DRAFT RED HERRING PROSPECTUS
Dated December 27, 2010
Please read section 60B of the Companies Act, 1956
(The Draft Red Herring Prospectus will be updated on filing with the RoC)
100% Book Building Issue

LOKMAT MEDIA LIMITED

(The Company was originally incorporated as Lokmat Newspapers Private Limited on June 21, 1973 under the Companies Act, 1956, at Mumbai. The name of the Company was changed to Lokmat Media Private Limited and a fresh certificate of incorporation dated September 21, 2010 was issued by the RoC. Thereafter, the Company was converted into a public limited company and consequently its name was changed to Lokmat Media Limited. A fresh certificate of incorporation dated November 22, 2010 was issued by the RoC. For details of changes in the name and registered office of the Company, please see sections titled "General Information" and "History and Certain Corporate Matters" on pages 21 and 131, respectively)

Registered Office: 126, Mittal Tower, 'B' Wing, 12th Floor, Nariman Point, Mumbai 400 021, Maharashtra
Tel: (91 22) 3291 2472; Fax: (91 22) 2300 8860
Corporate Office: 2nd floor, Nirlon House, Dr. Annie Besant Road, Worli, Mumbai 400 018, Maharashtra
Tel: (91 22) 2482 0000; Fax: (91 22) 2482 0010
Contact Person: Amit Bathia, Company Secretary and Compliance Officer
Email: investor.relations@lokmat.com; **Website**: www.lokmat.net

PROMOTERS OF THE COMPANY: VIJAY DARDA AND RAJENDRA DARDA

PUBLIC ISSUE OF 13,829,064 EQUITY SHARES OF RS. 10 EACH (THE "EQUITY SHARES") OF LOKMAT MEDIA LIMITED ("THE "COMPANY" OR THE "ISSUER") FOR CASH AT A PRICE OF RS. [●] PER EQUITY SHARE (INCLUDING A SHARE PREMIUM OF RS. [●] PER EQUITY SHARE) AGGREGATING RS. [●] MILLION (THE "ISSUE"). THE ISSUE WILL CONSTITUTE 25.00% OF THE POST ISSUE PAID UP CAPITAL OF THE COMPANY.

THE FACE VALUE OF THE EQUITY SHARES IS RS. 10 EACH. THE PRICE BAND AND THE MINIMUM BID LOT WILL BE DECIDED BY THE COMPANY IN CONSULTATION WITH THE BOOK RUNNING LEAD MANAGERS AND WILL BE ADVERTISED AT LEAST TWO WORKING DAYS PRIOR TO THE BID/ ISSUE OPENING DATE.

In case of a revision in the Price Band, the Bid/ Issue Period will be extended for a minimum of three additional working days after revision of the Price Band subject to the Bid/ Issue Period not exceeding 10 working days. Any revision in the Price Band and the revised Bid/ 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 website of the BRLMs and at the terminals of the Syndicate Members.

This is an Issue for 25.00% of the post-Issue capital in accordance with Rule 19(2)(b)(i) of the Securities Contracts Regulations Rules, 1957, as amended ("**SCRR**"). The Issue is being made through the 100.00% Book Building Process wherein not more than 50.00% of the Issue shall be allocated on a proportionate basis to Qualified Institutional Buyers ("**QIBs**"). 5.00% of the QIB Portion (excluding Anchor Investor 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 the Issue Price. Further, not less than 15.00% of the Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35.00% of the 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. All potential investors, other than Anchor Investors, may participate in the Issue through an Application Supported by Blocked Amount ("**ASBA**") process providing details about the bank account which will be blocked by the Self Certified Syndicate Banks ("**SCSBs**") for the same. For details, please see the section titled "Issue Procedure" on page 337.

RISK IN RELATION TO THE FIRST ISSUE

This being the first issue of Equity Shares of the Company, there has been no formal market for the Equity Shares of the Company. **The face value of the Equity Shares is Rs. 10 each and the Floor Price is [●] times the face value, and the Cap Price is [●] times the face value**. The Issue Price (has been determined and justified by the BRLMs and the Company as stated under the section titled "Basis for Issue Price") should not be taken to be indicative of the market price of the Equity Shares after the listing. No assurance can be given regarding an active or sustained trading in the Equity Shares nor regarding the price at which the Equity Shares will be traded after listing.

IPO GRADING

This Issue has been rated by [●] as [●] (pronounced [●]) indicating [●]. The IPO grade is assigned on a five point scale from 1 to 5, with IPO grade 5/ 5 indicating strong fundamentals and IPO grade 1/ 5 indicating poor fundamentals. For details, see the section titled "General Information" on page 21.

GENERAL RISKS

Investments in equity and equity-related securities involve a high 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 Draft Red Herring Prospectus. Specific attention of the investors is invited to the section titled "Risk Factors" on page xiv.

ISSUER'S ABSOLUTE RESPONSIBILITY

The Company, having made all reasonable inquiries, accepts responsibility for and confirms that this Draft Red Herring Prospectus contains all information with regard to the Company and the Issue, which is material in the context of the Issue, that the information contained in this Draft 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 make this Draft 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 AGREEMENT

The Equity Shares offered through this Draft Red Herring Prospectus are proposed to be listed on the BSE and the NSE. The Company has received an 'in-principle' approval from the BSE and the NSE, for the listing of the Equity Shares pursuant to letters dated [●] and [●], respectively. For the purposes of the Issue, the Designated Stock Exchange shall be the BSE.

BOOK RUNNING LEAD MANAGERS		**REGISTRAR TO THE ISSUE**
KOTAK MAHINDRA CAPITAL COMPANY LIMITED 1st floor, Bakhtawar 229, Nariman Point Mumbai 400 021 Tel: (91 22) 6634 1100 Fax: (91 22) 2284 0492 Email: lokmat.ipo@kotak.com Investor Grievance Email: kmccredressal@kotak.com Website: www.kmcc.co.in Contact Person: Chandrakant Bhole SEBI Registration No.: INM000008704	**ENAM SECURITIES PRIVATE LIMITED** 801/ 802, Dalamal Tower Nariman Point Mumbai 400 021 Tel: (91 22) 6638 1800 Fax: (91 22) 2284 6824 Email: lokmatipo@enam.com Investor Grievance Email: complaints@enam.com Website: www.enam.com Contact Person: Harish Lodha SEBI Registration No.: INM000006856	**LINK INTIME INDIA PRIVATE LIMITED** C-13, Pannalal Silk Mills Compound L. B. S. Marg, Bhandup (West) Mumbai 400 078 Tel: (91 22) 2596 0320 Fax: (91 22) 2596 0329 Email: lokmat.ipo@linkintime.co.in Investor Grievance Email: lokmat.ipo@linkintime.co.in Website: www.linkintime.co.in Contact Person: Chetan Shinde SEBI Registration No.: INR000004058

BID/ ISSUE PROGRAMME

BID/ ISSUE OPENS ON [●]*	**BID/ ISSUE CLOSES ON [●]****

**The Company may consider participation by Anchor Investors. The Anchor Investor Bid/ Issue Period shall be one working day prior to the Bid/ Issue Opening Date.*
*** The Company may consider closing the Bid/ Issue Period for QIBs one working day prior to the Bid/ Issue Closing Date.*

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SECTION I: GENERAL

DEFINITIONS AND ABBREVIATIONS

Unless the context otherwise indicates or implies, the following terms have the meaning given below:

General

Term	Description
"We", "us" and "our Company"	Unless the context otherwise requires, refers to Lokmat Media Limited and its Subsidiaries and Joint Venture on a consolidated basis, as described in this Draft Red Herring Prospectus
"the Company" and "the Issuer"	Lokmat Media Limited, a company incorporated under the Companies Act and having its registered office at 126, Mittal Tower, 'B' Wing, 12th Floor, Nariman Point, Mumbai 400 021, Maharashtra

Company Related Terms

Term	Description
Articles/ Articles of Association	The articles of association of the Company, as amended
Asera Power/ APPL	Asera Power Private Limited
Auditors	The statutory auditors of the Company, M. M. Jain and Associates, Chartered Accountants
Board/ Board of Directors	Unless the context otherwise requires, refers to the board of directors of the Company or any duly constituted committee thereof
Corporate Office	The corporate office of the Company located at 2nd floor, Nirlon House, Dr. Annie Besant Road, Worli, Mumbai 400 018, Maharashtra
Demerged Undertaking	The printing and publishing business of PPPL, including its assets and liabilities pertaining to the business of publishing newspapers and related undertakings, its debts, contingent liabilities and properties vested with the Company pursuant to the scheme of arrangement between PPPL and the Company
Director(s)	The director(s) of the Company, unless otherwise specified
Group Companies	Includes those companies, firms, ventures, etc., promoted by the Promoters, irrespective of whether such entities are covered under Section 370(1)(B) of the Companies Act or not. For details, see the section titled "Group Companies" on page 163
Joint Venture or IBNL	The joint venture of the Company being IBN Lokmat News Private Limited
LEPL	Lokmat Entertainment Private Limited
Memorandum / Memorandum of Association	The memorandum of association of the Company, as amended
PPPL	Prithvi Prakashan Private Limited
Promoters	The promoters of the Company being Vijay Darda and Rajendra Darda. For details, see the section titled "Promoter and Promoter Group" on page 159
Promoter Group	Unless the context otherwise requires, refers to such persons and entities which constitute the promoter group of the Company in terms of Regulation 2(1)(zb) of the SEBI Regulations and a list of which is provided in the section titled "Promoter and

Term	Description
	Promoter Group" on page 159
RDPPL	Ramesh Deo Production Private Limited
Registered Office	The registered office of the Company located at 126, Mittal Tower, 'B' Wing, 12th Floor, Nariman Point, Mumbai 400 021, Maharashtra
Subsidiaries	The subsidiaries of the Company, being Lokmat Entertainment Private Limited and Asera Power Private Limited

Issue Related Terms

Term	Description
Allotment/ Allot/ Allotted	Unless the context otherwise requires, means the allotment of Equity Shares pursuant to this Issue to the successful Bidders
Allottee	A successful Bidder to whom the Equity Shares are Allotted
Anchor Investor	A Qualified Institutional Buyer, applying under the Anchor Investor Portion, with a minimum Bid of Rs. 100 million
Anchor Investor Allocation Notice	Notice or intimation of allocation of Equity Shares sent to Anchor Investors who have been allocated Equity Shares after the Anchor Investor Bid/ Issue Period
Anchor Investor Bid/ Issue Period	The day, one working day prior to the Bid/ Issue Opening Date, on which Bids by Anchor Investors shall be accepted and allocation to Anchor Investors shall be completed
Anchor Investor Issue Price	The final price at which Equity Shares will be Allotted to the Anchor Investors in terms of the Prospectus, which price will be equal to or higher than the Issue Price but not higher than the Cap Price. The Anchor Investor Issue Price will be decided by the Company in consultation with the BRLMs
Anchor Investor Portion	Up to 30.00% of the QIB Portion which may be allocated by the Company to the Anchor Investors on a discretionary basis. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being made to Anchor Investors
Application Supported by Blocked Amount/ ASBA	An application, whether physical or electronic, used by the ASBA Bidders to make a Bid authorising an SCSB to block the Bid Amount in the specified bank account maintained with such SCSB
ASBA Account	An account maintained by an ASBA Bidder with a SCSB which will be blocked by such SCSB to the extent of the Bid Amount of the ASBA Bidder
ASBA Bid cum Application Form/ ASBA BCAF	The form, whether physical or electronic, used by an ASBA Bidder to make a Bid through the ASBA process, which contains an authorisation to block the Bid Amount in an ASBA Account and will be considered as the application for Allotment for the purposes of the Red Herring Prospectus and the Prospectus.
ASBA Bidders	Prospective investors (other than the Anchor Investors) in the Issue who Bid/ apply through ASBA
ASBA Revision Form	The form used by the ASBA Bidders to modify the quantity of Equity Shares or the Bid Amount in any of their ASBA Bid cum Application Forms or any previous ASBA Revision Form(s)
Banker(s) to the Issue/ Escrow Collection Bank(s)	The banks, which are clearing members and registered with SEBI as Banker to the Issue in terms of the SEBI (Bankers to an Issue) Regulations, 2006 and with whom the Escrow Account(s) will be opened and in this case being [•]

Term	Description
Basis of Allotment	The basis on which the Equity Shares will be Allotted to successful Bidders under the Issue and which is described in the section titled "Issue Procedure – Basis of Allotment" on page 360
Bid	An indication to make an offer during the Bid/ Issue Period by a Bidder pursuant to submission of the Bid cum Application Form or the ASBA Bid cum Application Form, as the case may be, or during the Anchor Investor Bid/ Issue Period by the Anchor Investors, to subscribe for or purchase the 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 upon submission of the Bid (except for Anchor Investors)
Bid cum Application Form	The form in terms of which the Bidder (which, unless expressly provided, includes the ASBA Bid cum Application Form used by an ASBA Bidder, as applicable) shall make an offer to subscribe for or purchase the Equity Shares and which will be considered as the application for Allotment for the purposes of the Prospectus
Bid/ Issue Closing Date	Except in relation to any Bids received from Anchor Investors, the date after which the Syndicate and the SCSBs will not accept any Bids for this Issue and which shall be notified in an English national daily newspaper, a Hindi national daily newspaper and a Marathi daily newspaper, each with wide circulation. The Company may consider closing the Bid/ Issue Period for QIBs one working day prior to the Bid/ Issue Closing Date in accordance with SEBI Regulations
Bid/ Issue Opening Date	Except in relation to any Bids received from Anchor Investors, the date on which the Syndicate and the SCSBs shall start accepting Bids for the Issue and which shall be the date notified in an English national daily, newspaper, a Hindi language national daily newspaper and a Marathi daily newspaper, each with wide circulation
Bid/ Issue Period	Except in relation to any Bids received from Anchor Investors, 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. The Company may consider closing the Bid/ Issue Period for QIBs one working day prior to the Bid/ Issue Closing Date in accordance with SEBI Regulations
Bidder	Any prospective investor (including an ASBA Bidder) who makes a Bid pursuant to the terms of the Red Herring Prospectus and the Bid cum Application Form
Book Building Process/ Method	The book building process as provided under Schedule XI of the SEBI Regulations, in terms of which the Issue is being made
BRLMs/ Book Running Lead Managers	The Book Running Lead Manager to the Issue, in this case being Kotak Mahindra Capital Company Limited and Enam Securities Private Limited
Business Day	Any day on which the commercial banks in Mumbai are open for business
CAN/ Confirmation of Allotment Note	Note or advice or intimation sent to each successful Bidder indicating the Equity Shares which will be Allotted, after approval of Basis of Allotment by the Designated Stock Exchange
Cap Price	The higher end of the Price Band, above which the Issue Price and the Anchor Investor Issue Price will not be finalised and above which no Bids will be accepted
Cut-Off Price	Issue Price, finalised by the Company in consultation with the BRLMs. Only Retail Individuals Bidders, whose Bid Amount does not exceed Rs. 200,000, are entitled to bid at the Cut-Off Price. No other category of Bidders are entitled to bid at the Cut-Off Price
Designated Branches	Such branches of the SCSBs which shall collect the ASBA Bid cum Application Form used by ASBA Bidders and a list of which is available on the website of SEBI at http://www.sebi.gov.in/pmd/scsb.pdf

Term	Description
Designated Date	The date on which funds are transferred by the Escrow Collection Banks from the Escrow Account or the amounts blocked by the SCSBs are transferred from the ASBA Account, as the case maybe, to the Public Issue Account or the Refund Account, as appropriate, after the Prospectus is filed with the ROC, following which the Board of Directors shall Allot Equity Shares to successful Bidders
Designated Stock Exchange	BSE
Draft Red Herring Prospectus	This Draft Red Herring Prospectus dated December 27, 2010 issued in accordance with Section 60B of the Companies Act and the SEBI Regulations, filed with SEBI and which does not contain complete particulars of the price at which the Equity Shares are offered and the size of the Issue
Eligible NRI(s)	NRIs from jurisdictions outside India where it is not unlawful to make an issue or invitation under the Issue and in relation to whom the Draft Red Herring Prospectus constitutes an invitation to subscribe for the Equity Shares offered herein
Enam	Enam Securities Private Limited
Equity Shares	Equity shares of the Company of face value of Rs. 10 each, unless otherwise specified in the context thereof
Escrow Account	An account opened with an Escrow Collection Bank(s) and in whose favour the Bidder (excluding the ASBA Bidders) will issue cheques or drafts in respect of the Bid Amount when submitting a Bid
Escrow Agreement	An agreement to be entered into by the Company, the Registrar to the Issue, the BRLMs, the Syndicate Members and the Escrow Collection Bank(s) for collection of the Bid Amounts and where applicable, remitting refunds of the amounts collected to the Bidders (excluding the Bidders applying through ASBA process) on the terms and conditions thereof
First Bidder	The Bidder whose name appears first in the Bid cum Application Form or Revision Form or the ASBA Bid cum Application Form or the ASBA 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
IPO Grading Agency	[●]
Issue	The public issue of 13,829,064 Equity Shares of the Issuer for cash at a price of Rs. [●] per Equity Share (including a share premium of Rs. [●] per Equity Share) aggregating Rs. [●] million
Issue Agreement	The agreement dated December 27, 2010 entered into between the Company and the BRLMs, pursuant to which certain arrangements are agreed to in relation to the Issue
Issue Price	The final price at which Equity Shares will be Allotted in terms of the Prospectus. The Issue Price will be decided by the Company in consultation with the BRLMs on the Pricing Date
Issue Proceeds	The proceeds of the Issue
Kotak	Kotak Mahindra Capital Company Limited
Mutual Funds	A mutual fund registered with SEBI pursuant to the SEBI (Mutual Funds) Regulations, 1996, as amended from time to time
Mutual Funds Portion	5.00% of the QIB Portion (excluding the Anchor Investor Portion) or 242,009 Equity Shares available for allocation to Mutual Funds only
Non-Institutional Bidders	All Bidders, including sub accounts of FIIs registered with SEBI which are foreign corporate or foreign individuals, that are not QIBs or Retail Individual Bidders and who have Bid for Equity Shares for an amount of more than Rs. 200,000 (but not including

Term	Description
	NRIs other than Eligible NRIs)
Non-Institutional Portion	The portion of this Issue being not less than 2,074,360 Equity Shares available for allocation to Non-Institutional Bidders on a proportionate basis
Price Band	The price band with a minimum price (Floor Price) of Rs. [●] and the maximum price (Cap Price) of Rs. [●], per Equity Share, including any revisions thereof. The Price Band and the minimum Bid lot size for the Issue will be decided by the Company in consultation with the BRLMs and advertised, at least two working days prior to the Bid/ Issue Opening Date, in [●] edition of [●] in the English language, [●] edition of [●] in the Hindi language and [●] edition of [●] in the Marathi language, with wide circulation
Pricing Date	The date on which the Company in consultation with the BRLMs finalises the Issue Price
Prospectus	The Prospectus to be filed with the ROC in accordance with Section 60 of the Companies Act after the Pricing Date, containing, *inter alia*, the Issue Price that is determined at the end of the Book Building Process, the size of the Issue and certain other information
Public Issue Account	An account opened with the Banker(s) to the Issue to receive monies from the Escrow Accounts and from the ASBA Accounts on the Designated Date
QIB Portion	The portion of the Issue to public being not more than 6,914,531 Equity Shares required to be allocated to QIBs
Qualified Institutional Buyers or QIBs	Public financial institutions as defined in Section 4A of the Companies Act, scheduled commercial banks, mutual funds registered with SEBI, foreign institutional investors and sub-accounts registered with SEBI, other than a sub-account which is a foreign corporate or foreign individual, multilateral and bilateral development financial institutions, venture capital funds registered with SEBI, foreign venture capital investors registered with SEBI, state industrial development corporations, insurance companies registered with the Insurance Regulatory and Development Authority, provident funds with a minimum corpus of Rs. 250 Million, pension funds with a minimum corpus of Rs. 250 Million, National Investment Fund set up by the Government of India, insurance funds set up and managed by the army, navy or air force of the Union of India and insurance funds set up and managed by the Department of Posts, India
Red Herring Prospectus	The 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 and the size of the Issue. The Red Herring Prospectus will be filed with the ROC at least three days before the Bid/ Issue Opening Date and will become a Prospectus after filing with the ROC after the Pricing Date
Refund Account(s)	Account(s) opened with an Escrow Collection Bank from which refunds if any, of the whole or part of the Bid Amount (excluding the Bidders applying through ASBA) if any, of the whole or part of the Bid Amount shall be made to the Bidders
Refund Bank(s)	[●]
Refunds through electronic transfer of funds	Refunds through NECS, Direct Credit, NEFT, RTGS or the ASBA process, as applicable
Registrar/ Registrar to the Issue	Link Intime India Private Limited
Retail Individual Bidder	Individual Bidders (including HUFs applying through their karta and Eligible NRIs) who have not Bid for Equity Shares for an amount of more than Rs. 200,000 in any of the Bidding options in the Issue

Term	Description
Retail Portion	The portion of the Issue to the public being not less than 4,840,173 Equity Shares available for allocation to Retail Individual Bidder(s) on a proportionate basis
Revised Anchor Investor Allocation Notice	Notice or intimation of Equity Shares sent to Anchor Investors who have been allocated Equity Shares after discovery of the Issue Price if the Issue Price is higher than the Anchor Investor Issue Price
Revision Form	The form used by the Bidders (which, unless expressly provided, includes the ASBA Revision Form), to modify the quantity of Equity Shares or the Bid Amount in any of their Bid cum Application Forms or any previous Revision Form(s)
Self Certified Syndicate Bank/ SCSB	A bank registered with SEBI under the SEBI (Bankers to an Issue) Regulations, 1994 and offers facility of ASBA and a list of which is available on http://www.sebi.gov.in/pmd/scsb.pdf
Stock Exchanges	The BSE and the NSE
Syndicate	The BRLMs and the Syndicate Members
Syndicate Agreement	The agreement to be entered into between the Company and the Syndicate in relation to the collection of Bids (excluding Bids from ASBA Bidders) in this Issue
Syndicate Members	Kotak Securities Limited
TRS or Transaction Registration Slip	The slip or document issued by the Syndicate Members or the SCSB (only on demand), as the case may be, to the Bidder, as proof of registration of the Bid
Underwriters	The BRLMs and the Syndicate Members
Underwriting Agreement	The agreement between the Underwriters and the Company to be entered into on or after the Pricing Date
Working Day	All days other than Sunday or a public holiday (except in relation to the Bid/ Issue Period where a working day means all days other than a Saturday, Sunday or a public holiday), on which commercial banks in Mumbai are open for business

Industry Related Terms

Term	Description
ABC	Audit Bureau of Circulation
AFP	Associated Foreign Press
AIR	Average Issue Readership
AP	Associated Press
AUSAN	Avid Unity Storage Area Network
Average Daily	Readership and Circulation newspaper/Circulation copies
Circulation	For daily newspaper the average net-paid sales for a period as per ABC certificate
DAVP	Directorate of Advertising and Visual Publicity, Government of India
DIPR	Department of Information and Public Relation
DTH	Direct to home
Edition	News paper printed and published from a particular area
G2	G2, The Global Gujarati, a bi-monthly lifestyle magazine published in English by the Company
INS	Indian Newspaper Society
IRS	Indian Readership Survey

Term	Description
Last Mile	Final connectivity into the consumers home
MCO	Multi channel operators
MICE	Meetings, incentives, conventions and exhibitions
MIDC	Maharashtra Industrial Development Corporation
MSO	Multi-system operators
Net Paid Sales	Sale of copies within the business commission norms defined by ABC
PTI	Press Trust of India
IRS 2010 Q1	Period from October 1, 2008 to December 31, 2009
IRS 2010 Q2	Period from January 1, 2009 to April 30, 2010
IRS 2010 Q3	Period from April 1, 2009 to July 31, 2010
R1	Twelve month period from January 1 of the previous year to December 31 of the previous year
R2	Twelve month period from July 1 of the previous year to June 30 of the current year
Readership	Average issue readership of a publication, which is population (or the number of persons or people) twelve years or older who have claimed to have read the publication within a time period equal to the periodicity of the publication preceding the day of interview
RNI	Registrar of Newspapers for India
SAEF	South Asia Editor's Forum
SEC	Socio Economic Classification. The Market Research Society of India ("**MRSI**") has designed the SEC grid. The MRSI survey has categorised the population into eight socio-economic groups based on both occupation and education of the chief wage earner of a household. The eight socio-economic classes have been labelled as A1, A2, B1, B2, C, D, E1, and E2. A1 denotes the uppermost socio-economic class and E2 stands for the lowest socio-economic class. SEC A consists of SEC A1 and A2. SEC B consists of SEC B1 and B2
Sub-edition	A centre city covered by the main edition with dedicated space that is not common issue in other sub-edition
Supplement	Subject specific print matter supplement to the main newspaper
Talukas	A subdivision of a district; a group of several villages organised for revenue purposes
TAM	Television Audience Measurement and Television Advertising Measurement
Tehsil	An administrative division of an area in certain states in India
Total Readership	The number of people who have claimed to have read the publication by taking it in hand and read or browsed the publication of any issue, in any place
UNI	United News of India

Conventional/ General Terms

Term	Description
AGM	Annual General Meeting
AS/ Accounting Standards	Accounting Standards issued by the Institute of Chartered Accountants of India, as amended
BSE	The Bombay Stock Exchange Limited

Term	Description
CDSL	Central Depository Services (India) Limited
CEO	Chief Executive Officer
Companies Act	The Companies Act, 1956, as amended from time to time
FDI Policy	Consolidated FDI Policy dated September 30, 2010 issued by the Government of India, Ministry of Commerce and Industry effective from October 1, 2010, as amended
Depositories	NSDL and CDSL
Depositories Act	The Depositories Act, 1996, as amended from time to time
Depository Participant/ DP	A depository participant as defined under the Depositories Act
DIN	Director Identification Number
EBIT	Earnings before interest and tax
EBITDA	Earnings before interest, tax, depreciation and amortisation
EGM	Extraordinary General Meeting
EPS	Unless otherwise specified, earnings per share, which is the profit after tax for a fiscal year divided by the weighted average of outstanding number of equity shares at the end of the fiscal year
FCNR	Foreign currency non-resident
FDI	Foreign direct investment
FEMA	The Foreign Exchange Management Act, 1999, as amended from time to time and the rules and regulations framed there under
FII	Foreign institutional investor, as defined under the SEBI (Foreign Institutional Investor) Regulations, 1995, registered with SEBI under applicable laws in India.
Financial Year/ Fiscal Year/ FY/ Fiscal	The period of 12 months ended May 31 of that particular year, unless otherwise stated
FIPB	Foreign Investment Promotion Board, Government of India
FVCI	A Foreign Venture Capital Investor registered with SEBI under the SEBI (Foreign Venture Capital Investors) Regulations, 2000, as amended
Government/ GOI	The Government of India
HUF	Hindu Undivided Family
I.T. Act/ Income Tax Act	The Income Tax Act, 1961, as amended from time to time
ICAI	The Institute of Chartered Accountants of India
IFRS	International Financial Reporting Standards
Indian GAAP	Generally Accepted Accounting Principles in India
IPO	Initial public offering
Lac	Rs. 100,000
Listing Agreement	Listing agreement, as amended from time to time, to be entered into by the Company with the Stock Exchanges
MIB	Ministry of Information and Broadcasting
MICR	Magnetic Ink Character Recognition
NECS	National Electronic Clearing System
NEFT	National Electronic Funds Transfer
Non Residents/ NR	A person resident outside India, as defined under FEMA and includes a Non-Resident

Term	Description
	Indian
NRE Account	Non-Resident External Account
NRI/ Non-Resident Indian	A person resident outside India, who is a citizen of India or a Person of Indian origin and shall have the same meaning as ascribed to such term in the Foreign Exchange Management (Deposit) Regulations, 2000 as amended from time to time
NRO Account	Non-Resident Ordinary Account
NSDL	National Securities Depository Limited
NSE	The National Stock Exchange of India Limited
OCB/ Overseas Corporate Body	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60.00% by NRIs including overseas trusts, in which not less than 60.00% of beneficial interest is irrevocably held by NRIs directly or indirectly and which was in existence on October 3, 2003 and immediately before such date had taken benefits under the general permission granted to OCBs under FEMA. OCBs are not allowed to invest in this Issue
p.a./ P.A.	Per annum
P/ E Ratio	Price/ Earnings Ratio
PAN	Permanent Account Number
PAT	Profit after tax
Partnership Act	The Partnership Act, 1932, as amended from time to time
PIO/ Person of Indian Origin	Person of Indian Origin and shall have the same meaning as is ascribed to such term in the Foreign Exchange Management (Investment in Firm or Proprietary Concern in India) Regulations, 2000, as amended from time to time
RBI	Reserve Bank of India
Reserve Bank of India Act/ RBI Act	The Reserve Bank of India Act, 1934, as amended from time to time
RoC/ Registrar of Companies	The Registrar of Companies, Maharashtra located at 100, Everest, Marine Drive, Mumbai 400 002
RONW	Return on Net Worth
Rs./ Rupees	Indian Rupees
RTGS	Real Time Gross Settlement Process
SCRA	The Securities Contracts (Regulation) Act, 1956, as amended from time to time
SCRR	The Securities Contracts (Regulation) Rules, 1957, as amended from time to time
SEBI	The Securities and Exchange Board of India constituted under the SEBI Act, 1992
SEBI Act	The Securities and Exchange Board of India Act, 1992, as amended from time to time
SEBI Regulations	SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended from time to time
SEBI Takeover Regulations/ Takeover Code	The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 1997, as amended from time to time
TRAI	Telecom Regulatory Authority of India
U.S./ United States	United States of America, its territories and possessions
US$/ USD	United States Dollars
Securities Act	The United States Securities Act, 1933, as amended from time to time

Term	Description
SICA	The Sick Industrial Companies (Special Provisions) Act, 1985, as amended from time to time
Sq. Cms./ sq. cms.	Square centimetres
Sq. Ft./ sq. ft.	Square feet
Sq. Mtrs./ sq. mtrs.	Square metres
VCFs	Venture Capital Funds registered with SEBI under the SEBI (Venture Capital Fund) Regulations, 1996, as amended from time to time

PRESENTATION OF FINANCIAL INDUSTRY AND MARKET DATA

All references to "India" contained in this Draft Red Herring Prospectus are to the Republic of India and all references to the "U.S." are to the United States of America.

Financial Data

Unless stated otherwise, the financial data included in this Draft Red Herring Prospectus is derived from the Company's audited consolidated financial statements prepared in accordance with Indian GAAP and the Companies Act, and restated in accordance with the SEBI Regulations. In this Draft Red Herring Prospectus, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding off. All decimals have been rounded off to two decimal points.

The financial year of the Company commences on June 1 and ends on May 31 of the next year, so all references to a particular financial year with respect to the Company, unless stated otherwise, are to the 12 months period ended on May 31 of that year. The financial year of each of the Subsidiaries and the Joint Venture commences on April 1 and ends on March 31 of the next year, so all references to a particular financial year with respect to each of the Subsidiaries and the Joint Venture, unless stated otherwise, are to the 12 months period ended on March 31 of that year.

All numbers in this Draft Red Herring Prospectus have been represented in millions or in whole numbers, where the numbers have been too small to present in millions. Further, any reference to 'Lac' denotes Rs. 100,000.

There are significant differences between Indian GAAP, US GAAP and IFRS. The reconciliation of the financial statements to IFRS or US GAAP financial statements has not been provided. The Company has not attempted to explain those differences or quantify their impact on the financial data included herein, and it is urged that you consult your own advisors regarding such differences and their impact on the Company's financial data. Accordingly, the degree to which the Indian GAAP financial statements included in this Draft 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 Draft Red Herring Prospectus should accordingly be limited. See the section titled "Risk Factors" on page xiv.

Currency and Units of Presentation

All references to "Rupees", "Rs." or "₹" are to Indian Rupees, the official currency of the Republic of India. All references to "US$", "U.S.$", "USD" or "US Dollars" are to United States Dollars, the official currency of the United States of America and all references to "EURO" are to the official currency of the European Union.

Exchange Rates

This Draft Red Herring Prospectus contains translations of certain U.S. Dollar and EURO into Rupees that have been presented solely to comply with the requirements of the SEBI Regulations. These convenience translations should not be construed as a representation that those U.S. Dollar and EURO could have been, or can be converted into Rupees, at any particular rate or at all.

Definitions

For definitions, please see the section titled "Definitions and Abbreviations" on page i. In the section titled "Main Provisions of Articles of Association" on page 366, defined terms have the meaning given to such terms in the Articles.

Industry and Market Data

The section titled "Industry Overview" on page 69 has been derived from a report dated December 23, 2010 that the Company has commissioned Credit Analysis & Research Limited ("**CARE**") to prepare in terms of the engagement letter dated October 14, 2010 (the "**Report**"). CARE has obtained the information set forth in the Report from its databases and other sources available in the public domain identified in the Report. CARE's methodologies for collecting information and data, and therefore the information discussed in the "Industry Overview" section, may differ from those of other sources, and does not reflect all or even necessarily a comprehensive set of the actual transactions occurring in the industry. The "Industry Overview" section also includes certain projections and estimates that are based on certain assumptions regarding contingencies and other matters that are not within the control of the Company, the BRLMs, CARE or any other person. These assumptions are inherently subject to significant uncertainties and actual results may differ, perhaps materially, from those projected. CARE has given and has not withdrawn its written consent to the issue of this Draft Red Herring Prospectus with the inclusion herein of its name and all references thereto and to the inclusion of the Report, including extracts of the Report, in this Draft Red Herring Prospectus, in the form and context in which it appears in this Draft Red Herring Prospectus. While the Company has taken reasonable actions to ensure that the Report and the market share and industry data and forecasts have been extracted accurately and in their proper context, neither the Company nor the BRLMs have independently verified any of the data and forecasts from CARE or from third party sources or ascertained the underlying assumptions relied upon. As a result, you are cautioned against placing undue reliance on such information.

Further, unless stated otherwise, market share and industry data and forecasts used in this Draft Red Herring Prospectus, other than the "Industry Overview" section, have been obtained or derived from publicly available information as well as industry publications and surveys. Industry publications, surveys and forecasts generally state that the information contained therein has been obtained from sources believed to be reliable but that their accuracy and completeness are not guaranteed and their reliability cannot be assured. While the Company has taken reasonable actions to ensure that the market share and industry data and forecasts have been extracted accurately and in their proper context, neither the Company nor the BRLMs have independently verified any of the data and forecasts from third party sources or ascertained the underlying assumptions relied upon these. As a result, you are cautioned against placing undue reliance on such information.

Further, the extent to which the market share and industry data and forecasts used in this Draft Red Herring Prospectus are meaningful depends on the reader's familiarity with and understanding of the methodologies used in compiling such data and forecasts. There are no standard data gathering methodologies in the industry in which the Company conducts its business, and methodologies and assumptions may vary widely among different industry sources. See the section titled "Risk Factors" on page xiv.

FORWARD LOOKING STATEMENTS

All statements contained in this Draft Red Herring Prospectus that are not statements of historical fact constitute forward-looking statements. All statements regarding our expected financial condition and results of operations, business, plans and prospects are forward-looking statements. These forward-looking statements generally can be identified by words or phrases such as “aim”, “anticipate”, “believe”, “expect”, “estimate”, “intend”, “objective”, “plan”, “project”, “shall”, “will”, “will continue”, “will pursue” or other words or phrases of similar import. Similarly, statements that describe the Company’s strategies, objectives, plans or goals are also forward-looking statements. All forward-looking statements are subject to risks, uncertainties and assumptions about the Company that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement.

Forward-looking statements reflect our current views with respect to future events and are not a guarantee of future performance. These statements are based on our management’s beliefs and assumptions, which in turn are based on currently available information. Although we believe the assumptions upon which these forward-looking statements are based are reasonable, any of these assumptions could prove to be inaccurate, and the forward-looking statements based on these assumptions could be incorrect.

Further, actual results may differ materially from those suggested by forward-looking statements due to various risks or uncertainties. Important factors that could cause actual results to differ materially from the expectations of the Company include, but are not limited to, regulatory changes pertaining to the industries in India in which we conduct our 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 overseas which have an impact on our business activities or investments, the monetary and fiscal policies of India, inflation, deflation, unanticipated volatility 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, changes in competition in our industry and incidence of any natural calamities and/ or acts of violence. Other important factors that could cause actual results to differ materially from our expectations include, but are not limited to, the following:

- Revenues from advertisement and circulation sales;
- Ability to compete effectively;
- Dependence on third party suppliers for supply of raw materials;
- Regulatory changes pertaining to the print, publication and broadcasting industry in India in which the Company has its business and its ability to respond to them;
- Ability to successfully implement the Company’s strategy;
- Exposure to market risks;
- General economic and political conditions in India and globally, which have an impact on the business activities;
- Ability to attract and retain qualified personnel; and
- Any adverse outcome in legal proceedings in which the Company, the Promoters and/ or the Directors may be involved.

For further discussion of factors that could cause the actual results to differ from the expectations, please see the sections titled “Risk Factors”, “Our Business” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” on pages xiv, 91 and 275, respectively. 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 gains or losses could materially differ from those that have been estimated.

Forward-looking statements reflect the current views as of the date of this Draft Red Herring Prospectus and are not a guarantee of future performance. Neither the Company, the Directors, the BRLMs 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. The Company and the BRLMs will ensure that investors in India are informed of material developments until the time of the grant of listing and trading permission by the Stock Exchanges.

SECTION II: RISK FACTORS

An investment in the Equity Shares involves a high degree of risk. You should carefully consider all the information in this Draft Red Herring Prospectus, including the risks and uncertainties described below, before making an investment in the Equity Shares. If any of the risks described below or any other risks or any combination of risks and uncertainties discussed in this Draft Red Herring Prospectus actually occur, our business, results of operations, financial condition and prospects could suffer, the trading price of the Equity Shares could decline, and you may lose all or part of your investment in the Equity Shares. These risks and uncertainties are not the only issues that we may face. Additional risks and uncertainties not presently known to us or that we currently believe to be immaterial may also have an adverse effect on our business, results of operations, financial condition and prospects.

This Draft Red Herring Prospectus also contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including considerations described below and in the section titled "Forward Looking Statements" on page xiii.

The financial and other related implications of risks concerned, wherever quantifiable, have been disclosed in the risk factors below. However, there are certain risk factors the potential effect of which are not quantifiable and therefore no quantification has been provided with respect to such risk factors. In making an investment decision, prospective investors must rely on their own examination of us and the terms of this Issue, including the merits and risks involved. The numbering of the risk factors has been done to facilitate ease of reading and reference and does not in any manner indicate the importance of one risk factor over another.

Unless otherwise stated, the figures appearing in this section are based on our audited consolidated financial statements which have been prepared in accordance with Indian GAAP and the Companies Act and restated in accordance with the SEBI Regulations.

Internal Risks Factors

1. There are certain criminal charges pending against the Company, its Directors, its Promoters, its employees and its publishers, which if decided against any of these entities or persons could have an adverse effect on our reputation, business, results of operations, financial condition and prospects.

As of the date of this Draft Red Herring Prospectus, there are certain criminal proceedings pending against the Company, its Directors, its Promoters, its employees, including journalists and editors (in the context of their employment with the Company and not in their personal capacity), and its publishers. These proceedings, which are pending at different levels of adjudication before various courts, include defamation cases filed under the Indian Penal Code, 1860. In the event that any of these charges are decided against the Company or any of these persons, the Company, its Directors, its Promoters, its employees and/or its publishers may face penal consequences, including fines and/or imprisonment. This may affect our reputation, business, results of operations, financial condition and prospects.

The summary details of criminal charges pending against the Company, its Directors, its Promoters, its employees and its publishers, all as of the date of this Draft Red Herring Prospectus, are as follows:

Defamation cases

46 defamation cases filed under the provisions of the Indian Penal Code, 1860 are pending against the Company, its employees, including journalists and editors (in the context of their employment with the Company and not in their personal capacity), Vijay Darda and Rajendra Darda, for publishing allegedly defamatory articles in the newspapers of the Company. In certain cases, publishers of the Company are also a party.

Other cases

Company

i. Two criminal cases are pending against the Company in relation to contempt. Vijay Darda is also a party to these cases. Further, in one of the cases, the employees and publisher of the Company are also a party.

ii. A criminal application in relation to six criminal complaints filed against the Company for a news article published by it in *Lokmat* is pending.

Vijay Darda

i. Two criminal cases are pending against Vijay Darda in relation to contempt. The Company is also a party to these cases.

Rajendra Darda

i. A writ petition has been filed against Lokmat Newspaper Charitable Trust through its trustees, including Rajendra Darda and others in relation to the use of funds donated to the Lokmat Newspaper Charitable Trust.

ii. Six criminal cases are pending against Rajendra Darda on certain grounds, including alleged violation of the code of conduct for elections during the general elections.

iii. A criminal case is pending against Rajendra Darda relating to the fabrication of a sale deed of a property located in Aurangabad alleging that he has committed offences under the Indian Penal Code, 1860. Karan Darda is also a party to this case.

Karan Darda

i. A criminal case is pending against Karan Darda relating to the fabrication of a sale deed of a property located in Aurangabad alleging that he has committed offences under the Indian Penal Code, 1860. Rajendra Darda is also a party to this case.

Furthermore, criminal charges for defamation could result in losses if fines are imposed, and the sanctions for those found guilty of criminal charges may include imprisonment. In addition, even if we are successful in defending ourselves, we will be subject to legal and other costs, as well as management time, relating to defending such litigation, and such costs could be substantial. This could adversely affect our business, results of operations, financial condition and prospects.

For further details of outstanding criminal proceedings against the Company, its Directors, its Promoters, its employees and its publishers, see section titled "Outstanding Litigation and Material Developments" on page 297.

2. Our publication business, which accounts for almost all of our revenues, is dependant on the success of our business in Maharashtra and any event negatively affecting the newspaper industry in Maharashtra could have a material adverse effect on **our leadership position, business, results of operations, financial condition and prospects.**

We are one of the leading print media businesses in India, with significant circulation and readership in Maharashtra. There are many factors however which could affect our ability to maintain a leadership position in this market, including an increase in competition, our inability to attract journalistic talent, as well as economic, political and other conditions in Maharashtra, which could adversely affect our business, results of operations, financial condition and prospects.

Our publication business accounted for 97.38% and 96.79% of our revenues for the fiscal year ended May 31, 2010 and for the five month period ended October 31, 2010, respectively. Further, for the fiscal years ended May 31, 2008, 2009 and 2010 and for the five month period ended October 31, 2010, substantially all of our publication business revenues were derived from advertising and circulation sales in Maharashtra. We expect that Maharashtra will continue to account for a substantial portion of our revenues in the foreseeable future. If Maharashtra experiences an event negatively affecting its newspaper industry, such as a regional or nationwide economic downturn, a natural disaster, a contagious disease outbreak or a terrorist attack, or if the local or state authorities adopt regulations that impose additional restrictions or burdens on us or on the newspaper industry in general, our business, results of operations, financial condition and prospects will be materially and adversely affected.

3. Our publication business is dependent on the continued interest of our readers in Marathi language newspapers and any decline in such interest could have an adverse effect on our newspaper business, results of operations, financial conditions and prospects.

For the fiscal year ended May 31, 2010 and for the five month period ended October 31, 2010, our flagship newspaper *Lokmat* accounted for a substantial portion of our revenues and we expect that *Lokmat* will continue to account for a substantial portion of our revenues for the foreseeable future. *Lokmat* is a Marathi language newspaper catering to the Marathi speaking population. If there is a decline in the interest of our current or future readers in Marathi language newspapers or if our current or future readers' interest in newspapers in other languages such as Hindi and English increases and they switch to such other newspapers, our business, results of operations, financial condition and prospects will be materially and adversely affected.

4. The revenues derived from our publication business are substantially dependent on advertising revenue, and a reduction in advertising spending by our customers, defaults in payments by our customers, loss of advertising customers or our inability to attract new advertising customers, could have a material adverse effect on our business, results of operations, financial condition and prospects.

Our publication business relies substantially on advertisements for our revenues. Advertising revenues from our publication business constituted 67.57% and 70.97% of our revenues for the fiscal year ended May 31, 2010 and for the five month period ended October 31, 2010, respectively. Accordingly, a reduction in newspaper advertising spending by our advertising customers, defaults in payments by our customers, the loss of advertising customers, an inability to attract new advertising customers, or an increase in circulation or in the number of pages in our publications without a proportionate increase in advertising revenues, could have a material adverse effect on our business, results of operations, financial condition and prospects. In addition, we provide credit to our advertisers and do not receive all advertising revenues upfront. We have in the past and may in the future, experience defaults and delays in payments due by our advertisers.

We do not enter into long-term contracts with our advertising customers which would guarantee us advertising revenue. Further, some of these advertising customers may prefer to use the publications of our competitors or other media platforms which may adversely affect our business, results of operations, financial condition and prospects.

Advertising expenditure by our advertising customers in the newspaper and publishing business and our ability to attract new advertising customers are influenced by, among other factors, circulation and readership, geographical reach of our newspapers, readership demographics, competitors' actions (such as reducing advertising rates) and the preference of advertising customers for one form of media over another. In the last couple of years, the publishing industry has also witnessed emergence of new local players competing for their share of revenues from advertisers. Pricing in the short term may be affected by their actions. In addition, advertising expenditure is influenced by a number of factors, including the Indian economy, the performance of particular industry sectors, shifts in consumer spending patterns and changes in consumer sentiments and tastes.

Further, in the event of an economic slowdown, spending with respect to marketing and advertisements may often be reduced and advertising customers and the agencies that represent them may pressurize us to reduce advertising rates, in some cases resulting in broad percentage discounts on advertisements. In an economic slowdown, reduction in expenditure on marketing and advertising could adversely impact our business, results of operations, financial condition and prospects.

5. Our publication business faces competition from online news sources and any decline in the readership of printed newspapers among our target readers could have an adverse effect on our newspaper business, results of operations, financial condition and prospects.

Our publication business competes for circulation and advertising revenues with the online news media. There has been growth in the availability and readership of online news sources recently, including Marathi news. Increasing popularity of online news sources and internet and mobile distribution platforms poses a long term challenge to print media companies, including us. The development of niche portals is resulting in online news sources becoming both effective and inexpensive as compared with newspapers. In developed markets such as the US and UK, the news industry has witnessed a migration of advertising revenues from print to online news sources.

While we have launched online versions of *Lokmat, Lokmat Samachar* and *Lokmat Times*, we provide access to our online newspapers free of charge. In addition, we earn a relatively small portion of our publication revenues from advertisements relating to our online newspapers. There can be no assurance that increased competition from online news sources would not materially and adversely affect our business, results of operations, financial condition and prospects in the future.

6. We face intense competition in the newspaper industry, and if we are not able to compete effectively, our business, results of operations, financial condition and prospects may be adversely affected.

The Indian newspaper industry is intensely competitive. In addition, the Indian newspaper industry may become even more competitive with the entrance of international media companies in the future. In each of our markets as well as new markets which we may enter into, we face competition from other newspapers for circulation, readership and advertising. In addition, we face competition from other forms of media for advertisers and also for the time and attention of readers, including magazines, television broadcasters, radio broadcasters and internet websites.

Some of our competitors may have greater financial resources, generate higher revenues, and therefore, may be able to better respond to market changes, shifts in consumer spending patterns and changes in consumer sentiments and tastes. They also may be more established in certain markets in which we operate or new markets that we may enter into, and in a better position than us to sustain losses in revenue due to pricing pressures on advertising rates and cover prices of newspapers. Accordingly, we cannot be certain that we will be able to compete effectively with our competitors or that we will not lose circulation, readership or advertising business to them. If we are not able to compete effectively, our business, results of operations, financial condition and prospects could be adversely affected.

Competition for increases in circulation and readership of newspapers has often resulted in our competitors reducing the cover-prices of their newspapers, reducing advertising rates or offering price incentives to advertising customers. In view of such price competition, we have, and in the future we may (1) reduce the cover prices of our newspapers, (2) reduce our advertising rates, and/or (3) offer other price incentives to our advertising customers. For instance, on certain occasions, due to intense competition, we were involved in price reductions in cover prices in relation to the Pune and Kolhapur editions of *Lokmat*. Any such reduction in prices or rates, the introduction of new price incentives, a loss in customers due to a reduction in prices by our competitors, as well as competition from other newspapers and other forms of media, will have a material adverse effect on our business, results of operations, financial condition and prospects.

7. Our newspaper business is dependent on the supply and cost of newsprint and any disruption in the supply or fluctuation in the price of newsprint could adversely affect our business, results of operations, financial condition and prospects.

Newsprint forms the major raw material for our newspaper business and represents the most significant portion of our expenses. We consumed newsprint sourced from both domestic and international suppliers. The price and supply of newsprint both domestically and internationally has historically been cyclical and volatile. For the five month period ended October 31, 2010 and for the fiscal year ended May 31, 2010, we consumed 61.70% and 73.47%, respectively, of our annual newsprint requirements sourced from suppliers of Indian newsprint, with the balance sourced from suppliers of international newsprint. Newsprint which is sourced from our international suppliers is generally priced in U.S. dollars and therefore any decline in the value of the Rupee against the U.S. dollar would increase the Rupee cost of such newsprint. For information on exchange rate risks associated with our business, including as a result of sourcing a portion of our newsprint from international suppliers, see "—Exchange rate fluctuations may adversely affect our financial performance".

We purchase our newsprint from suppliers on an as needed basis by way of purchase orders and not by way of any medium or long term contracts. Since we do not have any medium or long term supply contracts with our suppliers, we cannot assure you that we shall always have a steady supply of newsprint, or a supply which is on terms favorable to us. We currently do not have any hedging arrangements and are therefore vulnerable to the volatility of market prices for newsprint. Any significant increase in the price of newsprint and/or disruption in our supply of newsprint would adversely affect our business, results of operations, financial condition and prospects.

8. A decrease in the circulation and readership of our newspapers would adversely affect our business, results of operations, financial condition and prospects.

Circulation and readership of our newspapers are important factors that significantly influence advertising spending by our advertising customers and our advertising rates. Since we do not have any medium or long term contracts with our advertising customers, any decrease in the circulation and readership of our newspapers could translate into a decrease in our advertising rates and/or advertisers switching to other newspaper companies with higher circulation and readership.

Circulation and readership are dependent on, among other factors, the quality of our editorial content, the preferences of our readers, the reach of our newspapers, the loyalty of our readers to our newspapers, our ability to successfully establish new locally focused newspapers in new regions and our reputation among our readers. Any failure by us to meet our readers' preferences, quality standards or to establish ourselves in new markets could adversely affect our circulation or readership over time. In particular, circulation in the Indian newspaper market is also largely affected by price and, therefore, the circulation of our newspapers may be adversely affected if we fail to meet any price competition. A decline in the circulation or readership of one or more of our newspapers for any reason could adversely affect our business, results of operations, financial condition and prospects.

9. Our newspaper business is dependent on the printing facilities, and the interruption or shutdown of operations at any major printing facility could adversely affect our business, results of operations, financial condition and prospects.

Our existing printing facilities and any printing facilities that we may establish in the future are subject to operating risks, such as the breakdown or failure of equipment, power supply or processes, performance below expected levels of output or efficiency, labour disputes, natural disasters, industrial accidents and the requirement to comply with the directives of relevant governmental authorities. In addition, each of the printing facilities caters to the printing requirements of a specific market, and as a result, any breakdown of a printing facility may result in a significant disruption of circulation of our newspapers in a specific market. The breakdown or failure of any of our equipment or machinery may result in us having to make repairs or procure replacements that may require considerable time and expense. Further, while our insurance covers our printing facilities, in the event of the loss or shut down of one of our printing facilities, we may be unable to outsource our printing requirements. Accordingly, any significant operational problems or the loss or shutdown for an extended period of time of one of our major printing facilities could adversely affect our business, results of operations, financial condition and prospects.

10. We rely on third parties for the sale and distribution of our newspapers and any disruption to the sale and distribution network may adversely affect our business, results of operations, financial condition and prospects.

We distribute our newspapers through a multi-tiered distribution network consisting of agents, sub-agents, several vendors and hawkers. As of October 31, 2010, we had 8,461 agents within our distribution network. Our distribution network is multi-tiered. We supply newspapers to the circulation agents on the basis of informal arrangements, which differ for each agent. The agents in turn distribute newspapers to a network of vendors through trucks and taxis. Further, most of our circulation agents are retained on a non-exclusive basis and also distribute newspapers for our competitors. If our competitors provide better commissions or incentives (or if we reduce our commissions or incentives) to our circulation agents, it could result in them favoring the newspapers of our competitors over our newspapers. In addition, if we experience work stoppages by our circulation agents or if we are unable to engage our circulation agents on mutually agreeable terms to distribute and sell our newspapers, it could significantly disrupt the supply of our newspapers to our readers, and therefore the demand for advertising in our newspapers could diminish, which in turn could have a material adverse effect on our business, results of operations, financial condition and prospects.

11. Sales and profitability of our publication business depend on our ability to continue to develop new content, products and services that appeal to consumers, and any failure to do the same could have a material adverse effect on the circulation and readership of our newspapers and other segments of our business.

We compete in a newspaper market characterised by continual change, product and service introductions, changes in consumer demands and evolving industry standards. While we continually endeavor to enhance the content and quality of our newspapers to increase readership and circulation, as well as cater to the changing preferences of consumers, we cannot guarantee that we will be successful in these efforts. Additionally, lack of innovation in developing new content (including niche content), products and services could adversely affect the readership and circulation of our newspapers. Our ability to successfully develop and produce content, products and services is also subject to numerous uncertainties, including our ability to anticipate and successfully respond to rapidly changing consumer tastes and preferences, fund new content development and successfully expand our content offerings into new platforms and delivery mechanisms, such as through the use of the internet. Any failure to develop new content products and services which appeal to customers could have a material adverse effect on the circulation and readership of our newspapers and other segments of our business.

12. Our strategy to expand our publication business into new as well as existing markets is contingent upon numerous factors and we may not be able to achieve our planned rate of expansion.

Our business plans include growing readership and circulation in the rural and urban areas of existing markets and in new markets. However, given the current number of key players in these markets, penetration by the Company may be difficult. This growth strategy requires us to successfully attract advertising based on our ability to grow readership. Success of this strategy is subject to business, economic and competitive uncertainties and contingencies, many of which are beyond our control.

We have in the past, and may in the future, experience barriers to entry in new markets such as lack of access to existing distribution networks. In addition, entry into new markets requires significant expenditure in terms of marketing, branding, and setting up operations for news gathering, as well as setting up printing facilities. Such barriers may necessitate that we seek other options such as alternative distribution networks, which may not be available, or that we incur additional costs to overcome such barriers.

As part of our strategy to expand our newspaper business into new as well as existing markets and grow our readership, we offer promotional pricing from time to time in existing markets and invitational pricing in new markets. As a result, any decrease in our sales revenue could adversely affect our business, results of operations, financial condition and prospects.

In addition, our strategy to expand our publication business will require significant attention of our management and expenditure of other resources and may strain our finances, network and system infrastructure and personnel. For instance, in Jaipur, a third party has the title registration to the name *Lokmat* with the RNI for a Hindi newspaper. As such, if we decide to enter into this new market, we would not be entitled to use the name *Lokmat* for our Hindi newspaper.

In order to manage this planned growth, we must continuously improve our operational and financial systems, expand our network and system infrastructure, attract, retain and hire personnel, and enhance the effectiveness of our financial control and procedures. Inability to manage this planned growth may prevent us from providing an attractive and reliable product to customers, efficiently process transactions due to, for example, system shutdowns or inadequate levels of customer service, which could negatively impact our brand name and reputation and may result in us not being able to attract and retain customers.

As a result of the above, our strategy to expand into new and existing markets may not be profitable, and we may not be able to fully implement our strategy or realize our anticipated results, which could have an adverse effect on our business, results of operations, financial condition and prospects.

13. We require certain approvals, licenses, registrations and permits in the ordinary course of our business and any delay in obtaining or inability to obtain these approvals, licenses, registrations and permits could have a material adverse effect on our business, results of operations, financial condition and prospects.

We require certain approvals, licenses, registrations and permits from certain regulators and authorities to conduct our business. We are required to apply for renewal of certain approvals, licenses, registrations and permits which expire from time to time. Any failure to obtain, maintain or renew required approvals, licenses, registrations or permits in relation to current operations or in relation to any future operations, including any future expansion of any of our businesses, could have a material adverse effect on our business, results of operations, financial condition and prospects. In addition, our business might also suffer in the event that there are adverse changes to the regulatory framework, which could include new regulations that we are unable to comply with or those that provide our competitors with advantages. If we cannot comply with, or regulatory authorities claim that we have not complied with, all applicable regulations, including any failure to renew the approvals that have expired, or if there is a delay in applying for and obtaining the required approvals, consents and registrations, our business, results of operations, financial condition and prospects could be adversely affected.

We also have certain approvals which are currently pending before various statutory authorities, details of which are set out below:

Sr. No.	Particulars of the application	Authority before which the application is filed	Date of the application
1.	Application for registration of *Lokmat Samachar*, Kolhapur, in the name of the Company under the Press and Registration of Books Act, 1867	RNI	June 15, 2009
2.	Application for issue of certificate of registration under the Contract Labour (Regulation and Abolition) Act, 1970, in relation to the Nagpur printing facility	Registering Officer, Nagpur	September 23, 2010
3.	Application for approval of machinery lay-out and registration of factory in relation to the Goa printing facility	Director, Inspector of Factory and Boiler, Altino, Panaji, Goa	April 8, 2008
4.	Application for renewal of consent to operate under the Water (Prevention and Control of Pollution) Act, 1974, the Air (Prevention and Control of Pollution) Act, 1981, and authorisation under the Hazardous Waste (Management and Handling) Rules, 1989, in relation to the Pune printing facility	Maharashtra Pollution Control Board	August 20, 2010
5.	Application for the issue of certificate of registration under the Contract Labour (Regulation and Abolition) Act, 1970, for the year 2010, in relation to the Pune printing facility	Office of the Deputy Commissioner for Labour, Pune	September 27, 2010

For details on the pending applications filed by the Company for registration of trademarks in various categories and for further details on the approvals required for our business, see section titled "Government and Other Approvals" on page 313.

14. The Company and its Subsidiaries, Joint Venture, Directors and Promoters are involved in legal proceedings related to civil, taxation, labour, statutory and other matters, which if determined against any of these entities or persons, could adversely impact our business, results of operations, financial condition and prospects.

The Company and its Subsidiaries, Joint Venture, Directors and Promoters are involved in a number of legal proceedings which are pending at different levels of adjudication before various authorities, courts and tribunals. Any adverse decision in these proceedings may have an adverse effect on our business, results of operations, financial condition and prospects.

Brief details of the outstanding litigation as of the date of this Draft Red Herring Prospectus, including the amounts where quantifiable, against the Company and its Subsidiaries, Joint Venture, Directors and Promoters are set forth below:

The Company

Nature of the litigation	No. of outstanding litigations	Aggregate amount involved (In Rs. million)
Income tax cases[1]	5	34.34
Sales tax cases	1	0.62
Civil cases	37	78.70
Labour cases	58	40.69
Notices[1]	27	56.60
Total	**128**	**210.95**

(1) Includes income tax cases and notices against the Demerged Undertaking of PPPL.

Subsidiaries and Joint Venture

Nature of the litigation	No. of outstanding litigations	Aggregate amount involved (In Rs. million)
Civil cases	1	NIL
Notices	7	12.00
Total	**8**	**12.00**

Directors

Nature of the litigation	No. of outstanding litigations	Aggregate amount involved (In Rs. million)
Civil cases	12	20.45
Labour cases	1	NIL
Notices	4	30.00[1]
Total	**17**	**50.45**

(1) The amount involved in this case (i.e. Rs. 30.00 million) has already been accounted for in the table above with respect to the cases against the Company.

Promoters[1]

Nature of the litigation	No. of outstanding litigations	Aggregate amount involved (In Rs. million)
Civil cases	3	2.70
Notices	1	NIL

Nature of the litigation	No. of outstanding litigations	Aggregate amount involved (In Rs. million)
Total	**4**	**2.70**

(1) *The cases below exclude the cases filed against Vijay Darda, which have already been included in the table above with respect to cases against the Directors.*

In addition, there are certain criminal, civil, labour and other proceedings that have been filed by the Company, its Joint Venture, Directors and Promoters which are pending before various courts and tribunals. An adverse outcome in any of these proceedings may affect our reputation and could have an adverse effect on our business, results of operations, financial condition and prospects. We cannot assure you that any of these proceedings will be decided in favor of the Company or its Subsidiaries, Directors, Promoters or Group Companies, or that no further liability will arise out of these proceedings. For further details, see section titled "Outstanding Litigation and Material Developments" on page 297.

Further, should any new developments arise, such as a change in Indian law or rulings against any of these entities or persons, we may need to make provisions in our financial statements that could increase our expenses and current liabilities.

15. Our statutory auditor qualified its audit report in each of the fiscal years ended May 31, 2006, 2007, 2008 and 2009.

Our statutory auditor qualified its audit report in each of the fiscal years ended May 31, 2006, 2007, 2008 and 2009. In addition, we cannot assure you that our statutory auditor will not qualify its audit reports in the future. Brief details of the area of qualifications for each of the fiscal years ended May 31, 2006, 2007, 2008 and 2009 are set forth below.

Area of Qualification	Fiscal Year Ended
For the fiscal year ended May 31, 2006, the Company's statutory auditor reported in its audit report dated October 6, 2006 that the Company had not made provisions for doubtful debts of Rs. 2.77 million, and accordingly, profit for the fiscal year ended May 31, 2006 had been overstated by Rs. 2.77 million. The Company made a provision for doubtful debts on sundry debtors and its effect has been provided for in the restated profit & loss statement for the fiscal year ended May 31, 2006.	May 31, 2006
For the fiscal year ended May 31, 2007, the Company's statutory auditor reported in its audit report dated September 24, 2007 that the Company had not made provisions for doubtful debts of Rs. 3.13 million, and accordingly, profit for the fiscal year ended May 31, 2007 had been overstated by Rs. 3.13 million. The Company made a provision for doubtful debts on sundry debtors and its effect has been provided for in the restated profit & loss statement for the fiscal year ended May 31, 2007.	May 31, 2007
For the fiscal year ended May 31, 2008, the Company's statutory auditor reported in its audit report dated September 18, 2008 that the Company had not made provisions for doubtful debts of Rs. 4.31 million, and accordingly, profit for the fiscal year ended May 31, 2008 had been overstated by Rs. 4.31 million. The Company made a provision for doubtful debts on sundry debtors and its effect has been provided for in the restated profit & loss statement for the fiscal year ended May 31, 2008.	May 31, 2008
For the fiscal year ended May 31, 2009, the Company's statutory auditor reported in its audit report dated November 18, 2009 that the Company had not made provisions for doubtful debts of Rs. 3.70 million, and accordingly, profit for the fiscal year ended May 31, 2009 had been overstated by Rs. 3.70 million. The Company made a provision for doubtful debts on sundry debtors and its effect has been provided for in the restated profit	May 31, 2009

Area of Qualification	Fiscal Year Ended
& loss statement for the fiscal year ended May 31, 2009.	

