the terms and conditions of wireless operational licence to be issued by the WPC Wing, Ministry of Communications & IT.
- It will be obligatory on the part of the company to take prior permission from the Ministry of Information & Broadcasting before effecting any change in the CEO/ board of directors.

### **The Telecom Regulatory Authority Act, 1997 (“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 GoI 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 Department of Telecommunication has issued a notification dated January 9, 2004 which *inter alia* included ‘broadcasting and cable services’ within the ambit of telecommunication services and thus the TRAI is now the regulator for broadcasting and cable services in India. 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.

## HISTORY AND CERTAIN CORPORATE MATTERS

Our Company was incorporated on June 6, 2005 under the Companies Act as Global Broadcast News Private Limited. Subsequently, our Company became a public limited company under Section 44 of the Companies Act with effect from December 12, 2005 and the name of the Company was changed to Global Broadcast News Limited.

The registered office of the Company was originally situated at 9<sup>th</sup> Floor, Videocon Tower, E-1, Rani Jhansi Road, Jhandewalan Extension, New Delhi 110 005 which was later shifted to B-2, Kailash Apartment, Lala Lajpat Rai Marg, New Delhi 110 048 with effect from November 15, 2005. The registered office was shifted from B-2, Kailash Apartment, Lala Lajpat Rai Marg, New Delhi 110 048 to 601, 6<sup>th</sup> Floor, Commercial Tower, Hotel Le Meridien, Raisina Road, New Delhi 110 001 with effect from November 18, 2006.

### Scheme of Amalgamation

As part of a restructuring, our Company and SRH had filed a scheme of amalgamation under the Companies Act before the High Court of Delhi to consolidate our Company and SRH (“Scheme of Amalgamation”). The Scheme of Amalgamation was approved by the boards of our Company and SRH through resolutions of the Board of Directors dated May 2, 2006. The High Court of Delhi had through an order dated October 31, 2006 granted its sanction to the Scheme of Amalgamation and had instructed our Company and SRH to comply with statutory and other legal requirements to make effective the Scheme of Arrangement. The Company has on December 4, 2006 filed a certified copy of the order of the High Court of Delhi with the RoC. The RoC has confirmed the amalgamation of SRH and our Company through a certificate dated December 6, 2006.

With the successful implementation of the Scheme of Amalgamation, the entire undertaking of SRH comprising all of its assets and liabilities have transferred and vested in our Company. In consideration for the same our Company has on December 7, 2006 issued and allotted Equity Shares at par to each shareholder of SRH at a swap ratio of 10.61:1 i.e. each shareholder of SRH as on the effective date was entitled to 10.61 Equity Shares for every one equity share held by such shareholder on the effective in SRH. Consequently, upon the scheme of amalgamation coming into effect, SRH ceased to exist and 20,408,163 Equity Shares held by SRH were extinguished. Further, pursuant to the scheme of amalgamation 20,408,163 Equity Shares were allotted to the shareholders of SRH.

For further details, see section titled “Restructuring” beginning on page 1 of this Red Herring Prospectus.

### Major Events

Year	Event
June, 2005	Global Broadcast News Limited was incorporated as a private limited company.
August, 2005	Global Broadcast News Limited received permission from the MIB to uplink an English news television channel.
October, 2005	Brand license agreement with CNN and news services agreement with Turner were executed.
December, 2005	CNN-IBN, the 24 hour English news channel was launched.
January, 2006	Our Company entered into an investment-cum-shareholders agreement dated January 5, 2006, with IL&FS Private Equity Trust, TV 18, Network 18, Mr. Raghav Bahl and SRH and Mr. Rajdeep Sardesai, Mr. Sameer Manchanda and Mr. Haresh Chawla. Under this agreement, IL&FS agreed to subscribe to 40,000,000 optionally fully convertible debentures issued by our Company, for a consideration of Rs. 40.00 crores.

Year	Event
May, 2006	IL&FS Private Equity Trust was allotted 2,119,900 Equity Shares upon the conversion of 40,000,000 optionally fully convertible debentures.
July, 2006	Our Company entered into a share purchase, share subscription and shareholders agreement with Gupta family, BK Fincap Private Limited, Jagran TV Private Limited and others in relation to acquisition of equity shares in BK Fincap Private Limited.
November, 2006	CNN IBN was voted as the “Best English News Channel” at the Indian Television Academy Awards, 2006.

### **Our Main Objects**

Our main objects as contained in our Memorandum of Association are:

- To carry on the business of broadcasting, telecasting relaying, transmitting or distributing in any manner, any audio, video or other programmes or software for television radio, internet or any other media through, including but not limited to, terrestrial satellite, cable, direct to home, internet or interactive television network.
- To telecast, broadcast, relay through any media including satellite, radio, computers, distribute through any cable and satellite channels on cable networks, Direct to Home, Internet, Interactive Television or transmit the information/advertisement/products of the company or any other person.
- To carry on the business as advertising agents, to purchase and sell advertising time or space on any television, radio, internet, satellite in India or abroad or any other kind of media currency in vogue or which may be in vogue at any time and to act as agent or representative for any person(s) or entities for soliciting/booking advertisements and/or any other promotional, commercial and other programmes on any form of media or medium including collection of charges and remittances thereof to principals.
- To deal in computer based multimedia presentations and information technology business regarding all types of audio, video, television and cinematographic films, serials software and other programmes in India or elsewhere.
- To carry on the business of producing, directing, editing, distributing, purchasing, selling, acquiring or otherwise dealing in any manner, in any audio, video programme or software with respect to news, entertainment, current affairs, information, sports, education, history, cultural, art, science, fiction, games and communication and dubbing, recording, selling the same either in tapes, cassettes, photographs, floppies, compact discs, laser discs, internet or on any other media or software. To acquire rights for broadcasting, transmitting or distributing, in any other manner, any live sports and entertainment events, shows, recorded programmes, highlights, films and other programmes.
- To carry on the business of import, export, purchase, sell, lease, distribute and supply of decoding and receiving equipment, to decode and receive any encrypted and un-encrypted channels, including but not limited to, decoders, receivers, IRDs (Integrated decoders-cum-receivers), head ends and any other equipment for receiving, transmitting and distribution of channels, setup converter and the like for the purpose of attainment of above objects.

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

Since our incorporation, the following changes have been made to our Memorandum of Association.

Date of Amendment	Amendment
June 8, 2005	The authorized share capital of the Company was increased from Rs. 10,00,000 comprising of 100,000 Equity Shares to Rs. 10,00,00,000 comprising of 10,000,000 Equity Shares.
October 1, 2005	The authorized share capital of the Company was increased from Rs. 10,00,00,000 comprising of 10,000,000 Equity Shares to Rs. 40,00,00,000 comprising of 40,000,000 Equity Shares.
December 12, 2005	The Company converted from a private limited company to a public limited company and the name of the Company was changed to Global Broadcast News Limited.

### Our Subsidiaries

We do not have any subsidiaries.

### Company in which we have substantial investment

#### ***BK Fincap Private Limited***

We have entered into a share subscription, share purchase and shareholders agreement with Jagran TV Private Limited, BK Fincap Private Limited and others pursuant to which our Company acquired 76,485 equity shares. Consequently, our Company currently holds 86,485 equity shares amounting to 49% of the total issued share capital of BK Fincap Private Limited. For further details of the terms of these agreements see paragraph titled “Other Material Agreements” on page 72 of this Red Herring Prospectus.

BK Fincap Private Limited was incorporated on March 10, 2006 with the object *inter alia* to carry on the business of investment. Its registered office was located at B-2, Kailash Apartments, Lala Lajpat Rai Marg, New Delhi 110 048 and was shifted from to 601, 6<sup>th</sup> Floor, Commercial Tower, Hotel Le-Meridien, Raisina Road, New Delhi 110 001 with effect from November 18, 2006. The equity shares of the company are not listed on any stock exchange.

#### ***Shareholding Pattern***

The shareholding pattern of BK Fincap Private Limited at the time of its incorporation was as follows:

Name of Shareholder	Number of Shares	% of Shareholding
Mr. Raghav Bahl	5,000	50.00
Ms. Ritu Kapur	5,000	50.00

The shareholding pattern of BK Fincap Private Limited as of the date of filing the Red Herring Prospectus is as follows:

Name of Shareholder	Number of Shares	% of Shareholding
Global Broadcast News Limited	86,485	49.00
Mr. Sanjay Gupta	9,000	5.10
Mr. Sandeep Gupta	9,000	5.10

Name of Shareholder	Number of Shares	% of Shareholding
Mr. Yogendra Mohan Gupta	9,000	5.10
Mr. Mahendra Mohan Gupta	6,765	3.83
Mr. Shailesh Gupta	6,750	3.82
Mr. Shailendra Mohan Gupta	6,750	3.82
Mr. Siddhartha Gupta	6,750	3.82
Mr. Sameer Gupta	4,500	2.55
Mr. Sunil Gupta	4,500	2.55
Mr. Rahul Gupta	4,500	2.55
Mr. Bharat Gupta	4,500	2.55
Mr. Devendra Mohan Gupta	4,500	2.55
Mr. Tarun Gupta	4,500	2.55
Mr. Devesh Gupta	4,500	2.55
Mr. Dhirendra Mohan Gupta	4,500	2.55
Total	176,500	100.00

### ***Change in Capital Structure***

Except for the following:

- allotment of 76,485 equity shares to our Company on August 14, 2006;
- allotment of 15 equity shares to Mr. Mahendra Mohan Gupta on August 14, 2006;
- transfer of 4,500 and 5,000 equity shares from Mr. Raghav Bahl and Ms. Ritu Kapur respectively to our Company on March 30, 2006;
- transfer of 500 equity shares from Mr. Raghav Bahl to our Company on April 1, 2006; and
- allotment of 90,000 equity shares to the Gupta family on March 23, 2006.

there has been no change in capital structure of the company since incorporation of the company.

### ***Board of Directors***

The board of directors of BK Fincap Private Limited comprises Mr. RDS Bawa, Mr. Anil Srivastava, Mr. Mahendra Mohan Gupta and Mr. Siddhartha Gupta.

### ***Financial Performance***

BK Fincap Private Limited was incorporated on March 10, 2006 and therefore the audited financial statements are available only for the period ended September 30, 2006.

*(In Rs. except where otherwise stated)*

	September 30, 2006
Equity Capital	1,382,575
Reserves (excluding revaluation reserves)	33,61,17,157
Sales	Nil
Profit After Tax	(29,588)
Earning Per Share	Negligible
Net Asset Value	33,72,15,344
Asset value per share	3,064.62

## Shareholders Agreement

Our Company has entered into the following shareholders agreements:

- (a) Investment cum Shareholders agreement dated January 5, 2006 with IL&FS Private Equity Trust, TV 18, Network 18, Mr. Raghav Bahl, SRH, Mr. Rajdeep Sardesai, Mr. Sameer Manchanda and Mr. Haresh Chawla.
- (b) Shareholders' agreement dated November 1, 2005 with SRH, Mr. Sameer Manchanda, Mr. Rajdeep Sardesai, Mr. Haresh Chawla, SRH, Network 18 and TV 18.
- (c) Share Subscription cum Shareholders Agreement dated July 25, 2006 with the members of the Gupta family, BK Fincap Private Limited and Jagran TV Private Limited.
- (d) Share purchase cum shareholders agreement dated July 25, 2006 between BK Fincap Private Limited, New Vernon Private Equity Limited, Jagran TV Private Limited and Gupta family.

### *Investment cum Shareholders agreement dated January 5, 2006*

**Note:** This agreement stands automatically terminated upon listing of the Equity Shares of our Company.

Our Company entered into an investment-cum-shareholders agreement dated January 5, 2006, with IL&FS Private Equity Trust ("IL&FS"), TV 18, Network 18, Mr. Raghav Bahl and SRH being collectively known as "the Promoters", and Mr. Rajdeep Sardesai, Mr. Sameer Manchanda and Mr. Haresh Chawla ("the Professionals"). Under this agreement, IL&FS agreed to subscribe to 40,000,000 paid up optionally fully convertible debentures issued by our Company, for a consideration of Rs. 40.00 crores.

The main terms and conditions of the agreement are set out below:

- IL&FS had the option to convert all the debentures under this agreement into Equity Shares at the post money valuation of our Company at Rs. 425.00 crores.
- Our Company cannot issue any fresh Equity Shares on terms more favourable than those offered to IL&FS. In case of occurrence of any such issue, IL&FS would be suitable compensated so that the valuation of Equity Shares held by IL&FS becomes less or equal to the valuation offered by our Company under the fresh issue of Equity Shares.
- Under the terms of the agreement one nominee of IL&FS would be appointed on the Board of our Company till such time that IL&FS' holding in our Company is above 5%. Further, there are also certain reserved matters that require the affirmative vote of a nominee director of IL&FS on the Board.
- As per this agreement subject to applicable laws, Equity Shares held by IL&FS would not be subject to any lock-in during/after an initial public offering.
- The Promoters and the Professionals agreed not to transfer or dispose of any part of their shareholding in our Company to any person without the prior written consent of IL&FS. Further, the Promoters have undertaken to continue to hold 51% of the share capital of our Company or such percentage that may be required to comply with the guidelines issued by the MIB.
- If TV 18 or its affiliates intend to sell part or whole of their shareholding in our Company to any other person, they would provide a tag-along right and a right of first refusal to



IL&FS.

- The parties agreed that till December 31, 2007, the Equity Shares held by IL&FS shall not be transferred to any person engaged directly or indirectly in any media business. From January 1, 2007 till March 31, 2009, the Equity Shares held by IL&FS shall not be transferred by IL&FS to any person engaged directly or indirectly in any media business, without the Promoters' consent.
- The Promoters and our Company have undertaken to list the Equity Shares on the BSE or NSE, or to explore other means to enable IL&FS' exit by March 31, 2009. The agreement prescribes that the nature of the listing on the stock market shall be determined in mutual agreement between the Promoters/Professionals and IL&FS. Further, valuation of such an initial public offering shall be approved by IL&FS.
- The Promoters and our Company have also agreed to jointly and severally facilitate IL&FS' exit by exploring the possibilities of a strategic sale or merger with a listed company or with TV 18 or its affiliates.
- This agreement stands automatically terminated if the Equity Shares held by IL&FS at any time fall below 5% of our Company's share capital, on account of any transfer of Equity Shares to any person, or upon listing of the Equity Shares, or on winding-up of our Company.

***Shareholders' Agreement dated November 1, 2005***

**Note:** The parties to the agreement have executed a shareholders termination agreement on August 16, 2006 pursuant to which this agreement will terminate immediately on listing of the Equity Shares on any recognised stock exchange.

Our Company has entered into a shareholders' agreement dated November 1, 2005 with SRH, Mr. Sameer Manchanda, Mr. Rajdeep Sardesai, Mr. Haresh Chawla, Network 18 and TV 18 (the "Parties") to regulate their relationship as shareholders of our Company and to provide for the manner of conduct of business of our Company. The principal terms of the agreement have been set forth below:

- The Parties have undertaken that in the event of any conflict between the Memorandum of Association and Articles of Association with the provisions of the shareholders' agreement, they shall pass a resolution to amend the Memorandum of Association and Articles of Association in a manner consistent with, and to give effect to the shareholders' agreement.
- Under the terms of the agreement, the Parties had agreed to achieve the following shareholding pattern in the Company within one year from the effective date of the agreement i.e. by April 11, 2006.
  - (a) Mr. Sameer Manchanda shall hold Equity Shares representing 10% of the Equity Share capital;
  - (b) Mr. Rajdeep Sardesai shall hold Equity Shares representing 5% of the Equity Share capital;
  - (c) Mr. Haresh Chawla shall hold Equity Shares representing 5% of the Equity Share capital;
  - (d) GBN Employees Welfare Trust, which shall be a trust established for the benefit of the employees of the Company shall hold Equity Shares representing 6% of the Equity Share capital; and
  - (e) Network 18 shall hold Equity Shares representing 74% of the Equity Share capital.

- Under the terms of the agreement, the Parties have agreed that the Company would fund its business on the basis of a business plan to be approved by the Board from time to time. Further, Network 18 and its affiliates have agreed to provide funds through cash infusion as equity contribution to the extent of Rs. 75.00 crores provided that the same will not result in a change in the shareholding pattern mentioned above. If more funds are required for conducting the business of our Company, SRH or our Company, shall make best efforts to raise third party debt or equity on reasonable terms. In the event SRH or our Company is unable to raise third party debt or equity, the shareholders of our Company shall make available the necessary funds, provided that in case a shareholder fails to subscribe to Equity Shares in a given round of funding, such party would have a preferential right to subscribe to such number of Equity Shares as would ensure that its shareholding in our Company is maintained at the level mentioned above. This preferential right to subscribe to Equity Shares shall be available to each shareholder only for a period of five years from the date on which the shareholding pattern as mentioned above is achieved or up to the date of an initial public offering of Equity Shares by our Company.
- Under the terms of the agreement, the Parties have agreed that the Company shall undertake an initial public offering upon the third anniversary of the effective date of the agreement i.e. April 11, 2008, or as soon as practicable thereafter, provided that if all the shareholders of the Company unanimously determine otherwise, then the Company shall not undertake an initial public offering at that time. Further, all material particulars of the initial public offering including the price at which Equity Shares shall be offered to the public shall be finalized by Mr. Sameer Manchanda, Mr. Rajdeep Sardesai and Mr. Haresh Chawla in consultation with the BRLMs, who shall be appointed by the said individuals. It has also been agreed that Mr. Sameer Manchanda, Mr. Rajdeep Sardesai and Mr. Haresh Chawla shall have the first priority to tender their Equity Shares as an offer for sale in the initial public offering. Notwithstanding anything to the contrary, in accordance with the agreement, the shareholders of our Company shall be entitled to decide that the Company will undertake an initial public offering prior to April 11, 2008 only in the event that the shareholders determine in good faith that it is in the best interests of the Company to raise additional funds by means of an initial public offering and provided further that SRH and TV Eighteen have contributed all the monies required to be contributed by them under the shareholders agreement.
- Under the terms of the agreement, the Parties have agreed that Mr. Sameer Manchanda, Mr. Rajdeep Sardesai and Mr. Haresh Chawla shall not be regarded as promoters of our Company. In connection with the proposed initial public offering TV Eighteen or its successors shall be named as promoter of our Company and shall be liable to discharge all obligations as are imposed on a promoter under applicable law.
- As per the terms of the agreement, the Parties have agreed to work towards merging SRH with our Company and upon such merger Mr. Sameer Manchanda, Mr. Rajdeep Sardesai and Mr. Haresh Chawla shall hold Equity Shares in the proportion described above without having to contribute any further funds in our Company.
- Under the terms of the agreement, the Parties have agreed on the composition of the Board as follows:
  - (a) Three directors to be nominated by Network 18.
  - (b) Mr. Sameer Manchanda, Mr. Rajdeep Sardesai, Mr. Haresh Chawla and Mr. Raghav Bahl shall be appointed on the Board or shall have a right to appoint nominees on the Board.
  - (c) Mr. Sameer Manchanda and Mr. Haresh Chawla shall be appointed as joint managing directors and Mr. Raghav Bahl shall be the chairman of the Board.

- Under the agreement, the Parties have agreed that, notwithstanding anything to the contrary, the quorum at a Board meeting or a meeting of a committee of the Board (including any adjourned meeting) for consideration of matters identified in the agreement as affirmative vote matters shall always include the presence of a director nominated by Mr. Sameer Manchanda, Mr. Rajdeep Sardesai and Mr. Haresh Chawla. Further, no decision shall be made with respect to any affirmative vote matters unless the same is approved by a majority of directors including each director nominated by Mr. Sameer Manchanda, Mr. Rajdeep Sardesai and Mr. Haresh Chawla respectively.
- Under the agreement, the Parties have agreed that the quorum at a meeting of shareholders of the Company for consideration of matters identified in the agreement as affirmative vote matters shall always include the presence of an authorized representative of Mr. Sameer Manchanda, Mr. Rajdeep Sardesai and Mr. Haresh Chawla. Further, no decision shall be made with respect to any affirmative vote matters unless the same is approved by each of the authorized representatives appointed by Mr. Sameer Manchanda, Mr. Rajdeep Sardesai and Mr. Haresh Chawla respectively.
- The Parties have agreed that subject to the provisions of the Companies Act decisions making powers on all matters except for matters identified as affirmative vote matters under the shareholders agreement shall be delegated by the Board to the joint managing directors.
- Under the terms of the agreement, each shareholder of the Company has agreed that if it desires to transfer any Equity Shares it shall first offer them to the other shareholders in accordance with the procedure established under the agreement. In the event none of the other shareholders communicate their acceptance to the offer, such shareholders may transfer the Equity Share to any other person at terms no more favourable than those offered to the other shareholders. Further, it has been agreed that no shareholder would be entitled to transfer Equity Shares to a media company engaged in a business similar to our Company.
- As per the agreement, in the event any shareholder decides to transfer Equity Shares to a third party after the other shareholders have decided not to exercise their right of first refusal to purchase the same, such shareholder is required to give prior notice to the other shareholders setting out the terms of the transfer and giving them an option to 'tag along' by transferring Equity Shares in proportion of their respective shareholdings in the Company to the third party on the same terms and conditions.
- Under the terms of the agreement TV 18 has agreed that in the event of the happening of certain identified events, Mr. Sameer Manchanda, Mr. Rajdeep Sardesai and Mr. Haresh Chawla shall severally have the option to issue a notice to TV 18, thereby requiring TV Eighteen to purchase all of the Equity Shares held by Mr. Sameer Manchanda, Mr. Rajdeep Sardesai and Mr. Haresh Chawla, as the case may be, at a price to be determined by independent valuers.
- In the case of occurrence of an event of default as identified under the agreement, the non-defaulting shareholders shall have an option to call and purchase all of the Equity Shares of the defaulting party at a price arrived at by discounting the value of the Equity Shares by 25 per cent.
- In the event of a deadlock i.e. if no decision is taken in respect of any matters identified in the agreement as affirmative vote matters for three consecutive Board meetings or for a period of three months, the matter shall be referred to a meeting of all shareholders. If the deadlock continues for a period of 30 days after the said reference the deadlock asserting party may serve a notice that it intends to implement the deadlock procedure under the agreement. If the deadlock cannot be resolved within 30 days of the service of the notice,

such party may at its option by notice in writing specify a single price at which it offers either to sell its Equity Shares to other shareholders or purchase all the Equity Shares held by the other shareholders. The other shareholders shall at their sole option elect either to purchase the Equity Shares of such shareholder at the price stated in the notice or require such shareholder to purchase the Equity Shares collectively held by the other shareholders at the said price. In the event the other shareholders do not make the aforesaid election within 30 days from the receipt of notice then they shall be deemed to have elected to require the offering shareholder to purchase the Equity Shares collectively held by them.

- Under the terms of the agreement, in the event Mr. Sameer Manchanda, Mr. Rajdeep Sardesai and Mr. Haresh Chawla cease to hold at least 50 per cent of the shareholding originally held by them, such individual shall cease to be entitled to the rights granted to him under the agreement. However, if the reduction in shareholding is due to a further round of funding and the preferential right to subscribe to Equity Shares as mentioned above is available to such individual, the rights with respect to affirmative vote matters available to the individual under the agreement shall not cease.
- The governing law of the agreement are the laws of India.

### **Share Subscription cum Shareholders Agreement**

Our Company has entered into a Share Subscription cum Shareholders Agreement dated July 25, 2006 with the members of the Gupta family, BK Fincap Private Limited and Jagran TV Private Limited under which our Company has agreed to subscribe to 76,485 equity shares for a total consideration of Rs. 68,00,00,000. The agreement further provides that out of the aforesaid total consideration, our Company has agreed to pay Rs. 26,25,00,000 as consideration (face value and part of the premium) for 76,485 equity shares of BK Fincap Private Limited. The remaining consideration is payable by our Company from time to time as and when the board of BK Fincap Private Limited makes calls (all calls are to be made before January 30, 2007). Further, BK Fincap Private Limited has agreed to procure Jagran TV Private Limited to repay the inter corporate loans for an amount of Rs. 17,55,00,000 granted by our Company to Jagran TV Private Limited, within two days of our Company infusing the subscription consideration or part thereof. The main provisions of the agreement are summarized herein below:

- The agreement prescribes that post the issuance and allotment of equity shares of BK Fincap Private Limited to our Company, our Company shall hold 49% of the equity shares.
- The agreement prescribes the manner in which the consideration of Rs. 68,00,00,000 is to be utilized, the details of which are set out below:
  - (a) Rs. 11,50,00,000 to be utilized by BK Fincap Private Limited to purchase 1,055,855 equity shares of Jagran TV Private Limited from New Vernon Private Equity Limited;
  - (b) Rs. 10,00,00,000 to be paid to the Gupta family in respect of the amount owed by the BK Fincap Private Limited to Gupta family for transfer of shares in Jagran TV Private Limited by Gupta family to BK Fincap Private Limited;
  - (c) Rs. 46,50,00,000 to be infused into Jagran TV Private Limited as an unsecured non convertible loan bearing an interest rate to be decided by the board of directors of BK Fincap Private Limited.
- The agreement prescribes that the board of directors of BK Fincap Private Limited shall constitute of six directors, three directors each nominated by our Company and the Gupta family.
- The agreement prescribes that our Company as well as by the Gupta family have affirmative voting rights on certain identified matters such as change in scope of business,

amendment of the memorandum or articles of association, creation of any subsidiary and any act to list the shares.

- The agreement prescribes that as long as our Company, along with its affiliates, holds at least 25% of the paid up capital of Jagran TV Private Limited, our Company has the right to manage the day to day operations of Channel 7.
- The agreement prescribes a lock in period i.e. 15 months from the date of execution of the agreement and anytime thereafter our Company has a right to call upon Gupta family to sell such number of equity shares of BK Fincap Private Limited as would entitle our Company to hold 51% of the shareholding of BK Fincap Private Limited. Upon expiry of lock in period Gupta family may issue an exit notice to our Company and BK Fincap Private Limited. Within a period of two years from receipt of said exit notice, which shall be known as the “exit discussion period”, our Company and the Gupta family shall provide a mutually agreed exit route for the Gupta family, including an initial public offering or a merger with another entity controlled by our Company or its affiliates.
- In the event our Company and the Gupta family fail to agree upon an exit route for the Gupta family within said exit discussion period, it shall be open for the Gupta family to require BK Fincap Private Limited to make an offer for sale to the public. Upon listing of BK Fincap Private Limited, the agreement shall terminate, unless mutually agreed between our Company and the Gupta family.
- The agreement prescribes that if at any time during the term of the agreement any party is desirous of selling all or any equity shares such party is required to give the other party a right of first refusal to purchase such equity shares. Further, if the other party does not exercise its right of first refusal such party may send a notice of tag along requiring the party to sell out of the equity shares proposed to be transferred to the proposed transferee such number of shares as is proportionate to the number of share of the other party.
- Upon occurrence of a deadlock event, our Company as well as the Gupta family is entitled to buy out the other by submitting their bids to each other for all equity shares held by the other shareholder.
- In the event of any dispute, the agreement prescribes that such dispute shall be held in accordance with Arbitration and Conciliation Act, 1996 and the agreement shall be governed by the laws of India and the courts at Delhi would have exclusive jurisdiction.

### **Share Purchase cum Shareholders Agreement**

Share purchase cum shareholders agreement dated July 25, 2006 between BK Fincap Private Limited, New Vernon Private Equity Limited (“NVPE”) and Jagran TV Private Limited, Gupta family represented by Mr. Mahendra Mohan Gupta (“GF”) and our Company. The main provisions of the agreement are summarized herein below:

- On August 15, 2006 or such other date as may be agreed between the parties, NVPE shall sell, transfer, convey all rights, title, benefits or any interests of 1,055,855 equity shares of Jagran TV Private Limited to BK Fincap Private Limited for a consideration of Rs. 11,50,00,000. On the same date, GF shall ensure that the remaining equity shares of Jagran TV Private Limited, being held by NVPE are sold, transferred and conveyed from NVPE to a new financial investor, who will have no management rights (“New Investor”) for a total consideration of Rs. 11,50,00,000. The agreement prescribes that in the event, GF is unable to find a New Investor before July 31, 2006, the remaining equity shares of Jagran TV Private Limited being held by NVPE, shall be purchased by GF and GF shall be treated as the New Investor.

- Further the parties have agreed, that any time on or before January 30, 2007, BK Fincap Private Limited will purchase all the equity shares held by the New Investor by paying Rs. 11,50,00,000 along with a simple rate of interest of 11% p.a from the time the New Investor acquired the equity shares ("Acquisition"). For the purposes of funding this Acquisition, our Company is required provide an unsecured loan to BK Fincap Private Limited on the terms and conditions decided by the Board of our Company. Simultaneous to the above Acquisition, GF shall also provide an unsecured loan of Rs 11,50,00,000 to Jagran TV Private Limited on the same terms and conditions as provided by our Company to fund the Acquisition.
- In the event the transactions under this agreement cannot be completed on or before January 15, 2007, and the parties are unable to come to a mutual agreement with respect to the completion of these transactions by January 30, 2007, the investment agreement dated July 18, 2005 and the amendment agreement dated July 26, 2005 executed between NVPE, Jagran TV Private Limited and GF shall automatically become operative again.
- On receipt of consideration for sale of equity shares of Jagran TV Private Limited to BK Fincap Private Limited, GF shall infuse into Jagran TV Private Limited a sum of Rs 10,00,00,000 as an unsecured interest free loan. Further, within a period of 30 days from July 25, 2006, our Company shall cause Jagran TV Private Limited to execute agreements appointing Mr. Rajdeep Sardesai as the editor-in-chief of Jagran TV Private Limited.
- In case of any future funding requirement of Jagran TV Private Limited, as the first option our Company shall infuse an amount of Rs. 14,00,00,000 as an interest free unsecured loan.
- In the event Jagran TV Private Limited decides to raise fresh funds by way of issue of equity shares, the existing shareholders (besides New Investor) shall be first offered to subscribe to the equity shares in proportion to their existing shareholding. Any issue of the equity shares of Jagran TV Private Limited to a third party shall be made only when the existing shareholders are unwilling to subscribe to this fresh issue of shares.
- Jagran TV Private Limited has agreed that it shall not issue any equity shares to a third party on terms and conditions, more favourable than those offered to the existing shareholders of Jagran TV Private Limited under this agreement.
- The board of directors of Jagran TV Private Limited shall consist of 7 directors. BK Fincap Private Limited has the right to appoint 6 directors and NVPE has the right to appoint 1 director so long as it holds more than 10% of the equity share capital of Jagran TV Private Limited.
- Till such time as GF or our Company hold more than 40% of the equity share capital of BK Fincap Private Limited, on certain issues affirmative vote of the nominee directors of GF or our Company on the board of Jagran TV Private Limited is required. Further, the affirmative vote of nominee directors of GF or our Company is required with respect to certain other matters reserved under the agreement till such time that the shareholding of either GF or our Company, as the case may be continues to be at least 20%.
- As long as our Company continues to hold at least 25% of the paid up capital of BK Fincap Private Limited, it has the right to manage the day to day operation of Channel 7, the channel being operated by Jagran TV Private Limited. The marketing, distribution and production activities of Channel 7 shall be integrated with those of the channels operated by the TV 18 group.
- BK Fincap Private Limited has a right of first refusal if NVPE proposes to transfer equity

shares of Jagran TV Private Limited to any person, other than to its affiliates. Further, BK Fincap Private Limited also has the option of exercising drag along rights with respect to the equity shares of Jagran TV Private Limited, in the event BK Fincap Private Limited proposes to transfer all of its shares to any person. NVPE has the option of exercising its tag along right with respect to the equity shares of Jagran TV Private Limited, in the event BK Fincap Private Limited proposes to transfer all or any of its shares to any person. NVPE also has a put option in the event NVPE's shareholding reduces to less than 10% of the issued and paid up share capital of Jagran TV Private Limited, or if any person other than an existing shareholder of BK Fincap Private Limited acquires over 26% of the shares of BK Fincap Private Limited, or the board of directors of BK Fincap Private Limited passes a resolution to make an IPO, NVPE may, at its option, require BK Fincap Private Limited to purchase all its shares at a price determined by NVPE's valuation.

- NVPE and/or BK Fincap Private Limited shall not be entitled to transfer the equity shares of Jagran TV Private Limited held by it to any person engaged in a similar line of business as Jagran TV Private Limited, without the prior approval of other shareholders. In the event NVPE proposes to transfer the shares held by it to any person engaged in a similar line of business as Jagran TV Private Limited, NVPE shall give a right of first refusal to BK Fincap Private Limited.
- GF and Jagran TV Private Limited undertake to indemnify our Company on account of any past liabilities of Jagran TV Private Limited.
- Any dispute under this agreement shall be governed under Indian law and be subject to exclusive jurisdiction to the courts at Delhi, subject to arbitration and the seat of such arbitration shall be Delhi.

### **Other Material Agreements**

Set forth below is a brief summary of our other material agreements with a brief description of significant terms of such agreements.

#### ***Brand License Agreement***

Our Company has entered into a brand license agreement dated October 27, 2005 with CNN. Under the terms of the agreement CNN has granted our Company an exclusive, limited, non-transferable right to use and reproduce the licensed material, which includes the CNN name, CNN principal logo etc within India, Nepal, Sri Lanka and Bangladesh. The significant terms of this agreement are set out below:

- The agreement is for a term of 10 years from the date of the launch of the channel (channel was launched on December 17, 2005) and shall be renewed for a further period of 10 years unless either of the parties notifies the other party 180 days prior to expiry of the term of their intent to not renew the agreement.
- As consideration for the rights granted by CNN, our Company has agreed to pay a brand license fee to CNN on a semi annual basis. The brand license fee is in the range of US\$ 7,400 to US\$ 15,330 for the said period.
- Our Company is not permitted to grant any rights to the name, logo or any other intellectual property right vesting in the channel CNN-IBN to any new general news channel in India, without providing a right of first offer and last refusal to CNN with respect to the proposed creation of such a channel and the license of the aforementioned rights to it.
- CNN has undertaken not to license the use of the CNN name, logo etc in relation the

operation of any English language television channel or any print newspaper or magazine during the term of the agreement, or to any Hindi language or regional language television channel broadcast in India for the first three years of the term of the agreement and for the first 18 months of the term of the agreement respectively. However, CNN is permitted to license the use of the CNN name, logo etc to any television news channel operated by Doordarshan upon the expiry of one year of the term of the agreement and for educational and/or marketing initiatives. Further, CNN has the right to continue licensing material to certain third parties under existing contractual arrangements, the last of which shall expire on June 30, 2008, subject to the non-renewal of such existing arrangements.

- The parties are not permitted to severally register or attempt to register the logo of CNN-IBN in any country.
- Our Company has agreed not to register or attempt to register any proprietary rights associated with CNN name, logo etc, including any trademark, without obtaining the written approval of the same and not to use such material in a manner other than authorized under the agreement.
- CNN shall have the right to add or remove elements from the materials licensed to our Company under the agreement, as it deems reasonably necessary. However, in the event CNN removes the CNN name from the licensed material, our Company shall have the right to terminate the agreement by providing seven days prior notice.
- Our Company has agreed to obtain all necessary licenses and regulatory approvals to perform its obligations under the agreement and to conduct its operation in accordance with applicable law.
- CNN shall have the right to terminate the agreement immediately at any time in the event our Company asserts any rights in relation to the licensed material or our Company following an earlier similar breach of the agreement and written notification by CNN broadcasts any material containing representation of the licensed material in a manner other than prescribed under the agreement. Further, either party may terminate the agreement immediately by the delivery of notice to the other party on the occurrence of certain events including if the other party files a petition for bankruptcy, is adjudged bankrupt, becomes insolvent, is unable to pay its debts as and when due or if it defaults in the performance of its obligations under the agreement if the same is not cured within 30 days of written notice to the defaulting party. This agreement is co-terminus with the News Services Agreement and shall terminate upon termination of the News Services Agreement.
- Either party is required to indemnify the other party from and against any loss, claims liabilities etc incurred by such other party directly arising from the breach by the indemnifying party of any of its representations or obligations set out under the agreement.
- Our Company is required to adhere to the applicable provisions of the CNN style guide and any other guidelines that CNN may communicate as being applicable.
- Our Company is required to obtain all necessary approvals/licences required to perform its obligations.
- Upon expiry or termination of the agreement all rights granted by CNN to our Company shall immediately revert to CNN. Further, our Company shall do all such acts as may be necessary to procure cancellation of the Company as a registered user of the channel logo.



### ***News Services Agreement***

Our Company has entered into news services agreement dated October 27, 2005 with Turner wherein the parties have agreed to assist each other in production and broadcasting services and creation of programme material in India, Nepal, Sri Lanka and Bangladesh. The significant terms are set out below:

- The agreement is for a term of 10 years from the date of the launch of the channel (which was launched on December 17, 2005) and shall be renewed for a further period of 10 years unless either party notifies the other party 180 days prior to expiry of the term of their intent to not renew the agreement.
- Turner has a right to appoint a permanent invitee to the Board of Directors of our Company. Further, our Company is required to operate the channel CNN-IBN in accordance with channel editorial standards and advertising standards.
- In consideration for the rights granted by Turner, our Company has agreed to pay a licensing fee equivalent to 3.5% of net revenue of the channel CNN-IBN or the relevant annual minimum guarantee, whichever is higher, less any amounts payable under the brand licensing agreement. The minimum guarantee is in the range of US\$ 500,000 to US\$ 850,000 for the said period. Further in consideration for the archive content licensed to our Company under the agreement, we are required to pay Turner US\$ 2,500,000 at the end of the third year of the term of the agreement.
- Each party has a right of first offer and last refusal with respect to the proposed creation by the other party of any new general television news channel in any language in India.
- Under the terms of the agreement Turner has undertaken not to license to any third party the broadcast of certain specified programmes/ material in relation to the operation of any English language television channel during the term of the agreement or to any Hindi language or regional language television channel broadcast in India for the first three years of the term of the agreement and for the first 18 months of the term of the agreement respectively. However, Turner is permitted to license the broadcast of such content to any television news channel operated by Doordarshan upon the expiry of one year of the term of the agreement. Further, Turner has the right to continue licensing material to certain third parties under existing contractual arrangements, the last of which shall expire on June 30, 2008, subject to the non-renewal of such existing arrangement.
- Under the terms of the agreement our Company has agreed to hold and maintain all necessary licenses and regulatory approvals for the channel CNN-IBN and to conduct its operation in accordance with applicable law.
- Under the terms of this agreement either party shall have the right to terminate the agreement immediately at any time in the event the other party defaults in the performance of its obligations under the agreement and the same is not cured within a period of 30 days of written notice provided by the non-defaulting party or if the other party breaches any other contract entered into between the parties. Further, either party may terminate the agreement immediately by the delivery of notice to the other party on the occurrence of certain events including if the other party files a petition for bankruptcy, is adjudged bankrupt, becomes insolvent or is unable to pay its debts as and when due. This agreement is co-terminus with the News Services Agreement and shall terminate upon termination of the News Services Agreement. This agreement is co-terminus with the Brand License Agreement and shall terminate upon termination of the Brand License Agreement.
- Under the terms of the agreement either party is required to indemnify the other party from and against any loss, claims liabilities etc incurred by such other party directly

arising from the breach by the indemnifying party of any of its representations or obligations set out under the agreement.

Our Company has entered into letter agreement dated October 27, 2005 with Turner and others in relation to the News Services Agreement. The salient features of this agreement are as follows:

- Our Promoter, Mr. Raghav Bahl, our Director Mr. Sameer Manchanda and our key managerial employees Mr. Rajdeep Sardesai and Mr. Haresh Chawla cannot sell, assign directly or indirectly their Equity Shares or their rights in respect of their Equity Shares to any third party other than through a public offering of Equity Shares without Turner's prior written consent for a period of three years from the date of this agreement.
- Our Promoter Mr. Raghav Bahl, is required to hold at least 51% of the Equity Share capital either directly or through holding at least 51% of the Equity Share capital of Network 18 subject to continuation of requirement for the largest Indian shareholder of our Company to hold at least 51% of the total Equity Share capital under the Uplinking Guidelines. In any event, under the terms of this agreement, the parties have agreed that there shall not be any change in the management control of our Company. The restriction contained in this clause is for a period starting from the date of this letter and expiring at the end of three years from the date of listing of equity shares of GBN or six years from the date of this letter, whichever is earlier.
- If, prior to listing of our Equity Shares or before the expiry of three years of the date of this agreement, our key managerial employees Mr. Rajdeep Sardesai and Mr. Haresh Chawla and our director, Mr Sameer Manchanda, wish to sell any of their Equity Shares to a non-Indian entity or to an entity owned or controlled by a non-Indian entity, such shareholder must first make an offer to sell those Equity Shares to Turner.
- If Turner elects to acquire Equity Shares during the duration of the agreement and as a result of such acquisition the shareholding of Turner in our Company is 5% or more, Turner shall be entitled to appoint a director to the Board of Directors till such time it continues to hold 5% or more of the Equity Share capital of our Company.
- If Turner elects to sell any Equity Shares, which it may have acquired during the duration of the agreement, it must first make an offer to sell such Equity Shares to TV 18.
- In case of any discrepancy between the News Service Agreement and this agreement, this agreement shall prevail.
- The agreement shall be governed by the laws of England and Wales and shall be subject to the exclusive jurisdiction of the courts of England and Wales.

#### **Memorandum of Understanding with Zee Turner Limited**

Our Company has on July 24, 2006 entered into a memorandum of understanding with Zee Turner Limited ("MoU"), which is engaged in the business of distribution of various satellite based channels. The MoU prescribes that subject to approval of the board of the parties to the MoU and the execution of an agreement our Company has granted Zee Turner Limited the exclusive right to receive and distribute the service via cable including digital, DTH and IPTV and any other mode that may be prevalent. As regards subscription charges, the MoU prescribes that Zee Turner Limited would charge Rs. 5 per subscriber per month for distributing CNN IBN as an a-la-carte channel. Zee Turner Limited has agreed that it shall endeavour to collect the subscription charges from the subscribers on the basis of the agreement signed with them and remit the actual collected amount within 60 days of last day of collection to the Company. The MoU further prescribes that Zee Turner Limited would be entitled to a commission of 20% on subscription charges on collection basis and that nothing in the MoU confers, conveys, grants or

assigns onto Zee Turner Limited any intellectual property right, title or any other proprietary interest. The MoU is valid till March 31, 2007.

***Agreements in relation to hiving off of ibnlive.com***

***Business Transfer Agreement***

Our Company has on July 31, 2006 entered into a business transfer agreement with Web 18 Software Services Limited pursuant to which our Company sold, transferred, assigned and conveyed as a going concern on a slump sale basis the news portal business including the brand, domain, goodwill, assets, contracts, employees and permits and licenses.

***Share Purchase Agreement***

Our Company has entered into a share purchase agreement dated July 31, 2006 with Tadcaster Holdings Limited pursuant to which our Company has transferred 169,100 equity shares of Web 18 Software Services Limited to Tadcaster Holdings Limited, which is a wholly owned subsidiary of Web 18 Holdings Limited.

***Share subscription agreement***

Our Company has entered into a share subscription agreement dated July 18, 2006 with Web 18 Holdings Limited pursuant to which our Company has agreed to subscribe to 3,861,250 equity shares constituting 15% of the issued and paid up capital of Web 18 Holdings Limited.

## OUR MANAGEMENT

### Board of Directors

Under our Articles of Association we cannot have less than three Directors or more than 12 Directors. We currently have six Directors on our Board of Directors.

The following table sets forth current details regarding our Board of Directors:

Name, Father's/ Husband's Name, Designation and Occupation	Age	Address	Other Directorships
<b>Mr. Raghav Bahl</b> S/o Mr. P.N. Bahl Director Non Executive Chairman Media Professional	45 years	E-36, Sector 30, Noida 201 301, Uttar Pradesh.	1. Television Eighteen India Limited 2. e.Eighteen.com Limited 3. iNews.com Limited 4. Moneycontrol Dot Com India Limited 5. Network 18 Fincap Limited 6. SGA News Limited 7. Setpro Holdings Private Limited 8. RB Softech Private Limited 9. RB Software Private Limited 10. BK Media Private Limited 11. TV 18 Home Shopping Network Private Limited 12. RK Finhold Private Limited 13. VT Investments Private Limited 14. RB Investments Private Limited 15. RB Fincap Private Limited 16. RVT Softech Private Limited 17. Web 18 Holdings Limited 18. TV 18 Holdings Limited 19. E-18 Holdings Limited 20. TV18 HSN Holdings Limited 21. SGA Media Inc. 22. Web 18 Software Services Limited 23. RVT Investments Private Limited 24. RRB Holdings Private Limited 25. VT Holdings Private Limited 26. SWA Inc. 27. Television Eighteen Mauritius Limited 28. BK Media Mauritius Limited 29. SAW Holdings Cyprus Limited 30. News Wire 18 India Private Limited
<b>Mr. Sameer Manchanda</b> S/o Late Mr. Sukhdayal Manchanda Director Executive  Chartered Accountant	45 years	A-89, Nizamuddin East, New Delhi 110 013.	1. Moneycontrol Dot Com India Limited 2. Setpro Holdings Private Limited 3. Web 18 Software Services Limited
<b>Mr. Sanjay Ray Chaudhuri</b> S/o Late Mr. R.R. Chaudhuri Director Non Executive	40 years	LGG 110, The Laburnum, Sector 28, Block A, Sushant Lok, Gurgaon, Haryana.	1. e.Eighteen.com Limited 2. iNews.com Limited 3. Moneycontrol Dot com India Limited 4. SGA News Limited 5. Television Eighteen India Limited 6. Web 18 Software Services Limited

Name, Father's/ Husband's Name, Designation and Occupation	Age	Address	Other Directorships
Media Professional			7. Network 18 Fincap Limited
<b>Mr. G K Arora</b> S/o Late Dr. Yashoda Nandan Arora Director Independent Retired I.A.S.	72 years	House No. 181, Sector 15 A, Noida, Uttar Pradesh - 201301	1. Alps Industries Limited 2. Bengal Ambuja Housing Development Limited 3. IL&FS Transportation Networks Limited 4. DND Flyway Noida 5. Jaiprakash Associates Limited 6. Jaiprakash Hydropower Limited 7. Jaypee Karcham Hydro Corporation Limited 8. HGS (India) Limited 9. Noida Toll Bridge Company Limited 10. Roto Pumps Limited 11. SARA Funds Trustee Company Limited 12. Sunil Healthcare Limited 13. Television Eighteen India Limited 14. Network 18 Fincap Limited
<b>Mr. Shahzaad Dalal</b> S/o Mr. Siraj Ali Mohammed Dalal Director Non Executive Service	48 years	902, Crescent Heights, V.N. Naik Road 9, Forjet Street), Mumbai – 400 036	1. IL&FS Investmaent Managers Limited 2. SARA Funds Trustee Company Private Limited 3. IL&FS Finvest Limited 4. Bharat Serums & Vacines Limited 5. Indraprastha Gas Limited 6. Shoppers' Stop Limited 7. IPF Online Limited 8. Datamatics Technologies Limited 9. Development Investment Trustee Co. Private Limited 10. Tejas Networks India Limited 11. IL&FS Transportation Networks Limited 12. Arch Pharmalabs Limited 13. ABG Shipyard Limited 14. ETL Infrastructure Services Limited 15. Godrej Beverages & Foods Limited 16. iMetrix Technologies Limited 17. EBS Worldwide Services Private Limited 18. BSV Pharma Private Limited 19. BSV Research & Development Private Limited 20. AIG Indian Equity Sectoral Fund LLC, Mauritius 21. AIG Indian Equity Advisors LLC, Mauritius 22. India Project Development Fund- IILLC, Mauritius 23. IL&FS India Reality Fund, Mauritius
<b>Mr. Hari S Bhartia</b> S/o Mr. Mohan Lal	50 years	H – 11, Maharani Bagh, New Delhi –	1. Jubilant Organosys Limited 2. Television Eighteen India Limited

Name, Father's/ Husband's Name, Designation and Occupation	Age	Address	Other Directorships
Bhartia Director Independent Industrialist		110 036	3. Geo – Enpro Petroleum Limited 4. Vam Holdings Limited 5. Domino's Pizza India Limited 6. Enpro Secan India Limited 7. Network Program (I) Limited 8. Jubilant Biosys Limited 9. Jubilant Clinsys Limited 10. Jubilant Chemsys Limited 11. Jubilant Enpro Private Limited 12. AOC Parteners (I) Private Limited 13. Jaytee Private Limited 14. Nikita Resources Private Limited 15. B&M Hotbreads Private Limited 16. Digital Talkies Private Limited 17. Jubilant Securities Private Limited 18. Enpro Oil Private Limited 19. BT Telecon India Private Limited 20. Jubilant Energy( Holding) B.V. Netherland 21. Jubilant Pharma NV 22. PSI Supply N.V. Brussels 23. Pharmaceutical Services Incorporated NV 24. Jubilant Energy Private Limited 25. Jubilant Pharma PTE Private Limited 26. Trigen Laboratories Inc. 27. Jubilant Pharmaceuticals Inc. 28. Clinsys Holdings Inc. 29. Clinsys Inc. 30. Jubilant Discovery Services Inc.

#### Details of Directors

**Mr. Raghav Bahl**, 45 years, our Director, graduated in B. A. Hons (Economics) from St. Stephens College, Delhi University and then completed his Masters in Business Administration from the Delhi University. He attended a doctoral program at the Graduate School of Business, Columbia University, New York. Mr. Bahl has over 22 years experience in television and journalism. He won the Sanskriti Award for Journalism in 1994. He started his career in media in 1985 as a correspondent and anchorperson for Doordarshan. He was the anchorperson and production consultant for India's first monthly video newsmagazine, Newstrack, produced by the India Today group. From 1991 to 1993 he was the Executive Director of Business India Television and produced the Business India Show and Business A.M. on Doordarshan. He is currently a member of the World Economic Forum. He is currently the Managing Director of TV 18.

**Mr. Sameer Manchanda**, 45 years, our Director, is a Fellow of the Institute of Chartered Accountants of India. He has been associated with the television industry since 1984 and has seen major stages of evolution in this sector. He has considerable and varied experience and expertise in distribution, media sector operations, strategic and financial planning, capital structuring, mergers and acquisitions, collaborations and joint ventures. Mr. Manchanda has been a member of the Finance Committee of the Indo-American Chambers of Commerce. He is currently the Joint Managing Director of our Company.

**Mr. Sanjay Ray Chaudhuri**, 40 years, our Director graduated in B.A. Hons. (English), from St. Stephens College, Delhi University. He also holds a degree in Masters in Mass Communications from the Mass Communications Research Centre. He started his career as an independent documentary film-maker for Doordarshan and went on to direct and present India's first indigenously produced show for satellite television, The India Show. He also received the Onida Pinnacle Award for Excellence in Television in 1995. In a television career spanning over a decade Mr. Chaudhuri has directed music videos, corporate films, ad films, chat shows, game-shows and business shows. He is currently an executive director of TV 18.

**Mr. G. K. Arora**, 72 years, our Independent Director holds a post graduate degree in History and is also a Masters in Business Administration. He is a retired Indian Administrative Services (IAS) officer and has held important posts in the GoI including that of Secretary, Ministry of Finance, GoI and Secretary, Ministry of Information & Broadcasting, GoI. He was also the Executive Director, International Monetary Fund representing India/Bangladesh/Bhutan/Sri Lanka for 4 years. During his tenure as a bureaucrat Mr. Arora also served as Joint Secretary (1983), Additional Secretary (1984-87) and Special Secretary (1987) in the office of the Prime Minister of India.

**Mr. Hari S Bhartia**, 50 years, our Independent Director graduated in B.Tech (Chemical) from IIT. He is the Co-Chairman of Jubilant Group. He has been instrumental in the establishment of Domino's Pizza India as one of the largest fast food chains in the country. He has also contributed actively through involvement and lead roles in the Young Presidents Organisation Inc. (YPO). He has also worked as Chairman, Expert Group to Develop Policy Initiatives for Technician Education through the National Project Implementation Unit, a World Bank assisted project (1998), Chairman of National Committee on Technical Education & Training of CII (1998), Member of CII National Technology Council (1998) and Chairman of National Committee on Chemicals and Petrochemicals (1999-2000).

**Mr. Shahzaad Dalal**, 48 years, a Management Graduate from USA, is Vice Chairman & Managing Director, IL&FS Investment Managers Ltd. (IIML), one of India's leading Private Equity Fund Managers. The private equity funds managed by IIML have a wide canvas across sectors in infrastructure such telecom, transport, power and oil and gas as well as emerging areas in technology, retail, life sciences and consumer services. Mr. Dalal currently leads a highly competent team of 20 professionals involved in managing over 50 investments. Prior to this Mr. Dalal was the Chief Executive Officer of the asset management business of IL&FS. Before joining IL&FS, he was responsible for structured leasing and hire purchase products, marketing and credit evaluation with ICICI. He has also worked with National Organic Chemicals Industries Limited and Merck & Company.

None of our Directors are related to each other.

### **Borrowing Powers of the Directors in our Company**

Pursuant to a resolution passed by our shareholders in accordance with provisions of the Companies Act, our Board has been authorised to borrow sums of money for the purpose of the Company upon such terms and conditions and with or 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 shall not exceed, at any time, a sum of Rs. 1,000 crores.

## Details of Appointment and Compensation of our Directors

Name of Directors	Contract/ Appointment Letter/Resolution	Details of Remuneration	Term
Mr. Raghav Bahl	Appointed as Director through resolution of the shareholders dated July 15, 2006.	Sitting fees of Rs. 10,000 for each Board meeting and Rs. 5,000 for each meeting of a committee of the Board.	Subject to retire by rotation.
Mr. Sameer Manchanda*	Named as first Director in the Articles of Association.	As per the terms of the employment contract dated November 1, 2005 and extra ordinary resolution dated September 21, 2006.	June 30, 2010 with Mr. Manchanda having an option to terminate or renegotiate on or after April 10, 2009.
Mr. Sanjay Ray Chaudhuri	Appointed as Director through resolution of the shareholders dated July 15, 2006.	Sitting fees of Rs. 10,000 for each Board meeting and Rs. 5,000 for each meeting of a committee of the Board.	Subject to retire by rotation.
Mr. G K Arora	Appointed as Additional Director (Independent) through a board resolution dated September 29, 2006.	Sitting fees of Rs. 10,000 for each Board meeting and Rs. 5,000 for each meeting of a committee of the Board.	Till the next annual general meeting.
Mr. Hari S Bhartia	Appointed as Additional Director (Independent) through a board resolution dated September 29, 2006.	Sitting fees of Rs. 10,000 for each Board meeting and Rs. 5,000 for each meeting of a committee of the Board.	Till the next annual general meeting.
Mr. Shazaad Dalal	Appointed as Additional Director (Non Executive) through a board resolution dated September 29, 2006.	Sitting fees of Rs. 10,000 for each Board meeting and Rs. 5,000 for each meeting of a committee of the Board.	Till the next annual general meeting.

\* Our Company has entered into an employment agreement dated November 1, 2005 with Mr. Sameer Manchanda, pursuant to which the Company has agreed to appoint Mr. Sameer Manchanda as its full time employee to function as joint managing director of the Company till June 30, 2010. Mr. Manchanda has the option to terminate or renegotiate the employment contract on or after April 10, 2009. The salient terms of the agreement are as follows:

- Under the terms of the agreement, so long as Mr. Sameer Manchanda holds office as the joint managing director, he shall be vested with substantial powers of management of the business and affairs of the Company and is required to carry out such duties, functions and exercise such powers for the said purpose as specified in the agreement or as required for the day to day functioning of the Company in accordance with business plan adopted by the Company for each financial year.
- Under the terms of the agreement, Mr. Sameer Manchanda shall be exclusively responsible in respect of all matters pertaining to distribution, finance, raising of funds, investor relations, business decisions and editorial (along with the Editor-in-Chief). He shall also be jointly responsible for all matters pertaining to production, technical issues, camera crew etc. (along with the other Joint Managing Director and the Editor-in-Chief).
- As per the terms of the agreement, the joint managing director of the Company shall not be subject to retirement by rotation of Directors and he shall not be reckoned as a Director for determining the rotation or retirement of Directors or in fixing the number of Directors to retire. However, the joint managing director shall be subject to the same provisions as to removal of Directors of the Company. Further, the joint managing



director shall automatically and immediately cease to hold the position of joint managing director if he ceases to be a Director of the Company.

- Mr. Sameer Manchanda shall, so long as he holds the office of the joint managing director, be an ex-officio member of the compensation committee established to supervise the employees stock option plan that may be established by the Company.
- The agreement may be terminated by Sameer Manchanda amongst others on the following grounds:
  - (a) If there is a material change in the governance model presently being followed by the Company or the existing corporate structure of the Company;
  - (b) If there occurs a dilution or reduction or curtailment of the powers presently delegated by the Company to him; and
  - (c) If the Company requires Mr. Sameer Manchanda to report to any person other than the Board of Directors.
- Details of the remuneration payable to Mr. Sameer Manchanda under the employment agreement are as follows:

1.	Salary	Rs. 1,00,00,000 per year as fixed component.  Rs. 50,00,000 per annum as performance-linked compensation payable on achievement of the approved business plan of the Company.
2.	Stock Options	Options in respect of 300,000 equity shares of TV 18 at an exercise price of Rs. 100, which shall be locked-in till no later date than April 11, 2008, or subject to Mr. Sameer Manchanda's consent, any other equity shares as are equivalent in economic value to the shares of TV18; and  Options in respect of 200,000 equity shares of TV 18 at an exercise price of Rs. 100, which shall vest on August 11, 2006, or subject to Mr. Sameer Manchanda's consent, any other equity shares as are equivalent in economic value to the shares of TV 18.
3.	Other Entitlements	Lump sum payment of Rs. 5,00,00,000 on the happening of any of the following events:  The Company makes an initial public offer; Merger of the Company with TV 18; The Company achieving an operating profit or expiry of two years from April 11, 2005, whichever is later; or The Company achieving the number one or close number two channel position in the English news channels genre, or the expiration of two years, whichever is later.  The payment of Rs. 5,00,00,000 shall be made after adjustment of Rs. 2,00,00,000 paid by the Company to Mr. Sameer Manchanda as a one time sign-on payment.

### Corporate Governance

The provisions of the Listing Agreement to be entered into with the Stock Exchanges in connection with corporate governance will apply to the Company upon listing of the Equity Shares on such Stock Exchanges. The Company has complied with the corporate governance code in accordance with Clause 49 of the Listing Agreement.

In complying with Clause 49 of the Listing Agreement, the Company has appointed two independent non-executive directors, comprising one third of the total membership of the Board,

and constituted the following committees:

#### **Audit Committee**

We had through a resolution of Board dated January 12, 2006 constituted an audit committee comprising of: (a) Mr. Raghav Bahl; (b) Mr. Sameer Manchanda; and (c) Mr. Sanjay Ray Chaudhuri as required under Section 292A of the Companies Act. Through a resolution of the Board dated September 29, 2006, the audit committee was reconstituted and currently comprises of the following Directors:

- (a) Mr. G.K. Arora (Chairman);
- (b) Mr. Hari S Bhartia; and
- (c) Mr. Sameer Manchanda

#### *General Functions and Powers*

- Overseeing the Company's financial reporting process and the disclosure of its financial information to ensure correct, sufficient and credible financial information;
- Recommending to the Board the appointment, re-appointment or replacement of statutory auditors, and the setting of audit fees;
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- Reviewing, with management, the annual financial information before submission to the Board for approval, with particular reference to:
  - (a) matters required to be included in the Directors' Responsibility Statement in the Board's report pursuant to clause (2AA) of section 217 of the Companies Act;
  - (b) changes, if any, in accounting policies and practices and reasons for such changes;
  - (c) major accounting entries involving estimates based on the the exercise of judgement by the Company's management;
  - (d) any significant adjustments made in the financial information arising out of audit findings;
  - (e) compliance with listing and other legal or regulatory requirements relating to financial information;
  - (f) disclosure of any "related party transactions" as such term is defined in Accounting Standard 18, Related Party Transactions, issued by the Institute of Chartered Accountants of India; and
  - (g) any qualifications in the draft audit report.

#### **Shareholder/Investor Grievance Committee**

We have through a resolution of Board dated September 29, 2006 constituted a shareholders/investors grievance committee which currently comprises the following Directors:

- (a) Mr. Raghav Bahl (Chairman);
- (b) Mr. Sanjay Ray Chaudhuri; and
- (c) Mr. Sameer Manchanda.

#### *General Functions*

- To redress all investor complaints like non receipt of balance sheet, dividends, transfer/transmission of shares etc.
- To oversee the performance of the registrar and the share transfer agent.

#### **Remuneration Committee**

We had through a resolution of Board dated September 19, 2006 constituted a remuneration committee comprising of: (a) Mr. Raghav Bahl; and (b) Mr. Sanjay Ray Chaudhuri. Through a resolution of the Board dated September 29, 2006, the remuneration committee was reconstituted and currently comprises the following Directors:

- (a) Mr. G.K. Arora (Chairman);
- (b) Mr. Shahzaad Dalal; and
- (c) Mr. Sanjay Ray Chaudhuri.

#### *General Functions*

- To recommend, review, approve and vary the managerial remunerations.

#### **Share Transfer Committee**

We had through a resolution of Board dated September 29, 2006 constituted a share transfer committee comprising of:

- (a) Mr. Raghav Bahl;
- (b) Mr. Sanjay Ray Chaudhuri; and
- (c) Mr. Sameer Manchanda.

#### *General Functions*

- To approve the transfer and transmission of shares and to do all other ancillary work.

#### **Finance Committee**

We had through a resolution of Board dated September 29, 2006 constituted a finance committee comprising of:

- (a) Mr. Raghav Bahl;
- (b) Mr. Sanjay Ray Chaudhuri; and
- (c) Mr. Sameer Manchanda.

#### *General Functions*

- To arrange finance/funds from banks/financial institutions upto Rs. 100.00 crores
- To give any guarantee, loan, make investments upto Rs. 100.00 crores.
- To open bank account for the Company and take loan for purchase of vehicle for use by the Company and other ancillary work.

#### **Shareholding of Directors in our Company**

Except for Mr. Raghav Bahl and Mr. Sameer Manchanda who hold 727,816 Equity Shares and

2,139,259 Equity Shares, respectively none of our Directors hold any Equity Shares.

### **Interest of Directors in our Company**

All our Directors, including independent Directors, may be deemed to be interested to the extent of fees, if any, payable to them for attending meetings of the Board or a committee thereof as well as to the extent of other remuneration and reimbursement of expenses payable to them. Mr. Sameer Manchanda, the Joint Managing Director is interested to the extent of remuneration paid to him for services rendered as an officer or employee of our Company.

All our Directors, including independent Directors, may also be deemed to be interested to the extent of Equity Shares, if any, already held by them or that may be subscribed for and allotted to them, out of the present Issue in terms of the Red Herring Prospectus and also to the extent of any dividend payable to them and other distributions in respect of the said Equity Shares. Our Directors, including independent Directors, may also be regarded as interested in the Equity Shares, if any, held by or that may be subscribed by and allotted to the companies, firms and trust, in which they are interested as directors, members, partners or trustees.

Some of our Directors, may be deemed to be interested to the extent of consideration received /paid or any loans or advances provided to any body corporate including companies and firms, and trusts, in which they are interested as directors, members, partners or trustees. For further details refer to the section titled “Financial Statements – Related Party Transactions” on page 121 of the Red Herring Prospectus.

Our Joint Managing Director, Mr. Sameer Manchanda may also be deemed to be interested to the extent of consideration payable by the Company with respect to the following:

- Employment agreement dated November 1, 2005 between Mr. Sameer Manchanda and our Company including his entitlement upon successful completion of this Issue. For further details refer to the section titled “Our Management” beginning on page 88 of the Red Herring Prospectus.
- Distribution agreement dated September 23, 2005 with Setpro Holdings Private Limited, in which Mr. Sameer Manchanda is a director and a shareholder, granting our Company the rights for allotment of band placement and distribution of the channel ‘CNN-IBN’.\*

\* The Ministry of Company Affairs, Government of India granted its approval to our Company under Section 297(1) of the Companies Act for allotment of band placement and television channel distribution rights to Setpro Holdings Limited. For further details see section titled “Government and Other Approval” beginning on page 169 of this Red Herring Prospectus.

### **Changes in our Board of Directors since incorporation**

The changes in our Board of Directors since incorporation are as follows:

<b>Name</b>	<b>Date of Appointment</b>	<b>Date of Cessation</b>	<b>Reason</b>
Mr. Raghav Bahl	July 15, 2006	Continuing	Appointment
Mr. Sanjay Ray Chaudhuri	July 15, 2006	Continuing	Appointment
Mr. Sameer Manchanda	Since Incorporation	Continuing	Appointment
Mr. Rajdeep Sardesai	Since Incorporation	June 7, 2005	Resignation
Mr. Haresh Chawla	Since Incorporation	June 7, 2005	Resignation

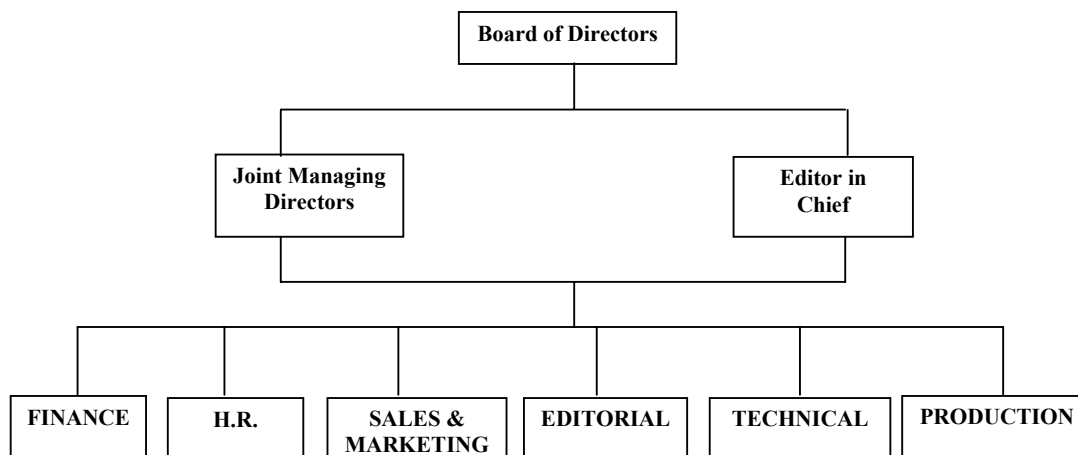
Name	Date of Appointment	Date of Cessation	Reason
Mr. G K Arora	September 29, 2006	Continuing	Appointment
Mr. Hari S Bhartia	September 29, 2006	Continuing	Appointment
Mr. Shahzaad Dalal	September 29, 2006	Continuing	Appointment

### Remuneration of our Joint Managing Director

The following table sets forth the details of the remuneration for our Joint Managing Director Mr. Sameer Manchanda for the fiscal year ended March 31, 2006.

(In Rs.)						
Name	Basic Salary	Grade Allowance	Ex gratia payment	Provident Fund	Bonus	Total
Mr. Sameer Manchanda	54,00,000	27,00,000	2,48,38,200	6,48,000	-	3,35,86,200

### Organisation chart



### Key Managerial Employees

Apart from the executive Director the following are our key managerial employees.

**Mr. Rajdeep Sardesai**, 40 years, is the Editor-in-Chief of our Company and an anchor for CNN-IBN. He graduated with a degree in law and a master's degree in law from Oxford University. He has 17 years of journalistic experience during which he has covered several political stories in India and has hosted the popular television debate show 'The Big Fight'. Mr. Sardesai has been with our Company since its incorporation. Prior to joining the Company at its inception, he worked for NDTV Limited where he was the managing editor of the news channels NDTV 24X7 and NDTV India and was responsible for overseeing the news policy for both the channels. He has won numerous awards including the Asian Television Award in 2003 and 2004. He has also been the recipient of 'Best News Anchor' award by the Indian Television Academy in 2003 and 2004. As the Editor-in-Chief of our company, he is exclusively responsible in respect of all matters pertaining to the editorial policy and content of the channels operated by the Company. He is also jointly responsible for all matters pertaining to production, technical issues, camera crew etc. along with the Joint Managing Directors. The remuneration paid to him in fiscal 2006 was Rs. 3,26,61,739.

**Mr. Haresh Chawla**, 38 years, is the Joint Managing Director of our Company along with Mr. Sameer Manchanda. Mr. Chawla holds a degree in Business Management from IIM – Calcutta and is also an alumnus of IIT-Mumbai. Mr. Chawla has 16 years of varied experience in media and technology including experience with HCK Hewlett Packard and the Times of India Group, with experience in launching their music division (Times Music). He joined TV18 on December 1, 1999 as the Chief Executive Officer. Mr. Chawla has been with our Company since November 1, 2005. As Joint Managing Director of our company, he is exclusively responsible in respect of all matters pertaining to the rest of the operations, other than those reserved for Mr. Sameer Manchanda. He is also jointly responsible for all matters pertaining to production, technical issues, camera crew etc. along with the Mr. Sameer Manchanda and Mr. Rajdeep Sardesai. Mr. Chawla does not receive any salary from our Company.

**Mr. Vinay Tewari**, 35 years, is the Senior Editor - Planning & Programming of our Company. He graduated with a degree in psychology from Lucknow University and also holds a post-graduate degree in journalism from the Times Centre for Media Studies, New Delhi. Mr. Tewari joined our Company on August 1, 2005. Prior to joining our Company he has worked for the Pioneer and Times of India publications and has also worked for TV Today Network Limited. He has over 14 years of experience in the print and electronic media. The remuneration paid to him in fiscal 2006 was Rs. 7,88,640.

**Mr. Diptosh Majumdar**, 48 years, is the National Editor of our Company. He graduated with a degree in Political Science from Xaviers College, Calcutta University. He started his career with The Statesman newspaper and worked with The Telegraph and The Indian Express before joining GBN on August 1, 2005. He has over 22 years of experience in journalism during which he has covered news relating to environment, health and administration and elections throughout the country. The remuneration paid to him in fiscal 2006 was Rs. 6,18,048.

**Mr. Sudeep Mukhia**, 37 years, is a Senior Editor of our Company. He graduated from Hindu College, Delhi and completed his post graduation in history from the Jawaharlal Nehru University. Mr. Mukhia joined our Company on July 1, 2005. Prior to joining our Company he has worked for the Times of India, Indian Express, Hindustan Times, India Today and The Financial Express. He has over 12 years of experience in the media. The remuneration paid to him in fiscal 2006 was Rs. 7,40,304.

**Mr. Hitesh Kumar Jain**, 30 years, is our company secretary. He graduated with B.A. Pass from M. M. Degree College, Ch. Charan Singh University, Meerut and holds a postgraduate degree in Economics also from M. M. Degree College, Ch. Charan Singh University, Meerut. He is a qualified company secretary and is pursuing a degree in law from Delhi University. Mr. Jain joined our Company on April 1, 2006. Prior to joining our Company he has been associated with TV 18 and Shyam Telecom Limited.

All of the above key managerial personnel are permanent employees of our Company.

#### **Shareholding of Key Managerial Employees**

The following is the list of our key managerial employees who hold Equity Shares in our Company:

<b>Name of Key Managerial Employee</b>	<b>No. of Equity Shares</b>
Mr. Rajdeep Sardesai	1,069,629
Mr. Haresh Chawla	1,069,629
Mr. Vinay Tewari	13,796
Mr. Diptosh Majumdar	10,082
Mr. Sudeep Mukhia	6,898

Except the above, none of our key managerial employees hold any Equity Shares as on the date of filing of this Red Herring Prospectus.

#### **Bonus or Profit Sharing Plan for our Key Managerial Employees**

Except as disclosed below there is no bonus or profit sharing plan for our key managerial employees.

Under the employment agreement dated November 1, 2005 between our Company and Mr. Rajdeep Sardesai, Mr. Sardesai is entitled to a yearly incentive of up to 20% of the cost to company. Further, Mr. Sardesai also has options in respect of 100,000 equity shares of TV 18 at an exercise price of Rs. 100 or subject to Mr. Sardesai's consent, any other equity shares equivalent in economic value to the shares of TV 18. The agreement also specifies that if the value realised by Mr. Sardesai is less than Rs. 2.00 crores in such a case the Company shall pay the differential amount to Mr. Sardesai as special bonus.

#### **Interest of Key Managerial Employees**

Except as disclosed hereinabove none of our key managerial employees have any interest in the Company except to the extent of remuneration and reimbursement of expenses.

#### **Changes in our Key Managerial Employees during the last three years**

Since the Company was incorporated only on June 6, 2005, all of the key managerial employees have been appointed in the last three years. None of our key managerial have resigned since our incorporation.

#### **Employees Share Purchase Scheme/Employee Stock Option Scheme**

We do not have any stock option scheme or stock purchase scheme for the employees of our Company.

#### **Payment or benefit to officers of our Company**

Except statutory benefits upon termination of their employment in our Company or superannuation, no officer of our Company is entitled to any benefit upon termination of his employment in our Company.

## OUR PROMOTERS AND GROUP COMPANIES

The Promoters of our Company are one natural person and two companies.

1. Mr. Raghav Bahl is the natural person who is our Promoter.
2. The companies which are our Promoters are: (a) TV Eighteen India Limited; and (b) Network 18 Fincap Limited.

Further, the natural persons who are part of our Promoter group (due to their relationship with our Promoter), other than the Promoter named above are as follows:

Mr. Pran Nath Bahl (father of Mr. Raghav Bahl)  
Ms. Subhash Bahl (mother of Mr. Raghav Bahl)  
Ms. Ritu Kapur (wife of Mr. Raghav Bahl)  
Ms. Vandana Malik (sister of Mr. Raghav Bahl)  
Mr. Vidur Bahl (son of Mr. Raghav Bahl)  
Ms. Tara Bahl (daughter of Mr. Raghav Bahl)

The companies which are part of our Promoter group, other than the Promoters are as follows:

1.	iNews.com Limited	10.	RK Finhold Private Limited
2.	Television Eighteen Mauritius Limited	11.	VT Investments Private Limited
3.	SGA News Limited	12.	RB Investments Private Limited
4.	SGA Media Inc.	13.	RB Fincap Private Limited
5.	Setpro Holdings Private Limited	14.	VT Holdings Private Limited
6.	RB Software Private Limited	15.	RRB Holdings Private Limited
7.	RB Softech Private Limited	16.	RVT Investments Private Limited
8.	RVT Softech Private Limited	17.	Television Eighteen Fincap Limited
9.	BK Media Private Limited	18.	News Wire 18 India Private Limited

### Promoters



**Mr. Raghav Bahl**, 45 years, (Passport no. E1741557, Voter Id number: DL\02\010\051508, PAN: AALPB0480G), a resident Indian national is our Promoter. He graduated in B. A. Hons. (Economics) from St. Stephens College, Delhi University and then did his Masters in Business Administration from the Delhi University. He attended a doctoral program at the Graduate School of Business, Columbia University, New York. Mr. Bahl has over 19 years experience in television and journalism. He won the 'Sanskriti Award for Journalism' in 1994. He started his career in media in 1985 as a correspondent and anchorperson for Doordarshan. He was the anchorperson and production consultant for India's first monthly video newsmagazine, Newstrack, produced by the India Today group. From 1991 to 1993 he was the Executive Director of Business India Television and produced the Business India Show and Business A.M. on Doordarshan. He is currently the Managing Director of TV 18.

### TV 18

TV18 was incorporated on September 24, 1993 as a private limited company. Thereafter under Section 44 of the Companies Act, TV 18 was converted to a public limited company on January 2, 1995. The main objects of TV 18 *inter alia* are to:



- (a) produce, buy, sell, import, or otherwise deal in television programmes, television films, cinematographic films, video films, video software and to deal in computer software all over India and elsewhere in the world;
- (b) carry on the business of exhibiting and distributing television films, television programmes, video films, cinematographic films and acquiring or selling rights therein;
- (c) carry on the business of publicity agents, exhibitions, media advisers and products promotion through all the types of media such as television, cinemas, newspapers, magazines, books, posters hoardings and brochures; and
- (d) take over the business of partnership firm - Television Eighteen, B-2, Kailash Apartments, New Delhi – 110 048 with all assets and liabilities of the firm as may be mutually agreed upon.

Its registered office is located at 601, 6<sup>th</sup> Floor, Commercial Tower, Hotel Le-Meridien, Raisina Road, New Delhi – 110 001. The equity shares of TV 18 are listed on the BSE and the NSE. The equity shares of TV 18 were also listed on the Delhi Stock Exchange Association Limited but have been with effect from October 14, 2005 voluntarily delisted from the said exchange in accordance with the provisions of the SEBI (Delisting of Securities) Guidelines, 2003. TV 18 is promoted by Mr. Raghav Bahl and Mr. Sanjay Ray Chaudhuri. For further details relating to Mr. Raghav Bahl and Mr. Sanjay Ray Chaudhuri see section titled “Our Management” beginning on page 88 of this Red Herring Prospectus.

### ***Shareholding pattern***

The shareholding pattern of TV 18 as of December 31, 2006, is as follows:

<b>Name of Shareholder</b>	<b>No. of Equity Shares</b>	<b>% of Shareholding</b>
<b>Promoter/Promter Group</b>		
Mr. Raghav Bahl	1,373,388	2.62
Network 18 Fincap Limited	27,814,553	53.05
Mr. Sanjay Ray Chaudhuri	65,434	0.12
Mr. PN Bahl	41,463	0.08
Ms. Subhash Bahl	41,463	0.08
Ms. Ritu Kapur	26,611	0.05
Ms. Vandana Malik	10,874	0.02
<b>Total shareholding of Promoter/Promoter Group</b>	<b>29,373,786</b>	<b>56.03</b>
<b>Institutions</b>		
Mutual Funds /UTI	5,474,432	10.44
Foreign Institutional Investors	7,164,680	13.67
Any other (OCBs)	382,305	0.73
Financial Institutions/ Banks	6,370	0.01
<b>Total shareholding of institutions</b>	<b>13,027,787</b>	<b>24.85</b>
<b>Non Institutions</b>		
Bodies Corporate	3,745,577	7.14
Individuals/others	6,661,876	12.71
<b>Total shareholding of non institutions</b>	<b>10,407,453</b>	<b>19.85</b>
<b>Total</b>	<b>52,426,721</b>	<b>100.00</b>

Except for:

Increase and sub-division of authorised share capital from Rs. 30.00 crores divided into 2.50 crores equity shares with face value of Rs. 10 each and 5.00 lakh preference shares of Rs. 100 each to Rs. 55.00 crores divided into 10.00 crores equity shares of Rs. 5 each, and 5.00 lakh preference shares of Rs. 100 each through an extraordinary general meeting dated May 19, 2006, there has been no change in capital structure. There has been no change in management of the company.

### ***Board of Directors***

As of the date of filing of this Red Herring Prospectus, the board of directors of TV18 comprises of Mr. G. K. Arora, Mr. Raghav Bahl, Mr. Sanjay Ray Chaudhuri, Mr. P.N. Bahl, Ms. Vandana Malik, Mr. Hari S. Bhartia and Mr. Manoj Mohanka.

### ***Financial Performance***

The audited financial results of TV 18 for the period ended March 31, 2006, March 31, 2005 and March 31, 2004 are set forth below:

*(In Rs.crores, unless otherwise stated)*

	<b>March 31, 2006</b>	<b>March 31, 2005</b>	<b>March 31, 2004</b>
Equity Capital	21.04	16.90	14.93
Reserves (excluding revaluation reserves)	195.98	92.55	47.62
Sales/Turnover	126.79	81.33	42.95
Profit After Tax	19.50	19.49	(3.93)
Earning Per Share (in Rs.)	10.02	12.17	(2.63)
Net Asset Value	215.62	107.56	60.12
Asset value per share (in Rs.)	102.46	63.63	40.28

TV 18 is a listed company and makes statutory filings on financial performance with the stock exchanges on a quarterly basis. These filings are available on the websites of BSE and NSE. The limited review financial results of TV 18 for the six month period ended September 30, 2006 are set forth below:

*(In Rs.crores, unless otherwise stated)*

	<b>September 30, 2006</b>
Sales/Turnover	78.14
Profit/ (Loss) after tax	(1.43)
Earning Per Share (in Rs.)	(0.48)

### ***Promise v/s Performance***

TV 18 made a rights issue in October, 2004, which contained no projections.

### ***Information about Share Price***

The equity shares of TV 18 are listed on BSE and NSE and TV 18 has complied with the clauses of the listing agreements with the Stock Exchanges.

The market price of the equity shares of TV 18, in the BSE during the six months preceding the filing of this Red Herring Prospectus is as follows:

(in Rs.)

	High	Low
July, 2006	622.40	530.05
August, 2006	686.90	590.00
September, 2006	622.00	565.10
October, 2006	721.30	590.00
November, 2006*	975.50	703.00
December, 2006*	652.90	500.00

\*Pursuant to the scheme of arrangement the equity shares of TV 18 were under a no trading period starting from November 17, 2006 and were relisted on December 27, 2006 and the face value of the equity shares of TV 18 was reduced to Rs. 5 per equity share.

The market price of the equity shares of TV 18, in the NSE during the six months preceding the filing of this Red Herring Prospectus is as follows:

(in Rs.)

	High	Low
July, 2006	625.00	512.00
August, 2006	684.90	592.05
September, 2006	624.00	570.10
October, 2006	720.00	590.00
November, 2006*	982.80	699.00
December, 2006*	714.70	515.35

\*Pursuant to the scheme of arrangement the equity shares of TV 18 were under a no trading period starting from November 17, 2006 and were relisted on December 27, 2006 and the face value of the equity shares of TV 18 was reduced to Rs. 5 per equity share.

The market price of the equity shares of TV 18 as of January 2, 2007 was Rs. 578.65 at the BSE.

### ***Investor Grievance***

The company attends to investor grievances/ correspondence expeditiously and usually reply is sent within 10 days of receipt, except in cases that are constrained by dispute or legal impediment. There are no investor grievances pending as of December 20, 2006.

### ***Employee Stock Option Schemes***

TV 18 currently has 12 employee stock option schemes. All extant employee stock option schemes are in compliance with the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, as amended.

The details of TV18's permanent account number, registration number, bank account number and the address of the RoC where it is registered are as follows:

PAN	AAACT2659P
Registration Number	CIN U74899DL1993PTC055351
Bank Account	ICICI Bank: 000751000034
Address of the RoC	Pariyavaran Bhawan, Block B, 2 <sup>nd</sup> Floor, CGO Complex, Lodhi Road, New Delhi 110 003.

### Network 18 Fincap Limited (“Network 18”)

Network 18 was incorporated on February 16, 1996 as SGA Finance and Management Services Private Limited with the object *inter alia* to carry on business as stock brokers, underwriters, agents dealing in securities of all kinds and to carry on the business of merchant banking. The name of the company was changed from SGA Finance and Management Services Private Limited to Network 18 Fincap Private Limited with effect from April 12, 2006. Under section 44 of the Companies Act, the company converted into a public limited company and the name of the company changed to Network 18 Fincap Limited with effect from October 20, 2006. The Company has recently launched “Studio 18”, a full spectrum feature film division. Network 18 is promoted by Mr. Raghav Bahl.