16. The Company has entered into certain related party transactions and there can be no assurance that such transactions will not have an adverse effect on our business, results of operations, financial conditions and prospects.

We have entered, and may continue to enter into a number of related party transactions with our Promoters, Group Companies, Promoter Group companies and associates. We cannot assure you that our related party transactions have been conducted on an arm's length basis or that we could not have achieved more favorable terms had such transactions been entered into with unrelated parties. For example, the Company has invested in redeemable preference shares of a Group Company. The return on such preference shares may be lower than that available on similar instruments of other companies. In addition, the terms of such shares allow the relevant Group Company to extend the due dates for their redemption at its sole discretion. Further, the Promoters and some of the Directors have received certain payments other than remuneration or reimbursement of expenses, and have also, directly or indirectly (including through Group Companies), licensed and leased properties to the Company.

Such related party transactions may give rise to potential conflicts of interest with respect to dealings between us and the related parties. There can be no assurance that such transactions or any future related party transactions, either individually or in the aggregate, will not have an adverse effect on our business, results of operations, financial condition and prospects, including as a result of potential conflicts of interest or otherwise. For details, see sections titled "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Related Party Transactions" on pages 275 and 173, respectively.

17. Our business requires capital and any failure to raise funds for our capital needs will have an adverse effect on our business, results of operations, financial condition and prospects.

We may require additional debt and equity funding to fund future operational needs and debt service obligations. We may also need to incur capital expenditures, including for the purchase of printing machinery, to launch new newspapers or new editions of our existing newspapers, in connection with establishing brand loyalty, broadening our distribution network as we expand our operations and growing the readership and circulation of our newspapers.

Additional debt funding may not be available as and when required and, if incurred, would result in increased debt service obligations and could result in additional operating, restrictive and financing covenants, or encumbrances on our assets that would restrict our operations. The issue of additional equity securities could result in the dilution of the shareholding of our shareholders.

Our ability to obtain required funding on acceptable terms is subject to a number of factors, including:

- limitations on our ability to incur additional debt, including as a result of prospective lenders' evaluations of our creditworthiness and pursuant to restrictions on incurrence of debt in our existing or future credit arrangements;
- ratings obtained on the basis of financial assessment by credit rating agencies;
- investors' and lenders' perception of, and demand for, debt and equity securities of media companies, as well as the offerings of competing financing and investment opportunities in India by our competitors;
- the rules and regulations relating to foreign investment in, and external commercial borrowings by, Indian companies;
- conditions in the Indian and international capital markets in which we may seek to raise funds;
- our future results of operations, financial condition and cash flows; and

- economic, political and other conditions in India and internationally.

We cannot assure you that necessary funds will be available in amounts or on terms acceptable to us, or at all. If we fail to raise additional funds in such amounts and at such times as we may need, we may be forced to reduce our capital expenditures. In that event, our business, results of operations, financial condition and prospects would be materially and adversely affected.

18. We are dependent on the expertise of our Promoters and senior management and the results of our operations may be adversely affected by the departure of any of our Promoters or members of our senior management.

We are dependent on our Promoters who have been involved in defining and monitoring our business strategy and we expect that we will continue to be dependent on our Promoters. However, there can be no assurance that all or any of our Promoters will continue to be involved in our business. We are also dependent on certain members of our Promoter Group, who are also our Directors, Devendra Darda and Rishi Darda, in relation to personal guarantees extended by them to certain of our lenders. In addition, we are dependent on our senior management team for setting our strategic direction and managing our businesses, both of which are crucial to our success. In the event any or all of them leave or are unable to continue to work with us, it may be difficult to find suitable replacements in a timely manner or at all. Furthermore, we may be unable to recruit new senior management personnel should we need to in view of our business strategy of expansion. Our ability to retain and recruit senior management will also depend on us maintaining an appropriate remuneration policy. We cannot be sure that the remuneration policy we have in place will be sufficient to retain or recruit the services of senior management.

The departure of any or all of our Promoters or any member of our senior management or the inability to recruit senior management as needed may adversely affect our businesses, results of operations, financial condition and prospects.

19. Our financial indebtedness and the conditions and restrictions imposed by our financing agreements could restrict our ability to conduct our business, which may adversely affect our business, results of operations, financial condition and prospects.

As of October 31, 2010, we had secured indebtedness of Rs. 551.40 million and unsecured indebtedness of Rs. 68.16 million, and we may incur substantial indebtedness in the future. Our indebtedness (both current and future) could have several adverse consequences, including, but not limited to the following:

- we may be required to dedicate a portion of our cash flow towards repayment of our debt, which will reduce the availability of cash to fund working capital, capital expenditures, acquisitions and other general corporate requirements;

- we may not have sufficient unencumbered assets for collateral against credit facilities extended to us by our lenders;

- our ability to obtain additional financing in the future on favorable terms may be impaired;

- fluctuations in market interest rates may adversely affect the cost of our borrowings;

- there could be a material adverse effect on our business, results of operations, financial condition and prospects if we are unable to service our indebtedness or otherwise comply with financial covenants of such indebtedness; and

- we may be more vulnerable to economic downturns, may be limited in our ability to withstand competitive pressures, and may have reduced flexibility in responding to changing business, regulatory and economic conditions.

In addition, our financing agreements may include restrictive covenants which require us to obtain the consent of our lenders for certain actions. For example, the loan facilities we have with certain of our lenders limit our ability to create liens or other encumbrances on, or sell or otherwise dispose of, our current and future plants, machinery, stock and book debts, and make certain payments and investments with the money borrowed under such loans. Such lenders also have the right to determine whether we can terminate each loan facility, seek early repayment, and they can also charge us a premium for prepayments. Further, the Company has certain unsecured loans that are repayable on demand. In the event that the lenders of such loans call in these loans, the Company would need to find alternative sources of funding, which may not be available on commercially reasonable terms, or at all.

Any failure to service our current and future indebtedness, maintain the required security interests, comply with any covenant, or otherwise perform our obligations under our financing agreements could lead to a termination of one or more of our facilities, imposition of penalties or acceleration of repayment of amounts due under such facilities, which may adversely affect our business, results of operations, financial condition and prospects. For further details on our financial indebtedness, see section titled "Indebtedness" on page 186.

20. Our ability to remain competitive may be adversely affected by rapid technological changes and limitations and any significant weaknesses in our printing or information technology systems may have a material adverse effect on our business and results of operations.

Advances in technologies or alternative methods of product delivery or storage, or changes in consumer behavior driven by these or other technologies, could have a negative effect on our business. Other larger diversified media companies may have larger budgets to exploit growing technological trends than the budgets we can make available. Further, our competitors may develop, license or acquire software and other technology that is superior to ours, which could enable our competitors, for instance, to offer higher quality products than ours, or at a lower cost. The cost of implementing new technology could be significant and could adversely affect our business, results of operations, financial condition and prospects. 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. In order to remain competitive, we could be required to upgrade our technology. For example, we do not have colour printing technology at all our printing facilities and may need to purchase colour printing equipment as well as train personnel to operate such equipment and any failure to do so could have a material adverse effect on our business, results of operations, financial condition and prospects. See "Objects of the Issue".

We rely on printing equipment, communications equipment and other information technology ("**IT**") to conduct our business. Currently, the IT data centers located at each of the 12 printing facilities are not fully integrated. We are in the process of integrating our IT data centers currently and there can be no assurance that we will be able to successfully integrate these data centers. In addition, in April 2006, we engaged a third party IT audit firm to conduct a vulnerability assessment of the IT and network infrastructure relating to our publication business. Recommendations included installing hardware firewalls for network security and rolling out strong anti-virus, anti-spyware and intrusion detection software. While we have implemented such recommendations, there can be no assurance that we may not experience additional weaknesses in our IT systems which could have a material adverse effect on our business, results of operations, financial condition and prospects.

Although we have backup in some cases, any significant damage to certain equipment or any other technological breakdowns to equipment or systems could disrupt our ability to print and publish or other critical aspects of our business. Though we maintain insurance for our assets, any equipment or technological failure or damage due to technological failures and natural disasters such as earthquakes and floods that results in a disruption of our services, could lead to loss of revenues.

In addition, there are technological limitations which affect IBNL in particular, such as the extent to which it can expand its news and current affairs 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 the "last mile" connectivity, we cannot assure you that if IBNL decides to expand its channel offerings, it will be able to do so on reasonable terms, on a timely basis, or at all.

21. We may enter into barter transactions from time to time where the nature of the consideration is other

than cash and as a result of this practice, the exact consideration from such transactions may not be quantified or determined and cash flow from our operating activities may be affected.

From time to time, print media companies enter into barter transactions to supplement their advertising revenues. A barter deal takes place between two unrelated parties that often operate in different sectors to provide services to one another where no cash payment (or only partial cash payment) is made between the two parties. We have entered into such transactions in the past where we have provided services typically consisting of publishing advertisements in our newspapers or magazines, in exchange for certain goods and services. We expect to continue to enter into such transactions in future. As a result, it may not be possible to accurately determine the exact consideration from such transactions which could consequently affect cash flow from our operating activities.

22. We may face libel or defamation charges, or charges associated with prohibited advertisements, which could in turn affect our reputation as well as our business, results of operations, financial condition and prospects.

We rely on our editors, reporters, freelance contributors as well as news wires and agencies for the news and other content for our newspapers. Our newspapers may contain information and stories that expose us, our Directors, Promoters, employees and publishers to litigation for libel or defamation charges, which could affect our reputation as well as our business, results of operations, financial condition and prospects. In addition, the nature of the content of our newspapers may require us to take a view or position which may not be well received by some of our readers and advertising customers which could lead to a loss in circulation, readership and advertising revenues.

Certain legislation regulates the content of advertisements and prohibits publication of advertisements on certain subjects. Any person associated with taking part in the publication of a prohibited advertisement, including persons associated with printing an advertisement, are liable to be imprisoned if proven guilty of such an offense. Under such legislations, our Directors or persons in charge of our business could be punished with imprisonment, if convicted of publication of certain prohibited advertisements, which may affect our business, results of operations, financial condition and prospects, as well as our reputation. In addition, since we do not have any insurance coverage for defamation or libel claims, we may be subject to liabilities, including monetary compensation.

23. Exchange rate fluctuations may adversely affect our business, results of operations, financial condition and prospects.

Being in the publishing business, we are exposed to exchange rate risk. For instance, we import printing machinery and equipment from time to time which is generally priced in Euros, and a portion of our newsprint and sundry stores such as CTP violet plates, which are sourced from international suppliers, are generally priced in US Dollars. Our future capital expenditures and newsprint/stores purchases may also be denominated in currencies other than Rupees and we may also incur additional borrowings in US Dollars or other foreign currencies. Therefore, a decline in the value of the Rupee against the US Dollar or other foreign currencies would increase the Rupee cost of paying for such machinery and newsprint/stores and repaying US Dollar borrowings and their value on our balance sheet. The exchange rate between the Rupee and the US Dollar has changed substantially in recent years and may continue to fluctuate significantly in the future. Further, even though we may in the future enter into hedging arrangements against currency exchange rate risks, there can be no assurance that these arrangements will successfully protect us from losses due to fluctuations in currency exchange rates. Adverse movements in foreign exchange rates may adversely affect our business, results of operations, financial condition and prospects.

24. We are dependent on a third party for a substantial portion of the news content of Lokmat Times.

We entered into an agreement with a third party for the purpose of providing us with a substantial portion of the news content in English for *Lokmat Times*. The agreement has since expired and was not renewed. While we continue to receive news content from such third party, there is no contractual basis upon which we can claim a right to the supply of news content. If such third party decided to no longer provide us with the news content, it would have a significant adverse effect on the quality of the news content of *Lokmat Time*s, which in turn would affect our business and prospects.

25. ***The quality and credibility of our and IBNL's news content is largely dependent on the quality of editors, journalists and production teams, and our inability to recruit and retain editorial staff and IBNL's inability to recruit and retain journalistic and production staff may adversely affect our business, results of operations, financial condition and prospects.***

Our success in the publishing sector depends in part on our ability to recruit and retain talented editorial staff with various language capabilities, particularly Marathi. Salaries and related benefits of our editorial staff, journalists and other employees are among our significant costs. Due to the recent economic growth in India and increased competition for skilled employees, as well as the fluctuating wholesale price inflation which India has recently experienced compared to historical levels, wages for skilled employees such as ours are increasing at a fast rate. Accordingly, in order to remain competitive in attracting and retaining the quality of employees that our business requires, we may need to increase the levels of employee remuneration more rapidly than in the past. Further, pursuant to applicable laws, including statutory wage board requirements, we may be required to increase wages payable to our employees. Such wage increases may reduce our profit margins and may have a material adverse effect on our business, results of operations, financial condition and prospects.

Further, while we believe that we are taking appropriate initiatives to recruit and retain quality talent in the industry, increasing competition in the publishing business may result in high attrition rates in the future and there is no assurance that we would be in a position to retain them over a period of time, which may further have a material adverse effect on our business, results of operations, financial condition and prospects. We cannot assure you that the remuneration policy we have in place will be sufficient to retain the services of our editorial staff or recruit new editorial staff.

As regards IBNL's broadcasting business, its success depends in large part on its ability to recruit and retain journalistic and production talent, as well as technicians of high quality at reasonable rates. IBNL may face competition from other news channels in recruiting and retaining journalists and technical staff for the production and broadcasting of programs. IBNL's inability to recruit and retain such high quality human resources at reasonable rates could have an adverse effect on its and in turn our business, results of operations, financial condition and prospects.

26. ***We depend significantly on our joint venture partner, ibn18, and we may encounter problems in completing television-related projects developed in conjunction with ibn18.***

We depend significantly on ibn18 and the satisfactory performance of its obligations pursuant to the shareholders' agreement that the Company has entered into with ibn18 for our broadcasting business. ibnl8 contributes operational support to IBNL in the form of editorial content, satellite access, technical support, manpower training, channel distribution and advertising sales. In addition, ibn18 contributes to IBNL financially through the subscription of shares. Any delays in ibn18's financial or non-financial contributions may affect our ability to fulfill our obligations. IBNL's operations involve special risks associated with the possibility that ibn18 may:

- have economic or business interests or goals that are inconsistent with ours;
- take actions or omit to take any actions contrary to our instructions or requests or contrary to our policies or objectives or good corporate governance practices or the law;
- be unable or unwilling to fulfill its obligations under the Shareholders' Agreement;
- have disputes with us as to the scope of its responsibilities and obligations; or
- have financial difficulties.

In addition, ibn18 provided IBNL with temporary usage of one of its premises since access to IBNL's leased facility in Mumbai was temporarily disrupted as a result of a fire and vandalism.

The shareholders' agreement with ibn18 has a non-compete clause pursuant to which the Company is restricted from engaging in any competing business in the news space in the Marathi language, either directly or indirectly. However, the Company's print business is not deemed to compete with the business of IBNL. Such restriction is applicable during the term of the shareholders' agreement and for one year after its termination. As a result, we are currently restricted from pursuing opportunities in the non-print news space in the Marathi language which could adversely impact our expansion plans, our business, results of operations, financial condition and prospects.

The shareholders' agreement also restricts the Company from selling its shareholding in IBNL for a period of five years from the date of IBNL's incorporation, without the prior written consent of ibn18. On the expiry of the five year lock-in period, any transfer of shares to a third party is subject to the right of first refusal and tag along right available to the other shareholder(s) under the shareholders' agreement. Any failure or delay in obtaining ibn18's prior written approval, would restrict the Company's ability to dispose of the shares in IBNL even if it is offered a premium by a potential purchaser. For details of the shareholders' agreement, see the section titled "History and Certain Corporate Matters" on page 131.

In addition, we may require ibn18's cooperation and consent in connection with various aspects of IBNL's operations, which may not always be forthcoming. Further, we do not have a majority interest in IBNL, and as a result, we would be unable to influence decisions requiring a simple majority vote. We cannot assure you that the Company will be able to influence the management, operation and performance of IBNL through its voting rights, or contractually in a manner which would be favorable to us, or at all. Any disagreement we have with ibn18 may lead to a deadlock situation, which could adversely affect the timing and completion of our future broadcasting-related projects. We cannot assure you that we will be able to resolve such disagreements in a manner that will be in our best interests, or at all, which could have a adverse effect on our business, financial condition, results of operations and prospects.

27. IBNL faces significant competition from existing news channels, potential entrants to the news broadcasting industry and other news media platforms.

IBN-Lokmat's primary competitors include two Marathi news channels, *Star Mazaa* and *Zee 24 Taas*, as well as English, Hindi and other news channels, which may be operated by companies who have significantly more experience than IBNL in the news broadcasting industry. Some of IBNL's competitors may have greater resources than us and therefore may have the ability to absorb losses. Potential new entrants in the news broadcasting industry could intensify competition and may adversely affect IBNL's position in the industry, business, financial condition, results of operations and prospects. We expect competition to increase with new entrants entering the news broadcasting industry and existing players consolidating their positions. In addition, IBNL faces competition from other news media platforms including print, radio and online news platforms. As a result of competition, IBNL may have to reduce advertising rates, increase capital expenditures in order to differentiate it from other news broadcasters and increase its advertising and distribution expenditures, which may adversely affect our business, results of operations, financial condition and prospects.

28. IBNL is dependant on the Marathi speaking viewership base and a significant reduction in that viewership base, including a shift in viewership to Hindi and other language channels, could have a material adverse effect on IBNL's business, results of operations, financial condition and prospects.

IBNL's primary source of revenue is advertising income which is significantly influenced by the Marathi speaking viewership base. As part of IBNL's goal of increasing its revenues through increased advertising income, IBNL is focusing on growing its Marathi speaking viewership base. In order to achieve this goal, IBNL will need to successfully develop attractive programming and news content that generates adequate viewership and consistently meets the changing preferences of the Marathi speaking consumer market. In addition, the economic success of IBNL's programming will depend on factors such as an increase in competition, the quality and acceptance of other competing news and current affairs programmes, the availability of alternative forms of information, an inability to attract journalistic and production talent, as well as economic, political and other conditions primarily in Maharashtra, all of which are factors that IBNL cannot predict with certainty and which may be beyond IBNL's control.

If IBNL experiences a reduction in its Marathi speaking viewership base, it could result in a reduction in IBNL's advertising revenues. In addition, we cannot assure you that IBNL will be able to increase its Marathi speaking viewership base, and if it fails to do so, this will have an adverse effect on its business, results of operations, financial condition and prospects.

29. IBNL has incurred losses during the last three fiscal years and we cannot assure you that IBNL will be profitable in the future which may adversely affect our results of operations.

For the fiscal years ended March 31, 2008, 2009 and 2010, IBNL incurred losses, as restated, of Rs. 72.02 million, Rs. 329.70 million and Rs. 217.33 million, respectively. As of March 31, 2010, IBNL had significant accumulated losses and its net worth has been substantially eroded. While ibn18 and the Company have since invested more funds in IBNL in the form of preference share capital, we cannot assure you that IBNL will not incur losses in the future or that we will make a return on our investment. In the event that IBNL incurs losses in the future or we suffer an investment loss, our business, results of operations, financial condition and prospects may be adversely affected.

30. IBNL's revenues are primarily dependent on advertising income, which could decline due to a variety of factors.

IBNL's primary source of revenue is advertising income, which is influenced by various factors, including the viewership of its Marathi news and current affairs television shows. Advertising is also affected by general economic conditions and a downturn in the economy or in particular industries and markets served by its advertising customers may cause advertisers to decrease advertising budgets. Further, in the advertising market, television competes with other advertising media, in particular, the print media and radio. As a consequence, IBNL's advertising income may be influenced to the extent its advertisers prefer to advertise by way of other media outlets over television. Although IBNL may be able to generate income from subscription revenues and other income sources in the future, it will continue to substantially rely on advertisement revenues.

IBNL is also limited by a fixed amount of available advertising time and its advertising rates are affected by the prices charged by its competitors. Its ability to leverage any increase in viewership ratings to charge additional rates may be limited. Any change in advertisers' preferences regarding *IBN-Lokmat*, 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, results of operations, financial condition and prospects.

31. IBNL's business is subject to significant regulation by the Government, and failure to comply with such regulations could have an adverse effect on our business, results of operations, financial condition and prospects.

The Indian broadcasting industry, especially the news and current affairs genre, is subject to significant Government regulation. ibn18 holds certain licences in its capacity as IBNL's shareholder that permits IBNL to uplink news from India. Such licences provide broad discretion to the Government to influence the conduct of IBNL's businesses by giving it the right to modify, at any time, the terms and conditions of such licenses and take over IBNL's news channels or terminate or suspend such licenses in the interests of national security or in the event of a national emergency, war or similar situation. Under such licenses, the Government may also impose certain penalties, including suspension, revocation or termination of a license in certain circumstances. IBNL's business could be adversely affected if it or ibn18 fail to comply with these regulations or if there are adverse changes to the regulatory environment. IBNL's business could also be adversely affected by regulations affecting other parties that are important to the conduct of its business.

32. A transition to pay channel status could result in a decline in IBNL's audience share and have other adverse effects on its business.

In the future, *IBN-Lokmat* may transition from free channel to pay channel status, and as a result of this transition, we cannot assure you that IBNL will not lose any viewers. Any decline in audience share could result in a decline in advertising income that may not be offset by an increase in subscription revenues and could otherwise adversely affect IBNL's revenues. The conversion of IBNL's channel to a pay channel could also subject IBNL to adverse actions by parties such as multi service operators and local cable operators. If IBNL were to face such actions or if the multiple service operators and cable operators refuse to carry its channels as pay channels, our business, results of operations, financial condition and prospects would be adversely affected.

33. We have very limited experience in our film production and distribution business and the only film that we have produced to date has incurred losses.

We have recently forayed into the film-making space in collaboration with RDPPL. The first film that we co-produced with RDPPL, *Jetaa*, incurred a loss. Given our limited experience in creating content without the involvement of a co-producer, to the extent we undertake further productions in the future on our own, we may be exposed to greater risks in relation to such productions than would be faced by a more experienced solo producer or alongside a co-producer. Our inexperience may also make it more difficult to attract and retain creative talent for our own productions, and to obtain external financing for such projects. There can be no assurance that future productions which we may undertake on our own will be completed on time or at all or that they will recover their costs or that we will not suffer significant losses in the future, which could have a material adverse effect on our business, results of operations, financial condition and prospects.

34. The film production and distribution industry is subject to a number of risks some of which are outside our control.

We have recently entered the film production and distribution business with the release of *Jetaa*, a Marathi language film that we co-produced with RDPPL. We intend to produce and/or distribute additional films in Marathi and in other Indian languages. The film industry business is subject to numerous risks including the following:

- intense competition from both Indian and foreign film producers and distributors, including new industry participants, many of whom are substantially larger and have greater financial resources than us and a risk of potential oversupply in films;
- competition from other consumer leisure and entertainment activities and technological advancements such as video-on-demand, internet streaming and downloading, increasing the number of entertainment and information delivery choices available to consumers and intensifying the challenges posed by audience fragmentation;
- inability to attract and retain creative talent and increasing costs associated with such talent, including reputed directors and actors;
- uncertainty that we will be able to obtain any or our desired certification for our films from the Central Board of Film Certification without which our films cannot be released;
- our inability to create and distribute film content that meets the changing preferences of the film audiences in India;
- our inability to generate box office receipts or ensure wide release of our films;
- lack of computerised tracking systems for box offices receipts in India which could prevent us from being compensated appropriately for the exhibition of our films;
- potential piracy of our films and sales of counterfeit media including digital versatile discs which is common in India, or continued or increased unauthorised use of our proprietary and intellectual property; and
- delays, cost overruns, cancellations or abandonments of the completion or release of our films due to labour disputes, unavailability of performers and directors, equipment shortages, disputes with production teams, adverse weather conditions or other factors.

The occurrence of any one or more of such risks could have material adverse effect on our business results of operations, financial condition and prospects and harm our reputation.

35. Some viewers or civil society organisations may find our print or film content as well as IBNL's broadcasting content objectionable, which could result in protests, or claims being asserted against us or IBNL on a variety of grounds.

It is possible that some viewers in India or abroad may object to our print or film content or that of *IBN-Lokmat* based on religious, political, ideological or any other positions held by such viewers. This is particularly true of content that is graphic in nature, including violent or romantic content that is politically oriented or targeted at a particular segment of the audience. Viewers or civil society organisations, including interest groups, political parties, religious or other organisations may assert legal claims, seek to ban our print or film content or that of *IBN-Lokmat*, protest against us or IBNL or object in a variety of other ways. Our print or film content or that of *IBN-Lokmat* could result in claims being asserted, prosecuted or threatened against us or IBNL, as the case may be, based on a variety of grounds, including defamation, hurting religious sentiments, invasion of privacy, negligence, obscenity or facilitating illegal activities, any of which could harm our or IBNL's reputation and have a material adverse effect on our business, results of operations, financial condition and prospects. See "—There are certain criminal charges pending against the Company, its Directors, its Promoters, its employees and its publishers, which if decided against any of these entities or persons could have an adverse effect on our reputation, business, results of operations, financial condition and prospects".

36. Future acquisitions, investments, capital expenditures and strategic relationships may not yield the benefits intended.

We may undertake acquisitions and investments in other Indian publications or media businesses in the future and incur or enter into strategic relationships as part of our growth strategy. Expansion into new areas, new lines of business or new markets may require us to make significant capital expenditures with no assurance that such amounts will be recovered. There can be no assurance that our new lines of business or new markets where we may enter will realize the anticipated benefits of our future acquisitions or investments, if any. Acquisitions involve a number of risks to our business, including the difficulty of integrating the operations and personnel of the acquired companies, the potential disruption of our ongoing business and the distraction of management from our core operations, as well as expenses related to the acquisition and the possibility of unknown liabilities associated with acquired businesses. Any inability of our management to effectively acquire, develop, manage, operate or integrate any new businesses could have a material adverse effect on our business, results of operations, financial condition and prospects.

37. We have, and in the future we may, evaluate new media and other businesses in which we may have limited or no operating experience.

We aim to become an integrated player in the media and entertainment industry and have taken steps to do so by entering into the broadcasting space, and more recently, the film production space. The media industry and market is characterised by rapid change, evolving industry standards, changing customer preferences, technology changes and new service introductions. Our future success will depend on our ability to anticipate these advances, expand our existing services as well as develop new service offerings to meet customer needs. In addition, we may enter into new businesses in which we have limited or no operating experience. We may not be successful in anticipating or adequately responding to the requirements of such businesses in a timely manner due to lack of experience, or if we do respond, the services we develop may not be successful in the market place. Further, services that are developed by our competitors may render our offerings non-competitive, obsolete or force us to reduce prices, thereby adversely affecting our margins.

38. We may not be able to adequately protect or continue to use our intellectual property and we cannot be certain that our services and products do not infringe upon the intellectual property rights of third parties.

We depend in a large part on the *Lokmat* brand and believe that it is very important to our business. We rely on our trademarks to protect the *Lokmat* brand. The success of our business, in part, depends on our continued ability to use our existing trademarks in order to increase brand awareness. Although we have a valid registration for *Lokmat* brand as a trademark, we have not received registrations for the names *Lokmat Samachar* and *Lokmat Times*, or the new *Lokmat* logo. For details of these registrations and pending applications, see section titled "Government and other Approvals" on page 313. In addition, even if we do register such names and logo, these actions may be inadequate to prevent imitation of such names or logo by others. Further, regardless of our trademark registration of *Lokmat*, RNI may grant registration to other parties for using the name 'Lokmat' for their newspaper in a certain area if we do not have a valid and subsisting RNI registration covering such area. For example, a RNI registration has been granted to a third party for their Hindi newspaper in Jaipur where we do not have a RNI registration. Any litigation to protect our names and logos may require a significant commitment of time on the part of our management as well as expenditure. Further, the registration of our names and logo is a time-consuming process and there can be no assurance that any such registration will be granted. If we fail to register the appropriate trademarks and logos, or our efforts to protect relevant intellectual property prove to be inadequate, the value of the *Lokmat* brand could be harmed, which could adversely affect our business, results of operations, financial condition and prospects.

IBNL has not yet registered *IBN Lokmat* nor its logo as trademarks. Unless IBNL's trademarks are registered, it may only get passing off relief for its marks if used by others, which could materially and adversely affect IBNL's brand image, goodwill and business, and indirectly our business. It is only upon registration that IBNL can prohibit other persons from using its trademarks. However, even if IBNL registers a trademark, such trademark may not be sufficient to prevent unauthorised parties from infringing upon or misappropriating the name *IBN Lokmat*. Further, changes to intellectual property law could also adversely affect the intellectual property protection available to our publication content, as well as IBNL's programming content, thereby reducing the value of such content.

Companies, organisations or individuals, including our competitors, may hold or obtain patents, trademarks, copyright protection or other proprietary rights with respect to their previously developed films, characters, stories, themes and concepts or other entertainment, technology and software or other intellectual property of which we are unaware. In addition, the creative talent that we hire or use in our productions may not own all or any of the intellectual property that they represent they do, which may instead be held by third parties. There can be no assurance that the film content that we produce and distribute, or the software and technology which we use, does not infringe the intellectual property rights of third parties and we may have infringement claims asserted against us. Any claims or litigation, whether justified or not, could be time-consuming and costly, harm our reputation, require us to enter into royalty or licensing arrangements which may not be available on acceptable terms or at all, or require us to undertake creative changes to the film content that we produce or source alternative content, software or technology. Where it is not possible to do so, claims may prevent us from producing and/or distributing certain film content and/or using certain technology or software in our operations. Any of the foregoing could have a material adverse effect on our business, results of operations, financial condition and prospects.

39. There are potential conflicts of interest with our Group Companies which may have an adverse effect on our operations.

Some of our Group Companies are involved in businesses that are similar to our business or could offer services that are related to our business, which could lead to potential conflicts of interest. Such entities include Darda Printocrats Private Limited, Goldie Advertising and Marketing Services Private Limited, Mogra Scangraph Private Limited, PPPL and VJD Realty Private Limited. The memorandum of association of each of these entities entitles each of them to undertake and carry out businesses that are similar or related to our business. There can be no assurance that these companies forming part of the Group Companies will not provide comparable services, expand their presence or acquire interests in competing ventures in the locations in which we operate. As a result, a conflict of interest may occur between our business and the business of our Group Companies which could have an adverse effect on our operations.

Further, there may be conflicts of interest in addressing business opportunities and strategies where other companies in which our Promoters, our Promoter Group and Group Companies have equity interests are also involved. In addition, new business opportunities may be directed to these affiliated companies instead of us. We may also be prevented from entering into certain businesses which relate to our business and which may be important for our future growth, as our Promoters, members of our Promoter Group or Group Companies may already have interests in such businesses. For further details, see sections titled "Promoters and Promoter Group" and "Group Companies" on pages 159 and 163, respectively.

40. Our Promoters are government officials which could result in perceptions that we are partisan and which could in turn adversely affect our reputation, business, results of operations, financial condition and prospects.

One of our Promoters, Vijay Darda, is currently a Member of Parliament, Rajya Sabha, and our other Promoter, Rajendra Darda, is currently Member of the Legislative Assembly, Maharashtra and the School Education Minister in the cabinet of the state of Maharashtra. Although the Company is non-partisan, there is no assurance that it will not be perceived as having a political allegiance. In addition, there is no assurance that any past or future political statement and/or action by or against either of Vijay Darda and Rajendra Darda, will not have a negative effect on our brand name, in particular any lawsuit resulting from such a statement, which in turn could have an adverse effect on our reputation, business, results of operations, financial condition and prospects.

41. Our businesses expose us to potential liabilities that may not be covered by insurance.

Our businesses are subject to a number of risks including liability for defamation, personal injury, wrongful death, property damage, pollution and other environmental damages. Although we have obtained insurance against many of these risks, our insurance may not be adequate to cover all our liabilities. Further, there is no assurance that insurance will be generally available in the future or, if available, that premiums will be commercially justifiable. If we incur substantial liability and the damages are not covered by insurance or exceed policy limits, or if we are not able to obtain liability insurance, our business, results of operations, financial condition and prospects could be materially adversely affected. Our insurance is subject to customary deductibles, exclusions and limits which may prevent us from recovering on losses.

42. Pursuant to the acquisition of PPPL and its subsequent demerger, the comparability of our year-on-year historical financial statements is affected.

In the fiscal year ended May 31, 2008, the Company's wholly owned subsidiary AEPL acquired 51.00% of PPPL's shares on March 7, 2008 (the "**date of acquisition**"). As a result, PPPL became the Company's indirect subsidiary with effect from the date of acquisition. PPPL's fiscal year commences on April 1 and ends on March 31.

In the fiscal year ended May 31, 2009, PPPL's publication business was demerged pursuant to a court sanctioned scheme of arrangement and all assets and liabilities relating to its publication business were transferred to the Company with effect from April 1, 2009. Consequently, in the fiscal year ended May 31, 2009, PPPL continued to be the Company's indirect subsidiary for the period from June 1, 2008 to March 31, 2009 and pursuant to the court sanctioned scheme of arrangement, for the period April 1, 2009 to May 31, 2009, the publication business of PPPL was merged into our Company.

An analysis of the implications of the above transactions and the manner in which the publication business of PPPL is accounted for in the consolidated financial statements of the Company is set forth below:

Sr. No.	Fiscal year of the Company	Period during which PPPL's publication business is accounted for in the Company's consolidated financial statements	No. of months	Particulars
1	**2007 – 2008:** June 1, 2007 to May 31, 2008	April 1, 2007 to March 31, 2008	12	PPPL became an indirect subsidiary of the Company on March 7, 2008. As a result, PPPL's financial results for the period April 1, 2007 to March 31, 2008 were consolidated with the Company's financial statements for the fiscal year ended May 31, 2008. PPPL's balance sheet and profit and loss line items were

Sr. No.	Fiscal year of the Company	Period during which PPPL's publication business is accounted for in the Company's consolidated financial statements	No. of months	Particulars
				fully consolidated into the Company's balance sheet and profit and loss statements, respectively, and necessary adjustments were carried out for minority interests and pre-acquisition profits in respect of PPPL.
2	**2008 – 2009:** June 1, 2008 to May 31, 2009	April 1, 2008 to March 31, 2009	12	During this period, PPPL remained the Company's indirect subsidiary. Its financial results were fully consolidated with the Company's financial statements for the fiscal year ended May 31, 2009.
		April 1, 2009 to May 31, 2009	2	With effect from April 1, 2009, PPPL's publication business was demerged pursuant to a court sanctioned scheme and with effect from this date PPPL's publication business was merged into the Company and was accounted for as the Company's business.
3	**2009 – 2010:** June 1, 2009 to May 31, 2010	June 1, 2009 to May 31, 2010	12	With effect from April 1, 2009, following the demerger, PPPL's publication business was merged into the Company. PPPL's publication business was accounted for as the Company's business.

As a result, in the fiscal year ended May 31, 2009, PPPL's publication business has been accounted for a period of 14 months as against each of the fiscal years ended May 31, 2008 and 2010 where PPPL's publication business was accounted for a period of 12 months each. Consequently, our year-on-year comparison of income and expenditure is affected. Investors will need to make their own assessment as to the impact of such differing periods as they affect our year-on-year comparison.

See section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations—Basis of Presentation" on page 276.

43. Taxes and other levies imposed by the central or state Governments, as well as other financial policies and regulations, may have an adverse effect on our business, results of operations, financial condition and prospects.

We are subject to taxes and other levies imposed by the central or state Governments, including customs duties, excise duties, central sales tax, state sales tax, service tax, income tax, value added tax and other taxes, duties or surcharges introduced on a permanent or temporary basis from time to time. The central and state tax scheme in India is extensive and subject to change from time to time. Any adverse changes in any of the taxes levied by the central or state Governments may adversely affect our competitive position and profitability. Further, we cannot assure you that tax incentives will continue to be available in the future. Changes in, or elimination of, tax incentives could adversely affect our financial condition and results of operations.

44. Our registered office and corporate offices are not owned by us and our press and pre-press facilities in Goa are located on short term leased premises; any failure to renew our leases relating to such offices or facilities on favorable terms, or at all, could result in an adverse effect on our business, results of operations, financial condition and prospects.

We do not own our registered and corporate offices. We have the right to use our registered office pursuant to a leave and license agreement entered into with one of our Group Companies which is set to expire on November 11, 2015. We have also entered into a lease agreement for our corporate office premises in Mumbai which is set to expire on October 1, 2013. In addition, the press and pre-press facilities in Goa are located on short term leased premises which is set to expire on May 22, 2012. If we are unable to renew such agreements on terms and conditions favorable to us, or at all, or locate suitable alternate facilities on favorable terms, or at all, this could have a material adverse effect on our business, results of operations, financial condition and prospects.

45. A substantial number of employees of the Company are appointed on fixed term contracts and any classification of such employees as "permanent employees" may have an adverse effect on our business, results of operation, financial condition and prospects.

Approximately 66.00% of the employees of the Company have been appointed pursuant to fixed term contracts and the Company generally renews such fixed term contracts at the end of their terms for further fixed terms. The Company provides the employees appointed pursuant to fixed term contracts benefits similar to those provided to the Company's permanent employees, such as house rent allowance and contribution towards employees provided fund. However, the Company believes, based on advice received, that such employees are not "permanent employees" and that it is not required to pay gratuity to them. Accordingly, the Company does not pay or make contributions towards payment of gratuity to the employees appointed pursuant to fixed term contracts. If the Company faces a claim that such employees be treated as "permanent employees", it may face expensive and time consuming litigation over the matter. For details in relation to one such pending litigation, see "Outstanding Litigation and Material Developments—Litigation against the Company—Labour Cases—No. 7" on page 299. Further, if the Company is unsuccessful in such litigations, it may have to make provision for payment of gratuity, which may have an adverse effect on our business, results of operation, financial condition and prospects.

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

Certain employees of our Aurangabad, Ahmednagar, Solapur, Kolhapur and Mumbai printing facilities are members of a union, *Lokmat Karmachari Sanghatna* ("**LKS**"). LKS is not recognised as a union by the Industrial Court, Nagpur. However, we have a conciliation agreement with LKS that is effective until September 16, 2011. In addition, certain employees of our Nagpur printing facility are members of a union called *Lokmat Shramik Sangathana* ("**LSS**") which has recently been granted recognition by the Industrial Courts. The Company has filed a writ petition before the High Court of Bombay challenging this order. However, if we do not prevail in the writ petition, we will be required to share with LSS, any changes in terms of service of employees prior to effecting such changes. See "Outstanding Litigation and Material Developments" on page 297.

While we believe our relationship with our employees is generally good, if we are unsuccessful in our challenge or otherwise, we cannot guarantee that we will not experience any further unionisation of our employees, strikes, work stoppages or other such industrial actions in the future. Any employee or labour related events could disrupt our operations, possibly for a significant period of time, result in increased wages and other costs, and otherwise have a material adverse effect on our business, results of operations, financial condition and prospects.

47. Compliance with, and changes in, safety, health and environmental laws and regulations may adversely affect our business, results of operations, financial condition and prospects.

We and third parties upon whom we depend are, and will be, subject to extensive and increasingly stringent environmental, health and safety laws and regulations and various labour, workplace related laws and regulations. Some of our operations (including printing facilities) and the third parties upon whom we depend are, and will be, subject to risks associated with safety, health and environment, including risks of personal injury, loss of life, environmental damage and severe damage to property. We are also subject to environmental laws and regulations, including the Environmental Protection Act, 1986, the Air (Prevention and Control of Pollution) Act, 1981 and the Water (Prevention and Control of Pollution) Act, 1974.

The scope and extent of future environmental regulations, including their effect on our operations, cannot be predicted. The costs and management time required to comply with these requirements could be significant. The measures we implement in order to comply with these new laws and regulations may not be deemed sufficient by governmental authorities and our compliance costs may significantly exceed our estimates. In addition, some of these laws and regulations may require our facilities to operate under permits that are subject to renewal or modification. If we fail to meet safety, health and environmental requirements, we may also be subject to administrative, civil and criminal proceedings by governmental authorities, as well as civil proceedings by environmental groups and other individuals, which could result in substantial fines and penalties against us as well as orders that could limit or halt our operations and we may be required to incur substantial clean up costs. Penalties imposed by regulatory authorities on us or third parties upon whom we depend may also disrupt our business and operations.

There can be no assurance that we will not be involved in future litigation or other proceedings or be held responsible in any such future litigation or proceedings relating to safety, health and environmental matters, the costs of which could be material. Clean-up and remediation costs, as well as damages, payment of fines or other penalties, closure of production facilities for non-compliance, other liabilities and related litigation, could adversely affect our business, results of operations, financial condition and prospects.

48. Third party statistical and financial data in this Draft Red Herring Prospectus may be incomplete or unreliable.

We have not independently verified the data in this Draft Red Herring Prospectus derived from industry publications and other third party sources and therefore we cannot assure you that they are complete or reliable. Such data may also be produced on different bases from those used in other countries. Therefore, in discussions of matters relating to India, its economy and our industry in this Draft Red Herring Prospectus, the statistical and other data upon which such discussions are based may be incomplete or unreliable. In addition, internal company reports have not been verified by independent sources and may be incomplete or unreliable.

49. We do not have access to records and data pertaining to certain historical legal and secretarial information.

Our Company was incorporated in 1973 and does not have access to documentation pertaining to certain statutory forms and returns of allotment, required to be filed at that time, relating to, among others, the issue of Equity Shares (since incorporation until 1987), change in the registered office of the Company (July 2, 1981), satisfaction of certain charges created on the property of the Company and annual returns (since incorporation until 1988). Accordingly, disclosures in this Draft Red Herring Prospectus pertaining to the share capital history of the Company since incorporation until 1987 are based on the minutes of the board meetings of the Company and, wherever required, the statutory registers maintained by the Company. While we have made certain disclosures, including disclosures pertaining to the share capital history of the Company since incorporation to 1987 based on the above mentioned records of the Company, such disclosures cannot be verified against relevant underlying forms and returns of allotments.

50. Certain contingent liabilities not provided for, if materialised, may adversely affect our business, results of operations, financial condition and prospects.

As of October 31, 2010, we had the following contingent liabilities that have not been provided for in our restated financial statements:

Particulars	Amount (In Rs. million)
Capital commitments	346.50
Capital commitments to IBNL	Nil
Bank guarantees	10.00(1)
Claim of the workers against the Company, not acknowledged as debts	12.64
Corporate Guarantee for borrowing of IBNL	171.50
Income tax cases	34.34
Sales tax cases	0.62

Particulars	Amount (In Rs. million)
Total	**575.60**

(1) *In addition to the Rs. 10 million guarantee provided to the Company by The Bank of India, The Bank of India also provided an additional guarantee in November 2010 in the amount of Rs. 40 million.*

In the event any of these contingent liabilities materialize, our business, results of operations, financial condition and prospects may be adversely affected. For details, see section titled "Financial Statements" on page 190.

51. Some of our Group Companies have incurred losses in the previous three fiscal years and we cannot assure you that these companies will not incur further losses in the future.

Some of our Group Companies have incurred losses in the previous three fiscal years as set forth in the table below:

(Amount in Rs. million)

Name of Group Company	Profit/ (Loss) after tax for the years ended March 31,		
	2010	2009	2008
Cozy Properties Private Limited	(2.44)	(0.38)	(0.04)
Mogra Scangraph Private Limited	1.35	0.88	(5.17)
M/s. Siddhivinayak Enterprises	0.44	(0.24)	–

We cannot assure that these Group Companies will not incur further losses in the future. For further details, see section titled "Group Companies" on page 163.

52. We have not entered into any substantive agreements for the use of the Net Proceeds of the Issue and the objects for which we intend to use the Net Proceeds are based on management estimates, and pending such utilisation, we may invest in temporary investments in which the Company may incur losses. Further, no monitoring agency has been appointed in respect of the objects of the Issue.

While we intend to use the Net Proceeds that we receive from the Issue for the purposes described in "Objects of the Issue" on page 43, we have not entered into any definitive agreements to utilise any portion of the Net Proceeds. Any failure to enter into any such agreement on favorable terms, in a timely manner, or at all, may have an adverse effect on our business, results of operations, financial condition and prospects. In relation to the utilisation of the Net Proceeds for building capability for expansion to new markets, the Company has not identified the markets in which it is proposing to expand into and the success of this plan is subject to business, economic and competitive uncertainties and contingencies, many of which are beyond our control. As a consequence, our strategy to expand into new markets may not be profitable and we may not be able to fully implement our strategy or realise our anticipated results. Further, while we propose to utilise part of the Net Proceeds for investment into our subsidiary IBNL, we have not yet decided on the form of such investment. In addition, the funds requirement and funding plans are as per our own estimates, and have not been appraised by any bank/financial institution. The deployment of funds in the objects, or pending utilisation towards such objects, is entirely at our own discretion and will not be monitored by any external agency. Although the utilisation of the Net Proceeds and other financing will be monitored by the Board of Directors, there are no limitations on interim investments that we can make using the Net Proceeds, including temporary investments in which the Company may incur losses. Further, in view of the highly competitive nature of the industries in which we operate, we may have to revise our management estimates from time to time and, consequently, our funding requirements may also change. This may result in the rescheduling of our expenditure programs and an increase or decrease in our proposed expenditure for a particular object. Further, our planned capital expenditure may not yield the benefits intended. For further details, see section titled "Objects of the Issue" on page 43.

External Risks

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

Our performance and the growth of our business are necessarily dependent on the health of the overall Indian economy. As a result, any slowdown in the Indian economy could adversely affect our business. India's economy could be adversely affected by a general rise in interest rates, inflation, natural calamities, such as earthquakes, tsunamis, floods and drought, increases in commodity and energy prices, and protectionist efforts in other countries or various other factors. In addition, the Indian economy is in a state of transition. It is difficult to gauge the impact of these fundamental economic changes on our business. Any slowdown in the Indian economy or future volatility in the domestic or global price of newsprint could adversely affect our business, results of operations, financial condition and prospects.

54. Political instability or changes in the Government in India or in the Government of the states where we operate, or changes in policies, regulations or financial market conditions in India, could adversely affect our business, results of operations, financial condition and prospects.

We are incorporated in India and all of our operations, assets and personnel are located in India. Consequently, our performance and the market price and liquidity of the Equity Shares may be affected by changes in exchange rates and controls, interest rates, Government policies, taxation, social and ethnic instability and other political and economic developments affecting India. The Government has traditionally exercised, and continues to exercise, a significant influence over many aspects of the economy. Our business is also impacted by regulation and conditions in the various states in India where we operate. Our business, and the market price and liquidity of the Equity Shares may be affected by interest rates, changes in Government policy, taxation, social and civil unrest and other political, economic or other developments in or affecting India. Since 1991, successive Governments have pursued policies of economic liberalisation and financial sector reforms. However, there can be no assurance that such policies will be continued. A significant change in the Government's policies, in particular, those relating to the print, media, television and film entertainment industries in India, could adversely affect our business, results of operations, financial condition and prospects and could cause the price of the Equity Shares to decline.

55. Our ability to raise capital from foreign investors is limited by current Indian laws.

Foreign investment in the print media industry is regulated by MIB and the Government. In addition, the FDI Policy and the Guidelines issued by the MIB for Publication of Newspapers and Periodicals dealings with News and Current Affairs dated March 31, 2006 (the "**MIB Guidelines**") state that FDI (which includes foreign direct investments by NRIs and PIOs) and portfolio investments by recognised FIIs together, is permitted up to a ceiling of 26.00% of paid-up equity capital, in Indian entities publishing newspapers dealing with news and current affairs, with prior permission of the Government. Further, amendments to the prevalent foreign exchange regulations in the newspaper industry may result in the entry of foreign competitors or the infusion of additional capital into our competitors thereby increasing a possibility of loss of market share and consequent decline in revenue. For further details, see section titled "Regulations and Policies" on page 120.

56. Any downgrading of India's debt rating by an international rating agency could have a negative impact on our business, results of operations, financial condition and prospects.

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

57. Our business and activities will be regulated by the Competition Act, 2002, as amended.

The Competition Act, 2002, as amended (the "**Competition Act**"), several provisions of which were brought into effect in May 2009, is designed to prevent business practices that have an appreciable adverse effect on competition in India. Under the Competition Act, any arrangement, understanding or action in concert between enterprises, whether formal or informal, which causes or is likely to cause an appreciable adverse effect on competition in India is void and attracts substantial monetary penalties. Any agreement which directly or indirectly determines purchase or sale prices, limits or controls production, shares the market by way of geographical area or market or number of customers in the market, is presumed to have an adverse effect on competition. Further, if it is proved that the contravention committed by a company took place with the consent or connivance or is attributable to any neglect on the part of, any Director, manager, secretary or other officer of such company, that person shall be guilty of the contravention and liable to be punished.

The effect of the Competition Act on the business environment in India is currently unclear. If we are affected, directly or indirectly, by any provision of the Competition Act, or its application or interpretation, including any enforcement proceedings initiated by the Competition Commission and any adverse publicity that may be generated due to scrutiny or prosecution by the Competition Commission, it may have a material adverse effect on our business, results of operations, financial condition and prospects.

58. We are subject to risks arising from interest rate fluctuations, which could adversely affect our business, results of operations, financial condition and prospects.

Changes in interest rates could significantly affect our financial condition and results of operations. If the interest rates for our future borrowings increase significantly, our cost of funds will increase. This may adversely impact our results of operations, planned capital expenditures and cash flows. Although we may in the future enter into hedging arrangements against interest rate risks, there can be no assurance that these arrangements will successfully protect us from losses due to fluctuations in interest rates.

59. Outbreak of contagious diseases or other serious public health concerns in India or elsewhere may have a negative impact on the Indian economy.

Recently, there have been threats of epidemics in the Asia Pacific region, including India and in other parts of the world. If any of our employees are suspected of having contracted any of these infectious diseases, we may be required to quarantine such employees or the affected areas of our facilities and temporarily suspend part or all of our operations. Further, the fear of contracting such contagious diseases could restrict our management and/or employees from traveling outside India in order to, for example, procure printing machinery, newsprint, store materials, and with respect to our editorial staff, in order to procure international content and for profile building with, for instance, the Prime Minister’s cultural delegation. The temporary suspension of part or all of our operations or the inability of our management and/or employees to travel outside India as a result of any epidemic would have a material adverse effect on our business, results of operations, financial condition and prospects.

60. Acts of violence could adversely affect the financial markets, result in a loss of customer confidence and adversely affect our business, results of operations, financial condition and prospects.

Certain events that are beyond our control, including terrorist attacks and other acts of violence in India, South Asia or other countries, may adversely affect the Indian and worldwide financial markets and may result in a loss of business confidence and have other consequences that could adversely affect our business, results of operations, financial condition and prospects. Increased volatility in the financial markets, including economic recession, can have an adverse impact on the economies of India and other countries. In addition, South Asia has from time to time experienced instances of civil unrest and hostilities among neighboring countries. Events of this nature in the future, as well as social and civil unrest within other countries in South Asia, could influence the Indian economy by disrupting communications and making travel and transportation more difficult.

India has also experienced social unrest, communal disturbances and riots in some parts of the country during recent times. Such political and social tensions could create a perception that investments in Indian companies involve greater degrees of risk. These hostilities and tensions could lead to political or economic instability in India and a possible adverse effect on the Indian economy, our business, financial performance and the trading price of the Equity Shares.

Risks Relating to the Issue and the Equity Shares

61. There is no existing market for the Equity Shares and we do not know if one will develop. Our stock price may be highly volatile after the Issue and, as a result, you could lose a significant portion or all of your investment.

Prior to the Issue, there has not been a public market for the Equity Shares. We cannot predict the extent to which investor interest will lead to the development of an active trading market on the Stock Exchanges or how liquid that market will become. If an active market does not develop, you may experience difficulty selling the Equity Shares that you purchased. The Issue Price is not indicative of prices that will prevail in the open market following the Issue. Consequently, you may not be able to sell the Equity Shares at prices equal to or greater than the Issue Price. The market price of the Equity Shares on the Stock Exchanges may fluctuate after listing as a result of several factors, including the following:

- volatility in the Indian and other global securities markets;
- the performance of the Indian and global economy;
- risks relating to our business and industry, including those discussed in this Draft Red Herring Prospectus;
- strategic actions by us or our competitors;
- investor perception of the investment opportunity associated with the Equity Shares and our future performance;
- adverse media reports about us, our shareholders or Group Companies;
- future sales of the Equity Shares;
- variations in our quarterly results of operations;
- differences between our actual financial and operating results and those expected by investors and analysts;
- our future expansion plans;
- perceptions about our future performance or the performance of Indian media companies generally;
- performance of our competitors in the Indian media industry and the perception in the market about investments in the media sector;
- significant developments in the regulation of the media industry in our key markets;
- changes in the estimates of our performance or recommendations by financial analysts;
- significant developments in India's economic liberalisation and deregulation policies; and
- significant developments in India's fiscal and environmental regulations.

There has been significant volatility in the Indian stock markets in the recent past, and our Share price could fluctuate significantly as a result of market volatility. A decrease in the market price of the Equity Shares could cause you to lose some or all of your investment.

62. Economic developments and volatility in securities markets in other countries may cause the price of the Equity Shares to decline.

The Indian economy and its securities markets are influenced by economic developments and volatility in securities markets in other countries. Investors' reactions to developments in one country may have adverse effects on the market price of securities of companies located in other countries, including India. For instance, the recent financial crisis in the United States and European countries lead to a global financial and economic crisis that adversely affected the market prices in the securities markets around the world, including Indian securities markets. Negative economic developments, such as rising fiscal or trade deficits, or a default on national debt, in other emerging market countries may affect investor confidence and cause increased volatility in Indian securities markets and indirectly affect the Indian economy in general.

63. Our ability to pay dividends in the future will depend upon future earnings, financial conditions, cash flows, working capital requirements and capital expenditures.

The amount of our future dividend payments, if any, will depend upon our future earnings, financial condition, cash flows, working capital requirements, capital expenditures and other factors. There can be no assurance that we will be able to pay dividends. Additionally, we may be prohibited by the terms of our future debt financing agreements to make any dividend payments until a certain time period as may be agreed with lenders.

64. We will be required to prepare our financial statements in accordance with IFRS effective from April 1, 2013. There can be no assurance that our adoption of IFRS will not adversely affect our reported results of operations or financial condition and any failure to successfully adopt IFRS by April 1, 2013 could have an adverse effect on the price of the Equity Shares.

Based on the current timeline announced for IFRS convergence for Indian companies, we estimate that the earliest that the Company would need to prepare annual and interim financial statements under IFRS would be the financial period commencing from April 1, 2013. There is currently a significant lack of clarity on the adoption of, and convergence with IFRS and we currently do not have a set of established practices on which to draw on in forming judgments regarding its implementation and application, and we have not determined with any degree of certainty the impact that such adoption will have on our financial reporting. There can be no assurance that our financial condition, results of operations, cash flows or changes in shareholders' equity will not appear materially worse under IFRS than under Indian GAAP. As we transition to IFRS reporting, we may encounter difficulties in the ongoing process of implementing and enhancing our management information systems. Moreover, there is increasing competition for the small number of IFRS-experienced accounting personnel as more Indian companies begin to prepare IFRS financial statements. There can be no assurance that our adoption of IFRS will not adversely affect our reported results of operations or financial condition and any failure to successfully adopt IFRS by April 1, 2013 could have an adverse effect on the price of the Equity Shares.

65. Significant differences exist between Indian GAAP and U.S. GAAP which may be material to the restated financial statements prepared and presented in accordance with SEBI Regulations contained in this Draft Red Herring Prospectus.

As stated in the reports of our auditors included in this Draft Red Herring Prospectus, the restated financial statements included in this Draft Red Herring Prospectus are based on financial information that is based on the financial statements that are prepared and presented in conformity with Indian GAAP, and no attempt has been made to reconcile any of the information given in this Draft Red Herring Prospectus to any other principles or to base it on any other standards. Indian GAAP differs from accounting principles and auditing standards with which prospective investors may be familiar in other countries, such as U.S. GAAP. Significant differences exist between Indian GAAP and U.S. GAAP, which may be material to the financial information prepared and presented in accordance with Indian GAAP contained in this Draft Red Herring Prospectus. We have made no attempt to quantify the effect of any of those differences. In making an investment decision, investors must rely upon their own examination of us, the terms of the Issue and the financial information contained in this Draft Red Herring Prospectus.

66. We will continue to be controlled by our Promoters and Promoter Group following this Issue and our other shareholders may not be able to affect the outcome of shareholder voting.

After the completion of the Issue, our Promoters and Promoter Group will collectively hold 75.00% of the post-Issue equity share capital of the Company. Consequently, they may exercise substantial control over us, including matters related to the election and removal of our Directors and determining the outcome of proposals for corporate action requiring the approval of our Board of Directors or shareholders, such as lending and investment policies, revenue budgets, capital expenditure, dividend policy and strategic acquisitions. This control could also delay, defer or prevent a change in control of our Company, impede a merger, consolidation, takeover or other business combination involving our Company, or discourage a potential acquirer from obtaining control of our Company. The interests of our Promoters and Promoter Group could conflict with the interests of our other shareholders, including the holders of the Equity Shares to be offered in the Issue and could make decisions that materially adversely affect your investment in the Equity Shares to be offered in the Issue. For further details, see sections titled "Capital Structure" and "Promoter and Promoter Group" on pages 29 and 159, respectively.

67. There will be restrictions on daily movements in the price of the Equity Shares, which may adversely affect a shareholder's ability to sell, or the price at which it can sell, Equity Shares at a particular point in time.

The Equity Shares, once listed, will be subject to a daily circuit breaker imposed by the Stock Exchanges, which will not allow transactions beyond specified increases or decreases in the price of the Equity Shares. This circuit breaker operates independently of the index-based, market-wide circuit breakers generally imposed by SEBI on Indian stock exchanges. The percentage limit on our circuit breakers will be set at some point by the Stock Exchanges based on the historical volatility in the price and trading volume of the Equity Shares.

The Stock Exchanges may not inform us of the percentage limit of the circuit breaker in effect from time to time and may change it without our knowledge. This circuit breaker will limit the upward and downward movements in the price of the Equity Shares. As a result of this circuit breaker, no assurance may be given regarding your ability to sell the Equity Shares or the price at which you may be able to sell the Equity Shares at any particular time.

68. There is no guarantee that the Equity Shares will be listed on the Bombay Stock Exchange and/or the National Stock Exchange in a timely manner or at all, and you will not be able to sell immediately on a Stock Exchange, any of the Equity Shares you purchase in this Issue.

In accordance with Indian law and practice, permission for listing of the Equity Shares will not be granted until those Equity Shares have been issued and Allotted. Approval will require all other relevant documents authorising the issuing of Equity Shares to be submitted. There could be a failure or delay in listing the Equity Shares on any of the Stock Exchanges. Any failure or delay in obtaining the approval would restrict your ability to dispose of the Equity Shares.

The Stock Exchanges have in the past experienced problems, including temporary exchange closures, broker defaults, settlement delays and strikes by brokerage firm employees, which, if continuing or recurring, could affect the market price and liquidity of the securities of Indian companies, including the Equity Shares, in both domestic and international markets. A closure of, or trading stoppage on, either of the Stock Exchanges, could adversely affect the trading price of the Equity Shares.

The Equity Shares will be listed on the Stock Exchanges. Pursuant to Indian regulations, certain actions must be completed before the Equity Shares can be listed and trading may commence. Investors' book entry or "demat" accounts with depository participants in India are expected to be credited within three Working Days of the date on which the basis of allotment is approved by the Stock Exchanges. Thereafter, upon receipt of final approval from the Stock Exchanges, trading in the Equity Shares is expected to commence within twelve Working Days of the date of closure of the Issue. We cannot assure that the Equity Shares will be credited to investors' demat accounts, or that trading in the Equity Shares will commence, within the time periods specified above.

69. Any future issuance of Equity Shares may dilute your shareholdings and sales of the Equity Shares by our Promoters and members of our Promoter Group or other major shareholders may adversely affect the trading price of the Equity Shares.

Any future equity issuances by us, including a primary offering, may lead to the dilution of investors' shareholdings in our Company. Further, any future equity issuances by us or sales of the Equity Shares by our Promoters and members of the Promoter Group or other major shareholders may adversely affect the trading price of the Equity Shares which may lead to other adverse consequences on us, including difficulties in raising debt financing. In addition, any perception by potential investors that such issuances or sales might occur could also affect the trading price of the Equity Shares.

70. Foreign investors are subject to foreign investment restrictions under Indian law that limit our Company's ability to attract foreign investors, which may adversely impact the market price of the Equity Shares.

Under the foreign exchange regulations currently in force in India, transfers of shares between non-residents and residents is freely permitted (subject to certain exceptions) if they comply with the pricing guidelines and reporting requirements specified by the RBI. If the transfer of shares, which are sought to be transferred is not in compliance with such pricing guidelines or reporting requirements or fall under any of the exceptions referred to above, then the prior approval of the RBI will be required. Additionally, shareholders who seek to convert the Rupee proceeds from a sale of shares in India into foreign currency and repatriate that foreign currency from India will require a no objection/tax clearance certificate from the income tax authority. The Company cannot assure investors that any required approval from the RBI or any other Government agency can be obtained on any particular terms or at all.

Prominent Notes:

1. Investors may contact any of the BRLMs who have submitted due diligence certificates to SEBI for complaints, information or clarifications pertaining to the Issue.

2. Pursuant to a Board resolution dated September 14, 2010 and a shareholders' resolution passed at the EGM on September 16, 2010, the name of the Company was changed to 'Lokmat Media Private Limited' to reflect its diversified portfolio and a new certificate of incorporation dated September 21, 2010 was issued by the RoC. Thereafter, pursuant to a Board resolution dated October 21, 2010 and a shareholders' resolution passed at the AGM on November 9, 2010, the Company was converted into a public limited company and the name of the Company was changed to 'Lokmat Media Limited'. A fresh certificate of incorporation dated November 22, 2010 was issued by the RoC. For details, see section titled "History and Certain Corporate Matters" on page 131.