Its registered office is located at 601, 6<sup>th</sup> Floor, Commercial Tower, Hotel Le-Meridien, Raisina Road, New Delhi – 110 001. The equity shares of the company are not currently listed on any stock exchange, however, Network 18 has on November 22, 2006 filed its Information Memorandum with the BSE and NSE for the listing of its equity shares pursuant to the scheme of arrangement between TV 18, Network 18 and SGA News Limited.

### Shareholding Pattern

The shareholding pattern of Network 18 as of the date of filing of this Red Herring Prospectus is as follows:

Name of Shareholder	No. of Equity Shares	% of Shareholding
Mr. Raghav Bahl	10,677,189	21.39
RB Investment Private Limited	14,730,467	29.51
Ms. Ritu Kapur	522,809	1.05
Mr. Sanjay Ray Chaudhuri	56,086	0.11
Ms. Vandana Malik	9,321	0.02
Mr. PN Bahl	35,540	0.07
Ms. Subhash Bahl	35,540	0.07
<b>Total shareholding of Promoter/Promoter Group</b>	<b>26,066,952</b>	<b>52.22</b>
<b>Institutions</b>		
Mutual Funds /UTI	5,463,746	10.95
Foreign Institutional Investors	6,205,439	12.43
Any other (OCBs)	327,690	0.66
Financial Institutions/ Banks	11,460	0.02
<b>Total shareholding of institutions</b>	<b>12,008,335</b>	<b>24.06</b>
<b>Non Institutions</b>		
Bodies Corporate	3,049,748	6.11
Individuals/others	8,789,990	17.61
<b>Total shareholding of non institutions</b>	<b>11,839,738</b>	<b>23.72</b>
<b>Total</b>	<b>49,915,025</b>	<b>100.00</b>

Except for increase and sub-division of authorised share capital from:

- (a) Rs. 26.00 crores divided into 50.00 lakh equity shares with face value of Rs. 10 each, and 21.00 lakh preference shares of Rs. 100 each to Rs. 46.00 crores divided into 50.00 lakh

equity shares of Rs. 5 each, and 21.00 lakh preference shares of Rs. 100 each through an extraordinary general meeting dated July 15, 2006 and reclassification of authorized share capital of the Company pursuant to the scheme of arrangement through a resolution passed in the extraordinary general meeting dated October 20, 2006 resulting in the authorized share capital of Rs. 46.00 crores divided into 7.00 crores equity shares of Rs. 5 each and 11.00 lakh preference shares of Rs. 100 each; and

- (b) Rs. 46.00 crores divided into 7.00 crores equity shares of Rs. 5 each and 11.00 lakh preference shares of Rs. 100 each to Rs. 306.00 crores divided into 11.00 crores equity shares of Rs. 5 each and 1.2 crores preference shares of Rs. 100 through an extra-ordinary general meeting dated November 26, 2006,

there has been no change in the capital structure of Network 18 in the last six months. There has been no change in management of the company.

### **Board of Directors**

As of the date of filing of this Red Herring Prospectus, the board of directors of Network 18 comprises of Mr. Raghav Bahl, Mr. Sanjay Ray Chaudhuri, Mr. G.K. Arora, Mr. Manoj Mohanka, Ms. Vandana Malik and Mr. P.N. Bahl.

### **Financial Performance**

The audited financial results for the period ended March 31, 2006, 2005, and 2004 are set forth below:

*(In Rs. crores, unless otherwise stated)*

	<b>March 31, 2006</b>	<b>March 31, 2005</b>	<b>March 31, 2004</b>
Equity Capital	5.00	5.00	5.00
Reserves (excluding revaluation reserves)	6.19	(2.78)	0.07
Sales	0.27	0.12	0.19
Profit After Tax	(1.24)	(2.86)	0.07
Earning Per Share (in Rs.)	(2.48)	(5.72)	0.14
Net Asset Value	11.19	2.22	5.07
Asset value per share (in Rs.)	22.39	4.43	10.15

The details of Network 18's permanent account number, registration number, bank account number and the address of the RoC where it is registered are as follows:

PAN	AABCS2472G
Registration Number	CIN U65910DL1996PTC076419
Bank Account	IDBI Bank: 011103000005821
Address of the RoC	Pariyavaran Bhawan, Block B, 2 <sup>nd</sup> Floor, CGO Complex, Lodhi Road, New Delhi 110 003.

### **Interest in promotion of our Company**

Our Company has been promoted by Mr. Raghav Bahl, TV 18 and Network 18.

### **Payment of benefits to our Promoters during the last two years**

Except as stated in the section titled "Financial Statements - Related Party Transactions"

beginning on page 121 of this Red Herring Prospectus, there has been no payment of benefits to our Promoters during the last two years from the date of filing of this Draft Red Herring Prospectus.

### **Other Confirmations**

We confirm that the details of the permanent account number, voter identification number and passport number of our individual Promoter will be submitted to the Stock Exchanges at the time of filing this Red Herring Prospectus with the Stock Exchanges.

We confirm that the details of the permanent account numbers, bank account numbers and registration numbers of TV 18 and Network 18 will be submitted to the Stock Exchanges at the time of filing this Red Herring Prospectus with the Stock Exchanges.

Further, our Promoters and Promoter group entities, including relatives of the Promoters have confirmed that they have not been detained as willful defaulters by the RBI or any other governmental authority and there are no violations of securities laws committed by them in the past or are pending against them.

### **Promoter Group**

In addition to the Promoters named above, the following natural persons and companies are part of our Promoter group.

The natural persons who are part of our Promoter group (due to their relationship with our Promoter), other than the Promoter named above are as follows:

Mr. Pran Nath Bahl (father of Mr. Raghav Bahl)  
 Ms. Subhash Bahl (mother of Mr. Raghav Bahl)  
 Ms. Ritu Kapur (wife of Mr. Raghav Bahl)  
 Ms. Vandana Malik (sister of Mr. Raghav Bahl)  
 Mr. Vidur Bahl (son of Mr. Raghav Bahl)  
 Ms. Tara Bahl (daughter of Mr. Raghav Bahl)

The companies which are part of our Promoter group, other than the Promoters are as follows:

1.	iNews.com Limited	10.	RK Finhold Private Limited
2.	Television Eighteen Mauritius Limited	11.	VT Investments Private Limited
3.	SGA News Limited	12.	RB Investments Private Limited
4.	SGA Media Inc.	13.	RB Fincap Private Limited
5.	Setpro Holdings Private Limited	14.	VT Holdings Private Limited
6.	RB Software Private Limited	15.	RRB Holdings Private Limited
7.	RB Softech Private Limited	16.	RVT Investments Private Limited
8.	RVT Softech Private Limited	17.	Television Eighteen Fincap Limited
9.	BK Media Private Limited	18.	News Wire 18 India Private Limited

### **iNews.com Limited (“iNews”)**

iNews was incorporated on August 28, 2000 as iNews.com Private Limited and the company become a deemed public company with effect from September 6, 2000 under Section 43A of the Companies Act and the name of the company was changed to iNews.com Limited. The main objects are *inter alia* to distribution, create and operate websites, marketing and distribution of any financial or other products or services, to promote, own, establish or operate remote facilities for trading, marketing or distribution of any financial or other products or services, internet service providers, designing, developing, marketing, distributing and licensing software products

and services for the purpose of communications relating to any financial or other products or services.

Its registered office is located at 601, 6<sup>th</sup> Floor, Commercial Tower, Hotel Le-Meridien, Raisina Road, New Delhi – 110 001. The equity shares of the company are not listed on any stock exchange.

The shareholding pattern of iNews as of the date of filing of this Red Herring Prospectus, is as follows:

Name of Shareholder	Number of Shares	% of Shareholding
TV 18*	5,949,000	99.15
Mr. Raghav Bahl	51,000	0.85
<b>Total</b>	<b>6,000,000</b>	<b>100.00</b>

\* Mr. Sanjay Ray Chaudhuri, Mr. RDS Bawa, Mr. Anil Srivastava, Ms. Ritu Kapur and Ms. Megha Joshi hold one equity share each as nominee of TV 18.

There has been no change in the capital structure of iNews in the last six months.

### **Board of Directors**

As of the date of filing of this Red Herring Prospectus, the board of directors of iNews comprises of Mr. Raghav Bahl, Mr. Sanjay Ray Chaudhuri and Ms. Vandana Malik.

### **Financial Performance**

The audited financial results of iNews for the period ended March 31, 2006, March 31, 2005 and March 31, 2004 are set forth below:

*(In Rs.crores except where otherwise stated)*

	March 31, 2006	March 31, 2005	March 31, 2004
Equity Capital	6.00	6.00	5.00
Reserves (excluding revaluation reserves)	0.38	0.37	0.19
Sales	0.01	0.19	0.20
Profit After Tax	0.01	0.18	0.19
Earning Per Share (in Rs.)	0.01	0.30	0.38
Net Asset Value	6.38	6.36	5.19
Asset value per share (in Rs.)	10.63	10.62	10.38

### **Television Eighteen Mauritius Limited (“TEML”)**

TEML was incorporated on October 29, 1996 with the object inter alia to borrow or raise money by the issue of debenture stock, bonds, and mortgages.

Its registered office is at 407, Jade Court, Jummah Mosque Street, Port Louis, Republic of Mauritius. The equity shares of the company are not listed on any stock exchange.

The shareholding pattern of TEML as of the date of filing of this Red Herring Prospectus is as follows:

Name of Shareholder	Number of Shares	% of Shareholding
TV 18	12,295,000 worth USD 1 per share	100

### **Board of Directors**

As of the date of filing of this Red Herring Prospectus, the board of directors of TEMPL comprises of Mr. Raghav Bahl, Mr. RDS Bawa, Mr. Manoj Mohanka, Mr. Shariff Golam Hossen and Mr. M. Aslam Koomar.

### **Financial Performance**

The audited financial results of TEMPL for the period ended March 31, 2006, March 31, 2005 and March 31, 2004 are set forth below:

*(In USD crores except where otherwise stated)*

	March 31, 2006	March 31, 2005	March 31, 2004*
Equity Capital	1.23	1.23	1.23
Reserves (excluding revaluation reserves)	1.41	1.07	0.16
Sales	0.41	0.39	0.62
Profit After Tax	0.34	0.32	0.22
Earning Per Share (in USD)	0.27	0.26	0.18
Net Asset Value	2.64	2.30	1.39
Asset value per share (in USD)	2.15	1.87	1.13

\* The fiscal year of the company was changed from January 1 to December 31 to April 1 to March 31 with effect from fiscal 2004.

### **SGA News Limited (“SGA News”)**

SGA News was incorporated on January 15, 2004 with the object *inter alia* to carry on the business of broadcasting or transmitting in any manner any audio, video or other programmes or software for television, radio, internet or any other media, to carry on the business of advertising agents, to deal in computer-based multimedia presentations and information technology business, and to carry on the business of producing, directing, editing, distributing, purchasing, selling or acquiring or otherwise dealing in any audio, video programme or software.

Its registered office is located at 601, 6<sup>th</sup> Floor, Commercial Tower, Hotel Le-Meridien, Raisina Road, New Delhi – 110 001. The equity shares of the company are not listed on any stock exchange.

The shareholding pattern of SGA News as on date of filing of this Red Herring Prospectus is as follows:

Name of Shareholder	Number of Shares	% of Shareholding
RRB Holdings Private Limited	5,882,353	94.00
Mr. Sameer Manchanda	312,891	5.00
Mr. Rajdeep Sardesai	62,578	1.00
<b>Total</b>	<b>6,257,822</b>	<b>100.00</b>



### ***Board of Directors***

The board of directors of SGA News comprises of Mr. Sanjay Ray Chaudhuri, Mr. Raghav Bahl and Ms. Vandana Malik.

### ***Financial Performance***

The audited financial results for the period ended March 31, 2006, 2005 and 2004 are set forth below:

	<i>(In Rs. crores except where otherwise stated)</i>		
	<b>March 31, 2006</b>	<b>March 31, 2005</b>	<b>March 31, 2004</b>
Equity Capital	6.26	5.00	0.05
Reserves (excluding revaluation reserves)	52.15	(7.60)	Negligible
Sales	17.72	1.18	Nil
Profit After Tax	(26.55)	(20.10)	Negligible
Earning Per Share (in Rs.)	(37.93)	(40.19)	(0.33)
Net Asset Value	12.60	(2.60)	(0.25)
Asset value per share (in Rs.)	18.00	(5.20)	(49.47)

### **SGA Media Inc. (“SGA Media”)**

SGA Media was incorporated on April 9, 2003 with the object to *inter alia* engage in any lawful act or activity for which corporations may be organized under Article IV of the Business Corporation Law, except that it is not formed to engage in any act or activity requiring the consent or approval of any state official, department, board etc. without such consent first being obtained.

Its registered office is located at Suite 607, 608, 275 Madison Avenue, STE. 607, New York NY 10016, with the object *inter alia* being to engage in any lawful act or activity for which corporations may be organized under the Business Corporations Law of the state of New York, except that it is not formed to engage in any activity requiring the consent of any state official, department, board, agency, or other body without such consent first being obtained. The equity shares of the company are not listed on any stock exchange.

### ***Shareholding Pattern***

The shareholding pattern of SGA Media as of the date of filing of this Red Herring Prospectus is as follows:

<b>Name of Shareholder</b>	<b>Number of Shares</b>	<b>% of Shareholding</b>
RB Softech Private Limited	5,100	51.00
Mr. Sanjay Chitale	4,900	49.00
<b>Total</b>	<b>10,000</b>	<b>100.00</b>

### ***Board of Directors***

The board of directors of SGA Media comprises Mr. Raghav Bahl, Ms. Ritu Kapur, Mr. Sanjay Chitale and Ms. Anurita Chitale.

### ***Financial Performance***

SGA Media was incorporated on April 9, 2003. The audited financial results for the period ending March 31, 2006, March 31, 2005 and 2004 are as follows:

*(In USD except where otherwise stated)*

	<b>March 31, 2006</b>	<b>March 31, 2005</b>	<b>March 31, 2004</b>
Equity Capital	10,000	10,000	10,000
Reserves (excluding revaluation reserves)	(16,57,189)	(14,22,902)	(717,521)
Sales/ Turnover	27,830	224,837	138,282
Profit After Tax	(2,34,287)	(7,05,381)	(717,521)
Earning Per Share	(24.43)	(70.54)	(71.75)
Net Asset Value	(16,47,189)	(14,12,902)	(707,521)
Asset Value per share	(164.72)	(141.29)	(70.75)

### **Setpro Holdings Private Limited (“Setpro”)**

Setpro was incorporated on September 28, 1993 with the object *inter alia* to carry on the business of any television channel, arranging band placement, seeding of set top boxes within India or abroad and to collect subscription revenues for broadcasters..

Its registered office is located at 601, 6<sup>th</sup> Floor, Commercial Tower, Hotel Le-Meridien, Raisina Road, New Delhi – 110 001. The equity shares of the company are not listed on any stock exchange.

### ***Shareholding Pattern***

The shareholding pattern of Setpro as of the date of filing the Red Herring Prospectus, is as follows:

<b>Name of Shareholder</b>	<b>Number of Shares</b>	<b>% of Shareholding</b>
Network 18	6,600	66.00
Mr. Sameer Manchanda	3,390	33.90
Ms. Kavita Manchanda	10	0.10
<b>Total</b>	<b>10,000</b>	<b>100.00</b>

### ***Board of Directors***

The board of directors of Setpro comprises of Mr. Raghav Bahl and Mr. Sameer Manchanda.

### ***Financial Performance***

The audited financial results for the period ended March 31, 2006, 2005 and 2004 are set forth below:

*(In Rs. except where otherwise stated)*

	<b>March 31, 2006</b>	<b>March 31, 2005</b>	<b>March 31, 2004</b>
Equity Capital	100,000	100,000	100,000
Reserves (excluding revaluation reserves)	3.32	(22,748)	(24,759)
Sales	16,72,91,206	16,898	3,876
Profit After Tax	33,46,742	(2,011)	(2,654)

	March 31, 2006	March 31, 2005	March 31, 2004
Earning Per Share (in Rs.)	334.67	(0.20)	(0.27)
Net Asset Value	34,23,994	77,252	75,241
Asset value per share (in Rs.)	342.40	7.73	7.52

### **RB Software Private Limited (“RB Software”)**

RB Software was incorporated on September 2, 2005 with the object *inter alia* to deal in computer software, hardware and programs of all kind.

Its registered office is located at 507, Prabhat Kiran, 17, Rajendra Place, New Delhi – 110 008. The equity shares of the company are not listed on any stock exchange.

### ***Shareholding Pattern***

The shareholding pattern of RB Software as of the date of filing of this Red Herring Prospectus is as follows:

Name of Shareholder	Number of Shares	% of Shareholding
Mr. Raghav Bahl	45,000	90.00
Ms. Ritu Kapur	5,000	10.00
<b>Total</b>	<b>50,000</b>	<b>100.00</b>

### ***Board of Directors***

The board of directors of RB Software comprises of Mr. Raghav Bahl and Ms. Ritu Kapur.

### ***Financial Performance***

RB Software was incorporated on September 2, 2005 and the audited financial results for the period ended March 31, 2006 are given below:

*(In Rs.crores except where otherwise stated)*

	March 31, 2006
Equity Capital	0.05
Reserves (excluding revaluation reserves)	(0.02)
Sales	0.52
Profit After Tax	(0.02)
Earning Per Share (in Rs.)	(3.96)
Net Asset Value	0.28
Asset value per share (in Rs.)	5.60

### **RB Softech Private Limited (“RB Softech”)**

RB Softech was incorporated on September 15, 2005 with the object *inter alia* to deal in computer software.

Its registered office is located at 507, Prabhat Kiran, 17, Rajendra Place, New Delhi 110 008. The equity shares of the company are not listed on any stock exchange.

### ***Shareholding Pattern***

The shareholding pattern of RB Softech as of the date of filing of this Red Herring Prospectus is as follows:

<b>Name of Shareholder</b>	<b>Number of Shares</b>	<b>% of Shareholding</b>
Mr. Raghav Bahl	5,000	50.00
Ms. Ritu Kapur	5,000	50.00
<b>Total</b>	<b>10,000</b>	<b>100.00</b>

### ***Board of Directors***

The board of directors of RB Softech comprises of Mr. Raghav Bahl and Ms. Ritu Kapur.

### ***Financial Performance***

RB Softech was incorporated on September 15, 2005 and the audited financial results for the period ended March 31, 2006 are given below:

*(In Rs. except where otherwise stated)*

	<b>March 31, 2006</b>
Equity Capital	1,00,000
Reserves (excluding revaluation reserves)	Nil
Sales	Nil
Profit After Tax	(19,634)
Earning Per Share	Negligible
Net Asset Value	48,406
Asset value per share	4.84

### **RVT Softech Private Limited (“RVT Softech”)**

RVT Softech was incorporated on May 12, 2006 with the object *inter alia* to carry on the business of hosting web pages, designing web pages, e-commerce, e-trading, information source on-line, or any other activity connected with the internet business.

Its registered office is located at 507, Prabhat Kiran, 17, Rajendra Place, New Delhi 110 008. The equity shares of the company are not listed on any stock exchange.

### ***Shareholding Pattern***

The shareholding pattern of RVT Softech as of the date of filing of this Red Herring Prospectus is as follows:

<b>Name of Shareholder</b>	<b>Number of Shares</b>	<b>% of Shareholding</b>
Mr. Raghav Bahl	5,000	50.00
Ms. Ritu Kapur	5,000	50.00
<b>Total</b>	<b>10,000</b>	<b>100.00</b>

### ***Board of Directors***

The board of directors of RVT Softech comprises of Mr. Raghav Bahl and Ms. Ritu Kapur.

### ***Financial Performance***

RVT Softech was incorporated on May 12, 2006. Hence, there are no audited financial results available for the company.

### **BK Media Private Limited (“BK Media”)**

BK Media was incorporated on November 25, 2003 as KRM Marketing Private Limited. The name of the company was changed to BK Media Private Limited with effect from September 14, 2005. The main objects of BK Media include *inter alia* to carry on the business of production, procurement, broadcasting, buying, selling, importing, exporting or otherwise dealing in television programmes, television films, cinematographic films, video films and to deal in video software.

Its registered office is located at 507, Prabhat Kiran, 17, Rajendra Place, New Delhi 110 008. The equity shares of the company are not listed on any stock exchange.

### ***Shareholding Pattern***

The shareholding pattern of BK Media as of the date of filing of this Red Herring Prospectus is as follows:

<b>Name of Shareholder</b>	<b>Number of Shares</b>	<b>% of Shareholding</b>
Mr. Raghav Bahl	995,000	99.50
Ms. Ritu Kapur	5,000	0.50
<b>Total</b>	<b>1,000,000</b>	<b>100.00</b>

### ***Board of Directors***

The board of directors of BK Media comprises of Mr. Raghav Bahl and Ms. Ritu Kapur.

### ***Financial Performance***

The audited financial results for the years ended March 31, 2006, 2005 and 2004 are set forth below:

*(In Rs.crores except where otherwise stated)*

	<b>March 31, 2006</b>	<b>March 31, 2005</b>	<b>March 31,2004</b>
Equity Capital	1.00	0.01	0.01
Reserves (excluding revaluation reserves)	Nil	Negligible	Negligible
Sales	Nil	Nil	Nil
Profit After Tax	(0.11)	Negligible	Negligible
Earning Per Share (in Rs.)	(11.02)	Negligible	Negligible
Net Asset Value	0.89	0.01	0.01
Asset value per share (in Rs.)	88.88	0.89	0.90

### **RK Finhold Private Limited (“RK Finhold”)**

RK Finhold was incorporated on June 22, 2006 with the object inter alia to carry on the business of investment and for that purpose to acquire, underwrite and deal in shares and participate in syndicates, and to carry on the business of custodian, depository, financier, agent, broker, project appraisal, etc., as well as to deal in movable assets and immovable properties.

Its registered office is located at 507, Prabhat Kiran, 17, Rajendra Place, New Delhi – 110 008. The equity shares of the company are not listed on any stock exchange.

#### ***Shareholding Pattern***

The shareholding pattern of RK Finhold as of the date of filing of this Red Herring Prospectus is as follows:

<b>Name of Shareholder</b>	<b>Number of Shares</b>	<b>% of Shareholding</b>
Mr. Raghav Bahl	5,000	50.00
Ms. Ritu Kapur	5,000	50.00
<b>Total</b>	<b>10,000</b>	<b>100.00</b>

#### ***Board of Directors***

The board of directors of RK Finhold comprises of Mr. Raghav Bahl and Ms. Ritu Kapur.

#### ***Financial Performance***

RK Finhold was incorporated on June 22, 2006. Hence, there are no audited financial results available for the company.

### **VT Investments Private Limited (“VT Investments”)**

VT Investments was incorporated on June 20, 2006 with the object inter alia to carry on the business of investment, and for that purpose to acquire, underwrite and deal in shares and participate in syndicates, and to carry on the business of custodian, depository, financier, agent, broker, project appraisal, etc., as well as to deal in movable assets and immovable properties.

Its registered office is located at 507, Prabhat Kiran, 17, Rajendra Place, New Delhi – 110 008. The equity shares of the company are not listed on any stock exchange.

#### ***Shareholding Pattern***

The shareholding pattern of VT Investments as of the date of filing of this Red Herring Prospectus is as follows:

<b>Name of Shareholder</b>	<b>Number of Shares</b>	<b>% of Shareholding</b>
Mr. Raghav Bahl	5,000	50.00
Ms. Ritu Kapur	5,000	50.00
<b>Total</b>	<b>10,000</b>	<b>100.00</b>

#### ***Board of Directors***

The board of directors of VT Investments comprises of Mr. Raghav Bahl and Ms. Ritu Kapur.

### ***Financial Performance***

VT Investments was incorporated on June 20, 2006. Hence, there are no audited financial results available for the company.

### **RB Investments Private Limited (“RB Investments”)**

RB Investments was incorporated on June 20, 2006 with the object inter alia to carry on the business of investment, and for that purpose to acquire, underwrite and deal in shares and participate in syndicates, and to carry on the business of custodian, depository, financier, agent, broker, project appraisal, etc., as well as to deal in movable assets and immovable properties.

Its registered office is located at 507, Prabhat Kiran, 17, Rajendra Place, New Delhi – 110 008.. The equity shares of the company are not listed on any stock exchange.

### ***Shareholding Pattern***

The shareholding pattern of RB Investments as of the date of filing of this Red Herring Prospectus is as follows:

<b>Name of Shareholder</b>	<b>Number of Shares</b>	<b>% of Shareholding</b>
Mr. Raghav Bahl	5,000	50.00
Ms. Ritu Kapur	5,000	50.00
<b>Total</b>	<b>10,000</b>	<b>100.00</b>

### ***Board of Directors***

The board of directors of RB Investments comprises of Mr. Raghav Bahl and Ms. Ritu Kapur.

### ***Financial Performance***

RB Investments was incorporated on June 20, 2006. Hence, there are no audited financial results available for the company.

### **RB Fincap Private Limited (“RB Fincap”)**

RB Fincap was incorporated on June 20, 2006 with the object inter alia to carry on the business of investment, and for that purpose to acquire, underwrite and deal in shares and participate in syndicates, and to carry on the business of custodian, depository, financier, agent, broker, project appraisal, etc., as well as to deal in movable assets and immovable properties.

Its registered office is located at 507, Prabhat Kiran, 17, Rajendra Place, New Delhi – 110 008. The equity shares of the company are not listed on any stock exchange.

### ***Shareholding Pattern***

The shareholding pattern of RB Fincap as of the date of filing of this Red Herring Prospectus is as follows:

<b>Name of Shareholder</b>	<b>Number of Shares</b>	<b>% of Shareholding</b>
Mr. Raghav Bahl	5,000	50.00
Ms. Ritu Kapur	5,000	50.00
<b>Total</b>	<b>10,000</b>	<b>100.00</b>

***Board of Directors***

The board of directors of RB Fincap comprises of Mr. Raghav Bahl and Ms. Ritu Kapur.

***Financial Performance***

RB Fincap was incorporated on June 20, 2006. Hence, there are no audited financial results available for the company.

***VT Holdings Private Limited (“VT Holdings”)***

VT Holdings was incorporated on July 7, 2006 with the object inter alia to carry on the business of investment and for that purpose subscribe, take, purchase or acquire stock, debentures, bonds and other securities.

Its registered office is located at 507, Prabhat Kiran, 17, Rajendra Place, New Delhi – 110 008. The equity shares of the company are not listed on any stock exchange.

***Shareholding Pattern***

The shareholding pattern of VT Holdings as of the date of filing of this Red Herring Prospectus is as follows:

<b>Name of Shareholder</b>	<b>Number of Shares</b>	<b>% of Shareholding</b>
Mr. Raghav Bahl	5,000	50.00
Ms. Ritu Kapur	5,000	50.00
<b>Total</b>	<b>10,000</b>	<b>100.00</b>

***Board of Directors***

The board of directors of VT Holdings comprises of Mr. Raghav Bahl and Ms. Ritu Kapur.

***Financial Performance***

VT Holdings was incorporated on July 7, 2006. Hence, there are no audited financial results available for the company.

***RRB Holdings Private Limited (“RRB Holdings”)***

RRB Holdings was incorporated on July 9, 2006 with the object inter alia to carry on the business of investment and for that purpose subscribe, take, purchase or acquire stock, debentures, bonds and other securities.

Its registered office is located at 507, Prabhat Kiran, 17, Rajendra Place, New Delhi – 110 008. The equity shares of the company are not listed on any stock exchange.

***Shareholding Pattern***

The shareholding pattern of RRB Holdings as of the date of filing of this Red Herring Prospectus is as follows:



<b>Name of Shareholder</b>	<b>Number of Shares</b>	<b>% of Shareholding</b>
Mr. Raghav Bahl	1	0.01
Ms. Ritu Kapur	9,999	99.99
<b>Total</b>	<b>10,000</b>	<b>100.00</b>

### ***Board of Directors***

The board of directors of RRB Holdings comprises of Mr. Raghav Bahl and Ms. Ritu Kapur.

### ***Financial Performance***

RRB Holdings was incorporated on July 9, 2006. Hence, there are no audited financial results available for the company.

### **RVT Investments Private Limited (“RVT Investments”)**

RVT Investments was incorporated on July 9, 2006 with the object inter alia to carry on the business of investment and for that purpose subscribe, take, purchase or acquire stock, debentures, bonds and other securities.

Its registered office is located at 507, Prabhat Kiran, 17, Rajendra Place, New Delhi – 110 008. The equity shares of the company are not listed on any stock exchange.

### ***Shareholding Pattern***

The shareholding pattern of RVT Investments as of the date of filing of this Red Herring Prospectus is as follows:

<b>Name of Shareholder</b>	<b>Number of Shares</b>	<b>% of Shareholding</b>
TV 18*	10,000	100.00
<b>Total</b>	<b>10,000</b>	<b>100.00</b>

\* One equity share held by Mr. Raghav Bahl as nominee of TV 18

### ***Board of Directors***

The board of directors of RVT Investments comprises of Mr. Raghav Bahl and Ms. Ritu Kapur.

### ***Financial Performance***

RVT Investments was incorporated on July 9, 2006. Hence, there are no audited financial results available for the company.

### **News Wire 18 India Private Limited (“Newswire”)**

Newswire was incorporated on September 18, 2006, as Livewire Motion Pictures Private Limited. The name of the Company was changed to News Wire 18 India Private Limited on December 13, 2006. The objects of the Company are inter alia to carry on the business of investment and for that purpose, subscribe, take, purchase or acquire stock, debentures, bonds and other securities.

Its registered office is located at First Floor, Empire Building 414, Senapati Bapat Marg, Lower Parel, Mumbai – 400 013. The equity shares of the company are not listed on any stock exchange.

### ***Shareholding Pattern***

The shareholding pattern of Newswire as of the date of filing of this Red Herring Prospectus is as follows:

<b>Name of Shareholder</b>	<b>Number of Shares</b>	<b>% of Shareholding</b>
TV 18*	10,020	100.00
<b>Total</b>	10,020	100.00

\* One equity share held by Mr. Raghav Bahl as nominee of TV 18

### ***Board of Directors***

The board of directors of Newswire comprises of Mr. Raghav Bahl, Mr. Sanjay Ray Chaudhuri and Ms. Vandana Malik.

### ***Financial Performance***

Newswire was incorporated on September 18, 2006. Hence, there are no audited financial results available for the company.

### **Television Eighteen Fincap Limited (“Television Eighteen Fincap”)**

Television Eighteen Fincap was incorporated on February 17, 2004 with the object of *inter alia* financing of industrial enterprises by way of lending and advancing money, machinery, land building etc. Television Eighteen Fincap has through a board resolution dated July 27, 2005 applied to the RoC under section 560 of the Companies Act and the simplified exit scheme as notified by the Department of Company Affairs, Government of India for getting its name struck off from the register of the companies maintained by the RoC.

### **Companies with which Promoters have disassociated in the last three years**

- (a) On June 15, 2006, TV 18, our Promoter sold 317,040 equity shares of Television Eighteen Commoditiescontrol.com Limited to Tadcaster Holdings Limited, which constituted the entire shareholding of TV 18 in Television Eighteen Commoditiescontrol.com Limited.
- (b) On June 15, 2006, TV 18, our Promoter sold 4,249,999 equity shares of e-Eighteen.com Limited to Tadcaster Holdings Limited, which constituted the entire shareholding of TV 18 in e-Eighteen.com Limited.
- (c) On July 24, 2006, 202,368 equity shares of TV 18 Home Shopping Network Private Limited were allotted to TV 18 HSN Holdings Limited (formerly 18 Holdings Cyprus Limited) pursuant to which the shareholding of TV 18 was diluted from 100% to 4.7%.
- (d) On August 16, 2006, our Company sold 169,100 equity shares of Web 18 Software Services Limited to Tadcaster Holdings Limited, which constituted the entire shareholding of our Company in Web 18 Software Services Limited.

The abovementioned disassociations are on account of group restructuring.

## **RELATED PARTY TRANSACTIONS**

For details of the related party transactions, see section titled “Financial Statements—Related Party Transactions” on page 119 of this Red Herring Prospectus.

## **DIVIDEND POLICY**

The declaration and payment of dividends on our Equity Shares will be recommended by our board of directors and approved by our shareholders, at their discretion, and will depend on a number of factors, including but not limited to our profits, capital requirements and overall financial condition. Since our Company was incorporated on June 6, 2005, no dividend has been paid by our Company till date.

Pursuant to the terms of some of our loan agreements, namely from ICICI Bank Limited we cannot declare or pay any dividend to our shareholders during any financial year unless we have paid all the dues to the respective lenders or paid or have made satisfactory provisions thereof or if we are in default of the terms and conditions of such loan agreements.

## FINANCIAL STATEMENTS

### AUDITORS' REPORT

To,

The Board of Directors,  
Global Broadcast News Limited  
15-16, Express Trade Towers  
Sector 16 A  
Noida

Dear Sirs,

We have examined the financial information of Global Broadcast News Limited ('the Company') annexed to this report for the purpose of inclusion in the Red Herring Prospectus ('the RHP'). The said financial information has been prepared in accordance with the requirements of paragraph B (1) of Part II of Schedule II to the Companies Act, 1956 ('the Act'), the Securities and Exchange Board of India ("SEBI") – Disclosure and Investor Protection Guidelines, 2000 ('the Guidelines'), as amended vide notification SEBI/CFD/ DIL/ DIP/ 14/ 2005/ 25/ 1 dated January 25, 2005 issued by the Securities and Exchange Board of India in pursuance of Section 11 of the Securities and Exchange Board of India Act, 1992; and related clarification; and in accordance with the terms of reference received from the Company requesting us to carry out work in connection with the offer document being issued by the Company in connection with its Proposed Initial Public Offer ('IPO') of Equity Shares. The financial information has been prepared by the Company and approved by the Board of Directors.

**A. Financial Information as per Audited Financial Statements:**

*We have examined the attached 'Restated Summary Statement of Assets and Liabilities' of the Company as at 30 September, 2006 and 31 March, 2006 (Annexure I) and the attached 'Restated Summary Statement of Profits and Losses' (Annexure II) and the attached 'Restated Statement of Cash Flows' (Annexure III) for the half year ended 30 September, 2006 and period ended 31 March, 2006 (6 June, 2005 to 31 March, 2006) together referred to as 'Restated Summary Statements'. The financial statements for the half year ended 30 September, 2006 and period ended 31 March, 2006 have been adopted by the Board of Directors and audited by us. Based on our examination of these summary statements, we state that:*

- i. The 'Restated Summary Statements' have to be read in conjunction with the notes given in Annexure IV to this report.
- ii. The 'Restated Summary Statements' of the Company have been restated with retrospective effect to reflect the significant accounting policies being adopted by the Company as at 30 September, 2006, as stated in the Notes forming part of the restated Summary Statements vide Annexure IV to this report.
- iii. The restated profits have been arrived at after charging all expenses including depreciation and after making such adjustments and regroupings as in our opinion are appropriate in the period to which they are related as described in Note 5 of the 'Notes Forming Parts of the Restated Summary Statements' appearing in Annexure IV.
- iv. Qualifications in the auditor's report which do not require any corrective adjustments in the financial statements are disclosed in Note 8 of Annexure IV.
- v. Attention is invited to Note 10 of Annexure IV wherein for reasons stated, no provision has been made for diminution in value of investment.

**B. Other Financial Information:**

*We have examined the following information in respect of the half year ended 30 September, 2006 and period ended 31 March, 2006 of the Company, proposed to be included in the RHP, as approved by the Board of Directors and annexed to this report:*

- i. Details of Secured and Unsecured Loans (Annexure – V)

- ii. Details of Loans and Advances (Annexure – VI)
- iii. Details of Sundry Debtors (Annexure – VII)
- iv. Statement of Summary of Investments (Annexure – VIII)
- v. Details of Current Liabilities and Provisions (Annexure – IX)
- vi. Statement giving details of Other Income (Annexure – X)
- vii. Details of Contingent Liabilities (Annexure – XI)
- viii. Summary of Accounting Ratios based on adjusted profits related to earnings per share, net asset value and return on net worth (Annexure – XII)
- ix. Statement of Tax shelters (Annexure – XIII)
- x. Capitalisation Statement of the Company as at 30 September, 2006 (Annexure – XIV)
- xi. Related Party Disclosure (Annexure – XV)

*In our opinion, the 'Financial Information as per Audited Financial Statements' and 'Other Financial Information' mentioned above for the half year ended 30 September, 2006 and period ended 31 March, 2006 have been prepared in accordance with Part II of Schedule II of the Act and the Guidelines.*

*This report should not be in any way be construed as a reissuance or redating of any of the previous audit report nor should this be construed as a new opinion on any of the financial statements referred to herein.*

*This report is intended solely for your information and for inclusion in RHP in connection with the proposed IPO of the Company and is not to be used, referred to or distributed for any other purpose without our prior written consent.*

**For DELOITTE HASKINS & SELLS**  
Chartered Accountants

**JITENDRA AGARWAL**  
Partner  
Membership No. 87104

New Delhi  
November 28, 2006

## ANNEXURE I

## RESTATED SUMMARY STATEMENT OF ASSETS AND LIABILITIES

(Rs in Crore)

	Particulars	As at 30.09.2006	As at 31.03.2006
<b>A</b>	<b>Fixed Assets</b>		
	Gross Block	50.88	49.29
	Less: Depreciation	5.92	3.41
	<b>Net Block</b>	<b>44.96</b>	<b>45.88</b>
<b>B</b>	Capital Work In Progress	<b>0.09</b>	-
<b>C</b>	<b>Investments</b>	<b>36.92</b>	<b>9.34</b>
<b>D</b>	<b>Current Assets, Loans and Advances</b>		
	Inventories	0.30	-
	Sundry Debtors	20.36	6.45
	Cash and Bank Balances	9.55	8.98
	Loans and Advances	18.14	10.25
		<b>48.35</b>	<b>25.68</b>
<b>E</b>	<b>Total assets (A+B+C+D)</b>	<b>130.32</b>	<b>80.90</b>
<b>F</b>	<b>Liabilities and Provisions</b>		
	Secured Loans	67.60	32.39
	Unsecured Loans	0.90	40.00
	Current Liabilities and Provisions	20.58	14.16
	<b>Total liabilities</b>	<b>89.08</b>	<b>86.55</b>
<b>G</b>	<b>Miscellaneous Expenses (to the extent not written off)</b>	<b>0.42</b>	-
<b>H</b>	<b>Networth (E+G-F)</b>	<b>41.66</b>	<b>(5.65)</b>
<b>I</b>	<b>Represented By</b>		
	<b>1. Share Capital (Equity Paid-Up Capital)</b>	22.52	10.00
	<b>2. Share Premium Received</b>	91.46	-
	<b>3. Share Application Money Pending Allotment</b>	0.01	30.88
	<b>4. Adjusted Profit and Loss Debit Balance</b>	(72.33)	(46.53)
	<b>Net worth</b>	<b>41.66</b>	<b>(5.65)</b>

The accompanying significant accounting policies and notes (Annexure IV) are an integral part of the accounts.

## ANNEXURE II

### RESTATED SUMMARY STATEMENT OF PROFITS AND LOSSES

		(Rs in Crore)	
	Particulars	Half year ended 30.09.2006	Period ended 31.03.2006
<b>A</b>	<b>Income</b>		
	Income from News operations	24.24	5.92
	Other Income	1.66	0.61
	<b>Total</b>	<b>25.90</b>	<b>6.53</b>
<b>B</b>	<b>Expenditure</b>		
	Production, administrative and other costs	30.19	28.53
	Personnel expenses	15.21	19.18
	Interest and financial charges	3.43	1.58
	Depreciation	2.53	3.41
	<b>Total</b>	<b>51.36</b>	<b>52.70</b>
<b>C</b>	<b>Net Profit/(Loss) before tax and extraordinary items</b>	<b>(25.46)</b>	<b>(46.17)</b>
	Provision for taxation (Fringe benefit tax)	(0.34)	(0.36)
<b>D</b>	<b>Net profit/(loss) after tax and extraordinary items</b>	<b>(25.80)</b>	<b>(46.53)</b>

The accompanying significant accounting policies and notes (Annexure IV) are an integral part of the accounts.



## RESTATED STATEMENT OF CASH FLOWS

(Rs in Crore)

	Half year ended 30.09.2006	Period ended 31.03.2006
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before tax	(25.46)	(46.17)
Adjustments for :		
Depreciation	2.53	3.41
Finance expenses	3.42	1.58
Dividend received	(0.43)	(0.31)
Profit on sale of short term investments	(0.01)	-
Interest received	(0.28)	(0.30)
Profit on sale of fixed assets	(0.05)	-
Operating profit before working capital changes	(20.28)	(41.79)
Adjustments for :		
Decrease/(Increase) in Current assets	(17.34)	(13.77)
Increase/(Decrease) in Current liabilities	6.40	13.99
Cash generated/ (used in) from operations	(31.22)	(41.57)
Tax on operational income (Including fringe benefit tax)	(0.61)	(0.35)
Net cash from/ (used in) operating activities	<b>(31.83)</b>	<b>(41.92)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Share Application money paid	(7.05)	-
Purchase of fixed assets (Including capital advances)	(1.28)	(50.09)
Sale of assets/claim received	0.25	0.03
Purchase of short-term investments	(45.78)	(49.62)
Sale of short-term investments	51.86	40.28
Inter-Corporate deposit	2.00	(2.00)
Purchase of trade investments	(33.65)	-
Interest income	0.24	0.28
Dividend received	0.43	0.31
Net cash from/ (used in) investing activities	<b>(32.98)</b>	<b>(60.81)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Loan from Holding Company	0.90	-
Share application money received / (refunded)	-	30.89
Proceeds from issue of equity shares	33.12	10.00
Finance expenses	(3.43)	(1.57)
Share Issue Expenses	(0.42)	-
Proceeds from issue of debentures	-	40.00
Increase / (Decrease) in loans	35.21	32.39
Net cash from/ (used in) financing activities	<b>65.38</b>	<b>111.71</b>
Net increase/ (decrease) in cash and cash equivalents	0.57	8.98
Cash and cash equivalents as at the beginning of the period	8.98	-
Cash and cash equivalents as at the end of the period	<b>9.55</b>	<b>8.98</b>

**Notes:**

1. The Cash Flow Statement has been prepared under indirect method as set out in Accounting Standard – 3 on Cash Flow Statement issued by the Institute of Chartered Accountants of India.
2. Negative figures have been shown in brackets.

## NOTES FORMING PART OF THE RESTATED SUMMARY STATEMENTS

**1. Background**

Global Broadcast News Limited was incorporated on 6 June, 2005 as Global Broadcast News Private Limited. The Company was converted into a public limited Company and a Certificate of Incorporation was again issued upon the change of name on conversion to a public limited company on 12 December, 2005. The Company is in the business of broadcasting, telecasting, relaying and transmitting general news programmes and operates the news channel “CNN IBN” (consequent to a licensing and content sharing agreement with Turner Broadcasting System Asia Pacific, Inc.). The commercial operations of the Company commenced on 17 December, 2005.

**2. Significant Accounting Policies** (For the Financial Statements as at and for the half year ended 30 September, 2006)

These financial statements have been prepared in accordance with the Accounting Standards as prescribed by the Institute of Chartered Accountants of India and referred to in section 211(3)(c) of the Companies Act 1956. These statements are for the period 1 April, 2006 to 30 September, 2006. The significant accounting policies adopted in presentation of the accounts are as follows:

**a. Basis of Accounting**

These accounts are prepared on the historical cost convention and on the mercantile basis. The Cash flow statement has been prepared using the “Indirect method” as set out in the Accounting Standard – 3 on Cash Flow Statement issued by The Institute of Chartered Accountants of India.

**b. Revenue Recognition****i. Income from news mainly include advertisement revenue which comprise:**

- Revenue from sale of advertising time, which is recognised on the accrual basis on telecast of advertisements and in accordance with contractual obligations.
- Revenues from sponsorship contracts, which is recognised proportionately over the term of the sponsorship.

**ii. Dividends on investments are accounted for when the right to receive dividend is established.****c. Fixed Assets**

Fixed assets are stated at their original cost of acquisition/installation less depreciation. All direct expenses attributable to acquisition/installation of assets are capitalised.

**d. Depreciation**

Depreciation on all assets other than improvement to leasehold properties and computer software is charged on straight line basis over the estimated useful lives using rates (including double/triple shift depreciation rates wherever applicable) prescribed by Schedule XIV of the Companies Act, 1956.

Cost of improvements to leasehold premises is being amortised over the period of lease years. These rates are higher than those prescribed in Schedule XIV of the Companies Act, 1956.

Depreciation on additions is charged proportionately from the date of acquisition/ installation. Assets costing less than Rs. 5,000 individually have been fully depreciated in the year of purchase.

**e. Inventories**

Inventories consist of blank videotapes and are valued at cost on First in First Out (FIFO) basis.

Stock of VHS tapes other than Betacam and DVC videotapes, is written off at the time of purchase. Betacam and DVC videotapes are written off on issue to production.

**f. Investments**

Long term investments are stated at cost less other than temporary diminution in the value of such investments. Current investments are carried forward at lower of cost or fair value.

**g. Employee Benefits**

- i. Company's contribution to the Employees' Provident Fund are charged to the profit and loss account each year.
- ii. Gratuity liability is provided for on the basis of actuarial valuation using projected unit credit method (PUCM).
- iii. Long term compensated absences are provided for on the basis of an actuarial valuation using projected unit credit method (PUCM).
- iv. Short term employee benefits (Medical, Leave travel allowance, etc.) expected to be paid in exchange for the services rendered is recognised in financial statements on undiscounted basis.

**h. Foreign Currency Translation**

*Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of the transaction. Monetary items denominated in foreign currency and outstanding at the balance sheet date are translated at the exchange rate ruling on that date. Exchange differences on foreign exchange transactions other than those relating to fixed assets are recognised in the profit and loss account. Any gain/loss on exchange fluctuation on the date of payment of expenditure incurred for acquisition of fixed assets is treated as an adjustment to the carrying cost of such fixed assets.*

**i. Taxation**

*Income tax comprises current tax and deferred tax. Deferred tax assets or liabilities are recognised for the future tax consequences of timing differences, subject to the consideration of prudence. Deferred tax assets on unabsorbed depreciation and carry forward of losses are not recognized unless there is virtual certainty that there will be sufficient future taxable income available to realise such assets.*

*Deferred tax assets and liabilities are measured using the tax rates enacted or substantively enacted by the balance sheet date.*

**j. Earnings Per Share**

The Company reports basic and diluted earnings per equity share in accordance with AS-20, the Accounting Standard on Earnings Per Share. Basic earnings per equity share have been computed by dividing net profit after tax by the weighted average number of equity shares outstanding for the period end. Diluted earnings per equity share have been computed using the weighted average number of equity shares and dilutive potential equity shares outstanding during the period end.

**k. Borrowing Costs**

Borrowing costs that are directly attributable to acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset when it is probable that they will result in future economic benefits to the enterprise and the costs can be measured reliably.

Other borrowing costs are recognised as an expense in the period in which they are incurred.

**h. Use of estimates**

The preparation of the financial statements in conformity with generally accepted accounting principles requires the Management to make estimates and assumptions that affect the reporting balances of assets and liabilities and disclosures relating to contingent assets and liabilities as at the date of the financial statements and reporting amounts of income and expenses during the year. Examples of such estimates include provision for doubtful debts, future obligations under employee retirement benefit plans, income taxes, foreseeable estimated contract losses and useful life of fixed and intangible assets. Contingencies are recorded when it is probable that a liability will be incurred, and the amount can be reasonably estimated. Actual results could differ from such estimates.

**i. Miscellaneous Expenditure**

Expenses incurred on issue of shares of the Company (Initial Public Offer expenses) are classified under Miscellaneous Expenditure. These will be written off against securities premium.

**3. Operational outlook**

The net worth of the Company as at 30 September, 2006 has been substantially eroded in view of the accumulated losses incurred till date.

The Management has implemented plans and policies to improve its operations significantly and strengthen the financial position of the Company in the coming years. In October 2006, its English news channel CNN IBN has become the No 1 channel in its genre, with a substantial increase in its market share.

The Company continues to receive operational and necessary financial support from Television Eighteen India Limited, its ultimate holding Company. Management believes that, with the increased turnover, profitability and continued support from its holding company, the Company will be in a position to settle its obligations as they fall due. Accordingly, these financial statements have been prepared under the going concern assumption.

**4. Scheme of Amalgamation**

The Board of directors of the Company in their meeting on 2 May, 2006 has approved a scheme of amalgamation of the Company with SRH Broadcast News Holdings Limited (SRH). As per the scheme, SRH (the 'Transferor Company') comprising all its assets and liabilities shall be transferred to and vested in the Company at book value as a going concern as and from the appointed date of 1 October, 2005.

All movable assets including cash in hand of the Transferor Company capable of passing by manual delivery or by endorsement and delivery shall be delivered or endorsed to the Transferee Company.

The Company shall without any further payment, issue and allot equity shares at par on a proportionate basis to each member of SRH holding shares on the effective date, in the ratio of 10.61:1 (5.2:1 as on 31 March, 2006), i.e. for every one equity shares of face value of Rs 10 each held in Transferor Company, 10.61 equity shares of face value of Rs 10 each in Transferee Company. The

swap ratio has been adjusted in the event of change in share capital of the Company and all such adjustments would be deemed to be an integral part of the Scheme of Amalgamation. On the scheme coming into effect, all employees of the Transferor Company in service as on the Effective Date shall be deemed to have become the employees of the Company.

The Honourable High Court of Delhi has vide its order dated 31 October, 2006 approved the scheme of Amalgamation under Section 391 to 394 of Companies Act, 1956. Consequent upon amalgamation of the companies, the transferor company shall stand dissolved without the process of winding up. The Company has received the formal order to implement the scheme of amalgamation and the scheme shall be deemed to be effective from 4 December, 2006, date on which the certified copies of the orders of the High Court vesting the undertaking in the company are filed with Registrar of Companies.

#### **5. Note on adjustments for restated summary statements**

Accounting Standard 15 (revised 2005) on 'Employee Benefits' is applicable from 1 April, 2006. The liability for employee benefits is recomputed as per revised AS-15 for the period ended 31 March, 2006. The differential amount of Rs. 0.44 crore has been adjusted in the period ended 31 March, 2006 in the Restated Statement of Assets and Liabilities.

#### **6. Deferred tax**

The Company has carried out its tax computation in accordance with the mandatory standard on accounting, AS 22 – 'Accounting for Taxes on Income' issued by the Institute of Chartered Accountants of India. Having regard to the significant accumulated losses, the Company has not provided for deferred tax assets as there is no virtual certainty that there will be sufficient future taxable income available to realise such assets. In accordance with the same no deferred tax asset / liability was required at the period end.

#### **7. Borrowing Costs**

The details of the borrowing costs incurred on term loans are set out below:

<b>(Rs. in Crore)</b>		
<b>Particulars</b>	<b>Half year ended 30.09.2006</b>	<b>Period ended 31.03.2006</b>
Total borrowing cost on term loans from bank	2.43	2.46
Amount capitalized	-	1.87
Amount charged to Profit and Loss account	2.43	0.59

#### **8. Qualification in auditors report**

The qualification in the Auditors Report for the half year ended 30 September, 2006 and period ended 31 March, 2006 is reproduced below:

“The Company has paid remuneration to Managing Director in excess of the limits prescribed under Schedule XIII of the Companies Act, 1956 which is subject to the approval of the Central Government under sub-section (2) of Section 269 of the Companies Act, 1956”.

Since the effect of the qualification has not been quantified, it has not been possible to adjust the differences in the 'Statement of Restated Assets and Liabilities' and the 'Statement of Restated Profits and Losses'. The Company has applied for an approval from the Central Government in accordance with Section 269 of Companies Act, 1956.

#### **9. Earnings per share**

Basic earnings per equity share have been computed by dividing net profit after tax by the weighted average number of equity shares outstanding for the half year ended 30 September, 2006 and period ended 31 March, 2006. Diluted earnings per equity share have been computed using the weighted average number of equity shares and dilutive potential equity shares outstanding during the half year ended 30 September, 2006 and period ended 31 March, 2006. The reconciliation between basic and diluted earnings per equity share is as follows:

(Rs. in Crore)				
	Particulars	Units	Half year ended 30.09.06	Period ended 31.03.06
a.	Net profit/(loss) after tax		(25.80)	(46.53)
b.	Weighted average of number of equity shares used in computing basic earnings per share	No. of shares	20,232,135	9,698,289
c.	Basic earnings per share (a/b)	Rs.	(12.75)	(47.98)
d.	Diluted earnings per share	Rs.	(12.75)	(47.98)

#### 10. Investment in B.K. Fincap Private Limited

The Company has invested in B.K. Fincap Private Limited (BKF) and has assumed accordingly the effective operational control of business operations of Jagran TV Private Limited (JTV) in pursuance of Share Purchase Cum Shareholders Agreement entered on 25 July, 2006 between BKF, Global Broadcast News Limited, JTV and 15 promoters of Jagran TV Private Limited.

The Company has agreed to subscribe to 76,485 equity shares of the face value of Rs. 10 each in BKF for a total consideration of Rs. 68 crore. Out of the aforesaid consideration, the Company has invested Rs. 33.65 crore as on 30 September, 2006 towards 76,485 equity shares partly paid up of the face value of Rs. 5 each (Rs. 0.04 crore payable as consideration towards face value and Rs. 33.61 crore payable as consideration towards premium).

JTV is at present incurring operational losses. The management of JTV implemented plans and policies to improve its operations significantly and strengthen the financial position of the Company in the coming years and its Hindi News Channel IBN 7 is gaining in ratings. Having regard to the long term and strategic involvement with JTV BKF has considered these investments to eventually yield its value. Consequently, no diminution in the value of these investments is considered necessary at this stage.

#### 11. Transactions with parties referred to in Section 297 of the Companies Act

The Company has entered into an agreement with a Company in which directors are interested, for distribution and strategic placement of its channel CNN-IBN. The agreement is recorded in the register as required under section 301 of the Companies Act 1956. The Company has paid Rs. 10.17 crore (Rs. 5.32 crore during the period ended 31 March, 2006) as distribution costs under this agreement. The Company has received an approval from the Central Government subsequently on 28 November, 2006 under section 297 of Companies Act, 1956 for a period from 22 October, 2006 to 31 March, 2009.

#### 12. Segmental reporting

The Company is engaged in the business of production and telecast of news and current affairs programmes primarily in India. As the Company operates in a single business and geographical segment, the reporting requirements for primary and secondary segment disclosures prescribed by paragraphs 39 to 51 of Accounting Standard 17 - Segment reporting, have not been provided in these financial statements.

#### 13. Employee Benefits

In accordance with the revised Accounting Standard 15 issued by the Institute of Chartered Accountants of India, the requisite disclosures are as follows:

**a. Accounting policy for recognising actuarial gains and losses**

Actuarial gains and losses arising from experience adjustments and effects of changes in actuarial assumptions are immediately recognised in the statement of profit and loss account as income or expense.

**b. Description of the type of plan(s)**

**i. Gratuity plan**

The gratuity liability arises on retirement, withdrawal, resignation and death of an employee. The aforesaid liability is calculated on the basis of fifteen days salary (i.e. last drawn salary plus dearness allowance) for each completed year of service subject to completion of five years service.

**ii. Long term compensated absences plan**

The earned leave liability arises on retirement, withdrawal, resignation and death of an employee. The aforesaid liability is calculated on the basis of yearly accrual of 30 days salary (i.e. last drawn salary) subject to maximum accumulation up to 90 days.

**c. Movement in net liability**

(Rs. in Crore)			
Particulars	Gratuity	Compensated Absences	Total
Present value of obligations as on 1.04.06 (A)	0.18	0.39	0.57
Current service cost (B)	0.12	0.19	0.31
Interest cost (C)	0.01	0.01	0.02
Actuarial loss on obligation (D)	0.02	0.10	0.12
Benefits paid (E)	-	-	-
<b>Present value of obligations as on 30.09.06 (G=A+B+C+D+E)</b>	<b>0.33</b>	<b>0.69</b>	<b>1.02</b>

**d. Reconciliation of assets and liabilities**

(Rs. in Crore)				
S.No.	Particulars	Gratuity	Compensated Absences	Total
1.	Present value of unfunded defined benefit obligations as on 30.09.06	0.33	0.69	1.02
2.	Fair value of plan assets*	-	-	-
3.	Net liability	<b>0.33</b>	<b>0.69</b>	<b>1.02</b>

\* The fair value of plan assets is nil since both gratuity plan and long term compensated absences plan are wholly unfunded as on 30 September, 2006.

**e. Principal actuarial assumptions**

S.No.	Particulars	Rate (%)
i.	Discount rate as at 30.09.06	7.5
ii.	Future salary increase	5.5



## SCHEDULES OF LOANS

## A. Secured Loans

(Rs. in Crore)		
Particulars	30.09.2006	31.03.2006
<b>Term Loans</b>		
<b>From Banks</b>		
<b>a. ICICI Bank</b>		
1. Secured by First charge on the Company's movable assets, subject to the charges on current assets created/to be created in favour of the Company's bankers for securing borrowings for working capital requirements.	32.00	32.00
2. Unconditional and irrevocable Personal Guarantee of a Director.		
3. Letter of Comfort from Television Eighteen India Limited (TV18) whereby TV18 undertakes to take all necessary steps to ensure that the Company fulfils all necessary obligations under the agreement including arrangement of funds for payment to the bank in accordance with the terms and conditions of the loan agreement.		
<b>b. ICICI Bank</b>		
1. Secured by First charge on the Company's movable assets	25.00	-
2. Letter of Comfort from Television Eighteen India Limited for the facility amount		
3. Letter of Comfort from Network 18 Fincap Private Limited for the facility amount		
<b>Total – (a. + b.)</b>	<b>57.00</b>	<b>32.00</b>
<b>c. Yes Bank</b>		
1. Secured by first exclusive charge on all the current assets of the company	10.20	-
2. Unconditional and irrevocable corporate guarantee of Network 18 Fincap Private Limited		
<b>Total - c.</b>	<b>10.20</b>	<b>-</b>
<b>d.-Vehicle Loans</b>		
	0.40	0.39
From Banks (Secured against vehicles financed)		
<b>Total - d.</b>	<b>0.40</b>	<b>0.39</b>
<b>Total a. + b. + c. + d.</b>	<b>67.60</b>	<b>32.39</b>

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

### 1. Term Loan

(Rs. in Crore)					
Name	Date Sanctioned	Amount Sanctioned	Outstanding Amount	Rate of Interest	Repayment Schedule
ICICI Bank	5.09.2005	32	32	9% p.a. IBAR less 2.60% p.a. plus premium 0.60%p.a. As on 2 September, 2005 the IBAR was 11% p.a. Interest rate shall be reset at the end of every 1 year from the date of disbursement of first tranche. As on 15 September, 2006, the applicable rate was reset at 11.25% p.a.	16 equal quarterly instalments of Rs 2 crore each payable on the last day of each quarter commencing from December 2007.
ICICI Bank	08.05.2006	25	25	10% p.a. IBAR less 2.75% p.a. As on 8 May, 2006 the IBAR was 12.75% p.a. Interest rate shall be reset at the end of every 1 year from the date of disbursement of first tranche (Refer note below)	20 equal quarterly instalments of Rs 1.25 crore each payable on last day of each quarter commencing from December 2007.
Yes Bank	01.07.2006	20	10.20	10.5% p.a. PLR less 2 % p.a. As on 1 July, 2006 the PLR was 12.5% p.a.	Cash Credit Facility

### 2. Vehicle Loan

Name	Loan amount	Sanction date	Balance as on 30.09.06	Pending EMI as at 30.09.06	EMI	Balance as on 31.03.06	Pending EMI as at 31.03.06
ICICI Bank	0.09	1.06.2005	0.06	31	0.002	0.07	37
ICICI Bank	0.04	1.08.2005	0.03	21	0.001	0.04	27
ICICI Bank	0.04	1.08.2005	0.02	21	0.001	0.04	27
ICICI Bank	0.14	1.07.2005	0.08	19	0.004	0.10	25
ING Vysya Bank Limited	0.04	8.10.2005	0.03	24	0.001	0.04	30
Citi Bank	0.06	21.01.2006	0.05	39	0.001	0.05	45
Citi Bank	0.06	21.01.2006	0.05	39	0.001	0.05	45

ICICI Bank	0.09	05.06.2006	0.08	32	0.003	-	-
<b>Total</b>	<b>0.56</b>		<b>0.40</b>			<b>0.39</b>	

#### B. Unsecured Loans

(Rs. in Crore)		
Particulars	30.09.2006	31.03.2006
<b>Unsecured Loans</b>		
From:		
Corporate bodies/Institutions	0.90	40.00
Promoters/Directors	-	-
<b>Total</b>	<b>0.90</b>	<b>40.00</b>

The Company has during the half year ended 30 September, 2006 converted 4 crore optionally fully convertible debentures of Rs. 10 each into 2,119,900 equity shares of face value of Rs. 10 each on 17 May 2006 to IL&FS Private Equity Trust. This is in pursuance of the letter dated 3 May, 2006 from IL&FS whereby consent has been given to convert all the debentures into shares at the post money valuation of the Company at Rs. 425 crore.

The Company has during the half year ended taken short term interest free loan from SRH Broadcast News Holdings Private Limited (Holding Company) amounting to Rs. 0.90 crores repayable after 31 December, 2006.

## ANNEXURE – VI

## RESTATED SCHEDULE OF LOANS &amp; ADVANCES

(Rs. in Crore)

Particulars	As at 30.09.2006	As at 31.03.2006
<b>Security and other deposits</b>		
Considered good	1.32	0.14
	<b>1.32</b>	<b>0.14</b>
<b>Inter Corporate Deposit to Company under the same management</b>		
Considered good	-	2.00
	<b>-</b>	<b>2.00</b>
<b>Advance due from company under the same management</b>		
Considered good	2.05	2.95
	<b>2.05</b>	<b>2.95</b>
<b>Interest accrued but not due</b>		
Considered good	0.06	0.02
	<b>0.06</b>	<b>0.02</b>
<b>Share Application money paid to company under the same management</b>		
	7.05	-
	<b>7.05</b>	<b>-</b>
<b>Advances recoverable in cash or in kind or for value to be received</b>		
-Income tax deducted at source		
-Capital advances		
-Advances to Suppliers	0.43	0.15
-Other advances	0.15	0.77
	0.15	0.12
	6.93	4.10
	<b>7.66</b>	<b>5.14</b>
<b>Total</b>	<b>18.14</b>	<b>10.25</b>

## ANNEXURE -VII

## RESTATED SCHEDULE OF SUNDRY DEBTORS

(Rs. in Crore)

Particulars	As at 30.09.2006	As at 31.03.2006
<b>Debts outstanding for a period exceeding six months</b>		
Unsecured, considered good	1.31	-
<b>Other Debts</b>		
Unsecured, considered good		
0 to 30 days	6.74	6.45
31 to 60 days	4.94	-
61 to 90 days	3.93	-
91 to 120 days	1.78	-
121 to 150 days	1.12	-
151 to 180 days	0.54	-
	19.05	6.45
<b>Total</b>	<b>20.36</b>	<b>6.45</b>

## RESTATED SCHEDULE OF INVESTMENT

(Rs. in Crore)

Particulars	30.09.2006		31.03.2006	
	No. of Shares	Amount	No. of Shares	Amount
<b>Quoted - Short Term in mutual funds</b>				
Units of Rs. 10 each in ING Vysya Mutual Fund	-	-	9,328,288	9.33
Units of Rs.10 each in Deutsch Mutual Fund	2,662,292	2.66	-	-
Units of Rs.10 each in ABN Amro Bank	594,816	0.60	-	-
<b>Unquoted - Equity shares</b>				
Equity shares of B.K. Fincap Private Limited of Rs. 10 each; Rs. 5 each partly paid up	86,485	33.66	9,500	0.01
<b>Total</b>		<b>36.92</b>		<b>9.34</b>

## ANNEXURE – IX

## RESTATED SCHEDULE OF CURRENT LIABILITIES &amp; PROVISIONS

*(Rs. in Crore)*

Particulars	As at 30.09.2006	As at 31.03.2006
<b>Current liabilities</b>		
Sundry creditors	15.71	11.73
Advances from customers	-	0.11
Other liabilities	3.66	1.33
<b>Total – A</b>	<b>19.37</b>	<b>13.17</b>
<b>Provisions</b>		
Provision for retirement benefits	1.02	0.83
Provision for Fringe Benefit Tax (Net of advances: Rs. 0.52 crore, As on 31.03.06 Rs. 0.20 crore)	0.19	0.16
<b>Total – B</b>	<b>1.21</b>	<b>0.99</b>
<b>Total - A+B</b>	<b>20.58</b>	<b>14.16</b>

## ANNEXURE - X

## SCHEDULE OF OTHER INCOME

(Rs. in Crore)

Particulars	Nature of Income	Half year ended 30.09.2006	Period ended 31.03.2006
Dividend on Short term Deposits	Recurring	0.43	0.31
Interest on Inter Corporate Deposit	Recurring	0.03	0.01
Interest on Margin Money	Recurring	0.26	0.29
Miscellaneous Income	Recurring	0.88	-
Profit on sale of assets/investments	Non – Recurring	0.06	-
<b>Total</b>		<b>1.66</b>	<b>0.61</b>
Net Profit before tax as restated		(25.46)	(46.17)
<b>Percentage of Other Income over Operational Income</b>		<b>6.85</b>	<b>10.30</b>



## ANNEXURE - XI

## SCHEDULE OF CONTINGENT LIABILITIES

(Rs. in Crore)

Particulars	As at 30.09.2006	As at 31.03.2006
Estimated amounts of contracts remaining to be executed on capital account	0.30	1.10
Bank Guarantees outstanding	8.17	8.17
Capital Commitments under EPCG scheme	8.17	8.17
Corporate Guarantee on behalf of Jagran TV Private Limited To Oriental Bank of Commerce.	40.95	-
<b>Total</b>	<b>57.59</b>	<b>17.44</b>

## ANNEXURE – XII

### SUMMARY OF ACCOUNTING RATIOS

(Rs. in Crore)

S.No.	Particulars	Half year ended 30.09.2006	Period ended 31.03.2006
<b>1.</b>	<b>Basic Earnings per share (EPS)</b>		
	– In Rupees	(12.75)	(47.98)
<b>2.</b>	<b>Net Asset Value per share</b>		
	- In Rupees	18.50	(5.65)
<b>3.</b>	<b>Return on Net worth</b>		
	- In percentage (See note 4 below)	N.A	N.A

Notes:

1. The ratios have been computed as below:

$$\text{Earnings Per Share (Rs.)} = \frac{\text{Adjusted Profit/ (Loss) after tax but before extraordinary items}}{\text{Weighted average number of Equity shares outstanding during the period}}$$

$$\text{Net Asset Value Per Share (Rs.)} = \frac{\text{Net Worth excluding revaluation reserve}}{\text{Number of Equity shares outstanding at the period end}}$$

$$\text{Return on Net worth (\%)} = \frac{\text{Adjusted Profit/ (Loss) after tax but before extraordinary items}}{\text{Net Worth excluding revaluation reserve}}$$

2. Earnings per share is calculated in accordance with Accounting Standard 20 “Earnings Per Share” issued by the Institute of Chartered Accountants of India.
3. Profit and Loss as restated has been considered for the purpose of computing the above ratios
4. In view of the net loss for the period, the ratio of ‘Return on Net Worth’ has not been computed.

## ANNEXURE XIII

## TAX SHELTER STATEMENT

(Rs. in crores)		
Particulars	Period ended 30.09.2006	Period ended 31.03.2006
Tax Rate (including surcharge and cess)	33.66%	33.66%
Adjusted net profit before tax and after prior period / extraordinary item adjustments	(25.46)	(46.17)
<b>Tax at notional rates (A)</b>	<b>(8.57)</b>	<b>(15.54)</b>
Book Depreciation	2.53	3.41
Tax Depreciation	4.16	6.19
Difference between tax and book depreciation	(1.63)	(2.78)
Other adjustments	0.96	0.57
<b>Net adjustments</b>	<b>(0.67)</b>	<b>(2.21)</b>
<b>Tax expense/(saving) on net adjustments (B)</b>	<b>(0.23)</b>	<b>(0.74)</b>
<b>Tax (A-B)</b>	<b>(8.80)</b>	<b>(16.28)</b>
<b>Tax Payable</b>	<b>NIL</b>	<b>NIL</b>

## CAPITALISATION STATEMENT OF THE COMPANY

(Rs. in Crore)

Particulars	As at 30.09.2006	Post - Issue As at 30.09.2006
<b>Long Term Debt (A)</b>	<b>57.00</b>	Will be determined after finalisation of issue price
<b>Shareholders Funds (B)</b>		
Share Capital	22.52	
Securities Premium	91.46	
Reserves and Surplus (Debit Balance)	(72.33)	
Miscellaneous Expenses (to the extent not written off)	(0.42)	
<b>Total Shareholders funds</b>	<b>41.23</b>	
<b>Long Term Debt Equity Ratio (A/B)</b>	<b>1.38</b>	

## Notes

1. The above have been computed on the basis of restated statement of accounts.
2. The above ratio has been computed on the basis of total long term debt divided by shareholder's funds.

**RELATED PARTY TRANSACTIONS****A. List of related parties***i. Ultimate Holding company*

- Television Eighteen (India) Limited (TV18) (Upto 27 September, 2006)
- Network 18 Fincap Limited (27 September, 2006 onwards)

*ii. Holding Company*

- SRH Broadcast News Holding Private Limited

*iii. Entity over which Company exercises significant influence*

- Setpro Holdings Private Limited (Upto 27 September, 2006)
- Jagran TV Private Limited
- B.K Fincap Private Limited
- SGA News Limited (27 September, 2006 onwards)

*iv. Entity exercising significant influence over the Company*

- a. SGA News Limited (Upto 27 September, 2006)

*v. Fellow Subsidiary*

- Television Eighteen Mauritius Limited
- Setpro Holdings Limited (27 September, 2006 onwards)
- Television Eighteen U.K. Limited
- Web 18 Software Services Limited
- E-Eighteen.Com Limited
- TV 18 CC.Com Limited
- E-18 Limited
- Television Eighteen India Limited (27 September, 2006 onwards)

*vi. Key Management Personnel*

- Sameer Manchanda
- Rajdeep Sardesai
- Haresh Chawla

*vii. Relatives of Key Management Personnel*

- Sagarika Ghose

**B. Balances outstanding/transactions with related parties:****As at and for the Half year ended 30 September, 2006 and period ended 31 March, 2006**

(Rs. in Crores)							
Particulars	Ultimate Holding	Holding Company	Entity under significant influence	Entity exercising significant influence	Fellow Subsidiary	Key Management Personnel	Relatives of Key Management Personnel
<b>(i) Transactions during the period</b>							
Sales							

Particulars	Ultimate Holding	Holding Company	Entity under significant influence	Entity exercising significant influence	Fellow Subsidiary	Key Management Personnel	Relatives of Key Management Personnel
1.Jagran TV			0.33				
			(-)				
2. TV 18	0.22						
	(-)						
Service and other income							
1.Jagran TV			0.69				
			(-)				
2.Web 18					0.30		
					(-)		
Expenditure for services & others received							0.05 (0.05)
1.Setpro			10.17				
			(5.32)				
2.TEML					0.39		
					(0.54)		
3.TEUK					0.17		
					(-)		
4.Sameer Manchanda						2.14 (3.12)	
5.Rajdeep Sardesai						0.58 (3.23)	
6.TV 18	2.03						0.004
	(1.63)						(-)
Reimbursement of Expenditures							
1.Rajdeep Sardesai						0.07 (-)	
Expenses incurred on behalf of the Company					-		
1.SGA News				0.60			
				(0.84)			
2.TV 18	3.51						
	(4.45)						
3.Rajdeep Sardesai						- (0.03)	
4.TEML					-		
					(1.71)		
Expenses incurred towards purchase of fixed assets on behalf of the							

Particulars	Ultimate Holding	Holding Company	Entity under significant influence	Entity exercising significant influence	Fellow Subsidiary	Key Management Personnel	Relatives of Key Management Personnel
Company							
1.SGA News				0.03			
				(0.12)			
2. TEML					- (0.87)		
Expenses incurred by the company							
1.Jagran TV			1.01				
			(-)				
2.Setpro			0.004				
			(0.01)				
3.SGA News				0.18			
				(0.15)			
4. TV 18	1.08						
	(0.73)						
Expenses incurred by the Company towards purchase of fixed assets							
1.Setpro			0.01				
			(-)				
Transfer of business (IBN Live.com) by Company							
1. Web 18					0.17		
					(-)		
Investment in equity shares by the company in BK Fincap Private Ltd.			33.66 (0.009)				

Particulars	Ultimate Holding	Holding Company	Entity under significant influence	Entity exercising significant influence	Fellow Subsidiary	Key Management Personnel	Relatives of Key Management Personnel
1.Sameer Manchanda						- (0.005)	
2.Rajdeep Sardesai						- (0.0025)	
3.Haresh Chawla						- (0.0025)	
<b>(ii) Balances at the period end</b>							
Debtors outstanding at period end							
1.Jagran TV			0.33				

Particulars	Ultimate Holding	Holding Company	Entity under significant influence	Entity exercising significant influence	Fellow Subsidiary	Key Management Personnel	Relatives of Key Management Personnel
			(-)				
2.TV 18					0.15		
					(-)		
Loan/advances at period end							
1.Jagran TV			1.7				
			(-)				
2.Setpro			- (2.95)		0.05 (-)		
3.Web 18					0.30		
					(-)		
4.TV 18 Commodities Control					0.002 (-)		
Loan payable at period end		0.90					
		(-)					
Creditors outstanding at period end	-						
1.SGA News			0.45	-			
			(-)	(0.22)			
2.TV 18	-				4.18		
	(2.53)				(-)		
3.TEML					0.207		
					(-)		
4.TEUK					0.172		
					(-)		
5.E-18 Ltd.					0.006		
					(-)		
6.Sameer Manchanda						1.56 (0.24)	
7.Rajdeep Sardesai						- (0.105)	-
Share Application Money received Pending Allotment							
1.TV 18	(-) (11.178)						
2.SRH		0.01 (19.71)					
Share							



Particulars	Ultimate Holding	Holding Company	Entity under significant influence	Entity exercising significant influence	Fellow Subsidiary	Key Management Personnel	Relatives of Key Management Personnel
application money paid pending allotment							
1.Jagran TV			7.05				
			(-)				

*Figures in brackets indicate amounts pertaining to the period ending 31 March, 2006.*

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

*You should read the following discussion of our financial condition and results of operations together with our financial statements prepared in accordance with paragraph B of Part II of Schedule II to the Companies Act and the SEBI Guidelines, including the schedules, annexure and notes thereto and the reports thereon beginning on page 121 of this Red Herring Prospectus.*

*Our Company was incorporated on June 6, 2005 and audited financial results are available for the 10 month period ended March 31, 2006 and for the six month period ended September 30, 2006. Hence, the discussion of the results of our operations is limited to the 10 month period ended March 31, 2006 and to the six month period ended September 30, 2006 and there can be no comparison of the results of our operations or financial conditions for these periods with any other corresponding previous periods.*

*Our revenue is referred to herein and in our financial statements as income.*

### **Overview**

We own and operate one of India's leading 24-hour English language news and current affairs channel, 'CNN-IBN'. CNN-IBN was launched in December, 2005 and has since its launch become one of India's leading English language news channel. For the five weeks ended December 2, 2006 it led the English news genre with an average weekly market share of 37.55% (our closest competitor had 35.37%), according to TAM Viewership Data. CNN-IBN has also recently been awarded the 'Best English News Channel' at the Hero Honda Indian Television Academy Awards 2006. We have also recently entered into a share subscription cum shareholders agreement with the Gupta family, BK Fincap Private Limited and Jagran TV Private Limited and have acquired significant equity shareholding in BK Fincap Private Limited which is the holding company of Jagran TV Private Limited, which owns IBN 7, a 24-hour Hindi language news and current affairs channel.

We have an agreement with CNN for an exclusive, limited, non transferable right to use and reproduce, *inter alia*, the CNN name and principal logo. We also have news services agreement with Turner for production and broadcasting services.

We are also part of the TV 18 group, which owns and operates some of India's leading business channels and internet portals. The TV 18 group owns and operates channels such as CNBC-TV18, CNBC Awaaz, etc. In addition, they also operate portals such as [www.moneycontrol.com](http://www.moneycontrol.com) and [www.commoditiescontrol.com](http://www.commoditiescontrol.com), etc.

As a part of group restructuring, certain portal businesses of our group are being consolidated into Web 18 Holdings Limited which would hold such businesses either directly or through its subsidiaries. In this regard, we have recently transferred our interactive internet portal, [ibnlive.com](http://ibnlive.com), for real time news and current affairs to Web 18 Software Services Limited, which is a subsidiary of Web 18 Holdings Limited. As a part of the arrangement, our Company would hold 15% equity shares in Web 18 Holdings Limited. In addition to [ibnlive.com](http://ibnlive.com), [moneycontrol.com](http://moneycontrol.com), [poweryourtrade.com](http://poweryourtrade.com) and [commoditiescontrol.com](http://commoditiescontrol.com), Web 18 Holdings Limited has added [indiaearnings.com](http://indiaearnings.com), [easymf.com](http://easymf.com), [cricketnext.com](http://cricketnext.com), [yatra.com](http://yatra.com), [jobstreet.com](http://jobstreet.com), [compareindia.com](http://compareindia.com) and [tech2.com](http://tech2.com) to its portfolio over the last four months.

### **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. 24.24 crores for the six month period ended September 30, 2006 and Rs. 5.79 crores for the 10 month period ended March 31, 2006, which was 93.59% and 88.74%, respectively 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 greater 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. However, our Company has recently executed a memorandum of understanding with Zee Turner Limited pursuant to which we have become a pay channel (except in Chennai). In the future, 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. At the appropriate time we may also evaluate commencing international distribution of our news channel catering to the Indian diaspora, through which we would earn additional subscription revenues. Any such decision towards creation of a new revenue stream will have an impact on the results of our operations.

## ***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, Traveling 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 most talented and skilled individuals.

### **Other factors affecting results of operations**

#### ***Competition***

Our results of operations in the future may be affected by the competition in the news and current affairs. We expect competition to intensify due to possible new entrants in the market, existing entrants further expanding their operations and our entry into new segments where we may compete with well-established companies.

#### ***General economic condition in India***

We operate one of the leading English language news channels in the country and are making a foray into the Hindi language news segment through agreements with Jagran TV Private Limited and others. Since we operate only in India, we are affected by the general economic conditions prevailing in India and in particular by the factors affecting the news and current affairs sector. The growth in the GDP and per capita income is likely to result in an increase in the overall amount spent on advertisements in the country. We believe that we will be able to take advantage of such a situation to increase our revenues.

#### ***Government regulations***

The Indian broadcasting industry, especially the news and current affairs genre 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. Consequently, our business could also be impacted by regulations that are important to the conduct of our business.

### **Critical Accounting Policies**

Preparation of financial statements in accordance with Indian GAAP, the applicable accounting standards issued by the ICAI and the relevant provisions of the Companies Act require our management to make judgments, estimates and assumptions regarding uncertainties that affect the reported amounts of our assets and liabilities, disclosures of contingent liabilities and the reported amounts of revenues and expenses. These judgments, assumptions and estimates are reflected in our accounting policies, which are more fully described in section titled “Financial Statements” beginning on page 121 of this Red Herring Prospectus.

Certain of our accounting policies are particularly important to the portrayal of our financial position and results of operations and require the application of significant assumptions and estimates of our management. We refer to these accounting policies as our “critical accounting policies”. Our management uses our historical experience and analyses the terms of existing contracts, historical cost convention, industry trends, information provided by our agents and information available from other outside sources, as appropriate, when forming our assumptions and estimates. However, this task is inexact because our management is making assumptions and providing estimates on matters that are inherently uncertain. For more information on our significant accounting policies, see section titled “Financial Statements” beginning on page 121 of this Red Herring Prospectus.

While we believe that all aspects of our financial statements should be studied and understood in assessing our current and expected financial condition and results, we believe that the following critical accounting policies warrant additional attention:

(a) **Basis of Accounting**

- (i) The financial statements have been prepared based on the historical cost convention and on the mercantile basis.
- (ii) The cash flow statement has been prepared using the indirect method in accordance with AS 3.

(b) **Revenue Recognition**

We recognize income from advertisements on the following basis:

- (i) Income Revenue from sale of advertising time is recognised on the accrual basis on telecast of advertisements and in accordance with contractual obligations; and
- (ii) Revenues from sponsorship contracts are recognised proportionately over the term of the sponsorship.

Further, dividends on our investments are accounted for when the right to receive dividend is established.

(c) **Depreciation**

- (i) Depreciation on all assets other than improvement to leasehold properties and computer software is charged on straight-line basis over the estimated useful lives using rates (including double/ triple shift depreciation rates wherever applicable) prescribed by Schedule XIV of the Companies Act.
- (ii) The cost of improvements to leasehold premises is being amortised over the period of lease (including renewal options) of the premises. Computer software is depreciated over a period of 5 years. These rates are higher than those prescribed in Schedule XIV of the Companies Act.
- (iii) Depreciation on additions is charged proportionately from the date of acquisition/ installation. Assets costing less than Rs. 5,000 individually have been fully depreciated in the year of purchase.

(d) **Use of estimates**

The preparation of the financial statements in conformity with generally accepted accounting principles requires our management to make estimates and assumptions that affect the reporting balances of assets and liabilities and disclosures relating to contingent assets and liabilities as at the date of the financial statements and reporting amounts of income and expenses during the year. Examples of such estimates include provision for doubtful debts, future obligations under employee retirement benefit plans, income taxes, foreseeable estimated contract losses and useful life of fixed and intangible assets. Contingencies are recorded when it is probable that a liability will be incurred, and the amount can be reasonably estimated. Actual results could differ from such estimates.

## Results of Operations

### *Summary profit and loss:*

(In Rs. Crores)

Particulars	Six month period ended September 30, 2006	10 month period ended March 31, 2006
<b>INCOME</b>		
Income from News Operations	24.24	5.92
Income from News Operations as a % of Total Income	93.59%	90.66%
Other Income	1.66	0.61
Other Income as a % of Total Income	6.41%	9.34%
<b>TOTAL INCOME</b>	<b>25.90</b>	<b>6.53</b>
<b>EXPENDITURE</b>		
Production, Administrative and other Costs	30.19	28.53
Production, Administrative and other Costs as a % of Total Expenditure	58.78%	54.14 %
Personnel Expenses	15.21	19.18
Personnel Expenses as a % of Total Expenditure	29.61%	36.39%
Interest and Financial Charges	3.43	1.58
Interest and Financial Charges as a % of Total Expenditure	6.68%	3.00%
Depreciation	2.53	3.41
Depreciation as a % of Total Expenditure	4.93%	6.47%
<b>Total Expenditure</b>	<b>51.36</b>	<b>52.70</b>

### **Income**

Our total income which amounted to Rs. 25.90 crores for the six month period ended September 30, 2006 and Rs. 6.53 crores for the 10 month period ended March 31, 2006, comprises of our income from news operations and other income.