3. Public Issue of 13,829,064 Equity Shares for cash at a price of Rs. [●] per Equity Share (including a share premium of Rs. [●] per Equity Share) aggregating Rs. [●] million. The Issue will constitute 25.00% of the post Issue paid up capital of the Company.

4. The net worth of the Company on a consolidated basis was Rs. 2,020.76 million as of October 31, 2010.

5. The net asset value per Equity Share was Rs. 48.71 as of October 31, 2010 as per the Company's consolidated financial statements, as restated.

6. The average cost of acquisition per Equity Share by the Promoters, which has been calculated by taking the average amount paid by them to acquire the Equity Shares and after adjusting for the bonus issue undertaken by the Company, is as follows:

   i. Vijay Darda – Rs.0.10 per Equity Share.
   ii. Rajendra Darda – Rs. 0.26 per Equity Share.

7. For details on the Group Companies having business interests or other interests in the Company, see sections titled "Group Companies" and "Related Party Transactions" on pages 163 and 173, respectively.

8. See "Related Party Transactions" on page 173 for the details of transactions by the Company with the Group Companies or Subsidiaries during the last year.

9. There have been no financing arrangements whereby the Group Companies and the Directors and their relatives have financed the purchase by any other person of securities of the Company other than in the normal course of the business of the financing entity during the period of six months immediately preceding the date of filing of the Draft Red Herring Prospectus.

SECTION III: INTRODUCTION

SUMMARY OF INDUSTRY

The information and data contained in this section has been provided to us by CARE and has been obtained by CARE from its databases and other sources available in the public domain. CARE's methodologies for collecting information and data, and therefore the information discussed in this section, may differ from those of other sources, and does not reflect all or even necessarily a comprehensive set of the actual transactions occurring in the industry. Although we and the BRLMs believe the information and data in this section to be accurate, we have not independently verified the information or data.

Note: *In this section CY refers to the calendar year; FY refers to the financial year ending March 31; 'e' refers to estimate, 'p' refers to projections. H1CY refers to the January – June period of the calendar year and H2CY refers to the July-December period.*

Overview of the Indian Economy

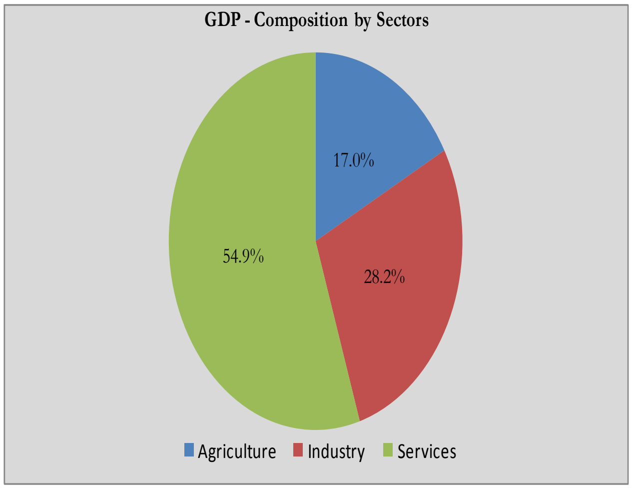
India, the world's largest democracy in terms of population, had a Gross Domestic Product **("GDP")** of approximately US $ 3,561 billion in CY2009 on the basis of purchasing power parity, with India's GDP at 7.4% for FY10 *(Source: Central Intelligence Agency ("CIA") Factbook 2009 and RBI 2nd Quarter monetary policy 2009-10)*. During the pre-liberalisation period, India was always considered an agrarian economy, adhering to socialist policies, with more than 70% of its GDP being contributed by agriculture growth. In 1991, the Government of India **("GoI")** initiated a series of economic reforms to promote industrial growth and economic stability. The new policies, which were relatively more liberal than the previous governments, included the opening of international trade and investment, privatization and tax reforms to transform India's then socialist economic model to a more capitalist economic model. The GDP (factor cost at constant prices) increased from an average of 5.67% during the period FY1990–FY2004 to 8.48% during the period FY2005-FY2009 *(Source: compiled by CARE Research, data from CMIE)*. CARE Research expects the overall GDP to grow to 10% by FY2015, led by higher domestic consumption and growth in exports. CARE Research expects that the services sector will continue to dominate the GDP growth.

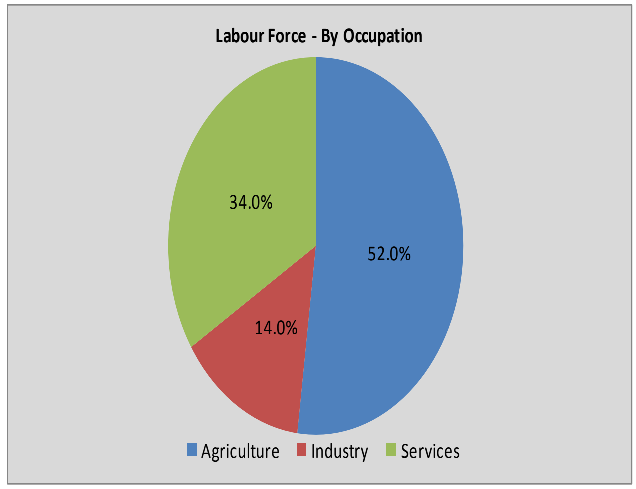
<u>GDP Trend Past and Future</u>

The table below depicts the historical and future GDP projections of India:

FY	2006	2007	2008	2009	2010	2011p	2012p	2013p	2014p	2015p
GDP	9.49	9.71	9.22	6.72	7.44	*8.50*	*9.00*	*9.00*	*9.50*	*10.00*
Agriculture	5.25	3.68	4.73	1.58	0.22	*4.00*	*3.00*	*3.00*	*3.00*	*4.00*
Services	11.10	10.17	10.51	9.75	8.53	*10.00*	*11.00*	*11.00*	*11.50*	*11.50*
Industry	9.28	12.75	9.49	3.87	9.27	*8.50*	*9.00*	*9.50*	*10.00*	*10.50*

(Source: RBI and Projections by CARE Research (Economics Cell))





(Source: CIA Factbook (2009 Estimates))

Overview - Indian Media and Entertainment Sector

The Indian Media and Entertainment **("M&E")** industry was valued at Rs.587 billion in CY2009, compared to Rs.578 billion in CY2008 *(Source: FICCI-KPMG (Back in the Spotlight 2010)*. This represented a year-on-year growth of only 1.3%, primarily due to the economic downturn, which affected the overall growth of the Indian economy, including the M&E industry. However, CARE Research expects that CY2010 is expected to witness a year-on-year growth of approximately 14% due to renewed confidence in the Indian economy. India's expenditure in the media segment as a percentage of the GDP stood at 0.41% in CY2009 whereas the global average stood at about 0.80% in CY2009 providing potential for future growth *(Source: FICCI-KPMG (Back in the Spotlight 2010)*. Television and print media were the largest revenue–generating segments, contributing approximately 70% of the total revenue dominating the sector. Some of the other segments like Out-Of-Home **("OOH")**, Internet Advertising, and Gaming and Animation are still at a nascent stage. The following table sets forth revenues of the following segments of the Indian M&E industry:

Trend & Growth in Indian Media & Entertainment Industry (Figures in Rs. Billion):

Key Verticals	CY 2006	CY 2007	CY 2008	CY 2009	CY 2010P	CY 2011P	CY 2012P	CY 2013P	CY 2014P
Television	183	211	241	257	*300*	*350*	*395*	*440*	*480*
Print Media	139	160	172	175	*190*	*210*	*235*	*250*	*260*
Films	78	93	104	89	*102*	*120*	*135*	*150*	*166*
Radio	6	7	8	8	*9*	*10*	*11*	*12*	*14*
OOH	12	14	16	14	*16*	*17*	*19*	*20*	*22*
Internet Advertising	2	4	6	8	*9*	*11*	*11*	*13*	*14*
Others (Music, Animation and Gaming)	23	25	31	36	*43*	*55*	*67*	*80*	*96*
Total	**443**	**514**	**578**	**587**	***669***	***773***	***873***	***965***	***1,052***

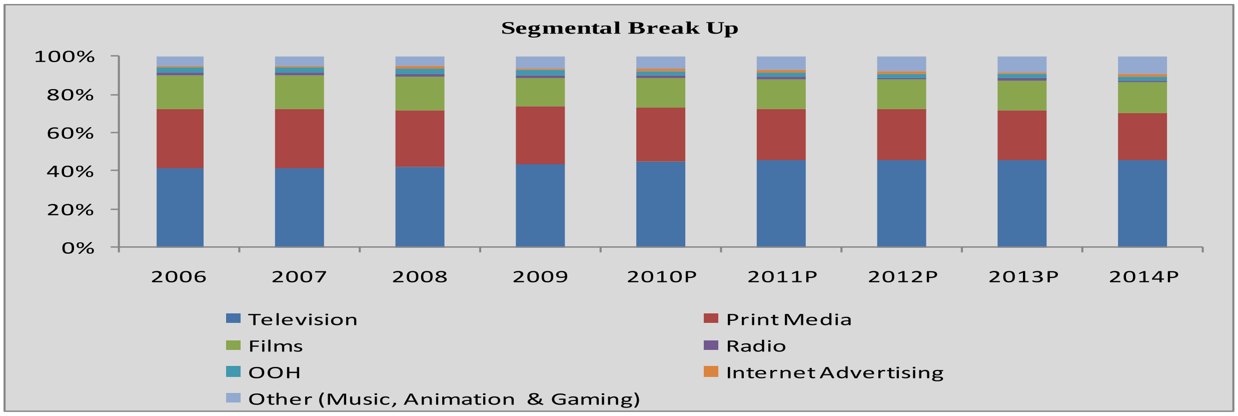
(Source: FICCI-KPMG (Back in the Spotlight 2010) & Projections by CARE Research)

The Indian M&E industry grew at a Compounded Annual Growth Rate **("CAGR")** of 10% from the period CY2006-CY2009 and is expected to grow at a CAGR of 12 % from CY2010-CY2014. *(Source: FICCI-KPMG (Back in the Spotlight 2010) & projections by CARE Research)*

CARE Research estimates that the M&E industry will be valued at Rs.1,052 billion by CY2014, driven by higher consumer-spending and targeting new audiences, mediums and geographies. Television, print media and films would continue to dominate the M&E space.

Segmental Break Up of the Indian M&E Industry

The following graph depicts the historical and projected segmental break down of the Indian M&E industry:

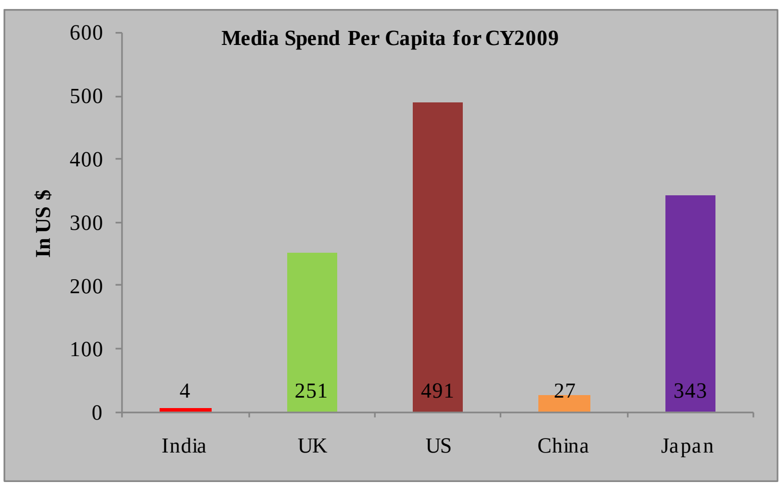


(Source: Compiled by CARE Research with data from FICCI-KPMG (Back in the Spotlight 2010) & projections by CARE Research)

Expenditure in the Indian M&E segment as compared to other countries

The per capita expenditure on the media segment in India is relatively low at US$ 4 compared to other countries like China, which has a per capita expenditure on media of US$ 27, despite its large population *(Source: FICCI-KPMG (Back in the Spotlight 2010)).*

The following graph depicts the per capita expenditure on the media sector in certain countries:



(Source: FICCI-KPMG (Back in the Spotlight 2010))

Key Trends and Growth Drivers

CARE Research believes the Indian M&E industry is expected to continue to be dominated by television and print media, in line with the current dominance of these two segments. Some of the key growth drivers that are expected to contribute to the growth of the M&E industry in India are:

- **Digitization,** which is mainly led by advancement in technology and infrastructure and changes in consumer behaviour. Newer distribution platforms like digital cable, direct-to-home **("DTH")** and Internet Protocol Television **("IPTV")**, the digitization of newspapers, magazines, films and the sale of online and mobile music are some of the ways in which the M&E industry has benefited from digitization and the growth in digitization is likely to continue in the years to come.

- **Regionalization** is another key growth driver for growth in the Indian M&E industry based on growing literacy, consumption and disposable income with contribution mainly by smaller towns and villages. There is an increasing focus on rural markets with regional content becoming the Unique Selling Proposition **("USP")** of most of the corporates in the M&E industry.

- **Growing importance of subscription/pay markets** is increasing very rapidly, as the audience is willing to pay more for quality content and value added services. The increase in ticket prices of movies at multiplexes, the increasing number of pay TV subscribers, the increasing penetration of DTH with its user-friendly interface and technology, and the introduction of Value Added Services **("VAS")** by media players are few examples of pay markets gaining importance. Furthermore, following the roll out of 3G services in India, consumers are expected to access the internet at a much faster speed as compared to the current General Packet Radio Services **("GPRS")**.

Media Penetration in India between Urban and Rural population

Urban

The IRS categorizes eight Socio-Economic Classifications **("SEC")** in urban India based on the occupation and education of the chief wage earner of the household. The eight SEC in urban India are labelled A1, A2, B1, B2, C, D, E1 and E2. A1 denotes the uppermost socio-economic class and E2 denotes the lowest socio-economic class. Set forth below is a summary of media penetration in urban India across the various media categories based on the SEC and the percentage of people in each SEC with access to such media:

	All		Literate		Print		TV at least once in week		C&S Viewer		Radio		Cinema-: Once a week		Internet-Freq.Once a week		
	000s	%	000s	%	000s	%	000s	%	000s	%	000s	%	000s	%	000s	%	
Sample	241362		179960		115648		168352		141266		48093		886		2002		
Est. Individuals (000s)	876280	100	609782	70	339242	39	496417	57	383605	44	159036	18	2632	0	4195	0	
Urban / Rural : Urban	277938	100	232695	84	158198	57	228304	82	200389	72	60242	22	1529	1	3262	1	
SEC : A1	9888	100	9791	99	9259	94	9547	97	9195	93	3612	37	72	1	349	4	
SEC : A2	19311	100	18915	98	17106	89	18236	94	17241	89	6159	32	120	1	658	3	
SEC : B1	23516	100	22703	97	19275	82	21834	93	20166	86	6276	27	118	1	602	3	
SEC : B2	23577	100	22436	95	17611	75	21525	91	19799	84	5326	23	128	1	412	2	
SEC : C	57461	100	53565	93	38625	67	50899	89	45181	79	13049	23	327	1	696	1	
SEC : D	63973	100	55482	87	33136	52	51979	81	44138	69	13092	20	377	1	321	1	
SEC : E1	31258	100	26696	85	14180	45	24043	77	20185	65	5962	19	170	1	108	0	
SEC : E2	48954	100	23105	47	9007	18	30242	62	24482	50	6766	14	216	0	115	0	

(Source: Indian Readership Survey ("IRS")Q3 2010) – Note: Q3 means Quarter 3 (C&S refers to Cable and Satellite)

Rural

The IRS has designated four SECs in rural India in terms of the type of house and the education of the chief wage earner of the household. The four SEC are labelled R1, R2, R3 and R4. R1 denotes the uppermost socio-economic class and R4 denotes the lowest such socio-economic class. Set forth below is a summary of media penetration in rural India across the various media categories based on SEC and the percentage of people in each SEC with access to such media:

	All		Literate		Print		TV at least once in week		C&S Viewer		Radio		Cinema-: Once a week		Internet-Freq.Once a week	
	000s	%	000s	%	000s	%	000s	%	000s	%	000s	%	000s	%	000s	%
Sample	241362		179960		115648		168352		141266		48093		886		2002	
Est. Individuals (000s)	876280	100	609782	70	339242	39	496417	57	383605	44	159036	18	2632	0	4195	0
Urban / Rural : Rural	598343	100	377087	63	181044	30	268113	45	183216	31	98793	17	1103	0	933	0
SEC : R1	26163	100	23705	91	18117	69	18431	70	14145	54	7157	27	148	1	262	1
SEC : R2	83432	100	72144	86	47115	56	54627	65	41382	50	17743	21	253	0	338	0
SEC : R3	240854	100	189304	79	86172	36	118706	49	81350	34	43094	18	341	0	199	0
SEC : R4	247894	100	91934	37	29640	12	76349	31	46340	19	30799	12	361	0	134	0

(Source: IRS Q3 2010) – Note: Q3 means Quarter 3

As shown in the tables above, print media penetration in rural and urban India is higher in percentage terms among people in the upper socio-economic classes compared with those in the lower socio -economic classes. However, due to the sheer number of people who fall into the lower socio-economic classes, the number of readers in rural and urban India in the lower socio-economic classes outnumber those in the upper socio-economic classes on an absolute basis, which indicates that there is potential for growth in readership numbers in rural and urban India in the lowest socio-economic class.

Outlook on Indian M&E industry over next four years

CARE Research believes that India will continue to be one of the largest beneficiaries' of the growth in the M&E space due to favorable demographics, rising disposable income and increased spend on discretionary items. It is also one of the youngest nations in the world with a high volume of content consumption and a favourable regulatory framework. CARE Research believes that the new trends that will be observed in the various M&E segments in India over the next four years are expected to be as follows:

Television
- Consumer preference shifting towards international programming formats
- Regional markets
- Large appetite for good content as number of TV households increasing rapidly
- DTH/CAS

Print media
- Rising literacy levels
- Foreign companies entering alliances with Indian companies
- Regionalisation
- Growth in international magazines

New Media
- 3G auction roll out
- IPTV
- Value added services
- Lower broad band and internet penetration

Films
- Digitization
- Increase of multiplexes
- Increasing government intiatives

(Source: CARE Research)

SUMMARY OF BUSINESS

Our ability to successfully implement the business strategy, growth and expansion plans may be affected by various factors. The business overview, strengths and strategies must be read along with the risk factors provided in the section entitled "Risk Factors" on page xiv.

Overview

We are one of the leading print media businesses in India. We publish three newspapers: *Lokmat* in Marathi, *Lokmat Samachar* in Hindi and *Lokmat Times* in English which collectively have 17 editions and 58 sub-editions. Our flagship newspaper *Lokmat* has been the leading Marathi newspaper in terms of average daily circulation and average daily readership in Maharashtra in 2008, 2009 and for the six month period ended June 30, 2010 (*Source: ABC January-June and July-December, 2008 and 2009 and January-June, 2010 and IRS 2008 R2, IRS 2009 R2 and IRS 2010 Q3*) and in terms of average daily circulation in Goa in 2009 and for the six month period ended June 30, 2010 *(Source: ABC, July-December 2009 and January-June 2010)*. The average daily readership of *Lokmat* is 7.81 million readers, rendering it the sixth most widely read newspaper in India (*Source: IRS 2010 Q3*). By total readership, *Lokmat* is the fifth most widely read newspaper in India with 23.67 million readers (*Source: IRS 2010 Q3*).

In addition to newspapers, our publication business comprises the publication of magazines including *G2, The Global Gujarati* (*"**G2**"*), a bi-monthly lifestyle magazine published in English and targeted at the Gujarati and Parsi communities in India and in certain international locations, and the publication of books. Our publication business also includes our event management business. In addition to our publication business, we have other businesses comprising the broadcasting of a Marathi news channel and film production.

Lokmat has its origins in the Indian freedom struggle and was founded by a group of Indian freedom fighters, in 1918, in Yavatmal, a town in Maharashtra. In 1952, *Lokmat* was transferred by this group of Indian freedom fighters to our founder, Late Jawaharlal Darda who was also an Indian freedom fighter. Late Jawaharlal Darda launched *Lokmat's* first daily edition on December 15, 1971 from Nagpur, Maharashtra.

Lokmat is one of the fastest growing newspapers in India with a growth in average daily readership of more than 16.48% from 2007 (when it had an average daily readership of approximately 6.70 million readers) to 2010 (when it had an average daily readership of approximately 7.81 million readers) (*Source: IRS 2007 R2 and IRS 2010 Q3*). In order to keep pace with the changing trend towards digitalisation of news content, we have launched online versions of our Marathi, Hindi and English newspapers—*Lokmat* in 2005 and *Lokmat Samachar* and *Lokmat Times* in 2009.

Lokmat (along with *Dainik Lokmat* which was the name under which *Lokmat* was circulated by our Group Company, PPPL, until it started using the name *Lokmat* under license from the Company in the calendar year 2007), has maintained a lead over its major competitors both in terms of average daily circulation and average daily readership in Maharashtra for more than a decade (*Source: circulation: ABC January-June and July-December 1999 - January-June and July-December 2009 and readership: IRS 1999 R2 to IRS 2010 Q3*). With a population of 96.88 million (Census 2001), Maharashtra had a GDP of Rs. 6,927,490 million during the fiscal year 2008-09 which was 14.40% of India's GDP and had a per capita income for the same period of Rs. 63,609 which was higher than India's per capita income of Rs. 42,514 (*Source: Maharashtra Economic Survey 2009-10*). Maharashtra is one of the largest state economies in India (*Source: Maharashtra Economic Survey 2009-10*) and is also home to India's financial capital, Mumbai.

We print our newspapers at 12 printing facilities in Maharashtra and Goa. Such printing facilities have a collective total installed capacity of approximately 891,000 copies per hour. Over the years, we have extended the circulation of *Lokmat* to 11 key markets and several towns and villages in Maharashtra and Goa as well as certain locations bordering Maharashtra in Madhya Pradesh, Karnataka and Andhra Pradesh. We distribute our newspapers through a multi-tiered distribution network consisting of agents, sub-agents, several vendors and hawkers. As of October 31, 2010, we had engaged 8,461 agents.

Certain of our publications have received awards including the "Best new launch of a local title" category in 2007 which was awarded to us in relation to *G2* by the Asian Publishing Management. We won the award among 79 entries from Asia. In addition, certain of our journalists are award winners in the field of journalism. See "— Editorial Team".

Our broadcasting business is conducted through a 50-50 joint venture with ibn18 Broadcast Limited ("**ibn18**"). The joint venture company, IBN-Lokmat News Private Limited ("**IBNL**"), operates *IBN-Lokmat,* a 24-hour Marathi news and current affairs television channel which went on air on April 6, 2008. We have also recently entered the film production and distribution business and in August 2010, released our debut film in Marathi, entitled "*Jetaa*", in association with Ramesh Deo Production Private Limited ("**RDPPL**").

We are also engaged in organising events such as meetings, incentives, conventions and exhibitions ("**MICE**") and mega events for our group and for third party clients. For the past 10 years, we have been involved in organising various community events in Maharashtra.

We strive to maintain journalistic integrity and high editorial standards through our editorial and reporting staff, which consisted of 681 persons as of October 31, 2010 in relation to our publication business. In addition, we also publish content contributed by freelance journalists. As of October 31, 2010, the editorial and reporting staff at IBNL consisted of 98 persons.

Our Promoters have been involved in the print media business for almost four decades. Our founder, Late Jawaharlal Darda, was an Indian freedom fighter, journalist and a minister in the Maharashtra government. Our Promoters, Vijay Darda and Rajendra Darda, are reputed journalists and have served on key professional associations of the newspaper industry. Vijay Darda is currently the chairman of the ABC, India and has been the president of the INS and South Asia Editor's Forum ("**SAEF**"). He is currently, a member of the Rajya Sabha which is the upper house of the Indian Parliament. Rajendra Darda is a Member of the Maharashtra Legislative Assembly from Aurangabad for the third consecutive term and is presently the School Education Minister in the Maharashtra cabinet. Our Promoters and Promoter Group currently own 100.00% of the pre-Issue Equity Share capital of the Company.

Our total revenues, as restated, for the five month period ended October 31, 2010, were Rs. 1,906.38 million. Revenues, as restated, for the Company on a standalone basis for the five month period ended October 31, 2010, were Rs. 1,869.07 million. Our advertising revenues for the five month period ended October 31, 2010 from our publication business were Rs. 1,353.03 million and from IBNL were Rs. 33.73 million. Our net profit after tax, as restated, for the five month period ended October 31, 2010, was Rs. 238.04 million. Net profit after tax, as restated, for the Company on a standalone basis, for the five month period ended October 31, 2010 was Rs. 290.23 million. Our net worth, as restated, as of October 31, 2010, was Rs. 2,020.76 million.

Our total revenues, as restated, for the fiscal years ended May 31, 2009 and 2010, were Rs. 3,789.64 million and Rs. 3,912.10 million, respectively. Revenues, as restated, for the Company on a standalone basis for the fiscal years ended May 31, 2009 and 2010, were Rs. 2,322.69 million and Rs. 3,860.57 million, respectively. Our advertising revenues for the fiscal years ended May 31, 2009 and 2010 from our publication business were Rs. 2,568.13 million and Rs. 2,643.43 million and from IBNL were Rs. 14.09 million and Rs. 43.89 million, respectively. Our net profit after tax, as restated, for the fiscal years ended May 31, 2009 and 2010, was Rs. 303.86 million and Rs. 494.98 million, respectively. Net profit after tax, as restated, for the Company on a standalone basis, for the fiscal years ended May 31, 2009 and 2010 was Rs. 406.92 million and Rs. 603.59 million, respectively.

Our Competitive Strengths

We believe our key strengths are:

- *Leading presence in the Marathi newspaper segment in Maharashtra and Goa.* As a leading print media company in the Marathi newspaper segment in Maharashtra and Goa, we believe that we have the ability to attract higher ad-spend, better rates and more attractive business arrangements than many of our competitors in these markets. *Lokmat* is the market leader in terms of average daily circulation in the Marathi daily newspaper segment in Maharashtra and Goa (*Source: ABC January-June 2010*). It is also the market leader in terms of average daily readership in the Marathi daily newspaper segment in Maharashtra (*Source: IRS 2010 Q3*). *Lokmat's* readership constitutes 40.93% of the total Marathi daily readership *(Source: IRS 2010 Q3).* There are 5.2 million *Lokmat* readers who do not read any other Marathi newspaper

(Source: IRS 2010 Q3). In addition, we have a leading position in terms of *Lokmat's* average daily circulation in 8 of the 11 key markets, and in terms of average daily readership, we are in a leading position in 6 of the 10 key markets for which data is available, from which we circulate our newspapers as indicated in the table below and are working towards growing our presence in four key markets: Mumbai, Pune, Akola and Kolhapur.

Edition	**Market Position based on average daily circulation(1)**	**Market position based on average daily readership(2)**
Akola	1(3)	2(4)
Aurangabad	1	1
Ahmednagar	1	1
Goa	1	Not available(5)
Jalgaon	1	1
Kolhapur	3	3
Mumbai	3	2
Nagpur	1	1
Nashik	1	1
Pune	2	2
Solapur	1	1

(1) *Source: ABC January-June 2010.*
(2) *Source: IRS 2010 Q3.*
(3) *The Company's circulation figures for the Akola edition consists of circulation in Akola, Buldhana and Washim, whereas the circulation figures of Deshonnati include circulation in these three districts as well as in Amravati, Aurangabad and Yavatmal.*
(4) *IRS data for Deshonatti is reported jointly for Akola and other regions including Jalgaon, whereas IRS data for Lokmat is reported separately for Akola and Jalgaon.*
(5) *IRS data on average daily readership for our Goa edition is not available as our Goa edition was launched in April 2009.*

Lokmat has the leading position in terms of average daily readership as well as total readership among SEC A and B (collectively, 1.8 million and 3.2 million, respectively *(Source: IRS 2010 Q3)*) audiences in Maharashtra when compared with other Marathi newspapers, and also Hindi, Gujarati and English newspapers. 85.8%, in terms of average daily readership, or 87.3%, in terms of total readership, of *Lokmat's* readers in Maharashtra, reside in self-owned homes, 91.6%, in terms of average daily readership, or 84.9%, in terms of total readership of such readers own durables, and 94.6%, in terms of average daily readership, or 92.4%, in terms of total readership, use branded detergents, all of which are indicative of the socio economic status of *Lokmat's* readers *(Source: IRS 2010 Q3)*. Further, approximately 53,000 average daily readers of *Lokmat* or 100,000 total readers have stated their intent to purchase a car in the next year *(Source: IRS 2010 Q3)*. The Marathi newspaper industry in Maharashtra and Goa is fragmented. While *Lokmat* faces competition from other Marathi newspapers, there is no single dominant competitor across *Lokmat's* key markets nor is there a dominant competitor in a majority of its key markets.

- *Strong brand connection with audiences.* We believe that our brands command respect and recall. We have built our brand by reinforcing our corporate identity and our key strengths through innovative marketing strategies. Late Jawaharlal Darda launched *Lokmat's* first daily edition in 1971 from Nagpur, Maharashtra. Over the years, we have extended the circulation of *Lokmat* to 11 key markets and several towns and villages in Maharashtra and Goa as well as certain locations bordering Maharashtra in Madhya Pradesh, Karnataka and Andhra Pradesh. Our flagship newspaper, *Lokmat* (along with *Dainik Lokmat* which was the name under which *Lokmat* was circulated by our Group Company, PPPL, until it started using the name *Lokmat* under license from the Company in the calendar year 2007), has been the leading Marathi newspaper for more than a decade *(Source: circulation: ABC January-June and July-December 1999 to January-June and July-December 2009 and readership: IRS 1999 R2 to IRS 2010 Q3). Lokmat and Lokmat*

Samachar have a combined average daily readership of 8.44 million, making us one of the most widely read newspaper groups in India *(Source: IRS 2010 Q3)*. The resilience of our *Lokmat* brand is evidenced by the fact that we have been able to grow our advertising revenues during the three year period ended May 31, 2010 which included the recent global economic downturn. We have also been able to maintain the cover prices of *Lokmat* despite aggressive pricing by our competitors in many of our markets. The strength of our *Lokmat* brand is partially attributable to the barriers to entry that characterize the Marathi language print media. We are also able to leverage the *Lokmat* brand when we enter new mediums or new locations in our existing markets or new markets. For example, we launched the *Lokmat* brand into the television news segment through *IBN-Lokmat,* a 24-hour Marathi news and current affairs television channel run by IBNL which is a joint venture between the Company and ibn 18.

- *Wide distribution network.* We have 12 printing facilities from where we distribute our newspapers through a multi-tiered distribution network consisting of agents, sub-agents and several vendors and hawkers. As of October 31, 2010, we had engaged 8,461 agents. We are able to access all 35 districts in Maharashtra consisting of 353 *tahsils* covering more than 40,000 villages and both districts in Goa consisting of 11 *tahsils*, through such distribution network. As a result, our newspapers are circulated in interior locations of Maharashtra and Goa which are experiencing a faster rate of growth than the urban locations in India. See "Industry Overview" beginning on page 69. Given the dominance of vernacular languages and Hindi over English in India, particularly in small towns and rural locations in our key markets, we have been able to access a target audience of vernacular newspaper readers which is larger in size than English newspaper readers. See "Industry Overview" beginning on page 69.

- *Strong relationships with diversified advertiser base*. In relation to our publication business, we have strong relationships with a diversified advertiser base comprising local and national advertisers. 45.85% and 54.15% of our revenues for the five month period ended October 31, 2010 and 48.18% and 51.82% of our revenues for the fiscal year ended May 31, 2010 were attributable to local advertisers and national advertisers, respectively. Our advertiser base is also diversified in terms of industry, including the automobile, banking and financial services, consumer durables, education, fast moving consumer goods, insurance, pharmaceuticals and healthcare, real estate and telecommunications industries. Not a single advertiser accounted for more than 5% of our revenues for the fiscal year ended May 31, 2010. Our advertising revenues showed resilience during the recent economic downturn as we were generally able to maintain such revenues over the three year period ended May 31, 2010, largely due to our large local advertiser base, which were not as severely impacted by the economic downturn as national advertisers. See "Industry Overview" beginning on page 69. Our knowledge of local markets and understanding of local consumers is a powerful tool for attracting advertisers, who develop targeted advertisement solutions in partnership with us. Moreover, our strong relationships with advertisers relating to our publication business has enabled us to gain incremental revenue through cross selling opportunities among our different publications as well as to IBNL. We believe that we have a low advertisement to editorial content ratio despite increasing our advertisement rates. We are able to offer our advertisement customers content value including premium printing and colour printing of their advertisements which enables us to increase our advertisement rates and consequently, advertisement yield.

- *Strong editorial team with ability to provide local, national and international news.* The editorial teams in both our publication business and broadcasting business comprise experienced journalists. In addition, our Promoters have experience in the field of journalism. Vijay Darda, who is our group editor in chief, has received several awards including the Feroz Gandhi Smriti Sanman in 1991 from the India National Press and the Shri Brijlal Biyani Journalism Award by the Lions Club of Indore in 2006. The editorial team of our publication business includes Suresh Dwadashiwar who has served on Maharashtra state level and national level literacy councils. Certain of the journalists of our publication business including Sopan Pandharipande and Savita Harkare have won the prestigious Ramnath Goenka award for investigative journalism and Shiv Anurag Pateriya won the Dr. Shankar Dayal Sharma award from the Madhya Pradesh Hindi Granth Academy for creative writing in 2008. Dinkar Raikar, group editor of our newspapers, Nikhil Wagle, editor of *IBN-Lokmat* in association with Rajdeep Sardesai, editor-in-chief, IBN Group, are all established journalists. Rajdeep Sardesai is a recipient of the Padma Shri award for journalism. Our editorial team plays a critical role in serving our culturally and geographically diverse group of readers. We cover news pertaining to the local and regional interests of the readers in our newspapers through our large network of village and district offices in Maharashtra and Goa and large number of local reporters who are able to gather information as newsworthy events occur in small towns and villages in Maharashtra and Goa. We address the local variations in Marathi language by publishing 46 sub editions of *Lokmat* catering to such language variations and providing for customisation of content to reflect the interests of such readers. In addition, we have access to resources and news content covering national and international issues through our membership of certain news service agencies.

- *Experienced and proven Promoters and management team.* The Promoters and the Promoter Group hold 100.00% of the pre-Issue Equity Share capital of the Company. Our Promoters, who have been involved in the publication business for over four decades, have been closely involved in the management of our business and in defining and monitoring our business strategy. Our Promoters hold positions in organisations in the media industry such as Vijay Darda's current chairmanship of ABC and past presidency of INS and SAEF. Our Promoter Group and senior management also include Devendra Darda, Rishi Darda and Karan Darda who comprise the third generation of the Darda family demonstrating a commitment to our business from the Darda family. Our management team seeks to identify and understand changing market dynamics and trends, and develop ideas for new publications and new media platforms to address these changes. In addition, our management team plans and executes our growth strategies. The majority of our key management team includes personnel who have been with the Company for a substantial period as well as other recruits with varied experience in various fields. See "Management" on page 142.

- *Strong financial position and profitability.* We have a strong financial position, with a conservative debt level based on our net worth. As of October 31, 2010, we had total secured loans of Rs. 551.40 million against a net worth of Rs. 2,020.76 million. We believe that we have the ability to leverage our balance sheet to take advantage of a favorable business cycle or market opportunity. We have also demonstrated a consistent track record of profitability. We believe that our financial strength and strong demand for our existing products make us well positioned to further leverage on our brand and extend our presence in existing as well as new markets and across other verticals in the media and entertainment industry.

Our Strategy

We intend to follow the key business strategies discussed below:

- *Consolidate leadership in Maharashtra.* Between fiscal year 1999 – 2000 and fiscal year 2008-2009, Maharashtra's economy grew at a CAGR of 7.7% at constant prices (1999-2000) (*Source: Economic Survey of Maharashtra 2009-10*). This overall growth along with growth in private consumption has been made possible due to various socio-economic changes in Maharashtra, leading to an increase in literacy as well *(Source: Economic Survey of Maharashtra 2009-10)* as disposable income, reflected by a 61.3% growth in annual per capita income (at current prices) in the period 2005-2009 (*Source: Economic Survey of Maharashtra 2009-10*). We believe that such socio-economic developments offer us the opportunity to increase our readership and maintain our leadership position in Maharashtra. We are the market leader in the Marathi newspaper business in Maharashtra in terms of average daily circulation and average daily readership, and have a leading position in terms of *Lokmat's* average daily circulation in 8 of the 11 key markets, and in terms of average daily readership, we are in a leading position in 6 of the 10 key markets from which we circulate our newspapers and for which data is available. *(Source: Circulation: ABC January-June 2010 and Readership: IRS 2010Q3)*.

- In addition, we are working towards growing our presence in four key markets within Maharashtra: Mumbai, Pune, Akola and Kolhapur. These markets particularly, Mumbai and Pune, are home to a vast advertiser base covering both local and national advertisers and represent a significant share of total advertising in Maharashtra. We seek to grow the average daily readership and average daily circulation of our newspapers across Maharashtra including in these three markets, which we expect will enable us to increase our share of the total advertising revenues in the Maharashtra market. In order to attract high-quality advertisers and increase our advertising market share, we also aim to optimize our readership mix and demographics by enhancing our sales and distribution network, implementing differential pricing of our newspaper editions, increasing our marketing and brand building initiatives, upgrading and modernising our print infrastructure and rolling out additional colour content to service existing and future demands from advertisers. We are also aiming to launch new products such as additional supplements to our newspapers to create value for our advertisers and to increase our circulation in Maharashtra by the addition of new printing locations and facilities.

- *Expand into new markets.* Under the leadership of our experienced management team, we expect to continue to enhance and improve our methodology for the identification of new regional and niche markets and the implementation of successful market entry strategies relating to *Lokmat*, *Lokmat Samachar* and *Lokmat Times*. We intend to continue to identify new opportunities for growth and brand expansion through both organic and acquisitive growth. Such market entry strategies could include implementing differential pricing for different editions as well as focusing on regions which have low penetration currently. We have demonstrated success in our strategy relating to *Lokmat* which we implemented in Pune and aim to emulate this strategy in other locations. See "Our Business—Pune Case Study" on page 103 for details. India has significant potential for future growth in the media sector, with current advertisement expenditure at only 0.41 % of GDP as compared to global advertisement expenditure, which is approximately 0.80% of GDP. See "Industry Overview" beginning on page 69. Overall advertisement expenditure is expected to grow at a CAGR of 12.0 % per annum from 2010 to 2014, and we intend to position ourselves to take advantage of this growth potential. See "Industry Overview" beginning on page 69. Our decision to enter a new market is based on our analysis of various parameters, such as the size of the market, growth potential including opportunities to attract advertisers in target markets, strength of competition, synergies with our existing brands and our existing strengths, investment costs required to be borne to enter and serve the target market, expected time to achieve EBITDA break even and return on capital employed.

- *Invest in cross-media strategy*. We intend to implement a cross media strategy to capitalize on the strength of our brands and to exploit synergies with our publication business to become a one-stop shop for advertisers. We are focused on developing multiple touch points into each household by continuing to add supplements to our newspapers and non-print media distribution channels such as through *IBN-Lokmat*, a 24-hour Marathi news channel. We intend to leverage the *Lokmat* brand and content to gain increased viewership for *IBN-Lokmat*. In addition, by cross selling advertising space between our publication business and IBNL, we aim to derive a greater share of the television advertisement market. We have also recently entered the film entertainment industry and focus on producing Marathi and Hindi language films. We released our first film in Marathi, entitled "*Jetaa*", in August 2010 in association with RDPPL. Our Company is also engaged in organising events, such MICE as well as mega events comprising large annual cultural and other events for our group and for third party clients through which our Company proposes to provide corporates with customised event based solutions and channels for brand promotion. The Company has also organised various sporting events, and given the past success of these events, the Company plans to organize all of these events in the future under the brand called *Lokmat Play*. Our aim is to focus on content generation and dissemination through multiple media platforms.

SUMMARY FINANCIAL INFORMATION

The following tables set forth summary financial information derived from our restated standalone and consolidated financial statements as of and for the years ended May 31, 2006, 2007, 2008, 2009 and 2010 and as of and for the five months period ended October 31, 2010. These financial statements have been prepared in accordance with the Indian GAAP, the Companies Act and the SEBI Regulations and presented under the section titled "Financial Statements" on page 190. The summary financial information presented below should be read in conjunction with our restated standalone and consolidated financial statements, the notes thereto and the sections titled "Financial Statements" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" on pages 190 and 275, respectively.

Statement of Consolidated Assets and Liabilities, as Restated

(In Rs. million)

Particulars as at	May 31, 2006	May 31, 2007	May 31, 2008	May 31, 2009	May 31, 2010	October 31, 2010
Fixed Assets						
Gross Block	812.03	825.27	1,888.53	1,890.56	1,911.01	2,098.53
Less : Accumulated Depreciation /Amortization	334.01	392.69	627.58	592.50	745.77	815.98
Net Block	478.02	432.58	1,260.94	1,298.06	1,165.24	1,282.56
Capital Work-in-Progress (including Capital Advances)	1.34	0.81	39.69	24.69	16.78	156.39
Net Block including Capital Work-in-Progress (A)	479.35	433.39	1,300.64	1,322.75	1,182.02	1,438.94
Investments (B)	0.33	0.32	2.04	2.12	158.83	174.40
Current Assets, Loans and Advances:						
Inventories	104.60	123.26	284.08	223.97	253.75	365.38
Sundry Debtors	305.21	346.50	590.02	525.79	736.00	872.80
Cash and Bank Balances	188.47	206.54	370.39	338.42	397.47	438.78
Loans and Advances	69.69	92.89	326.94	278.73	222.56	169.95
Other Current Assets	7.57	8.72	15.70	23.17	10.71	17.84
Total Current Assets, Loans and Advances (C)	**675.53**	**777.91**	**1,587.13**	**1,390.08**	**1,620.50**	**1,864.76**
Liabilities and Provisions:						
Secured Loans	352.99	235.48	885.66	533.08	399.33	551.40
Unsecured Loans	5.55	-	93.34	9.50	-	68.16
Current Liabilities	253.37	292.54	541.32	456.57	464.77	522.44
Provisions	-	-	41.95	45.89	240.38	241.76
Minority Interest	-	-	201.77	-	-	-
Total Liabilities and Provisions (D)	**611.90**	**528.02**	**1,764.03**	**1,045.04**	**1,104.48**	**1,383.76**
Deferred Tax Liabilities (Net) (E)	**33.74**	**28.47**	**97.82**	**110.34**	**73.86**	**73.57**
Net Worth (A+B+C-D-E)	**509.57**	**655.15**	**1,027.95**	**1,559.56**	**1,783.01**	**2,020.76**
Net Worth Represented By						
Share Capital						
Equity	5.75	5.75	6.85	11.52	11.52	11.52
Reserves and Surplus (excluding Revaluation Reserve)	503.82	649.40	1,021.11	1,548.04	1,771.48	2,009.24
Net Worth	**509.57**	**655.15**	**1,027.95**	**1,559.56**	**1,783.01**	**2,020.76**

The above statements should be read with the Significant Accounting Policies and Notes to the Consolidated Summary Statements of Assets and Liabilities, Profits and Losses and Cash Flows, as restated as appearing in Annexure IV.

Statement of Consolidated Profits and Losses, as Restated

(In Rs. million)

Particulars	Year Ended on					Period Ended on
	May	May	May	May	May	October
	31, 2006	**31, 2007**	**31, 2008**	**31, 2009**	**31, 2010**	**31, 2010**
Income						
Operating Income						
Advertisement Revenue	813.43	997.85	2,059.42	2,582.22	2,687.32	1,386.76
Sale of News and Publications (net)	375.09	415.78	799.89	1,062.31	1,073.27	449.21
Other Operating Income	30.93	50.26	142.48	107.62	99.23	46.18
Total	**1,219.45**	**1,463.89**	**3,001.80**	**3,752.15**	**3,859.82**	**1,882.15**
Non Operating Income	15.23	23.66	112.66	37.49	52.28	24.23
Total Income	**1,234.68**	**1,487.55**	**3,114.46**	**3,789.64**	**3,912.10**	**1,906.38**
Expenditure						
Raw Materials Consumed	621.38	673.93	1,351.90	1,672.79	1,543.47	798.52
Employee Cost	182.63	210.66	378.79	532.58	598.10	279.12
Operating and Other Expenses	206.19	255.34	524.37	723.00	765.56	371.34
Finance Cost	28.88	28.63	63.72	108.95	45.82	23.77
Depreciation/Amortisation	70.08	64.79	98.96	166.72	188.02	73.01
Total Expenditure	**1,109.16**	**1,233.36**	**2,417.73**	**3,204.04**	**3,140.96**	**1,545.76**
Net Profit before Tax, Prior Period and Extraordinary Items	**125.52**	**254.19**	**696.73**	**585.60**	**771.13**	**360.61**
Less: Extraordinary Items	-	-	-	-	-	-
Net Profit after Extraordinary items but before Tax, Prior Period Items	**125.52**	**254.19**	**696.73**	**585.60**	**771.13**	**360.61**
Less: Provision for Taxation	24.71	73.49	215.94	221.33	284.27	119.71
Less: Pre-acquisition profit of subsidiary	-	-	91.01	-	-	-
Net Profit after Tax and Extraordinary items but before Prior Period Items	**100.82**	**180.69**	**389.77**	**364.28**	**486.86**	**240.90**
Less: Prior Period Items	-	-	0.05	2.51	0.62	-
Less: Exceptional Items	-	-	-	-	7.61	-
Net Profit after Tax, Extraordinary items and Prior Period Items	**100.82**	**180.69**	**389.72**	**361.77**	**478.63**	**240.90**
Adjustments on Account of Restatement	(3.32)	3.82	(5.68)	2.86	24.01	(2.86)
Tax (Expenses)/ Savings on Restatement	(0.18)	0.00	1.95	(0.56)	(7.59)	-
Net Profit after Tax before Minority Interest, as Restated	**97.32**	**184.51**	**386.00**	**364.06**	**495.05**	**238.04**
Less :- Minority Interest	-	-	93.85	60.21	0.07	-
Net Profit after Tax, as Restated	**97.32**	**184.51**	**292.15**	**303.86**	**494.98**	**238.04**
Balance Brought Forward from Previous Year, as Restated	5.58	1.76	4.34	(27.63)	146.89	291.18
Profit Available for Appropriations	**102.90**	**186.27**	**296.49**	**276.23**	**641.87**	**529.22**
Appropriations						
General Reserve	90.00	140.00	230.00	60.00	59.00	-
Dividend:						
Equity Shares	9.77	36.77	80.44	-	249.73	-
Corporate Dividend Tax	1.37	5.16	13.67	-	41.86	-
Transferred to Capital Reserve	-	-	-	69.34	0.09	-
Balance Carried to Balance Sheet, as Restated	**1.76**	**4.34**	**(27.63)**	**146.89**	**291.18**	**529.22**

The above statements should be read with the Significant Accounting Policies and Notes to the Consolidated Summary Statements of Assets and Liabilities, Profits and Losses and Cash Flows, as restated as appearing in Annexure IV.

Statement of Consolidated Cash Flows, as Restated

(In Rs. million)

	Particulars	Year ended on May 31,					Period Ended on October 31,
		2006	2007	2008	2009	2010	2010
A	**Cash Flow From Operating Activities**						
	Net Profit after Prior Period Items and before Tax, as restated	122.21	258.01	691.00	585.95	786.91	357.75
	Adjustment for						
	Depreciation as per Profit and Loss Account	70.08	64.79	98.96	166.72	188.02	73.01
	Depreciation for Prior Period and Change in Method	0.20	0.19	0.18	0.17	(2.95)	-
	Pre-acquisition profit of subsidiary	-	-	(91.01)	-	-	-
	Interest Income	(9.53)	(12.14)	(44.74)	(19.85)	(26.48)	(11.05)
	Interest Expenses	28.88	28.63	63.72	108.95	45.82	23.77
	Dividends	-	(0.00)	(0.74)	(0.02)	(0.01)	(0.03)
	Provision for doubtful debts	(0.40)	0.36	1.18	(0.61)	0.90	-
	Discount Provided	3.53	(4.35)	(3.01)	(2.28)	(8.03)	-
	Adjustment for Depreciation on account of revaluation	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.00)
	Net Loss/(Profit) on sale of Fixed Assets	(1.58)	(0.98)	(52.01)	(3.76)	(0.28)	-
	Operating Profit/(Loss) before Working Capital Changes	**213.36**	**334.50**	**663.52**	**835.26**	**983.90**	**443.45**
	Adjustment for						
	Trade and other Payables	(16.87)	39.33	330.14	(47.77)	(101.29)	49.96
	Trade and other Receivables	(86.26)	(59.76)	(479.50)	328.03	(118.93)	(93.68)
	Inventory	31.21	(18.66)	(160.82)	60.12	(29.78)	(111.63)
	Cash generated from Operations	**141.45**	**295.40**	**353.34**	**1,175.63**	**733.90**	**288.09**
	Direct Taxes Paid	(37.30)	(79.41)	(212.97)	(218.58)	(239.83)	(124.52)
	Net Cash Inflow/(Outflow) from Operating Activities	**104.15**	**216.00**	**140.37**	**957.06**	**494.08**	**163.57**
B	**Cash Flow From Investing Activities**						
	Acquisition of Fixed Assets (including Capital Work-in-Progress)	(28.78)	(36.45)	(974.56)	(193.65)	(90.67)	(333.56)
	Sale/Transfer of Fixed Assets	6.68	18.42	60.21	8.39	47.11	3.63
	Capital Subsidiary Received / (Refunded)	-	3.00	1.97	(1.00)	-	-
	Interest Income	10.44	10.88	40.19	14.55	38.71	1.08
	Dividend Income	-	0.00	0.74	0.02	0.01	0.03
	Sale/(Acquisition) of Investments /Share Application Money (Net)	0.01	0.00	(1.71)	(234.97)	(107.72)	8.49
	Net Cash Inflow/(Outflow) from	**(11.66)**	**(4.15)**	**(873.17)**	**(406.67)**	**(112.55)**	**(320.33)**

	Particulars	Year ended on May 31,					Period Ended on October 31,
		2006	2007	2008	2009	2010	2010
	Investing Activities						
C	**Cash Flow From Financing Activities**						
	Net Increase/(Decrease) in Secured Loan	(80.16)	(117.51)	650.18	(352.58)	(133.75)	152.07
	Increase in Equity Share Capital	-	-	1.10	4.68	-	-
	Change in Minority Interest	-	-	107.92	-	-	-
	Capital Reserve on acquisition /(Sale) of subsidiaries	-	-	198.47	(37.90)	(16.76)	-
	Net Increase/(Decrease) in Unsecured Loan	(4.65)	(5.55)	93.34	(83.84)	(9.50)	68.16
	Interest Expenses	(28.62)	(28.79)	(60.25)	(112.72)	(45.57)	(22.18)
	Dividend paid including Tax on Dividend Distribution	(11.14)	(41.93)	(94.12)	-	(116.90)	-
	Net Cash Inflow/(Outflow) from Financing Activities	**(124.56)**	**(193.78)**	**896.65**	**(582.36)**	**(322.48)**	**198.06**
	Net Increase in Cash and Cash Equivalents	(32.07)	18.07	163.85	(31.97)	59.05	41.31
	Add: Cash and Cash Equivalents at the beginning of the year	220.54	188.47	206.54	370.39	338.42	397.47
	Cash and cash Equivalents at the end of the year	188.47	206.54	370.39	338.42	397.47	438.78

Cash and Cash Equivalents consists of:

(In Rs. million)

	Particulars	Year ended on May 31,					Period Ended on October 31,
		2006	2007	2008	2009	2010	2010
	Cash in Hand	3.01	3.72	6.03	7.41	7.79	10.23
	Cheques in Hand	-	-	0.16	0.30	1.24	-
	T.T.in Transit	1.51	0.80	2.00	-	-	-
	Balance with Schedule Banks:						
	In Current/Collection Accounts	16.61	24.99	83.77	71.22	111.14	97.68
	In Fixed Deposits with Banks	133.84	177.03	108.43	224.36	246.37	320.87
	In Fixed Deposits with Banks (Lien Marked)	33.50	-	170.00	35.13	30.94	10.00
	Cash and Cash Equivalents (Closing)	188.47	206.54	370.39	338.42	397.47	438.78

Notes:

The cash flow statement has been prepared under the indirect method as set out in the Accounting Standard-3 on Cash Flow Statements as issued by ICAI.

Statement of Unconsolidated Assets and Liabilities, as Restated

(In Rs. million)

Particulars as at	May 31, 2006	May 31, 2007	May 31, 2008	May 31, 2009	May 31, 2010	October 31, 2010
Fixed Assets						
Gross Block	811.88	825.12	980.43	1682.47	1772.84	1961.64
Less : Accumulated Depreciation /Amortisation	334.01	392.69	457.49	527.29	685.20	747.18
Net Block	477.87	432.43	522.94	1155.19	1087.65	1214.46
Capital Work-in-Progress (including Capital Advances)	1.34	0.81	2.33	24.69	16.78	156.39
Net Block including Capital Work-in-Progress (A)	**479.21**	**433.24**	**525.28**	**1179.88**	**1104.43**	**1370.84**
Investments (B)	**0.86**	**0.85**	**87.20**	**89.08**	**245.18**	**304.85**
Current Assets, Loans and Advances:						
Inventories	104.60	123.26	158.60	223.91	253.73	365.34
Sundry Debtors	305.21	346.50	464.87	514.34	712.72	847.55
Cash and Bank Balances	188.47	206.54	258.15	332.49	381.16	420.95
Loans and Advances	69.61	92.82	200.08	334.07	423.92	361.52
Other Current Assets	7.26	8.41	15.39	22.60	10.69	17.63
Total Current Assets, Loans and Advances (C)	**675.15**	**777.53**	**1097.09**	**1427.41**	**1782.21**	**2012.99**
Liabilities and Provisions:						
Secured Loans	352.99	235.48	456.31	407.03	308.09	465.65
Unsecured Loans	5.55	-	-	9.50	-	63.36
Current Liabilities	253.37	292.54	334.92	399.38	417.55	462.74
Provisions	-	-	30.33	33.31	238.51	239.31
Total Liabilities and Provisions (D)	**611.90**	**528.02**	**821.56**	**849.22**	**964.15**	**1231.07**
Deferred Tax Liabilities (Net) (E)	**33.74**	**28.47**	**28.67**	**28.04**	**73.86**	**73.57**
Net Worth (A+B+C-D-E)	**509.57**	**655.15**	**859.34**	**1819.10**	**2093.81**	**2384.04**
Net Worth Represented By						
Share Capital						
Equity	5.75	5.75	6.85	11.52	11.52	11.52
Reserves and Surplus (excluding Revaluation Reserve)	503.82	649.40	852.49	1807.57	2082.28	2372.51
Net Worth	**509.57**	**655.15**	**859.34**	**1819.10**	**2093.81**	**2384.04**

The above statements should be read with the Significant Accounting Policies and Notes to the Unconsolidated Summary Statements of Assets and Liabilities, Profits and Losses and Cash Flows, as restated as appearing in Annexure IV.

Statement of Unconsolidated Profits and Losses, as Restated

(In Rs. million)

Particulars	Year Ended on					Period Ended on
	May 31, 2006	May 31, 2007	May 31, 2008	May 31, 2009	May 31, 2010	October 31, 2010
Income						
Operating Income						
Advertisement Revenue	813.43	997.85	1235.62	1611.56	2643.43	1353.03
Sale of News and Publications (net)	375.09	415.78	448.04	612.05	1073.27	449.21
Other Operating Income	30.93	50.26	84.84	77.35	92.91	45.51
Total Income	**1,219.45**	**1,463.89**	**1,768.50**	**2,300.96**	**3,809.61**	**1,847.75**
Non Operating Income	15.23	23.66	34.78	21.73	50.96	21.32
Total	**1,234.68**	**1,487.55**	**1,803.28**	**2,322.69**	**3,860.57**	**1,869.07**
Expenditure						
Raw Materials Consumed	621.38	673.93	724.98	946.39	1543.25	798.41
Employee Cost	182.63	210.66	261.91	331.38	560.13	259.85
Operating and Other Expenses	206.19	255.34	265.29	343.88	686.47	319.20
Finance Cost	28.88	28.63	37.80	49.03	29.49	17.63
Depreciation/Amortisation	70.08	64.79	65.57	95.63	159.60	64.03
Total Expenditure	**1,109.16**	**1,233.36**	**1,355.56**	**1,766.30**	**2,978.94**	**1,459.13**
Net Profit before Tax, Prior Period and Extraordinary Items	125.52	254.19	447.73	556.39	881.63	409.94
Less: Extraordinary Items	-	-	-	-	-	-
Net Profit after Extraordinary items but before Tax, Prior Period Items	125.52	254.19	447.73	556.39	881.63	409.94
Less: Provision for Taxation	24.71	73.49	124.54	148.78	284.28	119.71
Net Profit after Tax and Extraordinary items but before Prior Period Items	100.82	180.69	323.18	407.61	597.35	290.23
Less: Prior Period Items	-	-	-	-	0.79	-
Less: Exceptional Items	-	-	-	-	7.61	-
Net Profit after Tax, Extraordinary items and Prior Period Items	**100.82**	**180.69**	**323.18**	**407.61**	**588.95**	**290.23**
Adjustments on Account of Restatement	(3.32)	3.82	(2.07)	(1.04)	22.17	0.00
Tax (Expenses)/ Savings on Restatement	(0.18)	0.00	0.73	0.36	(7.54)	-
Net Profit after Tax, as Restated	**97.32**	**184.51**	**321.84**	**406.92**	**603.59**	**290.23**
Balance Brought Forward from Previous Year, as Restated	5.58	1.76	4.34	2.07	348.99	601.98
Profit Available for Appropriations	**102.90**	**186.27**	**326.18**	**408.99**	**952.57**	**892.21**
Appropriations						
General Reserve	90.00	140.00	230.00	60.00	59.00	-
Dividend:						
Equity Shares	9.77	36.77	80.44	-	249.73	-
Preference Shares	-	-	-	-	-	-
Corporate Dividend Tax	1.37	5.16	13.67	-	41.86	-
Balance Carried to Balance Sheet, as Restated	**1.76**	**4.34**	**2.07**	**348.99**	**601.98**	**892.21**

The above statements should be read with the Significant Accounting Policies and Notes to the Unconsolidated Summary Statements of Assets and Liabilities, Profits and Losses and Cash Flows, as restated as appearing in Annexure IV.

Statement of Unconsolidated Cash Flows, as Restated

(In Rs. million)

Particulars	Year ended on May 31,					Period ended on October 31,
	2,006	2,007	2,008	2,009	2,010	2,010
Cash Flow From Operating Activities						
Net Profit after Prior Period Items and before Tax, as restated	122.21	258.01	445.66	555.35	895.40	409.94
Adjustment for						
Depreciation as per Profit and Loss Account	70.08	64.79	65.57	95.63	159.60	64.03
Depreciation for Prior Period and Change in Method	0.20	0.19	0.18	0.17	(2.95)	-
Interest Income	(9.53)	(12.14)	(29.01)	(12.46)	(26.39)	(11.00)
Interest Expenses	28.88	28.63	37.80	49.03	29.49	17.63
Dividend Income	-	(0.00)	-	(0.00)	(0.01)	(0.03)
Provision for doubtful debts	(0.40)	0.36	1.18	(0.61)	0.90	-
Discount Provided	3.53	(4.35)	(3.01)	(2.28)	(8.03)	-
Adjustment for Depreciation on account of revaluation	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	-
Net Loss/(Profit) on sale of Fixed Assets	(1.58)	(0.98)	(0.17)	(3.13)	0.26	-
Operating Profit/(Loss) before Working Capital Changes	**213.36**	**334.50**	**518.20**	**681.69**	**1048.28**	**480.57**
Adjustment for						
Trade and other Payables	(16.87)	39.33	43.02	72.05	31.39	44.33
Trade and other Receivables	(86.26)	(59.76)	(221.91)	50.15	(266.38)	(107.00)
Inventory	31.21	(18.66)	(35.34)	(65.31)	(29.82)	(111.61)
Cash generated from Operations	**141.45**	**295.40**	**303.97**	**738.58**	**783.46**	**306.29**
Direct Taxes Paid	(37.30)	(79.41)	(122.45)	(146.79)	(239.83)	(124.52)
Net Cash Inflow/(Outflow) from Operating Activities	**104.15**	**216.00**	**181.52**	**591.79**	**543.63**	**181.77**
Cash Flow From Investing Activities						
Acquisition of Fixed Assets (including Capital Work-in-Progress)	(28.78)	(36.45)	(163.12)	(754.03)	(87.51)	(333.17)
Sale/Transfer of Fixed Assets	6.68	18.42	5.52	6.77	3.11	2.72
Capital Subsidiary Received	-	3.00	1.97	-	-	-
Interest Income	10.44	10.88	24.46	7.15	38.62	1.04
Dividend Income	-	0.00	-	0.00	0.01	0.03
Loans and Advances to Subsidiaries/Joint Venture	-	-	(5.50)	-	(12.85)	18.35
Sale/(Acquisition) of Investments /Share Application Money (Net)	0.01	0.00	(86.34)	(236.77)	(164.45)	(35.91)
Net Cash Inflow/(Outflow) from Investing Activities	**(11.66)**	**(4.15)**	**(223.02)**	**(976.88)**	**(223.07)**	**(346.93)**
Cash Flow From Financing Activities						
Net Increase/(Decrease) in Secured Loan	(80.16)	(117.51)	220.84	(49.29)	(98.94)	157.56
Increase in Equity Share Capital	-	-	1.10	4.68	-	-
Capital Reserve Generated on demerger	-	-	-	548.16	(16.76)	-
Net Increase/(Decrease) in Unsecured Loan	(4.65)	(5.55)	-	9.50	(9.50)	63.36

Particulars	Year ended on May 31,					Period ended on October 31,
	2,006	2,007	2,008	2,009	2,010	2,010
Interest Expenses	(28.62)	(28.79)	(34.72)	(53.62)	(29.79)	(15.97)
Dividend paid including Tax on Dividend Distribution	(11.14)	(41.93)	(94.12)	-	(116.90)	-
Net Cash Inflow/(Outflow) from Financing Activities	**(124.56)**	**(193.78)**	**93.11**	**459.43**	**(271.88)**	**204.96**
Net Increase in Cash and Cash Equivalents	(32.07)	18.07	51.61	74.34	48.67	39.79
Add: Cash and Cash Equivalents at the beginning of the year	220.54	188.47	206.54	258.15	332.49	381.16
Cash and cash Equivalents at the end of the year	188.47	206.54	258.15	332.49	381.16	420.95

Cash and Cash Equivalents consists of:

(In Rs. million)

Particulars	Year ended on May 31,					Period ended on October 31,
	2,006	2,007	2,008	2,009	2,010	2,010
Cash in Hand	3.01	3.72	3.91	7.28	7.75	9.97
Cheques in Hand	-	-	0.16	0.30	1.24	-
T.T.in Transit	1.51	0.80	2.00	-	-	-
Balance with Schedule Banks:						
In Current/Collection Accounts	16.61	24.98	48.01	65.92	98.62	86.51
In Fixed Deposits with Banks	133.84	177.03	34.07	223.86	242.62	314.47
In Fixed Deposits with Banks (Lien Marked)	33.50	-	170.00	35.13	30.94	10.00
Cash and Cash Equivalents (Closing)	188.47	206.54	258.15	332.49	381.16	420.95

Notes:

The cash flow statement has been prepared under the indirect method as set out in the Accounting Standard-3 on Cash Flow Statements as issued by ICAI.

THE ISSUE

The Issue	13,829,064 Equity Shares aggregating Rs. [●] million
Of which	
A) QIB Portion(1)	Not more than 6,914,531 Equity Shares
Of which	
Anchor Investor Portion(2)	Not more than 2,074,359 Equity Shares
Balance available for allocation to QIBs other than the Anchor Investors (assuming the Anchor Investor Portion is fully subscribed)	4,840,172 Equity Shares
Of which:	
Available for allocation to Mutual Funds only (5.00% of the QIB Portion (excluding the Anchor Investor Portion)	242,009 Equity Shares
Balance for all QIBs including Mutual Funds	4,598,163 Equity Shares
B) Non-Institutional Portion(1)	Not less than 2,074,360 Equity Shares
C) Retail Portion(1)	Not less than 4,840,173 Equity Shares
Equity Shares outstanding prior to the Issue	41,487,192 Equity Shares
Equity Shares outstanding after the Issue	55,316,256 Equity Shares
Use of Net Proceeds	See the section titled "*Objects of the Issue*" on page 43 for information about use of the Net Proceeds

Allocation to all categories, except Anchor Investor Protection, if any, shall be made on a proportionate basis.

(1) *Subject to valid Bids being received at or above the Issue Price, under-subscription, if any, in the QIB Portion, the Non-Institutional Portion or the Retail Portion, would be allowed to be met with spill-over from other category or a combination of categories, at the discretion of the Company, in consultation with the BRLMs and the Designated Stock Exchange.*

(2) *The Company may allocate up to 30.00% of the QIB Portion to Anchor Investors on a discretionary basis. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being done to Anchor Investors. In the event of under-subscription or non-allocation in the Anchor Investor Portion, the balance Equity Shares shall be added to the QIB Portion. For further details, please see the section titled "Issue Procedure" on page 337.*

GENERAL INFORMATION

The Company was incorporated as 'Lokmat Newspapers Private Limited' on June 21, 1973 under the Companies Act at Mumbai, Maharashtra. The newspaper publication business was previously conducted by a partnership firm, Lokmat Yeotmal, which had Late Jawaharlal Darda, Veenadevi Darda and Vijay Darda as partners. The newspaper publication business was transferred to the Company from Lokmat Yeotmal with effect from January 1, 1974. Pursuant to Section 43A(1A) of the Companies Act, the Company became a deemed public company with effect from September 15, 1988 and its name was changed to 'Lokmat Newspapers Limited' by deleting the word 'Private' from the certificate of incorporation. In terms of Section 43A(2A) of the Companies Act, the Company was converted from a deemed public company to a private limited company with effect from March 7, 2002 and the name of the Company was changed to 'Lokmat Newspapers Private Limited' by adding the word 'Private' in the certificate of incorporation. Thereafter, the name of the Company was changed to 'Lokmat Media Private Limited' to reflect its diversified portfolio and a fresh certificate of incorporation dated September 21, 2010 was issued by the RoC. The Company was converted into a public limited company and consequently its name was changed to 'Lokmat Media Limited'. A fresh certificate of incorporation dated November 22, 2010 was issued by the RoC. For details of changes in the name and registered office of the Company, please see section titled "History and Certain Corporate Matters" on page 131. The Company is primarily involved in the business of publishing newspapers. For further details of the business of the Company, please see section titled "Our Business" on page 91.

Registered Office and Registration Number of the Company

Lokmat Media Limited
126, Mittal Tower
'B' Wing, 12th Floor
Nariman Point
Mumbai 400 021
Maharashtra
Tel: (91 22) 3291 2472
Fax: (91 22) 2300 8860
Website: www.lokmat.net
Corporate Identification Number: U99999MH1973PLC016613
Registration Number: 16613 (1973-74)

Corporate Office of the Company

Lokmat Media Limited
2nd floor, Nirlon House
Dr. Annie Besant Road
Worli, Mumbai 400 018
Maharashtra
Tel: (91 22) 2482 0000
Fax: (91 22) 2482 0010

Address of the Registrar of Companies

The Company is registered with the Registrar of Companies, Mumbai, Maharashtra situated at the following address:

Registrar of Companies, Maharashtra
5th Floor, Everest Building
100, Marine Drive
Mumbai 400 002
Maharashtra
Website: www.mca.gov.in

Board of Directors

The Board of Directors of the Company consists of:

Name and Designation	Age (years)	DIN	Address
Vijay Darda *Chairman, Executive Director*	60	00009902	Yavatmal House, Jawaharlal Darda Marg, Rahate Colony, Wardha Road, Nagpur 440 022, Maharashtra
Devendra Darda *Managing Director*	36	00319192	Yavatmal House, Jawaharlal Darda Marg, Rahate Colony, Wardha Road, Nagpur 440 022, Maharashtra
Rishi Darda *Joint Managing Director*	32	00293183	Lokmat Bhavan, MIDC Area, Jalna Road, Aurangabad 431 003, Maharashtra
Karan Darda *Executive Director*	27	01211502	Lokmat Bhavan, MIDC Area, Jalna Road, Aurangabad 431 003, Maharashtra
Jayendra Shah *Non-Executive and Independent Director*	51	00084759	52, Apurva Building, 5th Floor, 5 Nepeansea Road, Mumbai 400 036, Maharashtra
Rajesh Khanna *Non-Executive and Independent Director*	45	00032562	C/o S. N. Karani & Company, 2nd Floor, Behramji Mansion, Sir P. M. Road, Fort, Mumbai 400 001, Maharashtra
Vijay Gopal Jindal *Non-Executive and Independent Director*	53	00008527	W – 22, Greater Kailash, Part – I, Delhi 110 048
Pushpat Shah *Non-Executive and Independent Director*	45	01687641	94A, Kalpataru Habitat, Dr. S. S. Rao Road, Parel, Mumbai 400 012, Maharashtra

For further details of the Directors, please see the section titled "Management" on page 142.

Company Secretary and Compliance Officer

The Company Secretary and Compliance Officer of the Company is Amit Bathia. His contact details are as follows:

Amit Bathia
Lokmat Media Limited
2nd floor, Nirlon House
Dr. Annie Besant Road, Worli
Mumbai 400 018, Maharashtra
Tel No: (91 22) 2482 0000
Fax: (91 22) 2482 0010
Email: investor.relations@lokmat.com

Investors can contact the Compliance Officer or the Registrar to the Issue in case of any pre-Issue or post-Issue related problems, such as non-receipt of letters of allotment, credit of Allotted Equity Shares in the respective beneficiary account and refund of application money.

Book Running Lead Managers

Kotak Mahindra Capital Company Limited
1st Floor, Bakhtawar
229 Nariman Point
Mumbai 400 021, Maharashtra
Tel: (91 22) 6634 1100
Fax: (91 22) 2283 7517
Email: lokmat.ipo@kotak.com
Investor Grievance Email: kmccredressal@kotak.com
Website: www.kotak.com
Contact Person: Chandrakant Bhole
SEBI Registration Number: INM000008704

Enam Securities Private Limited
801/ 802, Dalamal Towers
Nariman Point
Mumbai 400 021, Maharashtra
Tel: (91 22) 6638 1800
Fax: (91 22) 2284 6824
Email: lokmatipo@enam.com
Investor Grievance Email: complaints@enam.com
Website: www.enam.com
Contact Person: Harish Lodha
SEBI Registration Number: INM000006856

For all Issue related queries and for referral of complaints, investors may also write to the BRLMs. All complaints, queries or comments received by SEBI shall be forwarded to the BRLMs, who shall respond to the same.

Syndicate Members

Kotak Securities Limited
1st Floor, Nirlon House
Dr. Annie Besant Road
Near Passport Office, Worli
Mumbai 400 025
Maharashtra
Tel: (91 22) 6652 9191
Fax: (91 22) 6661 7041
Email: sanjeeb.das@kotak.com
Contact Person: Sanjeeb Das
SEBI Registration No.: BSE INB010808153
NSE INB230808130

Self Certified Syndicate Banks

A list of banks that have been notified by SEBI to act as SCSBs for the ASBA Process is provided on www.sebi.gov.in/pmd/scsb.pdf. For details on Designated Branches of SCSBs collecting the ASBA Bid cum Application Form, please refer to the above mentioned SEBI website.

Legal Advisors

Domestic Legal Counsel to the Company

Amarchand & Mangaldas & Suresh A. Shroff & Co.
Peninsula Chambers
Peninsula Corporate Park
Ganpatrao Kadam Marg
Lower Parel, Maharashtra
Mumbai 400 013
Tel: (91 22) 2496 4455
Fax: (91 22) 2496 3666

Domestic Legal Counsel to the Underwriters

Khaitan & Co
One Indiabulls Centre, 13th Floor
841 Senapati Bapat Marg

Elphinstone Road
Mumbai 400 013, Maharashtra
Tel: (91 22) 6636 5000
Fax: (91 22) 6636 5050

International Legal Counsel to the Underwriters

White & Case Pte. Ltd.
50 Raffles Place #30-00
Singapore Land Tower
Singapore 048623
Tel: (65) 6225 6000
Fax: (65) 6225 6009

Auditors to the Company

M. M. Jain and Associates
Chartered Accountants
Block No. 202/ 203
Shrimohini Complex
Kingsway, Nagpur 440 001, Maharashtra
Tel: (91 712) 2533 622
Fax: (91 712) 2530 461
Email: camanishjain@mmjainandassociates.com
Firm Registration Number:112538W

Registrar to the Issue

Link Intime India Private Limited
C-13, Pannalal Silk Mills Compound
L. B. S. Marg, Bhandup (West)
Mumbai 400 078, Maharashtra
Tel: (91 22) 2596 0320
Fax: (91 22) 2596 0329
Email: lokmat.ipo@linkintime.co.in
Investor Grievance Email: lokmat.ipo@linkintime.co.in
Website: www.linkintime.co.in
Contact Person: Chetan Shinde
SEBI Registration No.: INR000004058

Bankers to the Issue and Escrow Collection Banks

[●]

Bankers to the Company

Bank of India
Nagpur Mid Corporate Banking Branch
Mezzanine Floor, S.V. Patel Marg
Kingsway, Nagpur 440 001, Maharashtra
Tel: (91 712) 2527 191
Fax: (91 712) 2542 899
Email: hemant.rohella@bankofindia.co.in
Website: www.bankofindia.com
Contact Person: Hemant Rohella

HDFC Bank Limited
Trade World, A Wing, 2nd floor,
Kamala Wings Compound, Senapati Bapat Marg
Lower Parel (West), Mumbai 400 013, Maharashtra
Tel: (91 22) 2490 2931
Fax: (91 22) 2496 0773
Email: sandip.lotlikar@hdfcbank.com
Website: www.hdfcbank.com
Contact Person: Sandip Lotlikar

Monitoring Agency

The Monitoring Agency will be appointed, if required, in terms of the SEBI Regulations, prior to filing the Red Herring Prospectus with the RoC.

Statement of *inter se* allocation of Responsibilities for the Issue

The following table sets forth the inter se allocation of responsibility and co-ordination for various activities amongst the BRLMs:

Sr. No	Activity	Responsibility	Co-ordinator
1.	Capital structuring with the relative components and formalities such as composition of debt and equity and type of instruments	Kotak, Enam	Kotak
2.	Due diligence of the Company's operations, management, business plans and legal affairs. Drafting and design of the Draft Red Herring Prospectus, Red Herring Prospectus and Prospectus. The BRLMs will ensure compliance with stipulated requirements and completion of prescribed formalities with the Stock Exchanges, RoC and SEBI including finalisation of Prospectus and RoC filing of the same	Kotak, Enam	Kotak
3.	Drafting and approval of all statutory advertisement	Kotak, Enam	Kotak
4.	Drafting and approval of all publicity material other than statutory advertisement as mentioned in (3) above including corporate advertisement and brochures	Kotak, Enam	Enam
5.	Appointment of Printer(s), Advertising Agency, Registrar(s) and Banker(s) to the Issue	Kotak, Enam	Enam
6.	Domestic institutional marketing, including banks, mutual funds and allocation of investors for meetings and finalising road show schedules	Kotak, Enam	Kotak
7.	International institutional marketing, including allocation of investors for meetings, preparation and finalisation of the road-show presentation and finalising road show schedules	Kotak, Enam	Enam
8.	Non-Institutional and Retail Marketing of the Issue, which will cover, inter alia: • formulating marketing strategies, preparation of publicity budget; • finalising media and PR strategy; • finalising centres for holding conferences for brokers etc; • finalising collection centres; and • following-up on distribution of publicity and Issue material including form, prospectus and deciding on the quantum of the Issue material	Kotak, Enam	Kotak
9.	Pricing and managing the book	Kotak, Enam	Enam
10.	Coordination with Stock Exchanges for book building software and bidding terminals.	Kotak, Enam	Enam
11.	Post-Bidding activities, which shall involve essential follow-up steps, including follow-up with Bankers to the Issue and Self Certified Syndicate Banks to get quick estimates of collection and advising the Company about the closure of the Issue, based on correct figures, finalisation of the Basis of Allotment or weeding out of multiple applications, listing of instruments, dispatch of certificates or demat credit and refunds and coordination with various agencies connected with the post-Bidding activity, such as Registrar to the Issue, Bankers to the Issue, Self Certified Syndicate Banks, including responsibility for underwriting arrangements, as applicable.	Kotak, Enam	Enam

Credit Rating

As this is an Issue of Equity Shares, a credit rating is not required.

IPO Grading

This Issue has been graded by [●] as [●], indicating [●]. The rationale/ description furnished by the IPO Grading Agency for its grading will be disclosed at the time of filing the Red Herring Prospectus with the RoC.

Experts

Except the report of the Auditors dated December 23, 2010 and the statement of tax benefits dated December 23, 2010, provided by M. M. Jain and Associates, Chartered Accountants and the report of [●] in respect of the IPO grading of this Issue, the Company has not obtained any expert opinions.

Trustees

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

Book Building Process

The Book Building Process, with reference to the Issue, refers to the process of collection of Bids on the basis of the Red Herring Prospectus within the Price Band, which will be decided by the Company, in consultation with the BRLMs, and advertised at least two working days prior to the Bid/ Issue Opening Date. The Issue Price is finalised after the Bid/ Issue Closing Date. The principal parties involved in the Book Building Process are:

1. the Company;

2. the BRLMs;

3. the Syndicate Members who are intermediaries registered with SEBI or registered as brokers with BSE/ NSE and eligible to act as Underwriters. The Syndicate Members are appointed by the BRLMs;

4. the SCSBs;

5. the Escrow Collection Bank(s); and

6. the Registrar to the Issue.

This is an Issue for 25.00% of the post-Issue capital in accordance with Rule 19(2)(b)(i) of the SCRR. This Issue is being made through the 100.00% Book Building Process wherein not more than 50.00% of the Issue shall be allocated on a proportionate basis to QIB Bidders. 5.00% of the QIB Portion (excluding Anchor Investor 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 the Issue Price. Further, not less than 15.00% of the Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35.00% of the 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.

The Company shall comply with the SEBI Regulations and any other ancillary directions issued by SEBI for this Issue. In this regard, the Company has appointed the BRLMs to manage the Issue and procure subscriptions to the Issue.

In accordance with the SEBI Regulations, QIB Bidders are not allowed to withdraw their Bids after the Bid/ Issue Closing Date. For further details, see the section titled "Terms of the Issue" on page 330.

The Book Building Process under the SEBI Regulations is subject to change from time to time and investors are advised to make their own judgment about investment through this process prior to making a Bid or application in the Issue.

Illustration of the Book Building Process and price discovery process

Investors should note that this example is solely for illustrative purposes and is not specific to the Issue; it also excludes Bidding by Anchor Investors.

Bidders can bid at any price within the price band. For instance, assume a price band of Rs. 20 to Rs. 24 per equity share, offer size of 3,000 equity shares and receipt of five bids from bidders out which one bidder has bid for 500 equity shares at Rs. 24 per equity share while another has bid for 1,500 equity shares at Rs. 22 per equity share. A graphical representation of consolidated demand and price would be made available at the bidding centers during the bidding period. The illustrative book given below shows the demand for the shares of a company at various prices and is collated from bids from various investors.

Bid Quantity	Bid Price (Rs.)	Cumulative Quantity	Subscription
500	24	500	16.67%
1,000	23	1,500	50.00%
1,500	22	3,000	100.00%
2,000	21	5,000	166.67%
2,500	20	7,500	250.00%

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

Steps to be taken by the Bidders for bidding:

- Check eligibility for bidding (see "Who Can Bid?" in the section titled "Issue Procedure " on page 338);

- Bidders should ensure that they have an active demat account and the demat account details are correctly mentioned in the Bid cum Application Form or the ASBA Bid cum Application Form, as the case may be;

- Except for Bids on behalf of the Central or State Governments and the officials appointed by the courts, for Bids of all values, ensure that you have mentioned your PAN allotted under the I.T. Act in the Bid cum Application Form or the ASBA Bid cum Application Form, as applicable. In accordance with the SEBI Regulations, the PAN would be the sole identification number for participants transacting in the securities market, irrespective of the amount of transaction (see the section titled "Issue Procedure" on page 337). However, Bidders residing in the State of Sikkim are exempted from the mandatory requirement of PAN. The exemption is subject to the Depository Participants' verifying the veracity of the claim of the investors that they are residents of Sikkim, by collecting sufficient documentary evidence in support of their address;

- Ensure that the Bid cum Application Form or ASBA Bid cum Application Form is duly completed as per the instructions given in the Red Herring Prospectus and in the Bid Cum Application Form or ASBA Bid cum Application Form, respectively;

- Ensure the correctness of your demographic details given in the Bid cum Application Form or the ASBA Bid cum Application Form, with the details recorded with your Depository Participants.

- Bids by QIBs (including Anchor Investors) shall be submitted only to the BRLMs and/ or their affiliates, other than Bids by QIBs (excluding the Anchor Investors) who Bid through the ASBA process, who shall submit the Bids to the Designated Branch of the SCSBs; and

- ASBA Bidders will have to submit their Bids (physical form) to the Designated Branches. ASBA Bidders should ensure that the ASBA Account has adequate credit balance at the time of submission of the ASBA Bid cum Application Form to the SCSB to ensure that the Bid is not rejected.

Underwriting Agreement

After the determination of the Issue Price and allocation of the Equity Shares, but prior to the filing of the Prospectus with the RoC, the Company will enter into an Underwriting Agreement with the Underwriters for the Equity Shares proposed to be offered and sold in the Issue. It is proposed that pursuant to the terms of the Underwriting Agreement, the BRLMs shall be responsible for bringing in the amount devolved in the event that their respective Syndicate Members do not fulfil their underwriting obligations. The underwriting shall be to the extent of the Bids uploaded by the Underwriters including through its Syndicate/ Sub Syndicate. The Underwriting Agreement is dated [●]. Pursuant to the terms of the Underwriting Agreement, the obligations of the Underwriters are several and are subject to certain conditions 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 the filing of the Prospectus with the RoC)

Name and Address of the Underwriter	Indicative Number of Equity Shares to be Underwritten	Amount Underwritten (In Rs. million)
[●]	[●]	[●]
[●]	[●]	[●]
[●]	[●]	[●]

The above mentioned amount is indicative underwriting and this would be finalised after determination of the Issue Price and actual allocation.

In the opinion of the Board of Directors (based on the certificates given by the Underwriters), the resources of the above mentioned Underwriters are sufficient to enable them to discharge their respective underwriting obligations in full. 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 Board of Directors, at its meeting held on [●], has authorised the execution and delivery of the Underwriting Agreement mentioned above on behalf of the Company.

Allocation among the Underwriters may not necessarily be in proportion to their underwriting commitments. Notwithstanding the table above, the BRLMs and the Syndicate Members shall be responsible for ensuring payment with respect to the Equity Shares allocated to the investors procured by them. In the event of any default in payment, the respective Underwriter, in addition to other obligations defined in the Underwriting Agreement, will also be required to procure subscriptions for/ subscribe to Equity Shares to the extent of the defaulted amount.

Notwithstanding the foregoing, the Issue is also subject to obtaining (i) the final approval of the RoC after the Prospectus is filed with the RoC; and (ii) final listing and trading approvals of the Stock Exchanges, which the Company shall apply for after Allotment.

CAPITAL STRUCTURE

The share capital of the Company as at the date of this Draft Red Herring Prospectus is set forth below:

(In Rs. million, except share data)

Sr. No.	Particulars	Aggregate Value at Face Value	Aggregate Value at Issue Price
A.	**AUTHORISED CAPITAL**		
	75,000,000 Equity Shares	750.00	
B.	**ISSUED, SUBSCRIBED AND PAID-UP CAPITAL BEFORE THE ISSUE**		
	41,487,192 Equity Shares	414.87	
C.	**PRESENT ISSUE IN TERMS OF THIS DRAFT RED HERRING PROSPECTUS**(1)		
	13,829,064 Equity Shares	138.29	[●]
D.	**EQUITY CAPITAL AFTER THE ISSUE**		
	55,316,256 Equity Shares	553.16	
E.	**SHARE PREMIUM ACCOUNT**		
	Before the Issue	Nil	
	After the Issue		[●]

(1) The Issue has been authorised by the Board of Directors by a resolution dated October 21, 2010 and by the shareholders of the Company by a resolution dated November 9, 2010.

Changes in the Authorised Share Capital

1. The initial authorised share capital of the Company of Rs. 500,000 divided into 500 equity shares of Rs. 1,000 each was increased to Rs. 1,500,000 divided into 1,500 equity shares of Rs. 1,000 each pursuant to a resolution passed by the shareholders of the Company on April 28, 1981.

2. The face value of the equity shares of Rs. 1,000 each was sub-divided to a denomination of Rs. 10 each pursuant to a resolution passed by the shareholders of the Company on May 29, 1992. Consequently, the authorised share capital of the Company changed to Rs. 1,500,000 divided into 150,000 Equity Shares of Rs. 10 each.

3. The authorised share capital of Rs. 1,500,000 divided into 150,000 Equity Shares was increased to Rs. 10,000,000 divided into 1,000,000 Equity Shares pursuant to a resolution passed by the shareholders of the Company on May 29, 1992.

4. The authorised share capital of Rs. 10,000,000 divided into 1,000,000 Equity Shares was increased to Rs. 15,000,000 divided into 1,500,000 Equity Shares pursuant to a resolution passed by the shareholders of the Company on February 28, 2008.

5. The authorised share capital of Rs. 15,000,000 divided into 1,500,000 Equity Shares was increased to Rs. 750,000,000 divided into 75,000,000 Equity Shares pursuant to a resolution passed by the shareholders of the Company on November 9, 2010.

Notes to the Capital Structure

1. **Share Capital History of the Company**

(a) The following is the history of the equity share capital and securities premium account of the Company:

Date of allotment of the Equity Shares	No. of Equity Shares	Face Value (Rs.)	Issue price/ buyback price (Rs.)	Nature of payment	Reasons for allotment	Cumulative No. of Equity Shares	Cumulative paid-up Equity Capital (Rs.)	Cumulative share premium (Rs.)
June 21, 1973	5	1,000	1,000	Cash	Allotment to Late Jawaharlal Darda as subscription to the Memorandum of Association	5	5,000	Nil
June 21, 1973	5	1,000	1,000	Cash	Allotment to Usha Darda as subscription to the Memorandum of Association	10	10,000	Nil
March 15, 1974	50	1,000	1,000	Cash	Preferential allotment to Late Jawaharlal Darda	60	60,000	Nil
March 15, 1974	40	1,000	1,000	Cash	Preferential allotment to Vijay Darda	100	100,000	Nil
March 15, 1974	40	1,000	1,000	Cash	Preferential allotment to Veenadevi Darda	140	140,000	Nil
May 6, 1974	5	1,000	1,000	Cash	Preferential allotment to Late Jawaharlal Darda	145	145,000	Nil
May 6, 1974	85	1,000	1,000	Cash	Preferential allotment to Vijay Darda	230	230,000	Nil
May 6, 1974	95	1,000	1,000	Cash	Preferential allotment to Veenadevi Darda	325	325,000	Nil
May 6, 1974	125	1,000	1,000	Cash	Preferential allotment to Rajendra Darda	450	450,000	Nil
Jan 17, 1979	50	1,000	1,000	Cash	Preferential allotment to Late Jawaharlal Darda	500	500,000	Nil
December 14, 1987	200	1,000	1,000	Cash	Preferential allotment to Jawaharlal Amolakchand Darda HUF	700	700,000	Nil

Date of allotment of the Equity Shares	No. of Equity Shares	Face Value (Rs.)	Issue price/ buyback price (Rs.)	Nature of payment	Reasons for allotment	Cumulative No. of Equity Shares	Cumulative paid-up Equity Capital (Rs.)	Cumulative share premium (Rs.)
December 14, 1987	100	1,000	1,000	Cash	Preferential allotment to Veenadevi Darda	800	800,000	Nil
December 14, 1987	200	1,000	1,000	Cash	Preferential allotment to Darda Investment & Properties Private Limited	1,000	1,000,000	Nil
May 29, 1992	The equity shares had been subdivided from face value of Rs. 1,000 each to face value of Rs. 10 per equity Share					100,000	1,000,000	Nil
July 6, 1992	2,000	10	-	Bonus issue in the ratio of four Equity Shares for each Equity Share held on the record date*	Allotment to Usha Darda	102,000	1,020,000	Nil
July 6, 1992	58,000	10	-	Bonus issue in the ratio of four Equity Shares for each Equity Share held on the record date*	Allotment to Vijay Darda	160,000	1,600,000	Nil
July 6, 1992	117,600	10	-	Bonus issue in the ratio of four Equity Shares for each Equity Share held on the record date*	Allotment to Veenadevi Darda	277,600	2,776,000	Nil
July 6, 1992	58,000	10	-	Bonus issue in the ratio of four Equity Shares for each Equity Share held on the record date*	Allotment to Rajendra Darda	335,600	3,356,000	Nil

Date of allotment of the Equity Shares	No. of Equity Shares	Face Value (Rs.)	Issue price/ buyback price (Rs.)	Nature of payment	Reasons for allotment	Cumulative No. of Equity Shares	Cumulative paid-up Equity Capital (Rs.)	Cumulative share premium (Rs.)
July 6, 1992	2,000	10	-	Bonus issue in the ratio of four Equity Shares for each Equity Share held on the record date*	Allotment to Ashoo Darda	337,600	3,376,000	Nil
July 6, 1992	2,000	10	-	Bonus issue in the ratio of four Equity Shares for each Equity Share held on the record date*	Allotment to Jyotsna Darda	339,600	3,396,000	Nil
July 6, 1992	80,400	10	-	Bonus issue in the ratio of four Equity Shares for each Equity Share held on the record date*	Allotment to Darda Investment & Properties Private Limited	420,000	4,200,000	Nil
July 6, 1992	80,000	10	-	Bonus issue in the ratio of four Equity Shares for each Equity Share held on the record date*	Allotment to Jawaharlal Amolakchand Darda HUF	500,000	5,000,000	Nil
February 11, 2004	80,250	10	10	Cash	Preferential allotment to Vijay Darda	580,250	5,802,500	Nil
February 11, 2004	169,850	10	10	Cash	Preferential allotment to Jyotsna Darda	750,100	7,501,000	Nil
February 2, 2005**	(72,500)	10	45	Tendered in Buyback	Buyback from Rajendra Darda	677,600	6,776,000	Nil
February 2, 2005**	(2,500)	10	45	Tendered in Buyback	Buyback from Ashoo Darda	675,100	6,751,000	Nil
February 2, 2005**	(100,500)	10	45	Tendered in Buyback	Buyback from Darda	574,600	5,746,000	Nil

Date of allotment of the Equity Shares	No. of Equity Shares	Face Value (Rs.)	Issue price/ buyback price (Rs.)	Nature of payment	Reasons for allotment	Cumulative No. of Equity Shares	Cumulative paid-up Equity Capital (Rs.)	Cumulative share premium (Rs.)
					Investment & Properties Private Limited			
March 7, 2008	110,222	10	10	Cash	Preferential allotment to Rajendra Darda	684,822	6,848,220	Nil
September 14, 2009***	233,600	10	-	Scheme of demerger	Allotment to Rajendra Darda	918,422	9,184,220	Nil
September 14, 2009***	78,000	10	-	Scheme of demerger	Allotment to Ashoo Darda	996,422	9,964,220	Nil
September 14, 2009***	78,000	10	-	Scheme of demerger	Allotment to Rishi Darda	1,074,422	10,744,220	Nil
September 14, 2009***	78,000	10	-	Scheme of demerger	Allotment to Karan Darda	1,152,422	115,24,220	Nil
November 24, 2010	10,110,135	10	-	Bonus issue in the ratio of 35 Equity Shares for each Equity Share held on the record date****	Allotment to Vijay Darda	11,262,557	112,625,570	Nil
November 24, 2010	11,977,385	10	-	Bonus issue in the ratio of 35 Equity Shares for each Equity Share held on the record date****	Allotment to Rajendra Darda	23,239,942	232,399,420	Nil
November 24, 2010	6,032,250	10	-	Bonus issue in the ratio of 35 Equity Shares for each Equity Share held on the record date****	Allotment to Jyotsna Darda	29,272,192	292,721,920	Nil
November 24, 2010	2,730,000	10	-	Bonus issue in the ratio of 35 Equity Shares for	Allotment to Ashoo Darda	32,002,192	320,021,920	Nil

Date of allotment of the Equity Shares	No. of Equity Shares	Face Value (Rs.)	Issue price/ buyback price (Rs.)	Nature of payment	Reasons for allotment	Cumulative No. of Equity Shares	Cumulative paid-up Equity Capital (Rs.)	Cumulative share premium (Rs.)
				each Equity Share held on the record date****				
November 24, 2010	4,025,000	10	-	Bonus issue in the ratio of 35 Equity Shares for each Equity Share held on the record date****	Allotment to Devendra Darda	36,027,192	360,271,920	Nil
November 24, 2010	2,730,000	10	-	Bonus issue in the ratio of 35 Equity Shares for each Equity Share held on the record date****	Allotment to Rishi Darda	38,757,192	387,571,920	Nil
November 24, 2010	2,730,000	10	-	Bonus issue in the ratio of 35 Equity Shares for each Equity Share held on the record date****	Allotment to Karan Darda	41,487,192	414,871,920	Nil

**The bonus issue was undertaken through capitalisation of general reserve aggregating Rs. 4,000,000.*

***The buyback was undertaken by the Company pursuant to the special resolution dated December 4, 2004 passed by the shareholders of the Company.*

****Allotments made pursuant to the scheme of demerger of the printing and publishing business (demerged undertaking) of PPPL into the Company, sanctioned by the High Court of Bombay pursuant to its orders dated September 5, 2008 and January 23, 2009. For details, see section titled "History and Certain Corporate Matters - Scheme of arrangement between PPPL and the Company" on page 136.*

***** The bonus issue was undertaken through capitalisation of the capital redemption reserve aggregating Rs. 1,755,000 and the general reserve aggregating Rs. 401,592,700.*

(b) Equity Shares allotted for consideration other than Cash:

Date of allotment of the Equity Shares	No. of Equity Shares	Issue Price (Rs.)	Reason for Allotment	Persons to whom the Equity Shares were issued	Benefits to the Company
July 6, 1992	2,000	-	Bonus issue in the ratio of four Equity Shares for each Equity Share held on the record date	Usha Darda	To strengthen the base capital by ploughing back the funds, which helped the Company to expand its business, in the operation.
	58,000	-		Vijay Darda	
	117,600	-		Veenadevi Darda	
	58,000	-		Rajendra Darda	
	2,000	-		Ashoo Darda	
	2,000	-		Jyotsna Darda	
	80,400	-		Darda Investment & Properties Private Limited	
	80,000	-		Jawaharlal Amolakchand Darda HUF	
September 14, 2009	233,600	-	Scheme of demerger between the Company and PPPL	Rajendra Darda	The scheme of demerger has resulted in the following benefits to the Company: (1) The publishing business is carried out as a unified activity through a single entity. (2) Enhanced management focus to the publishing business. (3) Pooling together the financial resources in a single entity. (4) The consolidation of publishing business resulted in centralising the management, thus reducing the administrative and manpower costs and overheads. (5) The merged entity has an advantage of collective bargaining.
	78,000	-		Ashoo Darda	
	78,000	-		Rishi Darda	
	78,000	-		Karan Darda	
November 24, 2010	10,110,135	-	Bonus issue in the ratio of 35 Equity Shares for each Equity Share held on the record date	Vijay Darda	To strengthen the base capital by ploughing back the funds, which helped the Company to expand its business, in the operation.
	11,977,385	-		Rajendra Darda	
	6,032,250	-		Jyotsna Darda	
	2,730,000	-		Ashoo Darda	
	4,025,000	-		Devendra Darda	
	2,730,000	-		Rishi Darda	
	2,730,000	-		Karan Darda	

2. **History of the Equity Share Capital held by the Promoters**

a) *Details of the build up of the Promoters' shareholding in the Company:*

Date of allotment/ transfer	No. of equity shares allotted/ transferred	Cumulative no. of equity shares	Face value (Rs.)	Total issue/ acquisition/ buyback price (Rs.)	Nature of consideration	Nature of transaction
Vijay Darda						

Date of allotment/ transfer	No. of equity shares allotted/ transferred	Cumulative no. of equity shares	Face value (Rs.)	Total issue/ acquisition/ buyback price (Rs.)	Nature of consideration	Nature of transaction
March 15, 1974	40	40	1,000	1,000	Cash	Preferential allotment
May 6, 1974	85	125	1,000	1,000	Cash	Preferential allotment
June 12, 1980	25	150	1,000	1,040	Cash	Transfer from Late Jawaharlal Darda
October 30, 1980	(5)	145	1,000	1,040	Cash	Transfer to Ashoo Darda
May 29, 1992	14,500	14,500	10	-	-	The equity shares had been subdivided from face value of Rs. 1,000 each to face value of Rs. 10 per equity Share
July 6, 1992	58,000	72,500	10	-	Bonus issue in the ratio of four Equity Shares for each Equity Share held on the record date	Allotment
February 11, 2004	80,250	152,750	10	10	Cash	Preferential allotment
February 18, 2004	34,500	187,250	10	714	Cash	Transfer from Veenadevi Darda
February 18, 2004	100,000	287,250	10	10	Transmission	Transmitted from Jawaharlal Darda HUF
September 15, 2009	1,611	288,861	10	10	Cash	Transfer from Rajendra Darda
November 24, 2010	10,110,135	10,398,996	10	-	Bonus issue in the ratio of 35 Equity Shares for each Equity Share held on the record date	Allotment
Rajendra Darda						
May 6, 1974	125	125	1,000	1,000	Cash	Preferential allotment
June 12, 1980	25	150	1,000	1,040	Cash	Transfer from Late Jawaharlal Darda
October 30, 1980	(5)	145	1,000	1,040	Cash	Transfer to Jyotsna Darda

Date of allotment/ transfer	No. of equity shares allotted/ transferred	Cumulative no. of equity shares	Face value (Rs.)	Total issue/ acquisition/ buyback price (Rs.)	Nature of consideration	Nature of transaction
May 29, 1992	14,500	14,500	10	-	-	The equity shares had been subdivided from face value of Rs. 1,000 each to face value of Rs. 10 per equity Share
July 6, 1992	58,000	72,500	10	-	Bonus issue in the ratio of four Equity Shares for each Equity Share held on the record date	Allotment
February 2, 2005	(72,500)	Nil	10	45	Tendered in buyback	Buyback is pursuant to the resolution dated December 4, 2004
March 7, 2008	110,222	110,222	10	10	Cash	Preferential allotment
September 14, 2009	233,600	343,822	10	-	Scheme of demerger	Allotment
September 15, 2009	(1,611)	342,211	10	10	Cash	Transfer to Vijay Darda
November 24, 2010	11,977,385	12,319,596	10	-	Bonus issue in the ratio of 35 Equity Shares for each Equity Share held on the record date	Allotment

None of the Equity Shares held by the Promoters are pledged.

b) *Details of Promoters' contribution and lock-in*

Pursuant to the SEBI Regulations, an aggregate of 20.00% of the post-Issue equity share capital of the Company shall be locked in by the Promoters as minimum Promoters' contribution. Such lock-in shall commence from the date of Allotment in the Issue and shall continue for a period of three years from the date of Allotment in the Issue.

The details of the Equity Shares forming part of Promoters' contribution, which shall be locked-in for three years from the date of Allotment in the Issue, are as follows:

Date of acquisition and when made fully paid-up	Nature of allotment/ transfer	Number of Equity Shares locked in	Nature of consideration	Face Value (Rs.)	Issue/ acquisition price per Equity Share (Rs.)	Percentage of post-Issue paid-up fully diluted Equity Share capital*
Vijay Darda						
November 24,	Bonus Issue	5,531,626	Bonus issue in the	10	-	10.00%

Date of acquisition and when made fully paid-up	Nature of allotment/ transfer	Number of Equity Shares locked in	Nature of consideration	Face Value (Rs.)	Issue/ acquisition price per Equity Share (Rs.)	Percentage of post-Issue paid-up fully diluted Equity Share capital*
2010			ratio of 35 Equity Shares for each Equity Share held on the record date*			
Rajendra Darda						
November 24, 2010	Bonus Issue	5,531,626	Bonus issue in the ratio of 35 Equity Shares for each Equity Share held on the record date*	10	-	10.00%
Total		**11,063,252**				**20.00%**

* *The bonus Equity Shares have not been issued out of revaluation reserves or reserves created without accrual of cash resources or against shares which are otherwise ineligible for computation of Promoters' contribution*.

The minimum Promoters' contribution has been brought to the extent of not less than the specified minimum lot and from the persons defined as Promoters under the SEBI Regulations.

The Equity Shares that are being locked-in are not ineligible for computation of Promoters' contribution in terms of Regulation 33 of the SEBI Regulations.

The Company has obtained specific written consent from the Promoters for inclusion of the Equity Shares held by them in the minimum Promoters' contribution subject to lock-in. Further, the Promoters have given an undertaking to the effect that they shall not sell/ transfer/ dispose of in any manner, Equity Shares forming part of the minimum Promoters' contribution from the date of filing the Draft Red Herring Prospectus until the date of commencement of lock-in in accordance with the SEBI Regulations.

c) Details of pre-Issue Equity Share capital locked in for one year:

In addition to the lock-in of 20.00% of the post-Issue equity share capital of the Company held by the Promoters for three years, as specified above, the balance pre-Issue equity share capital of the Company shall be locked-in for a period of one year from the date of Allotment of the Equity Shares in this Issue.

d) Other requirements in respect of lock-in:

The Equity Shares held by the Promoters which are locked-in for a period of three years as minimum Promoters' contribution can be pledged with any scheduled commercial bank or a public financial institution as collateral security for loans granted by such bank or institution. Provided that, such pledge can be created only if the loan has been granted by such scheduled commercial bank or public financial institution for financing one or more of the objects of the Issue and the pledge of the Equity Shares is one of the terms of sanction of the loan.

The Equity Shares held by the Promoters which are locked-in for a period of one year can be pledged with any scheduled commercial bank or public financial institution as collateral security for loans granted by such bank or financial institution, provided that the pledge of the Equity Shares is one of the terms of sanction of the loan.

The Equity Shares held by the Promoters and locked-in may be transferred to and amongst the Promoter Group or to a new promoter or persons in control of the Company, subject to the continuation of the lock-in in the hands of the transferees for the remaining period and compliance with the Takeover Code, as applicable.

The Equity Shares held by persons other than the Promoters and locked-in for a period of one year from the date of Allotment in the Issue may be transferred to any other person holding Equity Shares which are locked-in along with the Equity Shares proposed to be transferred, subject to the continuation of the lock-in in the hands of transferees for the remaining period and compliance with the Takeover Code, as applicable.

e) *Lock-in of Equity Shares to be issued, if any, to the Anchor Investor*

Any Equity Shares Allotted to Anchor Investors under the Anchor Investor Portion shall be locked-in for a period of 30 days from the date of Allotment of Equity Shares in the Issue.

3. **Shareholding Pattern of the Company**

The table below presents the shareholding pattern of Equity Shares before the proposed Issue and as adjusted for the Issue:

	Pre-Issue		**Post-Issue***	
	No. of Equity Shares	**Percentage of Equity Share capital (In %)**	**No. of Equity Shares**	**Percentage of Equity Share capital (In %)**
Promoters (A)				
Vijay Darda	10,398,996	25.06	10,398,996	18.80
Rajendra Darda	12,319,596	29.69	12,319,596	22.27
Sub Total (A)	**22,718,592**	**54.75**	**22,718,592**	41.07
Promoter Group (B)	**18,768,600**	**45.25**	**18,768,600**	33.93
Total Holding of Promoters and Promoter Group (C=A + B)	**41,487,192**	**100.00**	**41,487,192**	75.00
Others (D)	-	-	-	-
Public (pursuant to the Issue) (E)	-	-	13,829,064	25.00
Total (C+D+E)	**41,487,192**	**100.00**	**55,316,256**	**100.00**

* *Assuming none of the existing pre-Issue shareholders of the Company participate in the Issue.*

4. **The list of the shareholders of the Company and the number of Equity Shares held by each of them is as follows:**

(a) As of the date of the Draft Red Herring Prospectus:

Sr. No.	**Name of the Shareholder**	**No. of Equity Shares Held**	**Percentage (%) (Pre-Issue)**
1.	Rajendra Darda	12,319,596	29.69
2.	Vijay Darda	10,398,996	25.06
3.	Jyotsna Darda	6,204,600	14.96
4.	Devendra Darda	4,140,000	9.98

Sr. No.	Name of the Shareholder	No. of Equity Shares Held	Percentage (%) (Pre-Issue)
5.	Ashoo Darda	2,808,000	6.77
6.	Rishi Darda	2,808,000	6.77
7.	Karan Darda	2,808,000	6.77
Total		**41,487,192**	**100.00**

(b) As of 10 days prior to the date of the Draft Red Herring Prospectus:

Sr. No.	Name of the Shareholder	No. of Equity Shares Held	Percentage (%) (Pre-Issue)
1.	Rajendra Darda	12,319,596	29.69
2.	Vijay Darda	10,398,996	25.06
3.	Jyotsna Darda	6,204,600	14.96
4.	Devendra Darda	4,140,000	9.98
5.	Ashoo Darda	2,808,000	6.77
6.	Rishi Darda	2,808,000	6.77
7.	Karan Darda	2,808,000	6.77
Total		**41,487,192**	**100.00**

(c) As of two years prior to the date of the Draft Red Herring Prospectus:

Sr. No.	Name of the Shareholder	No. of Equity Shares Held	Percentage (%) (Pre-Issue)
1.	Vijay Darda	287,250	41.95
2.	Jyotsna Darda	172,350	25.17
3.	Devendra Darda	115,000	16.79
4.	Rajendra Darda	110,222	16.09
Total		**684,822**	**100.00**

5. The Company, the Directors and the BRLMs have not entered into any buy-back and/ or safety net facility for the purchase of the Equity Shares from any person.

6. Neither the BRLMs nor their associates hold any Equity Shares of the Company as of the date of filing this Draft Red Herring Prospectus.

7. The Company has not raised any bridge loans against the Issue Proceeds.

8. Except as disclosed in the section titled "Management" on page 142, none of the Directors hold any Equity Shares in the Company. None of the Key Management Personnel hold any Equity Shares in the Company.

9. None of the Promoters, Promoter Group, the Directors and their immediate relatives have purchased or sold any Equity Shares during a period of six months preceding the date on which this Draft Red Herring Prospectus is filed with SEBI, except as stated below:

Sr. No.	Name of the person/ entity	Date of allotment of Equity Shares	No. of Equity Shares	Issue Price (In Rs.)	Nature of payment
1.	Vijay Darda	November 24, 2010	10,110,135	-	Bonus issue in the ratio of 35 Equity Shares for each Equity
2.	Rajendra Darda		11,977,385	-	
3.	Jyotsna Darda		6,032,250	-	
4.	Ashoo Darda		2,730,000	-	

Sr. No.	Name of the person/ entity	Date of allotment of Equity Shares	No. of Equity Shares	Issue Price (In Rs.)	Nature of payment
5.	Devendra Darda		4,025,000	-	Share held on the record date
6.	Rishi Darda		2,730,000	-	
7.	Karan Darda		2,730,000	-	

10. Other than the bonus issue on November 24, 2010, the Company has not made any issue of Equity Shares during a period of one year preceding the date of this Draft Red Herring Prospectus which may be at a price lower than the Issue Price.

11. No person connected with the Issue shall offer any incentive, whether direct or indirect, in any manner, whether in cash, kind, services or otherwise, to any Bidder.

12. Not more than 50.00% of the Issue shall be allocated to QIBs on a proportionate basis. 5.00% of the QIB Portion (excluding Anchor Investor Portion) shall be available for allocation to Mutual Funds only and the remaining QIB Portion shall be available for allocation to the QIB Bidders including Mutual Funds subject to valid Bids being received at or above the Issue Price. Further, not less than 15.00% of the Issue will be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35.00% of the Issue will be available for allocation to Retail Individual Bidders, subject to valid Bids being received from them at or above the Issue Price. Under subscription, if any, in any of the categories would be allowed to be met with spill over from any other category at the discretion of the Company and the BRLMs, in consultation with the Designated Stock Exchange.

13. A Bidder cannot make a Bid for more than the number of Equity Shares offered through the Issue, subject to the maximum limit of investment prescribed under relevant laws applicable to each category of investor.

14. An oversubscription to the extent of 10.00% of the Issue can be retained for the purposes of rounding off to the nearer multiple of minimum allotment lot.

15. There are no outstanding warrants, options or rights to convert debentures, loans or other instruments convertible into the Equity Shares.

16. Except as may be disclosed above, there will be no further issue of Equity Shares, whether by way of issue of bonus shares, preferential allotment, and rights issue or in any other manner during the period commencing from submission of this Draft Red Herring Prospectus with SEBI until the Equity Shares have been listed.

17. The Company presently does not intend or propose to alter the capital structure for a period of six months from the Bid/ Issue Opening Date, by way of split or consolidation of the denomination of Equity Shares or a further issue of Equity Shares (including issue of securities convertible into or exchangeable, directly or indirectly for Equity Shares) whether on a preferential basis or issue of bonus or rights or a further public issue of specified securities or qualified institutions placement or otherwise, except that if the Company formulates an employee stock option plan and issues stock options to its employees or if it enters into acquisitions, joint ventures or other arrangements, the Company may, subject to necessary approvals, consider raising additional capital to fund such activity or use Equity Shares as currency for acquisitions or participation in such joint ventures. For further details, see the section titled "Issue Structure" on page 333.

18. There shall be only one denomination of the Equity Shares, unless otherwise permitted by law. The Company shall comply with such disclosure and accounting norms as may be specified by SEBI from time to time.

19. None of the Promoters, Promoter Group, nor any of the Group Companies will participate in the Issue.

20. The Company has seven shareholders as of the date of filing of this Draft Red Herring Prospectus.

21. The Company has not issued any Equity Shares out of revaluation reserves. The Company has not issued any Equity Shares for consideration other than cash except as stated above.

22. All Equity Shares will be fully paid-up at the time of Allotment, failing which no Allotment shall be made.

23. There have been no financial arrangements whereby the Promoter Group, the Directors and their relatives have financed the purchase by any other person of securities of the Company, other than in the normal course of the business of the financing entity, during a period of six months preceding the date of filing of this Draft Red Herring Prospectus.

OBJECTS OF THE ISSUE

The proceeds of the Issue, after deducting the Issue related expenses (the "**Net Proceeds**"), are estimated to be approximately Rs. [●] million.

The Company intends to utilise the Net Proceeds for the following objects:

(i) Capital expenditure for upgrading existing printing facilities;
(ii) Building capability for expansion to new markets;
(iii) Brand building, promotion and marketing;
(iv) Pre-payment and repayment of loans;
(v) Acquiring and co-producing Indian films, including primarily Marathi language films as well as certain Hindi language films;
(vi) Investment in IBNL; and
(vii) General corporate purpose.

The details of the Issue Proceeds are summarised in the table below:

Particulars	Amount (In Rs. million)
Gross Proceeds from the Issue	[●]
(Less) Issue related expenses	[●]
Net Proceeds*	[●]

**To be finalised upon completion of the Issue.*

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

Utilisation of Net Proceeds

The Net Proceeds will be utilised in accordance with the table set forth below:

(In Rs. million)

Particulars	Total amount outstanding as on November 30, 2010 / Total cost	Amount deployed till November 30, 2010	Amount which will be financed from Net Proceeds	Estimated schedule of deployment of Net Proceeds in			
				Fiscal 2011	Fiscal 2012	Fiscal 2013	Fiscal 2014
Capital expenditure for upgrading existing printing facilities	1,513.43	9.79*	1,503.64	120.68	395.06	987.89	-
Building capacity for expansion to new markets	900.00	-	900.00	-	325.00	325.00	250.00
Brand building, promotion and marketing	300.00	-	300.00	-	150.00	150.00	-
Pre-payment and repayment of loans	482.30	-	482.30	482.30	-	-	-

Particulars	Total amount outstanding as on November 30, 2010 / Total cost	Amount deployed till November 30, 2010	Amount which will be financed from Net Proceeds	Estimated schedule of deployment of Net Proceeds in			
				Fiscal 2011	Fiscal 2012	Fiscal 2013	Fiscal 2014
Acquiring, co-producing and distributing Indian films, including primarily Marathi language films as well as certain Hindi language films	250.00	-	250.00	-		250.00	-
Investment in IBNL	250.00	-	250.00	-	150.00	100.00	-
General Corporate Purpose	-	-	[●]	[●]	[●]	[●]	[●]
Total	[●]	[●]	[●]	[●]	[●]	[●]	[●]

**As certified by M.M. Jain & Associates, Chartered Accountants, pursuant to a certificate dated December 23, 2010.*

The abovementioned requirements and deployment of funds are based on internal management estimates and have not been appraised by any bank or financial institution. The Company may have to revise its expenditure and fund requirements as a result of changes in external factors, which may not be within the control of its management and may entail rescheduling and revising the planned expenditure and funding requirement and increasing or decreasing the expenditure for a particular purpose from the planned expenditure at the discretion of its management.

In case of variations in the actual utilisation of funds earmarked for the purposes set forth above, increased fund requirements for a particular purpose may be financed by surplus funds, if any, available in respect of the other purposes for which funds are being raised in this Issue.

The Company operates in a highly competitive and dynamic market, and may have to revise its estimates from time to time on account of market conditions including any industry consolidation initiatives, such as potential acquisition opportunities. In the event the estimated utilisation of the proceeds of the Issue in a Fiscal Year is not completely met, the same shall be utilised in the next Fiscal Year.

In case of a shortfall in raising requisite capital from the Net Proceeds towards meeting the objects of the Issue, the Company may explore a range of options including utilising its internal accruals, seeking additional debt from existing and future lenders. The Company believes that such alternate arrangements would be available to fund any such shortfalls.

The entire requirements of the objects detailed above are intended to be funded through the Net Proceeds of the Issue. Accordingly, there is no requirement for us to make firm arrangements of finance through verifiable means towards 75.00% of the stated means of finance, excluding the amount to be raised through the Issue and existing identifiable internal accruals.

Details of the Objects

1. Capital Expenditure for upgrading existing printing facilities of the Company

The Company proposes to upgrade its existing plant and machinery of the 12 printing facilities in Maharashtra and Goa. The Company is also proposing to construct additional printing facilities at the printing locations at Nagpur and Jalgaon. Additionally, the Company is proposing to upgrade its information technology ("**IT**") infrastructure and networking news gathering infrastructure at its various printing facilities, sales offices, bureau offices and Corporate Office.

The following table sets out the outlay for capital expenditure that is currently proposed:

(In Rs. million)

Center	Particulars	Total costs	Amount deployed till November 30, 2010[#]	Amount which will be financed from Net Proceeds	Estimated utilisation of Net Proceeds in			
					Fiscal 2011	Fiscal 2012	Fiscal 2013	Fiscal 2014
Nagpur	Plant and machinery	411.46	-	411.46	-	5.45	406.01	-
	Construction of building	98.42	-	98.42	-	-	98.42	-
Pune	Plant and machinery	323.52	9.79*	313.73	120.68	3.01	190.03	-
Mumbai	Plant and machinery	88.71	-	88.71	-	84.19	4.52	-
Aurangabad	Plant and machinery	25.23	-	25.23	-	6.82	18.41	-
Kolhapur	Plant and machinery	94.48	-	94.48	-	94.48	-	-
Nashik	Plant and machinery	112.83	-	112.83	-	33.09	79.74	-
Jalgaon	Plant and machinery	119.01	-	119.01	-	9.44	109.57	-
	Construction of building	3.15		3.15	-	3.15	-	-
Akola	Plant and machinery	37.17	-	37.17	-	9.44	27.73	-
Goa	Plant and machinery	59.12	-	59.12	-	59.12	-	-
Nanded	Plant and machinery	34.12	-	34.12	-	-	34.12	-
Latur	Plant and Machinery	9.95	-	9.95	-	9.95	-	-
Solapur	Plant and machinery	11.62	-	11.62	-	2.28	9.34	-
Printing facilities, sales offices, bureau offices and the Corporate Office	IT infrastructure, networking and computers	84.64	-	84.64	-	74.64	10.00	-
Total		**1,513.43**	**9.79**	**1,503.64**	**120.68**	**395.06**	**987.89**	-

**As certified by M.M. Jain & Associates, Chartered Accountants, pursuant to a certificate dated December 23, 2010.*

[#]The Company may be required to make certain payments in relation to the abovementioned capital expenditure after the date of the Draft Red Herring Prospectus but prior to the date of the Red Herring Prospectus. For the purpose of making such payments the Company may utilise its internal accruals and existing or future financing facilities availed from banks and financial institutions. Details of the existing financing facilities availed by the Company from banks and financial institutions are provided in the section titled "Indebtedness" on page 186. To the extent of utilisation of the internal accrual or the financing facilities, the Company would utilise the Net Proceeds to repay or recoup such amounts. Further details and updates in relation to the amount deployed by the Company for making payments in relation to the abovementioned capital expenditure after the date of the Draft Red Herring Prospectus shall be included in the Red Herring Prospectus.

1.1. Details of capital expenditure on plant and machinery:

The details of the plant and machinery to be upgraded at the existing 12 printing facilities of the Company in Maharashtra and Goa are as set forth below:

Sr. No.	Description of machinery	Date of quotation	Cost per unit (In Rs. million)	Quantity	Total cost (In Rs. million)*
1.	**CTP**				
	Platesetter software and processor	December 3, 2010	6.48	4	25.92
	Manual platesetter and processor	December 3, 2010	3.89	4	15.55
	Dotline Vmax 100 platesetter and processor	December 3, 2010	4.72	14	66.06
	Sub-Total				***107.52***
2.	**Video Plate Punching**	December 3, 2010	3.95	1	3.95
	Sub-Total				***3.95***
3.	**Genset**				
	750 KVA diesel generator	December 11, 2010	5.45	2	10.91
	500 KVA diesel generator	December 11, 2010	3.01	7	21.10
	380 KVA diesel generator	December 11, 2010	2.18	2	4.36
	Sub-Total				***36.36***
4.	**Auto Ink System**	December 15, 2010	4.52	3	13.56
	Sub-Total				***13.56***
5.	**Mailroom**				
	Autostrapping	October 13, 2010	3.16	4	12.63
	Conveyor	October 13, 2010	1.37	8	10.92
	Counter Stacker	October 13, 2010	2.31	8	18.44
	Sub-Total				***42.00***
6.	**Weboffset**				
	Smartline	December 14, 2010	368.61	1	368.61
	Hiline 5tower	December 14, 2010	186.37	1	186.37
	Hiline 5tower	September 6, 2010	130.47	1	130.47
	Add on 4 tower	December 14, 2010	102.89	1	102.89
	Add on 3 tower	December 14, 2010	77.51	2	155.03
	Add on 3 tower	December 14, 2010	79.74	1	79.74
	Orient	December 14, 2010	49.68	1	49.68
	4 hi towers	December 14, 2010	24.72	1	24.72
	3 tower	December 15, 2010	26.34	1	26.34
	Sub-Total				***1,123.84***
	TOTAL				**1,327.23**

** Includes ex-factory cost plus excise duty, cess, VAT/ CST, packing charges, freight, octroi, insurance and loading/ unloading charges as applicable. Freight, loading and unloading charges are based on management estimates*

The details pertaining to the name of the vendors from whom the quotations have been received by the Company have not been provided as the Company believes that such information is competitive in nature and is sensitive to its business.

The above plant and machinery is proposed to be installed at the following printing facilities:

Sr. No.	Particulars of machinery	Printing facilities where machinery is proposed to be installed
1.	CTP	All centres except Mumbai and Pune
2.	Video Plate Punching	Nagpur
3.	Genset	All centres except Goa and Nanded
4.	Auto Ink System	Mumbai, Kolhapur and Nashik
5.	Mailroom	Nagpur, Aurangabad, Nashik, Jalgaon, Pune, Mumbai
6.	Weboffset	Nagpur, Pune, Jalgaon, Kolhapur, Mumbai, Nashik, Goa, Akola and Nanded

Brief description of the plant and machinery proposed to be purchased is as follows:

i. Weboffset

It is a high speed printing press machine that uses rolls of newsprint rather than individual sheets.

ii. Computer to Plate Technology ("**CTP**")

It is a standard practice to make newspaper plates for printing on weboffset printing press. In this process the complete newspaper page is prepared on a computer and this digital page is transferred to an aluminium plate (CTP plate) by laser exposure. Thereafter, this exposure plate is developed and processed by chemicals. This process reduces the time taken to start printing from the time the newspaper pages are finalised.

iii. Video Punching

After plates are prepared using the CTP technology, they need to be punched and bent as per the printing machine on which they are to be mounted. This can be done manually or by auto punching by using Video Punching equipment. This helps in improving accuracy and reducing the time taken compared to the manual process.

iv. Mailroom

This is a post press requirement. After newspapers are printed, they need to be counted as per the requirements of distributors on different routes, packed in bundles and transported to destinations to reach well in time. If this process is done manually it involves large manpower and time. Accuracy of counting is also doubtful in the manual process. With high-speed printing machines, manual counting, packing cannot match printed output and dispatches get delayed. Thus nowadays conveyors, laser counter stackers, auto packing machines are used to automate this process in post press area. All these post press activities are called mailroom activity and equipment used to carry out these activities is called mailroom.

v. Power Genset

Generators are used as back up for grid power for running printing presses and other processes related with publishing of newspapers. Diesel Generators are made available so that if the power fails, machines can be run on a Diesel Generator set.

vi. Centralised Inking

In Weboffset printing, printing ink is to be placed in the inking ducts of the machine. Centralised Inking is an automated process through which pumping of inks is done through various piping systems and the ink ducts can be fed automatically.

1.2. Details of capital expenditure on construction of buildings:

The details of capital expenditure proposed to be incurred on the construction of buildings at the Nagpur and Jalgaon printing facilities are as follows:

Description	Date of quotation	Name of the architect	Total cost (In Rs. million)	Amount deployed till November 30, 2010 (In Rs. million)	Estimated utilisation of Net Proceeds in			
					Fiscal 2011	Fiscal 2012	Fiscal 2013	Fiscal 2014
Construction work at Nagpur – total built up area of 2,800 sq. mt.	December 17, 2010	Jain & Associates	98.42	-	-	-	98.42	-
Construction work at Jalgaon – total built up area of 94.40 sq. mt.	December 17, 2010	Parakh & Associates	3.15	-	-	-	3.15	-
Total			**101.57**	**-**	**-**	**-**	**101.57**	**-**

i. <u>Details of construction work at the Nagpur printing facility:</u>

Description	Total cost (In Rs. million)
Site and road development	5.70
Civil work	42.00
Fire fighting	3.00
Machine foundation	5.00
Air condition	4.00
KVA generator	15.00
Switch gear with electrical cable	5.00
Electrification	10.00
Sub-total	***89.70***
Contingencies @ 5%	4.49
Sub-total	***94.19***
Consultancy Fees @4.5%	4.24
Total	**98.42**

ii. <u>Details of construction work at the Jalgaon printing facility</u>

Description	Total cost (In Rs. million)
Demolition work	0.30
Extension of machine room	1.50
Renovation of site	0.50
Machine foundation and miscellaneous	0.70
Sub-Total	***3.00***
Contingencies @ 5%	0.15
Total	**3.15**

1.3. <u>Details of capital expenditure on computers and IT related infrastructure</u>:

The details of the proposed capital expenditure on upgradation of the Company's IT infrastructure at the various printing facilities, sales offices, bureau offices and Corporate Office are as set forth below:

(In Rs. million)

Center	Particulars	Total cost	Amount deployed till November 30, 2010	Estimated utilisation of Net Proceeds in			
				Fiscal 2011	Fiscal 2012	Fiscal 2013	Fiscal 2014
Printing facilities, sales offices, bureau offices and the Corporate Office	IT infrastructure, networking and Computers	84.64	-	-	74.64	10.00	-

A break-up of the IT infrastructure to be upgraded at the printing facilities, sales offices and the Corporate Office of the Company is as follows:

(In Rs. million)

Description	Total cost
Data centre, networking and integrated mailing	27.23
Software – design, pre-press, mailing solution, CRM etc.	26.95
Editorial workflow system	11.31
QC and productivity enhancement	9.11
Miscellaneous IT Purchases	10.04
Total	**84.64**

We have received quotations of various dates for the above IT infrastructure from various suppliers, including ICIS Computers, Acer, CNET Solutions, TULIP Connect, MicroPro, Datalogics, Four C Plus, Percept Printing, AGS, Raj Scientific Co. and Lloyds Research.