### *Income from news operations*

Our income from news operations consists primarily of advertising income and income from sale of footage. The contribution of the advertising income to our total income for the six month period ended September 30, 2006 and for the 10 month period ended March 31, 2006 was Rs. 24.24 crores and Rs. 5.79 crores, respectively, which constituted 93.59% and 88.74%, respectively of our total income for the same periods.

We earn advertising income primarily from the sale of time slots for advertisements during programs and through sponsorship of specific programs broadcast on our channel. In the six month period ended September 30, 2006 and in the 10 month period ended March 31, 2006, income generated from sale of time slots accounted for Rs. 22.52 crores and Rs. 5.47 crores, respectively, which is 86.94% and 83.77%, respectively of our total income for the same periods. In the six month period ended September 30, 2006 and in the 10 month period ended March 31, 2006, income generated from sponsorship of our programs accounted for Rs. 1.57 crores and Rs. 0.29 crores, respectively, which is 6.06% and 4.44%, respectively of our total income for the same periods.

Income from the sale of time slots is recognized on an accrual basis when the related advertisements are broadcast. Income from sponsorship of our programs is recognized proportionately over the term of our sponsorship.

Our advertising rates vary by popularity of the program and the time at which the program is telecast. Therefore, we categorize our programs for the purpose of determining advertising rates

based on the TRP rating such programs receive and whether the programs are broadcast during prime time.

We had 200 and 65 advertisers, who advertised on our channel CNN-IBN, during the six month period ended September 30, 2006 and during the 10 month period ended March 31, 2006, respectively. The top 10 advertisers during the six month period ended September 30, 2006 and during the 10 months ended March 31, 2006 constituted approximately 25% and 49%, respectively of our advertising income for our channel.

### ***Other income***

Our other income is primarily composed of dividend income, interest earned on bank deposits and interest on margin money. The income from such other sources for the six month period ended September 30, 2006 and for the 10 month period ended March 31, 2006, was Rs. 1.66 crores and Rs. 0.61 crores, respectively, which was 6.41% and 9.34 %, respectively of our total income for such periods.

### **Expenditures**

Our expenditures comprise our production and administrative costs, employee costs, financial charges and provisions for depreciation. Our total expenditure for the six month period ended September 30, 2006 and for the 10 month period ended March 31, 2006 amounted to Rs. 51.36 crores and Rs. 52.70 crores, respectively.

### ***Production, Administrative and other costs***

Our administrative and production costs consist primarily of 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 cost. In the six month period ended September 30, 2006 and in the 10 month period ended March 31, 2006 our production and administrative costs amounted to Rs. 30.19 crores and Rs. 28.53 crores, respectively, which constituted 58.78% and 54.14%, respectively of our total cost.

The details of our total production and administrative costs are as follows:

*Advertisement and Distribution Expenses:* We incur expenses in relation to the advertisement and distribution of our channel CNN-IBN. 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 advertisement and distribution of our channel CNN-IBN for the six month period ended September 30, 2006 and for the 10 month period ended March 31, 2006 amounted to Rs. 10.90 crores and Rs. 8.34 crores, respectively, which constituted 21.22% and 15.83%, respectively of our total expenditure for the same periods.

*Travelling and Conveyance Expenses:* Our operations involve news gathering and other activities involving substantial travelling and conveyance costs. In the six month period ended September 30, 2006 and in the 10 month period ended March 31, 2006 we incurred an expenditure of Rs. 3.37 crores and Rs. 3.39 crores, respectively in relation to travelling and conveyance, which constituted 6.56% and 6.43%, respectively of our total expenditure for the same periods.

*Consultancy and Professional Fee:* We hire media professionals, consultants, stringer and artists in relation to the operation of our channel CNN-IBN. In addition, we hire professionals for training and development of our employees. Our costs in relation to the hiring of professionals, consultants, stringer and artists for the six month period ended September 30, 2006 and for the 10 month period ended March 31, 2006, amounted to Rs. 1.62 crores and Rs. 2.74 crores, respectively which constituted 3.15% and 5.20%, respectively of our total expenditure for the

same periods.

*Content Franchise Fee:* We pay subscription and purchase charges for licensing or purchase of news content and footage. We also incur expenses in relation to royalty payable to CNN for use of their brand name and news content. For the six month period ended September 30, 2006 and for the 10 month period ended March 31, 2006 we incurred an expenditure of Rs. 3.49 crores and Rs. 2.33 crores, respectively in relation to the above, which constituted 6.80% and 4.42% of our total cost for the same periods. Our expenditure on news content and footage depends on the volume of such content licensed or purchased from third parties.

*Rent:* We incur costs in relation to rent paid under the lease agreement for our registered office and with respect to 20 bureaus spread across the country. Expenses in relation to rent for the six month period ended September 30, 2006 and for the 10 month period ended March 31, 2006, amounted to Rs. 1.55 crores and Rs. 2.46 crores, respectively which constituted 3.02% and 4.67% of our total expenditure for the same periods.

*Production Expenses:* The cost of production of our programs for the six month period ended September 30, 2006 and for the 10 month period ended March 31, 2006 amounted to Rs. 1.23 crores and Rs. 2.28 crores, respectively which constituted 2.40% and 4.36%, respectively of our total expenditure for the same periods.

*Studio and Equipment Hire Expenses:* Studio and equipment hire expenses are incurred on account of equipment hire charges, studio hire charges and set erection charges. These costs for the six month period ended September 30, 2006 and for the 10 month period ended March 31, 2006, amounted to Rs. 2.14 crores and Rs. 1.66 crores, respectively which constituted 4.17% and 3.15%, respectively of our total expenditure for the same periods.

#### ***Personnel costs***

We incur substantial expenditure on our employees. As of September 30, 2006 we had 669 employees, in relation to whom for the six month period ended September 30, 2006 and for the 10 month period ended March 31, 2006 we incurred a cost of Rs. 15.21 crores and Rs. 19.18 crores, respectively, which constituted 29.61% and 36.39%, respectively of our total cost for the same periods.

For the six month period ended September 30, 2006 and for the 10 month period ended March 31, 2006 we incurred a cost of Rs. 13.12 crores and Rs. 17.03 crores, respectively in relation to salaries and bonus to our employees, which constituted 25.55% and 32.31%, respectively of our total expenditure for the same periods. In addition, for the six month period ended September 30, 2006 and for the 10 month period ended March 31, 2006 our cost on personnel comprises of provident fund and other statutory charges, staff welfare expenses and retirement benefits, in relation to which we incurred a cost of Rs. 0.67 crores and Rs. 0.69 crores, Rs. 0.97 crores and Rs. 0.89 crores and Rs. 0.45 crores and Rs. 0.57 crores, respectively, which constituted 1.30% and 1.31%, 1.89% and 1.70% and 0.88% and 1.09%, respectively of our total expenditure for the same periods.

#### ***Interest and financial charges***

The total financial charges payable by our Company during the six month period ended September 30, 2006 and for the 10 month period ended March 31, 2006, was Rs. 3.43 crores and Rs. 1.58 crores, respectively which constituted 6.68% and 3.00 %, respectively of our total expenditure for the same periods.

Financial 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 six month period ended September 30, 2006 and for the 10 month period ended March 31, 2006 we incurred



an expenditure of Rs. 2.43 crores and Rs. 0.59 crores, Rs. 0.18 crores and Rs. 0.11 crores, and Rs. 0.82 crores and Rs. 0.88 crores, respectively, which constituted 4.73% and 1.12%, 0.35% and 0.21% and 1.60% and 1.67%, respectively of our total expenditure for the same periods.

### **Depreciation**

Depreciation of computer hardware, equipment, furniture and fixtures, leasehold improvements, plant and machinery, motor vehicles, computer software and electrical installations used in our operations amounted to expenses of Rs. 2.53 crores and Rs. 3.41 crores, respectively which was 4.93% and 6.47%, respectively of our total expenditure incurred in the six month period ended September 30, 2006 and in the 10 month period ended March 31, 2006.

For further information on these and other factors/ developments, which have or may affect us, see sections titled “Risk Factors” and “Our Business” beginning on pages xii and 56 of this Red Herring Prospectus.

### **Taxation**

For the six month period ended September 30, 2006 and for the 10 month period ended March 31, 2006, our provision for taxation was Rs. 0.34 crores and Rs. 0.36 crores, respectively in relation to fringe benefit tax.

### **Financial Indebtedness**

For details of our secured and unsecured loans see section titled “Financial Indebtedness” beginning on page 66 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 short-term and long-term borrowings.

### **Net Working Capital**

As of September 30, 2006 and March 31, 2006, our net working capital, which is defined as the difference between (a) current assets and (b) current liabilities and provisions, amounted to Rs. 27.77 crores and Rs. 11.52 crores.

### **Net Cash Flows**

The table below summarizes our cash flows for the six month period ended September 30, 2006 and for the 10 month period ended March 31, 2006:

	<b>(Rs. in Crores)</b>	
	<b>For the six month period ended September 30, 2006</b>	<b>For the 10 month period ended March 31, 2006</b>
Net cash from/(used) in operating activities	(31.83)	(41.92)
Net cash from/(used) in investing activities	(32.98)	(60.81)
Net cash from/(used) in financing activities	65.38	111.71
Net increase/(decrease) in cash and cash equivalents	9.55	8.98

### ***Operating Activities***

Our operating loss before working capital changes as of September 30, 2006 and as of March 31, 2006 was Rs. 20.28 crores and Rs. 41.79 crores, respectively. The net cash flow from our operations for the same periods was negative amounting to Rs. 31.83 crores and Rs. 41.92 crores. This is primarily on account of the fact that we commenced our operations in June 2005 and started broadcast of our channel CNN-IBN only in December 2005. We therefore had to make significant investments in technology and infrastructure for news gathering, production and distribution of its news channels. We also had to recruit and train an entire team of professionals including journalists for our news channel. Hence, while the start-up and production costs had to be incurred for launching our news channel, advertisement revenue, our primary source of income, could only be generated after build up of our market share and reach, which was post December 2005.

### ***Investing Activities***

Net cash from investing activities represents amongst other things dividend income, sale/purchase of short and long term investments, sale/purchase of fixed assets, investments and receipt of interests. Our net cash flow from investing activities for the six months ended September 30, 2006 was negative amounting to Rs. 32.98 crores primarily on account of our investment in BK Fincap Private Limited amounting to Rs. 33.65 crores.

Further, our net cash flow from investing activities for the 10 month period ended March 31, 2006 was also negative amounting to Rs. 60.81 crores primarily on account of Rs. 50.09 crores incurred for purchase of fixed assets (including capital advances) net of sales, required for starting our operations and Rs. 9.34 crores incurred for purchase of short term investments, net of sales.

### ***Financing Activities***

Net cash from financing activities is determined by the level of principal and interest payout on debts, new indebtedness and issue of new capital stock and dividend and interest payouts. Our net cash flow from financing activities for the six month period ended September 30, 2006 was Rs. 65.38 crores mainly on account of Rs. 33.12 crores from issuance of equity shares and Rs. 35.21 crores as a result of increase in the secured loans.

Our net cash flow from financing activities for the 10 month period ended 31, 2006 was Rs. 111.71 crores mainly as result of increase in the amount of secured and unsecured loans amounting to Rs. 32.39 crores and Rs. 40.00 crores respectively.

### **Transactions with Associate Companies and Related Parties**

We have certain transactions with companies, which are controlled by members of our Promoter Group. For details please refer to the section titled “Financial Statements—Related Party Transactions” on page 121 of this Red Herring Prospectus.

### **Unusual or infrequent transactions**

There have not been any unusual or infrequent transactions.

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

To our knowledge there have not been any significant economic changes that materially affected or are likely to affect income from continuing operations.

**Known Trends or Uncertainties**

Other than as described in the section titled “Risk Factors” and “Managements Discussion and Analysis of Financial Conditions and Results of Operations” beginning on pages xii and 150 of this Red Herring Prospectus, to our knowledge there are no known trends or uncertainties that have or had or are expected to have a material adverse impact on our revenues or income from continuing operations.

**Future Relationship between Costs and Income**

Other than as described in the section entitled “Risk Factors” and “Managements Discussion and Analysis of Financial Conditions and Results of Operations” on pages xii and 150 of this Red Herring Prospectus, to our knowledge there are no future relationship between costs and income that have or had or are expected to have a material adverse impact on our operations and finances.

**New Products or Business Segment**

We do not have any new products or business segments.

**Seasonality**

Our advertisement revenue is higher in the last six months of the fiscal year (October – March) due primarily to the occurrence of the festive season and the end of the financial year for most businesses in India.

**Dependence on few advertisers**

We generate income from a limited number of advertisers. In the six month period ended September 30, 2006 and in the 10 month period ended March 31, 2006, our top 10 advertisers accounted for approximately 25% and 49% of our total advertising revenue. Our advertising revenue constituted 93.59% and 88.74% of our total revenues in the same periods. The loss of any of our major advertisers could cause our advertising income to decline.

**Competitive Conditions**

We expect competition in the news and current affairs sector from existing and potential competitors to intensify. For further details please refer to the discussions of our competition in the sections entitled “Risk Factors” and “Our Business” beginning on pages xii and 56, respectively, of this Red Herring Prospectus.

**Off-Balance Sheet Arrangements**

There are no off-balance sheet arrangements in our Company.

**Quantitative and Qualitative Disclosure about Market Risk**

Our exposure to market risks is a function of our production and selling activities. We are exposed to market risk from changes in interest rates.

**Interest Rate Risk**

Our financial results are subject to changes in interest rates, which may affect our debt service obligations. Our rupee-denominated debts, which bear interest at floating rates linked with prime lending rates of the lenders, as determined from time to time totalled Rs. 32.00 crores as at March 31, 2006 and totalled Rs. 77.00 crores as at September 30, 2006.

Upward fluctuations in interest rates increase the cost of both existing and new debts. An increase in interest rates of 1% on our existing floating rate debts would increase our annual interest charges by Rs. 0.77 crores based upon the long-term and short-term loans outstanding as at September 30, 2006.

**Significant Developments after September 30, 2006 that may affect our future Results of Operations**

Except as set out below, in compliance with AS 4, to our knowledge no circumstances have arisen since the date of the last financial statements as disclosed in the Red Herring Prospectus which materially and adversely affect or are likely to affect, the trading and profitability of the Company, or the value of our assets or their ability to pay their material liabilities within the next 12 months.

- (a) Scheme of Arrangement between TV 18, Network 18 and SGA News Limited filed before the High Court of Delhi. For details see section titled “Restructuring” beginning on page 1 of this Red Herring Prospectus.
- (b) Scheme of Amalgamation between our Company and SRH filed before the High Court of Delhi. For details see section titled “Restructuring” beginning on page 1 of this Red Herring Prospectus.

## OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS

Except as disclosed below, there are no outstanding litigation, suits or criminal or civil prosecutions, proceedings or tax liabilities against our Company, our Directors, our Promoters or Promoter group companies, that would have a material adverse effect on our business and there are no defaults, non-payment or overdue of statutory dues, institutional/bank dues and dues payable to holders of any debentures, bonds and fixed deposits that would have a material adverse effect on our business other than unclaimed liabilities against our Company or Directors or Promoters or Promoter group companies or subsidiaries and joint ventures.

### I. Litigation against our Company

#### A. Contingent liabilities as of September 30, 2006

(Rs. in crores)

Contingent Liabilities	Amount
Guarantees given by banks on behalf of the Company	8.17
Export obligations in respect of capital goods under the export promotion capital goods scheme	8.17
Estimated amounts of contracts remaining to be executed on capital account (net of advances)	0.30
Corporate Guarantee on behalf of Jagran TV Private Limited to Oriental Bank of Commerce	40.95

#### B. Cases by Statutory Authorities/ Government of India

1. Our Company has received a showcase notice dated July 5, 2006 from the MIB, in relation to certain advertisements telecast by our Company, which appeared to be indirectly promoting sale or consumption of alcohol, in violation of the Cable Television Networks (Regulation) Act, 1995. The notice sought cause as to why action as per the provisions of the Cable Television Networks (Regulation) Act, 1995 should not be taken against our Company, and also as to why uplinking permission granted to us should not be revoked. Pending decision on this notice, our Company has been directed to suspend telecast of the said advertisements until further notice. We have through a letter dated July 25, 2006 clarified that the advertisement under consideration has no relation to any alcoholic beverages as alleged and in this context requested that the notice be withdrawn.

#### C. Civil Cases

##### 1. *Mr. Victor Fernandes & Others v. Mr. Raghav Bahl & Others*

The plaintiffs have on August 25, 2006 filed a suit bearing no. 2709 of 2006 as derivative action on behalf of e-Eighteen.com Private Limited before the High Court of Judicature at Mumbai against our Promoters (Mr. Raghav Bahl and TV 18), our Company and others. The plaintiffs are minority shareholders of e-Eighteen.com Private Limited and have alleged that Mr. Raghav Bahl, TV 18, ICICI Global Opportunities Fund and e-Eighteen.com Private Limited had entered into a subscription cum shareholders agreement dated September 12, 2000 under which the Mr. Raghav Bahl and TV 18 had *inter alia* undertaken that any opportunity offered to them shall only be pursued or taken up through e-Eighteen.com Private Limited or its wholly owned subsidiary. The plaintiffs have alleged that Mr. Raghav Bahl and TV 18 have promoted and developed various businesses through various entities which should have under the aforesaid agreement

rightfully been undertaken by e-Eighteen.com Private Limited or its wholly owned subsidiaries. The plaintiffs have alleged that by not doing so Mr. Raghav Bahl and TV 18 have caused monetary loss to e-Eighteen Private Limited as well as to the plaintiffs. The plaintiffs have valued their claim in the suit at Rs. 3,014.12 crores and Rs. 99.94 crores and have *inter alia* prayed that our Promoters (Mr. Raghav Bahl and TV 18), our Company and others be ordered to transfer to e-Eighteen Private Limited all their businesses, activities and ventures along with all assets and intellectual property.

The plaintiffs had on September 18, 2006 filed a notice of motion no. 3232 of 2006 in suit no. 2709 of 2006 seeking ad-interim relief. A reply has been filed with the High Court of Judicature at Mumbai on November 14, 2006 and the next date of hearing is January 15, 2007.

2. ***Bahujan Samaj Party and other v. Global Broadcast News Limited and others***

Our Company had received legal notice dated April 8, 2006 from the Maharashtra unit of the Bahujan Samaj Party through its state president Mr. Vilas Garud in relation to an allegedly defamatory news item broadcast by our Company. The complaint has claimed an amount of Rs. 200.00 crores as damages and has sought information from our Company relating to ownership and shareholding of our Company and properties/ assets owned by such persons. Our Company has denied the allegations through letter dated June 5, 2006. The Bahujan Samaj Party and Mr. Vilas Garud have on August 25, 2006 filed a suit bearing no. 2339 of 2006 before the High Court of Judicature at Mumbai against our Company and others in relation to an allegedly defamatory news item broadcast by our Company. The plaintiffs have prayed that along with costs for the legal proceedings a decree for recovery of Rs. 200.00 crores by way of damages be passed against our Company. The matter is pending adjudication.

3. ***Karnataka Wildlife Resorts Private Limited and other v. Bahar Dutt and others***

Karnataka Wildlife Resorts Private Limited and other have on September 1, 2006 filed a suit (O.S. No. 7821 of 2006) before the City Civil Court, Bangalore against our Company and others. The plaintiffs have alleged that our Company has published a totally false, scurrilous and defamatory article and slide show on the website ibnlive.com and broadcast the same news item on CNN IBN with a malafide intention of defaming the plaintiffs. The plaintiffs have *inter alia* sought an order of mandatory injunction and damages amounting to Rs. 1.00 crore with interest. The City Civil Court, Bangalore has through an order dated September 2, 2006 granted a temporary injunction restraining our Company and others. Thereafter, the Additional City Civil Judge, Bangalore has through an order dated December 8, 2006 passed a mandatory interim injunction to remove all references and articles from the website ibnlive.com and instructed our Company to not broadcast the news item.

**D. Legal notices received by our Company**

We have received 15 legal notices in relation to the news items broadcast on our channel CNN-IBN or published on ibnlive.com. The details of these legal notices are as follows:

1. Our Company has received legal notice dated January 4, 2006 from NAFED in relation to news reports about misuse of Rs. 3,600.00 crores by the said organisation. The notice alleges that our Company has contravened the 'programme code' by telecasting defamatory imputations, suggestive innuendos and half truths. Our Company has through a letter dated January 17, 2006 denied all allegations raised in the legal notice. NAFED has through a letter dated January 25, 2006 claimed an amount of Rs. 500.00 crores on account of damages and has threatened to initiate legal proceedings against our Company. Our Company has also received legal notice dated January 4, 2006 from Mr. Homi

Rajvansh, Additional Managing Director, NAFED in relation to the same matter. Our Company has through a letter dated January 17, 2006 denied all allegations raised in the legal notice.

2. Our Company has received legal notice dated February 28, 2006 from Mr. Abhishek Verma in relation to an allegedly defamatory news item broadcast by our Company requiring our Company to immediately cease and desist from authoring/writing, editing, publishing, printing and/or disseminating through the internet or otherwise the said news item, tender and publish unconditional apology and Rs. 0.25 crores as damages. Our Company has through a letter dated March 6, 2006 denied all allegations raised in the legal notice.
3. Our Company has received legal notice dated March 6, 2006 from the Ms. Mayawati in relation to an allegedly defamatory news item broadcast by our Company. The complainant has claimed an amount of Rs. 10.00 crores as damages and has sought information from our Company relating to ownership and shareholding of our Company and properties/ assets owned by such persons. Our Company has denied the allegations through letters dated March 17, 2006.
4. Our Company has received legal notice dated March 29, 2006 from Mrs. Ajanta Mohapatra who has sought Rs. 0.05 crores as damages in relation to an allegedly defamatory news item broadcast by our Company. Our Company has denied all allegations through a letter dated May 28, 2006.
5. Our Company has received legal notice dated April 6, 2006 from Mr. Hari Lal Sharma in relation to a news item on trading of certain fake paintings broadcast by our Company. The complainant has sought an unconditional apology in relation to the same. Our Company has denied all allegations through a letter dated August 25, 2006.
6. Our Company has received legal notice dated April 15, 2006 from Ushodaya Enterprises Limited and Newstoday Private Limited in relation to the alleged infringement of the copyright of the complainant due to the non-acknowledgement of the complainants with respect to a news item broadcast by our Company. The complainants have claimed an amount of Rs. 0.05 crores as damages in relation to the same and have demanded that our Company cease and desist from communicating or causing to communicate to public in any manner any news clippings or any other programmes telecast by the complainants. Our Company is in discussions with Ushodaya Enterprises Limited and Newstoday Private Limited to settle the issue.
7. Our Company has received legal notice dated April 21, 2006 from Reliance Energy Limited in relation to an allegedly defamatory news item broadcast by our Company. The complainant has sought a clarification/apology within one day of receipt of the notice. Our Company has denied all allegations through a letter dated May 28, 2006.
8. Our Company has received a legal notice dated June 23, 2006 from Children's House International, an international adoption agency, in relation to an allegedly defamatory news item, with regard to illegal adoptions of children, broadcast by our Company. The complainant has sought a retraction of the said defamatory statements. Our Company has through a letter dated September 15, 2006 denied that there has been any defamation of Children's House International. .
9. Our Company has received a legal notice dated June 26, 2006, from Preet Mandir, Balwant Kartar Anand Foundation, through its managing trustee, Mr. J.S. Bhasin, in relation to an allegedly defamatory news item, with regard to the complainant's alleged involvement in child trafficking, broadcast by our Company. The complainant has sought a retraction of the said news item, as well as for an unconditional apology to be broadcast

by our Company. Our Company has through a letter dated September 15, 2006 denied any form of personal bias and have submitted that the contents of the news items are well supported by reasonable and sufficient evidence. The Company has denied the allegations. .

10. Our Company has received a legal notice dated June 28, 2006 from HDFC Bank Limited in relation to an allegedly defamatory news item, about an alleged bank fraud, broadcast by our Company. The complainant has sought a retraction of the said defamatory statements, as well as an unconditional written apology from our Company. Our Company has denied all allegations through a letter dated September 15, 2006..
11. Our Company has received a legal notice dated July 30, 2006 from Dr. Suresh Bhola in relation to a news story about doctors accepting money to amputate beggars and drug addicts broadcast by our channel. It is alleged that the news story is highly defamatory and malicious and is not based on correct facts. The legal notice requires our Company to stop all further telecast of the relevant story failing which legal action may be taken. Our Company has denied all allegations through a letter dated August 12, 2006.
12. Our Company has received a legal notice dated August 2, 2006 from Dr. P K Bansal in relation to a news story titled 'Shaitan Doctor' broadcast by our channel. It is alleged that the news story is highly defamatory and malicious and is not based on correct facts. The legal notice requires our Company to provide Dr. PK Bansal with the unedited copy of the recordings on which the story has been based failing which legal action may be taken. Our Company has denied all allegations through a letter dated August 8, 2006.
13. Our Company has received a legal notice dated August 4, 2006 from Dr. Arvind Kumar Aggarwal in relation to a news item broadcast on our channel, CNN IBN and alleged that the allegations made in the news item are false, frivolous and concocted. The broadcasting of the news item has lowered the reputation and has caused mental and financial stain. The noticee has demanded an unconditional public apology within 15 days and claimed damages of Rs. 1.00 crore. Our Company has denied all allegations through a letter dated August 12, 2006.
14. Our Company (our Editor-in-Chief) has received a legal notice dated August 22, 2006 from Mr. Phool Chand Mullana who has sought an unconditional apology in relation to an allegedly defamatory news item broadcast by our Company. Our Company has denied all allegations through a letter dated September 8, 2006.
15. Our Company (our Editor-in-Chief) has received legal notice dated August 18, 2006 from Mr. Devender Kumar Bansal, who has sought an unconditional apology in relation to an allegedly defamatory news item broadcast by our Company. Our Company has denied all allegations through a letter dated September 8, 2006.

## **II. Litigation against our Directors**

Except for the five income tax cases pending against Mr. Raghav Bahl, and for a case filed by the RoC before the Additional Chief Metropolitan Magistrate, Delhi alleging contravention of the provisions of the Companies Act against HB Stock Holdings, a company in which Mr. GK Arora, our Independent Director was an independent director, there is no litigation pending against any of the Directors of our Company. For details see section titled "Outstanding Litigation – Litigation against our Promoter and Promoter Group Companies" beginning on page 161 of this Red Herring Prospectus.



### III. **Litigation against our Promoters and Promoter Group Companies**

#### (a) **TV 18**

##### 1. ***Notice from the Government of India***

Our Promoter, TV 18 has received a notice dated March 9, 2006 from the Department of Telecommunications, Ministry of Communications and Information Technology, Government of India seeking an explanation/clarification *inter alia* in relation to the following:

- (a) whether permission had been granted by the MIB for up linking of channel 'Broadcast News' from the teleport of TV 18;
- (b) clarification relating to the licensed teleport through which the television channel CNBC Awaaz is being up linked;
- (c) clarification relating to whether both the teleports of TV 18 at New Delhi and Noida were operating during the period December 17, 2005 and January 24, 2006 and whether up linking of television channel South Asia World had been shifted prior to the grant of MIB approval in this regard; and
- (d) other information in relation to the teleports of TV 18 located at Noida and New Delhi including the sources and details of equipments used for the teleports, endorsement by TV 18 of any television channel in their wireless teleport license at Noida and details of all television channels being up linked from the Noida teleport.

TV 18 has through a letter dated May 3, 2006 replied to the abovementioned notice and has received no further communications from the MIB in this regard.

##### 2. ***Income Tax cases***

There are four income tax cases pending against our Promoter, TV 18, the details of these are as follows:

###### (a) ***Assessment Year 2003 -2004***

The Income Tax department has passed an assessment order dated March 20, 2006 under Section 143(3) of the IT Act on the ground that the transfer pricing officer while determining 'arms length' price under Section 92 CA (3) of the IT Act has concluded that the assessee company had erroneously excluded a sum of Rs. 8.25 crores while computing the operating profits. The assessment order states that interest shall be charged under Section 234B of the IT Act and that proceedings shall be initiated separately for furnishing inaccurate particulars of income. TV 18 has filed an appeal dated April 20, 2006 before the CIT (Appeals) challenging the assessment order and the order of the transfer pricing officer. The matter is pending adjudication before CIT (Appeals).

###### (b) ***Assessment Year 2002 -2003***

The Income Tax department has passed an assessment order dated March 21, 2005 under Section 143(3) of the IT Act, 1961 enhancing the total income of the assessee company by Rs. 5,400,469 as the transfer pricing officer while determining 'arms length' price under Section 92 CA (3) of the IT Act has determined the arms length price of international transactions of the assessee company to be Rs. 13,474,254. Further, notice under Section 156 of IT Act has also been issued to the assessee company seeking explanation as to why penalty should not be imposed under Section 271 of the IT Act. TV 18 has filed an appeal

dated April 18, 2005 before the CIT (Appeals) challenging the assessment order and the order of the transfer pricing officer. The matter is pending adjudication before CIT (Appeals).

(c) *Assessment Year 2001 -2002*

The Income Tax department has passed an assessment order dated March 3, 2003 under Section 143(3)(ii) of the IT Act, 1961. As per the assessment total income of the assessee company is Rs. 26,170,460 whereas the total income as per the income tax return filed is Rs. 21,088,060. The CIT (Appeals) has through its order dated November 28, 2003 partly allowed the appeal. The Income Tax department has in its order dated March 30, 2005 concluded that a penalty of Rs. 532,170 be imposed on the assessee company. An appeal against the penalty order was filed before the CIT (Appeals), which has through its order dated February 10, 2005 upheld the penalty order. The assessee company has on March 19, 2006 filed an appeal before the ITAT and matter is pending adjudication.

(d) *Assessment Year 1999 – 2000*

The Income Tax department has passed an assessment order dated March 28, 2002 under Section 143(3) of the IT Act, 1961. As per the assessment order the total taxable income is Rs. 24,511,580. The assessee company filed an appeal before the CIT (Appeals), which has through its order dated September 2, 2002 partly, allowed the appeal. The assessee company has filed an appeal dated December 18, 2002 before the ITAT. The Income Tax department has also filed an appeal before the ITAT challenging the deletion of certain additions as set out in the assessment order. The ITAT has through an order dated September 22, 2006 partly allowed the appeal of the Income Tax department and of the assessee company. .

(e) *Assessment Year 1998 - 1999*

The Income Tax department has passed an assessment order dated March 26, 2001 under Section 143(3) of the IT Act, 1961. The gross total income as per return filed by the assessee company is a loss of Rs. 7,165,480 whereas as per the assessment order the total taxable income is computed as Rs. 755,023. The assessee company had filed an appeal before CIT (Appeals) on April 20, 2001, which partly allowed the appeal. The assessee company had filed an appeal dated July 10, 2002 before the ITAT. The ITAT has through an order dated April 20, 2006, partly allowed the appeals filed by both parties. The loss claimed by the assessee company was reduced. The Income Tax department has filed an appeal before the High Court of Delhi. The matter is pending adjudication.

(f) *Assessment Year 1997 - 1998*

The Income Tax department has passed an assessment order dated October 25, 2000 under Section 143(3) of the IT Act, 1961. The gross total income as per return filed by the assessee company is a profit of Rs. 26,23,107 whereas as per the assessment order the total taxable income is computed as Rs. 3,57,75,830. The assessee company had filed an appeal before CIT (Appeals), which had partly allowed the appeal. The assessee company and the Income Tax department filed an appeal dated July 10, 2002 before the ITAT. The ITAT has through orders dated July 15, 2005 and March 17, 2006, partly allowed the appeals filed by both parties. The Income Tax department has filed an appeal before the High Court of Delhi. The matter is pending adjudication and is listed for hearing on March 22, 2007.

3. ***Civil Defamation Case***

Jermyn Capital Partners PLC and Mr. Dharmesh Doshi have filed a suit against our Promoter, TV 18 in the High Court of Justice, London, Queen's Bench Division (Claim No. HQ05X03713) claiming damages in excess of £ 300,000 for libel and an injunction in connection with allegedly defamatory comments published on a website. The claimants have claimed that in their natural and ordinary meaning and/or by innuendo, the words published on the web site implied that the claimants have been knowingly assisting Mr. Ketan Parekh to evade an order banning him from trading on the Indian stock market imposed by SEBI by secretly transacting business on his behalf and that the claimants had been reported to the UK regulatory authorities by SEBI for appropriate action.

In this connection TV 18 was served a notice on January 12, 2006, from the claimants and an apology was published, the format and content of which was not satisfactory to the claimants. The matter is pending and the next date of hearing has not been fixed.

4. ***Labour cases***

(a) Mr. Subhash Kumar Gupta has filed a case before the Third Labour Court, Mumbai contending that his services have been terminated illegally and that no termination notice or any wage in lieu thereof were paid to him. Mr. Gupta has demanded reinstatement of services with full back wages. The matter is pending adjudication before the Third Labour Court, Mumbai.

(b) Mr. Harkesh Chauhan has filed a case before the Labour Court, Karkardooma, New Delhi contending that his services have been terminated illegally. Mr. Chauhan has demanded reinstatement of services with full back wages. The matter is pending adjudication before the Labour Court, Karkardooma, New Delhi.

(b) **Mr. Raghav Bahl**

(i) ***Assessment Year 1991-1992 to 2001-2002 (Block Period)***

The income tax department has through an assessment order dated October 31, 2005 held that tax of Rs. 1,79,98,635 was due. The assessee has filed an appeal before the ITAT on August 7, 2006. This demand was reduced, by the ITAT, to Rs 51,61,630 vide order passed under sections 143 (3) and 250 of the IT Act on June 14, 2006. Separately, the income tax department has levied a penalty of Rs. 1,07,30,838 under Section 158BFA(2) of the IT Act. The notice of demand under Section 156 of the IT Act for the aforesaid amount has been issued by the income tax department. The assessee filed an appeal before the CIT (A). The penalty has been reduced to Rs 53,461 by the CIT (A) by an order passed on November 30, 2006.

(ii) ***Assessment Year 2001-2002***

The income tax department has passed an order dated June 30, 2006 under Section 271(c) of the IT Act held that the assessee is liable to pay tax on income amounting to Rs. 68,10,740 and has imposed a penalty of Rs. 11,81,855. Pursuant thereto a demand notice dated June 30, 2006 under Section 156 of the Income Tax Act, 1961 has been issued by the income tax department. The assessee has filed an appeal before the CIT (A) and the matter is pending adjudication.

(iii) ***Assessment Year 2004-2005***

The income tax department has through an assessment order dated July 22, 2006

concluded that the assessee is liable to pay tax and pursuant thereto a notice of demand under section 156 for Rs. 16,67,176 and notice in relation to penalty proceedings Section 274 read with Section 271 of the IT Act have been issued. The assessee has filed an appeal before the CIT (A) and the matter is pending adjudication.

(iv) ***Assessment Year 2000-2001***

The assessment of the income returned for the assessment year, was reopened by the income tax department under section 148 of the IT Act. The demand raised was paid on receipt of the order. The income tax department initiated penalty proceedings and imposed a penalty of Rs 16,30,516 on September 29, 2006. An appeal against this order has been filed and is pending before the CIT (A).

(v) ***Assessment Year 2001-2002***

The assessment of the income returned for the assessment year, was reopened by the income tax department under section 148 of the IT Act. The demand raised was paid on receipt of the order. The income tax department initiated penalty proceedings and imposed a penalty of Rs 16,88,078 on September 29, 2006. An appeal against this order has been filed and is pending before the CIT (A).

In addition to the above, Mr. Victor Fernandez has filed a case before the High Court of Mumbai against our Promoters and promoter group companies. For further details see risk factor titled “Our Promoters and our Company are involved in a legal proceeding, which if determined against them would adversely impact our business and financial condition” beginning on page 100 of this Red Herring Prospectus.

#### **IV. MATERIAL DEVELOPMENTS**

In the opinion of our Board, there have not arisen, since the date of the last financial statements disclosed in this Red Herring Prospectus, any circumstances that materially or adversely affect or are likely to affect our profitability taken as a whole or the value of our consolidated assets or our ability to pay our material liabilities within the next 12 months.

## 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. Unless otherwise stated, these approvals are all valid as of the date of this Red Herring Prospectus.

### I. Approvals for the Issue

The Board of Directors has, pursuant to resolution dated May 11, 2006, authorised the Issue, subject to the approval by the shareholders of our Company under section 81(1A) of the Companies Act.

The shareholders have, pursuant to a resolution dated May 15, 2006 under Section 81(1A) of the Companies Act, authorised the Issue.

### II. Approvals for our business

We have received the following government and other approvals pertaining to our business. Also set out below are applications made by our Company to various statutory authorities and governmental authorities.

#### 1. Approvals from the MIB

##### 1.1 Uplinking approval from MIB

Sl. No.	Description	Reference No.	Date of Issue	Validity
1.	Approval of the MIB to uplink news channel 'Broadcast News' through the teleport M/s Essel Shyam Communication Limited using PAS 10 satellite.*	No.1404/13(ii)/2005-TV(I)	August 30, 2005	Valid for 10 years

\* As per the said approval, our Company is required to take prior approval of the MIB for the following:

- (a) use of uplinking facilities such as DSNG/SNG/RTTS/VSAT etc;
- (b) source contents from news and other current affairs from third parties;
- (c) change in the Board of Directors; and
- (d) change in equity/share holding pattern of the Company.

Further, the Company/Ms. Essel Shyam Communication Limited is also required to take permission of the Ministry of Communications and Information Technology for obtaining operational/ frequency approval.