2. Building capability for expansion to new markets

In terms of its strategy, the Company proposes to identify and enter niche markets to launch its existing products such as *Lokmat*, *Lokmat Samachar* and *Lokmat Times* in such markets. Further, the Company is also exploring the strategy of targeting new regions with new products through organic expansion. The Company is currently in the process of identifying such markets.

To implement the abovementioned strategy, the Company proposes to incur the following expenditure from the Net Proceeds:

(a) Capital expenditure on printing and publishing units; and
(b) Preoperative personnel and administrative expenses.

(a) Capital Expenditure on printing and publishing

The Company proposes to set up printing and publishing units for its existing products in new markets. The printing capacity in each publishing unit will depend on the market size based on initial market research and promotion estimates. The Company intends to utilize Rs. 750.00 million for capital expenditure on printing and publishing units in new markets, which would be funded entirely out of the Net Proceeds.

The following table sets out the outlay for capital expenditure on printing and publishing units that is currently proposed by the Company:

(In Rs. million)

Particulars	Total cost	Amount deployed till November 30, 2010	Estimated utilisation of Net Proceeds in			
			Fiscal 2011	Fiscal 2012	Fiscal 2013	Fiscal 2014
Capital expenditure on printing and publishing units	750.00	-	-	250.00	250.00	250.00

The table below gives the total estimated cost for plant and machinery and IT infrastructure for setting up one such printing and publishing unit:

Sr. No.	Description	Name of supplier from whom quotation has been obtained	Date of quotation	Cost per unit (In Rs. million)	Quantity	Total cost (In Rs. million)
1	Offset Printing Press, 20 Pages full colour with 45K Speed	*	December 14, 2010	186.50	1	186.50
2	Mailroom Conveyer, Counter, Stacker	*	October 13, 2010	3.67	1	3.67
3	Automatic Packing Machines	*	August 26, 2010	0.19	2	0.39
4	Genset 380KVA	Powerica Limited	December 11, 2010	2.28	1	2.28
5	Power equipments (Includes transformer, installation, Building & Electrification)	Management estimate	-	2.00	1	2.00
6	Centralised Inking	*	December 15, 2010	4.50	1	4.50
7	QC Equipments	Various quotations from AGS & Raj Scientific Co.	-			0.78
8	Forklift	*	December 15, 2010	1.70	1	1.70
9	Vehicle	Grace Toyota	December 15, 2010	1.45	1	1.45
10	Air Conditioners	Arihant Agencies	December 15, 2010	0.05	6	0.28
11	Power Saving Device	Goenka Switchgears	December 4, 2010	0.15	1	0.15
12	Prepress & IT Setup	Various quotations from ICIS, Acer, CNET Solutions, TULIP Telecom, Alphanso, Samsal Telecom, Infres Methodex, Gurucom Corp, Numeric Power, Accord Computers, DataTronix, CAMSHOT, TechNova Imaging Services, MicroPro	-			18.31
13	District Offices Setup	Various quotations from Acer, CNET Solutions, TULIP Telecom, Alphanso, MOONLight Studio, Cidharbha Infotech, ARMO	-	0.50	5	2.49

Sr. No.	Description	Name of supplier from whom quotation has been obtained	Date of quotation	Cost per unit (In Rs. million)	Quantity	Total cost (In Rs. million)
		Electric, Numeric Power				
	Sub-Total					***224.49***
14	Contingencies at 11.3%	Management estimate	Management estimate			25.37
	Total					**249.86**

** The details pertaining to the name of the vendors from whom the quotations have been received by the Company have not been provided as the Company believes that such information is competitive in nature and is sensitive to its business.*

(b) Preoperative, personnel and administrative expenses

For each of the new markets which the Company proposes to enter into we will have to incur certain preoperative expenses such as setting up of a dedicated sales and marketing team which is responsible for interacting with local advertisers. Other personnel expenses would include a team of reporters who will gather local news in the region and those responsible for production, IT and event management. The Company intends to utilise Rs. 150.00 million for setting up a team in the new markets that it will enter into.

(In Rs. million)

Description	Total cost	Amount deployed till November 30, 2010	Estimated utilisation of Net Proceeds in			
			Fiscal 2011	Fiscal 2012	Fiscal 2013	Fiscal 2014
Preoperative Expenses	60.00	-	-	30.00	30.00	-
Personnel Expenses	60.00	-	-	30.00	30.00	-
Administrative Expenses	30.00	-	-	15.00	15.00	-
Total	**150.00**	**-**	**-**	**75.00**	**75.00**	**-**

The amounts proposed to be incurred as preoperative, personnel and administrative expenses are based entirely on management estimates.

3. Brand building, Promotion and Marketing

To promote and augment its brand in existing and new markets, the Company intends to undertake extensive brand building and promotion initiatives. The Company believes these initiatives would help in acquiring market share in the new markets. The Company's proposed marketing efforts in the new markets will replicate some of its existing marketing practices and will also be augmented by new and innovative marketing practices. Typically, the Company's brand-building activities include mass communications using various media like television, press and event sponsorships. The Company's brand building exercise in such markets will be aimed not only at increasing circulation, but also at attracting larger advertising revenues

The details of the historical brand building expenditure incurred by the Company during the previous three Fiscal Years are as set forth below:

(In Rs. million)

	Fiscal 2008	Fiscal 2009	Fiscal 2010
Marketing and Advertising Expenses	58.30	71.70	131.70

The details of the Company's proposed utilisation of Net Proceeds for funding its sales and marketing expenses are as provided below:

(In Rs. million)

Purpose	Total amounts/ costs	Estimated utilisation of Net Proceeds in			
		Fiscal 2011	Fiscal 2012	Fiscal 2013	Fiscal 2014
Outdoor	135.00	-	67.50	67.50	-
Print media	75.00	-	37.50	37.50	-
Television advertisements	45.00	-	22.50	22.50	-
Event sponsorships and Others	36.00	-	18.00	18.00	-
Radio	9.00	-	4.50	4.50	-
Total	**300.00**	**-**	**150.00**	**150.00**	**-**

The amounts proposed to be incurred as sales and marketing expenses are based entirely on management estimates.

4. Pre-payment and repayment of loans

Of the total outstanding debt of the Company amounting to Rs. 724.66 million as on November 30, 2010, on a standalone basis, the Company intends to pre-pay/ repay an amount aggregating up to Rs. 482.30 million from the Net Proceeds.

The details of the outstanding debt which the Company intends to prepay/ repay out of the Net Proceeds are as follows:

Date of the term loan facility agreement	Name of the lender	Amount Sanctioned (In Rs. million)	Principal amount outstanding as on November 30, 2010 (In Rs. million)	Repayment terms	Interest (%)	Purpose of availing the loan facility	Amount proposed to be prepaid out of the Net Proceeds (In Rs. million)	Prepayment conditions
Sanction letter dated June 17, 2010 and loan agreement dated August 9, 2010	HDFC Bank Limited	490.00 or its equivalent USD	32.28	Within five years from March 31, 2011 or six months from the date of first disbursement whichever is earlier, by 20 equal quarterly instalments of Rs. 24.50 million each	7.75% below HDFC PLR for rupee term loan and LIBOR plus 250 basis points for foreign currency loan	Purchase of machinery, equipments, for various centers, construction of godown and purchase/ construction of office at Mumbai	Up to 32.28	N.A.
Sanction letters dated December 7, 2009, January 13, 2010 and September 13, 2010. Hypothecation cum loan agreement	Bank of India	334.80	276.66	10 half yearly instalments of Rs. 33.4 million from December 2010 (last instalment of Rs. 34.2 million)	4% below BPLR	Purchase of machinery, equipments, networking, for various centers and computers	Up to 276.66	N.A.

Date of the term loan facility agreement	Name of the lender	Amount Sanctioned (In Rs. million)	Principal amount outstanding as on November 30, 2010 (In Rs. million)	Repayment terms	Interest (%)	Purpose of availing the loan facility	Amount proposed to be prepaid out of the Net Proceeds (In Rs. million)	Prepayment conditions
dated April 23, 2010 and supplemental deed of hypothecation dated October14, 2010								
Sanction letters dated December 7, 2009 and September 13, 2010. Hypothecation cum Loan Agreement dated March 19, 2008	Bank of India	137.50	110.00	32 quarterly instalments of Rs. 5.00 million from December 2008 (last instalment of Rs. 2.50 million)	1.75% below BPLR	Construction of building, purchase of plant and machinery, furniture and fixtures, vehicles, computers for Shendra, Aurangabad press	Up to 110.00	N.A.
Sanction letter dated August 24, 2010	HDFC Bank Limited	75.00 or its equivalent in USD	63.36	To be repaid in two tranches of Rs. 40.00 million and Rs. 35 million on 160th and 180th day, respectively	LIBOR plus 360 basis points	Working capital	Up to 63.36	N.A.
Total			**482.30**				**Up to 482.30**	

Certificate dated December 23, 2010 has been obtained from M. M. Jain & Associates, Chartered Accountant, stating that the utilisation of above mentioned debt, which is to be prepaid/ repaid out of the Net Proceeds, have been utilised for the purpose for which they were availed.

The Company has also received the consent for this Issue from all the banks/ financial institutions with which it has existing financial arrangements.

5. Acquiring, co-producing and distributing Indian films, including primarily Marathi language films as well as certain Hindi language films

The Company intends to utilise an amount aggregating Rs. 250 million out of the Net Proceeds for the purpose of acquiring co-producing and distributing film projects in Marathi and Hindi languages. The Company intends to deploy the amount of Rs. 250 million over Fiscal Years 2012 and 2013. Of this amount, the Company intends to keep a corpus of Rs 100.00 million as rolling investment in movie distribution business. The Company plans to release these movies in Fiscal Year 2012 and Fiscal Year 2013.

The abovementioned investment in Marathi and Hindi films is in line with the strategy of the Company to invest across various media and build the Lokmat brand across such media platforms. As a part of this strategy, the Company intends to invest in various aspects of the film production value chain, such as acquisition and production of content including marketing, distribution of movies and exploitation of the produced content through various media formats.

The Company's wholly owned Subsidiary, LEPL, has signed a memorandum of understanding with RDPPL in 2009 to produce upto three Marathi language films. In Fiscal Year 2010, the Company co-produced one Marathi movie, "Jetaa", with RDPPL. In accordance with the provisions of the memorandum of understanding with RDPPL, we intend to co-produce two Marathi films in the next two Fiscal Years. We also intend to enter into similar production/ co-production agreements or direct film content acquisition agreements with other similar reputed third party production houses involved in production of Marathi and Hindi language films. The cost, profit sharing ratio and other terms and conditions of such a contract or a memorandum of understanding would depend on various factors such as reputation and standing of the production house, cost of the project, proposed star cast of the project, language of the film, stage of the project at which we are able to enter into such contract or a memorandum of understanding. As of date, apart from the memorandum of understanding with RDPPL, we have not entered into any other definitive contract or memorandum of understanding in relation to production or distribution of Indian films. The actual amount of investment required and other financial details will depend on the definitive contract or memorandum of understanding entered into by the Company or LEPL.

Further, in relation to the movie distribution business, we will invest primarily to acquire movie distribution rights from various domestic and international movie producers. The projects for investment will be identified from time to time on an on-going basis. All such acquired and produced content is proposed to be further exploited through various media, like theatre, television syndication, other home entertainment such as DVDs and VCDs, internet and mobile platforms. Such distribution and marketing will also require significant expenditure as well as tie-ups with distributors, multiples owners, television channels and online portals.

All such acquisitions and tie-ups will be entered into either directly by the Company or through LEPL. However, as on date, apart from the memorandum of understanding with RDPPL, we have not entered into any other definitive contract or memorandum of understanding in relation to production or distribution of Indian films. The actual amount of investment required and other financial details will depend on the definitive contract or memorandum of understanding entered into by the Company or LEPL.

6. Investment in IBNL

Company has entered into a shareholders' agreement dated June 14, 2007 with IBN18 Broadcast Limited to form a 50:50 joint venture, IBNL. As on date of this Draft Red Herring Prospectus, the Company has invested an amount of Rs. 86.25 million in the equity share capital of IBNL and an amount of Rs. 44.00 million in the preference share capital of IBNL.

Following is a summary of the audited results of operations of IBNL:

(In Rs. million)

Particulars	2008	2009	2010	Six months ended September 2010
Total Revenues	1.72	36.37	133.20	74.62
EBITDA	(59.13)	(241.66)	(140.16)	(68.43)
PBT	(68.96)	(306.51)	(210.92)	(99.50)
Profit / (Loss) after tax	(69.68)	(308.39)	(210.88)	(99.50)
Equity Share Capital	172.50	172.50	172.50	172.50
Preference Share Capital	--	--	--	44.00
Share Application Money pending allotment	--	113.00	463.00	460.00
Share Premium	--	--	--	44.00

The Company estimates that it will be required to invest an additional amount of Rs. 250 million during the next two financial years. Such investment could be by way of equity, preference shares or debt, and the Company has not yet decided the form of such investment.

The Company has invested in IBNL as part of its overall media strategy. IBNL is still in its gestation period and the Company will have to fund it until it starts generating sufficient profits to support its own operations. The investment by the Company of Rs. 250 million from the Net Proceeds will enable IBNL to strengthen its financial position which would consequently benefit the Company on a consolidated basis.

As on date, the Company has not entered into any definitive agreement or contract in relation to the investment of the additional amount of Rs. 250 million from the Net Proceeds. The terms of investment in IBNL will depend on the definitive agreement or contract entered into by the Company.

Schedule for implementation

(In Rs. million)

Description	Total Investment (Estimated)	Amount deployed till November 30, 2010	Estimated utilisation of Net Proceeds in			
			Fiscal 2011	Fiscal 2012	Fiscal 2013	Fiscal 2014
Further investment by way of equity / preference shares / debt	250.00	-	-	150.00	100.00	-
Total	**250.00**	**-**	**-**	**150.00**	**100.00**	**-**

7. General Corporate Purposes

The Company intends to deploy the balance Net Proceeds aggregating Rs. [●] million for General Corporate Purposes, including but not limited to, strategic initiatives and acquisitions, brand building exercises and strengthening of our marketing capabilities in existing markets, or any other purposes as approved by the Board and subject to compliance with the necessary provisions of the Companies Act.

Bridge Financing Facilities

The Company has not raised any bridge loans from any bank or financial institution as on the date of this Draft Red Herring Prospectus.

Interim use of proceeds of the Issue

The Company, in accordance with the policies formulated by its Board from time to time, will have flexibility in deploying the Net Proceeds. The particular composition, timing and schedule of deployment of the Net Proceeds will be determined by the Company based on the decision of its Board of Directors. Pending utilisation of the Net Proceeds for the purposes described above, the Company intends to temporarily invest the funds in interest bearing liquid instruments including deposits with banks and investments in money market mutual funds and other financial products and investment grade interest bearing securities as may be approved by the Board.

Monitoring of utilisation of funds

The Board will monitor the utilisation of the proceeds of the Issue. The Company will disclose the utilisation of the proceeds of the Issue under a separate heading along with details, for all such proceeds of the Issue that have not been utilised. The Company will indicate investments, if any, of unutilised proceeds of the Issue in the Balance Sheet of the Company for the relevant Financial Years subsequent to the listing.

Pursuant to clause 49 of the Listing Agreement, the Company shall on a quarterly basis disclose to the Audit Committee the uses and applications of the proceeds of the Issue. On an annual basis, the Company shall prepare a statement of funds utilised for purposes other than those stated in this Draft Red Herring Prospectus and place it before the Audit Committee. Such disclosure shall be made only until such time that all the proceeds of the Issue have been utilised in full. The statement will be certified by the statutory auditors of the Company. In addition, the report submitted by the monitoring agency will be placed before the Audit Committee of the Company, so as to enable the Audit Committee to make appropriate recommendations to the Board of Directors of the Company.

The Company shall be required to inform of material deviations in the utilisation of Issue Proceeds to the Stock Exchanges and shall also be required to simultaneously make the material deviations/ adverse comments of the Audit Committee/ Monitoring Agency public through advertisement in newspapers.

No part of the Net Proceeds will be paid by us as consideration to our Promoters, our Directors or key management personnel, except in the normal course of business and in compliance with applicable law.

Issue Expenses

The Issue related expenses consist of underwriting fees, selling commission, fees payable to the BRLMs, legal counsels, Bankers to the Issue, Escrow Bankers and Registrar to the Issue, IPO grading, printing and stationery expenses, advertising and marketing expenses and all other incidental and miscellaneous expenses for listing the Equity Shares on the Stock Exchanges. We intend to use about Rs. **[●]** million towards these expenses for the Issue. All expenses with respect to the Issue will be borne out of Issue proceeds. The break-up for the Issue expenses is as follows:

Activity	**Expenses* (In Rs. million)**	**Expenses* (% of the Issue Expenses)**	**Expenses* (% of the Issue size)**
Lead management fees	[●]	[●]	[●]
Underwriting, brokerage and selling commission (including commission to SCSBs for ASBA Applications)	[●]	[●]	[●]
Registrar's fees	[●]	[●]	[●]
Advertising and marketing	[●]	[●]	[●]
Printing and distribution	[●]	[●]	[●]
Bankers to the Issue	[●]	[●]	[●]
Others (SEBI filing fees, bidding software expenses, depository charges, listing fees, fees paid to the IPO Grading agency etc.)	[●]	[●]	[●]
Total estimated Issue expenses	[●]	[●]	[●]

** Will be completed after finalisation of the Issue Price.*

BASIS FOR ISSUE PRICE

The Issue Price will be determined by the Company in consultation with the BRLMs on the basis of assessment of market demand and on the basis of the following qualitative and quantitative factors for the Equity Shares offered by the Book Building Process. The face value of the Equity Shares is Rs. 10 and the Issue Price is [●] times the face value at the lower end of the Price Band and [●] times the face value at the higher end of the Price Band.

Qualitative Factors

Some of the qualitative factors which form the basis for computing the Issue price are:

1. Established brand in Marathi Newspaper segment
2. Market leader in Maharashtra and Goa in Marathi newspaper segment
3. Wide distribution network
4. Strong relationship with advertisers
5. Experienced editorial team
6. Financial strength

For details regarding some of the qualitative factors, which form the basis for computing the Issue Price, please see the sections titled "Our Business" and "Risk Factors" on pages 91 and xiv, respectively.

Quantitative Factors

Information presented in this section is derived from the Company's restated standalone and consolidated financial statements prepared in accordance with Indian GAAP, Companies Act and the SEBI Regulations. Some of the quantitative factors, which form the basis for computing the price, are as follows:

1. Basic and Diluted Earnings per Equity Share (EPS):

Basic EPS

Period	Consolidated (Rs.)	Standalone (Rs.)	Weight
Year ended May 31, 2008	13.51	14.89	1
Year ended May 31, 2009	11.07	14.82	2
Year ended May 31, 2010	11.93	14.55	3
Weighted Average	11.91	14.70	

Diluted EPS

Period	Consolidated (Rs.)	Standalone (Rs.)	Weight
Year ended May 31, 2008	13.51	14.89	1
Year ended May 31, 2009	11.07	14.82	2
Year ended May 31, 2010	11.93	14.55	3
Weighted Average	11.91	14.70	

Notes

(i) The figures disclosed above are based on the standalone and consolidated restated summary statements of the Company.

(ii) Earnings per share calculations are done in accordance with Accounting Standard 20 'Earning per Share' issued by the Institute of Chartered Accountants of India.

(iii) The above statement should be read with Significant Accounting Policies and the Notes to the Restated Standalone Summary Statements as appearing in Annexure IV.

(iv) The face value of each Equity Share is Rs.10.

2. ***Price Earning (P/ E) Ratio in relation to the Issue Price of Rs. [●] per Equity Share of Rs. 10 each (on a standalone basis)***

Sr. No.	Particulars	Consolidated	Standalone
1.	P/E ratio on the Basic EPS for the year ended May 31, 2010 at the Floor Price	[●]	[●]
2.	P/E ratio on the Diluted EPS for the year ended May 31, 2010 at the Floor Price	[●]	[●]
3.	P/E ratio on the Basic EPS for the year ended May 31, 2010 at the Cap Price	[●]	[●]
4.	P/E ratio on the Diluted EPS for the year ended May 31, 2010 at the Cap Price	[●]	[●]

Industry P/ E*

	P/ E Ratio	Name of the company	Face value of equity shares (Rs.)
Highest	156.7	Den Networks Limited	10
Lowest	10.1	Deccan Chronicle Holdings Limited	2
Average	24.4		

**Source: "Capital Market" Vol XXV/21 dated December 13 – December 26, 2010*

3. ***Return on Net Worth ("RoNW")***

Period	Consolidated (%)	Standalone (%)	Weight
Year ended May 31, 2008	28.42	37.45	1
Year ended May 31, 2009	19.48	22.37	2
Year ended May 31, 2010	27.76	28.83	3
Weighted Average	25.11	28.11	

Minimum Return on Net Worth after Issue to maintain Pre-Issue EPS for the Fiscal 2010:

(a) Based on Basic EPS

At the Floor Price – [●] and [●] based on Standalone and Consolidated financial statements, respectively.

At the Cap Price – [●] and [●] based on Standalone and Consolidated financial statements, respectively.

(a) Based on Diluted EPS

At the Floor Price – [●] and [●] based on Standalone and Consolidated financial statements, respectively.

At the Cap Price – [●] and [●] based on Standalone and Consolidated financial statements, respectively.

4. Net Asset Value per Equity Share

Period	Consolidated (Rs.)	Standalone (Rs.)
Year ended May 31, 2008	41.70	34.86
Year ended May 31, 2009	37.59	43.85
Year ended May 31, 2010	42.98	50.47
NAV after the Issue	[●]	[●]
Issue Price	[●]	[●]

Issue Price per Equity Share will be determined on conclusion of the Book Building Process.

5. Comparison of Accounting Ratios with Industry Peers

Sr. No.	Name of the company	Standalone/ Consolidated	Face Value (Rs. per Share)	EPS (Rs.)	P/ E Ratio#	RoNW (%)	Book value per share (Rs.)
1.	Lokmat Media Limited	Consolidated*	10	11.93	-	27.76	42.98
2.	Lokmat Media Limited	Standalone*	10	14.55	-	28.83	50.47
Peers **							
3.	D.B. Corp Limited	Standalone	10	10.6	24.8	37.8	40.2
4.	H.T. Media Limited	Standalone	2	6.4	23.6	15.9	42.9
5.	Hindustan Media Ventures Limited	Standalone	10	2.0	84.0	34.3	47.1
6.	Jagran Prakashan Limited	Standalone	2	5.1	26.5	30.0	20.3

** Based on restated financial statements for the year ended May 31, 2010*

*** Source: "Capital Market" Vol XXV/21dated December 13 – 26, 2010*

 # Computed based on the market price as on December 6, 2010 and EPS for the year ended March 31 ,2010 as reported in Capital Markets, Volume XXV/21 dated December 13 – December 26, 2010 (Industry-Entertainment/ Electronic Media Software) except for Lokmat Media Limited

The BRLMs believe that the Issue Price of Rs. [●] per Equity Share is justified in view of the above qualitative and quantitative parameters. Prospective investors should also review the entire Draft Red Herring Prospectus, including, in particular the sections titled "Risk Factors", "Our Business" and "Financial Information" on pages xiv, 91 and 190, respectively, to have a more informed view. The face value of the Equity Shares is Rs. 10 each and the Issue Price is [●] times the face value of the equity shares.

STATEMENT OF TAX BENEFITS

Outlined below are the general tax benefits available to the Company and its shareholders. Other than the general benefits outlined hereinafter, there are no special tax benefits available to the Company and its shareholders.

(A) Benefit to the Company under the I.T. Act

1. Dividends exempt under Section 10(34) and income on units exempt under Section 10(35) of the I.T. Act.

Dividend (whether interim or final) received by the Company from its investment in shares of another domestic company would be exempted in the hands of the Company as per the provisions of Section 10 (34) read with Section 115-O of the I.T, Act. As per the provision of Section 14A of the I.T. Act, no deduction is allowed in respect of any expenditure incurred in relation to such dividend income to be computed in accordance with the provisions contained therein. Also, as per provision of Section 94(7) of the I.T. Act, losses arising from the sale/transfer of shares purchased within a period of three months prior to the record date and sold/transferred within three months after such date, will be disallowed to the extent dividend on such shares are claimed as tax exempt.

In terms of Section 10(35) of the I.T. Act, any income (other than income on transfer) received from units of a Mutual Fund specified under Section 10(23D) of the I.T. Act; or units of Administrator of specified undertaking; or units of specified company is exempt from tax.

2. Computation of capital gains

Capital assets are to be categorised into short-term capital assets and long-term capital assets based on the period of holding. All capital assets (except shares held in a company or any other security listed in a recognised stock exchange in India or units of Unit Trust of India ("**UTI**") or Mutual Fund units specified under Section 10(23D) of the I.T. Act or zero coupon bonds) are considered to be long-term capital assets, if they are held for a period exceeding thirty-six months. Shares held in a company or any other security listed in a recognised stock exchange in India or UTI or Mutual Fund units specified under Section 10(23D) of the I.T. Act or zero coupon bonds are considered as long-term capital assets, if these are held for a period exceeding twelve months.

As per the provisions of Section 48 of the I.T. Act, the amount of capital gain shall be computed by deducting from the sale consideration, the cost of acquisition and expenses incurred in connection with the transfer of a capital asset. However, in respect of long-term capital gains arising to a company, a benefit is permitted to substitute the cost of acquisition/ improvement with the indexed cost of acquisition/ improvement. The indexed cost of acquisition/ improvement, adjusts the cost of acquisition/ improvement by a cost inflation index, as prescribed from time to time.

As per the provisions of Section 10(38) of the I.T. Act, long term capital gain arising to the Company from transfer of a long term capital asset being an equity share in a company listed on a recognized stock exchange in India or unit of an equity oriented fund, shall be exempt from tax, if such sale is entered into on or after October 1, 2004 on a recognised stock exchange in India and the transaction is chargeable to Securities Transaction Tax ("**STT**").

As per the provisions of Section 112 of the I.T. Act, long-term capital gains (other than those covered under Section 10 (36) and 10(38) of the I.T. Act) are subject to tax at a rate of 20.00% (plus applicable surcharge and cess). However, proviso to Section 112(1) specifies that if the long-term capital gains (other than those covered under Section 10 (36) and Section 10(38) of the I.T. Act) arising on transfer of listed securities or units or zero coupon bond, calculated at the rate of 20.00% with indexation benefit exceeds the capital gains computed at the rate of 10.00% without indexation benefit, then such capital gains are chargeable to tax at the rate of 10.00% without indexation benefit (plus applicable surcharge and cess).

However, from Assessment Year 2007-08, such long-term capital gains will be included while computing book profits for the purpose of payment of Minimum Alternate Tax ("**MAT**") under the provisions of Section 115JB of the I.T. Act.

As per provisions of Section 111A of the I.T. Act, short term capital gains arising from transfer of short term capital asset, being an equity share in a company or a unit of an equity oriented fund shall be taxable at the rate of 15.00%

(plus applicable surcharge and cess), if such sale is entered into on or after October 1, 2004 and the transaction chargeable to STT.

3. Exemption of capital gain from income tax.

As per the provisions of Section 54EC of the I.T. Act and subject to the conditions specified therein, capital gains arising to a company on transfer of a long-term capital asset (other than those covered under Section 10(36) and Section 10(38) of the I.T. Act) shall not be chargeable to tax to the extent such capital gains are invested in certain notified bonds within six months from the date of transfer. If only part of such capital gain is invested, the exemption shall be proportionately reduced and the balance will be subject to tax in the year of sale.

However, if the Company transfers or converts the notified bonds into money (as stipulated therein) within a period of three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable in such year. The bonds specified for this Section are bonds issued on or after April 1, 2007 by National Highways Authorities of India ("**NHAI**") and Rural Electrification Corporation Limited ("**REC**"). The I.T. Act has restricted the maximum investment in such bonds upto Rs.50 lacs per assessee during any financial year.

4. Shares held as stock-in-trade

Gains or losses arising on shares held as stock-in-trade would be chargeable to tax under the head 'Profits and Gains of Business or Profession'.

In terms of Section 36(1) (xv) of the I.T. Act, STT paid in respect of taxable securities transactions entered into in the course of business during the year shall be deductible if the income arising from such taxable securities transactions is considered as business income.

5. Securities Transaction Tax

In terms of STT, transactions for purchase and sale of the taxable securities in the recognized stock exchange by the shareholder will be chargeable to STT. As per the said provisions, any delivery based purchase and sale of an equity share in a company or units of the equity oriented fund through a recognized stock exchange is liable to STT @ 0.125% of the value payable by both buyer and seller individually.

The non-delivery based sale transactions are liable to STT @ 0.025% of the value payable by the seller.

6. Depreciation

Subject to compliance with certain conditions laid down in Section 32 of the I.T. Act, the Company will be entitled to deduction for depreciation.

(a) In respect of tangible assets (being buildings, machinery, plant or furniture) and intangible assets (being know-how, patents, copyrights, trademarks, licenses, franchises or any other business or commercial rights of similar nature acquired on or after 1st day of April, 1998) at the rates prescribed under the Income Tax Rules, 1962.

(b) In respect of any new machinery or plant which has been acquired and installed after 31st March 2005 by an assessee engaged in the business of manufacture or production of any article of thing, a further sum of 20.00% of the actual cost of such machinery or plant;

7. MAT Credit

As per the provision of Section 115JB, the Company is liable to pay income tax at the rate of 18.00% (plus applicable surcharge and cess) on the book profit if the total tax payable as computed under the I.T. Act is less than 18.00% of its book profit as computed under the said section. In terms of Section 115JAA(1A) of the I.T. Act, the Company is eligible to claim credit for any tax paid as MAT under Section 115JB of the I.T. Act for any Assessment Year commencing on or after April 1, 2006 against income tax liabilities incurred in subsequent years as prescribed.

MAT credit eligible in subsequent years is the difference between MAT paid and the tax computed as per the normal provisions of the I.T. Act. Such MAT credit will be available for set-off up to 10 years succeeding the year in which the MAT credit initially arose.

8. Preliminary Expenses

The Company will be entitled to amortise preliminary expenditure, being expenditure incurred on public issue of shares under section 35D of the I.T. Act, subject to the limit specified therein.

9. Expenditure on amalgamation/demerger

The Company will be entitled to amortise amalgamation/demerger expenditure, being expenditure incurred on amalgamation or demerger of business under section 35DD of the I.T. Act, subject to the limit and conditions specified therein.

10. Income from House Property

As per the provision of Section 24(a) of the I.T. Act, the Company is eligible for deduction of 30.00% of the annual value of the property (i.e. actual rent received or receivable on the property or any part of the property which is let out).

11. Dividend Distribution Tax ("**DDT**")

As per provision of Section 115-O, a domestic company will be allowed to set off the dividend received from its subsidiary company during the financial year against the dividend distributed by it, while computing the DDT if:

- the dividend is received from its subsidiary
- the subsidiary has paid the DDT on the dividend distributed
- the domestic company is not a subsidiary of any other company

provided that the same amount of dividend shall not be taken into account for reduction more than once.

(B) Benefits to resident shareholders of the Company under the I.T. Act

1. Dividends exempt under Section 10 (34) of the I.T. Act

Dividends (whether interim or final) received by a resident shareholder from investment in shares of a domestic company would be exempt in the hands of the resident shareholder as per the provisions of Section 10 (34) read with section 115-O of the I.T. Act. As per the provision of Section 14A of the I.T. Act, no deduction is allowed in respect of any expenditure incurred in relation to such dividend income to be computed in accordance with the provisions contained therein. Also, as per provision of Section 94(7) of the I.T. Act, losses arising from the sale/transfer of shares purchased within a period of three months prior to the record date and sold/transferred within three months after such date, will be disallowed to the extent dividend on such shares are claimed as tax exempt by the shareholders.

2. Computation of capital gains

Capital assets are to be categorised into short-term capital assets and long-term capital assets based on the period of holding. All capital assets (except shares held in a company or any other security listed in a recognised stock exchange in India or units of UTI or Mutual Fund units specified under Section 10(23D) of the I.T. Act or zero coupon bonds) are considered to be long-term capital assets, if they are held for a period exceeding thirty-six months. Shares held in a company or any other security listed in a recognised stock exchange in India or units of UTI or Mutual Fund units specified under Section 10(23D) of the I.T. Act or zero coupon bonds are considered as long-term capital assets, if these are held for a period exceeding twelve months.

As per the provisions of Section 48 of the I.T. Act, the amount of capital gain shall be computed by deducting from the sale consideration, the cost of acquisition and expenses incurred in connection with the transfer of a capital asset. However, in respect of long-term capital gains arising to a resident shareholder, a benefit is permitted to substitute the cost of acquisition/ improvement with the indexed cost of acquisition/ improvement. The indexed cost of acquisition/ improvement, adjusts the cost of acquisition/ improvement by a cost inflation index, as prescribed from time to time.

As per the provisions of Section 10(38) of the I.T. Act, long term capital gain arising to a resident shareholder from transfer of a long term capital asset being an equity share in a company listed on a recognized stock exchange in India or unit of an equity oriented fund, shall be exempt from tax, if such sale is entered into on or after October 1, 2004 on a recognised stock exchange in India and the transaction is chargeable to STT.

As per the provisions of Section 112 of the I.T. Act, long-term capital gains (other than those covered under Section 10(38) of the I.T. Act) are subject to tax at a rate of 20.00% (plus applicable surcharge and cess). However, proviso to Section 112(1) specifies that if the long-term capital gains (other than those covered under Section 10(38) of the I.T. Act) arising on transfer of listed securities or units or zero coupon bond, calculated at the rate of 20.00% with indexation benefit exceeds the capital gains computed at the rate of 10.00% without indexation benefit, then such capital gains are chargeable to tax at the rate of 10.00% without indexation benefit (plus applicable surcharge and cess).

As per provisions of Section 111A of the I.T. Act, short term capital gains arising from transfer of short term capital asset, being an equity share in a company or a unit of an equity oriented fund shall be taxable @ 15.00% (plus applicable surcharge and cess), if such sale is entered into on or after October 1, 2004 and the transaction is chargeable to STT.

3. Exemption of capital gains arising from Income Tax.

As per the provisions of Section 54EC of the I.T. Act and subject to the conditions specified therein capital gains arising to a resident shareholder on transfer of a long-term capital asset (other than those covered under Section 10(38) of the I.T. Act) shall not be chargeable to tax to the extent such capital gains are invested in certain notified bonds within six months from the date of transfer. If only part of such capital gain is invested, the exemption shall be proportionately reduced.

However, if the resident shareholder transfers or converts the notified bonds into money (as stipulated therein) within a period of three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable in such year. The bonds specified for this Section are bonds issued on or after April 1, 2007 by NHAI and REC. The I.T. Act has restricted the maximum investment in such bonds upto Rs 50 lacs per assessee during any financial year.

Further, as per the provisions of Section 54F of the I.T. Act and subject to conditions specified therein, long-term capital gains (other than a capital gains arising on sale of resident house and those covered under Section 10(38) of the I.T. Act) arising to an individual or Hindu Undivided Family ("**HUF**") on transfer of shares of the Company will be exempted from capital gains tax, if the net consideration from such shares are used for either purchase of 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.

4. Shares held as stock-in-trade

Gains or losses arising on shares held as stock-in-trade would be chargeable under the head 'Profits and Gains of Business or Profession'.

In terms of Section 36(1) (xv) of the I.T. Act, STT paid in respect of taxable securities transactions entered into in the course of business during the year shall be deductible if the income arising from such taxable securities transactions is considered as business income.

5. Securities Transaction Tax

In terms of STT, transactions for purchase and sale of the taxable securities in the recognized stock exchange by the shareholder will be chargeable to STT. As per the said provisions, any delivery based purchase and sale of an equity share in a company or a unit of an equity oriented fund through the recognized stock exchange is liable to STT @ 0.125% of the value payable by both buyer and seller individually. The non-delivery based sale transactions are liable to STT @ 0.025% of the value payable by the seller.

(C) Benefits to the non-resident shareholders of the Company

1. Dividends exempt under Section 10(34) of the I.T. Act

Dividend (whether interim or final) received by a non-resident shareholder from its investment in shares of a domestic company would be exempt in the hands of the non-resident shareholder as per the provisions of Section 10(34) read with Section 115-O of the I.T. Act. As per the provision of Section 14A of the I.T. Act, no deduction is allowed in respect of any expenditure incurred in relation to such dividend income to be computed in accordance with the provisions contained therein. Also, as per provision of Section 94(7) of the I.T. Act, losses arising from the sale/transfer of shares purchased within a period of three months prior to the record date and sold/transferred within three months after such date, will be disallowed to the extent dividend on such shares are claimed as tax exempt by the shareholders.

2. Computation of capital gains

Capital assets are to be categorised into short-term capital assets and long-term capital assets based on the period of holding. All capital assets (except shares held in a company or any other security listed in a recognised stock exchange in India or units of UTI or Mutual Fund units specified under Section 10(23D) of the I.T. Act or zero coupon bonds) are considered to be long-term capital assets, if they are held for a period exceeding thirty-six months. Shares held in a company or any other security listed in a recognised stock exchange in India or units of UTI or Mutual Fund units specified under Section 10(23D) of the I.T. Act or zero coupon bonds are considered as long-term capital assets, if these are held for a period exceeding twelve months.

As per the provisions of Section 48 of the I.T. Act, the amount of capital gain shall be computed by deducting from the sale the consideration, the cost of acquisition and expenses incurred in connection with the transfer of a capital asset. Under first proviso to Section 48 of the I.T. Act, the taxable capital gains arising on the transfer of capital assets being shares or debentures of an Indian company need to be computed by converting the cost of acquisition, expenditure in connection with such transfer and full value of the consideration received or accruing as a result of the transfer into the same foreign currency in which the shares were originally purchased. The resultant gains thereafter need to be reconverted into Indian currency. The conversion needs to be done at the prescribed rates prevailing on dates stipulated. Hence, in computing such gains, the benefit of indexation is not available to non-resident shareholders.

As per the provisions of Section 10(38) of the I.T. Act, long term capital gain arising to a non-resident shareholder from transfer of a long term capital asset being an equity share in a company listed on a recognized stock exchange in India, shall be exempt from tax, if such sale is entered into on or after October 1, 2004 on a recognised stock exchange in India and the transaction is chargeable to STT.

As per the provisions of Section 112 of the I.T. Act, long-term capital gains (other than those covered under Section 10(38) of the I.T. Act) are subject to tax at a rate of 20.00% (plus applicable surcharge and cess). However, proviso to Section 112(1) specifies that if the long-term capital gains (other than those covered second proviso to Section 48 and under Section 10(38) of the I.T. Act) arising on transfer of listed securities or units or zero coupon bond, calculated at the rate of 20.00% with indexation benefit exceeds the capital gains computed at the rate of 10.00% without indexation benefit, then such capital gains are chargeable to tax at the rate of 10.00% without indexation benefit (plus applicable surcharge and cess).

As per provisions of Section 111A of the I.T. Act, short term capital gains arising from transfer of short term capital asset, being an equity share in a company or a unit of an equity oriented fund shall be taxable @ 15.00% (plus applicable surcharge and cess), if such sale is entered into on or after October 1, 2004 and the transaction is chargeable to STT.

3. Exemption of capital gain from income-tax

As per the provisions of Section 54EC of the I.T. Act and subject to the conditions specified therein capital gains arising to a non-resident shareholder on transfer of a long-term capital asset (other than those covered under Section 10(38) of the I.T. Act) shall not be chargeable to tax to the extent such capital gains are invested in certain notified bonds within six months from the date of transfer. If only part of such capital gain is invested, the exemption shall be proportionately reduced.

However, if the non-resident shareholder transfers or converts the notified bonds into money (as stipulated therein) within a period of three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable in such year. The bonds specified for this Section are bonds issued on or after April 1, 2007 by NHAI and REC. The I.T. Act has restricted the maximum investment in such bonds upto Rs. 50 lacs per assessee during any financial year.

Further, as per the provisions of Section 54F of the I.T. Act and subject to conditions specified therein, long-term capital gains (other than a capital gains arising on sale of resident house and those covered under Section 10(38) of the I.T. Act) arising to an individual or HUF on transfer of shares of the Company will be exempted from capital gains tax, if the net consideration from such shares are used for either purchase of residential house property (subject to prior approval from Reserve Bank of India) 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.

4. Shares held as stock-in-trade

Gains or losses arising on shares held as stock-in-trade would be chargeable under the head 'Profits and Gains of Business or Profession'.

In terms of Section 36(1) (xv) of the I.T. Act, STT paid in respect of taxable securities transactions entered into in the course of business during the year shall be deductible if the income arising from such taxable securities transactions is considered as business income.

5. STT

In terms of STT, transactions for purchase and sale of the taxable securities in the recognized stock exchange by the shareholder will be chargeable to STT. As per the said provisions, any delivery based purchase and sale of an equity share in a company or a unit of an equity oriented fund through the recognized stock exchange is liable to STT @ 0.125% of the value payable by both buyer and seller individually.

The non-delivery based sale transactions are liable to STT @ 0.025% of the value payable by the seller.

6. Tax Treaty Benefits

As per Section 90(2) of the I.T. Act, the provisions of the I.T. Act would prevail over the provisions of the tax treaty to the extent they are more beneficial to the non-resident shareholder. Thus, a non-resident shareholder can opt to be governed by the beneficial provisions of an applicable tax treaty.

7. Taxation of non-resident Indians

Non-resident Indian[#], being shareholder of an Indian Company, has the option of being governed by the provisions of Chapter XII-A of the Act, which inter alia entitles him to the following benefits in respect of income from shares of an Indian Company acquired, purchased or subscribed to in convertible foreign exchange.

a) As per the provisions of Section 115E of the I.T. Act, income (other than dividend income which is exempt under Section 10(34) of the I.T. Act) from investments and long term capital gains from assets (other than specified asset[##] or long term capital gain exempt under Section 10(38) of the I.T. Act) shall be taxable @ 20.00% (plus applicable cess). No deductions under Chapter VI-A of the I.T. Act or in respect of any expenditure will be allowed from such income.

As per Section 115E of the I.T. Act, long term capital gains (other than long term capital gains exempt under Section 10(38) of the I.T. Act) arising from transfer of specified asset[##] shall be taxable @ 10.00% (plus applicable cess).

b) Under provisions of Section 115F of the I.T. Act, long-term capital gains (in cases not covered under Section 10(38) of the I.T. Act) arising to a non-resident Indian[#] from the transfer of shares of the Company subscribed to in convertible foreign exchange will 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 will be proportionately reduced.

   For this purpose, net consideration means full value of the consideration received or accruing as a result of the transfer of the capital asset as reduced by any expenditure incurred wholly and exclusively in connection with such transfer.

   Further, if the specified asset[##] or savings certificates in which the investment has been made is transferred within a period of three years from the date of investment, then the amount of capital gains tax exempted earlier would be chargeable to tax as long term capital gain in the year in which such specified asset[##] or savings certificates are transferred.

c) Under provisions of Section 115G of the I.T. Act, non-resident Indians[#] are not required to file a return of income under Section 139(1) of the I.T. Act, if their only income is income from investment in the shares of the Company acquired or purchased with or subscribed to in convertible foreign exchange or long-term capital gains in respect of those assets or both, provided tax is deductible at source from such income as per the provisions of Chapter XVII-B of the I.T. Act.

d) Under Section 115H of the I.T. Act, where the non-resident Indian[#] becomes assessable as a resident in India, such person may furnish a declaration in writing to the Assessing Officer, along with the return of income for that year under Section 139 of the I.T. Act to the effect that the provisions of the Chapter XII-A of the I.T. Act will continue to apply to such person in relation to the investment income derived from the specified assets[##] for that year and subsequent assessment years until such assets are converted into money.

e) As per the provisions of Section 115I of the I.T. Act, a non-resident Indian[#] may elect not to be governed by the provisions of Chapter XII-A of the I.T. Act for any assessment year by furnishing his return of income for that assessment year under Section 139 of the I.T. Act, declaring therein that the provisions of Chapter XII-A of the I.T. Act shall not apply to him for that assessment year and accordingly his total income for that assessment year will be computed in accordance with the other provisions of the I.T. Act.

   [#]As per Section 115C(e) of the I.T. Act, non-resident Indian means an individual, being a citizen of India or a person of Indian origin who is not a resident as per the provisions of the I.T. Act.

   [##]As per Section 115C (f) of the I.T. Act, specified asset means shares in an Indian company, debentures issued by an Indian company which is not a private company, deposits with an Indian company which is not a private company, any security of the Central Government and such other assets as the Central Government may specify in this behalf by notification in the official Gazette.

(D) Benefits available to Foreign Institutional Investors (FII)

1. Dividends exempt under Section 10(34) of the I.T. Act

By virtue of Section 10(34) of the I.T. Act, income earned by way of dividend income (interim or final) from a domestic company referred to, in Section 115-O of the I.T. Act (i.e. dividends declared, distributed and paid on or after 1st April, 2003), are exempt from tax in the hands of the shareholders. However, the Company has to pay DDT on the amount of dividend declared, distributed or paid.

2. Long term capital gains exempt under Section 10(38) of the I.T. Act.

As per the provisions of Section 10(38) of the I.T. Act, long term capital gain arising to the FII from transfer of a long term capital asset being an equity share in a company listed on a recognized stock exchange in India, shall be exempt from tax, if such sale is entered into on or after October 1, 2004, on a recognised stock exchange in India and the transaction is chargeable to STT.

3. Capital gains

As per the provisions of Section 115AD of the Act, FII's are taxed on the capital gains income at the following rates:

Nature of Income	Rate of tax (%) *
Long-term capital gains (not covered under Section 10(38) of the I.T. Act)	10
Short-term capital gains (under Section 111A of the I.T. Act)	15
Short-term capital gains	30

**Plus applicable surcharge and cess.*

The benefits of foreign currency fluctuation protection and indexation as provided by Section 48 of the I.T. Act are not available to a FII.

As per provisions of Section 111A of the I.T. Act, short term capital gains arising from transfer of short term capital asset, being an equity share in a company or a unit of an equity oriented fund shall be taxable at the rate of 15.00%*, if such sale is entered into on or after October 1, 2004 through recognized stock exchange and is chargeable to STT.

If the income realized from the disposition of equity shares is chargeable to tax in India as 'business income', Business profits in the hands of FII may be subject to tax @ 30.00%* (other than foreign company)/ 40.00%* (in case of foreign company). However, the benefit of Double Taxation Avoidance Agreement (DTAA) can be examined in such a case.

4. Shares held as stock-in-trade

Gains or losses arising on shares held as stock-in-trade would be chargeable under the head 'Profits and Gains of Business or Profession'.

In terms of Section 36(1) (xv) of the I.T. Act, STT paid in respect of taxable securities transactions entered into in the course of business during the year shall be deductible if the income arising from such taxable securities transactions is considered as business income.

5. STT

In terms of STT, transactions for purchase and sale of the taxable securities in the recognized stock exchange by the shareholder will be chargeable to STT. As per the said provisions, any delivery based purchase and sale of an equity share in a company or a unit of an equity oriented fund through the recognized stock exchange is liable to STT @ 0.125% of the value payable by both buyer and seller individually.

The non-delivery based sale transactions are liable to STT @ 0.025% of the value payable by the seller.

6. Tax Treaty Benefits

As per Section 90(2) of the I.T. 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. Thus, an FII can opt to be governed by provisions of the I.T. Act or the applicable tax treaty whichever is more beneficial.

(E) Benefits available to Mutual Funds

1. Dividend Income

Dividend income, if any, received by the shareholders from its investment in shares of a domestic Company will be tax exempt under Section 10(34) read with Section 115-O of the I.T. Act. As per the provisions of Section 10(23D) of the I.T. Act, any income of Mutual Funds registered with 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 or Mutual Funds authorized by the Reserve Bank of India, would be exempt from income tax, subject to the prescribed conditions.

(F) Benefits available under the Wealth-tax Act, 1957 (Common to all)

Asset as defined under Section 2(ea) of the Wealth-tax Act, 1957 does not include shares in companies and hence, shares are not liable to wealth tax.

Notes:

1) The above statement sets out the provisions of law in a summary manner only and is not a complete analysis or list of all potential tax consequences of the purchase, ownership and disposal of shares.
2) The above statement covers only certain relevant direct tax law benefits and does not cover any indirect tax law benefits or benefits under any other law.
3) The above statement of possible tax benefits are as per the current direct tax laws relevant for the Assessment Year 2011-12. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant tax laws.
4) This statement is intended only 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 tax consequences, each investor is advised to consult his / her own tax advisor with respect to specific tax consequences of his / her investment in the shares of the Company and we are absolved of any liability to the shareholders for placing reliance on the contents of this material
5) The stated benefits will be available only to the sole/ first named holder in case the shares are held by joint holders.
6) In respect of non-residents, the tax rates and the consequent taxation mentioned above will be further subject to any benefits available under the relevant DTAA, if any, between India and the country in which the non-resident has fiscal domicile.
7) The Company has no unabsorbed losses or depreciation for carry forward to future years.

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 changes from time to time. We do not assume responsibility to update the views consequent to such changes.

SECTION IV: ABOUT THE COMPANY

INDUSTRY OVERVIEW

The information and data contained in this section has been provided to us by CARE and has been obtained by CARE from its databases and other sources available in the public domain. CARE's methodologies for collecting information and data, and therefore the information discussed in this section, may differ from those of other sources, and does not reflect all or even necessarily a comprehensive set of the actual transactions occurring in the industry. Although we and the BRLMs believe the information and data in this section to be accurate, we have not independently verified the information or data.

Note: *In this report CY refers to the calendar year; FY refers to the financial year ending March 31; 'e' refers to estimate, 'p' refers to projections. H1CY refers to the January – June period of the calendar year and H2CY refers to the July-December period.*

Overview of the Indian Economy

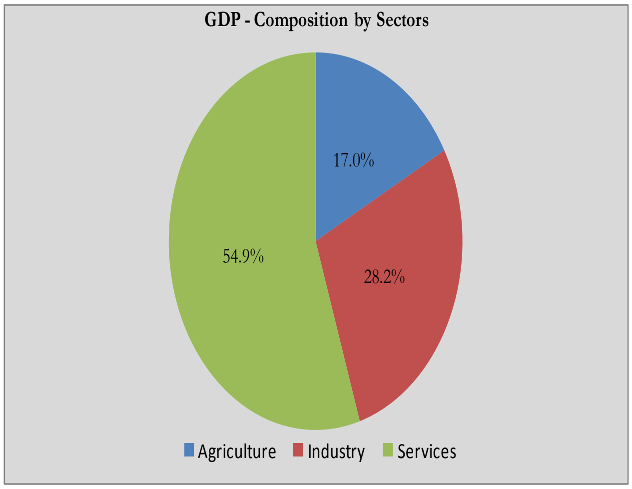
India, the world's largest democracy in terms of population, had a Gross Domestic Product **("GDP")** of approximately US $ 3,561 billion in CY2009 on the basis of purchasing power parity, with India's GDP at 7.4% for FY10 *(Source: Central Intelligence Agency ("CIA") Factbook 2009 and RBI 2nd Quarter monetary policy 2009-10).* During the pre-liberalisation period, India was always considered an agrarian economy, adhering to socialist policies, with more than 70% of its GDP being contributed by agriculture growth. In 1991, the Government of India **("GoI")** initiated a series of economic reforms to promote industrial growth and economic stability. The new policies, which were relatively more liberal than the previous governments, included the opening of international trade and investment, privatization and tax reforms to transform India's then socialist economic model to a more capitalist economic model. The GDP (factor cost at constant prices) increased from an average of 5.67% during the period FY1990–FY2004 to 8.48% during the period FY2005-FY2009 *(Source: compiled by CARE Research, data from CMIE).* CARE Research expects the overall GDP to grow to 10% by FY2015, led by higher domestic consumption and growth in exports. CARE Research expects that the services sector will continue to dominate the GDP growth.

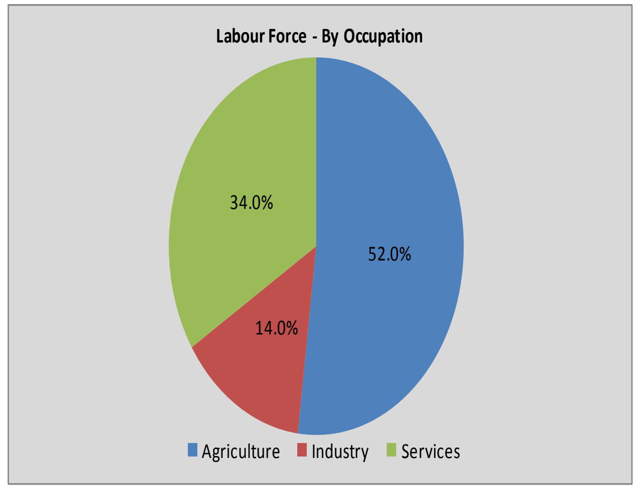
GDP Trend Past and Future

The table below depicts the historical and future GDP projections of India:

FY	2006	2007	2008	2009	2010	2011p	2012p	2013p	2014p	2015p
GDP	9.49	9.71	9.22	6.72	7.44	*8.50*	*9.00*	*9.00*	*9.50*	*10.00*
Agriculture	5.25	3.68	4.73	1.58	0.22	*4.00*	*3.00*	*3.00*	*3.00*	*4.00*
Services	11.10	10.17	10.51	9.75	8.53	*10.00*	*11.00*	*11.00*	*11.50*	*11.50*
Industry	9.28	12.75	9.49	3.87	9.27	*8.50*	*9.00*	*9.50*	*10.00*	*10.50*

(Source: RBI and Projections by CARE Research (Economics Cell))





(Source: CIA Factbook (2009 Estimates))

Overview - Indian Media and Entertainment Sector

The Indian Media and Entertainment **("M&E")** industry was valued at Rs.587 billion in CY2009, compared to Rs.578 billion in CY2008 *(Source: FICCI-KPMG (Back in the Spotlight 2010).* This represented a year-on-year growth of only 1.3%, primarily due to the economic downturn, which affected the overall growth of the Indian economy, including the M&E industry. However, CARE Research expects that CY2010 is expected to witness a year-on-year growth of approximately 14% due to renewed confidence in the Indian economy. India's expenditure in the media segment as a percentage of the GDP stood at 0.41% in CY2009 whereas the global average stood at about 0.80% in CY2009 providing potential for future growth *(Source: FICCI-KPMG (Back in the Spotlight 2010).* Television and print media were the largest revenue–generating segments, contributing approximately 70% of the total revenue dominating the sector. Some of the other segments like Out-Of-Home **("OOH")**, Internet Advertising, and Gaming and Animation are still at a nascent stage. The following table sets forth revenues of the following segments of the Indian M&E industry:

Trend & Growth in Indian Media & Entertainment Industry (Figures in Rs. Billion):

Key Verticals	CY 2006	CY 2007	CY 2008	CY 2009	CY 2010P	CY 2011P	CY 2012P	CY 2013P	CY 2014P
Television	183	211	241	257	*300*	*350*	*395*	*440*	*480*
Print Media	139	160	172	175	*190*	*210*	*235*	*250*	*260*
Films	78	93	104	89	*102*	*120*	*135*	*150*	*166*
Radio	6	7	8	8	*9*	*10*	*11*	*12*	*14*
OOH	12	14	16	14	*16*	*17*	*19*	*20*	*22*
Internet Advertising	2	4	6	8	*9*	*11*	*11*	*13*	*14*
Others (Music, Animation and Gaming)	23	25	31	36	*43*	*55*	*67*	*80*	*96*
Total	**443**	**514**	**578**	**587**	***669***	***773***	***873***	***965***	***1,052***

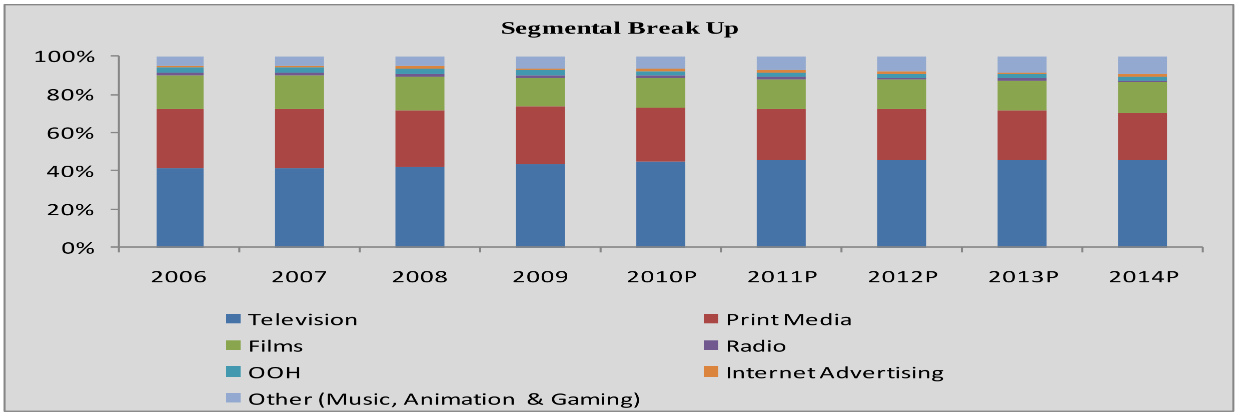
(Source: FICCI-KPMG (Back in the Spotlight 2010) & Projections by CARE Research)

The Indian M&E industry grew at a Compounded Annual Growth Rate **("CAGR")** of 10% from the period CY2006-CY2009 and is expected to grow at a CAGR of 12 % from CY2010-CY2014. *(Source: FICCI-KPMG (Back in the Spotlight 2010) & projections by CARE Research)*

CARE Research estimates that the M&E industry will be valued at Rs.1,052 billion by CY2014, driven by higher consumer-spending and targeting new audiences, mediums and geographies. Television, print media and films would continue to dominate the M&E space.

Segmental Break Up of the Indian M&E Industry

The following graph depicts the historical and projected segmental break down of the Indian M&E industry:

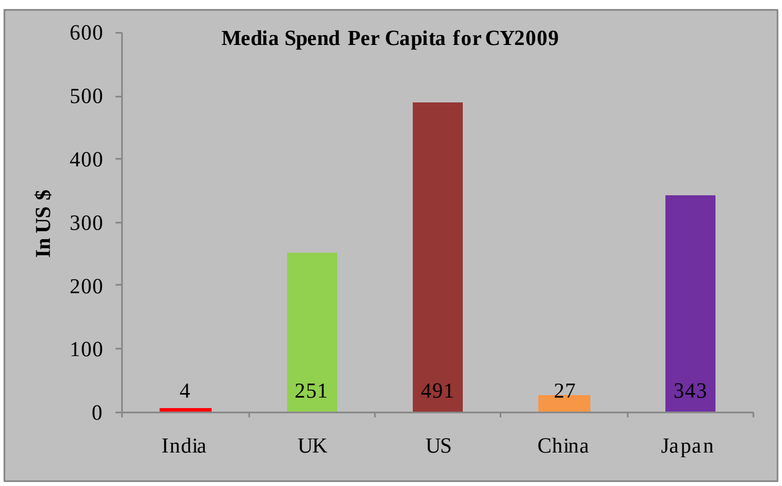


(Source: Compiled by CARE Research with data from FICCI-KPMG (Back in the Spotlight 2010) & projections by CARE Research)

Expenditure in the Indian M&E segment as compared to other countries

The per capita expenditure on the media segment in India is relatively low at US$ 4 compared to other countries like China, which has a per capita expenditure on media of US$ 27, despite its large population *(Source: FICCI-KPMG (Back in the Spotlight 2010)).*

The following graph depicts the per capita expenditure on the media sector in certain countries:



(Source: FICCI-KPMG (Back in the Spotlight 2010))

Key Trends and Growth Drivers

CARE Research believes the Indian M&E industry is expected to continue to be dominated by television and print media, in line with the current dominance of these two segments. Some of the key growth drivers that are expected to contribute to the growth of the M&E industry in India are:

- **Digitization,** which is mainly led by advancement in technology and infrastructure and changes in consumer behaviour. Newer distribution platforms like digital cable, direct-to-home **("DTH")** and Internet Protocol Television **("IPTV")**, the digitization of newspapers, magazines, films and the sale of online and mobile music are some of the ways in which the M&E industry has benefited from digitization and the growth in digitization is likely to continue in the years to come.

- **Regionalization** is another key growth driver for growth in the Indian M&E industry based on growing literacy, consumption and disposable income with contribution mainly by smaller towns and villages. There is an increasing focus on rural markets with regional content becoming the Unique Selling Proposition **("USP")** of most of the corporates in the M&E industry.

- **Growing importance of subscription/pay markets** is increasing very rapidly, as the audience is willing to pay more for quality content and value added services. The increase in ticket prices of movies at multiplexes, the increasing number of pay TV subscribers, the increasing penetration of DTH with its user-friendly interface and technology, and the introduction of Value Added Services **("VAS")** by media players are few examples of pay markets gaining importance. Furthermore, following the roll out of 3G services in India, consumers are expected to access the internet at a much faster speed as compared to the current General Packet Radio Services **("GPRS")**.

Media Penetration in India between Urban and Rural population

Urban

The IRS categorizes eight Socio-Economic Classifications **("SEC")** in urban India based on the occupation and education of the chief wage earner of the household. The eight SEC in urban India are labelled A1, A2, B1, B2, C, D, E1 and E2. A1 denotes the uppermost socio-economic class and E2 denotes the lowest socio-economic class. Set forth below is a summary of media penetration in urban India across the various media categories based on the SEC and the percentage of people in each SEC with access to such media:

	All		Literate		Print		TV at least once in week		C&S Viewer		Radio		Cinema-: Once a week		Internet-Freq.Once a week	
	000s	%	000s	%	000s	%	000s	%	000s	%	000s	%	000s	%	000s	%
Sample	241362		179960		115648		168352		141266		48093		886		2002	
Est. Individuals (000s)	876280	100	609782	70	339242	39	496417	57	383605	44	159036	18	2632	0	4195	0
Urban / Rural : Urban	277938	100	232695	84	158198	57	228304	82	200389	72	60242	22	1529	1	3262	1
SEC : A1	9888	100	9791	99	9259	94	9547	97	9195	93	3612	37	72	1	349	4
SEC : A2	19311	100	18915	98	17106	89	18236	94	17241	89	6159	32	120	1	658	3
SEC : B1	23516	100	22703	97	19275	82	21834	93	20166	86	6276	27	118	1	602	3
SEC : B2	23577	100	22436	95	17611	75	21525	91	19799	84	5326	23	128	1	412	2
SEC : C	57461	100	53565	93	38625	67	50899	89	45181	79	13049	23	327	1	696	1
SEC : D	63973	100	55482	87	33136	52	51979	81	44138	69	13092	20	377	1	321	1
SEC : E1	31258	100	26696	85	14180	45	24043	77	20185	65	5962	19	170	1	108	0
SEC : E2	48954	100	23105	47	9007	18	30242	62	24482	50	6766	14	216	0	115	0

(Source: Indian Readership Survey ("IRS")Q3 2010) – Note: Q3 means Quarter 3 (C&S refers to Cable and Satellite)

Rural

The IRS has designated four SECs in rural India in terms of the type of house and the education of the chief wage earner of the household. The four SEC are labelled R1, R2, R3 and R4. R1 denotes the uppermost socio-economic class and R4 denotes the lowest such socio-economic class. Set forth below is a summary of media penetration in rural India across the various media categories based on SEC and the percentage of people in each SEC with access to such media:

	All		Literate		Print		TV at least once in week		C&S Viewer		Radio		Cinema-: Once a week		Internet-Freq.Once a week	
	000s	%	000s	%	000s	%	000s	%	000s	%	000s	%	000s	%	000s	%
Sample	241362		179960		115648		168352		141266		48093		886		2002	
Est. Individuals (000s)	876280	100	609782	70	339242	39	496417	57	383605	44	159036	18	2632	0	4195	0
Urban / Rural : Rural	598343	100	377087	63	181044	30	268113	45	183216	31	98793	17	1103	0	933	0
SEC : R1	26163	100	23705	91	18117	69	18431	70	14145	54	7157	27	148	1	262	1
SEC : R2	83432	100	72144	86	47115	56	54627	65	41382	50	17743	21	253	0	338	0
SEC : R3	240854	100	189304	79	86172	36	118706	49	81350	34	43094	18	341	0	199	0
SEC : R4	247894	100	91934	37	29640	12	76349	31	46340	19	30799	12	361	0	134	0

(Source: IRS Q3 2010) – Note: Q3 means Quarter 3

As shown in the tables above, print media penetration in rural and urban India is higher in percentage terms among people in the upper socio-economic classes compared with those in the lower socio -economic classes. However, due to the sheer number of people who fall into the lower socio-economic classes, the number of readers in rural and urban India in the lower socio-economic classes outnumber those in the upper socio-economic classes on an absolute basis, which indicates that there is potential for growth in readership numbers in rural and urban India in the lowest socio-economic class.

Outlook on Indian M&E industry over next four years

CARE Research believes that India will continue to be one of the largest beneficiaries' of the growth in the M&E space due to favorable demographics, rising disposable income and increased spend on discretionary items. It is also one of the youngest nations in the world with a high volume of content consumption and a favourable regulatory framework. CARE Research believes that the new trends that will be observed in the various M&E segments in India over the next four years are expected to be as follows:

Television

- Consumer preference shifting towards international programming formats
- Regional markets
- Large appetite for good content as number of TV households increasing rapidly
- DTH/CAS

Print media

- Rising literacy levels
- Foreign companies entering alliances with Indian companies
- Regionalisation
- Growth in international magazines

New Media

- 3G auction roll out
- IPTV
- Value added services
- Lower broad band and internet penetration

Films

- Digitization
- Increase of multiplexes
- Increasing government intiatives

(Source: CARE Research)

<u>The Indian Advertising Industry</u>

The M&E industry derived approximately 38% of its revenues from the advertisement industry in CY2009. The Indian advertising industry was valued at Rs.220.3 billion in CY2009 registering a negative growth of 0.4% over CY2008. *(Source: FICCI-KPMG Back in the Spotlight 2010)* As a result of the sub-prime crisis in the US and its effect on most of the global economies including India, companies shied away from advertising during October-December CY2008 and H1CY2009 period. However, the Indian economy registered a higher growth in the H2CY2009-H1CY2010 period due to stronger domestic growth. Consequently, advertising expenditure is expected to rise in CY2010. *(Source: CARE Research)*

CARE Research expects the Indian advertising industry to grow at a CAGR of 9.7% from CY2010-CY2014 (E). The television and print advertising segments are expected to continue to dominate this sector with an approximate aggregate share of 86% in CY2014. *(Source: CARE Research)*

<u>Trends and Growth in the Indian Advertising Industry (Figure in Rs. Billion)</u>

The following table sets forth the trends and growth in advertising revenue in each of the following segments of the Indian M&E industry:

Key Verticals	CY 2006	CY 2007	CY 2008	CY 2009	CY 2010P	CY 2011P	CY 2012P	CY 2013P	CY 2014P
Television	61.0	71.1	82.5	88.0	*96.0*	*108.0*	*120.0*	*132.0*	*143.0*

Key Verticals	CY 2006	CY 2007	CY 2008	CY 2009	CY 2010P	CY 2011P	CY 2012P	CY 2013P	CY 2014P
Print	85.0	100.0	108.0	103.0	*109.0*	*119.0*	*130.0*	*142.0*	*153.0*
OOH	11.7	14.0	16.1	13.7	*16.0*	*17.5*	*19.0*	*20.0*	*22.0*
Radio	6.0	7.4	8.4	7.8	*9.0*	*10.0*	*11.0*	*12.0*	*14.0*
Internet	2.0	3.9	6.2	7.8	*9.0*	*10.5*	*11.5*	*13.0*	*14.0*
Total	**165.7**	**196.4**	**221.2**	**220.3**	**239.0**	**265.0**	**291.5**	**319.0**	**346.0**

(Source: FICCI – KPMG Back in the Spotlight 2010 & projections by CARE Research)

While print media has been dominating the total share of the industry, over the next few years CARE Research expects to see increasing growth in television advertising, primarily due to an increase in the number of households with televisions, depicting rising affluence levels with increasing number of consumers spending on leisure and entertainment. However, it is pertinent to note that globally the share of print advertising has been falling due to higher penetration of internet and broad-band connectivity in the M&E industry.

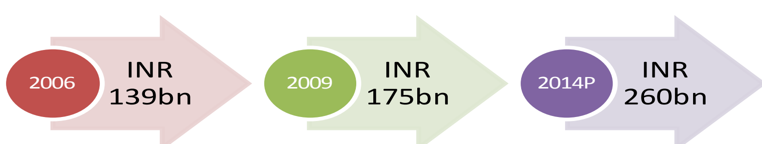
Percentage Contribution by Media to overall advertising growth									
Key Verticals	CY2006	CY2007	CY2008	CY2009	CY2010P	CY2011P	CY2012P	CY2013P	CY2014P
Television Advertising	36.8%	36.2%	37.3%	39.9%	40.2%	40.8%	41.2%	41.4%	41.3%
Print Media	51.3%	50.9%	48.8%	46.8%	45.6%	44.9%	44.6%	44.5%	44.2%
OOH	7.1%	7.1%	7.3%	6.2%	6.7%	6.6%	6.5%	6.3%	6.4%
Radio	3.6%	3.8%	3.8%	3.5%	3.8%	3.8%	3.8%	3.8%	4.0%
Internet	1.2%	2.0%	2.8%	3.5%	3.8%	4.0%	3.9%	4.1%	4.0%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

(Source: FICCI – KPMG Back in the Spotlight 2010 & projections by CARE Research)

The Indian Print Media Industry

The diagram below gives a brief snapshot of the Indian print media market size over the years:

Market Size



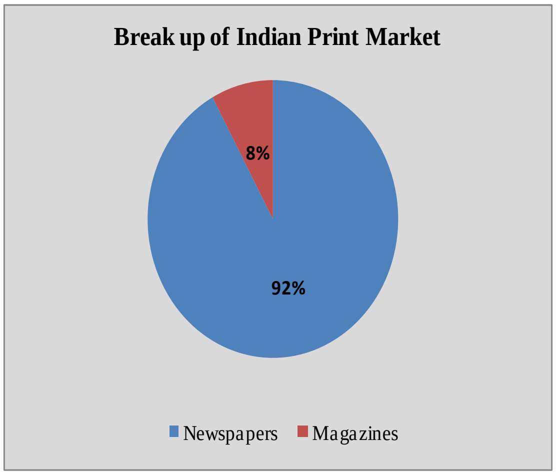
(Source: FICCI – KPMG Back in the Spotlight 2010 & projections by CARE Research)

Overview

The Indian print media industry was valued at Rs.175 billion in CY2009 registering a year-on-year increase of 1.75%. Revenues generated by the print media industry comprise expenditure by advertisers on advertisements in printed newspapers and magazines as well as circulation revenues generated from readers spending on subscriptions and news stand/retail purchases. The online print media is limited and is currently in the form of e-papers and e-magazines. Globally, the print media sector witnessed a slowdown in circulation and readership due to increase in digital media penetration, market saturation and changes in consumer preferences. The print media sector is directly linked to GDP growth since the revenues of this sector are a function of advertisement expenditures. India is the second largest market in the world for the print media space with a readership base of over 350 million. There are more than 62,000 newspapers published in India, of which, approximately 92% consists of Hindi and other vernacular languages *(Source: FICCI-KPMG Back in the Spotlight 2010).* English newspapers are primarily focused on metro cities and urban areas, while Hindi and other regional newspapers primarily target the non-metro population. The Indian print media sector is currently witnessing a phase where many players are expanding their footprints beyond their traditional regions. The Indian print media sector has grown at a healthy CAGR of 8% over the last four years *(Source: FICCI-KPMG Back in the Spotlight 2010).* The Indian print media sector has been experiencing a modest recovery following the recent economic revival in India and the expectations of healthy GDP growth is likely to bode well for the print media sector as a whole. The print media has significantly high entry barriers due to substantial capital expenditure requirement and a long gestation period of 3-8 years. Strong brand equity and readership loyalty towards existing newspapers also act as strong barriers to entry. CARE Research expects that the print media industry will be valued at Rs.260 billion by CY2014 growing at a CAGR of 8.2% for the period CY2010-CY2014 compared to 7.98% CAGR during the period CY2006-CY2009.

The following graph depicts the constituents of the Indian print media market and division of the revenues among advertisement and circulation segments:

Break-up of Indian Print Market



(Source: FICCI-KPMG (Back in the Spotlight) 2010)

Revenue Break-up for Print Media

	Advertisement	Circulation	Total
Newspapers	70.0%	30.0%	100.0%
Magazines	40.0%	60.0%	100.0%

(Source: FICCI-KPMG (Back in the Spotlight) 2010)

Advertising and Circulation Revenues

The following table depicts the sector size and constituents of the Indian print media in terms of advertisement revenue and circulation revenue:

Print industry Size					
In Rs Billion	**CY2006**	**CY2007**	**CY2008**	**CY2009**	**CAGR**
Newspapers	128	148	159	162	8.2%
Magazines	11	12	13	13	5.7%
Total	**139**	**160**	**172**	**175**	**8.0%**

Advertisement & Circulation Revenues					
In Rs Billion	**CY2006**	**CY2007**	**CY2008**	**CY2009**	**CAGR**
Circulation	54	60	64	72	10.1%
Advertisement	85	100	108	103	6.6%
Total	**139**	**160**	**172**	**175**	**8.0%**

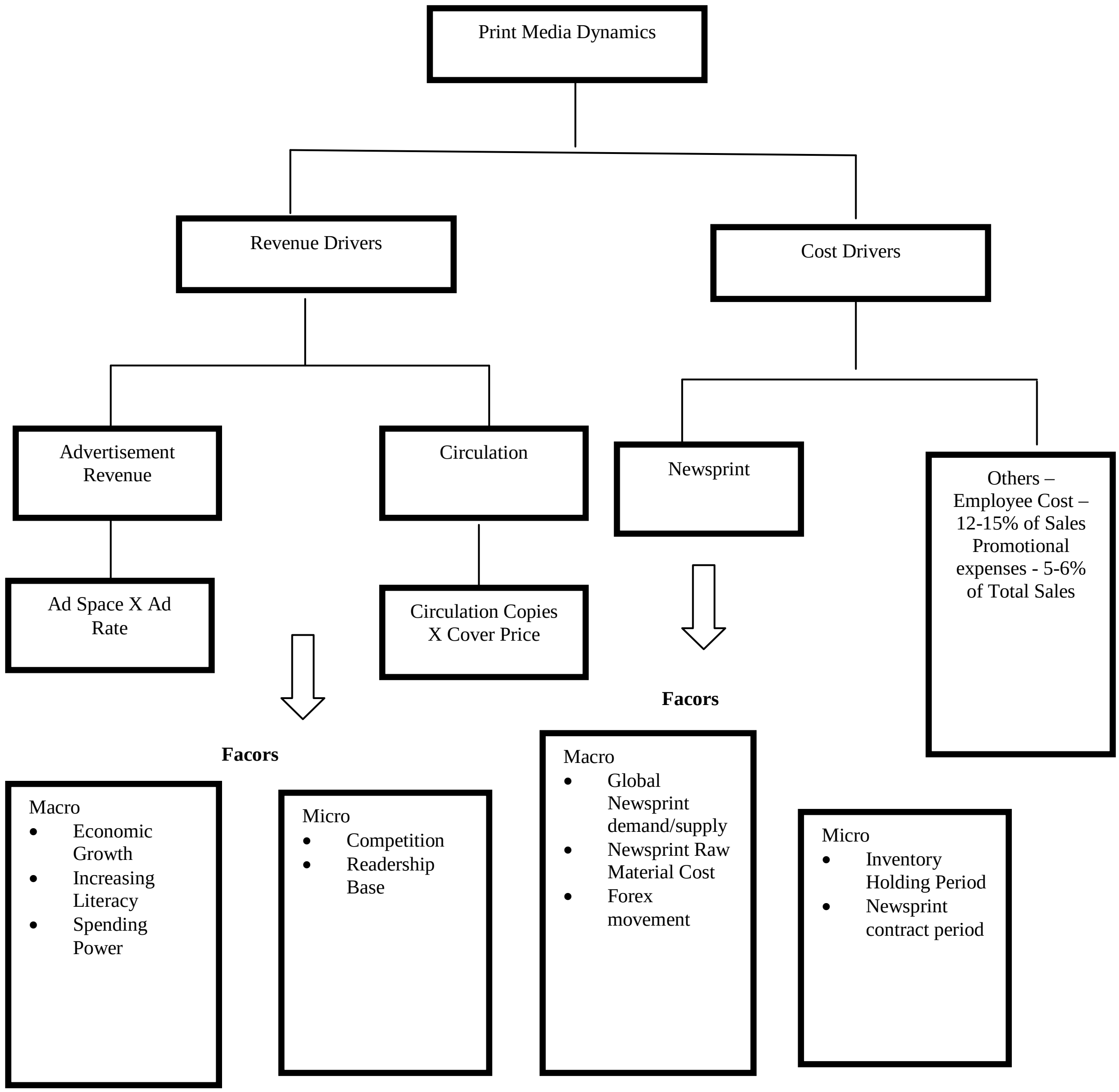
(Source: FICCI-KPMG (Back in the Spotlight 2010 & CARE Research))

The print media contributes approximately 30% to the total revenue in the Indian M&E industry *(Source: Compiled by CARE Research from FICCI-KPMG Back in the Spotlight 2010).* Since newspapers are a highly perishable product, distribution is the key to success in this sector. Additionally, in India the advertising industry is highly competitive and fragmented. In CY2009, print media accounted for 46.8% of the total Indian advertisement revenue market. *(Source: FICCI-KPMG Back in the Spotlight 2010)* Print media may continue to be a dominant form of advertising due to following factors:

- Media penetration,
- Freedom to read a newspaper at any time and place and newspaper portability,
- Complex and detailed advertisements are better presented in print media, and
- Increasing demand for newspaper.

Operational Model

The diagram below depicts the print media dynamics in the Indian print media market:



(Source: CARE Research)

The table below depicts print media readership for various languages (Figures in Lacs):

Language	2007R2	2008 R2	2009R2	CAGR
Telgu	314	292	382	10.3%
Hindi	1,491	1,593	1,588	3.2%
Marathi	541	514	565	2.2%
Bengali	368	344	335	-4.6%
English	369	305	305	-9.1%
Kannada	250	222	206	-9.2%
Tamil	649	533	514	-11.0%
Malayalam	370	271	285	-12.2%

(Source: IRS, FICCI-KPMG (Back in the Spotlight 2010)) Note: R2 – Round 2 pertaining to the period July – December of the relevant year

<u>Print Media Readership in Urban and Rural Areas</u>

While the overall print media penetration is at 38% in CY2009 *(Source: FICCI-KPMG (Back in the Spotlight 2010))*, there is a significant disparity between urban and rural areas. As literacy levels in India improve, rural India will witness higher penetration thereby driving the growth of the print media industry. Further, income levels are expected to grow in Tier II and III cities and rural areas. Despite the significant consumption potential of smaller towns and rural areas, the reach of the media is relatively lower in the smaller category towns and cities and at the same time larger cities are becoming saturated in terms of growth in media reach. Hence, these smaller towns offer huge opportunities for growth in media penetration. This demand can be fulfilled by locally relevant and easy to reach regional newspapers. Furthermore, in accordance with IRS Q12010, the penetration level among rural literates is very low at 21% compared to penetration level of 42% amongst urban literates. However CARE Research expects the penetration levels among rural literates is expected to increase due to increasing income and growing rural awareness.

Print media penetration in urban and rural India

Urban India	%	Rural India	%
SEC A1	94.0%	R1	69.0%
SEC A2	89.0%	R2	57.0%
SEC B1, B2	79.0%	R3	36.0%
SEC C	68.0%	R4	12.0%
SEC D	51.0%		
SEC E1, E2	29.0%		

(Source: IRS, FICCI-KPMG (Back in the Spotlight 2010))

The following table charts out the growth in population in Tier II and Tier III towns compared to metros over the years. The growth in population in smaller towns having higher absolute population will offer huge opportunities for media penetration.

Population	IRS 06R2	IRS 07R2	IRS08R2	IRS09R2	IRS 2010 Q3
SEC A					
Metro 4 Million plus	9500	10166	9945	10210	10417
Tier II and III towns	15309	15694	16781	17491	18782
SEC B					
Metro 4 Million plus	11215	11426	11820	12290	13004
Tier II and III towns	28762	30071	31385	32444	34090

(Source: IRS)

Also, as seen in the tables below, the language dailies have very high readership compared to English dailies and it is more prominent in Tier II and Tier III towns. In case of the sate of Maharashtra, readership for Marathi dailies compared to other language dailies including english is very high in Sec A and even more prominent in Sec B in Tier II and Tier III towns. The higher reach by vernacular dailies will force national advertisers to invest heavily in marketing efforts targeted at this population with the vernacular dailies.

The table below provides reach on all India basis (%) - IRS 2010 Q3 – AIR:

	SEC A	SEC B
Metro 4 Million plus		
Any English Daily	49.2	20.6

	SEC A	SEC B
Any Language Daily	52.9	42.7
Tier II and III towns		
Any English Daily	16.9	4.8
Any Language Daily	65.7	53

(Source: IRS)

The table below provides reach in Maharashtra (%) - IRS 2010 Q3 – AIR

	SEC A	SEC B
Tier II and III towns		
Any English Daily	18.1	3.4
Any Marathi Daily	61.1	51.2
Other Language Daily	10.6	7.2

(Source: IRS)

Print advertisements

The education and services industry have been the key contributors to the Indian print industry in CY2008 and CY2009 *(Source: FICCI-KPMG (Back in the Spotlight 2010))*. While advertisement revenues declined significantly for English print media, the fall in advertisement revenues was minimal for regional languages in CY2009. Also, the decline in advertisement revenues for regional language newspapers was primarily attributed to Telugu newspaper advertisements which suffered setback, due to political unrest. Excluding Telugu newspaper, the advertisement revenues for regional language newspapers would have increased in CY2009. English newspapers witnessed a decline in advertisement off take mainly due to their high exposure to banking financial service industry **("BFSI"),** retail and auto sector. Whereas regional newspapers have a relatively higher exposure to stable sectors like fast moving consumer goods **("FMCG")**, education and telecom. Regional newspapers tend to have more than 60% local advertisements as compared to less than 40% for English newspapers. *(Source: FICCI-KPMG (Back in the Spotlight 2010))*

Comparison of advertising volumes by language

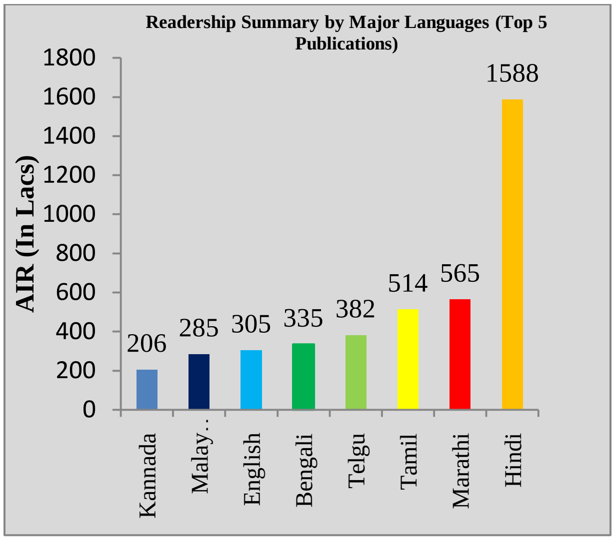
Million col cm	2008 volumes	2009 volumes	Growth
English	59.5	58.6	(1.5)%
Hindi	48.3	54.8	13.5%
Vernacular	69.6	69.5	(0.1)%
Total	**177.4**	**182.9**	**3.1%**

Telegu newspaper advertisement volumes declined by 16% on the back of unrest due to political unrest. Volumes of all other languages grew in 2009

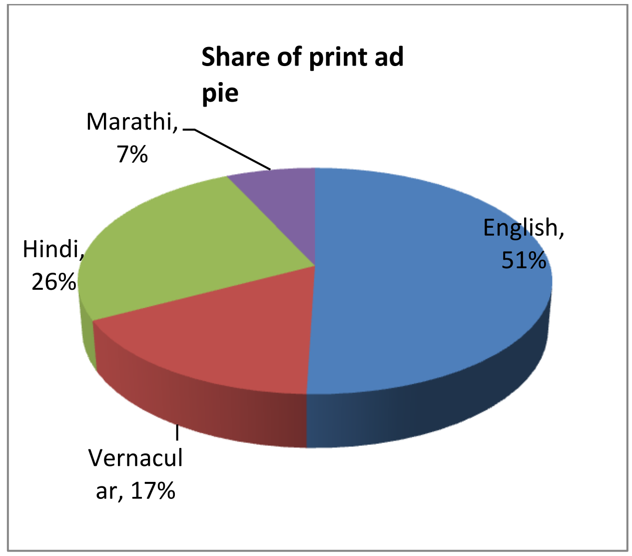
(Source, TAM ADEX)

CARE Research believes that newspaper publishing would continue to dominate the print media space (>90%) due to rising literacy levels and a greater market penetration. According to IRS, Hindi dailies have the top slot in readership summary, followed by Marathi and Tamil. It is noteworthy that the regional print media has been an important growth driver for the Indian M&E industry with established national players expanding their regional footprint and diversifying their portfolios.

The table below sets out readership by major languages and the chart below sets out advertisement spend percentage in CY2009:



(Source: IRS, FICCI-KPMG (Back in the Spotlight 2010))



Source: TAM

The advertisement spends on vernacular language newspapers increased by more than 4.02 times from CY2005 to CY2009 compared to 3.42 times for english language newspapers. Also, the advertisement premium of english newspapers over hindi and marathi newspapers has come down to 6.7x and 7.58x, respectively in CY2009 compared to 8.9x and 12.02x respectively in CY2005. *(Source: IRS, TAM & compiled by CARE Research).* However, CARE Research expects they may not converge as English newspapers would continue to command a premium as it targets higher strata of the population in metros.

Regional Print Media

In India, English newspapers have a dominant presence in the metros and large cities, while smaller cities and towns are dominated by the vernacular print medium. Regional newspapers target a population of approximately 0.98 billion. *(Source: FICCI-KPMG Back in the Spotlight 2010)* Additionally, some of the vernacular language newspapers with large state specific readers such as Bengali, Telugu, Tamil and Marathi have a higher readership than English newspapers. *(Source: FICCI-KPMG Back in the Spotlight 2010)*

The table below depicts the top 10 publications by readership:

Readership Data of key players from 2004 to 2009 (In Millions)						
	2009 R2	**2008 R2**	**2007 R2**	**2006 R2**	**2005R2**	**2003 R2***
Dainik Jagran	16.10	16.29	16.50	18.19	19.17	16.40
Dainik Bhaskar	12.88	13.00	12.82	13.48	15.09	13.42
Hindustan	9.34	9.21	8.55	9.67	9.00	7.94
Malayala Manorama	9.18	8.42	8.66	9.14	9.43	9.21
Amar Ujala	8.30	8.07	8.08	9.40	9.85	8.85
Daily Thanthi	7.52	7.68	7.91	9.32	10.56	9.15
The Times of India	7.14	6.71	6.83	6.92	7.29	7.10
Lokmat	7.10	6.63	6.70	7.69	8.87	7.28
Rajasthan Patrika	6.49	6.67	7.40	6.71	6.11	5.91
Anand Bazar Patrika	6.47	6.68	6.86	6.85	6.23	5.12

(Source: IRS) **Refers to July 2003 to June 2004*

The table below sets out the state-wise GDP and literacy rate of key states:

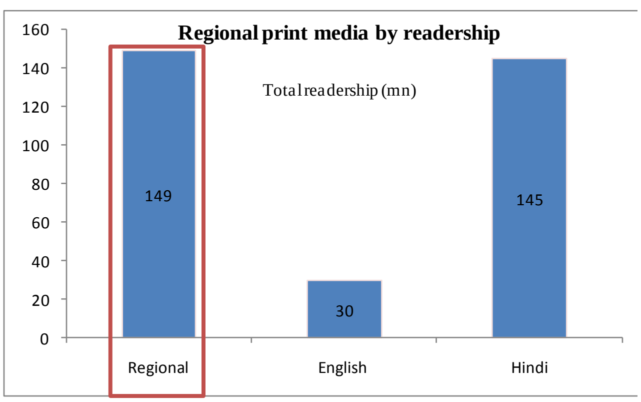
State	GDP (In Rs Billion)				Literacy Rate(%)
	FY06	FY07	FY08	FY09	2001 Census
INDIA	**32,824**	**37,794**	**43,209**	**56,227**	**64.8%**
Maharahstra	4,387	5,088	5,910	6,925	76.9%
Bihar	796	998	1,147	1,319	47.0%
Uttar Pradesh	2,770	3,098	3,443	3,987	56.3%
Rajasthan	1,286	1,533	1,758	2,032	60.4%
Madhya Pradesh	1,169	1,306	1,425	NA	63.7%
Goa	133	152	172	NA	82.0%
Haryana	1,067	1,300	1,531	1,805	67.9%
Delhi	1,058	1,253	1,439	NA	81.4%
Andhra Pradesh	2,397	2,773	3,284	3,712	60.5%
Karnataka	1,841	2,059	2,383	2,719	66.6%

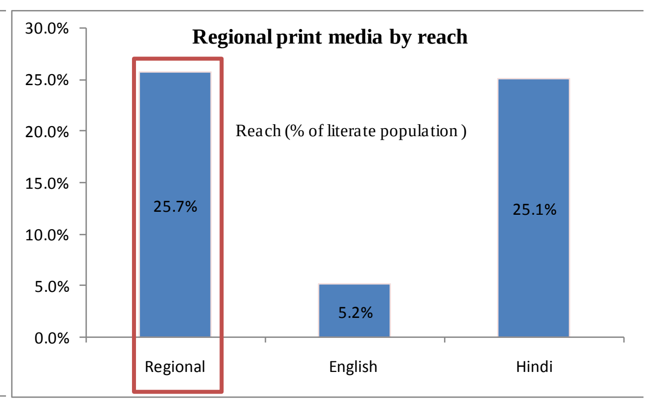
(Source: www.nlm.nic.in, NLM-National Literacy Mission)

Note: Data marked as NA is Not Available

Literacy in India has made strides since Independence. The literacy rate has increased from 18.33% in 1951 to 64.84% in 2001. This is despite the fact that during the major part of the last five decades there has been exponential growth of the population at nearly 2% per annum. *(Source: www.nlm.nic.in, National Literacy Mission)*. Maharashtra has one of the highest literacy rates at 76.9% well above the India average as seen in the table above and this augurs well for the regional news papers along with national news papers operating in Maharashtra.

The following diagrams shows regional print media in terms of reach and readership:





Source: IRS

The table below sets out the State Wise per Capita Income Growth for FY2008 and FY2009:

	Financial Year 2008			Financial Year 2009		
State/Union Territory	Growth Rate (YoY)	%age of Total GDP	Per-Capita Income (INR)	Growth Rate (YoY)	%age of Total GDP	Per-capita Income (INR)
Maharashtra	16.15%	14.12%	47,051	13.55%	14.04%	54,867
Bihar	15.10%	2.65%	11,074	24.33%	2.89%	13,663
Uttar Pradesh	15.79%	8.28%	16,060	15.27%	8.35%	18,214
Rajasthan	15.05%	4.08%	23,986	14.32%	4.09%	27,001
Madhya Pradesh	19.06%	3.47%	18,051	14.49%	3.48%	21,648
Goa	12.90%	0.40%	1,05,582	13.45%	0.40%	1,16,966
Haryana	18.42%	3.57%	59,008	18.39%	3.70%	68,914
Delhi	9.14%	3.34%	78,690	15.00%	3.36%	88,421
Andhra Pradesh	17.77%	7.56%	35,600	15.56%	7.65%	40,902
Karnataka	16.66%	5.56%	36,266	12.76%	5.49%	40,998

(Source: Ministry of Statistics and Programme Implementation)

A brief on the State of Maharashtra:

Maharashtra has a large pool of literate and skilled labour that drives growth in the state. The state government having recognised this potential, has resorted to increased social sector spending. Social sector spending as a proportion of total spending is estimated to be nearly 50% in the FY2010 state budget as against 37% in the previous year *(Source: Maharashtra Socio Economic Review, 2008-09)*. A noteworthy characteristic of Maharashtra is its well-diversified economy. In FY2009, the contribution of agriculture to Gross State Domestic Product **("GSDP")** of the state stood at Rs. 750,000 million, about 10.8%, with 55% of the population engaged in primary activities. The share of services sector in the same year was approximately 60%, with the secondary sector contributing nearly 30%, at Rs. 2.1 trillion *(Source: Fiscal Reform and Budget Management ("FRBM") Act document)*. At the national level, contribution of industry to GDP was only approximately 26%, indicating that the level of industrialization in Maharashtra is above average. Maharashtra has earned a reputation for pharmaceuticals, information technology **("IT")** and information technology enabled services **("ITES")**, chemicals, textiles and auto production, along with coal and crude oil mining and processing. The state has maintained reasonably strong financials; however, after enjoying a revenue surplus position for the past three years, it has in FY2010 as per budget estimates moved into a deficit of Rs. 71,230 million *(Source: Maharashtra Budget, 2010-11)*. This is understandable considering that there was an economic slowdown in FY2009 and FY2010 which has caused distortions in revenue flows and expenditures.

Comparisons of Key Indicators in Maharashtra compared with the National Average

Growth Rate Benchmarks:

(%)	Maharashtra	National Average	Reference Year
Growth rate	8.6	7.2	FY2010
Inflation rate	14.8	14.4	FY2010
Urbanisation rate	42.4	33.0	FY2010
Literacy rate	76.9	64.8	2001 (census)
Sectoral Growth rates:			
Agriculture	1.8	0.2	FY2009-2010
Industry	7.0	8.2	FY2009-2010
Services	10.4	8.7	FY2009-2010

(Source: Economic Survey of India, Economic Survey of Maharashtra (2009-2010)

The advance estimates of GSDP growth in Maharashtra is pegged at 8.6%, which is above the national average of 7.2% in FY2010 or revised estimates of 7.4% for the same period *(Source: FRBM document)*. Sectoral growth rates for the state in agriculture and services sector have also been above the national average in FY2009-2010.

More than 60% of India's corporate tax collections and 37% of the country's personal income tax collections comes from Maharashtra. Devolutions however, based on the Thirteenth Finance Commission, direct that the share of Maharashtra in the net proceeds of all devolvable central taxes in each of the period from FY2010-2011 to FY2014-2015 is to be 5.20% and share in service tax is to be 5.28% *(Source: Thirteenth finance commission report, 2010).*

Focus on Marathi Print Media

Maharashtra consists of three conventional regions: Western Maharashtra, Vidarbha, and Marathwada. It is divided administratively into 35 districts, which are further subdivided into talukas (administrative units). There are currently 500 Marathi language publications catering to this region. Some of the prominent ones are – Loksatta, Sakal, Lokmat, Maharashtra Times and Navakal.

The following table provides the average daily readership data of the leading Marathi language dailies for the periods presented:

Marathi Dailies				
Publication	**Q1 2010 (000's)**	**Q2 2010 (000's)**	**Change**	**Change %**
Lokmat (All Editions)	**7361**	**7402**	**41**	**0.56%**
Daily Sakal (All Editions)	**4092**	**4202**	**110**	**2.69%**
Pudhari	**2623**	**2596**	**-27**	**-1.03%**
Punya Nagri	**2222**	**2184**	**-38**	**-1.71%**
Tarun Bhagat	**1130**	**1160**	**30**	**2.65%**
Maharashtra times	**1121**	**1150**	**29**	**2.59%**
Loksatta (All Editions)	**1073**	**1092**	**19**	**1.77%**
Deshonatti	**978**	**1006**	**28**	**2.86%**
Navakal	**843**	**785**	**-58**	**-6.88%**
Mumbai Choufer	**655**	**686**	**31**	**4.73%**
Total	**22,098**	**22,263**	**165**	**0.75%**

(Source: IRS Q2 2010, CARE Research)

The readership of the leading Marathi language dailies have grown at a minimal rate of 0.75% during Q22010 over Q12010. The rankings of the leading Marathi language dailies have not changed and the Company has retained a leadership position by growing at 0.56% over the same period.

Demographic Details & Literacy rate where Lokmat is prominently present – Year 2001 (census)

Sr.No	State	Population 2001	Literacy rate
		Persons	
	Maharashtra	**9,67,52,247**	**76.9%**
	Lokmat Presence		
1	Mumbai	33,26,837	86.4%
2	Mumbai (Suburban)	85,87,561	86.9%
3	Nagpur	40,51,444	84.0%
4	Akola	16,29,305	81.4%
5	Pune	72,24,224	80.5%
6	Satara	27,96,906	78.2%
7	Kolhapur	35,15,413	76.9%
8	Sangli	25,81,835	76.6%
9	Jalgaon	36,79,936	75.4%
10	Ahmadnagar	40,88,077	75.3%
11	Nashik	49,87,923	74.4%
12	Aurangabad	29,20,548	72.9%
13	Solapur	38,55,383	71.3%

(Source: Handbook of basic statistics of Maharashtra state 2007)

Key Trends in the Indian Print Media Industry

The following are the key trends that have been observed in CY2009:

- **Rebranding exercise:** Many newspapers have undertaken a rebranding exercise and have been trying to connect with the youth by adding new quality content.

- **More Color Pages:** To bring about more appeal, it has been observed in H2CY09 that many players have increased the quantity of colour pages.

- **Expansion in different geographies:** Many players are expanding their base not only in terms of location but are also entering different language spaces to penetrate parallel markets.

- **Focus on Regional Newspapers:** Most of the national players are tapping this space because the urban market is highly saturated and regional newspapers have a resilient business model.

- **Localization of content in newspapers:** Traditionally, the extent of national and regional coverage in the Indian print media has been greater than local news. The situation seems to be changing now with newspapers both national and regional, increasing the coverage of local affairs.

Growth Drivers, Outlook and Challenges for Print Media Sector

CARE Research expects the Indian print media industry to grow at a CAGR of 8.2% for the period CY2010-CY2014 to Rs.260 billion. Newspapers will continue to have a major share in the print market. Regional print market will be the driving force behind the growth of the print industry. Content will be another factor that will drive readership growth and more players will adapt themselves to the preferences of the younger audience.

(Source: CARE Research)

The key challenges for the print media sector can be categorised as follows:

- **Newsprint Costs:** This typically constitutes 35%-50% of the total operating costs depending on the quality of newsprint used. Newsprint costs had stabilised in H2CY2009 but have started increasing primarily due to the rise in crude prices.

- **Rising Alternative Media Space:** In developed economies, newspaper circulation is consistently reducing due to the shift from the physical form to the internet. Furthermore, the share of print media is expected to drop due to the emergence of technologically better platforms such as mobile phones and internet.

- **Foreign Currency Risk:** Since majority of print media companies import their newsprint, the exposure to foreign exchange plays an important role as it may have an impact on the profitability of the company.

<u>The Indian Television Industry</u>

The diagram below gives a brief snapshot on the Indian television market size over the years:

Market Size

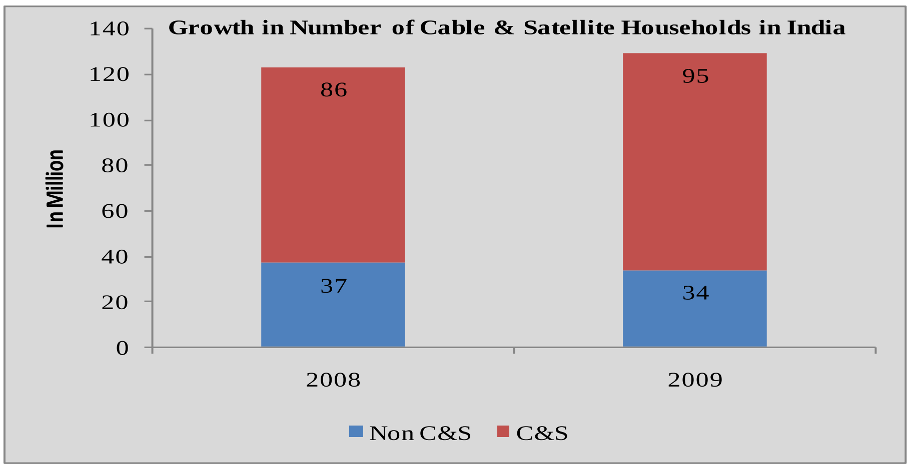
((Source: FICCI-KPMG (Back in the Spotlight 2010) & Projections by CARE Research))

TV is the largest segment of the Indian M&E industry and has transformed itself in the last few years with a reach of almost 500 million viewers, making it an attractive medium due to its large reach. *(Source: FICCI-KPMG (Back in the Spotlight 2010)).* The total size of the television sector accounted for Rs. 257 billion in CY2009. The television broadcast sector is growing consistently and the outlook for television advertisement revenue is expected to rise. According to CARE Research, the Indian television industry is projected to grow by a CAGR of 12.5% over the period CY2010-14 and is estimated to reach Rs. 480 billion in CY2014 from the present size of Rs. 257 billion in CY2009.

TV Penetration in India

According to FICCI- KPMG Back in the Spotlight 2010 report, the number of TV households grew at a rate of 5% year-on-year to reach 129 million in CY2009 compared to 123 million in CY2008. TV penetration in the country grew from 56% in CY2008 to 58% in CY2009. Currently, TV penetration in India is much lower as compared to some of the developed markets. Consequently, there is potential for growth in India.

The table below depicts the growth in cable and satellite households in India:



(Source: FICCI-KPMG (Back in the Spotlight 2010))

Advertising Spend in TV industry

The television broadcasting industry experienced shortfalls in revenue resulting from advertising budget cuts by corporates and other advertising customers during the financial crisis in CY2009. However, there were certain sectors like food and beverages and personal care which kept the momentum going during the economic downturn. The companies in the food and beverages sector and in the personal care sector witnessed growth in advertisement spend in CY2009. The top 10 sectors accounted for approximately 60% of overall TV advertisement spend.

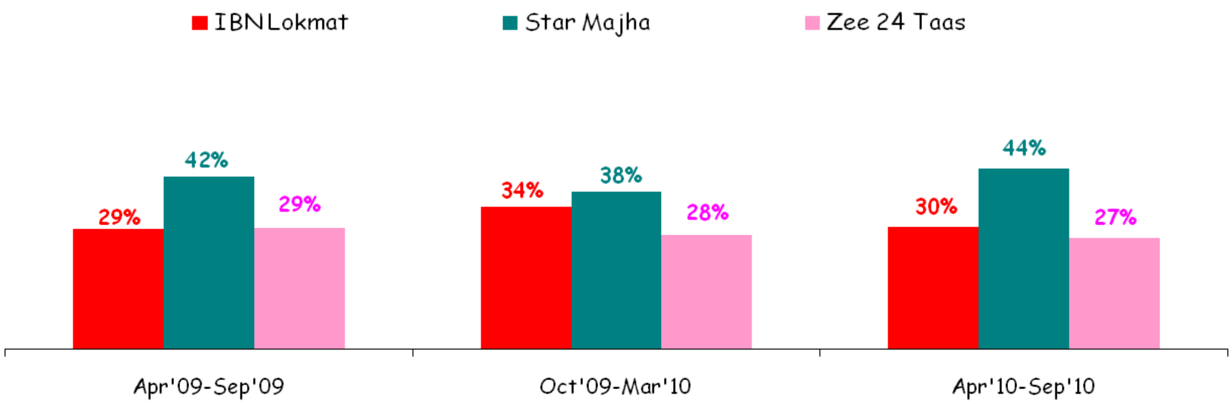
Gross Rating Points ("GRP") and Market Share across Marathi language channels

GRP's

Channel	Apr '09- Sep '09	Oct '09- Mar '10	Apr '10- Sep '10
Star Majha	971.09	1000.36	994.47
IBN Lokmat	676.28	903.03	677.64
Zee 24 Taas	682.72	723.49	612.02
Grand Total	2330.09	2626.88	2284.13

(Source: TAM, Markets: Maharashtra)

Market Share (%)



(Source: TAM, Markets: Maharashtra)

According to Television Audience Measurement **("TAM")**, *IBN Lokmat* stands at number 2 position as compared to Star Majha and Zee 24 Taas in terms of GRP and market share.

Key Challenges in the Television Industry

1. **Digitization** – Lack of adequate digitization is a key challenge for the TV industry. Digitization is essential to bring about transparency and accountability in TV distribution as it would address the problem of under-reporting of subscribers.

2. **Content quality** – The mature Indian audience is looking out for more recreational and entertainment related content and has graduated from drama themed programs. Increased viewership depends on building quality and meaningful content.

3. **Talent Cost** - Managing these costs would be the major challenge as it significantly affects the overall production costs.

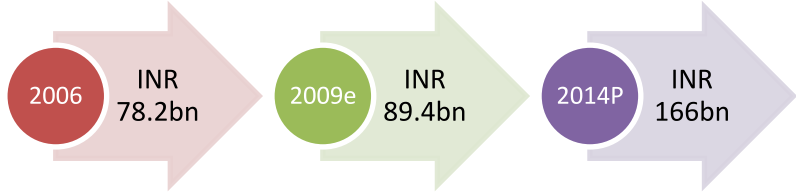
4. **Low average revenue per user ("ARPU") and high customer acquisition costs** – Given higher competition; ARPU faces increased pressure while acquisition costs remain high. This scenario is likely to continue going forward.

5. **Lack of sophisticated measurement tools for measuring viewership** –The present system of measuring Target Rating Points **("TRPs")** lacks accuracy and suffers from inherent weaknesses. The GOI has also intervened and has constituted a committee to look into this. One of the issues proposed is to set up an institutional mechanism through legislation to either generate TRPs directly or create an accreditation/standardization body while leaving the work of generation of TRPs to private players.

<u>The Indian Film Industry</u>

The diagram below gives a brief snapshot of the Indian film industry market size over the years:

Market Size



(Source: FICCI-KPMG (Back in the Spotlight 2010) & CARE Research Projections)

The film industry in India enjoys mass appeal and is a popular recreational activity among Indian people. The Indian film industry revenue consists of consumer spending via ticket sales at domestic and international box offices, home film entertainment (includes sales and rentals of CDs and DVDs) and ancillary revenues consisting of spending on broadcast and syndication rights. The industry revenue declined in CY2009 by 14.5% compared to CY2008 and was valued at Rs. 89.4 billion primarily due to the multiplex strike that went on for a period of two months and swine flu due to which audiences reduced visiting theatres. **(Source: FICCI-KPMG (Back in the Spotlight 2010).** However, CARE Research expects that the trend will reverse in CY2010 and the industry will grow at a CAGR of 13.27% up to CY2014 primarily due to increasing number of multiplexes and occupancy levels, increased revenue from sale of cable and satellite rights, increasing number of mobile handsets and imminent 3G services.

Key Revenue Streams of the Indian Film Industry (Figures in Rs. billion)

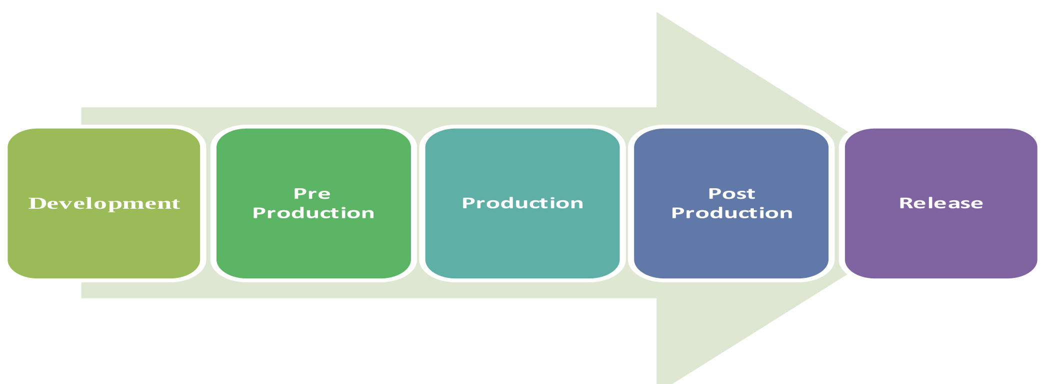
The following table sets forth key revenue streams of the Indian film industry for the periods presented:

Key Revenue Streams	CY2006	CY 2007	CY 2008	CY 2009e
Domestic Theatrical	62.1	71.5	80.2	68.5
Overseas Theatrical	5.7	8.7	9.8	6.8
Home Video*	2.9	3.3	3.8	4.3
Cable & Satellite Rights	5.0	6.2	7.1	6.3
Ancillary Revenue Streams	2.5	2.9	3.5	3.5
Total	**78.2**	**92.6**	**104.4**	**89.4**

(Source: FICCI-KPMG (Back in the Spotlight 2010)) **Home Video consists of DVD's and VCD's*

Value Chain of the Indian Film Industry

The diagram below depicts the stages involved in film making starting from the idea development to the release of the film.



(Source: CARE Research)

Key revenue streams

Domestic Theatricals: This stream primarily comprises of the collection through ticket sales from multiplexes and single screen theatres. Occupancy levels are higher in multiplexes at around 30-35% coupled with higher ticket rates as compared to the single screen theatres where occupancy levels are at around 20-30%.

Overseas Theatricals: These can be classified as theatrical screenings of Indian films under three location-based segments, U.S., U.K. and the rest of the world. Overseas rights are generally sold on an outright basis. The US followed by the U.K. have traditionally been the major markets with the growing importance of UAE in recent times.

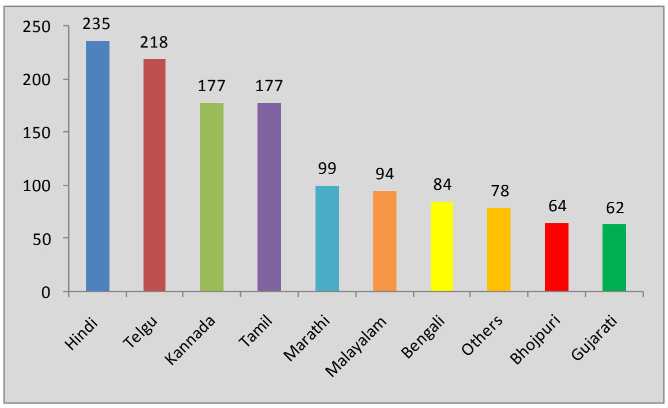
Home Video: This segment consists of sales and rentals of movie DVDs and VCDs. This segment is adversely affected by piracy with only 10% revenues accruing to the industry.

Cable and Satellite rights: These rights consist of films, live action and animation content rights being sold to TV channels. Films form 85% of broadcast syndication content aired on TV channels.

Ancillary Revenue Streams: The ancillary revenue streams include revenues from mobile, online and other new media avenues.

In CY2009 1,288 films were released with Hindi feature films dominated this space with 235 films followed by South Indian films (in Tamil, Telgu, Kannada and Malayalam). There were 99 films released in Marathi cinema.

The chart below depicts the number of films released in CY2009 based on languages:



(Source: Central Board of Film Certification ("CBFC") Annual Report 2009)

<u>Key Trends in the Indian Film Industry</u>

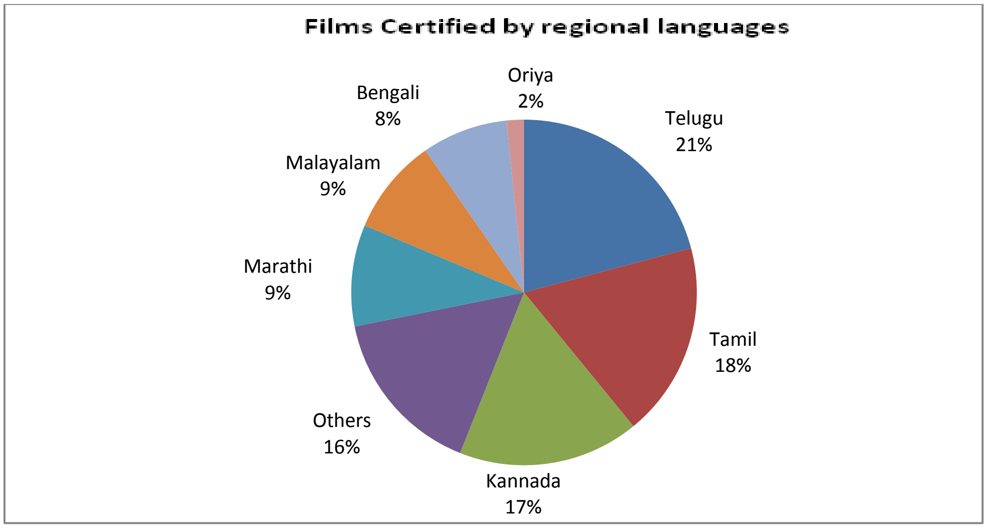
The key trends that have been observed in the Indian film industry are primarily regionalization of Hindi and Hollywood movies, digitization of single screen and multiplex theatres and a surge in 3D films and 3D screens. The four South Indian languages, namely Telugu, Tamil, Kannada and Malayalam, cumulatively accounted for 60% of the movies produced in India for the CY2009. Most of the corporate/production houses are focusing on the quality in content and production rather than on the quantity. Film makers are also opting to monetise their content by releasing movies on the DTH and cable platforms through 'Pay Per View' services immediately after their theatrical release. Film makers are also delivering film-based content like music, videos, images and games on mobile phones and internet. Many global studios have entered the Indian film market. Certain US based studios are now producing Indian language films. Leading global studios outsource animation, visual effects and post-production services to India.

<u>Regional Cinema:</u>

While Hindi cinema dominates the Indian film industry, other languages are an important growth driver with relative under-penetration of regional markets. Over the years, the share of Hindi films to overall films certified has declined from 20% in CY2006 to 19% in CY2009 *(Source: Ministry of Information and Broadcasting, FICCI-KPMG (Back in the Spotlight 2010))*. As the number of multiplexes are on the rise, this is expected to translate into higher revenues for the Indian film industry as occupancy rates and average ticket prices tend to be higher than in the case of smaller and single screen cinemas. Also, the Maharashtra State Government framed a policy in 2001 whereby the multiplexes have to screen Marathi films on one of their screens for atleast one month in a year. Most of the multiplexes have witnessed a strong regional movie growth with one of the screens in each multiplex being reserved for regional movies. Regional films account for a significant share of the total number of films released in India. Regional films have in the past received global critical acclaim. For instance, "Harishchandrachi Factory", a Marathi film was nominated as India's official entry to the CY2009 Oscars. Another Marathi film "Mee Shivaji Raje Bhosale Boltoy" was one of the few Indian films last year to have celebrated its silver jubilee in India. Similar to

Hindi films, it has recently been observed that Marathi movies are opting for English titles primarily due to the growth of Marathi cinema and the changing tastes of the urban masses, for instance like "Checkmate" and "Mission Possible", such innovative titles are a way to reach to a huge audience with interesting content, being important.

The chart below depicts the certified films by regional languages in CY 2009:



(Source: Central Board of Film Certification)

Outlook

CARE Research expects the Indian film entertainment industry to grow from Rs.89.4 billion in CY2009 to Rs.166 billion in CY2014, growing at a CAGR 13.27%. Such growth is expected to be supported by an increase in the disposable income of consumers, which in turn would increase the occupancy levels at multiplexes. Increased dominance of digitization would help in reducing piracy. Increasing initiatives by the governments of Maharashtra and Karnataka by introducing various legislations will also help to reduce piracy. The Maharashtra Prevention of Dangerous Activities (MPDA) was amended and enforced from CY2009 to help curb revenue losses due to audio and video piracy. In addition, decreasing dependence on rental market and increasing digitization is expected to drive the home video market. A new trend that has recently emerged is that of a profit-sharing model between actors and production companies, pursuant to which actors take a small upfront fee and a share of profits rather than a large fixed upfront fee. This model assists in improving the risk-bearing capacity of the producer. Additionally, pursuant to increasing mobile penetration, the arrival of 3G and increased demand for new movie content by broadcasters, ancillary revenues are also expected to grow.

Key Challenges

Currently, the Indian film industry faces certain key challenges which are set forth below:

- Rising talent costs and production costs;
- Lack of good content;
- Piracy;
- Lack of intellectual property laws;
- Differing regulations from state to state; and
- Multiple taxations like service tax, advertisement tax, VAT etc. leading to cascading effect of indirect taxes.

OUR BUSINESS

Our ability to successfully implement the business strategy, growth and expansion plans may be affected by various factors. The business overview, strengths and strategies must be read along with the risk factors provided in the section entitled "Risk Factors" on page xiv.

Overview

We are one of the leading print media businesses in India. We publish three newspapers: *Lokmat* in Marathi, *Lokmat Samachar* in Hindi and *Lokmat Times* in English which collectively have 17 editions and 58 sub-editions. Our flagship newspaper *Lokmat* has been the leading Marathi newspaper in terms of average daily circulation and average daily readership in Maharashtra in 2008, 2009 and for the six month period ended June 30, 2010 (*Source: ABC January-June and July-December, 2008 and 2009 and January-June, 2010 and IRS 2008 R2, IRS 2009 R2 and IRS 2010 Q3*) and in terms of average daily circulation in Goa in 2009 and for the six month period ended June 30, 2010 *(Source: ABC, July-December 2009 and January-June 2010)*. The average daily readership of *Lokmat* is 7.81 million readers, rendering it the sixth most widely read newspaper in India (*Source: IRS 2010 Q3*). By total readership, *Lokmat* is the fifth most widely read newspaper in India with 23.67 million readers (*Source: IRS 2010 Q3*).

In addition to newspapers, our publication business comprises the publication of magazines including *G2, The Global Gujarati* (*"**G2**"*), a bi-monthly lifestyle magazine published in English and targeted at the Gujarati and Parsi communities in India and in certain international locations, and the publication of books. Our publication business also includes our event management business. In addition to our publication business, we have other businesses comprising the broadcasting of a Marathi news channel and film production.

Lokmat has its origins in the Indian freedom struggle and was founded by a group of Indian freedom fighters, in 1918, in Yavatmal, a town in Maharashtra. In 1952, *Lokmat* was transferred by this group of Indian freedom fighters to our founder, Late Jawaharlal Darda who was also an Indian freedom fighter. Late Jawaharlal Darda launched *Lokmat's* first daily edition on December 15, 1971 from Nagpur, Maharashtra.

Lokmat is one of the fastest growing newspapers in India with a growth in average daily readership of more than 16.48% from 2007 (when it had an average daily readership of approximately 6.70 million readers) to 2010 (when it had an average daily readership of approximately 7.81 million readers) (*Source: IRS 2007 R2 and IRS 2010 Q3*). In order to keep pace with the changing trend towards digitalisation of news content, we have launched online versions of our Marathi, Hindi and English newspapers—*Lokmat* in 2005 and *Lokmat Samachar* and *Lokmat Times* in 2009.

Lokmat (along with *Dainik Lokmat* which was the name under which *Lokmat* was circulated by our Group Company, PPPL, until it started using the name *Lokmat* under license from the Company in the calendar year 2007), has maintained a lead over its major competitors both in terms of average daily circulation and average daily readership in Maharashtra for more than a decade (*Source: circulation: ABC January-June and July-December 1999 - January-June and July-December 2009 and readership: IRS 1999 R2 to IRS 2010 Q3*). With a population of 96.88 million (Census 2001), Maharashtra had a GDP of Rs. 6,927,490 million during the fiscal year 2008-09 which was 14.40% of India's GDP and had a gross per capita income for the same period of Rs. 63,609 which was higher than India's per capita income of Rs. 42,514 (*Source: Maharashtra Economic Survey 2009-10*). Maharashtra is one of the largest state economies in India (*Source: Maharashtra Economic Survey 2009-10*) and is also home to India's financial capital, Mumbai.

We print our newspapers at 12 printing facilities in Maharashtra and Goa. Such printing facilities have a collective total installed capacity of approximately 891,000 copies per hour. Over the years, we have extended the circulation of *Lokmat* to 11 key markets and several towns and villages in Maharashtra and Goa as well as certain locations bordering Maharashtra in Madhya Pradesh, Karnataka and Andhra Pradesh. We distribute our newspapers through a multi-tiered distribution network consisting of agents, sub-agents, several vendors and hawkers. As of October 31, 2010, we had engaged 8,461 agents.

Certain of our publications have received awards including the "Best new launch of a local title" category in 2007 which was awarded to us in relation to *G2* by the Asian Publishing Management. We won the award among 79 entries from Asia. In addition, certain of our journalists are award winners in the field of journalism. See "— Editorial Team".

Our broadcasting business is conducted through a 50-50 joint venture with ibn18 Broadcast Limited ("**ibn18**"). The joint venture company, IBN-Lokmat News Private Limited ("**IBNL**"), operates *IBN-Lokmat,* a 24-hour Marathi news and current affairs television channel which went on air on April 6, 2008. We have also recently entered the film production business and in August 2010, released our debut film in Marathi, entitled "*Jetaa*", in association with Ramesh Deo Production Private Limited ("**RDPPL**").

We are also engaged in organising events such as meetings, incentives, conventions and exhibitions ("**MICE**") and mega events for our group and for third party clients. For the past 10 years, we have been involved in organising various community events in Maharashtra.

We strive to maintain journalistic integrity and high editorial standards through our editorial and reporting staff, which consisted of 681 persons as of October 31, 2010 in relation to our publication business. In addition, we also publish content contributed by freelance journalists. As of October 31, 2010, the editorial and reporting staff at IBNL consisted of 98 persons.

Our Promoters have been involved in the print media business for almost four decades. Our founder, Late Jawaharlal Darda, was an Indian freedom fighter, journalist and a minister in the Maharashtra government. Our Promoters, Vijay Darda and Rajendra Darda, are reputed journalists and have served on key professional associations of the newspaper industry. Vijay Darda is currently the chairman of the ABC, India and has been the president of the INS and South Asia Editor's Forum ("**SAEF**"). He is currently, a member of the Rajya Sabha which is the upper house of the Indian Parliament. Rajendra Darda is a Member of the Maharashtra Legislative Assembly from Aurangabad for the third consecutive term and is presently the School Education Minister in the Maharashtra cabinet. Our Promoters and Promoter Group currently own 100.00% of the pre-Issue Equity Share capital of the Company.

Our total revenues, as restated, for the five month period ended October 31, 2010, were Rs. 1,906.38 million. Revenues, as restated, for the Company on a standalone basis for the five month period ended October 31, 2010, were Rs. 1,869.07 million. Our advertising revenues for the five month period ended October 31, 2010 from our publication business were Rs. 1,353.03 million and from IBNL were Rs. 33.73 million. Our net profit after tax, as restated, for the five month period ended October 31, 2010, was Rs. 238.04 million. Net profit after tax, as restated, for the Company on a standalone basis, for the five month period ended October 31, 2010 was Rs. 290.23 million. Our net worth, as restated, as of October 31, 2010, was Rs. 2,020.76 million.

Our total revenues, as restated, for the fiscal years ended May 31, 2009 and 2010, were Rs. 3,789.64 million and Rs. 3,912.10 million, respectively. Revenues, as restated, for the Company on a standalone basis for the fiscal years ended May 31, 2009 and 2010, were Rs. 2,322.69 million and Rs. 3,860.57 million, respectively. Our advertising revenues for the fiscal years ended May 31, 2009 and 2010 from our publication business were Rs. 2,568.13 million and Rs. 2,643.43 million and from IBNL were Rs. 14.09 million and Rs. 43.89 million, respectively. Our net profit after tax, as restated, for the fiscal years ended May 31, 2009 and 2010, was Rs. 303.86 million and Rs. 494.98 million, respectively. Net profit after tax, as restated, for the Company on a standalone basis, for the fiscal years ended May 31, 2009 and 2010 was Rs. 406.92 million and Rs. 603.59 million, respectively.