#### 2. Trademark Registrations

##### 2.1 Applications pending in relation to registration of trademarks

S. No.	Description of Application	Trade Mark applied for	Reference No./Trademark No.
1.	Application dated January 23, 2006 made to the Registrar of Trade Mark by our Company and CNN under Class 38 and 41 of the Fourth Schedule of Trade Marks Rules, 2002.	CNN-IBN	23,962/23,979
2.	Application dated January 23, 2006 made	CNN-IBN Weather	23,968/23,974

S. No.	Description of Application	Trade Mark applied for	Reference No./Trademark No.
	to the Registrar of Trade Mark by our Company and CNN under Class 38 and 41 of the Fourth Schedule of Trade Marks Rules, 2002.		
3.	Application dated January 23, 2006 made to the Registrar of Trade Mark by our Company and CNN under Class 38 and 41 of the Fourth Schedule of Trade Marks Rules, 2002.	CNN-IBN 7	23,967/23,971
4.	Application dated January 23, 2006 made to the Registrar of Trade Mark by our Company and CNN under Class 38 and 41 of the Fourth Schedule of Trade Marks Rules, 2002.	CNN-IBN SUNRISE	23,970/23,972
5.	Application dated January 23, 2006 made to the Registrar of Trade Mark by our Company and CNN under Class 38 and 41 of the Fourth Schedule of Trade Marks Rules, 2002.	CNN-IBN MORNING	23,969/23,977
6.	Application dated January 23, 2006 made to the Registrar of Trade Mark by our Company and CNN under Class 38 and 41 of the Fourth Schedule of Trade Marks Rules, 2002.	CNN-IBN SPORTS	23,965/23,976
7.	Application dated January 23, 2006 made to the Registrar of Trade Mark by our Company and CNN under Class 38 and 41 of the Fourth Schedule of Trade Marks Rules, 2002.	CNN-IBN NEWS	23,963/23,973
8.	Application dated January 23, 2006 made to the Registrar of Trade Mark by our Company and CNN under Class 38 and 41 of the Fourth Schedule of Trade Marks Rules, 2002.	CNN-IBN MONEY	23,964/23,975
9.	Application dated January 23, 2006 made to the Registrar of Trade Mark by our Company and CNN under Class 38 and 41 of the Fourth Schedule of Trade Marks Rules, 2002.	CNN-IBN BUSINESS	23,966/23,978
10.	Application filed for registration of a label under Class 16 of of the Fourth Schedule of Trade Marks Rules, 2002. We have received an examination report dated June 7, 2006 and our Company is required to filed a reply to the examination report by September 3, 2006. Our Company has filed the reply to examination report on August 30, 2006.	FIRST TRADE (LABEL)	1414610
11.	Application dated June 14, 2006 made to	THE VERDICT	-

S. No.	Description of Application	Trade Mark applied for	Reference No./Trademark No.
	the Registrar of Trade Mark by our Company for grant of certificate for use under Section 45 of the Copyright Act, 1957.		
12.	Application dated June 14, 2006 made to the Registrar of Trade Mark by our Company for grant of certificate for use under Section 45 of the Copyright Act, 1957.	THE CELL	-
13.	Application dated January 18, 2006 made to the Registrar of Trade Mark by our Company under Class 16 and 41 of the Fourth Schedule of Trade Marks Rules, 2002.	Breakfast with India	01414602/01414623
14.	Application dated January 18, 2006 made to the Registrar of Trade Mark by our Company under Class 16 and 41 of the Fourth Schedule of Trade Marks Rules, 2002.	Control Room	01414603/01414624
15.	Application dated January 18, 2006 made to the Registrar of Trade Mark by our Company under Class 16 and 41 of the Fourth Schedule of Trade Marks Rules, 2002.	Devil's Advocate	01414604/01414625
16.	Application dated January 18, 2006 made to the Registrar of Trade Mark by our Company under Class 16 and 41 of the Fourth Schedule of Trade Marks Rules, 2002.	Entertainment Tonight	01414605/01414626
17.	Application dated January 18, 2006 made to the Registrar of Trade Mark by our Company under Class 16 and 41 of the Fourth Schedule of Trade Marks Rules, 2002.	Extra Time	01414606/01414627
18.	Application dated January 18, 2006 made to the Registrar of Trade Mark by our Company under Class 16 and 41 of the Fourth Schedule of Trade Marks Rules, 2002.	E 360	01414607/01414628
19.	Application dated January 18, 2006 made to the Registrar of Trade Mark by our Company under Class 16 and 41 of the Fourth Schedule of Trade Marks Rules, 2002.	8 PM Prime	01414608/01414629
20.	Application dated January 18, 2006 made to the Registrar of Trade Mark by our Company under Class 16 and 41 of the Fourth Schedule of Trade Marks Rules, 2002.	Face the Nation	01414609/01414630

S. No.	Description of Application	Trade Mark applied for	Reference No./Trademark No.
21.	Application dated January 18, 2006 made to the Registrar of Trade Mark by our Company under Class 16 and 41 of the Fourth Schedule of Trade Marks Rules, 2002.	First Trade	01414610/01414631
22.	Application dated January 18, 2006 made to the Registrar of Trade Mark by our Company under Class 16 and 41 of the Fourth Schedule of Trade Marks Rules, 2002.	Good Afternoon India	01414611/01414632
23.	Application dated January 18, 2006 made to the Registrar of Trade Mark by our Company under Class 16 and 41 of the Fourth Schedule of Trade Marks Rules, 2002.	Good Evening India	01414612/01414633
24.	Application dated January 18, 2006 made to the Registrar of Trade Mark by our Company under Class 16 and 41 of the Fourth Schedule of Trade Marks Rules, 2002.	India at 9	01414613/01414634
25.	Application dated January 18, 2006 made to the Registrar of Trade Mark by our Company under Class 16 and 41 of the Fourth Schedule of Trade Marks Rules, 2002.	India 360	01414614/01414635
26.	Application dated January 18, 2006 made to the Registrar of Trade Mark by our Company under Class 16 and 41 of the Fourth Schedule of Trade Marks Rules, 2002.	Late Night Edition	01414615/01414636
27.	Application dated January 18, 2006 made to the Registrar of Trade Mark by our Company under Class 16 and 41 of the Fourth Schedule of Trade Marks Rules, 2002.	Last Trade	01414616/01414637
28.	Application dated January 18, 2006 made to the Registrar of Trade Mark by our Company under Class 16 and 41 of the Fourth Schedule of Trade Marks Rules, 2002.	Now Showing	01414617/01414638
29.	Application dated January 18, 2006 made to the Registrar of Trade Mark by our Company under Class 16 and 41 of the Fourth Schedule of Trade Marks Rules, 2002.	The Verdict	01414618/01414639
30.	Application dated January 18, 2006 made to the Registrar of Trade Mark by our Company under Class 41 of the Fourth	The Buzz	01414640



S. No.	Description of Application	Trade Mark applied for	Reference No./Trademark No.
	Schedule of Trade Marks Rules, 2002.		
31.	Application dated January 18, 2006 made to the Registrar of Trade Mark by our Company under Class 41 of the Fourth Schedule of Trade Marks Rules, 2002.	30 Minutes	01414641
32.	Application dated January 18, 2006 made to the Registrar of Trade Mark by our Company under Class 41 of the Fourth Schedule of Trade Marks Rules, 2002.	What's Cool	01414642
33.	Application dated January 18, 2006 made to the Registrar of Trade Mark by our Company under Class 41 of the Fourth Schedule of Trade Marks Rules, 2002.	World - 360	01414643
34.	Application dated July 3, 2006 made to the Registrar of Trade Mark by our Company under Class 16 and Class 41 of the Fourth Schedule of Trade Marks Rules, 2002.	THE CELL	01466467/1466470
35.	Application dated July 3, 2006 made to the Registrar of Trade Mark by our Company under Class 16 and Class 41 of the Fourth Schedule of Trade Marks Rules, 2002.	THE VERDICT	01466468/1466469

### 3. Miscellaneous

#### 3.1 EPCG License

Our Company has obtained the following licenses under the Foreign Trade Policy 2004-2009 that carries an export obligation to export video software to certain countries and to realise the export proceeds in freely convertible currency

S. No.	EPCG license details	Export obligation
1.	0530139517 dated September 12, 2005.	Our Company is under an obligation to export video software worth US\$ 10,24,160.16 i.e. eight times the duty saved of capital goods on FOB basis within a period of eight years from the date of issue of license.
2.	0530139858 dated November 9, 2005.	Our Company is under an obligation to export video software worth US\$ 18,28,119.56 i.e. eight times the duty saved of capital goods on FOB basis within a period of eight years from the date of issue of license.
3.	0530139286 dated August 10, 2005.	Our Company is under an obligation to export video software worth US\$ 1,08,03,776.13 i.e. eight times the duty

S. No.	EPCG license details	Export obligation
		saved of capital goods on FOB basis within a period of eight years from the date of issue of license.

### 3.2 Tax and other statutory registrations

Sl. No.	Description	Reference/License No.	Issue Date	Expiry Date
1.	Registration under Section 69 of the Finance Act, 1994 in relation to payment of service tax.	CE/DLI/ST/RX/Broadcast s/GMPL/34/05	June 17, 2005	Until broadcasting activity is carried on.
2.	Allotment of Tax Deduction Account Number under the Income Tax Act, 1961	DELGO8806A	July 12, 2005	Not Applicable
3.	Registration under the Uttar Pradesh Trade Tax Act, 1948	ND-0334883	August 6, 2005 effective from July 27, 2005	Not Applicable
4.	Registration under the Central Sales Tax Act, 1956	ND 5331303	July 27, 2005	Until Cancellation
5.	Registration under the Employees Provident Fund and Miscellaneous Provisions Act, 1952	PFRC/98 Coord/DL/3155/Coverage /194	October 10, 2005	Not Applicable

### 3.3 Approvals from/applications pending before Ministry of Company Affairs

- (a) The Ministry of Company Affairs, Government of India has through a letter (No. 4/142/T-1/06/D/14131) dated November 28, 2006 granted approval to our Company under Section 297(1) of the Companies Act for allotment of band placement and television channel distribution rights to Setpro Holdings Limited for a period starting from October 22, 2006 till March 31, 2009.
- (b) Our Company has filed an application dated November 20, 2006 with the Ministry of Company Affairs under Section 269(2) read with Schedule XIII of the Companies Act seeking permission of the central government to pay our Joint Managing Director, Mr. Sameer Manchanda remuneration in excess of the limits prescribed under the Companies Act.

#### 3.4 **Application to the Regional Director**

Our Company has on September 23, 2006 filed a suo moto petition before the Northern Regional Bench/Regional Director (North) under Section 621A read with Section 297 of the Companies Act seeking compounding of offence committed under Section 297 of the Companies Act i.e. of unintentionally/inadvertently not obtaining prior approval of the central government for the related party contract with Setpro Holdings Limited.

## OTHER REGULATORY AND STATUTORY DISCLOSURES

### Authority for the Issue

The Board of Directors has, pursuant to resolution passed at its meeting held on May 11, 2006, authorised the Issue subject to the approval by the shareholders of our Company under section 81(1A) of the Companies Act.

Our shareholders have authorised the Issue by a special resolution in accordance with section 81(1A) of the Companies Act, passed at the extra ordinary general meeting of our Company held on May 15, 2006 at the Registered Office of our Company.

### Prohibition by SEBI

Our Company, our Directors, our Promoters and companies in which our Directors are associated with as directors, have not been prohibited from accessing or operating in capital markets under any order or direction passed by SEBI.

Further, our Promoters have confirmed that they have not been detained as willful defaulters by the RBI or any other governmental authority and there are no violations of securities laws committed by them in the past or are pending against them.

### Eligibility for the Issue

Clause 2.2.2 of the SEBI Guidelines state as follows:

An unlisted company not complying with any of the conditions specified in Clause 2.2.1 may make an initial public offering 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 in (a) and (b) given below:

- (a)(i) *The issue is made through the book build process, with at least 50% of the net offer to the public being allotted to the Qualified Institutional Buyers (QIBs), failing which the 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 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 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 on the date of allotment of securities, shall be at least 5% of the proposed issue of the*

*company”*

We are an unlisted company not complying with the conditions specified in Clause 2.2.1 of the SEBI Guidelines and are, therefore, required to meet both the conditions detailed in Sub-Clauses (a) and (b) of Clause 2.2.2 of the SEBI Guidelines.

We are complying with Clause 2.2.2(a)(i) of the SEBI Guidelines and at least 60% of the Issue is proposed to be Allotted to QIB Bidders (in order to comply with the requirements of Rule 19(2)(b) of the SCRR) and in the event we fail to do so, the full subscription monies shall be refunded to the Bidders. Accordingly, as per the second proviso to Clause 11.3.5(i) of the SEBI Guidelines, Non-Institutional Bidders and Retail Individual Bidders will be allocated up to 10% and 30% of the Issue, respectively.

We are also complying with Clause 2.2.2(b)(i) of the SEBI Guidelines as the pre Issue face value capital of the Company is Rs. 22.53 crores and consequently the post-Issue face value capital of the Company shall be Rs. [•] crores, which is more than the minimum requirement of Rs. 10 crore (Rs. 100 million).

Hence, we are eligible under Clause 2.2.2 of the SEBI Guidelines.

Further, in accordance with Clause 2.2.2A of the SEBI Guidelines, we shall ensure that the number of allottees, i.e. persons to whom the Equity Shares will be allotted under the Issue shall be not less than 1,000, otherwise, the entire application money will be refunded forthwith. In case of delay, if any, in refund, our 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 THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE DRAFT RED HERRING PROSPECTUS. THE BOOK RUNNING LEAD MANAGERS, ICICI SECURITIES LIMITED AND KOTAK MAHINDRA CAPITAL COMPANY LIMITED HAVE 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 AN INVESTMENT IN THE PROPOSED ISSUE.**

**IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE 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 MANAGERS, ICICI SECURITIES LIMITED AND KOTAK MAHINDRA CAPITAL COMPANY LIMITED HAVE FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED AUGUST 18, 2006 IN ACCORDANCE WITH THE SEBI (MERCHANT BANKERS) REGULATIONS, 1992 WHICH READS AS FOLLOWS:**

- “(I) 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.**
- (II) ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE COMPANY, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PROJECTED PROFITABILITY, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS MENTIONED IN THE ANNEXURE AND OTHER PAPERS FURNISHED BY THE COMPANY, WE CONFIRM THAT:**

**THE DRAFT RED HERRING PROSPECTUS FORWARDED TO SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;**

**ALL THE LEGAL REQUIREMENTS CONNECTED WITH THE SAID ISSUE AS ALSO THE GUIDELINES, INSTRUCTIONS, ETC. ISSUED BY SEBI, THE GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND**

**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.**

**BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE DRAFT RED HERRING PROSPECTUS ARE REGISTERED WITH SEBI AND THAT TILL DATE SUCH REGISTRATIONS ARE VALID.**

**WHEN UNDERWRITTEN, WE SHALL SATISFY OURSELVES ABOUT THE WORTH OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS.**

**WE CERTIFY THAT WRITTEN CONSENT FROM PROMOTERS HAS BEEN OBTAINED FOR INCLUSION OF THEIR SECURITIES AS 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 THE DRAFT RED HERRING PROSPECTUS WITH SEBI TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE DRAFT RED HERRING PROSPECTUS.”**

The filing of the Red Herring Prospectus does not, however, absolve the Company from any liabilities under section 63 and section 68 of the Companies Act or from the requirement of obtaining such statutory and other clearances as may be required for the purpose of the proposed Issue. SEBI further reserves the right to take up at any point of time, with the Book Running Lead Managers, any irregularities or lapses in the 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 RoC in terms of section 60B of the Companies Act. All legal

requirements pertaining to the issue will be complied with at the time of registration of the Prospectus with the RoC in terms of section 56, section 60 and section 60B of the Companies Act.

#### **Disclaimer from our Company and the BRLMs and the Co-BRLMs**

Our Company, our Directors and the BRLMs and the Co-BRLMs accept no responsibility for statements made otherwise than in this Red Herring Prospectus or in the advertisements or any other material issued by or at instance of the above mentioned entities and anyone placing reliance on any other source of information, including our website, ibnlive.com would be doing so at his or her own risk.

The BRLMs and the Co-BRLMs accept no responsibility, save to the limited extent as provided in the Memorandum of Understanding entered into among the BRLMs and the Co-BRLMs and our Company dated August 18, 2006 and the Underwriting Agreement to be entered into among the Underwriters and our Company.

Our Company and the BRLMs and the Co-BRLMs shall make all information available to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever including at road show presentations, in research or sales reports or at bidding centres etc.

We shall not 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 only in India to persons resident in India (including Indian nationals resident in India who are majors, HUFs, companies, corporate bodies and societies registered under the applicable laws in India and authorised 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), or trusts under the applicable trust law and who are authorised under their constitution to hold and invest in shares, permitted insurance companies and pension funds. This Red Herring Prospectus does not, however, constitute an invitation to subscribe to Equity Shares offered hereby in any other jurisdiction to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession this Red Herring Prospectus comes is required to inform himself or herself 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 New Delhi 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. Accordingly, the Equity Shares, represented thereby may not be offered 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 our affairs from 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 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, registration requirements of the Securities Act. The Equity Shares are being offered and sold only in India in compliance with Regulation S under the U.S. Securities Act, 1933.

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.

#### **Disclaimer Clause of the NSE**

As required, a copy of this Draft Red Herring Prospectus has been submitted to NSE. NSE has given vide its letters dated September 29, 2006 permission to us to use NSE's name in this Red Herring Prospectus as one of the stock exchanges on which our further securities are proposed to be listed, subject to the Company fulfilling the various criteria for listing including the one related to paid up capital and market capitalization (i.e., the paid up capital shall not be less than Rs. 10 crores and the market capitalization shall not be less than Rs. 25 crores at the time of listing). The NSE has scrutinised the Draft Red Herring Prospectus for its limited internal purpose of deciding on the matter of granting the aforesaid permission to us. It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed to mean that this Draft Red Herring Prospectus or the Red Herring Prospectus 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 the Draft Red Herring Prospectus or the Red Herring Prospectus; nor does it warrant that our securities will be listed or will continue to be listed on the NSE; nor does it take any responsibility for the financial or other soundness of this Company, its Promoters, its management or any scheme or project of this Company.

Every Person who desires to apply for or otherwise acquires any of our securities may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against NSE whatsoever by reason of any loss which may be suffered by such Person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.

#### **Disclaimer Clause of the BSE**

As required, a copy of this Draft Red Herring Prospectus has been submitted to BSE. BSE has given vide its letter dated September 22, 2006, permission to the Company to use BSE's name in this Red Herring Prospectus as one of the stock exchanges on which our further securities are proposed to be listed. BSE has scrutinised the Draft Red Herring Prospectus for its limited internal purpose of deciding on the matter of granting the aforesaid permission to us. BSE does not in any manner:

- (i) warrant, certify or endorse the correctness or completeness of any of the contents of this Red Herring Prospectus; or
- (ii) warrant that this Company's securities will be listed or will continue to be listed on BSE; 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 to mean that this Red Herring Prospectus has been cleared or approved by BSE. 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 BSE 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.

#### **Filing**

A copy of this Draft Red Herring Prospectus has been filed with SEBI at Corporation Finance Department, Ground Floor, Mittal Court, "A" Wing, Nariman Point, Mumbai 400 021.



A copy of the Red Herring Prospectus, along with the documents required to be filed under Section 60B of the Companies Act, will be delivered for registration to the RoC and a copy of the Prospectus required to be filed under Section 60 of the Companies Act will be delivered for registration to the RoC.

### **Listing**

Applications have been made to the NSE and BSE for permission to deal in and for an official quotation of the Equity Shares. The BSE shall be the Designated Stock Exchange with which the basis of allocation will be finalised for the Issue.

If the permission to deal in and for an official quotation of the Equity Shares are not granted by any of the Stock Exchanges, our Company shall forthwith repay, without interest, all moneys received from the applicants in pursuance of this Red Herring Prospectus. If such money is not repaid within eight days after our Company becomes liable to repay it (i.e., from the date of refusal or within 15 days from the date of Bid/Issue Closing Date, whichever is earlier), then our Company shall, on and from expiry of 8 days, be liable to repay the money, with interest at the rate of 15% per annum on application money, as prescribed under Section 73 of the Companies Act.

Our Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at both the Stock Exchanges mentioned above are taken within seven working days of finalisation of the basis of allotment for the Issue.

### **Consents**

Consents in writing of: (a) our Directors, the Company Secretary and Compliance Officer, the Auditors, the Legal Advisors, the Bankers to the Issue; and (b) the Book Running Lead Managers, and the Co- Book Running Lead Managers, the Syndicate Members, the Escrow Collection Bankers and the Registrar to the Issue to act in their respective capacities, have been obtained and filed along with a copy of the Red Herring Prospectus with the RoC as required under Sections 60 and 60B of the Companies Act and such consents have not been withdrawn up to the time of delivery of this Red Herring Prospectus.

M/s. Deloitte Haskins & Sells, Chartered Accountants, our Auditors have given their written consent to the inclusion of their report in the form and context in which it appears in this Red Herring Prospectus and such consent and report has not been withdrawn up to the time of delivery of this Red Herring Prospectus for registration with the RoC.

### **Expert Opinion**

Except as stated in the section titled “Financial Statements” beginning on page 121 of this Red Herring Prospectus, we have not obtained any expert opinions.

### **Expenses of the Issue**

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 estimated expenses of the Issue are as follows:

<b>Activity</b>	<b>Expense (Rs. in Crores)</b>
Lead management, underwriting and selling commission*	[●]
Advertisement & Marketing expenses*	[●]
Printing, stationery including transportation of the same*	[●]
Others (Registrar’s fees, Legal fees, listing fees, etc.)*	[●]

Activity	Expense (Rs. in Crores)
<b>Total estimated Issue expenses</b>	<b>[•]</b>

*\* Will be incorporated after finalisation of Issue Price*

*\* Will be incorporated at the time of filing of the Prospectus.*

### **Fees Payable to the Book Running Lead Managers, Co- Book Running Lead Managers and Syndicate Members**

The total fees payable to the Book Running Lead Managers, Co-Book Running Lead Managers and Syndicate Members (including underwriting commission and selling commission) will be as stated in the Engagement Letter with the BRLMs and Co-BRLMs, a copy of which is available for inspection at the corporate office of our Company.

### **Fees Payable to the Registrar to the Issue**

The fees payable to the Registrar to the Issue for processing of application, data entry, printing of CAN/refund order, preparation of refund data on magnetic tape, printing of bulk mailing register will be as per the Memorandum of Understanding signed with our Company, a copy of which is available for inspection at the corporate office of our Company. The Company shall bear such expenses.

The Registrar to the Issue will be reimbursed for all out-of-pocket expenses including cost of stationery, postage, stamp duty and communication expenses. Adequate funds will be provided to the Registrar to the Issue to enable them to send refund orders or allotment advice by registered post/speed post/under certificate of posting.

### **Particulars regarding Public or Rights Issues during the Last Five Years**

There have been no public or rights issue by the Company during the last five years.

### **Issues otherwise than for Cash**

We have not issued any Equity Shares for consideration otherwise than for cash.

### **Commission and Brokerage paid on Previous Issues of our Equity Shares**

There has not been any previous public issue of our Equity Shares.

### **Companies under the Same Management**

We do not have any other company under the same management within the meaning of erstwhile Section 370 (1B) of the Companies Act, save and except for our Promoter group companies.

### **Promise vs. Performance – Last Three Issues**

There has not been any previous public issue of our Equity Shares.

### **Promise vs. Performance – Last Issue of Group/Associate Companies**

No projections have been made in the prospectus of our Promoter group companies. For further details, refer to the section titled “Our Promoters and Group Companies” on page 100 of this Red Herring Prospectus.

**Outstanding Debentures or Bonds**

Except as described in the section titled “Financial Indebtedness” beginning on page 66 of this Red Herring Prospectus, our Company does not have any outstanding debentures or bonds.

**Outstanding Preference Shares**

There are no outstanding preference shares issued by our Company.

**Stock Market Data of our Equity Shares**

The Equity Shares are not listed on any stock exchange.

**Other Disclosures**

Except as disclosed in the section titled “Capital Structure” beginning on page 23 of this Red Herring Prospectus, our Directors have not purchased or sold any securities of the Company during a period of six months preceding the date on which this Red Herring Prospectus is filed with SEBI.

**Mechanism for Redressal of Investor Grievances by our Company**

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 at least 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 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, and the bank branch or collection center where the application was submitted.

**Disposal of Investor Grievances by our Company**

We estimate that the average time required by our Company or the Registrar to the Issue for the redressal of routine investor grievances shall be seven days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, our Company will seek to redress these complaints as expeditiously as possible.

We have appointed Mr. Hitesh Kumar Jain, Company Secretary 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:

Express Trade Tower, Plot No. 15 & 16,  
Sector 16A, Noida,  
Uttar Pradesh 201 301, India.  
Tel: +91 11 4341 818  
Fax: +91 11 4324 110  
E-mail: ipo@tv18online.com

**Mechanism for Redressal of Investor Grievances by Companies under the Same Management**

We do not have any other company under the same management within the meaning of erstwhile Section 370 (1B) of the Companies Act.

**Changes in Auditors**

There has been no change in our auditors since our incorporation.

**Capitalisation of Reserves or Profits**

We have not capitalised our reserves or profits at any time since our incorporation.

**Revaluation of Assets**

There has been no revaluation of assets of the Company since our incorporation.

## ISSUE STRUCTURE

The present Issue of up to [●] Equity Shares aggregating up to Rs. 105.00 crores comprising of a Net Issue of up to [●] Equity Shares aggregating up to Rs. 100.00 crores and the Employees Reservation Portion of up to [●] Equity Shares aggregating upto Rs. 5.00 crores is being made through the Book Building Process.

	<b>Eligible Employees</b>	<b>QIB Bidders</b>	<b>Non-Institutional Bidders</b>	<b>Retail Individual Bidders</b>
Number of Equity Shares available for allocation*	Up to [●] Equity Shares	At least [●] Equity Shares or Net Issue less allocation to Non-Institutional Bidders and Retail Individual Bidders. **	Up to [●] Equity Shares or Net Issue less allocation to QIB Bidders and Retail Individual Bidders.	Up to [●] Equity Shares or Net Issue less allocation to QIB Bidders and Non-Institutional Bidders.
Percentage of Issue Size available for allocation	Up to [●]% of size of the Issue**	At least 60% of the Net Issue or Net Issue less allocation to Non Institutional Bidders and Retail Individual Bidders (of which up to 5% shall be available for allocation proportionately to Mutual Funds)	Up to 10% of the Net Issue or Net Issue less allocation to QIB Bidders and Retail Individual Bidders.	Up to 30% of the Net Issue or Net Issue less allocation to QIB Bidders and Non Institutional Bidders.
Basis of Allocation if respective category is oversubscribed	Proportionate	Proportionate as follows: (a) [●] Equity Shares shall be Allotted on a proportionate basis to Mutual Funds; and (b) [●] Equity Shares shall be Allotted on a proportionate basis to all QIB Bidders including Mutual Funds receiving allocation as per (a) above.	Proportionate.	Proportionate.
Minimum Bid	25 Equity Shares	Such number of Equity Shares in multiples of 25 Equity Shares so that the Bid Amount exceeds Rs 1,00,000.	Such number of Equity Shares in multiples of 25 Equity Shares so that the Bid Amount exceeds Rs 1,00,000.	25 Equity Shares.
Maximum Bid	Such number of Equity Shares in multiples of 25 Equity Shares so that the Bid Amount does not exceed Rs. 50,00,000.	Such number of Equity Shares in multiples of 25 Equity Shares so that the Bid does not exceed the Net Issue, subject to applicable limits.	Such number of Equity Shares in multiples of 25 Equity Shares so that the Bid does not exceed the Net Issue, subject to applicable limits.	Such number of Equity Shares in multiples of 25 Equity Shares so that the Bid Amount does not exceed Rs. 1,00,000.
Mode of Allotment	Compulsorily in dematerialised mode	Compulsorily in dematerialised form.	Compulsorily in dematerialised form.	Compulsorily in dematerialised form.
Trading Lot	One Equity Share	One Equity Share.	One Equity Share.	One Equity Share.
Who can Apply ***	All or any of the following: (a) a	Public financial institutions, as specified in Section 4A of the	Resident Indian individuals, HUF (in the name of Karta),	Individuals (including HUFs) applying for Equity

	<b>Eligible Employees</b>	<b>QIB Bidders</b>	<b>Non-Institutional Bidders</b>	<b>Retail Individual Bidders</b>
	permanent employee of the Company as of December 31, 2006 and based, working and present in India as on the date of submission of the Bid cum Application Form. (b) a Director of the Company, except any Promoters or members of the Promoter group, whether a whole time Director part time Director or otherwise as of December 31, 2006 and based and present in India as on the date of submission of the Bid cum Application Form.	Companies Act, scheduled commercial banks, mutual funds, venture capital funds 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. 25.00 crores and pension funds with minimum corpus of Rs. 25.00 crores in accordance with applicable law.	companies, corporate bodies, scientific institutions societies and trusts	Shares such that the Bid Amount does not exceed Rs. 1,00,000 in value.
Terms of Payment	Margin Amount applicable to Eligible Employees at the time of submission of Bid cum Application Form to the Syndicate Members.	Margin Amount applicable to QIB Bidders at the time of submission of Bid cum Application Form to the Syndicate Members.	Margin Amount applicable to Non Institutional Bidders at the time of submission of Bid cum Application Form to the Syndicate Members.	Margin Amount applicable to Retail Individual Bidders at the time of submission of Bid cum Application Form to the Syndicate Members.
Margin Amount	100% of Bid Amount	10% of Bid Amount.	100% of Bid Amount.	100% of Bid Amount.

\*Subject to valid Bids being received at or above the Issue Price. Under subscription, if any, in the Non-Institutional Portion or Retail Individual Portion would be met with spill over from other categories at the sole discretion of our Company in consultation with the BRLMs and Co-BRLMs.

Under subscription, if any, in the Employees Reservation Portion would be included in the

NetIssue and allocated in accordance with the description in Basis of Allocation.

**\*\*** In terms of Rule 19(2)(b) of the SCRR, this being an Issue for less than 25% of the post–Issue capital if at least 60% of the Net Issue cannot be allocated to QIB Bidders, then the entire application money will be refunded forthwith.

**\*\*\*** 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.

### **Withdrawal of the Issue**

Our Company, in consultation with the BRLMs and Co-BRLMs, reserves the right not to proceed with the Issue at anytime after the Bid/ Issue Opening Date but before Allotment, without assigning any reason thereof. In terms of the SEBI Guidelines, QIB Bidders shall not be allowed to withdraw their Bids after the Bid/ Issue Closing Date.

### **Letters of Allotment or Refund Orders**

Our Company shall give credit to the beneficiary account with depository participants within two working days from the date of the finalisation of basis of allocation. Our Company shall ensure despatch of refund orders, if any, of value up to Rs.1,500 by “Under Certificate of Posting”, and shall dispatch refund orders above Rs.1,500, if any, by registered post or speed post or Direct Credit, NEFT, RTGS or ECS at the sole or First Bidder’s sole risk within 15 days of the Bid/ Issue Closing Date.

### **Interest in Case of Delay in Despatch of Allotment Letters/ Refund Orders.**

In accordance with the Companies Act, the requirements of the Stock Exchanges and SEBI Guidelines, our Company undertakes that:

- Allotment shall be made only in dematerialised form within 15 days from the Bid/ Issue Closing Date;
- Despatch of refund orders shall be done within 15 days from the Bid/ Issue Closing Date; and
- Our Company shall pay interest at 15% per annum, if Allotment is not made, refund orders are not despatched and/ or demat credits are not made to investors within the 15 day time prescribed above.

We will provide adequate funds required for despatch of refund orders or Allotment advice to the Registrar to the Issue.

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. Bank charges, if any, for encashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

### **Bid/Issue Programme**

#### **Bidding Period/Issue Period**

<b>BID/ISSUE OPENS ON</b>	<b>January 15, 2007</b>
<b>BID/ISSUE CLOSES ON</b>	<b>January 18, 2007</b>

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) and uploaded till such time as

permitted by the BSE and the NSE on the Bid/Issue Closing Date.

The Company reserves the right to revise the Price Band during the Bidding Period in accordance with SEBI Guidelines. The cap on the Price Band should not be more than 20% of the floor of the Price Band. Subject to compliance with the immediately preceding sentence, the floor of the Price Band can move up or down to the extent of 20% of the floor of the price band advertised at least one day prior to the Bid/Issue Opening Date.

**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 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, will be widely disseminated by notification to the BSE and the NSE, by issuing a press release, and also by indicating the change on the web site of the BRLMs, Co-BRLMs and at the terminals of the Syndicate.**



## ISSUE PROCEDURE

### Book Building Procedure

The Issue is being made through the 100% Book Building Process wherein at least 60% of the Net Issue shall be available for allocation on a proportionate basis to QIB Bidders, including up to 5% of the QIB Portion which shall be available for allocation to the Mutual Funds only. 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 60% of the Net Issue cannot be allotted to QIBs, then the entire application money will be refunded. Further, up to 30% of the Net Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders and up to 10% of the Net Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders, subject to valid Bids being received at or above the Issue Price.

Bidders are required to submit their Bids through a member of the Syndicate. Further, QIB Bids can be submitted only through Syndicate Members. In case of QIB Bidders, our Company in consultation with BRLM may reject Bid at the time of acceptance of Bid cum Application Form provided that the reasons for rejecting the same are provided to such Bidders in writing. In case of Non-Institutional Bidders, Retail Individual Bidders and bids under the Employee Reservation Portion, our Company would have a right to reject the Bids only on technical grounds.

**Investors should note that the Equity Shares would be allotted to all successful Bidders only in the 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 our Company 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 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 applying on a non-repatriation basis	White
Bidders in the Employee Reservation Portion	Blue

### **Please Note:**

**This Issue is being offered to the Indian public only. Non-residents such as FIIs, NRIs, FVCIs, multilateral and bilateral development financial institutions are not permitted to participate in the Issue. As per the existing policy of the government of India, OCBs cannot participate in this Issue.**

**In accordance with applicable laws, in calculating the sectoral cap of 26% of foreign**

investment in our Company, the indirect foreign holding component, if any, in the equity capital of the Indian shareholder company applying for Equity Shares in the Issue, requires to be duly reckoned on a pro rata basis.

Therefore, Bidders are requested to compulsorily provide this data in the appropriate column and in the manner indicated for such purpose in the Bid cum Application Form. In the event Bidders provide inadequate or incorrect data in this regard and the same is brought to the notice of our Company, we reserve the right to reverse or rescind the allocation to such Bidder and rectify its register of members according to the procedure indicated in our Articles of Association and as under the Companies Act. Our Directors shall be entitled to take all necessary steps to ensure compliance with applicable laws relating to foreign shareholding in our Company and they may, subject to the provisions of section 111A of the Companies Act, 1956, by giving reasons, decline to register or rectify the register of members of our Company at any stage when any change comes to our knowledge of excess foreign investment (due to indirect shareholding or otherwise) or acknowledge any transfer or transmission of shares whether fully paid or not, in terms of applicable laws and our proposed Articles of Association. The decision of the Directors in this regard shall be final.

Bidders are also compulsory required to provide details to the Company of any change of their foreign shareholding, as it stands on March 31 of each year within seven days of such date. Under current applicable laws we are required to intimate the MIB of the indirect foreign shareholding in our Company for the purpose of pro-rata reckoning of the foreign shareholding of the Company as on March 31 of each year. However, investors should note that in the event of a change in the applicable law, we may ask investors to provide details to the Company of any change of their foreign shareholding at any time so as to comply with the applicable law.

#### ***Who can Bid?***

1. Indian nationals resident in India who are majors in single or joint names (not more than three);
2. Hindu undivided families or 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;
3. Companies and corporate bodies registered under the applicable laws in India and authorized to invest in equity shares;
4. 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;
5. Scientific and/or industrial research authorized to invest in equity shares;
6. Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to the RBI regulations and the SEBI guidelines and regulations, as applicable);
7. Mutual funds registered with SEBI;
8. Venture capital funds registered with SEBI;
9. State industrial development corporations;
10. Insurance companies registered with the Insurance Regulatory and Development Authority, India;
11. As permitted by the applicable laws, provident funds with minimum corpus of Rs. 25.00 crores and who are authorized under their constitution to invest in equity shares; and
12. Pension funds with a minimum corpus of Rs. 25.00 crores and who are authorized under their constitution to invest in equity shares.
13. Permanent employees or Directors (whole-time Directors, part-time Directors or otherwise) of the Company and permanent employees of our holding company, who are Indian Nationals and are based in India. The permanent employees should be on the

payroll of the Company as of December 31, 2006 and the Directors should be Directors on the date of the Red Herring Prospectus.

**Participation by Associates of BRLMs, Co-BRLMs and Syndicate Members:**

Associates and affiliates of BRLMs, Co-BRLMs and Syndicate Members may bid and subscribe to Equity Shares in the Issue either in the QIB Portion or in Non Institutional Portion as may be applicable to such investors. Such bidding and subscription may be on their own account or on behalf of their clients. Allotment to all investors including associates of BRLMs, Co-BRLMs and Syndicate Members shall be on a proportionate basis.

Further, the BRLMs and the Co-BRLMs shall not be entitled to subscribe to this Issue in any manner except towards fulfilling their underwriting obligation.

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.

***Maximum and Minimum Bid Size***

- (a) **For Retail Individual Bidders:** The Bid must be for a minimum of 25 Equity Shares and in multiples of 25 Equity Shares thereafter and it must be ensured that the Bid Amount payable by the Bidder does not exceed 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 of the Bid or revision of the Price Band or on exercise of option to bid at Cut-off Price, the Bid would be considered for allocation under the Non Institutional Portion. The option to bid at Cut-off Price is an option given only to the Retail Individual Bidders indicating their agreement to Bid and purchase Equity Shares at the final Issue Price as determined at the end of the Book Building Process.
- (b) **For Non-Institutional Bidders and QIB Bidders:** The Bid must be for a minimum of such number of Equity Shares in multiples of 25 Equity Shares so that the Bid Amount exceeds Rs. 1,00,000 and in multiples of 25 Equity Shares thereafter. A Bid cannot be submitted for more than the Net Issue. However, the maximum Bid by a QIB investor should not exceed the investment limits prescribed for them by applicable laws. Under existing SEBI guidelines, a QIB Bidder cannot withdraw its Bid after the Bid /Issue Closing Date and is required to pay the QIB Margin Amount upon submission of the Bid.

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. 100,000 or less due to a revision in Bids or revision of the 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 QIB Bidders are not entitled to the option of bidding at Cut-off Price.

(c) **For Bidders in the Employee Reservation Portion**

The Bid must be for a minimum of 25 Equity Shares and in multiples of 25 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. However, the maximum Bid by an Eligible Employee cannot exceed Rs. 50,00,000. The allotment in the Employee Reservation Portion will be on a proportionate basis. However, in case of an oversubscription in the Employee Reservation Portion, the maximum allotment to any Eligible Employee will be capped at up to [•] Equity Shares.

**Information for the Bidders:**

- (a) Our Company will file the Red Herring Prospectus with the ROC at least three days before the Bid/Issue Opening Date.
- (b) The members of the Syndicate will circulate copies of the Red Herring Prospectus along with the Bid cum Application Form to potential investors.
- (c) Any investor (who is eligible to invest in our Equity Shares) who would like to obtain the Red Herring Prospectus and/or the Bid cum Application Form can obtain the same from the Registered Office or from any of the members of the Syndicate.
- (d) The Bids should be submitted on the prescribed Bid cum Application Form only. Bid cum Application Forms should bear the stamp of a member of the Syndicate. Bid cum Application Forms, which do not bear the stamp of a member of the Syndicate will be rejected.

**Method and Process of Bidding**

- (a) Our Company and the BRLMs and Co-BRLMs shall declare the Bid/Issue Opening Date, Bid/Issue Closing Date and Price Band at the time of filing the Red Herring Prospectus with ROC and also publish the same in two national newspapers (one each in English and Hindi) of wide circulation. This advertisement shall contain the minimum disclosures as specified under Schedule XX-A of the SEBI Guidelines. The members of the Syndicate shall accept Bids from the Bidders during the Bidding/Issue Period in accordance with the terms of the Syndicate Agreement. Investors who are interested in subscribing to our Equity Shares should approach any of the members of the Syndicate or their authorized agent(s) to register their Bid.
- (b) The Bidding Period shall be a minimum of three working days and shall not exceed seven working days. In case the Price Band is revised, the revised Price Band and Bidding Period will be published in two national newspapers (one each in English and Hindi) and the Bidding Period may be extended, if required by an additional three days, subject to the total Bidding Period not exceeding 10 working days.
- (c) Each Bid cum Application Form will give the Bidder the choice to bid for up to three optional prices (for details, see the section titled “Issue Procedure - Bids at Different Price Levels” beginning on page 189 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 Price, will become automatically invalid.
- (d) The Bidder cannot bid on another Bid cum Application Form after Bids on one Bid cum Application Form have been submitted to a 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 or allotment of Equity Shares in this Issue. However, the Bidder can revise the Bid through the Revision Form, the procedure for which is detailed under the section titled “Issue Procedure - Build up of the Book and Revision of Bids” beginning on page 189 of this Red Herring Prospectus.
- (e) 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.

- (f) During the Bidding Period, Bidders may approach a member of 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, subject to the terms of the Syndicate Agreement and this Red Herring Prospectus.
- (g) Along with the Bid cum Application Form, all Bidders will make payment in the manner described under the paragraph titled “Issue Procedure - Terms of Payment” beginning on page 189 of this Red Herring Prospectus.

#### **Bids at different price levels**

- (a) The Price Band has been fixed at Rs. 230 to Rs. 250 per Equity Share of Rs. 10 each, Rs. 230 being the Floor Price and Rs. 250 being the Cap Price. The Bidders can bid at any price within the Price Band, in multiples of Re. 1.
- (b) In accordance with the SEBI Guidelines, our Company reserves the right to revise the Price Band during the Bidding Period. The cap on the Price Band should not be more than 20% of the floor of the Price Band. Subject to compliance with the immediately preceding sentence, the floor of the Price Band can move up or down to the extent of 20% of the floor of the Price Band.
- (c) In case of revision in the Price Band, the Issue Period will be extended for three additional days after revision of Price Band subject to a maximum of 10 working days. Any revision in the Price Band and the revised Bidding/Issue Period, if applicable, will be widely disseminated by notification to the BSE and the NSE, by issuing a public notice in two national newspapers (one each in English and Hindi) with wide circulation, and also by indicating the change on the websites of the BRLMs, Co-BRLMs and at the terminals of the members of the Syndicate.
- (d) We, in consultation with the BRLMs and Co-BRLMs, can finalise the Issue Price within the Price Band in accordance with this clause, without the prior approval of, or intimation to, the Bidders.
- (e) 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 and 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. However, bidding at Cut-off Price is prohibited for QIB Bidders and Non Institutional Bidders in excess of Rs. 1,00,000 and such Bids from QIBs and Non Institutional Bidders shall be rejected.**
- (f) Retail Individual Bidders who bid at Cut-off Price and Eligible Employees bidding under the Employee Reservation Portion at Cut-Off Price agree that they shall purchase the Equity Shares at any price within the Price Band. Retail Individual Bidders bidding at Cut-Off Price and Eligible Employees bidding under the Employee Reservation Portion at Cut-Off Price shall deposit the Bid Amount based on the Cap Price in the Escrow Account. In the event the Bid Amount is higher than the subscription amount payable by the Retail Individual Bidders, who Bid at Cut-off Price and Eligible Employees bidding under the Employee Reservation Portion at Cut-Off Price (i.e. the total number of Equity Shares allocated in the Issue multiplied by the Issue Price), the Retail Individual Bidders and Eligible Employees who Bid at Cut-off Price, shall receive the refund of the excess amounts from the Escrow Account or the Refund Account, as the case may be.

- (g) In case of an upward revision in the Price Band announced as above, Retail Individual Bidders and Eligible Employees bidding under the Employee Reservation Portion at Cut-Off Price, who had bid at Cut-off Price could either (i) revise their Bid or (ii) make additional payment based on the cap 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 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 by a Retail Individual Bidder will be considered for allocation under the Non-Institutional Portion 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 Cap Price prior to revision, the number of Equity Shares bid for shall be adjusted downwards for the purpose of allotment, such that no additional payment would be required from the Bidder and the Bidder is deemed to have approved such revised Bid at Cut-off Price.
- a. In case of a downward revision in the Price Band, announced as above, Retail Individual Bidders and Eligible Employees bidding under the Employee Reservation Portion, 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 or the Refund Account, as the case may be.
- b. In the event of any revision in the Price Band, whether upwards or downwards, the minimum application size shall remain 25 Equity Shares irrespective of whether the Bid Amount payable on such minimum application is not in the range of Rs 5,000 to Rs 7,000.

### **Application in the Issue**

Equity Shares being issued through the Red Herring Prospectus can be applied for in the dematerialized form only.

### **Bids by Mutual Funds**

A separate Bid can be made in respect of each scheme of a Mutual Fund and such Bids shall not be treated as multiple Bids; see the description under the heading “Multiple Bids”, below.