Our Competitive Strengths

We believe our key strengths are:

- *Leading presence in the Marathi newspaper segment in Maharashtra and Goa.* As a leading print media company in the Marathi newspaper segment in Maharashtra and Goa, we believe that we have the ability to attract higher ad-spend, better rates and more attractive business arrangements than many of our competitors in these markets. *Lokmat* is the market leader in terms of average daily circulation in the Marathi daily newspaper segment in Maharashtra and Goa (*Source: ABC January-June 2010*). It is also the market leader in terms of average daily readership in the Marathi daily newspaper segment in Maharashtra (*Source: IRS 2010 Q3*). *Lokmat's* readership constitutes 40.93% of the total Marathi daily readership *(Source: IRS 2010 Q3).* There are 5.2 million *Lokmat* readers who do not read any other Marathi newspaper

(Source: IRS 2010 Q3). In addition, we have a leading position in terms of *Lokmat's* average daily circulation in 8 of the 11 key markets, and in terms of average daily readership, we are in a leading position in 6 of the 10 key markets for which data is available, from which we circulate our newspapers as indicated in the table below and are working towards growing our presence in four key markets: Mumbai, Pune, Akola and Kolhapur.

Edition	**Market Position based on average daily circulation[1]**	**Market position based on average daily readership[2]**
Akola	1[3]	2[4]
Aurangabad	1	1
Ahmednagar	1	1
Goa	1	Not available[5]
Jalgaon	1	1
Kolhapur	3	3
Mumbai	3	2
Nagpur	1	1
Nashik	1	1
Pune	2	2
Solapur	1	1

(1) Source: ABC January-June 2010.
(2) Source: IRS 2010 Q3.
(3) The Company's circulation figures for the Akola edition consists of circulation in Akola, Buldhana and Washim, whereas the circulation figures of Deshonnati include circulation in these three districts as well as in Amravati, Aurangabad and Yavatmal.
(4) IRS data for Deshonatti is reported jointly for Akola and other regions including Jalgaon, whereas IRS data for Lokmat is reported separately for Akola and Jalgaon.
(5) IRS data on average daily readership for our Goa edition is not available as our Goa edition was launched in April 2009.

Lokmat has the leading position in terms of average daily readership as well as total readership among SEC A and B (collectively, 1.8 million and 3.2 million, respectively *(Source: IRS 2010 Q3)*) audiences in Maharashtra when compared with other Marathi newspapers, and also Hindi, Gujarati and English newspapers. 85.8%, in terms of average daily readership, or 87.3%, in terms of total readership, of *Lokmat's* readers in Maharashtra, reside in self-owned homes, 91.6%, in terms of average daily readership, or 84.9%, in terms of total readership of such readers own durables, and 94.6%, in terms of average daily readership, or 92.4%, in terms of total readership, use branded detergents, all of which are indicative of the socio economic status of *Lokmat's* readers *(Source: IRS 2010 Q3)*. Further, approximately 53,000 average daily readers of *Lokmat* or 100,000 total readers have stated their intent to purchase a car in the next year *(Source: IRS 2010 Q3)*. The Marathi newspaper industry in Maharashtra and Goa is fragmented. While *Lokmat* faces competition from other Marathi newspapers, there is no single dominant competitor across *Lokmat's* key markets nor is there a dominant competitor in a majority of its key markets.

- *Strong brand connection with audiences.* We believe that our brands command respect and recall. We have built our brand by reinforcing our corporate identity and our key strengths through innovative marketing strategies. Late Jawaharlal Darda launched *Lokmat's* first daily edition in 1971 from Nagpur, Maharashtra. Over the years, we have extended the circulation of *Lokmat* to 11 key markets and several towns and villages in Maharashtra and Goa as well as certain locations bordering Maharashtra in Madhya Pradesh, Karnataka and Andhra Pradesh. Our flagship newspaper, *Lokmat* (along with *Dainik Lokmat* which was the name under which *Lokmat* was circulated by our Group Company, PPPL, until it started using the name *Lokmat* under license from the Company in the calendar year 2007), has been the leading Marathi newspaper for more than a decade *(Source: circulation: ABC January-June and July-December 1999 to January-June and July-December 2009 and readership: IRS 1999 R2 to IRS 2010 Q3). Lokmat and Lokmat*

Samachar have a combined average daily readership of 8.44 million, making us one of the most widely read newspaper groups in India *(Source: IRS 2010 Q3)*. The resilience of our *Lokmat* brand is evidenced by the fact that we have been able to grow our advertising revenues during the three year period ended May 31, 2010 which included the recent global economic downturn. We have also been able to maintain the cover prices of *Lokmat* despite aggressive pricing by our competitors in many of our markets. The strength of our *Lokmat* brand is partially attributable to the barriers to entry that characterize the Marathi language print media. We are also able to leverage the *Lokmat* brand when we enter new mediums or new locations in our existing markets or new markets. For example, we launched the *Lokmat* brand into the television news segment through *IBN-Lokmat,* a 24-hour Marathi news and current affairs television channel run by IBNL which is a joint venture between the Company and ibn 18.

- *Wide distribution network.* We have 12 printing facilities from where we distribute our newspapers through a multi-tiered distribution network consisting of agents, sub-agents and several vendors and hawkers. As of October 31, 2010, we had engaged 8,461 agents. We are able to access all 35 districts in Maharashtra consisting of 353 *tahsils* covering more than 40,000 villages and both districts in Goa consisting of 11 *tahsils*, through such distribution network. As a result, our newspapers are circulated in interior locations of Maharashtra and Goa which are experiencing a faster rate of growth than the urban locations in India. See "Industry Overview" beginning on page 69. Given the dominance of vernacular languages and Hindi over English in India, particularly in small towns and rural locations in our key markets, we have been able to access a target audience of vernacular newspaper readers which is larger in size than English newspaper readers. See "Industry Overview" beginning on page 69.

- *Strong relationships with diversified advertiser base*. In relation to our publication business, we have strong relationships with a diversified advertiser base comprising local and national advertisers. 45.85% and 54.15% of our revenues for the five month period ended October 31, 2010 and 48.18% and 51.82% of our revenues for the fiscal year ended May 31, 2010 were attributable to local advertisers and national advertisers, respectively. Our advertiser base is also diversified in terms of industry, including the automobile, banking and financial services, consumer durables, education, fast moving consumer goods, insurance, pharmaceuticals and healthcare, real estate and telecommunications industries. Not a single advertiser accounted for more than 5% of our revenues for the fiscal year ended May 31, 2010. Our advertising revenues showed resilience during the recent economic downturn as we were generally able to maintain such revenues over the three year period ended May 31, 2010, largely due to our large local advertiser base, which were not as severely impacted by the economic downturn as national advertisers. See "Industry Overview" beginning on page 69. Our knowledge of local markets and understanding of local consumers is a powerful tool for attracting advertisers, who develop targeted advertisement solutions in partnership with us. Moreover, our strong relationships with advertisers, relating to our publication business has enabled us to gain incremental revenue through cross selling opportunities among our different publications as well as to IBNL. We believe that we have a low advertisement to editorial content ratio despite increasing our advertisement rates. We are able to offer our advertisement customers content value including premium printing and colour printing of their advertisements which enables us to increase our advertisement rates and consequently, advertisement yield.

- *Strong editorial team with ability to provide local, national and international news.* The editorial teams in both our publication business and broadcasting business comprise experienced journalists. In addition, our Promoters have experience in the field of journalism. Vijay Darda, who is our group editor in chief, has received several awards including the Feroz Gandhi Smriti Sanman in 1991 from the India National Press and the Shri Brijlal Biyani Journalism Award by the Lions Club of Indore in 2006. The editorial team of our publication business includes Suresh Dwadashiwar who has served on Maharashtra state level and national level literacy councils. Certain of the journalists of our publication business including Sopan Pandharipande and Savita Harkare have won the prestigious Ramnath Goenka award for investigative journalism and Shiv Anurag Pateriya won the Dr. Shankar Dayal Sharma award from the Madhya Pradesh Hindi Granth Academy for creative writing in 2008. Dinkar Raikar, group editor of our newspapers, Nikhil Wagle, editor of *IBN-Lokmat* in association with Rajdeep Sardesai, editor-in-chief, IBN Group, are all established journalists. Rajdeep Sardesai is a recipient of the Padma Shri award for journalism. Our editorial team plays a critical role in serving our culturally and geographically diverse group of readers. We cover news pertaining to the local and regional interests of the readers in our newspapers through our large network of village and district offices in Maharashtra and Goa and large number of local reporters who are able to gather information as newsworthy events occur in small towns and villages in Maharashtra and Goa. We address the local variations in Marathi language by publishing 46 sub editions of *Lokmat* catering to such language variations and providing for customisation of content to reflect the interests of such readers. In addition, we have access to resources and news content covering national and international issues through our membership of certain news service agencies.

- *Experienced and proven Promoters and management team.* The Promoters and the Promoter Group hold 100.00% of the pre-Issue Equity Share capital of the Company. Our Promoters, who have been involved in the publication business for over four decades, have been closely involved in the management of our business and in defining and monitoring our business strategy. Our Promoters hold positions in organisations in the media industry such as Vijay Darda's current chairmanship of ABC and past presidency of INS and SAEF. Our Promoter Group and senior management also include Devendra Darda, Rishi Darda and Karan Darda who comprise the third generation of the Darda family demonstrating a commitment to our business from the Darda family. Our management team seeks to identify and understand changing market dynamics and trends, and develop ideas for new publications and new media platforms to address these changes. In addition, our management team plans and executes our growth strategies. The majority of our key management team includes personnel who have been with the Company for a substantial period as well as other recruits with varied experience in various fields. See "Management" on page 142.

- *Strong financial position and profitability.* We have a strong financial position, with a conservative debt level based on our net worth. As of October 31, 2010, we had total secured loans of Rs. 551.40 million against a net worth of Rs. 2,020.76 million. We believe that we have the ability to leverage our balance sheet to take advantage of a favorable business cycle or market opportunity. We have also demonstrated a consistent track record of profitability. We believe that our financial strength and strong demand for our existing products make us well positioned to further leverage on our brand and extend our presence in existing as well as new markets and across other verticals in the media and entertainment industry.

Our Strategy

We intend to follow the key business strategies discussed below:

- *Consolidate leadership in Maharashtra.* Between fiscal year 1999 – 2000 and fiscal year 2008-2009, Maharashtra's economy grew at a CAGR of 7.7% at constant prices (1999-2000) (*Source: Economic Survey of Maharashtra 2009-10*). This overall growth along with growth in private consumption has been made possible due to various socio-economic changes in Maharashtra, leading to an increase in literacy as well *(Source: Economic Survey of Maharashtra 2009-10)* as disposable income, reflected by a 61.3% growth in annual per capita income (at current prices) in the period 2005-2009 (*Source: Economic Survey of Maharashtra 2009-10*). We believe that such socio-economic developments offer us the opportunity to increase our readership and maintain our leadership position in Maharashtra. We are the market leader in the Marathi newspaper business in Maharashtra in terms of average daily circulation and average daily readership, and have a leading position in terms of *Lokmat's* average daily circulation in 8 of the 11 key markets, and in terms of average daily readership, we are in a leading position in 6 of the 10 key markets from which we circulate our newspapers and for which data is available. *(Source: Circulation: ABC January-June 2010 and Readership: IRS 2010Q3)*.

- In addition, we are working towards growing our presence in four key markets within Maharashtra: Mumbai, Pune, Akola and Kolhapur. These markets particularly, Mumbai and Pune, are home to a vast advertiser base covering both local and national advertisers and represent a significant share of total advertising in Maharashtra. We seek to grow the average daily readership and average daily circulation of our newspapers across Maharashtra including in these three markets, which we expect will enable us to increase our share of the total advertising revenues in the Maharashtra market. In order to attract high-quality advertisers and increase our advertising market share, we also aim to optimize our readership mix and demographics by enhancing our sales and distribution network, implementing differential pricing of our newspaper editions, increasing our marketing and brand building initiatives, upgrading and modernising our print infrastructure and rolling out additional colour content to service existing and future demands from advertisers. We are also aiming to launch new products such as additional supplements to our newspapers to create value for our advertisers and to increase our circulation in Maharashtra by the addition of new printing locations and facilities.

- *Expand into new markets.* Under the leadership of our experienced management team, we expect to continue to enhance and improve our methodology for the identification of new regional and niche markets and the implementation of successful market entry strategies relating to *Lokmat*, *Lokmat Samachar* and *Lokmat Times*. We intend to continue to identify new opportunities for growth and brand expansion through both organic and acquisitive growth. Such market entry strategies could include implementing differential pricing for different editions as well as focusing on regions which have low penetration currently. We have demonstrated success in our strategy relating to *Lokmat* which we implemented in Pune and aim to emulate this strategy in other locations. See "—Pune Case Study" on page 103 for details. India has significant potential for future growth in the media sector, with current advertisement expenditure at only 0.41 % of GDP as compared to global advertisement expenditure, which is approximately 0.80% of GDP. See "Industry Overview" beginning on page 69. Overall advertisement expenditure is expected to grow at a CAGR of 12.0 % per annum from 2010 to 2014, and we intend to position ourselves to take advantage of this growth potential. See "Industry Overview" beginning on page 69. Our decision to enter a new market is based on our analysis of various parameters, such as the size of the market, growth potential including opportunities to attract advertisers in target markets, strength of competition, synergies with our existing brands and our existing strengths, investment costs required to be borne to enter and serve the target market, expected time to achieve EBITDA break even and return on capital employed.

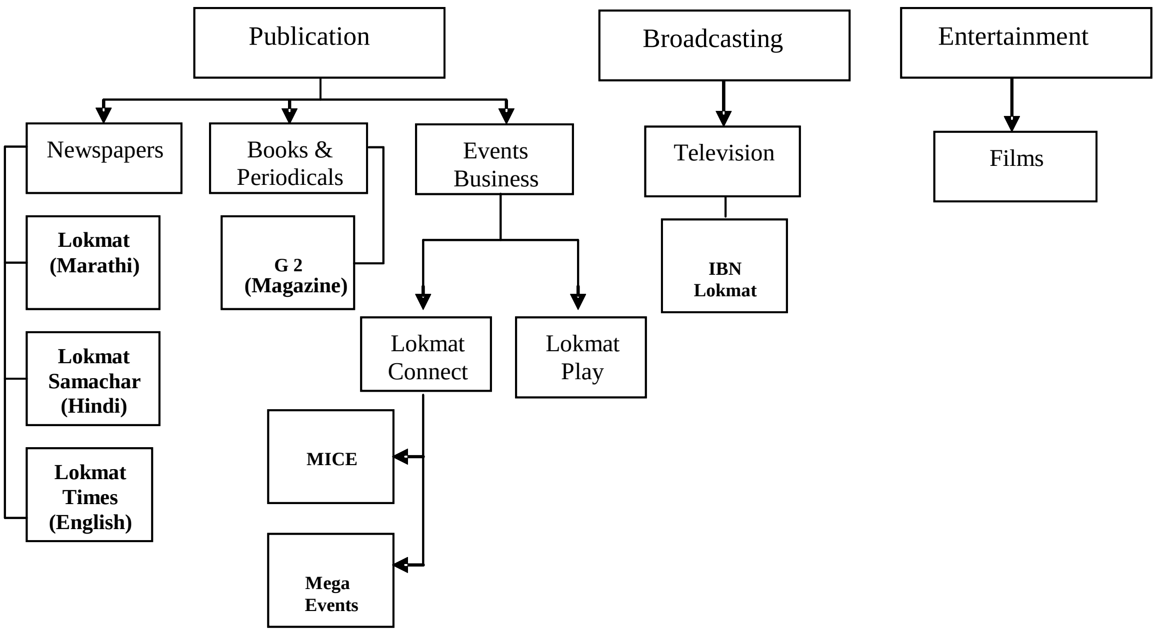
- *Invest in cross-media strategy.* We intend to implement a cross media strategy to capitalize on the strength of our brands and to exploit synergies with our publication business to become a one-stop shop for advertisers. We are focused on developing multiple touch points into each household by continuing to add supplements to our newspapers and non-print media distribution channels such as through *IBN-Lokmat*, a 24-hour Marathi news channel. We intend to leverage the *Lokmat* brand and content to gain increased viewership for *IBN-Lokmat*. In addition, by cross selling advertising space between our publication business and IBNL, we aim to derive a greater share of the television advertisement market. We have also recently entered the film entertainment industry and focus on producing Marathi and Hindi language films. We released our first film in Marathi, entitled "*Jetaa*", in August 2010 in association with RDPPL. Our Company is also engaged in organising events, such MICE as well as mega events comprising large annual cultural and other events for our group and for third party clients through which our Company proposes to provide corporates with customised event based solutions and channels for brand promotion. The Company has also organised various sporting events, and given the past success of these events, the Company plans to organize all of these events in the future under the brand called *Lokmat Play*. Our aim is to focus on content generation and dissemination through multiple media platforms.

Our Business

Our core business constitutes our publication business comprising the publication of newspapers, magazines and books which is our principal source of revenue, accounting for 96.79% and 97.38% of our total revenues for the five month period ended October 31, 2010 and for the fiscal year ended May 31, 2010, respectively. Our event management business comprising provision of customised event based solutions for our internal requirements and for corporates and other customers is ancillary to our publication business. Our other media related business activities consist of broadcasting and film production. Although not a core business, we have a subsidiary, Asera Power Private Limited ("**APPL**") which has been incorporated to engage in the business of generating and distributing electricity and other forms of energy. APPL has not commenced operations as yet.

Set forth below is a structure chart showing our core businesses:

Lokmat Media Limited



A more detailed description of our business operations is set forth below.

Publication

Newspapers

We publish three newspapers, 17 newspaper editions and 58 sub-editions in three languages collectively, in Maharashtra and Goa. We circulate one or more of our newspapers primarily in Maharashtra and Goa as well as in certain locations bordering Maharashtra in Madhya Pradesh, Karnataka and Andhra Pradesh.

Our three newspapers and the languages in which they are published are set forth below:

Lokmat (in Marathi)

Lokmat Samachar(in Hindi)

Lokmat Times (in English)

Our flagship newspaper *Lokmat*, has been the leading Marathi newspaper in terms of average daily circulation and average daily readership in Maharashtra in 2008, 2009 and for the six month period ended June 30, 2010 (S*ource: circulation: ABC January-June and July-December, 2008, 2009 and January-June, 2010*; *readership: IRS 2008 R2, 2009 R2 and IRS 2010 Q3*) and in terms of average daily circulation in Goa in 2009 and for the six month period ended June 30, 2010 (S*ource: circulation: ABC July-December, 2009 and January-June 2010)*. The average daily readership of *Lokmat* is 7.81 million readers, rendering it the sixth most widely read newspaper in India (*Source: IRS 2010 Q3*). By total readership, *Lokmat* is the fifth most widely read newspaper in India with 23.67 million readers (*Source: IRS 2010 Q3*).

For the five month period ended October 31, 2010 and for fiscal years ended May 31, 2010 and 2009, our publication business contributed 96.79%, 97.38% and 98.64%, respectively, to our total revenues.

Prior to March 7, 2008, the publication of *Lokmat* was carried out by the Company in Nagpur, Akola, Jalgaon, Pune and Nashik and PPPL, a Group Company was engaged in the business of publishing *Lokmat* under the name *Dainik Lokmat* in Mumbai, Solapur, Kolhapur, Ahmednagar and Aurangabad. PPPL withdrew the name *Dainik Lokmat* and started using the name *Lokmat* under license from the Company in calendar year 2007). We consolidated PPPL upon it becoming the Company's indirect subsidiary with effect from March 7, 2008. See “Management's Discussion and Analysis of Financial Condition and Results of Operations” beginning on page 275.

Lokmat

Lokmat, our flagship daily newspaper published in Marathi, covers international, national and local news and views through interviews and editorials, relating to politics, business, entertainment, health and sports and other general interests catering to the needs of Marathi newspaper readers.

Lokmat's coverage extends across Maharashtra and Goa and also to certain locations bordering Maharashtra in Madhya Pradesh, Karnataka and Andhra Pradesh. *Lokmat* has 11 editions printed at 12 printing facilities - Mumbai, Pune, Nagpur, Aurangabad, Nashik, Kolhapur, Jalgaon, Solapur, Akola, Nanded and Latur in Maharashtra and one at Panaji in Goa. Within the first year of its launch in Goa, *Lokmat* has become the leading Marathi daily in Goa in terms of average daily circulation which was 50,062 in January-June, 2010 (*Source: ABC January-June 2010).*

In order to meet the different requirements and adapt to the cultural tastes of each local market, *Lokmat* is published in 11 editions and 46 sub-editions. It is circulated in 49 districts including 11 key markets within these districts and 417 *talukas* which comprise groups of small towns and villages within a district. Sub-editions, are based on main editions, but are editorially altered in order to cover news specific to various districts and sub-divisions within a region. In addition to customising the content of the newspaper to cater to local variations in the Marathi language and to reflect the interests of readers in each region, we regularly solicit the views of our readers through the use of reader panels and in-house surveys. We encourage readers to provide us with their views on, among other things, the content of the newspaper, cover price, improvements we can make to the newspaper and readers' aspirations.

Specialised supplements form an integral part of our product base, as they focus on addressing specific reader needs while offering advertisers a focused reach to a target audience. Supplements also allow us to increase our readership, and thereby our relevance to advertisers, by gaining the interest of multiple members of the same household. Supplements generally concentrate on subjects such as education or entertainment or are targeted at different genres of readers, such as women or youth.

Set out below is a summary of our supplements to *Lokmat*:

Supplement	Frequency	Focus/Contents
Sakhi	Weekly	Women's special
Maitra	Weekly	Youth special
Oxygen	Weekly	Youth special
Manthan	Weekly	Literature and political
Dream Realty	Weekly	Real estate

The table below contains the average daily circulation figures for *Lokmat* for the periods specified:

	2007		2008		2009		2010
Period	January-June	July-December	January-June	July-December	January-June	July-December	January-June
Average circulation/ day(1)(2)	1,145,699	1,235,574	1,209,358	1,368,447	1,334,663	1,505,392	1,588,099

(1) Source: ABC for the relevant period.

(2) The table contains average daily circulation figures for Lokmat including average daily circulation figures attributable to PPPL, which we consolidated in the fiscal year ended May 31, 2008. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Basis of Presentation" on page 276.

The table below contains average daily readership figures for *Lokmat* for the periods specified (not including Goa as such data is not available from IRS):

	2007R2	2008R2	2009R2	2010Q1	2010Q2	2010Q3
Average daily readership/ day ('000s)(1)(2)....................	6,704	6,626	7,104	7,361	7,402	7,809

(1) Source: IRS for the periods presented.

(2) The table contains average daily readership figures for Lokmat including average daily readership figures attributable to PPPL, which we consolidated in the fiscal year ended May 31, 2008. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Basis of Presentation" on page 276.

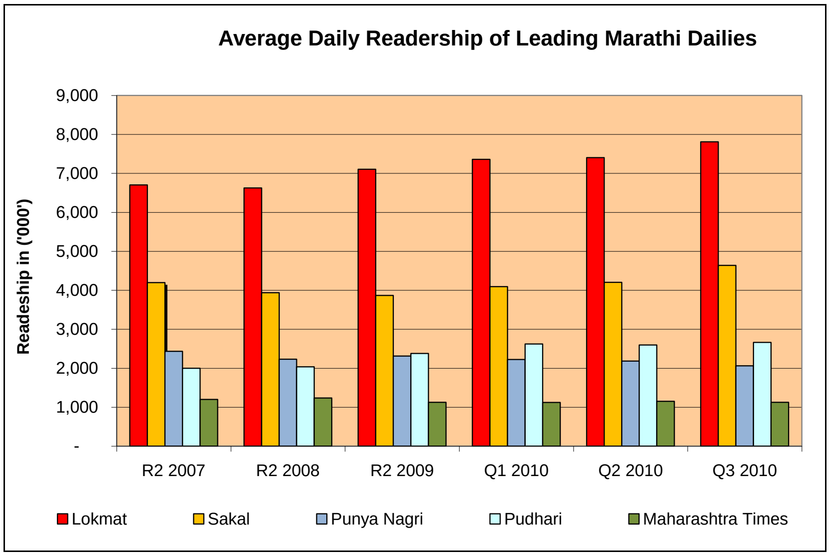
Set forth below is average daily readership data for the periods presented on the top three daily Marathi newspapers in the 10 key markets in Maharashtra where *Lokmat* is present (Goa is excluded as such data is not available from IRS):

Markets	Average Daily Readership of Lokmat (in 000s)[(1)]	Date of Launch of *Lokmat* Edition	Market Leader		Second Rank		Third Rank	
			Publication	**Average Daily Readership(in 000s)[(1)]**	**Publication**	**Average Daily Readership(in 000s)[(1)]**	**Publication**	**Average Daily Readership(in 000s)[(1)]**
Ahmednagar	363	August 15, 1987	*Lokmat*	363	*Loksatta*	175	*Sarvamat*	158
Akola	464	March 16, 1998	*Deshonati*[(2)]	601	*Lokmat*	464	*Punya Nagari*	11
Aurangabad	1,376	January 9, 1982	*Lokmat*	1,376	*Sakal*	665	*Punya Nagari*	497
Jalgaon	652	December 15, 1977	*Lokmat*	652	*Punya Nagari*	154	*Deshdoot*	134
Kolhapur	748	October 12, 1998	*Pudhari*	2,661	*Sakal*	815	*Lokmat*	748
Mumbai	954	May 1, 1998	*Maharashtra Times*	1,124	*Lokmat*	954	*Loksatta*	862
Nagpur	1,045	December 15, 1971	*Lokmat*	1,045	*Sakal*	326	*Deshonatti*	319
Nashik	465	April 20,1996	*Lokmat*	465	*Punya Nagari*	440	*Sakal*	403
Pune	1,375	September 13, 1999	*Sakal*	1,879	*Lokmat*	1,375	*Punya Nagari*	325
Solapur	368	October 24, 1993	*Lokmat*	368	*Sanchar*	162	*Sakal*	135

(1) *Source: IRS 2010 Q3.*

(2) *IRS data for Deshonatti is reported jointly for Akola and other regions, including Jalgaon, whereas IRS data for Lokmat is reported separately for Akola and Jalgaon.*

Set forth below is a graphical representation of the average daily readership of the leading Marathi newspapers in Maharashtra for the periods presented:



Source: IRS for the periods presented.

Lokmat— Editions

Set forth below are the average daily circulation figures of each of *Lokmat's* 11 editions for the periods presented:

Average daily circulation/day (1)							
	2007		2008		2009		2010
Edition	**January -June**	**July-December**	**January -June**	**July-December**	**January-June**	**July-December**	**January-June**
Ahmednagar(2)	53,848	56,244	55,758	58,417	56,634	64,365	57,245
Akola	83,813	89,932	89,206	86,008	80,139	83,281	75,937
Aurangabad(2)	235,994	257,233	258,771	274,624	261,332	281,028	259,411
Goa(3)	-	-	-	-	-	45,812	50,062
Jalgaon	99,325	103,636	104,392	119,467	118,754	125,011	124,236
Kolhapur(2)	79,739	80,066	81,277	112,765	110,897	123,672	180,180
Mumbai(2)	144,522	175,025	156,907	181,308	169,513	184,550	154,670
Nagpur	162,582	176,980	188,429	207,068	204,640	226,483	220,943
Nashik	71,252	79,074	77,720	87,764	88,124	94,698	93,033
Pune	157,392	159,948	140,496	179,063	187,167	216,611	316,563
Solapur(2)	57,232	57,436	56,402	61,963	57,463	59,881	55,819

(1) Source: ABC for the relevant period.
(2) These markets were part of PPPL in the years 2007, 2008 and part of 2009.
(3) Goa figures cover part of 2009 and 2010 since it was launched in April 2009.

Set forth below are average daily readership figures of each of *Lokmat's* editions for the periods presented (not including Goa as such data is not available from IRS):

Average Daily Readership/ day ('000s)(1)						
	2007R2	**2008R2**	**2009R2**	**2010Q1**	**2010Q2**	**2010Q3**

Average Daily Readership/ day ('000s)[1]						
	2007R2	2008R2	2009R2	2010Q1	2010Q2	2010Q3
Ahmednagar[2]	385	337	190	273	297	363
Akola	424	396	470	512	484	464
Aurangabad[2]	1,449	1,352	1,272	1,241	1,270	1,376
Jalgaon	309	436	818	837	794	652
Kolhapur[2]	513	679	605	643	542	748
Mumbai[2]	626	759	788	817	942	954
Nagpur	1,095	1,086	1,200	1,151	1,107	1,045
Nashik	387	450	439	447	443	465
Pune	1,018	700	925	1,031	1,133	1,375
Solapur[2]	498	429	399	409	392	368

(1) *Source: IRS for the relevant period.*
(2) *These markets were part of PPPL in the years 2007, 2008 and part of 2009.*

Pune Case Study

We have experienced significant growth in the average daily circulation and average daily readership of our Pune edition since we re-launched this edition in January 2010. The Company originally launched the Pune edition of *Lokmat* in September 1999. The first reported circulation figure for the Pune edition was 126,206 (*Source: ABC, January-June 2001)*. The first reported average daily readership for the Pune edition was 918,000 *(Source: IRS 2003 R2).*

Set forth below is a chronological account of how we have achieved growth of *Lokmat's* Pune edition. This experience demonstrates our capability of obtaining market share in a short period in a location where we do not currently have a leading position:

- In 2009, *Lokmat* had an average daily readership of 925,000 and was the second most widely read newspaper in Pune *(Source: IRS 2009 R2).* Its average daily circulation was 216,611 *(Source: ABC, July-December, 2009)*

  - ► Around the period August 2009 - December 2009, with a view to achieving better circulation and readership of our Pune edition, we carried out market surveys and door to door surveys to assess the expectations of readers. We had one on one meeting with more than 100 advertisers / advertising agencies to assess their requirements for placing advertisements in the Pune edition.

  - ► We focused on improving editorial content including by strengthening the editorial skills of our editorial team.

  - ► We implemented strategic marketing initiatives including re-launching the Pune edition at an invitational price of Rs. 1.00 per copy and increasing outdoor publicity.

- We faced resistance from the existing distribution system to circulate our Pune edition stemming from reservations on the part of members of such system that the reduction in the cover price of our Pune edition would result in a reduction in the commissions paid to our distributors. Despite our efforts to reassure members of our distribution system otherwise, they stopped distributing the Pune edition from January 2010 resulting in a decrease in advertising revenues attributable to our Pune edition.

- Subsequently, we launched toll free telephone numbers enabling our readers to contact us directly for home delivery orders. In addition, we organised publicity events relating to the Pune edition through our *Sakhi Manch*, *Yuva Manch* and *Bal Vikas Manch* forums. We also started advertising the Pune edition in different media, including in *IBN Lokmat*.

- We created a parallel distribution network consisting of employees, their associates as well as vendors such as milk vending stalls and grocery shops. We hired 18 additional vehicles to deliver the Pune edition to the members of this parallel distribution network. We regularly engaged members of this parallel distribution network for training as well as for planning the distribution cycle.

- In addition, in October 2010, we upgraded our printing facilities at Pune and re-launched the Pune edition as a full colour edition in certain areas of Pune.

- Our advertising team implemented certain initiatives to generate incremental revenue including printing different features such as a one page weekly supplement on education and health.

- In a span of six months, average daily circulation of *Lokmat's* Pune edition grew from 216,611 in July-December, 2009 (*Source: ABC July-December 2009)* to 316,563 in January-June, 2010 *(Source: ABC January-June 2010)*, resulting in a reduction in the circulation gap between *Lokmat* and *Sakal*, the incumbent leader by 26.55% *(Source: ABC July-December 2009 and January-June 2010)*. *Lokmat's* Pune edition had an average daily readership of 1.38 million rendering it the second most widely read Marathi newspaper in Pune *(Source: IRS 2010 Q3)*. In addition, 385,000 new readers have been included in the Pune edition's average daily readership figures for the period July-September, 2010 *(Source: IRS 2010 Q3)*.

- Members of the existing distribution system approached us for a settlement and we entered into a settlement with them in August 2010. As a result, we have successfully been able to re-attract the existing distribution system to commence sales of *Lokmat's* Pune edition since August 2010. We have also retained the majority of our parallel distribution network.

- Certain qualitative data about the readership base relating to *Lokmat's* Pune edition is set forth below which demonstrates the diversity of such readership base:

    - ► Out of *Lokmat's* Pune edition's average daily readership of 1.38 million, there were 0.37 million women readers and 0.29 million readers between the ages of 12-19 years *(Source: IRS 2010 Q3)*. Such diversity is useful for the purposes of catering to diverse advertisers.

- In August 2010, we were able to increase the cover price of the Pune edition to Rs. 2.00 per copy on three days of the week.

Lokmat Samachar

Lokmat Samachar, our Hindi daily, has four editions and 9 sub-editions which are currently printed and distributed in Nagpur, Aurangabad, Kolhapur, Nanded and Akola regions of Maharashtra. The average daily circulation of *Lokmat Samachar* (excluding Kolhapur for which data is not provided by ABC), was 115,707 copies for the six months ended June 30, 2010 *(Source: ABC January-June 2010)*. The average daily readership of *Lokmat Samachar was* 0.63 million readers (*Source: IRS 2010 Q3*). By total readership, *Lokmat Samachar* is the most widely read Hindi newspaper in Maharashtra with 1.59 million readers (*Source: IRS 2010 Q3*).

The first edition of *Lokmat Samachar* was launched on January 14, 1989 from Nagpur, Maharashtra. It covers news across the entire spectrum of international, national and regional issues relating to politics, business, entertainment, sports and other general interests catering to the needs of Hindi newspaper readers. We also distribute *Lokmat Samachar* in certain locations bordering Maharashtra in Karnataka, Madhya Pradesh and Andhra Pradesh.

We publish supplements to the main paper in some of our markets to cater to the specific needs and regional tastes of our readers, while offering advertisers a focused reach to a target audience. We believe that our supplements widen the product appeal of our newspaper to multiple members of households resulting in widening our readership base. In addition, supplements generally aim to capture local advertisement revenues. Set out below is a summary of our supplements to *Lokmat Samachar*:

Supplements	Frequency	Target Segment
Sakhi	Weekly	Women's special
4U	Weekly	Youth special
Showtime	Weekly	Movies and Entertainment
Lokrang	Weekly	Literature

The table below contains the average daily circulation figures for *Lokmat Samachar* (not including Kolhapur for which average daily circulation figures are not provided by ABC) for the periods specified:

	2007		2008		2009		2010
Period	**January-June**	**July-December**	**January-June**	**July-December**	**January-June**	**July-December**	**January-June**
Average circulation/ day (1)……..	122,307	125,918	122,118	125,430	121,456	120,500	115,707

(1) *Source: ABC for the relevant period.*

The table below contains average daily readership figures for *Lokmat Samachar* for the periods specified:

	2007R2	2008R2	2009R2	2010Q1	2010Q2	2010Q3
Average daily readership/day ('000s)(1)	680	622	577	608	625	630

(1) *Source: IRS for the periods presented.*

Lokmat Times

Lokmat Times, our English daily, was launched on March 30, 1987 from Aurangabad, Maharashtra. It currently has two editions and 3 sub-editions printed and distributed in Nagpur and Aurangabad in Maharashtra. It covers news across the entire spectrum of international, national and regional issues relating to politics, business, entertainment, sports and other general interests. We source content for *Lokmat Times* from a third party which publishes an English daily.

We also publish supplements to the main newspaper in some of our markets to cater to the specific needs and regional tastes of our readers, while offering advertisers a focused reach to a target audience. We believe that our supplements widen the product appeal of our newspaper to multiple members of households resulting in a widening of our reader base. Our supplements generally provide specialised content relating to education and entertainment, among others, and cater to a specific target group such as women or children. Set out below is a summary of our supplements to *Lokmat Times:*

Supplements	Frequency	Focus/Content
City Pulse	Daily	Regional Content
Campus	Weekly	Children's special
Careers	Weekly	Youth and careers
City Vista	Weekly	Premium Cultural
Montage	Weekly	Literature
Sizzlers	Weekly	Movies and entertainment

The table below contains the average daily circulation figures for *Lokmat Times* (not including Nagpur for which data is not provided by ABC) for the periods specified:

	2007		2008		2009		2010
Period	**January -June**	**July-December**	**January -June**	**July-December**	**January -June**	**July-December**	**January -June**
Average circulation/ day[(1)]…………	14,497	15,892	15,895	16,932	16,058	15,109	14,665

(1) *Source: ABC for the relevant period.*

The table below contains average daily readership figures for *Lokmat Times* for the periods specified:

	2007R2	2008R2	2009R2	2010Q1	2010Q2	2010Q3
Average daily readership/day[(1)]	81,000	Not Available	Not Available	70,000	Not Available	Not Available

(1) *Source: IRS for the periods presented.*

Website

We own and operate an internet website, *www.lokmat.com*, which focuses on providing news in Marathi. Our website has news segments on regional, national and international news, sports, business and agriculture. Our website hosts blogs contributed by our editorial team, Marathi write-ups and opinion polls along with sections on astrology, lifestyle and weather, among others. Our website is updated regularly with latest news and coverage by editorial and technical staff dedicated to updating our website.

In addition, we launched online versions of our Marathi, Hindi and English newspapers which are available on our website-*Lokmat* in 2005 and *Lokmat Samachar* and *Lokmat Times* in 2009. Access to these e-papers is provided free of cost. Our e-papers combine the benefits of the printed versions with the interactivity of the web. Access to our e-papers is provided for a period of 30 days from the date of the relevant e-paper.

Our website mainly derives its revenues from online advertising. We offer advertisers a variety of options, allowing them to target their audience by city, time of day, day of week and specific section of the website. Advertising on *www.lokmat.com* includes banner and spot advertising, sponsorship of exclusive sections and promotional activities and contests. In 2006, we launched a website for our *G2* magazine, *www.readg2.com*.

Magazines and Books

Magazine Publications

In December 2006, we launched our first magazine in English called *G2, The Global Gujarati*, which is published bi-monthly. *G2* is a lifestyle magazine targeted at the Gujarati and Parsi communities in India and in certain international locations. We operate our magazine business through a division of our Company called Cymbal Media.

G2 was awarded the "Best new launch of a local title" category in 2007 by the Asian Publishing Management. *G2* won the award among 79 entries from Asia. *G2* is printed by a third party printing press. We have a specialised editorial, design and sales team dedicated to the development of content specific to *G2*.

We also publish an annual magazine in Marathi and Hindi called *Deepotsav* during the Diwali festive season. For each of 2004 and 2005, *Deepotsav* has won awards at the Maharashtra state level from the Maharashtra Sahitya Mandal Mumbai for the best Diwali magazine.

Books

We publish books from time to time relating to topics of special interest including religion, wildlife and inspiration or to record historical events such as the Kargil war of 1999. For example, in 2003, we published *Nemishaaranya*, a book on religious discourses and in 2010, we published *Wildscapes*, a photo compilation on Indian wildlife. Through our books, we target readers who may not otherwise have accessed our newspapers or other publications. This serves to extend the reach of our brands to new target audiences.

Event Management

Our Company is engaged in organising events such as MICE as well as 'mega events' such as large annual cultural and other events for our group and for third party clients. The spectrum of topics covered at these events is wide and includes agriculture, education, property and career matters. Through its MICE focus, our Company proposes to provide corporates with customised event based solutions through various media for brand promotion. Over the past 10 years, our Company has regularly been organising cultural, social awareness and other events in Maharashtra. One such event is the *Sanskarache Moti* which involves a 77-day student engagement initiative at which reading and writing skills are taught and related competitions are held.

Our Company also promotes certain forums: *Yuva NXT*, formerly known as *Yuva Manch* (youth focused), *Sakhi Manch* (women focused) and *Bal Vikas Manch* and *Campus Club* (both are children focused). We organize various events through these forums in the areas of development, education, entertainment and health. We promote our brands and businesses at such events that are intended to generate affinity for our brands, attract sponsorships and advertisements and provide us with a database for demographic targeting and other studies relating to the marketing of our newspaper business.

Our Company collects fees for membership of such forums. Set forth below is information on the number of members of each forum for the periods presented:

Forum	Period for membership	2010	2009	2008	2007
Sakhi Manch	January – December	70,598	10,7167	107,978	93,395
Yuva Nxt	August – July	27,447	25,293	35,880	15,486
Bal Vikas Manch	July – June	42,426	41,603	42,086	49,317
Campus Club	July – June	16,480	10,600	8,792	7,443

The Company has also organised various sporting events, including the *Aurangabad Premier League*, a cricket tournament which was launched in 2008. In addition, in 2009, the Company started a football tournament in Kolhapur named the *Kolhapur Premier League* and recently launched the *Nagpur Premier League* in Nagpur. These sporting events offer a unique branding opportunity and are promoted extensively across various media by the Company. Given the past success of these events, the Company plans to organize all of these events in the future under the brand called *Lokmat Play*.

Sales and Circulation

We earn a portion of our revenues from selling our newspapers. For the five month period ended October 31, 2010 and for the fiscal year ended May 31, 2010, our circulation revenue from sales of our newspapers constituted 23.56% and 27.43% respectively, of our total revenues. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Significant Factors Affecting Results of Operations—Sales of Newspapers and Magazines." on page 280.

Our newspapers and *G2* are sold through various channels under direct or indirect control of our sales team, which can be classified as follows:

- regular sales through trade;
- subscription sales through trade;
- cash sales through stalls; and
- institutional sales such as to airlines and hotels.

Cover Price and Pricing Strategy

The cover prices we charge for our newspapers depend on market conditions and competition. We offer different subscription and pricing schemes in different markets. Customers often pay prices below the cover price when purchasing through annual subscription schemes. However, we have generally been able to charge higher cover prices as compared to some of our competitors primarily because of our strong brand connection with our audiences. This helps us to cover a significant portion of the print cost through circulation revenue.

For every newspaper sold, we receive the price paid by the customer net of commissions, which generally range from approximately 25.0% to 50.0% depending upon the cover price of the newspaper, and are withheld by our agents and vendors. From time to time, we offer invitational or promotional pricing in certain locations to support the launch of new editions and counter competition in the relevant location, among other reasons.

The average daily cover price for *Lokmat* for the week ended October 31, 2010 in each of the key 11 markets in which it is circulated is provided below:

Key Market	**Average Daily Cover Price (in Rs.) for the week ended October 31, 2010**
Ahmednagar	3.00
Akola	3.00
Aurangabad	3.12
Goa	1.71
Jalgaon	3.00
Kolhapur	1.43
Mumbai	2.40
Nagpur	3.25
Nashik	3.00
Pune	1.21
Solapur	3.00

The average daily cover price for *Lokmat Samachar* for the week ended October 31, 2010 in each of the key four markets in which it is circulated is provided below:

Newspaper Edition	**Average Daily Cover Price (in Rs.) for the week ended October 31, 2010**
Akola	2.14
Aurangabad	2.00
Kolhapur	1.00
Nagpur	2.39

The average daily cover price for *Lokmat Times* for the week ended October 31, 2010 in both of the key markets in which it is circulated is provided below:

Newspaper	Average Daily Cover Price (in Rs.) for the week ended October 31, 2010
Aurangabad	2.00
Nagpur	2.79

Distribution

Our newspaper distribution/circulation department is responsible for managing and monitoring our distribution activities by maintaining relationships in the distribution chain. In major cities we generally organize our distribution network into separate regions, and each region into zones under which we have distribution centers.

Vendors collect copies of our newspapers from our agents at our distribution centers and deliver them to households, institutions, offices and other cash sales points. Collection generally occurs during the early hours of the morning. Changes in the number of newspapers sold are reported by vendors up the distribution chain. Our agents generally collect cash from vendors on a daily basis, although in smaller markets billing and collection occurs on a monthly basis. In smaller markets, agents also act as hawkers and supply to households directly or through beat boys employed by them. We have an internal practice relating to limits on returns of unsold newspapers.

As of October 31, 2010, we had engaged 8,461 agents and several sub-agents, vendors and hawkers within our distribution network. Agents are generally common to various newspapers being circulated in a particular area. In order to promote circulation, we organize trade related activities, including incentive schemes, from time to time.

Our distribution centers are located in close proximity to our printing facilities. Our newspapers are transported from our printing facilities to our distribution centers in trucks and cargo taxies. We have long term relationships with third party providers of such transportation services. We have not suffered interruptions in such services despite the absence of contractual arrangements with such service providers as a result of our long term relationships and the general over-supply of such transportation services in our key markets. While road conditions in Maharashtra and Goa are generally well developed, we do face road disruptions from time to time during the monsoon season. However, there has been no significant impact on our distribution as a result of such disruptions.

Advertising

The advertisement revenue from our publication business constitutes a substantial portion of our total revenue. For the five month period ended October 31, 2010 and for the fiscal year ended May 31, 2010, advertisement revenue constituted 70.97% and 67.57%, respectively, of our total revenue. Advertising is done on a national, regional and local level.

Our advertisers from our publication business can be broadly classified into local advertisers and national advertisers. Our local advertisers generally include state and local government authorities and agencies, retail and regional customers whereas our national advertisers include the central government and companies with large-scale operations in multiple cities or at a national level. For the five month period ended October 31, 2010 and the years ended May 31, 2008, 2009 and 2010, local advertisers accounted for 45.85%, 46.23%, 48.55% and 48.18%, respectively, of our advertising revenue. For the five month period ended October 31, 2010 and the years ended May 31, 2008, 2009 and 2010, national advertisers accounted for 54.15%, 53.77%, 51.45% and 51.82%, respectively, of our advertising revenue.

In terms of advertisers from various industries, our top customers both at the national and local level are usually from the automobile, banking and financial services, consumer durables, education, fast moving consumer goods, insurance, pharmaceuticals and healthcare, real estate and telecommunications industries.

We have strong relationships with certain advertisers and advertising agencies. Some of our top customers include established Indian and multinational corporations. Our leading position among Marathi newspapers and presence across Maharashtra and Goa coupled with localised content has facilitated our building strong relationships with

such advertisers and advertising agencies.
No single advertiser accounted for more than 5.00% of our advertising revenue for the fiscal years ended May 31, 2010 and 2009.

Types of Advertisements

Advertisements in our newspapers can be broadly categorised into the following types:

- *Display Advertisements:* These advertisements typically contain text, logos, photographs or other images and are usually used for product/corporate promotional campaigns by clients in several sectors such as education, automobile, financial services and real estate. These could be in colour or black and white.

- *Government:* These are advertisements by various government ministries, public sector enterprises and government departments for publicising (i) their schemes and achievements, (ii) contracts, and (iii) tenders for their respective procurements and sales. These are routed through the Directorate of Advertising and Visual Publicity ("**DAVP**") in respect of the Government of India and through the Directorate General of Information and Public Relations ("**DIPR**") and other designated authorities for most state governments.

- *Classifieds and Others:* Classified advertising is usually text-only, grouped within the publication under headings classifying the product or service being offered in a distinct section of our newspapers. These are published by individuals and small enterprises in connection with marriages, real estate, legal issues and situations vacant. Along with the specific classified section in our main newspapers, we also have advertisements in specific supplements targeted at different segments of readers and advertisers. Advertisements in supplements are mostly placed by retail and local advertisers. We also carry other miscellaneous advertisements including personal and professional announcements, among others.

To ensure a superior reader experience and sustain consistent readership, we maintain a balance between advertisement and editorial content. During high advertisement periods (such as festivals or election days), we have the flexibility to increase the number of pages of our newspapers to include more advertisements and balance that with additional editorial content.

Sales of Advertisement Space

We sell advertisement space of our newspapers through advertising agencies as well as directly to clients. The sale of advertisement space to Government authorities is generally done through the DAVP, DIPR and other designated agencies. Individuals and small enterprises advertise in our classified sections directly with us or through local advertising agents.

We have established relationships with various advertising agencies which sell our advertising space to various advertisers. These agencies are categorised on the basis of their accreditation status with the INS, i.e., accredited agencies and non-accredited agencies.

We sell advertisement space to most of our clients or advertising agencies on the following models: campaign by campaign, volume or market share basis. We are able to offer our advertisers a choice of editions as well as packages comprising various editions in which to advertise in.

In accordance with INS rules, we are required to provide advertising agencies with 60 days of credit after the month in which the relevant advertisement is published. If agencies accredited with the INS default in their payment obligations to us, INS supports our credit collection efforts by placing them in the suspended or disaccredited category. Those agencies placed on the suspended or disaccredited category experience severe difficulties in placing advertisements with most publications. In addition, INS can use the bank guarantee/security deposit paid by the advertising agency at the time of its accreditation towards satisfying outstanding amounts owed to us, although such amounts may not be sufficient to cover the entire amount owed. In case of non-accredited advertisers, to protect against the risk of payment default, we usually seek ready payment on the receipt of a release order form and/or require a security deposit to be placed with us, during which time the relevant customer is able to place advertisements in our publications. See "Outstanding Litigation and Material Developments" on page 297 for details on claims against certain customers for failure to make payment or for dishonored checks.

Advertising Rates

We set our advertising rate cards taking into account market trends and our competitive position. Our rates are denominated in square centimeters. In accordance with INS rules and to the extent we are engaged by an advertising agency, our rates are inclusive of an advertising agency commission. Our basic rates for advertising space are generally fixed. However, we charge a premium for specific upgrades based on, among other factors:

- the category of the advertisement, including display, government, tenders, classifieds and supplements;
- the size and positioning of the advertisement (for example, front page or back page) in the newspaper and, in some cases, the positioning of the advertisement on the relevant page, frequency of the advertisement;
- whether the advertisement is in colour or black and white, and
- innovative designs of the advertisement.

We may offer rate incentives to our advertisers on a case by case basis.

The rates for advertisements by the Government (known as DAVP rates) are fixed by the DAVP on the basis of a formula and are revised at a fixed interval basis. These rates are generally lower than commercial rates.

Advertising Sales Team

As of May 31, 2010 and October 31, 2010, we had 258 and 280 employees respectively, in our advertising sales team. This team is responsible for generating ideas to market advertising space to our advertisers in innovative ways, enabling them to derive maximum benefit from advertising with us. Our media marketing department continuously develops new ideas and initiatives, including:

- developing products and features for specific industries;
- helping clients with insights on specific markets; and
- providing integrated multimedia solutions to clients to promote their products through print and digital media as well as ground activation.

The Newspaper Publication Process

The workflow for publishing each of our newspapers involves the following steps:

- *News and Image Gathering:* News and images from various news service agencies and from our network of reporters, correspondents and writers arrive in a central news server, which automatically distributes such news and images to the respective editing desks.

- *Advertisement Procurement:* The advertisement team books the advertisements procured from agencies/clients in a central system and uploads the advertisements created in the system for specific edition, page numbering and date of publication.

- *Page Making:* All pages are planned with specified advertisement positions which are then forwarded to the editorial team for page making. The editorial team places the news stories, pictures, among other things, and completes the page. This page is produced for advertisement linking using specific technology. This page is then converted to PDF for viewing and for approval by the relevant editorial departments.

- *Page Transmission:* The finished pages are then transmitted to the remote or in-house plate-making department.

- *Plate-Making:* The image of the pages is imprinted on a metallic plate using either CTP or computer-to-film (CTF) technology in our printing facilities**.** The metallic plates are then punched and bent for mounting on the press cylinder for printing.

- *Printing and Packing:* The newspaper is then printed on high speed web offset printing machines with multiple printing units being used simultaneously depending on the colours and number of pages in each copy. The printed newspapers are counted and stacked in bundles automatically. These are further wrapped and strapped for loading on to vehicles. This operation is carried out by using mailroom equipment present at the respective printing facility.

- *Delivery and Distribution:* The bundles received from the packing lines are then loaded onto designated vehicles and dispatched to their respective destinations. The copies of the newspaper arrive at common sales points which are located at several locations in each city. Hawkers buy copies of the newspaper from the sales agents and distribute them to subscribers.

Printing Infrastructure

We print our newspapers at 12 printing facilities located at Mumbai, Pune, Nagpur, Aurangabad, Nashik, Kolhapur, Jalgaon, Akola, Solapur, Nanded, Latur and Panaji in Goa, with a total installed rated capacity of approximately 891,000 copies per hour.

We own all the press and pre-press facilities utilised by us except for the press at Latur which is owned by our Group Company, Mogra Scangraph Private Limited. We have a contract with Mogra Scangraph Private Limited that expires in 2014. Except for the press in Pune, which is located on land which we own, and Goa, which is located on short term leased premises, these press and pre-press facilities are located on long term leased premises. See "—Properties and Facilities" on page 118.

We believe that our press and pre-press facilities provide us the following benefits

- the ability to offer high page levels and printing speed;
- high quality of printing and folding paper; and
- the ability to offer maximum colour pages.

Set forth below is a description of our printing infrastructure at various locations. Subject to encumbrances related to our financing arrangements, we own all the machinery used at these locations:

Printing Locations	Installed Capacity (Copies/hour)	Newspaper(s) printed	Sub-Editions printed
Akola	30,000	*Lokmat*	3 sub-editions – 1]Hello Akola, 2] Hello Buldhana, & 3] Hello Washim
		Lokmat Samachar	2 sub-editions – 1] Apana Akola City, & 2] Apana Vidarbha
Aurangabad	195,000	*Lokmat*	5 sub-editions – 1] Hello Aurangabad City, 2] Hello Aurangabad Gramin, 3] Hello Jalna, 4] Hello Beed, 5] Hello Ahmednagar
		Lokmat Samachar	2 sub-editions – 1] Apana Aurangabad (Ahmednagar – Jalgaon – Dhule – Nandurbar - Beed – Latur – Osmanabad - Aurangabad – Jalna) 2] Apana Nanded – Parbhani – Hingoli
		Lokmat Times	1 sub-editions –

Printing Locations	Installed Capacity (Copies/hour)	Newspaper(s) printed	Sub-Editions printed
			1. Aurangabad (Ahmednagar – Jalgaon – Dhule – Nandurbar – Beed – Parbhani – Hingoli – Nanded – Latur - Jalna)
Goa	45,000	*Lokmat*	2 sub-editions – 1] Hello Sindhudurg 2] Hello Goa
Jalgaon	45,000	*Lokmat*	4 sub-edition – 1] Hello Nandurbar, 2] Hello Dhule, 3] Hello Jalgaon Gramin, 4] Hello Jalgaon city
Kolhapur	75,000	*Lokmat*–	5 sub-editions – 1] Hello Sangli, 2] Hello Satara, 3] Hello Kolhapur city, 4] Hello Kolhapur gramin 5] Hello Ratnagiri
		Lokmat Samachar	1 sub-edition – 1] Apana Kolhapur – Sangli – Satara
Latur	30,000	*Lokmat*	2 sub-editions – 1] Hello Latur, 2] Hello Osmanabad
Mumbai	75,000	*Lokmat*	5 sub-editions – 1] Hello Mumbai, 2] Hello Navi Mumbai, 3] Hello Thane, 4] Hello Thane(Vasai), 5] Hello Raigad
Nagpur	165,000	*Lokmat*	9 sub-edition – 1] Hello Nagpur city, 2] Hello Nagpur gramin, 3] Hello Amravati, 4] Hello Bhandara, 5] Hello Chandrapur, 6] Hello Gadchiroli, 7] Hello Gondia, 8] Hello Wardha, 9] Hello Yavatmal
		Lokmat Samachar	4 sub-editions – 1] Apana Nagpur 2] Apana Vidarbha 1 – Gadchiroli, Vhandrapur, Gondia, Bhandara. 3] Apana Vidarbha 2 – Wardha, Yavatmal, Amraoti. 4] Apana MP
		Lokmat Times	2 sub-editions – 1] Nagpur City 2] Amravati –Yavatmal –Wardha –Chandrapur –Gadchiroli – Bhandara – Gondia
Nashik	30,000	*Lokmat*	3 Sub editions; – 1] Hello Nasik city, 2] Hello Nasik Gramin1 3] Hello Nashik Gramin 2
Pune	135,000	*Lokmat*	4 sub editions; –

Printing Locations	Installed Capacity (Copies/hour)	Newspaper(s) printed	Sub-Editions printed
			1] Hello Pune City, 2] Hello PCMC, 3] Hello Pune gramin1 4] Hello Pune gramin2
Nanded	36,000	*Lokmat*	3 sub-editions – 1] Hello Nanded, 2] Hello Parbhani, 3] Hello Hingoli
Solapur	30,000	*Lokmat*	1 sub-edition – 1] Hello Solapur
Total	**891,000**		Sub editions–58

Newsprint

Newsprint is the paper on which we print our newspapers. Newsprint is our most significant cost. Newsprint demand has been sensitive to economic cycles, and it is not uncommon to observe differences between demand and supply levels. Additionally, the short-term volatility in newsprint price has a significant bearing on the financial performance of the worldwide newsprint industry, thereby resulting in alternating periods of financial gains and losses. See "Management's Discussions and Analysis of Financial Condition and Results of Operations-Significant Factors Affecting Results of Operations—Cost of Raw Materials" on page 281.

We typically conduct spot purchases of newsprint. Different newsprint prices prevail in markets like Europe and Canada due to a variety of factors, including demand and supply and freight rates. Prices of newsprint in India are also volatile. Generally, in periods of low pricing, Indian newsprint prices are relatively lower than international prices as newsprint producers generally prefer to ship their surplus stock to countries such as India to maintain pricing in their home markets and avoid situations of over-supply. Likewise, in a high-pricing scenario, prices in India generally firm up faster than international prices due to the relatively low bargaining power of Indian newsprint consumers and the preference of the international manufacturers to first meet the demand of their larger customers in other countries.

Newsprint Procurement

We have not entered into long term supply contracts for procuring newsprint as we do not view such arrangements as price advantageous to our business. We have long term relationships with certain Indian and international newsprint suppliers from whom we have consistently been able to source required quantities of newsprint at regular intervals. We typically stock newsprint procured from international suppliers for at least two-three months and newsprint procured from Indian suppliers for 30-45 days at storage facilities situated at our printing facilities and to a lesser extent, at third party storage facilities located close to our printing facilities. We have on occasion experienced inadequate quality standards at certain third party storage facilities resulting in damage to newsprint stored at such storage facilities. However, this has not had a material impact on our results of operations and financial condition. Our storage facilities are located in close proximity to the distribution centers of Indian suppliers of our newsprint. Our internationally procured newsprint is imported at Mumbai port and then transported to our storage facilities by road.

Our materials division manages our newsprint purchases pursuant to internal quantity and price projections as well as price movements in the Indian and international newsprint markets. For example, on a few occasions most notably in 2008, we procured greater than usual quantities of newsprint which we put into storage in order to safeguard against increasing newsprint costs in the Indian and international markets. Such actions have worked as a natural hedge in times of upward pressures on newsprint costs. We do not enter into hedging transactions in relation to the supply of newsprint. See "Risk Factors—Our newspaper business is dependent on the supply and cost of newsprint. Any disruption in the supply or fluctuation in price could adversely affect our business, results of operations, financial condition and prospects" on page xvii.

Our newsprint supplies comprise:

Indian newsprint supplies: For the five month period ended October 31, 2010 and for the fiscal year ended May 31, 2010, we consumed 61.70% and 73.47%, respectively, of our annual newsprint requirements sourced from suppliers of Indian newsprint.

Imported newsprint supplies: For the five month period ended October 31, 2010 and for the fiscal year ended May 31, 2010, we consumed 38.30% and 26.53%, respectively, of our annual newsprint requirements sourced from suppliers of international newsprint.

We experience an incremental increase in our newsprint needs during the October-December festive season for Diwali and Christmas and during state and national level elections. We incrementally increase the number of pages of our newspapers during such periods to cater to increased advertising. However, we have been able to manage increases in our newsprint requirements during these periods from our existing stocks and our internal newsprint management practices.

Broadcasting

IBN-Lokmat

We have a presence in the television media through IBNL which operates a 24-hour Marathi news and current affairs channel called *IBN-Lokmat*. IBNL is a 50-50 joint venture between the Company and ibn18. See "History and Certain Corporate Matters" on page 131. The presence of both the *IBN* and *Lokmat* brands has facilitated *IBN-Lokmat's* access to a viewership base. *IBN-Lokmat* went on air on April 6, 2008 and currently is a free-to-air television channel.

IBNL's primary source of revenue is the sale of advertising airtime. As of October 31, 2010, the channel had a team of 98 journalists led by notable multimedia journalists Nikhil Wagle, editor of *IBN-Lokmat* and Rajdeep Sardesai, editor-in-chief of IBN Network. This team of journalists is supported by a network of freelance reporters.

IBNL's Programming

IBNL's programs are primarily produced in-house giving it control over the final product and flexibility to adapt such product to target audience's preferences. In addition to conveying news, *IBN-Lokmat* also includes programs in which public figures are interviewed and discussion panels on topical news are presented.

News Bureaus

IBNL gathers news through a network of seven news bureaus across Maharashtra. All its bureaus are connected via live links and lease lines to its production and transmission center in Vikhroli, Mumbai. It has a mobile news gathering network that comprises camera units, outdoor broadcasting vans and flyaway units. In addition, IBNL has an agreement with TV18, a group company of ibn18, for utilising their outdoor broadcasting vans and an informal arrangement to utilize their flyaway units and overseas news bureaus. These facilities provide it with a competitive advantage in rapid access to breaking news as well as speedy and reliable communication of news. It uses video production, post-production and communication facilities for expeditious and cost-effective gathering of news. It makes independent editorial decisions that are communicated to its 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.

IBNL's bureaus are equipped with infrastructure that allows its journalists to provide coverage of events that are considered relevant for all or any of the specific avenues that it uses to deliver news. The news footage generated by its journalists is sent to its editing and production facilities primarily via multi-protocol label switching that allows 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 its news bureaus is digitised and stored onto its centralised Avid Unity Storage Area Network ("**AUSAN**") that allows it to make it available to multiple personnel simultaneously. This allows IBNL to shorten the lead-time required for breaking news and present stories that are accompanied by graphics, music, voice-overs and other enhancements. Satellite feeds on international news and events from news agencies are also digitised into the AUSAN. IBNL has one studio at its Vikhroli office in Mumbai that is used for the news bulletins on its channel as well as production of studio-based news and related programs. The compiled programming of IBNL is sent to TV18's playout through a fibre-optics link, which then uses compression systems, antennas and up converters to uplink it to the satellite. IBNL provides cable operators with a viewing card and a set-top box, which enables further distribution of the signal to viewers.

Distribution

IBNL's primary distribution channels are:

1. multi channel operators ("**MCO**") to cable operators; and
2. direct to home ("**DTH**").

IBNL has outsourced its distribution to an external agency. The agency's team seeds the pre-tuned digital satellite receivers for reception of its channels and facilitates penetration and placement in their respective allocated territories. The agency's team also addresses complaints, provides ground support to cable networks under their allocated areas and acts as a source of market information by regularly providing ground-level feedback to the management of IBNL to formulate future strategies. The agency's team has established close relationships with multi-system operators ("**MSO**") and cable operators.