An eligible Bid by a Mutual Fund shall first be considered for allocation proportionately in the Mutual Funds Portion. In the event that the demand is greater than [●] Equity Shares, Allocation shall be made to Mutual Funds on proportionate basis to the extent of the Mutual Funds Portion. The remaining demand by Mutual Funds shall, as part of the aggregate demand by QIB Bidders, be made available for allocation proportionately out of the remainder of the QIB Portion, after excluding the allocation in the Mutual Funds Portion.

The Bids made by the asset management companies or custodian of Mutual Funds shall specifically state the names of the concerned schemes for which the Bids are made. 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 for which the Bid has been made.

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 capital carrying voting rights.

### **Bids by the SEBI-registered Venture Capital Funds**

The SEBI (Venture Capital) Regulations, 1996 prescribe investment restrictions on Venture Capital Funds registered with the SEBI. Accordingly, the holding by any Venture Capital Fund should not exceed 25% of the corpus of the Venture Capital Fund.

The SEBI has issued an amendment on October 16, 2006 stating that the shareholding of SEBI registered Venture Capital Funds held in a company prior to making an initial public offering would be exempt from lock-in requirements only if the shares have been held by them for at least one year prior to the time of filing the draft prospectus with SEBI.

**The above information is given for the benefit of the Bidders. Our Company and the BRLMs and Co-BRLMs 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 investigations and ensure that the number of Equity Shares bid for do not exceed the applicable limits under laws or regulations.**

### **Escrow Mechanism**

We shall open Escrow Accounts with the Escrow Collection Banks in whose favour the Bidders shall write 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 would be deposited in the Escrow Account. The Escrow Collection Banks will act in terms of the Red Herring Prospectus and the 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 Issue Account with the Banker(s) to the Issue. The balance amount after transfer to the Issue Account shall be held for the benefit of the Bidders who are entitled for refunds. Payments of refunds to the Bidders shall also be made from the Refund Account(s) with the Refund Banker(s) as per the terms of the Escrow Agreement and Red Herring Prospectus.

The Bidders should note that the escrow mechanism is not prescribed by SEBI and has been established as an arrangement between us, the Syndicate, the Escrow Collection Bank(s) and the Registrar to the Issue to facilitate collections from the Bidders.

### **Terms of Payment and Payment into the Escrow Accounts**

Each Bidder, shall pay the applicable Margin Amount, with the submission of the Bid cum Application Form by way of a cheque or demand draft in favour of the Escrow Account (for details, see section titled "Issue Procedure - Payment Instructions" beginning on page 189 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 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 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 Issue Account. The balance amount after transfer to the Issue Account shall be transferred to the Refund Account.

Each category of Bidders i.e. QIB Bidders, Non Institutional Bidders, Retail Individual Bidders and Eligible Employees bidding under the Employee Reservation Portion would be required to pay their applicable Margin Amount at the time of the submission of the Bid cum Application Form by way of a cheque or demand draft for the maximum amount of his/ her Bid in favour of the Escrow Account of the Escrow Collection Bank(s) and submit the same to the member of the Syndicate to whom the Bid is being submitted. The Margin Amount payable by each category of Bidders is mentioned in the section titled “Issue Structure” beginning on page 185 of this Red Herring Prospectus. 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. 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 BRLMs. 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.

Where the Bidder has been allocated lesser number of Equity Shares than he or she had bid for, the excess amount paid on bidding, if any, after adjustment for allotment, will be refunded to such Bidder within 15 days from the Bid /Issue Closing Date, failing which we shall pay interest at 15% per annum for any delay beyond the periods as mentioned above.

### **Electronic registration of Bids**

- (a) The members of the Syndicate will register the Bids using the on-line facilities of the BSE and the NSE. There will be at least one on-line connectivity in each city, where a stock exchange is located in India and where Bids are being accepted.
- (b) The BSE and the NSE 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/Issue Period. The 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 /Issue Closing Date, the members of the Syndicate 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 the BSE and the NSE will be uploaded on a half hourly basis, consolidated and displayed on-line at all bidding centers and at the websites of BSE and NSE. 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 Bidder(s) – Bidder(s) should 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, 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, or Mutual Fund etc.
  - Numbers of Equity Shares bid for
  - Bid price
  - Bid cum Application Form number



- Margin Amount paid upon submission of Bid cum Application Form
  - Depository participant identification no. and client identification no. of the beneficiary 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 member of the Syndicate does not guarantee that the Equity Shares shall be allocated either by the members of the Syndicate or our Company.
- a. Such TRS will be non-negotiable and by itself will not create any obligation of any kind.
  - b. Incase of QIB Bidders, members of the Syndicate have the right to accept the bid or reject it. A rejection can be made only at the time of receiving the bid and only after assigning a reason for such rejection in writing. In case on Non – Institutional Bidders and Retail Individual Bidders, Bids should not be rejected except on the technical grounds as listed on page 189 of this Red Herring Prospectus.
- (h) It is to be distinctly understood that the permission given by the BSE and the NSE 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 our Company or the BRLMs or the Co-BRLMs are cleared or approved by the BSE and the NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of 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 the BSE and the NSE should not in any way be deemed or construed that this Red Herring Prospectus has been cleared or approved by the BSE and the 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 our Equity Shares will be listed or will continue to be listed on the BSE and the NSE.
- (j) Only Bids that are uploaded on the Online IPO system of the NSE and BSE shall be considered for allocation. In case of discrepancy of data between the NSE or the BSE and the members of the Syndicate, the decision of the BRLMs and the Co-BRLMs, based on the physical records of Bid cum Application Forms, shall be final and binding on all concerned.

#### **Build up of the book and revision of Bids**

- (a) Bids registered through the members of the Syndicate shall be electronically transmitted to the BSE or the NSE mainframe on a regular basis.
- (b) The book gets built up at various price levels. This information will be available with the BRLMs and the Co-BRLMs on a regular basis.
- (c) During the Bidding/Issue 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 during the Bidding/Issue Period using the printed Revision Form, which is a part of the Bid cum Application Form.
- (d) Revisions can be made in both the desired number 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 changed in the Revision Form. Incomplete or inaccurate Revision Forms will not be accepted by the members of the Syndicate.

- (e) 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 had placed the original Bid. **Bidders are advised to retain copies of the blank Revision Form and the revised Bid must be made only in such Revision Form or copies thereof.**
- (f) 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 this Red Herring Prospectus. In case of QIB Bidders, the members of the Syndicate shall collect the payment in the form of cheque or demand draft for the incremental amount in the QIB Margin Amount, if any, to be paid on account of upward revision of the Bid at the time of one or more revisions by the QIB Bidders.
- (g) 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.**

#### **Price Discovery and Allocation**

- (a) After the Bid /Issue Closing Date, the BRLMs and Co-BRLMs will analyse the demand generated at various price levels.
- (b) We, in consultation with the BRLMs and Co-BRLMs, shall finalise the “Issue Price” and the number of Equity Shares to be allocated in each investor category.
- (c) The allocation under the Issue shall be on proportionate basis, in the manner specified in the SEBI Guidelines and this Red Herring Prospectus and in consultation with Designated Stock Exchange.
- (d) In case of over-subscription in all categories, at least 60% of the Net Issue shall be available for allocation on a proportionate basis to QIB Bidders out of which 5% shall be available to Mutual Funds. Mutual Funds participating in the 5% share in the QIB Portion will also be eligible for allocation in the remaining QIB Portion. However, if the aggregate demand for mutual funds is less than 5% of the QIB Portion, the balance Equity Shares available for allocation in the Mutual Funds Portion will first be added to the remaining QIB Portion and be allocated proportionately to the QIB Bidders. If at least 60% of the Net Issue cannot be allotted to QIBs, then the entire application money will be refunded. Further, up to 10% of the Net Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and up to 30% of the Net Issue 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.

Any under subscription in the Employee Reservation Portion would be included in the Net Issue. Under subscription, if any, in any category of the Net Issue, other than the QIB Portion, would be allowed to be met with spill over from any of the other categories or

combination of categories at the discretion of our Company in consultation with the BRLMs, Co-BRLMs and the Designated Stock Exchange. However, if the aggregate demand by Mutual Funds is less than [●] Equity Shares, the balance Equity Shares available for allocation in the Mutual Funds Portion will first be added to the QIB Portion and be allocated proportionately to the QIB Bidders.

- (e) The BRLMs and Co-BRLMs, shall notify the other members of the Syndicate of the Issue Price once the same is finalized.
- (f) We reserve the right to cancel the Issue any time after the Bid/Issue Opening Date but before the Allotment without assigning any reasons whatsoever.
- (g) In terms of the SEBI Guidelines, QIB Bidders shall not be allowed to withdraw their Bid after the Bid/Issue Closing Date.

#### **Signing of Underwriting Agreement and ROC Filing**

- (a) We, the BRLMs, the Co-BRLMs and the Syndicate Members shall enter into an Underwriting Agreement upon finalisation of the Issue Price.
- (b) After signing the Underwriting Agreement, we would 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 and Issue size and would be complete in all material respects.
- (c) We will file a copy of the Prospectus with the RoC in terms of Section 56, Section 60, and Section 60B of the Companies Act.

#### **Advertisement regarding Issue Price and Prospectus**

After filing of the Prospectus with the ROC, a statutory advertisement will be issued by our Company in a widely circulated English national newspaper and a Hindi national newspaper of wide circulation. 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 Red Herring Prospectus and the date of Prospectus will be included in such statutory advertisement.

#### **Issuance of CAN**

- (a) Upon approval of the basis of Allotment by the Designated Stock Exchange, the BRLMs Co-BRLMs 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. Investors should note that the Company shall ensure that the demat credit of Equity Shares pursuant to Allotment shall be made on the same date to all investors in this Issue;
- (b) The BRLMs, Co-BRLMs or members of the Syndicate would then send the CAN to their Bidders who have been allocated Equity Shares in the Issue. The dispatch of 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 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; and
- (c) Such Bidders who have been allocated Equity Shares and who have already paid the

Margin Amount for the said Equity Shares into the Escrow Account at the time of bidding shall directly receive the CAN from the Registrar to the Issue subject, however, to realisation of their cheque or demand draft paid into the Escrow Accounts. The dispatch of a CAN shall be deemed a valid, binding and irrevocable contract for the Bidder.

- (d) The issuance of CAN is subject to 'Allotment Reconciliation and Revised CANs' as set forth below.

**INVESTORS ARE ADVISED TO INSTRUCT THEIR DEPOSITORY PARTICIPANT TO ACCEPT THE EQUITY SHARES THAT MAY BE ALLOTTED TO THEM PURSUANT TO THIS ISSUE.**

**Notice to QIBs: Allotment Reconciliation and Revised CANs**

*After the Bid/Issue Closing Date, an electronic book will be prepared by the Registrar to the offer on the basis of Bid applications received. Based on the electronic book QIBs will 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 physical 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 and specified in the physical book. 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.*

**Designated Date and Allotment of Equity Shares**

- (a) 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 Issue Account and the Refund Account on the Designated Date, our Company would ensure the credit to the successful Bidders' depository accounts of the allotted Equity Shares to the allottees within two working days from the date of Allotment.
- (b) As per the SEBI Guidelines, **Equity Shares will be issued and allotted only in the dematerialised form to the allottees.** Allottees will have the option to re-materialise the Equity Shares so allotted, 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.**

**Letters of Allotment or Refund Orders**

We shall give credit of Equity Shares allotted, if any, to the beneficiary account with Depository Participants within two working days from the date of the Allotment. Applicants residing at 15 centres where clearing houses are managed by the RBI will get refunds through ECS (subject to availability of information for crediting the refund through ECS) except where applicant is otherwise disclosed as eligible to get refunds through Direct Credit, NEFT or RTGS. In case of other applicants, our Company shall ensure dispatch of refund orders, if any, of value up to Rs. 1,500 by "Under Certificate of Posting", and shall dispatch refund orders above Rs. 1,500, if any, by registered post or speed post at the sole or First Bidder's sole risk within 15 days of the Bid /Issue Closing Date. Applicants to whom refunds are made through electronic transfer of funds will be sent a letter (refund advice) through ordinary post intimating them about the mode of

credit of refund within 15 working days of the closure of the Issue. Our Company shall ensure dispatch of refund orders/refund advice (for Direct Credit, NEFT, RTGS or ECS), if any, by “Under Certificate of Posting” or registered post or speed post, as applicable, only at the sole or First Bidder’s sole risk within 15 days of the Bid/Issue Closing Date and adequate funds for making refunds to applicants as per the mode(s) disclosed shall be made available to the Registrar to the Issue.

In accordance with the Companies Act, the requirements of the Stock Exchanges and SEBI Guidelines, we undertake that:

- Allotment and transfer shall be made only in dematerialised form within 15 days from the Bid/Issue Closing Date;
- Dispatch of refund orders 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 are not dispatched and/or demat credits are not made to investors within the 15 day time prescribed above.

Our Company will provide adequate funds required for dispatch of refund orders or allotment advice to the Registrar to the Issue.

Save and except refunds effected through the electronic mode, i.e. Direct Credit, NEFT, RTGS or ECS, refunds will be made by cheques, pay orders or demand drafts drawn on a bank appointed by our Company as an Escrow Collection Bank and payable at par at places where Bids are received. Bank charges, if any, for encashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

## **GENERAL INSTRUCTIONS**

### ***Do’s:***

- (a) Check if you are eligible to apply.
- (b) Read all the instructions carefully and complete the Bid cum Application Form (white or blue in colour) as the case may be.
- (c) Ensure that the details about your Depository Participant and beneficiary account are correct and the beneficiary account is activated as Equity Shares will be allotted in the dematerialized form only.
- (d) Ensure that the Bids are submitted at the bidding centers only on forms bearing the stamp of a member of the Syndicate.
- (e) Ensure that you have been given a TRS for all your Bid options.
- (f) Submit Revised Bids to the same member of the Syndicate through whom the original Bid was placed and obtain a revised TRS.
- (g) Where Bid(s) is/are for Rs. 50,000 or more, each of the Bidders, should mention their Permanent Account Number (PAN) allotted under the IT Act. The copies of the PAN card or PAN allotment letter should be submitted with the Bid cum Application Form. If you have mentioned “Applied For” or “Not Applicable”, in the Bid cum Application Form in the section dealing with PAN number, ensure that you submit Form 60 or 61, as the case may be, together with permissible documents as address proof.
- (h) Ensure that the name(s) given in the Bid cum Application Form is exactly the same as the

name(s) in which the beneficiary account is held with the Depository Participant. In case the Bid cum Application Form is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the Bid cum Application Form

- (i) Ensure that the Demographic Details are updated, true and correct, in all respects.

***Don'ts:***

- (a) Do not Bid for lower than the minimum Bid size.
- (b) Do not Bid/revise Bid price to less than Floor Price or higher than the Cap Price.
- (c) Do not Bid on another Bid cum Application Form after you have submitted a Bid to the members of the Syndicate.
- (d) Do not pay the Bid amount in cash, by money order or by postal order or by stockinvest.
- (e) Do not send Bid cum Application Forms by post; instead submit the same to a member of the Syndicate only.
- (f) Do not Bid at Cut-off Price (for QIB Bidders, Non-Institutional Bidders and Bidders bidding under the Employee Reservation Portion, for whom the Bid Amount exceeds Rs. 100,000).
- (g) Do not fill up the Bid cum Application Form such that the Equity Shares bid for exceeds the Issue size and/or investment limit or maximum number of Equity Shares that can be held under the applicable laws or regulations or maximum amount permissible under the applicable regulations.
- (h) Do not submit the GIR number instead of the PAN as the Bid is liable to be rejected on this ground.

**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 or blue colour).
- (b) In single name or in joint names (not more than three, and in the same order as their Depository Participant details).
- (c) 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.
- (d) The Bids from the Retail Individual Bidders must be for a minimum of 25 Equity Shares and in multiples of 25 Equity Shares thereafter subject to a maximum Bid Amount of Rs. 1,00,000.
- (e) For Non-Institutional Bidders and QIB Bidders, Bids must be for a minimum of such number of Equity Shares in multiples of 25 Equity Shares such that the Bid Amount exceeds Rs. 1,00,000 and in multiples of 25 Equity Shares thereafter. Bids cannot be made for more than the Net Issue. Bidders are advised to ensure that a single Bid from them should not exceed the investment limits or maximum number of shares that can be held by them under the applicable laws or regulations.

- (f) For Bidders bidding under the Employee Reservation Portion, the Bid must be for a minimum of ■ Equity Shares in multiple of thereafter subject to a maximum of Bid Amount of Rs. 50,00,000
- (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.

#### **Bidder's depository account details**

**IT IS MANDATORY FOR ALL THE BIDDERS TO GET THE EQUITY SHARES IN DEMATERIALISED FORM. ALL BIDDERS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT 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 and 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 printing on refund orders or give credit through Direct Credit, NEFT, RTGS or ECS and occupation ("Demographic Details"). Hence, Bidders should carefully fill in their Depository Account details in the Bid cum Application Form.**

These Demographic Details would be used for all correspondence with the Bidders including mailing of the refund orders/ECS credit or credit through Direct Credit, NEFT or RTGS for refunds/CANs/Allocation advice and printing of Bank particulars on the refund orders or for refunds through electronic transfer of funds, as applicable. The Demographic Details given by Bidders in the Bid cum Application Form would not be used for these purposes by the Registrar to the Issue. Hence, Bidders are advised to update their Demographic Details as provided to their Depository Participants.

By signing the Bid cum Application Form, the Bidder would be deemed to have authorised the Depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records.

Refund orders/allocation advices/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 Bidder 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 the Escrow Collection Bank(s) nor the BRLMs or the Co-BRLMs 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 account number, then such Bids are liable to be

rejected.

### **Bidder's Bank Account Details**

Bidders should note that on the basis of names 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 will obtain from the Depository the Bidder 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 refund through Direct Credit, NEFT, RTGS 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 refund to Bidders at the sole or Bidders sole risk and neither the BRLMs nor the Co-BRLMs nor the Company shall have any responsibility and undertake any liability for the same.

### **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 and articles of association and/or bye laws must be lodged along with the Bid cum Application Form. Failing this, our Company reserves the right to reject such Bids in whole or in part, without assigning any reasons thereof.

In case of the Bids made pursuant to a power of attorney by Mutual Funds and VCFs 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 lodged along with the Bid cum Application Form. Failing this, our Company reserves the right to reject such Bid in whole or in part, without assigning any reasons thereof.

We, in our absolute discretion, reserve 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 that we/the BRLMs and the Co-BRLMs may deem fit.

We, in our absolute discretion, reserve the right to permit the holder of the power of attorney to request the Registrar to the Issue that for the purpose of printing particulars on the refund order and mailing of the refund order/CANs/allocation advice, the Demographic Details given on the Bid cum Application Form should be used (and not those obtained from the Depository of the Bidder). In such cases, the Registrar to the Issue shall use Demographic Details as given in the Bid cum Application Form instead of those obtained from the depositories.

### **Bids by Eligible Employees**

For the purpose of the Employee Reservation Portion, Eligible Employee means all or any of the following:

- (a) a permanent employee of the Company as of December 31, 2006 and based working and present in India as on the date of submission of the Bid cum Application Form.
- (b) a director of the Company, whether a whole time director except any Promoters or members of the Promoter group, part time director or otherwise as of December 31, 2006 and based and present in India as on the date of submission of the Bid cum Application Form.

Bids under Employee Reservation Portion by Eligible Employees shall be:

- Made only in the prescribed Bid cum Application Form or Revision Form (i.e. blue colour Form).



- Eligible Employees, as defined above, should mention the Employee Number at the relevant place in the Bid cum Application Form.
- The sole/ First Bidder should be Eligible Employees.
- Only Eligible Employees (as defined above) would be eligible to apply in this Issue under the Employee Reservation Portion.
- Only those bids, which are received at or above the Issue Price, would be considered for allocation under this category.
- Eligible Employees who Bid for Equity Shares of or for a value of not more than Rs. 1,00,000 in any of the bidding options can apply at Cut-Off Price. This facility is not available to other Eligible Employees whose Bid Amount in any of the bidding options exceeds Rs. 1,00,000.
- The maximum bid under Employee Reservation Portion by an Eligible Employee cannot exceed Rs. 50,00,000.
- Bid by Eligible Employees can be made also in the “Net Issue” portion and such Bids shall not be treated as multiple bids.
- If the aggregate demand in this category is less than or equal to [●] Equity Shares at or above the Issue Price, full allocation shall be made to the Eligible Employees to the extent of their demand. Under-subscription, if any, in the Employee Reservation Portion will be added back to the Net Issue.
- If the aggregate demand in this category is greater than [●] Equity Shares at or above the Issue Price, the allocation shall be made on a proportionate basis.

#### **Bids made by Insurance Companies**

In case of the Bids made by insurance companies registered with the Insurance Regulatory and Development Authority, a certified copy of certificate of registration issued by Insurance Regulatory and Development Authority must be lodged along with the Bid cum Application Form. Failing this, our Company reserves the right to reject such Bids in whole or in part.

#### **Bids made by Provident Funds**

In case of the Bids made by provident funds, subject to applicable law, with minimum corpus of Rs. 25 crores and pension funds with minimum corpus of Rs. 25 crores, a certified copy of certificate from a chartered accountant certifying the corpus of the provident fund/pension fund 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.

#### **BIDS BY NON-RESIDENTS**

**This Issue is being made to the Indian public only. Non-residents such as FIIs, NRIs, FVCIs, multilateral and bilateral development financial institutions are not permitted to participate in the Issue. As per the existing policy of the government of India, OCBs cannot participate in this Issue.**

This is not an issue for sale within the United States of any equity shares or any other security of the Company. Securities of the Company, including any issuance of the Equity Shares, may not be issued or sold in the United States in the absence of registration under U.S. securities laws or unless exempt from registration under such laws.

#### **Foreign Shareholding of the Bidders**

As per applicable law, in calculation of the sectoral cap of 26% of foreign investment in our Company, the indirect foreign holding component, if any, in the equity of the Indian shareholder companies requires to be duly reckoned on a pro rata basis. For further details in this regard, see

section titled “Regulations and Policies” beginning on page 69 of this Red Herring Prospectus.

Therefore, Bidders (who are Indian body corporates and consider this condition applicable to them) are requested to compulsorily provide this data in the appropriate column and in the manner indicated for such purpose in the Bid cum Application Form. In the event Bidders provide inadequate or incorrect data in this regard and the same is brought to the notice of the Company, the Company reserves the right to reverse or rescind the allocation to such Bidder and rectify its register of members according to the procedure indicated in its articles of association of the Company and as under the Companies Act. Our Directors shall be entitled to take all necessary steps to ensure compliance with applicable laws relating to foreign shareholding in our Company and they may, subject to the provisions of section 111A of the Companies Act, 1956, by giving reasons, decline to register or rectify the register of members of our Company at any stage when any change comes to our knowledge of excess foreign investment (due to indirect shareholding or otherwise) or acknowledge any transfer or transmission of shares whether fully paid or not, in terms of applicable laws and our proposed Articles of Association. The decision of the Directors in this regard shall be final.

## **PAYMENT INSTRUCTIONS**

We shall open Escrow Accounts with the Escrow Collection Bank(s) for the collection of the Bid 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**

- (i) The Bidders for whom the applicable margin 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 and submit the same to the members of the Syndicate.
- (ii) 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 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 BRLMs and the Co-BRLMs.
- (iii) The payment instruments for payment into the Escrow Account should be drawn in favour of:
  - (a) In case of QIB Bidders: **“Escrow Account – GBN Public Issue-QIB”**
  - (b) In case of Non-Institutional Bidders and Retail Individual Bidders: **“Escrow Account – GBN Public Issue”**
  - (c) In case of Eligible Employees: **“Escrow Account- GBN Public Issue-Employee”**
- (iv) Where a Bidder has been allocated a lesser number of Equity Shares than 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 Refund Account.
- (v) The monies deposited in the Escrow Account will be held for the benefit of the Bidders till the Designated Date.

- (vi) On the Designated Date, the Escrow Collection Banks shall transfer the funds from the Escrow Account as per the terms of the Escrow Agreement into the Issue Account.
- (vi) On the Designated Date and not later than 15 days from the Bid/Issue Closing Date, the Escrow Collection Banks shall refund all amounts payable to unsuccessful Bidders and the excess amount paid on Bidding, if any, after adjusting for allocation to the Bidders.
- (viii) Payments should be made by cheque, or demand draft drawn on any bank (including a co-operative bank), which is situated at, and is a member of or sub member of the banker's clearing house located at the centre where the Bid cum Application Form is submitted. Outstation cheques/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.
- (ix) Bidders are advised to mention the number of Bid cum Application Form on the reverse of the cheque/demand draft to avoid misuse of instruments submitted along with the Bid cum Application Forms.

#### **Payment by Stockinvest**

In terms of the Reserve Bank of India Circular No. DBOD No. FSC BC 42/24.47.00/2003-04 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 equivalent to the Margin Amount shall be submitted to the members of the Syndicate at the time of submission of the Bid.

Separate receipts shall not be issued for the money payable on the submission of Bid cum Application Form or Revision Form. However, the collection center 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 case of Individuals**

Bids may be made in single or joint names (not more than three). In 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. All communication will be addressed to the First Bidder and will be dispatched to his or her address.

##### **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 this regard, illustrations of certain procedures which may be followed by the Registrar to the Issue to detect multiple applications are provided below:

1. All applications with the same name and age will be accumulated and taken to a separate process file as probable multiple master.

2. In this master, a check will be carried out for the same PAN/GIR numbers. In cases where the PAN/GIR numbers are different, the same will be deleted from this master.
3. The Registrar will obtain, from depositories, details of the applicants address based on the DP ID and Beneficiary Account Number provided in the Bid-cum-Application Form and create an address master.
3. Then the addresses of all these applications from the address master will be strung. This involves putting the addresses in a single line after deleting non-alpha and non-numeric characters i.e. commas, full stops, hash etc. Sometimes, the name, the first line of address and pin code will be converted into a string for each application received and a photo match will be carried out amongst all the applications processed. A print-out of the addresses will be taken to check for common names.
4. The applications will be scanned for same or identical DP ID and Beneficiary Account numbers. In case applications bear the same numbers, these will be treated as multiple applications.
5. After consolidation of all the masters as described above, a print out of the same will be taken and the applications physically verified to tally signatures as also fathers/husbands names. On completion of this, the applications will be identified as multiple applications.

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 for which the Bid has been made.

Bids made by Eligible Employees both under Employees Reservation Portion as well as in the Net Issue shall not be treated as multiple Bids.

The Company reserves the right to reject, in their absolute discretion, all or any multiple Bids in any or all categories.

#### **‘PAN’ or ‘GIR’ Number**

Where Bid(s) is/are for Rs. 50,000 or more, the Bidder or in the case of a Bid in joint names, each of the Bidders, should mention his/her PAN allotted under the I.T. Act. **The copy of the PAN card(s) or PAN allotment letter(s) 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 each of the Bidder(s) should mention “Applied for” in the Bid cum Application Form. Further, where the Bidder(s) has mentioned “Applied for” or “Not Applicable”, the sole/First Bidder and 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 of the Income Tax Rules, 1962), 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 of the Income Tax Rules, 1962), 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 licence (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 by a notification issued on December 1, 2004 by the Central Board of Direct Taxes, Department of Revenue, Ministry of Finance. All Bidders are requested to furnish, where applicable, the revised Form 60 or Form 61 as the case may be.**

### **Unique Identification Number (“UIN”)**

With effect from July 1, 2005, SEBI had decided to suspend all fresh registrations for obtaining UIN and the requirement to contain/quote UIN under the SEBI MAPIN Regulations/Circulars by its circular MAPIN/Cir-13/2005. However, in a recent press release dated December 30, 2005, SEBI has approved certain policy decisions and has now decided to resume registrations for obtaining UINs in a phased manner. The press release states that the cut off limit for obtaining UIN has been raised from the existing limit of trade order value of Rs.100,000 to Rs.500,000 or more. The limit will be reduced progressively. For trade order value of less than Rs.500,000, an option will be available to investors to obtain either the PAN or UIN. These changes are, however, not effective as of the date of the Red Herring Prospectus and SEBI has stated in the press release that the changes will be implemented only after necessary amendments are made to the SEBI MAPIN Regulations.

### **Right to Reject Bids**

In case of QIB Bidders, the Company in consultation with the BRLMs and Co-BRLMs may reject Bids provided that the reason for rejecting the same shall be provided to such Bidders in writing. In case of Non-Institutional Bidders, Retail Individual Bidders, Bidders in the Employee Reservation Portion, we have the right to reject Bids based on technical grounds only. 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.

### **GROUND FOR TECHNICAL REJECTIONS**

Bidders are advised to note that Bids are liable to be rejected on, among other things, the following technical grounds:

1. Amount paid does not tally with the amount payable for the highest value of Equity Shares bid for;
2. Age of First Bidder not given;
3. In case of partnership firms, Equity Shares may be registered in the names of the individual partners and no such partnership firm, shall be entitled to apply;
4. Bids by Non-Residents;
5. Bids by persons not competent to contract under the Indian Contract Act, 1872, including minors and persons of unsound mind;
6. **PAN not stated if Bid is for Rs. 50,000 or more or copy of PAN, Form 60 or Form 61, as applicable, or GIR number furnished instead of PAN. See the section titled “Issue Procedure—PAN or GIR No” on page 189 of this Red Herring Prospectus;**
7. Bids for lower number of Equity Shares than specified for that category of investors;
8. Bids at a price less than lower end of the Price Band;
9. Bids at a price more than the higher end of the Price Band;
10. Bids at Cut-off Price by Non-Institutional Bidders and QIB Bidders;
11. Bids for number of Equity Shares, which are not in multiples of 25;
12. Category not ticked;
13. Multiple Bids as defined in this Red Herring Prospectus;
14. In case of Bid under power of attorney or by limited companies, corporate, trust etc., relevant documents are not submitted;
15. Bids accompanied by stockinvest/money order/postal order/cash;
16. Signature of sole and/or joint Bidders missing;
17. Bid cum Application Form does not have the stamp of the BRLMs, Co-BRLMs or the

- Syndicate Members;
18. Bid cum Application Form does not have the Bidder's depository account details;
  19. Bid cum Application Form is not delivered by the Bidder within the time prescribed as per the Bid cum Application Form and this Red Herring Prospectus and as per the instructions in this Red Herring Prospectus and the Bid cum Application Form;
  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 account number;
  21. Bids for amounts greater than the maximum permissible amounts prescribed by the regulations. For further details, see section titled "Issue Procedure – Bids at Different Price Levels" beginning on page 189 of this Red Herring Prospectus;
  22. Bids by OCBs;
  23. Bids by QIBs not procured by and submitted through Syndicate Members; and
  25. Bids by employees of the Company or our Directors not eligible to apply in the Employee Reservation Portion.
  26. Bids in respect of whereof the Bid cum Application Forms do not reach the Registrar prior to finalization of the basis of allotment.
  27. Bids where clear funds are not available in the Escrow Account as per the final certificate from the Escrow Collection Banks(s).
  28. Bids by persons prohibited from buying, selling or dealing in shares directly or indirectly by SEBI or any other regulatory authority.

### **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 de-materialised 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 agreements have been signed among our Company, the respective Depositories and the Registrar to the Issue:

- a) an agreement dated November 15, 2006 between NSDL, us and Registrar to the Issue;
- b) an agreement dated November 20, 2006 between CDSL, us and Registrar to the Issue.

All Bidders can seek Allotment only in dematerialised mode. Bids from any Bidder without relevant details of his or her depository account are liable to be rejected.

- a) A Bidder applying for Equity Shares must have at least one beneficiary account with the Depository Participants of either NSDL or CDSL prior to making the Bid.
- b) 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.
- c) Equity Shares allotted to a successful Bidder will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Bidder.
- d) Names in the Bid cum Application Form or Revision Form should be identical to those appearing in the account details with the Depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the account details with the Depository.
- e) 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.

- f) 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.
- g) It may be noted that Equity Shares in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL and CDSL. All the Stock Exchanges where our Equity Shares are proposed to be listed have electronic connectivity with CDSL and NSDL.
- h) The trading of the Equity Shares would be in dematerialised form only for all investors in the demat segment of the respective Stock Exchanges.

## **COMMUNICATIONS**

All future communication 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 cum Application Form, name and address of the member of the Syndicate where the Bid was submitted and cheque or draft number and issuing bank thereof.

Investors can contact the Compliance Officer or the Registrar to the Offer in case of any pre or post Offer related problems such as non-receipt of letters of allotment, credit of allotted shares in respective beneficiary accounts, refund orders etc.

### **Disposal of Investor Grievances by our Company**

We estimate that the average time required by us or the Registrar to the Issue for the redressal of routine investor grievances shall be seven 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. Hitesh Kumar Jain, Company Secretary 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:

Express Trade Tower, Plot No. 15 & 16,  
Sector 16A, Noida,  
Uttar Pradesh 201 301, India.  
Tel: +91 11 4341 818  
Fax: +91 11 4324 110  
E-mail: ipo@tv18online.com

## **IMPERSONATION**

**Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 68 A of the Companies Act, 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.”**

**Basis of Allocation.****A. 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 category. The Allotment to all successful Retail Individual Bidders will be made at the Issue Price.
- The Net Issue size less allocation to Non-Institutional Bidders and QIB Bidders shall be available for allocation to Retail Individual Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.
- If the valid Bids in this category is for less than or equal to [●] Equity Shares at or above the Issue Price, full allotment shall be made to the Retail Individual Bidders to the extent of their valid Bids.
- If the valid Bids in this category are for more than [●] Equity Shares at or above the Issue Price, the allocation shall be made on a proportionate basis up to a minimum of 25 Equity Shares and in multiples of 1 Equity Share thereafter. For the method of proportionate basis of allocation, refer below.

**B. 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 category. The Allotment to all successful Non-Institutional Bidders will be made at the Issue Price.
- The Net Issue size less allocation to QIB Bidders and Retail Individual Bidders shall be available for allocation to Non-Institutional Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.
- If the valid Bids in this category is for less than or equal to [●] Equity Shares at or above the Issue Price, full allotment shall be made to Non-Institutional Bidders to the extent of their valid Bids.
- In case the valid Bids in this category are for more than [●] Equity Shares at or above the Issue Price, allocation shall be made on a proportionate basis up to a minimum of 25 Equity Shares and in multiples of 1 Equity Share thereafter. For the method of proportionate basis of allocation refer below.

**C. For QIB Bidders**

- At least 60% of the Net Issue shall be allotted to the QIB Bidders, failing which the full subscription monies shall be refunded.
- Bids received from the QIB Bidders at or above the Issue Price shall be grouped together to determine the total demand under this category. The Allotment to all the QIB Bidders will be made at the Issue Price.
- The Net Issue size less allocation to Non-Institutional Portion and Retail Portion shall be available for proportionate allocation to QIB Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.
- However, eligible Bids by Mutual Funds only shall first be considered for allocation proportionately in the Mutual Funds Portion. After completing proportionate allocation to Mutual Funds for an amount of up to [●] Equity Shares (the Mutual Funds Portion), the



remaining demand by Mutual Funds, if any, shall then be considered for allocation proportionately, together with Bids by other QIBs, in the remainder of the QIB Portion (i.e. after excluding the Mutual Funds Portion). For the method of allocation in the QIB Portion, see the paragraph titled “Illustration of Allotment to QIBs” appearing below. If the valid Bids by Mutual Funds are for less than [●] Equity Shares, the balance Equity Shares available for allocation in the Mutual Funds Portion will first be added to the QIB Portion and allocated proportionately to the QIB Bidders. For the purposes of this paragraph it has been assumed that the QIB Portion for the purposes of the Issue amounts to 60% of the Net Issue size, i.e. [●] Equity Shares.

- Allotment shall be undertaken in the following manner:
  - (a) In the first instance allocation to Mutual Funds for 5% of the QIB Portion shall be determined as follows:
    - (i) In the event that Mutual Fund Bids exceeds 5% of the QIB Portion, allocation to Mutual Funds shall be done on a proportionate basis for up to 5% of the QIB Portion.
    - (ii) In the event that the aggregate demand from Mutual Funds is less than 5% of the 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 (b) below;
  - (b) In the second instance allocation to all QIBs shall be determined as follows:
    - (i) In the event that the oversubscription in the QIB Portion, all QIB Bidders who have submitted Bids at or above the Issue Price shall be allotted Equity Shares on a proportionate basis for up to 95% of the QIB Portion.
    - (ii) Mutual Funds, who have received allocation as per (a) above, for less than the number of Equity Shares Bid for by them, are eligible to receive Equity Shares on a proportionate basis along with other QIB Bidders.
    - (iii) Under-subscription below 5% of the QIB Portion, if any, from Mutual Funds, would be included for allocation to the remaining QIB Bidders on a proportionate basis.

Except for any Equity Shares allocated to QIB Bidders due to under subscription in the Retail Portion and/or Non Institutional Portion, the aggregate allocation to QIB Bidders shall be made on a proportionate basis of at least 25 Equity Shares. For the method of proportionate basis of allocation refer below.

#### D. 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 category. The allocation to all the successful Eligible Employees will be made at the Issue Price.
- If the aggregate demand in this category is less than or equal to [●] Equity Shares at or above the Issue Price, full allocation shall be made to the Eligible Employees to the extent of their demand.
- If the aggregate demand in this category is greater than [●] Equity Shares at or above the Issue Price, the allocation shall be made on a proportionate basis up to a minimum of 25 Equity Shares. For the method of proportionate basis of allocation, refer below.

- Only Eligible Employees (as defined above) are eligible to apply under Employee Reservation Portion.

### **Method of Proportionate basis of allocation in the Issue**

In the event of the Offer being over-subscribed, the Company shall finalize the basis of Allotment in consultation with the Designated Stock Exchange. The Executive Director (or any other senior official nominated by them) of the Designated Stock Exchange along with the BRLMs/ Co-BRLMs, and the Registrar to the Offer shall be responsible for ensuring that the basis of Allotment is finalized in a fair and proper manner.

Bidders will be categorized according to the number of Equity Shares applied for by them and the allotment shall be made on a proportionate basis as explained below.

- (a) The total number of Equity Shares to be allotted to each category as a whole shall be arrived at on a proportionate basis, which is the total number of Equity Shares applied for in that category (number of Bidders in the category multiplied by the number of Equity Shares applied for) multiplied by the inverse of the over-subscription ratio.
- (b) Number of Equity Shares to be allotted to the successful Bidders will be arrived at on a proportionate basis, which is total number of Equity Shares applied for by each Bidder in that category multiplied by the inverse of the over-subscription ratio.

In all Bids where the proportionate allotment is less than 25 Equity Shares per Bidder, the allotment shall be made as follows:

- Each successful Bidder shall be allotted a minimum of 25 Equity Shares; and
- 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 category is equal to the number of Equity Shares calculated in accordance with (b) above.

If the proportionate allotment to a Bidder is a number that is more than 25 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. All Bidders in such categories would be allotted Equity Shares arrived at after such rounding off.

If the Equity Shares allocated on a proportionate basis to any category are more than the Equity Shares allotted to the Bidders in that category, the remaining Equity Shares available for allotment shall be first adjusted against any other category, where the allotted Equity Shares are not sufficient for proportionate allotment to the successful Bidders in that category. The balance Equity Shares, if any, remaining after such adjustment will be added to the category comprising Bidders applying for minimum number of Equity Shares. The basis of allocation on a proportionate basis shall be finalised in consultation with the Designated Stock Exchange.

### **Illustration of Allotment to QIBs and Mutual Funds (“MF”)**

#### **A. Issue details**

<b>Sr. No</b>	<b>Particulars</b>	<b>Issue details</b>
1	Issue size	200 million Equity Shares
2	Allocation to QIB (at least 50% of the Issue)	100 million Equity Shares
	Of which:	
	a. Reservation For Mutual Funds, (5%)	5 million Equity Shares
	b. Balance for all QIBs including Mutual Funds	95 million Equity Shares
3	Number of QIB applicants	10

Sr. No	Particulars	Issue details
4	Number of Equity Shares applied for	500 million Equity Shares

**B. Details of QIB Bids**

S.No	Type of QIB bidders#	No. of shares bid for (in million)
1	A1	50
2	A2	20
3	A3	130
4	A4	50
5	A5	50
6	MF1	40
7	MF2	40
8	MF3	80
9	MF4	20
10	MF5	20
	TOTAL	500

# A1-A5: (QIB Bidders other than Mutual Funds), MF1-MF5 (QIB Bidders which are Mutual Funds)

**C. Details of Allotment to QIB Bidders/Applicants**

(Number of equity shares in million)

Type of QIB bidders	Shares bid for	Allocation of 5 million Equity Shares to MF proportionately (please see note 2 below)	Allocation of balance 95 million Equity Shares to QIBs proportionately (please see note 4 below)	Aggregate allocation to MFs
(I)	(II)	(III)	(IV)	(V)
A1	50	0	9.60	0
A2	20	0	3.84	0
A3	130	0	24.95	0
A4	50	0	9.60	0
A5	50	0	9.60	0
MF1	40	1	7.48	8.48
MF2	40	1	7.48	8.48
MF3	80	2	14.97	16.97
MF4	20	0.5	3.74	4.24
MF5	20	0.5	3.74	4.24
	<b>500</b>	<b>5</b>	<b>95</b>	<b>42.42</b>

Please note:

- The illustration presumes compliance with the requirements specified in this Red Herring Prospectus in the section titled “Issue Structure” beginning on page **185** of this Red Herring Prospectus.
- Out of 100 million Equity Shares allocated to QIBs, 5 million (i.e. 5%) will be allocated on proportionate basis among five Mutual Fund applicants who applied for 200 shares in the QIB Portion.
- The balance 95 million Equity Shares [i.e. 100 - 5 (available for Mutual Funds only)] will be allocated on proportionate basis among 10 QIB Bidders who applied for 500 Equity Shares (including 5 Mutual Fund applicants who applied for 200 Equity Shares).
- The figures in the fourth column titled “Allocation of balance 95 million Equity Shares to

QIBs proportionately” in the above illustration are arrived as under:

1. For QIBs other than Mutual Funds (A1 to A5)= Number of Equity Shares Bid for X 95 /495
2. 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 95/495
3. The numerator and denominator for arriving at allocation of 95 million Equity Shares to the 10 QIBs are reduced by 5 million shares, which have already been allotted to Mutual Funds in the manner specified in column III of the table above.

## **DISPOSAL OF APPLICATIONS AND APPLICATION MONEYS AND REFUND ORDERS**

We shall give credit of Equity Shares allotted to the beneficiary account with Depository Participants within 15 working days of the Bid/Issue Closing Date. Applicants residing at 15 centres where clearing houses are managed by the Reserve Bank of India (RBI) will get refunds through ECS (subject to availability of all information for crediting the refund through ECS) except where applicants are otherwise disclosed as eligible to get refunds through Direct Credit, NEFT or RTGS.

In case of other applicants, the Company shall ensure dispatch of refund orders, if any, of value up to Rs. 1,500 by “Under Certificate of Posting”, and shall dispatch refund orders above Rs. 1,500, if any, by registered post or speed post, except for Bidders who have opted to receive refunds through Direct Credit, NEFT, RTGS or ECS.

Applicants to whom refunds are made through electronic transfer of funds will be sent a letter through ordinary post intimating them about the mode of credit of refund within 15 working days of closure of Issue.

Our Company shall ensure dispatch of refund orders, if any, of value up to Rs. 1,500, “Under Certificate of Posting” or registered post or speed post or Direct Credit, NEFT, RTGS or ECS, as applicable, only at the sole or First Bidder’s sole risk within 15 days of the Bid/Issue Closing Date, and adequate funds for making refunds to unsuccessful applicants as per the mode(s) disclosed shall be made available to the Registrar to the Issue by the Issuer.

We shall ensure dispatch of allotment advice, refund orders 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 Allotment.

We shall use best efforts to ensure that all steps for 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, are taken within 7 (seven) working days finalisation of the basis of allotment.

In accordance with the Companies Act, the requirements of the Stock Exchanges and the SEBI Guidelines we further undertake that:

- allotment of Equity Shares shall be made only in dematerialised form within 15 (fifteen) days of the Bid /Issue Closing Date;
- Refunds shall be made within 15 days from the Bid/Issue closing date at the sole or First Bidder’s sole risk, except for Bidders who have opted to receive refunds through Direct Credit, NEFT, RTGS or ECS; and
- Our Company shall pay interest at 15% (fifteen) per annum if allotment letters/ refund

orders have not been dispatched to the applicants or if, in a case where the refund or portion thereof is made in electronic manner through Direct Credit, NEFT, RTGS or ECS, the refund instructions have not been given to the clearing system in the disclosed manner within 15 days from the Bid/Issue Closing Date.

Refunds will be made by cheques, pay-orders or demand drafts drawn on a bank appointed by us, as an Escrow Collection Bank and payable at par at places where Bids are received, except where the refund or portion thereof is made in electronic manner as described above. Bank charges, if any, for encashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

### **Mode of making refunds**

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 including nine digit MICR code. 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 sole or Bidder's sole risk and neither the BRLMs nor the Co-BRLMs nor the Company shall have any responsibility and undertake any liability for the same.

The payment of refund, if any, would be done through various modes in the following order of preference:

#### **I. Direct Credit**

Applicants applying through the web/internet whose service providers opt to have the refund amounts for such applicants being by way of direct disbursement by the service provider through their internal networks, the refund amounts payable to such applicants will be directly handled by the service providers and credited to bank account particulars as registered by the applicant in the demat account being maintained with the service provider. The service provider, based on the information provided by the Registrar, shall carry out the disbursement of the refund amounts to the applicants.

#### **II. NEFT**

Payment of refund shall be undertaken through NEFT wherever the applicants' bank has been assigned the Indian Financial System Code (IFSC), which can be linked to a Magnetic Ink Character Recognition (MICR) , if any, available to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the applicants have registered their nine digit MICR number and their bank account number while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the applicants through this method. The Process flow in respect of refunds by way of NEFT is at an evolving stage hence use of NEFT is subject to operational feasibility, cost and process efficiency.

#### **III. RTGS**

Applicants having a bank account at any of the abovementioned fifteen centres and whose refund amount exceeds Rs. 0.10 crores, have the option to receive refund through RTGS. Such eligible applicants who indicate their preference to receive refund through RTGS are required to provide the IFSC code in the Bid-cum-application Form. In the event the same is not provided, refund shall be made through ECS. Charges, if any, levied by the Refund Bank(s) for the same would be borne by such applicant opting for RTGS as a mode of refund. Charges, if any, levied by the

applicant's bank receiving the credit would be borne by the applicant.

#### **IV. ECS**

Payment of refund shall be undertaken through ECS for applicants having an account at any of the following fifteen centers: Ahmedabad, Bangalore, Bhubaneswar, Kolkata, Chandigarh, Chennai, Guwahati, Hyderabad, Jaipur, Kanpur, Mumbai, Nagpur, New Delhi, Patna and Thiruvananthapuram. This mode of payment of refunds would be subject to availability of complete bank account details including the MICR code as appearing on a cheque leaf, from the Depositories. One of the methods for payment of refund is through ECS for applicants having a bank account at any of the abovementioned 15 centers.

Note: We expect that all payments including where refund amounts exceed Rs. 10,00,000 shall be made through NEFT, however in some exceptional circumstances where refund amounts exceed Rs. 10,00,000, refunds may be made through RTGS.

For all other applicants, including those who have not updated their bank particulars with the MICR code, the refund orders shall be dispatched under certificate of posting for value up to Rs. 1,500 and through Speed Post/ Registered Post for refund orders of Rs. 1,500 and above. Such refunds will be made by cheques, pay orders or demand drafts drawn on the Escrow Collection Banks and payable at par at places where Bids are received. Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

**Please note that applicants having a bank account at any of the 15 centres where the clearing houses for ECS are managed by the RBI are eligible to receive refunds through the modes detailed in I, II, III and IV above. For all the other applicants, including applicants who have not updated their bank particulars alongwith the nine digit MICR Code, prior to the Bid/Issue Opening Date, the refund orders would be dispatched under "Under Certificate of Posting" for refund orders less than Rs. 1,500 and through speed post/registered post for refund orders exceeding Rs. 1,500.**

#### **Undertaking by our Company**

We undertake as follows:

- that the complaints received in respect of this Issue shall be attended to by us expeditiously and satisfactorily;
- 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;
- that the funds required for dispatch of refund orders or allotment advice by registered post or speed post shall be made available to the Registrar to the Issue by us;
- that where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within 15 days of the Final Transfer Date, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund; and
- that no further issue of Equity Shares shall be made till the Equity Shares issued through this Red Herring Prospectus are listed or until the Bid monies are refunded on account of non-listing, under-subscription etc.

#### **Utilisation of Issue proceeds**

Our Board of Directors certifies that:

- 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;
- details of all monies utilised out of the Issue referred above shall be disclosed under an

- appropriate separate head in our balance sheet indicating the purpose for which such monies have been utilised;
- details of all unutilised monies out of the Issue, if any shall be disclosed under the appropriate head in our balance sheet indicating the form in which such unutilised monies have been invested;
- we 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;
- details of all monies utilised out of the funds received from Employee Reservation Portion shall be disclosed under an appropriate head in the balance sheet of the Company, indicating the purpose for which such monies have been utilised;
- details of all unutilized monies out of the funds received from the Employee Reservation Portion shall be disclosed under a separate head in the balance sheet of the Company, indicating the form in which such unutilised monies have been kept.

### **Restrictions on Foreign Ownership of Indian Securities**

Foreign investment in Indian securities is regulated through the Industrial Policy and FEMA. While the Industrial Policy 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 Industrial Policy, unless specifically restricted, foreign investment is freely permitted in all sectors of 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 investments.

Foreign investment in a company involved in up-linking a news and current affairs television channel is regulated by the Government of India. The Industrial Policy specifies that FDI and portfolio investments by recognized FIIs, together up to 26% is permitted with prior Government approval in a company involved in up-linking a news and current affairs television channel subject amongst other things to verification of antecedents of the foreign investor and keeping editorial and management control in the hands of resident Indians.

Further, under the Up Linking Guidelines, FDI and portfolio investments by recognized FIIs, together in a company involved in up-linking a news and current affairs television channel is allowed up to 26% of paid-up equity of such entity and on the terms and conditions specified under the Up Linking Guidelines.

For further details on the laws applicable to the restrictions in foreign investments in the news broadcasting sector, see section titled “Regulations and Policies” on page 69 of this Red Herring Prospectus.

#### **Note:**

**In accordance with applicable laws, in calculating the sectoral cap of 26% of foreign investment, the indirect foreign holding component, if any, in the equity capital of the Indian shareholder company applying for Equity Shares in the Issue, requires to be duly reckoned on a pro rata basis.**

**Our Directors shall be entitled to take all necessary steps to ensure compliance with applicable laws relating to foreign shareholding in our Company and they may, subject to the provisions of section 111A of the Companies Act, 1956, by giving reasons, decline to register or rectify the register of members of our Company at any stage when any change comes to our knowledge of excess foreign investment (due to indirect shareholding or otherwise) or acknowledge any transfer or transmission of shares whether fully paid or not, in terms of applicable laws and our proposed Articles of Association. The decision of the Directors in this regard shall be final.**

## **MAIN PROVISIONS OF ARTICLES OF ASSOCIATION OF THE COMPANY**

Pursuant to Schedule II of the Companies Act and the SEBI Guidelines, the main provisions of the of the Articles of Association relating to voting rights, restrictions on transfer and transmission of Equity Shares or debentures as detailed below. Please note that the each provision herein below is numbered as per the corresponding article number in the Articles of Association and defined terms herein have the meaning given to them in the Articles of Association.

1. Save as herein provided the Regulations contained in Table 'A' in the First Schedule to the Companies Act, 1956 shall not apply to the Company.
2. The Regulations for the management of the Company and for the observance of the members thereof shall be such as are contained in these Articles subject, however, to the exercise of the statutory powers of the Company in respect of repeal, additions, alterations, substitutions, modifications and variations thereto by a Special Resolution as prescribed by the Companies Act, 1956 or any statutory modification thereof in force.

### **General Authority**

3. Wherever in the Act it has been provided that the Company shall have any right, privilege or authority or that the Company could carry out any transaction only if the Company is so authorised by its Articles, then and in that case, by virtue of this Regulation, the Company is hereby specifically authorised, empowered and entitled to have such right, privilege or authority, to carry out such transactions as have been permitted by the Act, without there being any separate Regulations in that behalf herein provided. Without limiting the general authority conferred under this Article, the Company shall have the following rights, privileges and authorities to carry out the transactions as set out below under the relevant sections of the Act, as amended from time to time:

- |     |   |
|-----|---|
| 76  | To pay commission on issue of Shares & Debentures.              |
| 77A | To buyback its Shares.  |
| 80  | To issue redeemable, cumulative, convertible preference shares. |
| 92  | To accept unpaid share capital although not called up.          |
| 93  | To pay dividend in proportion to amount paid-up.                |
| 94  | To alter the share capital of the Company.                      |
| 100 | To reduce the share capital of the Company.                     |
| 106 | To alter the rights of shareholders.                            |
| 208 | To pay interest out of capital.                                 |

### **Shares and Share Capital**

4. The Company may, from time to time, by ordinary resolution increase the Authorised Share Capital by such sum, to be divided into Shares of such amount, as may be specified in the resolution.
5. The Company may, by ordinary resolution, –
  - (a) consolidate and divide all or any of its share capital into Shares of larger amount than its existing Shares;
  - (b) sub-divide its existing Shares or any of them into Shares of smaller amount than is fixed by the memorandum, subject, nevertheless, to the provisions of clause (d) of sub-section (1) of section 94 of the Act;



- (c) cancel any Shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person.
6. Subject to the provisions of the Act, the Company may reduce in any manner and with, and subject to, any incident authorised and consent required by law,-
- (a) its share capital;
  - (b) any capital redemption reserve account; or
  - (c) any securities premium account.

7. **Future Funding and Further Issue of Share Capital**

Where at any time after the expiry of two years from the formation of the company or at any time after the expiry of one year from the allotment of shares in the company made for the first time after its formation, whichever is earlier, it is proposed to increase the subscribed capital of the company by allotment of further shares then:

- (a) Such further shares shall be offered to the persons who, at the date of the offer, are holders of the equity shares of the company, in proportion, as nearly as circumstances admit, to the capital paid-up on those shares at that date;
  - (b) The offer aforesaid shall be made by a notice specifying the number of shares offered and limiting a time not being less than fifteen days from the date of the offer within which the offer, if not accepted, will be deemed to have been declined;
  - (c) The offer aforesaid shall be deemed to include a right exercisable by the person concerned to renounce the shares offered to him or any of them in favour of any other person and the notice referred to in sub-clause (b) shall contain a statement of this right;
  - (d) After the expiry of the time specified in the notice aforesaid, or on receipt of earlier intimation from the person to whom such notice is given that he declines to accept the shares offered, the Board of Directors may dispose of them in such manner as they think most beneficial to the company.
- (2) Notwithstanding anything contained in sub clause (1) the further shares aforesaid may be offered to any persons (whether or not those persons include the persons referred to in clause (a) of sub-clause (1) hereof) in any manner whatsoever.
- (a) If a special resolution to that affect is passed by the Company in General Meeting, or
  - (b) Where no such special resolution is passed, if the votes cast (whether on a show of hands or on a poll as the case may be) in favour of the proposal contained in the resolution moved in the General Meeting (including the casting vote by the chairman) by the Members who, being entitled to do so, vote in person, or where proxies are allowed, by proxy, exceed the votes, if any, cast against the proposal by Members, so entitled and voting and the Central Government is satisfied on an application made by the Board in this behalf that the proposal is most beneficial to the Company.

- (3) Nothing in Article sub-clause (c) of (1) hereof shall be deemed:
  - (a) To extend the time within which the offer should be accepted; or
  - (b) To authorise any Person to exercise the right of renunciation for a second time on the ground that the Person in whose favour the renunciation was first made has declined to take the Shares comprised in the renunciation.
- (4) Nothing in this Article shall apply to the increase of the subscribed capital of the Company caused by the exercise of an option attached to the debenture issued or loans raised by the Company.
  - (a) To convert such debentures or loans into Shares in the Company; or
  - (b) To subscribe for Shares in the Company

Provided that the terms of issue of such debentures or the terms of such loans include a term providing for such option and such term.

- (a) Either has been approved by the central government before the issue of the debentures or the raising of the loans or is in conformity with rules, if any, made by that government in this behalf; and
- (b) In the case of debentures or loans or other than debentures issued to or loans obtained from government or any institution specified by the central government in this behalf, has also been approved by a special resolution passed by the Company in General Meeting before the issue of the debentures or raising of the loans.

#### 8. **Shares at the Disposal of Directors**

Subject to the provisions of Section 81 of the Act and these Articles, the shares in the capital of the company for the time being shall be under the control of the directors who may issue, allot or otherwise dispose of the same or any of them to such person, in such proportion and on such terms and conditions and either at a premium or at par or (subject to the compliance with the provision of section 79 of the Act) at a discount and at such time as they may from time to time think fit and with sanction of the company in the General Meeting to give to any person or persons the option or right to call for any shares either at par or premium during such time and for such consideration as the directors think fit, and may issue and allot shares in the capital of the company on payment in full or part of any property sold and transferred or for any services rendered to the company in the conduct of its business and any shares which may so be allotted may be issued as fully paid up shares and if so issued, shall be deemed to be fully paid shares. Provided that option or right to call of shares shall not be given to any person or persons without the sanction of the company in the General Meeting.

#### **Preference Shares**

10. Subject to the provisions of Section 80, any preference shares may, with the sanction of an ordinary resolution, be issued on the terms that they are, or at the option of the Company are liable, to be redeemed on such terms and in such manner as the Company before the issue of the Shares may determine.

### **Issue of Shares at Discount**

11. Subject to the provisions of the Act, it shall be lawful for the Company to issue at a discount, Shares of a class already issued.

### **Variation of Rights**

14. (1) If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, subject to the provisions of sections 106 and 107 of the Act, and whether or not the Company is being wound up, be varied with the consent in writing of the holders of three-fourths of the issued shares of that class, or with the sanction of a special resolution passed at the separate meeting of the holders of the shares of that class.  
  
(2) To every such separate meeting, the provisions of these regulations relating to general meetings shall mutatis mutandis apply. However, in each such meeting the necessary quorum shall be two persons at least holding or representing by proxy one-third of the issued shares of the class in question.
15. The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

### **Power to Borrow**

16. Subject to the provisions of Section 58A and 292 of the Companies Act, 1956, the Director shall have the power, from time to time and at their discretion, to borrow, raise or secure the payment of any sum of money for the purpose of the Company in such manner and upon such terms and conditions in all respects as they think fit and in particular by the issue of debentures or bonds of the Company or by mortgage or charge upon all or any of the properties of the Company both present and future including its uncalled capital for the time being.

### **Debentures**

17. 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.

The Company shall have the power to issue convertible/ non – convertible Debenture subject to the provisions of the Act and the approval of controller of capital issue, if so required.

### **Issue of Certificates**

18. (1) Every member shall be entitled, without payment to one or more certificates in marketable lots, for all the shares of each class or denomination registered in his name, or if the directors so approve (upon paying such fee as the Directors so time determine) to several certificates, each for one or more of such shares and

the company shall complete and have ready for delivery such certificates within three months from the date of allotment, unless the conditions of issue thereof otherwise provide, or within two months of the receipt of application of registration of transfer, transmission, sub-division, consolidation or renewal of any of its shares as the case may be. Every certificate of shares shall be under the seal of the company and shall specify the number and distinctive numbers of shares in respect of which it is issued and amount paid-up thereon and shall be in such form as the directors may prescribe and approve, provided that in respect of a share or shares held jointly by several persons, the company shall not be bound to issue more than one certificate and delivery of a certificate of shares to one or several joint holders shall be a sufficient delivery to all such holder.

- (2) The Company shall not be bound to register more than three persons as joint holders of any shares.

### **Nomination of securities**

19.

- (1) Every holder of shares in or debentures of the Company, may at any time, nominate a person to whom the shares in or debentures of the Company shall vest in the event of his death in such manner as may be prescribed under the Act.
- (2) Where the shares in or debentures of the Company are held by more than one person jointly, the joint holders may together nominate a person to whom all the rights in the shares or debenture, as the case may be, shall vest in the event of death of all the joint holders in such manner as may be prescribed under the Act.
- (3) Notwithstanding anything contained in any other law for the time being in force or in any disposition, whether testamentary or otherwise in respect of such shares in or debentures of the Company, where a nomination made in the manner aforesaid purports to confer on any person the right to vest the shares in or debentures of the Company the nominee shall, on the death of the shareholder or debentureholder or, as the case may be, on the death of the joint holders, become entitled to all the rights in such shares or debentures or, as the case may be, of all the joint holders, in relation to such shares or debentures, to the exclusion of all other persons, unless the nomination is varied or cancelled in the manner as may be prescribed under the Act.
- (4) Where the nominee is a minor, it shall be lawful for the holder of the shares or debentures to make the nomination to appoint any person to become entitled to shares in, or debentures of, the Company in the manner prescribed under the Act, in the event of his death, during the minority.
- (5) The provisions of this Article shall apply mutatis mutandis to a depositor of money with Company as per the provision of section 58A of the Act.

### **Issue of New Certificate in Place of one Defaced, Lost or Destroyed**

20. If any certificate be worn out, defaced, mutilated or torn or if there be no further space on the back thereof for endorsement of transfer, then upon production and surrender thereof to the Company, a new Certificate may be issued in lieu thereof, and if any certificate lost or destroyed then upon proof thereof to the satisfaction of the company and on execution of such indemnity as the company deem adequate, being given, a new certificate in lieu thereof shall be given to the party entitled to such lost or destroyed Certificate. Every certificate under the article shall be issued without payment of fees if the Directors so decide, or on payment of such fees (not exceeding Rs.2/- for each certificate) as the

Directors shall prescribe. Provided that no fee shall be charged for issue of new certificates in replacement of those which are old, defaced or worn out or where there is no further space on the back thereof for endorsement of transfer.

Provided that notwithstanding what is stated above the Directors shall comply with such rules or regulation or requirements of any Stock Exchange or the rules made under the Act or rules made under Securities Contracts (Regulation) Act, 1956 or any other Act, or rules applicable thereof in this behalf.

The provision of this Article shall mutatis mutandis apply to debentures of the company.

### **Transfer/ Transmission of shares**

30. (1) The instrument of transfer of any share in the Company shall be executed by or on behalf of both the transferor and the transferee.  
(2) The transferor shall be deemed to remain a holder of the share until the name of the transferee is entered in the register of members in respect thereof.
31. The instrument of transfer shall be 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.
32. Subject to the provisions of Section 111A, these Articles and other applicable provisions of the Act or any other law for the time being in force, the Board may refuse whether in pursuance of any power of the company under these Articles or otherwise to register the transfer of, or the transmission by operation of law of the right to, any shares or interest of a Member in or debentures of the Company. The Company shall within one month from the date on which the instrument of transfer, or the intimation of such transmission, as the case may be, was delivered to Company, send notice of the refusal to the transferee and the transferor or to the person giving intimation of such transmission, as the case may be, giving reasons for such refusal. Provided that the registration of a 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 where the Company has a lien on shares.
33. Subject to the provisions of section 154 of the Act, the registration of transfers may be suspended at such times and for such periods as the Board may from time to time determine:  
  
Provided that such registration shall not be suspended for more than 30 days at any one time or more than 45 days in the aggregate in any year.
34. No fees shall be charged by the Company on the registration of a probate, letters of administration, certificate of death or marriage, power of attorney, or other similar instruments of transfer.
35. (1) On the death of a member, the survivor or survivors where the member was a joint holder, and his legal representatives where he was a sole holder, shall be the only persons recognised by the Company as having any title to his interest in the shares.  
(2) Nothing in Clause (1) shall release the estate of the deceased joint holder from any liability in respect of any share that has been jointly held by him with other persons.

36. (1) Any person becoming entitled to a share in consequence of the death or insolvency of a member may, upon such evidence being produced as may from time to time properly be required by the Board and subject as hereinafter provided, elect, either-
- (a) to be registered himself as holder of the share; or
  - (b) to make such transfer of the share as the deceased or insolvent member could have made.
- (2) The Board shall, in either case, have the same right to decline or suspend registration as it would have had, if the deceased or insolvent member had transferred the share before his death or insolvency.
- (3) If the person so becoming entitled shall elect to be registered as holder of the share himself, he shall deliver or send to the Company a notice in writing signed by him stating that he so elects alongwith evidence as may be required by the Board.
- (4) If the person aforesaid shall elect to transfer the share, he shall testify his election by executing a transfer of the share.
- (5) All the limitations, restrictions and provisions of these regulations relating to the right to transfer and the registration of transfers of shares shall be applicable to any such notice of transfer as aforesaid as if the death or insolvency of the member had not occurred and the notice of transfer were a transfer signed by that member.
37. A person becoming entitled to a share by reason of the death or insolvency of the holder shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the share, except that he shall not, before being registered as a member in respect of the share, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the Company:

Provided that the Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the share, and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the share, until the requirements of the notice have been complied with.

Notwithstanding any provision in these Articles to the contrary, a Shareholder shall Transfer its shares only in compliance with applicable law and shall not Transfer its Shares if doing so may be likely to prejudice any Governmental Approvals issued to or granted to the Company, or to be in violation of any applicable law, or in breach of any contract to which the transferring Shareholder is a party.

#### **Dematerialisation of Shares**

45. The provisions of this Article shall apply notwithstanding anything to the contrary contained in any other Articles.
- a) The Company shall be entitled to dematerialize securities and to offer securities in a dematerialized form pursuant to the Depositories Act, 1996.
  - b) Every holder of or subscriber to securities of the Company shall have the option to receive certificates for such securities or to hold the securities with a

depository. Such a Person who is the beneficial owner of the securities can at any time opt out of a depository, if permitted by law, in respect of any securities in the manner provided by the Depositories Act, 1996 and the Company shall, in the manner and within the time prescribed, issue to the beneficial owner the required certificates for the securities. If a Person opts to hold his securities with the Depository, the Company shall intimate such depository the details of allotment of the securities, and on receipt of the information, the depository shall enter in its record the name of the allottee as the beneficial owner of the securities.

- c) All securities held by a depository shall be dematerialized and be in fungible form. Nothing contained in sections 153, 153A, 153B, 187B, 187C and 372A of the Act shall apply to a depository in respect of the securities held by on behalf of the beneficial owners.
- d)
  - (i) Notwithstanding anything to the contrary contained in the Act or these Articles, a depository shall be deemed to be the registered owner for the purposes of effecting transfer of ownership of securities of the company on behalf of the beneficial owner.
  - (ii) Save as required by the applicable law, the depository as the registered owner of the securities shall not have any voting rights or any other rights in respect of the securities held by it.
  - (iii) Every Person holding securities of the Company and whose name is entered as the beneficial owner of securities in the record of the depository shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of the securities which are held by a depository and shall be deemed to be a member of the Company.
- e) Notwithstanding anything contained in the Act or these Articles to the contrary, where securities of the Company are held in a depository, the records of the beneficiary ownership may be served by such depository on the Company by means of electronic mode or by delivery of floppies or discs.
- f) 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 a depository.
- g) Notwithstanding anything contained in the Act or these Articles, where securities are dealt with by a depository, the Company shall intimate the details thereof to the depository immediately on allotment of such securities.
- h) Nothing contained in the Act or these Articles regarding the necessity of having distinctive numbers for securities issued by the company shall apply to securities held with a depository.
- i) The register of members and index of beneficial owners maintained by a depository under the Depositories Act, 1996 shall be deemed to be the register and index of members and security holders for the purposes of these Articles.

### **General Meetings**

- 55. All general meetings other than annual general meetings shall be called extraordinary general meetings. Such meetings may be called either at the discretion of the Board or on requisition of the shareholders as per the provisions of section 169 of the Act.
- 56. The quorum for the General Meeting shall be at least five members present in person, as

per the provisions of Act.

57. (1) No business shall be transacted at any general meeting unless a quorum of members is present at the time when the meeting proceeds to business.  
(2) Save as herein otherwise provided, five members present in person, shall be a quorum.
58. The chairman, if any, of the Board shall preside as chairman at every general meeting of the Company.
59. If there is no such chairman, or if he is not present within fifteen minutes after the time appointed for holding the meeting, or is unwilling to act as chairman of the meeting, the directors present shall elect one of their number to be chairman of the meeting.
60. If at any meeting, no director is willing to act as chairman or if no director is present within fifteen minutes after the time appointed for holding the meeting, the members present shall choose one of their number to be chairman of the meeting.
61. (1) The chairman may, with the consent of any meeting at which a quorum is present, and shall, if so directed by the meeting, adjourn the meeting from time to time and from place to place.  
(2) No business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.  
(3) When a meeting is adjourned for thirty days or more, notice of the adjourned meeting shall be given as in the case of an original meeting.

Save as aforesaid, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.

62. In the case of an equality of votes, whether on a show of hands or on a poll, the chairman of the meeting at which the show of hands takes place or at which the poll is demanded, shall be entitled to a second or casting vote.
63. Any business other than that upon which a poll has been demanded may be proceeded with, pending the taking of the poll.
64. Subject to any rights or restrictions for the time being attached to any class or classes of shares,-
  - (a) on a show of hands, every member present in person shall have one vote; and
  - (b) on a poll, the voting rights of members shall be as laid down in section 87 of the Act.
65. (1) In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to, the exclusion of the votes of the other joint holders.  
(2) For this purpose, seniority shall be determined by the order in which the names stand in the register of members.
66. A member of unsound mind, or in respect of whom an order has been made by any 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.

67. No member shall be entitled to vote at any general meeting unless all calls or other sums presently payable by him in respect of shares in the Company have been paid.
68. (1) No objection shall be raised to the qualification of any voter except at the meeting or adjourned meeting at which the vote objected to is given or tendered, and every vote not disallowed at such meeting shall be valid for all purposes.
- (2) Any such objection made in due time shall be referred to the chairman of the meeting; whose decision shall be final and conclusive.

### **Board of Directors**

73. The minimum number of directors shall be three and maximum twelve.
74. The following shall be the first Directors of the Company:
- Mr. Sameer Manchanda  
Mr. Rajdeep Sardesai, and  
Mr. Hareesh Chawla
75. The Directors need not hold any qualification shares in the Company.
76. Notice of every meeting of the Board shall be given to every director present for the time being in India at his usual address in India, provided, however that in the case of a director residing outside India (as intimated from time to time) notice of every meeting shall be given to their alternate Director, if any, in India at their usual addresses in India. So far as practical, such notice shall be accompanied by the agenda setting out the business proposed to be transacted at the meeting of the Board.
77. The Company shall also take appropriate directors liability insurance for all directors as may be agreed to by the Board.
78. The continuing directors may act notwithstanding any vacancy in the Board; but, if and so long as their number is reduced below the quorum fixed by these Articles for a meeting of the Board, the continuing directors or director may act for the purpose of increasing the number of directors to that fixed for the quorum, or of summoning a general meeting of the Company, but for no other purpose.
79. The Board may whenever it thinks fit, call an extraordinary general meeting.
- If at any time there are not within India, directors capable of acting who are sufficient in number to form a quorum, any director or any two members of the Company may call an extraordinary general meeting in the same manner, as nearly as possible, as that in which such a meeting may be called by the Board.
80. All acts done by any meeting of the Board or of a committee thereof or by any person acting as a director, shall, notwithstanding that it may be afterwards discovered that there was some defect in the appointment of any one or more of such directors or of any person acting as aforesaid, or that they or any of them were disqualified, be as valid as if every such director or such person has been duly appointed and was qualified to be a director.
81. Subject to the Section 292 of the Act, the Board of Director shall have the right to delegate any of their powers to such managers, agents, committee or other persons as they may deem fit and may at their own discretion revoke such powers.

82. The Directors shall have powers for the engagement and dismissal of managers, engineers, clerks and assistants and shall have power of general direction, management and superintendence of the business of the Company with full powers to do all such acts, matters and things deemed necessary, proper or expedient for carrying on the business of the Company, and to make and sign all such contracts and to draw and accept on behalf of the Company all such bills of exchange, hundies, cheques, drafts and other Government papers and instruments that shall be necessary, proper or expedient, for the authority and direction of the Company except only such of them as by the Act or by these presents are expressly directed to be exercised by share-holders in the general meetings.
83. The Directors shall have power to open bank accounts, to sign cheques on behalf of the Company and to operate all banking accounts of the Company and to receive payments, make endorsements, draw and accept negotiable instruments, hundies and bills or may authorise any other person or persons to exercise such powers.
84. (1) The remuneration of the directors shall, in so far as it consists of a monthly payment, be deemed to accrue from day to day.
- (2) Subject to the provisions of the Companies Act, 1956 and rules framed thereunder, each Director may receive out of the funds of the Company by way of sitting fees for his services a sum not exceeding the sum prescribed under the Act for every meeting of the Board of Director or Committee thereof attended by him.
- (3) In addition to the remuneration payable to them in pursuance of the Act, the directors may be paid all travelling, hotel and other expenses, properly incurred by them:
- (a) in attending and returning from meeting of the Board of directors or any committee thereof or general meetings of the Company; or
- (b) in connection with the business of the Company.
85. If any Director appointed by the Company in general meeting vacates office as a Director before his term of office will expire in the normal course, the resulting casual vacancy may be filled up by the Board at a meeting of the Board, but any person so appointed shall retain his office so long only as the vacating Director would have retained the same if no vacancy has occurred. Provided that the Board may not fill such a vacancy by appointing thereto any person who has been removed from the office of Director under Section 284 of the Act.
86. The Company shall subject to the provisions of the Act, be entitled to agree with any person, firm or corporation that he or it shall have the right to appoint his or its nominee (hereinafter referred to as a "Nominee Director") on the Board of Directors of the Company upon such terms and conditions as the Company may deem fit. The Corporation, firm or person shall be entitled, from time to time to remove any such Director or Directors and appoint another or others in his or their places. He shall be entitled to the same right and privileges and be subject to the same obligation as any other Director of the Company, subject to the privileges granted by the Act.

The Company may pay to the Nominee Director/s sitting fees and expenses to which the other Directors of the Company are entitled, but if any other fees, commission monies or remuneration in any form is payable to the Directors of the Company, the fees, commission monies and remuneration in relation to such Nominee Director/s shall accrue to the nominator and the same shall accordingly be paid by the Company directly to the nominator.

Provided that if any such Nominee Director/s is an officer of the nominator the sitting fees, in relation to such Nominee Director/s shall also accrue to the nominator and the same shall accordingly be paid by the Company directly to the nominator.

87. (1) The Board shall have power at any time and from time to time, to appoint a person as an additional director, provided the number of the directors and additional directors together shall not at any time exceed the maximum strength fixed for the Board by these articles.
- (2) Such person shall hold office only unto the date of the next annual general meeting of the Company but shall be eligible for appointment by the Company as a director at that meeting subject to the provisions of the Act.
- (3) Subject to provisions of the Act, a Director may resign from the office of director by giving notice in writing addressed to the Company, or to the Board or to the chairman from such date his resignation is accepted.
88. The Company may exercise the powers conferred on it by section 157 and 158 of the Act with regard to the keeping of a foreign register; and the Board may (subject to the provisions of those sections) make and vary such regulations as it may think fit respecting the keeping of any such register.
- 89-. All cheques, promissory notes, drafts, hundis, bills of exchange and other negotiable instruments, and all receipts for moneys paid to the Company, shall be signed, drawn, accepted, endorsed, or otherwise executed, as the case may be, by such person and in such manner as the Board shall from time to time by resolution determine.

#### **Management of the Company**

98. (a) The Company may appoint and designate two individuals as the Joint Managing Directors of the Company. Subject to the provisions of the Act, decision making powers in respect of all other matters pertaining to the conduct of business and affairs of the Company shall vest with the Joint Managing Directors, which powers shall be delegated to the Joint Managing Directors by the Board of Directors.
- (b) The Joint Managing Directors shall respectively devote their full time and attention to the affairs of the Company, shall perform their duties with due diligence, good faith and in accordance with corporate best practices and the highest standards of corporate governance. In exercising the powers granted to them, the Joint Managing Directors shall at all times act for and in the best interests of the Company and shall be subject to the superintendence and control of the Board of Directors.
- (c) One Joint Managing Director shall be exclusively responsible in respect of all matters pertaining to distribution, finance, raising of funds, investor relations, the editorial along with the Editor-in-Chief and business development. The other Joint Managing Director shall be exclusively responsible in respect of all matters pertaining to the rest of the operations, other than those reserved for the first mentioned Joint Managing Director. The Joint Managing Directors and the Editor-in-Chief shall be jointly responsible for all matters pertaining to production, technical issues, camera crew etc.
- (d) The Company shall appoint and designate a suitably qualified individual as Editor-in-Chief for the channels operated by the Company. The Editor-in-Chief

shall be exclusively responsible in respect of all matters pertaining to the editorial policy and content of the channels operated by the Company. Without prejudice to the foregoing, the Editor-in-Chief shall have sole discretion to direct and control the editorial operations for the channels operated by the Company, including without limitation employment or engagement or dismissal of persons for such purposes.

99. The Board of Directors, subject to Section 292 of the Companies Act, 1956, may entrust to and confer upon a Managing or Whole Time Director any of the powers exercisable by them, upon such terms and conditions and with such restrictions as they may think fit and either collaterally with or to the exclusion of their own powers and may, from time to time, revoke, withdraw or alter or vary all or any of such powers.
100. A Managing or Whole Time Director may be paid such remuneration (whether by way of salary, commission or participation in profits or partly in one way and partly in other) as the Board of Directors may determine.

## **MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION**

The following contracts (not being contracts entered into in the ordinary course of business carried on by our Company or entered into more than two years before the date of this Red Herring Prospectus) which are or may be deemed material have been entered or to be entered into by our Company. These contracts, copies of which have been attached to the copy of this Red Herring Prospectus, delivered to the Registrar of Companies for registration and also the documents for inspection referred to hereunder, may be inspected at the corporate office of our Company situated at Express Trade Towers, Plot No. 15 & 16, Sector 16 A, Noida 201301 from 10.00 am to 4.00 pm on working days from the date of this Red Herring Prospectus until the Bid/ Issue Closing Date.

### **Material Contracts**

1. Engagement Letter dated August 16, 2006 for appointment of ICICI Securities Limited, Kotak Mahindra Capital Company Limited, JM Morgan Stanley Private Limited and IL&FS Investsmart Limited as BRLMs and Co-BRLMs.
2. Memorandum of Understanding dated August 16, 2006 amongst our Company and the BRLMs and Co-BRLMs.
3. Memorandum of Understanding dated August 10, 2006 executed by our Company with Registrar to the Issue.
4. Escrow Agreement dated [•] between our Company, the BRLMs/ Co-BRLMs, Escrow Collection Banks, and the Registrar to the Issue.
5. Syndicate Agreement dated [•] between our Company, the BRLMs/ Co-BRLMs and Syndicate Members.
6. Underwriting Agreement dated [•] between our Company, the BRLMs/ Co-BRLMs and Syndicate Members.
7. Investment cum Shareholders agreement dated January 5, 2006 between our Company, IL&FS Private Equity Trust and others.
8. Shareholders Agreement dated November 1, 2005 between our Company, TV 18, Network 18, SRH and others.
9. Share Subscription cum Shareholders Agreement dated July 25, 2006 between our Company, members of the Gupta family, BK Fincap Private Limited and Jagran TV Private Limited.
10. Share Purchase cum Shareholders Agreement dated July 25, 2006 between our Company, BK Fincap Private Limited, New Vernon Private Equity Limited and Jagran TV Private Limited
11. Brand License Agreement dated October 27, 2005 with CNN
12. News Services Agreement dated October 27, 2005 with Turner
13. Memorandum of Understanding dated July 24, 2006 with Zee Turner Limited
14. Agreements in relation to hiving off of ibnlive.com (Business Transfer Agreement between our Company and Web 18 Software Services Limited, Share Purchase Agreement dated July 31, 2006 between our Company and Tadcaster Holdings Limited

and Share subscription agreement dated July 18, 2006 between our Company and Web 18 Holdings Limited).

15. Agreement between NSDL, our Company and the Registrar to the Issue dated November 15, 2006.
16. Agreement between CDSL, our Company and the Registrar to the Issue dated November 20, 2006.
17. Employment Agreement dated November 1, 2005 between GBN and Mr. Sameer Manchanda and the addendum to Employment Agreement dated September 29, 2006
18. Distribution agreement dated September 23, 2005 with Setpro Holdings Private Limited

#### **Material Documents**

1. Our Memorandum and Articles of Association as amended till date.
2. Our certificate of incorporation dated June 6, 2005.
3. Resolutions of the Board dated May 11, 2006 and our shareholders dated May 15, 2006 authorising the Issue.
4. Report of the Auditors, M/s. Deloitte Haskins & Sells, Chartered Accountants, dated November 28, 2006 prepared as per Indian GAAP and mentioned in this Red Herring Prospectus.
5. Consents of the Auditors, M/s. Deloitte Haskins and Sells, Chartered Accountants, for inclusion of their report on accounts in the form and context in which they appear in this Red Herring Prospectus.
6. Consents of Bankers to the Company, BRLMs, Co-BRLMs, Syndicate Members, Registrar to the Issue, Banker to the Issue, Domestic Legal Counsel to the Company, Directors of our Company, Company Secretary and Compliance Officer, as referred to, in their respective capacities.
7. Applications dated August 18, 2006 for in-principle listing approval from BSE and NSE, respectively.
8. In-principle listing approval dated September 22, 2006 and September 29, 2006 from BSE and NSE, respectively.
9. Due diligence certificate dated August 18, 2006 to SEBI from ICICI Securities Limited and Kotak Mahindra Capital Company Limited.
10. SEBI observation letter dated December 6, 2006 and our in-seriatim reply to the same dated December 26, 2006.
11. Auditors report dated June 16, 2006 of Jagran TV Private Limited.
12. Valuation report dated May 1, 2006 and an addendum dated May 20, 2006 from J.N Sharma & Co.
13. Scheme of Amalgamation between SRH and our Company.
14. Scheme of Arrangement between TV 18, Network 18 and SGA News Limited.
15. Report of the Auditors of Jagran TV Private Limited, S.R. Batliboi and Co., dated December 18, 2006

16. Report of the Auditors of B.K. Fincap Private Limited, M/s. Mohan L. Jain & Co, dated December 18, 2006
17. Report of the Auditors of erstwhile SRH Broadcast Holdings Private Limited, M/s. G.S Ahuja and Associates, dated December 18, 2006

## **DECLARATION**

All the relevant provisions of the Companies Act, 1956 and the guidelines issued by the Government of India or the guidelines issued by the 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, 1956, the Securities and Exchange Board of India Act, 1992 or rules made or guidelines issued thereunder, as the case may be. We further certify that all statements in this Red Herring Prospectus are true and correct.

### **Signed by all Directors**

Mr. Raghav Bahl

Mr. Sameer Manchanda

Mr. Sanjay Ray Chaudhuri

Mr. GK Arora

Mr. Hari S Bhartia

Mr. Shazaad Dalal

Date: January 4, 2007  
Place: New Delhi