Such distribution capabilities and relationships with cable distributors have facilitated last-mile connectivity with the viewer which is critical for IBNL's current free-to-air news channel.

IBNL also has direct and indirect tie ups with certain DTH providers.

Advertising

IBNL derives its revenues primarily from the sale of advertising time on *IBN-Lokmat*. Total revenues and net loss after tax of IBNL, as restated, for the six month period ended September 30, 2010 were Rs. 74.62 million and Rs. 104.37 million, respectively. Total revenues and net loss after tax of IBNL, as restated, for the fiscal year ended March 31, 2010 were Rs. 132.85 million and Rs. 222.32 million, respectively. Except for the Company, no single advertiser accounted for more than 10.00% of *IBN-Lokmat's* advertising revenue for the fiscal years ended March 31, 2010 and 2009.

Although IBNL's income from news operations is primarily dependent on advertisements revenue and while it currently does not charge subscription fees, it may in future, charge a subscription fee. Until then, IBNL will continue to substantially rely on its advertisement revenues. Its advertisement revenues are dependant on viewership, loyalty of viewers and it being a preferred platform for mass communication. IBNL's advertising customers include Indian corporations and multinational corporations.

Entertainment

We have recently entered the film entertainment industry. We released our first film in Marathi, entitled "*Jetaa*", in August 2010. "*Jetaa*" has been produced in association with RDPPL with whom our Company had a co-production contract relating to the production of "Jetaa". The Company's wholly owned subsidiary, Lokmat Entertainment, has been incorporated for the purpose of undertaking the film entertainment business. Lokmat Entertainment has a memorandum of understanding for co-producing three Marathi films with RDPPL, which subject to agreement, may be produced by November 21, 2012. See "History and Certain Corporate Matters" on page 131. While currently we are involved in the co-production of films, we may in future, source content through other methods including through acquisitions from third parties and our own productions.

We intend to exploit and distribute end-to-end film content within India, in both Marathi and Hindi, through multiple formats such as theatres, home entertainment, principally in the form of DVDs, VCDs and audio CDs, and television syndication, which primarily involves licensing the broadcasting rights to major satellite television broadcasting channels, cable television channels and terrestrial television channels.

We do not currently own any studios and outsource our studio needs.

Editorial Team

We employ an experienced team of journalists from different fields of specialisation. These journalists provide the thought leadership to our various products and are also responsible for shaping the content for our readers. Each of our publishing centers is led by a senior journalist along with a team of other journalists who decide the design and content of their editions. Certain of our journalists are award winners in the field of journalism. For example, certain of our journalists including Sopan Pandharipande and Savita Harkare have won the prestigious Ramnath Goenka award for investigative journalism. In addition, certain of our journalists have been elected to lead high level literary bodies, to participate in advisory committees formed by the government and have been part of media delegations of the President and Prime Minister of India to various foreign countries.

Our editorial team is led by our Group Editor, Dinkar Raikar, who has over 30 years of experience in the field of journalism having worked in other leading newspaper companies prior to joining us. He oversees a team of senior journalists at the central desk, publishing centers and magazine section. The central desk is responsible for coordinating news and content across various editions. The magazine desk is responsible for providing features and articles for the supplements and the main issue.

IBNL has seven news bureaus across Maharashtra currently and as of October 31, 2010, had a team of 98 journalists led by Nikhil Wagle, editor of *IBN-Lokmat* and Rajdeep Sardesai, editor-in-chief of IBN Network.

For risks associated with the publication and broadcasting of editorial content, refer to the section titled "Risk Factors—We may face libel or defamation charges, which could in turn affect our reputation as well as our business, results of operations, financial condition and prospects" on page xxi.

Marketing

Our marketing objectives are twofold: business to business and business to customer. We actively market our brands and undertake a variety of programs to increase the readership of our newspapers. Our marketing department develops brand strategy, manages the brands and communicates our brand positioning to target readers. Its role also includes developing various reader involvement programs. We also advertise in trade magazines and participate in various trade conferences and seminars to showcase our strengths to advertisers. We presently have four forums namely *Yuva NXT, Sakhi Manch, Bal Vikas Manch* and *Campus Club* through whom we organize various events in the areas of development, education, entertainment and health. We promote our brands and businesses at such events which is intended to generate affinity for our brands, attract sponsorships and advertisements and provide us with a database for demographic and other studies relating to the marketing of our newspaper business. See "― Event Management" on page 106.

To enhance our brand image, we use a wide range of marketing tools, including advertising, public relations and consumer involvement promotions. From time to time, our marketing department uses various media vehicles to strategically promote our brands. The department also tracks the health of our brands through regular surveys.

Information Technology

All of our offices are equipped with computers, servers, switches, routers, firewalls and related IT equipment. We have developed an in house ERP system based on the Oracle database.

Each of our printing locations is an individual data center. Our individual data centers are currently not integrated and we are in the process of integrating our individual data centers. See "Risk Factors—Our ability to remain competitive may be adversely affected by rapid technological changes and limitations and any significant weaknesses in our printing or information technology systems may have a material adverse effect on our business and results of operations" on page xxv.

Our IT staff upgrades our system in accordance with our operational needs. We have implemented security measures to protect our ERP system including password protection and back up systems.

We have dedicated leased lines for our WAN and internet connectivity which facilitates the transmission of news flow from all the bureau offices, district offices and *taluka* offices to our editorial desks. We have put in place security measures including antivirus, anti spam, firewalls and intrusion detection systems to maintain the integrity of these platforms and our work product that is processed through these platforms.

Intellectual Property

The *Lokmat* name has been registered as a trademark across India and such registration is valid until September 25, 2018. The names of certain of our supplements and sub editions such as *Lokmat Hello Nagpur* and *Lokmat Hello Wardha* are also registered trademarks. We have made applications to register numerous other trademarks and logos in India, including *Lokmat Samachar and Lokmat Times.* However, IBNL has not obtained any trademark registrations for the name *IBN-Lokmat* nor its logo. We currently have 24 trademark applications pending registration under the provisions of the Trademarks Act, 1999. For further details, see "Government and Other Approvals" on page 313.

Insurance

The Company maintains insurance against property damage caused by fire, flood, explosion and other artificial or natural disasters (including earthquakes) that may result in physical damage to or destruction of its offices and printing facilities except building structure, equipment, inventory and business interruption. The Company also maintains transit insurance for its raw materials and capital assets. All policies are subject to standard deductibles and coverage limitations. However, the Company does not have any insurance coverage for defamation or libel claims and may be subject to liabilities including monetary compensation. IBNL also maintains insurance against fire, earthquake, terrorism, breakdown of property or equipment, fraudulent acts and public liability. It also maintains insurance for money in transit and money in the safe. All of IBNL's policies are subject to standard deductibles and coverage limitations. However, IBNL does not have any insurance coverage for defamation or libel claims and may be subject to liabilities including monetary compensation.

Human Resources

We believe that our ability to maintain growth depends to a large extent on our ability to attract, train, motivate and retain employees. As of May 31, 2010 and October 31, 2010 we had approximately 2,054 and 2,190 full-time employees on our rolls and IBNL had 217 and 215 full-time employees on its rolls.

Except for certain consultants, retainers and freelance contributors, we do not employ any part-time employees. However, approximately 66.00% of our employees have been appointed pursuant to fixed term contracts. We generally renew such fixed term contracts at the end of their term for further fixed terms.

Certain employees of our Nagpur printing facility are members of a union called *Lokmat Shramik Sangathana* ("**LSS**") which has recently been granted recognition by the Industrial Courts. The Company has filed a writ petition before the High Court of Bombay challenging this order. However, if we do not prevail in the writ petition, we will be required to share with LSS, any changes in terms of service of employees prior to effecting such changes. See "Outstanding Litigation and Material Developments" on page 297. Certain employees of our Aurangabad, Ahmednagar, Solapur, Kolhapur and Mumbai printing facilities are members of a union, *Lokmat Karmachari Sanghatna* ("**LKS**"). PPPL had signed a conciliation agreement with them on September 16, 2008 and the term of that agreement is for three years from September 17, 2008 until September 16, 2011. Pursuant to the merger of the Demerged Undertaking of PPPL, all assets and liabilities of PPPL including those relating to this agreement have been transferred to the Company. This agreement sets forth certain service conditions and employment benefits that the Company is required to extend to the members of LKS. We consider our relations with our employees to be good.

In addition to a base salary, we provide a number of benefits to our permanent employees, such as house rent allowance, medical allowance, conveyance, leave travel allowance and retirement benefits (including contributions to employees provident fund and payment of gratuity). We also provide benefits to our employees appointed pursuant to fixed term contracts, such as house rent allowance and contribution towards employees provident fund.

However, such employees are not entitled to payment of gratuity.

Properties and Facilities

We have entered into a leave and licence agreement for our registered office located at Mumbai with a Group Company for five years starting November 25, 2010. We have also entered into a lease for our corporate office premises located at Nirlon House, Annie Besant Road, Worli, Mumbai 400 018 which is valid for a period of three years from October 1, 2010.

We utilize printing facilities at 12 locations in 12 cities in Maharashtra and Goa, 11 of which are owned by us and one located at Latur is owned by a Group Company, Mogra Scangraph Private Limited. We have a contract with Mogra Scangraph Private Limited that expires in 2014.

10 of our printing facilities are situated on leased properties, 9 of which we have leased from the Maharashtra Industrial Development Corporation ("**MIDC**") for a period of 95 years each. With respect to our printing facility in Goa, we are licensed to use the land on which it is located on a leave and license basis from an unrelated third party. We own the land on which our printing facility in Pune is located. We utilize a printing facility at Latur that is owned by a Group Company, Mogra Scangraph Private Limited.

Set forth below is information on the key properties that we own on which our printing facilities are situated.

Location	Area (square feet)
Wadgaon Khurd, Pune	35,380
Wadgaon Khurd, Pune	43,500

Set forth below are the details of key leasehold properties on which our printing facilities are situated. Except for Goa, we lease all following properties from the MIDC. In Goa, we have a leave and license agreement with an unrelated third party.

Location	Area (square meters)	Tenure
Jalgaon	18,147	95 years from September 1, 1984
Nashik	11,369	95 years from August 1, 1993
Akola	12,700	95 years from December 1, 1998
Akola	4,043	95 years from December 1, 1998
Nagpur	48,590	95 years from March 1, 2001
Aurangabad(1)	33,020	95 years from November 1, 2000
Nanded(1)	33,807	95 years from November 1, 2003
Mumbai(1)	4,568	95 years from February 1, 2004
Solapur(1)	10,000	90 years from September 1, 1993
Kolhapur(1)	950	95 years from September 1, 2003
Kolhapur(1)	8,300	95 years from January 1, 2002

Location	Area (square meters)	Tenure
Goa	500	Two years from May 22, 2010

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(1) These properties were transferred from PPPL to the Company in accordance with the court sanctioned PPPL demerger. However, due to various formalities, the transfer in the name of the Company for these properties is still pending.

We have also entered into lease arrangements with certain state governments relating to land in certain locations in Jaipur, Bhopal and Noida.

Competition

With respect to our publication business, we face competition for print advertising, online advertising and circulation. Competition for advertising comes from local, regional, and national newspapers, the Internet, magazines, broadcast, cable and satellite television, radio, direct mail, yellow pages and other media. Increased competition has come from the Internet and other new media formats and services other than traditional newspapers, many of which are free to consumers and/or businesses. We compete on factors including, but not limited to, audience size, the frequency and timeliness of interaction with audience, advertising rates, and ability to target and deliver to prospective customers and returns on investment. Our positioning in a particular market is a strong influence on our strategy. However, our commonly used strategies include reducing or not increasing our cover price, launching readership schemes and maintaining the same amount of trade discount to our distribution agents even if we reduce our cover price. We also strive to constantly improve our newspapers' appeal to readers by keeping abreast of changing needs of readers through personal contact campaigns, readers' forums and conducting research on our markets.

Lokmat's competitors include the Marathi dailies, *Sakal*, *Loksatta*, *Deshonatti*, *Maharashtra Times*, *Pudhari* and *Punyanagari*. The Marathi newspaper industry in Maharashtra and Goa is fragmented. While *Lokmat* faces competition from other Marathi newspapers, there is no single dominant competitor across *Lokmat's* key markets nor is there a dominant competitor in a majority of its key markets. *Lokmat Samachar's* competitors include the Hindi dailies, *Dainik Bhaskar and Navbharat* and *Lokmat Times*' competitors include the English dailies, *Hitavada* and *The Times of India*. Our newspapers also compete with newspapers in other languages which their respective target audiences may prefer. In addition, they compete with other media platforms including online, television and radio.

IBN-Lokmat's competitors include two Marathi news television channels, *Star Mazaa* and *Zee 24 Tas.* IBNL also competes with news channels in other languages which its target audiences may prefer. In addition, it competes with other media platforms including online, print and radio.

See "Risk Factors—We face intense competition in the newspaper industry, and if we are not able to compete effectively, our business, results of operations, financial condition and prospects may be adversely affected" and "Risk Factors—IBNL faces significant competition from existing news channels, potential entrants to the news broadcasting industry and other news media platforms" on pages xvii and xviii, respectively.

REGULATIONS AND POLICIES IN INDIA

The following is a description of various laws, rules and regulations applicable to the Company as prescribed for the media sector by the GOI, the MIB, the RBI, the RNI, the TRAI and other regulators. The information in this chapter has been obtained from public domain websites, including websites of the aforementioned regulators. The following regulations are not exhaustive and have been provided in order to give general information to the Investors. This information is not intended as substitute for professional legal advice.

The Company is engaged in the business of printing and publishing Marathi, Hindi and English dailies, an English magazine, managing internet portals of these publications, operating, through IBNL, a 24-hour Marathi language news and current affairs channel, and the production and distribution of movies. Set forth below are certain significant Indian laws and regulations that govern our business.

I. Regulations Governing the Print Media Industry

Foreign Investment Regulations

The Foreign Exchange Management Act, 1999, as amended ("**FEMA**") governs the foreign investments in India. Pursuant to FEMA rules, regulations and notifications issued by the RBI from time to time, and the policy prescribed by the Department of Industrial Policy and Promotion provides for whether or not approval of the FIPB is required for activities to be carried out by non-residents in India.

The RBI, in exercise of its power under the FEMA, has promulgated the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000 ("**FEMA Regulations**") to prohibit, restrict or regulate, transfer by or issue security to a person resident outside India.

The Consolidated FDI Policy notified by the Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, GOI on September 30, 2010 ("**FDI Policy**") permits up to 26.00% foreign investment, including FDI and investment by NRIs/ PIOs/ FIIs, in companies engaged in publishing newspapers and periodicals dealing with news and current affairs, subject to the prior approval from the Government through the FIPB.

The Guidelines issued by the Ministry of Information and Broadcasting ("**MIB**") for Publication of Newspapers and Periodicals dealings with News and Current Affairs dated March 31, 2006 ("**MIB Guidelines**") superseded the previous guidelines issued by this Ministry dated July 13, 2005. The MIB Guidelines provide for conditions and obligations to be fulfilled by a foreign company investing in an Indian entity publishing newspapers and periodicals dealing with news and current affairs and also gives certain safeguards with respect to control and management of entities in which foreign investment is permitted.

MIB Guidelines

The MIB Guidelines have allowed FDI and portfolio investments by recognised FIIs up to a ceiling of 26.00% of the paid up equity capital in Indian entities publishing newspapers and periodicals dealing with news and current affairs. The MIB Guidelines also provide that such investment would be permissible by foreign entities having sound credentials and international standing, subject to certain conditions.

Eligibility Criteria

Pursuant to the MIB Guidelines, the following criteria must be fulfilled by a foreign entity to invest in Indian entities publishing newspapers and periodicals dealing with news and current affairs:

a) The resultant entity (the entity in which the investment is made) must be a company registered with the Registrar of Companies under the provisions of the Companies Act.

b) Foreign Investment, including FDI by foreign entities, NRIs, PIOs, etc. and portfolio investments by recognised FIIs, will be allowed up to a maximum of the 26.00% of paid-up equity of the resultant entity. In order to calculate the 26.00% foreign investment in the equity of the resultant entity, the foreign holding component, if any, in the equity of the Indian shareholder companies of the resultant entity is required to be reckoned on pro rata basis.

c) Induction of at least 50.00% of the FDI should be by issue of fresh equity. However, the remaining 50.00% of the FDI may be inducted through the transfer of existing equity.

d) At least three-fourth of the directors of the company and all key executives and editorial staff should be resident Indians.

e) Equity holding of the largest Indian shareholder should be at least 51.00% 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.

The largest Indian shareholder would include any or a combination of the following:

a) In the case of an individual shareholder - the individual shareholder, a relative of the shareholder within the meaning of Section 6 of the Companies Act and a company/ group of companies in which the individual shareholder/ HUF to which he belongs, has management and controlling interest.

b) In the case of an Indian company - the Indian company and a group of Indian companies under the same management and ownership control.

The MIB Guidelines further provide that in the event of a combination of all or any of the entities mentioned above, each of the parties should enter into a legally binding agreement to act as a single unit in managing the matters of the resultant entity.

Application Process

The MIB Guidelines further prescribe that copies of the application form along with the requisite documents and fee should be submitted to the MIB. All applications shall be processed and decided upon by the MIB on the basis of inter-ministerial consultation with the Ministry of Home Affairs and other ministries, as may be required. The entity making an application is required to make full disclosure regarding shareholders' agreements and loan agreements that are finalised or proposed to be entered into, as well as any subsequent changes made to the same (within 15 days of such a change). For the appointment of persons who are non-residents of India on the board of directors of the resultant entity, prior clearance from the MIB is required. The MIB Guidelines also state that if the applicant company, which has obtained permission for limited foreign investment, proposes to raise the limit within the caps, from investors other than those for whom permission for foreign investment has been granted, it will have to apply for the same by way of the prescribed application form. However, applicant companies, which have been granted permission for limited foreign investment and which seek further foreign investment from the same investor within the overall ceiling and within five years of being granted initial permission, without effecting any changes in the board of directors, are not required to re-apply.

Other Conditions/ Obligations

All entities are mandated to inform the MIB about any alteration in the foreign shareholding pattern as of 31st March of every year and within 15 days of the end of the financial year. Further, prior permission from the MIB should be obtained by the entity before effecting any changes in the shareholding of the largest Indian shareholder. The MIB should be informed within 15 days of effecting any change in the composition of its board of directors or key executives and editorial staff, and such change will be subject to post-facto approval by the MIB. Additionally, prior permission by the MIB is required for the employment of any foreigners/ NRIs in the entity as consultants or in any other capacity for more than 60 days in a year or as a regular employee.

Newspaper Industry Regulations

Every person publishing, or intending to publish, a newspaper or a periodical, in India has to be registered under the Press and Registration of Books Act, 1867, as amended ("**PRB Act**"). The authority under the PRB Act is the office of the RNI, which performs the functions of issuance of certificates of registration to newspapers, compilation and maintenance of a register of newspapers containing particulars about all the newspapers published in India and certain other functions.

The chief objective of the RNI is to regulate the newspaper industry and ensure compliance with the provisions of the PRB Act.

Registration of Newspapers

The Registration of Newspapers (Central) Rules, 1956, as amended ("**Registration Rules**") stipulates certain conditions in relation to the newspapers registered under the PRB Act. The authority under the Registration Rules is the press registrar ("**Press Registrar**") who seeks to ensure the governance of the working of the newspapers. Newspaper companies are required to furnish a copy of every newspaper issue, within 48 hours of its publication, as well as annual statements to the Press Registrar. The publisher of a newspaper is required to publish the retail-selling price of each copy in every issue of the newspaper and in case of any change, the same has to be intimated to the Press Registrar within 48 hours. The names of the printer, publisher, owner and editor and the place of its printing and publication is required to be printed in a legible manner on every newspaper.

Newsprint Allocation Regulation

Newsprint is an important raw material for printing newspaper. Until 1994-95, the allocation of newsprint was regulated by the Newsprint Control Order, 1962, and the Newsprint Import Policy was announced by the Government every year. Newspapers were issued entitlement certificates for import and purchase from the scheduled indigenous newsprint suppliers. The Newsprint Policy is modified every year depending on the import policy of the Government. Newsprint has been placed under 'Open General Licence' with effect from May 1, 1995 whereby all types of newsprint have become eligible for import by actual users without any restriction. Under the latest newsprint policy/ guidelines for the import of newsprint issued by the MIB, the authentication of certificates of registration is done by the RNI for import of newsprint on submission of a formal application and necessary documentary evidence.

The publisher is required to submit annual returns by the 30th of April for the period ending 31st March indicating the quantity of imported newsprint purchased and consumed during the relevant periods as per the Ministry of Commerce & Industry's Notification No. 29 dated January 28, 2004.

Import of Newsprint

The Government has exempted the import of newsprint from customs duty vide CUS NTF. NO. 13/2009 dated February 11, 2009.

Regulation of the Press

The Press Council Act, 1978, as amended ("**PC Act**") established a press council ("**Press Council**") with effect from March 1, 1979 for the purpose of preserving the freedom of the press and of maintaining and improving the standards of newspapers and news agencies in India. The functions of the Press Council include helping newspapers and news agencies maintain their independence, prescribing a code of conduct for newspapers, news agencies and journalists, and to concern itself with developments such as concentration of, or other aspects of, ownership of newspapers and news agencies that may affect the independence of the press. The PC Act empowers the Press Council to warn, admonish or censure the newspaper, the news agency, the editor or the journalist or disapprove the conduct of the editor or the journalist if it finds that a newspaper or a news agency has offended the standards of journalistic ethics or public taste or that an editor or a working journalist has committed any professional misconduct.

Additionally, the Press Council (Procedure for Inquiry) Regulations, 1979 outlines the procedure for filing a complaint in respect of a newspaper, news agency, editor or working journalists under the PC Act. It lists the requirements for the content of such complaint, the authority before which it has to be filed and the other procedural requirements which need to be satisfied for successful filing of such complaint.

Accreditation Regulations

The Central Newsmedia Accreditation Guidelines, 1999, as amended ("**Accreditation Guidelines**") deal with the granting of accreditation to the representatives of news media organisations by the Government. Certain eligibility criteria for granting of accreditation to various categories viz., news agencies, cameraman or journalists, etc., as well as the procedure for granting of accreditation, occasions when accreditation could be suspended or withdrawn and the mechanism for review of accreditation have been provided for under the Accreditation Guidelines. Accreditation is granted only to those media representatives who reside at Delhi or its periphery.

Newspaper (Price and Page) Act

The Newspaper (Price and Page) Act, 1956, as amended, has been enacted to prevent unfair competition among newspapers whereby the prices charged for newspapers are regulated on the basis of the number of pages, size, area of circulation and advertising matter present therein. It further states that the publisher of any newspaper shall furnish to the Press Registrar weekly returns and statistics with respect to the prices charged for newspapers, number of pages, size, area of circulation and advertising matter.

Guidelines for Syndication Arrangement by Newspapers

The Guidelines for Syndication Arrangement by Newspapers (as revised pursuant to Press Note No. 14/3/2004 dated July 5, 2005), authorise all newspapers registered in India to make syndication arrangements for procuring material including photographs, cartoons, crossword puzzles, articles and features from foreign publications under the automatic approval route provided, *inter alia*, that the total material procured and printed in one issue of the Indian publication does not exceed 20.00% of the total printed area, due credit is provided to the content provider as a by-line in the Indian publication, and material procured under the syndication arrangement it has already been published in the publication of the content provider. The Indian publication is required to obtain prior approval of the MIB for relaxation of these conditions.

Delivery of Books and Newspapers (Public Libraries) Act

The Delivery of Books and Newspapers (Public Libraries) Act, 1954 ("**DBN Act**"), as amended, was passed to provide for delivery of books and newspapers to the national libraries and other public libraries as may be notified by the Government. The DBN Act requires publishers of newspapers to deliver a copy of each issue of the newspaper as soon as it is published to such public libraries at its own expense.

Copyright Act

The Copyright Act, 1957, as amended ("**Copyright Act**") governs copyright protection in India. Under the Copyright Act, a copyright may subsist in original literary, dramatic, musical or artistic works, cinematograph films, and sound recordings. Following the issuance of the International Copyright Order, 1999, subject to certain exceptions, the provisions of the Copyright Act apply to nationals of all member states of the World Trade Organisation. While copyright registration is not a prerequisite for acquiring or enforcing a copyright, registration creates a presumption favouring the ownership of the copyright by the registered owner. Copyright registration may expedite infringement proceedings and reduce delay caused due to evidentiary considerations. Once registered, the copyright protection of a work lasts for 60 years.

The remedies available in the event of infringement of copyright under the Copyright Act include civil proceedings for damages, account of profits, injunction and the delivery of the infringing copies to the copyright owner. The Copyright Act also provides for criminal remedies, including imprisonment of the accused and the imposition of fines and seizures of infringing copies.

Trade Marks Act

The Trade Marks Act, 1999, as amended ("**Trade Marks Act**") governs the statutory protection of trademarks in India. In India, trademarks enjoy protection under both statutory and common law. Indian law permits the registration of trademarks for goods and services which is valid for a period of 10 years, unless renewed further. Certification trademarks and collective marks can also be registered under the Trade Marks Act. The registration of certain types of trademarks is prohibited under the Trade Marks Act, including trademarks that are not distinctive and which indicate the kind or quality of the goods.

Working Journalists and Other Newspaper Employees (Conditions of Service) and Miscellaneous Provisions Act

The Working Journalists and Other Newspaper Employees (Conditions of Service) and Miscellaneous Provisions Act, 1955, as amended ("**Working Journalists Act**") regulates the conditions of service including fixing or revising rates of wages of working journalists and non-journalists newspaper employees. In this regard, the Government is empowered to constitute a wage board which recommends wages for such working journalists and non-journalists newspaper employees. The recommendations of the wage board are then forwarded to the states and the Government monitors implementation of the same.

In terms of the Working Journalists Act, the wage board constituted by the Government has given the following awards, which are applicable to the print media companies:

1. Palekar award effective from October 1, 1979;
2. Bachawat award effective from January 1, 1988; and
3. Manisana award effective from April 1, 1998.

Working Journalists (Fixation of Rates of Wages) Act

The Working Journalists (Fixation of Rates of Wages) Act, 1958, as amended governs the fixation of the minimum rates of wages for working journalists by constituting a committee for considering representations from publishers and journalists. The working journalists are entitled to wages at rates not less than those specified in the Government Order.

Working Journalists (Industrial Disputes) Act

Through the Working Journalists (Industrial Disputes) Act, 1955, the Industrial Disputes Act, 1947 has been made applicable to the working journalists.

Newspaper (Incitement of Offences) Act, 1908

The Newspaper (Incitement of Offences) Act, 1908, as amended, authorises local authorities to take action against the editor of any newspaper that publishes a matter deemed to constitute an incitement to rebellion. Further, the Magistrates have the right to confiscate the printing presses and property of the newspaper company which published such objectionable material which served as incitement to murder or acts of violence. In addition, the publications registered with INS or ABC must comply with the norms, rules and regulations prescribed by these agencies.

Legislations governing dissemination of information

The following legislations regulate the dissemination and publication of various kinds and categories of information, and prescribes consequences for non-compliance therewith:

- Contempt of Courts Act, 1971;
- Drugs and Magic Remedies (Objectionable Advertisements) Act, 1954;
- Emblems and Names (Prevention of Improper Use) Act, 1950 and the rules thereunder;
- Indecent Representation of Women (Prohibition) Act, 1986;
- Juvenile Justice (Care and Protection of Children) Act, 2000;
- Prize Chits and Money Circulation Schemes (Banning) Act, 1978;
- Prize Competition Act, 1955;
- Indian Penal Code, 1860;
- Consumer Protection Act, 1986;
- Official Secrets Act, 1923;
- Protection of Civil Rights Act, 1955; and
- Young Persons (Harmful Publications) Act, 1956.

II. Regulations Governing the Television Broadcasting Industry

Foreign Investment Regulations

Foreign shareholders are permitted to hold up to 26.00% (including FIIs) of the paid up equity capital of an Indian company involved in news and current affairs television broadcasting, subject to the prior approval from the FIPB and guidelines issued by the MIB in relation to the television broadcasting industry.

Guidelines for Uplinking News or Current Affairs TV Channels

On December 2, 2005 the MIB consolidated and promulgated the existing guidelines and issued new guidelines ("**Uplinking Guidelines**") in supersession of all previous guidelines. The key features of the Uplinking Guidelines are as follows:

- Equity holding of the largest Indian shareholder should be at least 51.00% 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.

- Foreign shareholding, including FDI/ FII/ NRI investments, should not exceed 26.00% of the paid up equity of the company. However, an entity making a portfolio investment in the form of FII/ NRIs deposits shall not be 'persons acting in concert' with FDI investors, as defined in the Takeover Code.

- At least three-fourth of the directors of the company and all key executives and editorial staff should be resident Indians.

- 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 television channel.

- The CEO of the company, known by any designation, and/ or head of the channel, should be a resident Indian.

- The minimum net worth of the company, uplinking a news and current affairs TV channel, should be as follows:

Item	Required Net Worth
Single TV channel	Rs. 30 million
For each additional TV channel	Rs. 20 million

- To set up uplinking hubs/ teleports, the company's foreign equity holding, including NRI/ OCB/ PIO, should not exceed 49.00%. The minimum net worth of the company should be as follows:

Item	Required Net Worth
Teleport for single channel capacity	Rs. 10 million
Teleport for 6 channel capacity	Rs. 15 million
Teleport for 10 channel capacity	Rs. 25 million
Teleport for 15 channel capacity	Rs. 30 million

The permission granted by the MIB is valid for a period of 10 years. Further, by an order dated January 1, 2009, the MIB has notified that a processing fee of Rs. 25,000 would be payable by companies seeking change of satellite, channel name/ logo, language of channel, category of channel, teleport and teleport location.

Telecom Regulatory Authority of India Act

The Telecom Regulatory Authority of India Act, 1997, as amended ("**TRAI Act**") established the TRAI and the Telecom Disputes Settlement and Appellate Tribunal ("**TDSAT**"). TRAI is the regulatory body for telecommunication services in India and TDSAT is a special court to adjudicate disputes relating to telecommunications and related services and to act as the appellate authority in respect of any directions, decisions and orders of TRAI. Pursuant to a notification No. 39, dated January 9, 2004 issued by the Ministry of Communications and Information Technology, the television industry was brought under the ambit of TRAI by classifying "broadcasting and cable services" as "telecommunications services". Under the TRAI Act, TRAI is empowered to make recommendations to the Central Government to issue licenses in connection with matters regarding timing for introduction of new service providers, and also the terms and conditions of license to a service provider. TRAI also recommends revocation of license, monitors the quality of service, inspects the equipment used in the network and recommends the type of equipment to be used by the service providers.

Permission for the use of Satellite News Gathering Technology under the Uplinking Guidelines

The use of satellite news gathering ("**SNG**") and digital satellite news gathering ("**DSNG**") equipment is restricted to certain types of users, the users of these equipments have to apply to the MIB and obtain permission. Press Information Bureau ("**PIB**") accredited content providers, are permitted to use SNG/ DSNG for the collection and transmission of news footage. These channels are permitted to use the technology to gather live news or footage and for point to point transmission, entertainment channels uplinking from their own teleport are permitted to use SNG/ DSNG for their approved channels, and for transfer of video feeds to the permitted teleport.

All foreign channels, permitted entertainment channels uplinked from India and entities permitted to use SNG and/ or DSNG equipment are required to seek temporary uplinking permission for any live coverage/ footage collection and transmission. Uplinking is to be carried out only in the encrypted mode, so as to be receivable only in closed user group and signals are down linked only at the permitted teleport of the licensee and uplinked for broadcasting through permitted satellite only through such teleports. Content collected through SNG and DSNG technology is required to conform to Programme and Advertisement Codes. Such companies are required to inform the MIB about placement of the terminals. The company would be required to take permission from the Wireless Planning and Coordination Wing for the use of SNG and/ or DSNG technology and for frequency authorisation. The MIB can impose penalties for violations of the Uplinking Guidelines like suspension of the corresponding uplinking licenses for various periods of time, and/ or prohibitions on broadcasting material during the permission period.

Telecommunication (Broadcasting and Cable Services) Interconnection Regulation

TRAI promulgated the Telecommunication (Broadcasting and Cable Services) Interconnection Regulation, 2004, as amended ("**Interconnection Regulation**") which covers arrangements among service providers for revenue sharing. An owner of a television channel or its designated distributor in India is not permitted to engage in any practice or enter into any understanding, including an exclusive contract, with any distributor of television channels that would prevent any other distributor from obtaining television channels for distribution. Every channel owner is required, upon request, to provide signals of its television channels to all distributors. The Interconnection Regulations were amended in August 2006 (the "**Interconnection Regulation Amendment**") pursuant to which all channel owners or their designated distributors in India, multi system operators and local cable operators are required to mutually negotiate and finalise affiliation agreements in respect of areas notified under conditional access system. The Interconnection Regulation Amendment also provides that any broadcaster of a Free-To-Air channel that intends to convert its channel to a pay channel, or vice-versa, must inform TRAI and give notice to the public one month before the scheduled conversion date. It is mandatory for the broadcasters to offer pay channels on *a-la-carte* basis to DTH operators and such offering of channels on *a-la-carte* basis shall not prevent the broadcaster from offering such pay channels additionally in the form of bouquets.

Tariff Order

On August 31, 2006, TRAI issued a notification providing, *inter alia*, for tariff ceiling for "basic service tier", tariff for supply of set-top boxes and ceiling of maximum retail prices for pay channels in respect of areas notified under conditional access system in Delhi, Mumbai, Kolkata and Chennai ("**Tariff Order**"). The Tariff Order for pay channels provides that all pay channels are to be offered compulsorily on *a-la-carte* basis and bouquets can be offered with discounts in addition to the *a-la-carte* offer. Ceiling on the maximum retail of any pay channel whether new or existing will be Rs. 5 per channel per subscriber per month. However, broadcasters are free to fix prices of individual pay channels within this ceiling. In the event a broadcaster changes from a pay channel to free to air channel or vice-versa, the broadcaster would have to inform TRAI and provide a public notice of one month. The Tariff Order has been amended by an order dated November 21, 2006 to include tariff ceilings for commercial subscribers.

Constitution of District Monitoring Committee and State Level Monitoring Committee

The MIB, by an order dated February 19, 2008, has constituted District Monitoring Committees and State Level Monitoring Committees. The District Monitoring Committee provides for, among other functions, a forum where any member of the public can lodge a complaint regarding content aired over cable television and take action on the same as per the prescribed procedure. The functions of the State Level Monitoring Committee include recommending action and forwarding complaints against satellite channels (national channels) to the MIB through the Chief Secretary of the State in cases of violation of the Government's orders on the Programme and Advertising Codes.

Indian Wireless Telegraphy Act

Under the Indian Wireless Telegraphy Act, 1933, as amended ("**Wireless Act**"), no person is permitted to possess wireless telegraphy apparatus without obtaining a license. Any person held in possession of a wireless telegraphy apparatus, other than a wireless transmitter, without a license is liable to be punished under the Wireless Act.

Pending Legislation: New Regulatory Initiatives

Broadcasting Services Regulation Bill

The Broadcasting Services Regulation Bill, 2006 ("**Broadcast Bill**") is a proposed legislation that purports to promote and facilitate the carriage and content of broadcasting. The Broadcast Bill seeks to prohibit a person from providing any television services without obtaining a license for such service. The Broadcast Bill proposes the establishment of the Broadcasting Regulatory Authority of India ("**BRAI**"), which would replace TRAI and MIB as the authority responsible for the regulation of all aspects of the television industry.

Self Regulation Guidelines for the Broadcasting Sector

The Self Regulation Guidelines for the Broadcasting Sector, 2008 ("**Self Regulation Guidelines**") sets out principles, guidelines and ethical practices which shall guide the broadcasting service provider in offering their programming services in India so as to conform to the Certification Rules prescribed in the Cable Television Networks (Regulations) Act, 1995 irrespective of the medium/ platform used for broadcasting of the program.

The principles in these guidelines are sought to be implemented at the first instance through a self regulatory mechanism of the broadcasting service provider which shall be subject to a time bound default/ grievance redressal mechanism which shall function under the guidance of the BRAI. In these guidelines, a second tier of self regulation is specified at the industry level which sets out responsibilities in the areas of broadcast of advertisements and programs.

III. Regulation Governing the Film Production Industry

Cinematograph Act

The Cinematograph Act, 1952, as amended ("**Cinematograph Act**") sets out the law in relation to the certification of cinematograph films for exhibition and for regulating exhibitions by means of cinematographs. Under the Cinematograph Act, the Central Government has constituted the Board of Film Certification, commonly known as the Censor Board, for the purpose of sanctioning films for public exhibition. The Censor Board may direct the applicant to carry out such excisions or modifications in the film as it feels necessary before sanctioning the film for public exhibition, or refuse to sanction the film for public exhibition.

After examining a film, if the Censor Board considers that:

i. the film is suitable for unrestricted public exhibition, or, for unrestricted public exhibition with an endorsement of the nature mentioned above, it shall grant to the person applying for a certificate in respect of the film a "U" certificate or a "UA" certificate, as the case may be; or

ii. the film is not suitable for unrestricted public exhibition, but is suitable for public exhibition restricted to adults or is suitable for public exhibition restricted to members of any profession or any class of persons, it shall grant to the person applying for a certificate in respect of the film an "A" certificate or a "S" certificate, as the case may be; The certificate granted by the Board is valid throughout India for a period of 10 years.

The exhibitor is required to ensure that it shall not contravene any restrictions specified by the Censor Board. A person aggrieved by the decision of the Censor Board has a right to appeal to the Appellate Tribunal. The obligation to obtain such certificate is on the producer of a film.

Cinematograph Film Rules

The Cinematograph Film Rules, 1948, as amended ("**Cinematograph Rules**") provide for the granting of licenses for the storage of films. The license granted under the Cinematograph Rules is valid for a period of one year and may be renewed annually. The licensee may, at any time before the expiry of the license, apply for permission to transfer the said license to another person. The licensing authority is also empowered to cancel a license in the event any provision of the Cinematograph Act is contravened. The Cinematograph Rules ensure compliance in respect of transportation, storage and handling of films.

Cine-Workers and Cinema Theatre Workers (Regulation of Employment) Act

The Cine-Workers and Cinema Theatre Workers (Regulation of Employment) Act, 1981, as amended ("**Cine- Workers Act**") provides for the regulation of conditions of employment of certain cine workers and cinema theatre workers and for matters connected therewith. The Cine-Workers Act makes the Payment of Gratuity Act, 1972, and the Employees' Provident Funds and Miscellaneous Provisions Act, 1952 applicable to the employees of cinema theatres in which five or more persons are employed.

Financing

In October 2000, the Ministry of Finance notified the film industry as an industrial concern in terms of the Industrial Development Bank of India Act, 1964, pursuant to which loans and advances to industrial concerns became available to the film industry.

The RBI, by circular dated May 14, 2001, permitted commercial banks to finance up to 50.00% of the total production cost of a film. Further, by an RBI circular dated June 8, 2002, bank financing is now available even where total film production cost exceeds Rs. 100 million. Banks which finance film productions customarily require borrowers to assign the film's intellectual property or music audio/ video/ CDs/ digital versatile discs/ internet, satellite, channel, export/ international rights as part of the security for the loan, such that the banks would have a right in negotiation of valuation of such intellectual property rights.

IV. Other applicable legislations:

In addition, the following legislations apply to our Company:

- Industrial Disputes Act, 1947;
- Payment of Bonus Act, 1965;
- Employees' State Insurance Act, 1948;
- Employees' Provident Funds and Miscellaneous Provisions Act, 1952;
- Payment of Gratuity Act, 1972;
- Factories Act, 1948;
- Shops and establishments act of the relevant state;
- Contract Labour (Regulation and Abolition) Act, 1970;
- Minimum Wages Act, 1948
- Payment of Wages Act, 1936
- Maharashtra Mathadi, Hamal and other Manual Labour (Regulation of Employment and Welfare Act), 1969
- Maharashtra Recognition of Trade Union and Prevention of Unfair Labour Practices Act, 1971
- Trade Unions Act, 1926
- Workmen's Compensation Act, 1923
- Maternity Benefit Act, 1961
- Industrial Employment (Standing Orders) Act, 1946
- Bombay Labour Welfare Fund Act, 1953

- Employment Exchanges (Compulsory notification of Vacancies) Act, 1959
- Water (Prevention and Control of Pollution) Act, 1974;
- Air (Prevention and Control of Pollution) Act, 1981;
- Environment (Protection) Act, 1986; and
- Hazardous Wastes (Management and Handling) Rules, 1989.

HISTORY AND CERTAIN CORPORATE MATTERS

Brief History of the Company

The Company was incorporated as 'Lokmat Newspapers Private Limited' on June 21, 1973 under the Companies Act at Mumbai, Maharashtra. The newspaper publication business was previously conducted by a partnership firm, Lokmat Yeotmal, which had Late Jawaharlal Darda, Veenadevi Darda and Vijay Darda as partners. The newspaper publication business was transferred to the Company from Lokmat Yeotmal with effect from January 1, 1974. Pursuant to Section 43A (1A) of the Companies Act, the Company became a deemed public company with effect from September 15, 1988 and its name was changed to 'Lokmat Newspapers Limited' by deleting the word 'Private' from the certificate of incorporation. In terms of Section 43A(2A) of the Companies Act, the Company was converted from a deemed public company to a private limited company with effect from March 7, 2002 and the name of the Company was changed to 'Lokmat Newspapers Private Limited' by adding the word 'Private' in the certificate of incorporation.

Pursuant to a Board resolution dated September 14, 2010 and a shareholders' resolution passed at the EGM on September 16, 2010, the name of the Company was changed to 'Lokmat Media Private Limited' to reflect its diversified portfolio and a fresh certificate of incorporation dated September 21, 2010 was issued by the RoC. Thereafter, pursuant to a Board resolution dated October 21, 2010 and shareholders' resolution passed at the AGM on November 9, 2010, the Company was converted into a public limited company and consequently its name was changed to 'Lokmat Media Limited'. A fresh certificate of incorporation dated November 22, 2010 was issued by the RoC.

Our Company is involved in publishing newspapers and has other business segments in the media sector including television, films and event management. For further details of the business of our Company, please see the section titled "Our Business" on page 91.

As of the date of the Draft Red Herring Prospectus, the Company had seven shareholders.

Change in Registered Office of the Company

The registered office of the Company was originally located at Lily Court, 5th Floor, Road No. 4, Churchgate, Mumbai 400 020, Maharashtra. Following are the changes in the Registered Office of the Company since incorporation:

Date of change of registered office	Address
July 2, 1982	Change of registered office from Lily Court, 5th Floor, Road No. 4, Churchgate, Mumbai 400 020, Maharashtra to 126, Mittal Tower, B Wing, 12th Floor, Nariman Point, Mumbai 400 021, Maharashtra

The change in the registered office was to ensure greater operational efficiency.

Main Objects of the Company

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

1. "To carry on business as proprietors and publishers of Newspapers, magazines and periodicals, journals, books and literary works and undertakings and to acquire and exploit copy rights in all literary work.

2. To print, publish and circulate Journals, magazines, newspapers, pamphlets, periodicals and other literatures and to enter into agreement with authors, editors and others for having sole or other rights of their books, writings, articles, dramas, criticism, photo plays.

3. To carry on the business of news gathering, production and broadcasting and to engage in the business of entertainment in the field of radio broadcasting, satellite television, cable television, music both video and

audio, cinema, recording, production and transmission of pictures, sounds, movement and music by wire or wireless, or by mechanical, electrical or any other method, means or process and to act as manufacturers, producers, exhibitors, importers, exporters, and distributors of cinematographic films and pictures, television films, television software, video films, video software, radio programmes, publicity agents, syndication of contents in media sector, media advisors and to acquire and maintain studios, theatres, multiplexes, amusement park, event management business and to set up e-commerce portal for entertainment."

Amendments to the Memorandum of Association

Since incorporation of the Company, following changes have been made to the Memorandum of Association:

Date of Board/ Shareholders' Resolution	Nature of Amendment
April 28, 1981	Increase of authorised share capital of the Company from Rs. 500,000 to Rs. 1,500,000.
May 29, 1992	Increase of authorised share capital of the Company from Rs. 1,500,000 to Rs. 10,000,000.
September 12, 1988	Conversion of the Company into a public limited company in accordance with Section 43A(1A) of the Companies Act by deletion of the word 'Private' from the name of the Company in the certificate of incorporation with effect from September 15, 1988.
January 15, 2002	Conversion of the Company from a deemed public company into a private limited company pursuant to Section 43A(2A) of the Companies Act and addition of the word 'Private' in the name of the Company in the certificate of incorporation with effect from March 7, 2002.
March 11, 2006	The other objects clause of the Memorandum of Association was amended to insert the following as clause 47 and clause 58, respectively: "To allow the Company to set up wholly owned subsidiary company in India and abroad to carry on the business of trading, manufacturing, rendering services of or in connection with any commodity or services or other business in India or abroad." "To enter into agreement, contract and arrangement with any Indian company/ firm or foreign companies/ firm to carry on the business of trading/ manufacturing of or in connection with any commodity or services or other business in India or abroad by the Company itself or through subsidiary company."
February 28, 2008	Increase of authorised share capital of the Company from Rs. 10,000,000 to Rs.15,000,000.
September 16, 2010	i. The main objects clause of the Memorandum of Association was amended to insert the following as clause 2A: "To carry on the business of entertainment in the field of radio broadcasting, satellite television, cable television, music both video and audio, cinema, recording, production and transmission of pictures, sounds, movement and music by wire or wireless, or by mechanical, electrical or any other method, means or process and to act as manufacturers, producers, exhibitors, importers, exporters, and distributors of cinematographic films and pictures, television films, television software, video films, video software, radio programmes, publicity agents, Syndication of Contents in Media Sector, media advisors and to acquire and maintain studios, theatres, multiplexes, amusement park, event management business, to set up ecommerce portal for entertainment." ii. The other objects clause of the Memorandum of Association was amended to insert the

Date of Board/ Shareholders' Resolution	Nature of Amendment
	following as clause 49 and clause 50, respectively: "To carry on the business of producers, manufacturers, generators, suppliers, distributors, transformers, converters, transmitters, processors, developers, storers, procurers, carriers and dealers in electricity, all form of energy and any such products and by-products derived from such business including without limitation, steam, fuels, ash, conversion of ash into bricks and any products derived from or connected with any other form of energy, including, without limitation to conventional sources such as heat, thermal, hydel and/ or from non conventional sources such as tidalwave, wind, solar, geothermal, biological, biogas and coal bed methane." "To carry on the business of purchasers, creators, generators, manufacturers, producers, procurers, suppliers, distributors, converters, processors, developers, stockist, carriers and dealers in, design or otherwise acquire to use, sell, transfer or otherwise dispose of electricity, steam, hydro or tidal, water, wind, solar, hydrocarbon fuels, fuel handling equipments and machinery and fuel handling facilities thereto and any products or by products derived from any such business (including without limitation distillate fuel oil and natural gas whether in liquefied or vaporized form), or other energy of every kind and description and stoves, cookers, heaters, geysers, biogas, plants, gas and steam turbines, boilers, generators, alternators, diesel generating sets and other energy devices and appliances of every kind and also to dealing in Carbon Credit Business." iii. The name of the Company was changed to 'Lokmat Media Private Limited' to reflect its diversified portfolio and a fresh certificate of incorporation dated September 21, 2010 was issued by the RoC.
November 9, 2010	i. Increase of authorised share capital of the Company from Rs.15,000,000 to Rs. 750,000,000. ii. Conversion of the Company into a public limited company by deletion of the word 'Private' from the name of the Company and the consequent change of name of the Company to 'Lokmat Media Limited'. iii. The clause 2A of the main objects clause of the Memorandum of Association was substituted with the following clause: "To carry on the business of news gathering, production and broadcasting and to engage in the business of entertainment in the field of radio broadcasting, satellite television, cable television, music both video and audio, cinema, recording, production and transmission of pictures, sounds, movement and music by wire or wireless, or by mechanical, electrical or any other method, means or process and to act as manufacturers, producers, exhibitors, importers, exporters, and distributors of cinematographic films and pictures, television films, television software, video films, video software, radio programmes, publicity agents, syndication of contents in media sector, media advisors and to acquire and maintain studios, theatres, multiplexes, amusement park, event management business and to set up e-commerce portal for entertainment."
December 6, 2010	The other objects clause of the Memorandum of Association was amended to insert the following as clause III(B)(30A), (30B) and (30C): "To carry on the business of organizing, managing and promoting all types of games and sports, whether indoor or outdoor including fun-n-fairs, exhibitions, side shows and games, competitions, tournaments, pyrotechnic, aerial and spectacular displays and promoting,

Date of Board/ Shareholders' Resolution	Nature of Amendment
	marketing, franchising, merchandising, any or every type of sport including organizing concerts, award ceremonies and television performances for honoring or recognizing sports men or women, owning, managing, promoting and endorsing a sports franchise in India or abroad, representing and managing Sportsman and all sports related personalities and celebrities including commentators, coaches, trainers, physiotherapist, sport analyst, statistician, consultants and advisers and purchase, sell, endorse, counsel and contract for all rights pertaining to such games, sports, sportsman, sports facilities, sport celebrities inter-alia Television & broadcasting rights, other forms and types of similar enterprises. To carry on the business of building and maintaining sports facilities, grounds, sport hubs & studios, sports Club, sport research centers and in connection with any such business or businesses, to purchase, lease, hire, contract/provide, operate, equip and maintain land, buildings, sport studios, halls, grounds, tracks, arenas, golf and putting courses, tennis courts, skating rinks, swimming baths, boating and paddling pools, marinas, piers, jetties, coach and car parks, tents, vehicles, boats, chairs, machines and all other structures, apparatus, equipment and articles and other relevant infrastructure for such sports facility and hire coaches, trainers, physiotherapists and such other personnel as may be necessary or convenient in the opinion of the company for the carrying on of such activities. To engage in the business of celebrity management, talent management, celebrity endorsement consultancy and to provide celebrity management services to various celebrities like film stars, sports personalities, models, dramatists and others and to act as brand managers, event managers, and managing the endorsements, appearances, performances of celebrities and to represent them in dealing with third parties and to offer multi-dimensional services in the area of celebrity management and to organize fashion shows, lifestyle shows, parties, cultural shows, exhibitions, to provide entertainment services, wedding planning services and product launch management services."

Major Events

The table below sets forth some of the major events in the history of the Company:

Year	Particulars
1973	Lokmat Yeotmal, a partnership firm, which had Late Jawaharlal Darda, Veenadevi Darda and Vijay Darda as partners, transferred the newspaper business comprising the publication of *Lokmat*, a Marathi daily, to the Company at Nagpur
1987	Launch of first edition of *Lokmat Times*, an English daily
1989	Launch of first edition of *Lokmat Samachar*, a Hindi daily
1997	Launch of 'Yuva Manch' (now known as 'Yuxa NXT'), serving as a platform for the event management division
1998	Launch of the Marathi website of the Company
2000	Launch of 'Sakhi Manch', forum for women
2005	Commencement of e-Paper for *Lokmat*

Year	Particulars
2006	Launch of the lifestyle magazine 'G2, The Global Gujarati', which targets the Gujarati and Parsi communities. The magazine won the Asian Publishing Management Award in the 'Best new launch of a local title' category
2007	The Company entered into a joint venture with ibn18 Broadcast Limited to launch a Marathi language news and current affairs channel
2008	*IBN Lokmat*, a 24-hour Marathi news and current affairs channel, begins broadcasting
2009	i. Launch of *Lokmat*, Marathi edition at Goa – first edition outside Maharashtra ii. Foray into the film business segment and incorporation of LEPL iii. Acquisition of the printing and publishing units of PPPL under the scheme of demerger to consolidate the publication business iv. Launch of the e-paper versions of *Lokmat Samachar*, Nagpur edition and *Lokmat Times*, Nagpur edition
2010	Release of 'Jetaa', Company's first Marathi movie

Awards and Recognitions

Year	Particulars
1981	Printing and National Decoration Award by MIB
1992	Matushree award to *Lokmat Times* as best English Daily
2007	Certificate to *Lokmat* for contribution to Indian regional newspapers segment by Indian Language Newspaper Association

Subsidiaries, Joint Venture and Partnerships

As of the date of this Draft Red Herring Prospectus, the Company has two Subsidiaries and one Joint Venture. For details regarding the Subsidiaries and the Joint Venture of the Company, please see the section titled "Subsidiaries and Joint Ventures" on page 140.

Airwave Entertainment Private Limited ("**AEPL**") became a wholly owned subsidiary of the Company with effect from August 11, 2007. AEPL acquired 51.00% of the equity share capital of PPPL on March 7, 2008. Consequently, PPPL became an indirect subsidiary of the Company with effect from March 7, 2008. The Company subsequently transferred its shareholding in AEPL to a Group Company and AEPL ceased to be a subsidiary of the Company with effect from May 31, 2010. Pursuant to the transfer of shares of AEPL, PPPL ceased to be an indirect subsidiary of the Company with effect from May 31, 2010.

Additionally, Asera Banka Power Private Limited ("**Asera Banka**") was incorporated as a wholly owned subsidiary of APPL on September 21, 2010 and consequently Asera Banka became an indirect subsidiary of the Company with effect from September 21, 2010. APPL held 100.00% of the equity share capital of Asera Banka, which was transferred to Devendra Darda on October 25, 2010. Accordingly, Asera Banka ceased to be an indirect subsidiary of the Company, with effect from October 25, 2010.

Further, previously the Company also had interest in a partnership firm M/s. Sandeep Layout. The Company has divested its stake in M/s. Sandeep Layout with effect from May 29, 2010. Also, see the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations" on page 275.

Scheme of arrangement between PPPL and the Company

A scheme of arrangement ("**Scheme**") was filed by the Company and PPPL before the High Court of Bombay under Sections 391 to 394 of the Companies Act with a view to *inter alia* transfer the publishing division of PPPL to the Company. By orders dated September 5, 2008 and January 23, 2009, the High Court of Bombay has sanctioned the Scheme with effect from April 1, 2009 (the "**Appointed Date**") and effective from the Appointed Date or the date of filing the order of the High Court of Bombay with the RoC, whichever is later and accordingly, the Scheme was effective from April 1, 2009 ("**Effective Date**").

The Scheme provides for demerger and vesting of the printing and publishing business of PPPL, including its assets and liabilities pertaining to the business of publishing newspapers and related undertakings, its debts, contingent liabilities and properties (the "**Demerged Undertaking**"). In terms of the Scheme, as consideration for the transfer and vesting of the Demerged Undertaking, the Company has allotted 467,600 Equity Shares to certain shareholders of PPPL (i.e. 100 Equity Shares for every one fully paid up share of Rs. 1,000 each held by the shareholders of PPPL). For details in relation to the allotment of Equity Shares made by the Company pursuant to the Scheme, see the section titled "Capital Structure – Share Capital History of the Company" on page 30.

Rationale of the Scheme

PPPL was *inter alia* engaged in the printing and publishing business (the Company and PPPL published newspapers under the name 'Lokmat' from independent locations) and was proposing to enter into the business of radio broadcasting. The rationale for de-merger of the Demerged Undertaking from PPPL and its amalgamation into the Company was for greater synergy in operations, undertaking the publishing business through a single entity, efficient utilisation of economic benefits and financial resources, enhanced and centralised management focus, administrative rationalisation and organisational efficiencies.

Set forth below are certain key features of the scheme of amalgamation:

- **Share Capital**: As of March 24, 2008:

  i. The authorised capital of PPPL was Rs. 13 million and the issued, subscribed and paid up capital was Rs. 9.54 million.

  ii. The authorised capital of the Company was Rs. 15 million and the issued, subscribed and paid up capital was Rs. 6.84 million.

- **Transfer and vesting**: On the Appointed Date**,** the Demerged Undertaking stands transferred and vested in the Company at their book values.

- **Licenses and permits**: On the Appointed Date, all licenses, permits, consents, registrations, insurance policies, intellectual property, privileges, easements and advantages, rights, powers, interests etc. of the Demerged Undertaking stands vested in the Company.

- **Employees**: All the employees, staff and workmen of PPPL in relation to the Demerged Undertaking on the Effective Date were deemed to have become employees, staff and workmen of the Company with effect from the Appointed Date.

- **Legal proceedings**: All legal proceedings, pending and/ or arising by or against, PPPL in relation to the Demerged Undertaking or its properties, assets, debts, liabilities, duties and obligations as and from the Effective Date to be continued and be enforced by or against the Company.

- **Contracts**: All contracts, deeds, bonds, agreements and other instruments relating to the Demerged Undertaking to be in effect against or in favour of the Company.

- **Accounting treatment**: All the assets and liabilities of PPPL in relation to the Demerged Undertaking to be recorded in the books of the Company at the respective book value as appearing in the books of PPPL at the close of business of the day immediately preceding the Appointed Date.

Summary of Key Agreements

Shareholders' agreement between the Company and the Existing Shareholders (as defined below) of the Company

Pursuant to the provisions of the MIB Guidelines, Vijay Darda, Rajendra Darda, Jyotsna Darda, Ashoo Darda, Devendra Darda, Rishi Darda and Karan Darda, together as holders of more than 51.00% of the paid up Equity Share capital of the Company (the "**Existing Shareholders**"), and the Company have entered into a shareholders' agreement dated December 6, 2010 (the "**SHA**"). Set forth below are certain key terms of the SHA:

- the Existing Shareholders shall directly, or indirectly through a company or group of companies in which any Existing Shareholder has managing and controlling interest or a hindu undivided family of which any Existing Shareholder is a member, continue to hold more than 51.00% of the paid up Equity Share capital of the Company, or such other percentage that may be required to comply with the MIB Guidelines.

- the Existing Shareholders shall act as a single unit in managing the matters of the Company.

- the Existing Shareholders shall not transfer the Equity Shares held by them, except as follows: transfer to (i) one or more of the other Existing Shareholders; (ii) a company or group of companies in which any Existing Shareholder has managing and controlling interest; or (iii) any hindu undivided Family to which such Existing Shareholder is a member.

Shareholders' agreement between the Company and ibn18 Broadcast Limited

The Company has entered into a shareholders' agreement dated June 14, 2007 (the "**Shareholders' Agreement**") with ibn18 Broadcast Limited ("**ibn18**") (erstwhile Global Broadcast News Limited) to form a 50:50 joint venture for the purpose of establishing a 24 hour Marathi language general news and current affairs television channel to be called as *IBN Lokmat*. Pursuant to the Shareholders' Agreement, the Company and ibn18 incorporated 'IBN Lokmat News Private Limited' to launch the channel. In terms of the Shareholders' Agreement, the Company and ibn18 each acquired 5 million equity shares of Rs. 10 each of IBNL.

Set forth below are certain key terms of the Shareholders' Agreement:

- The Shareholders' Agreement provides that the board of IBNL would have six directors, three appointed by each party and Vijay Darda shall be the chairman of the board. Additionally, the Shareholders' Agreement provides IBNL would require prior approval of the Company and ibn18 for certain matters including:

  i. all capital raising decisions;
  ii. right to use trademark of the Company and ibn18;
  iii. acquire or sell shares;
  iv. any public offering of the equity shares or securities of IBNL; and
  v. payment of dividend or any other payment to the shareholders.

- Further, the Company and ibn18 have undertaken that the shares held by them shall be locked-in for a period of five years from the date of incorporation of IBNL (i.e. June 11, 2007), and would be non-transferrable except with the prior written approval of the other party and in the event of a change of control of other party. On the expiry of the lock-in period, any transfer of shares to any third person is subject to the right of first refusal and tag along right available to the other shareholder under the Shareholders' Agreement.

The Shareholders' Agreement also provides that the shareholders of IBNL cannot, except, with the prior written consent of the other shareholders, pledge, mortgage, charge or encumber any share, grant an option over any share or enter into any agreement in respect of votes attached to any share.

- In terms of the Shareholders' Agreement, through the period of the Shareholders' Agreement and until the parties are working in furtherance of the understanding contained therein and during the tenure of the venture and for a further period of one year from the date of termination of the understanding between the parties, the parties shall not engage in any competing business in the news space in the Marathi language, either directly or indirectly, themselves or through any of their assigns or subsidiaries or affiliates or promoters or along with or in association with other third parties in any competing project. However, the Shareholders' Agreement states that ibn18's existing and future television business, and the Company's existing and future print business, shall not be deemed to compete with the business of IBNL, and the continuance of these businesses shall not be impacted by the aforesaid restriction.

- The Shareholders' Agreement may be terminated by way of a written agreement between the parties and would terminate automatically without notice in the event the shares are held by only one shareholder. Either party may terminate the Shareholders' Agreement by giving notice in writing to the other party, on the occurrence of *inter alia* the following events:

  i. material breach of the terms of the Shareholders' Agreement;
  ii. assignment for the benefit of creditors or failure to repay debts;
  iii. any insolvency event;
  iv. change in control; or
  v. any act or omission by either party, its agents or employees for misrepresentation, fraud, theft and /or embezzlement.

Pursuant to an addendum to the Shareholders' Agreement dated April 15, 2010, it has been agreed between the Company and ibn18 as follows:

- The Company and ibn18 each acquired 220,000 series I non-cumulative redeemable preference shares of the face value of Rs. 100 each of IBNL at a price of Rs. 200 per series I preference share;

- IBNL is entitled to issue series II non-cumulative redeemable preference shares of the face value of Rs. 100 each to ibn18 for an amount not exceeding Rs. 50 million; and

- Further, IBNL may require further funding for which it may issue series III non-cumulative redeemable preference shares not exceeding Rs. 150 million.

By way of a letter dated April 14, 2010, the Company has waived its right to subscribe to series II preference shares of IBNL.

Memorandum of understanding between LEPL and RDPPL

LEPL entered into a memorandum of understanding dated November 21, 2009 with RDPPL for the purpose of collaborating to produce and distribute three Marathi feature films ("**MoU**").

Set forth below are certain key terms of the MoU:

- The tenure of the MoU is 36 months from November 21, 2009 or upon completion of all three films, whichever is earlier.

- LEPL is responsible for the marketing and publicity of the films in our newspapers and television channel.

- RDPPL is *inter alia* responsible for script, creative production, shoot execution, hiring technicians, casting artists and the distribution of the project.

- LEPL and RDPPL will execute a separate 'Co-Production Agreement' for each project which will outline the total budget, timelines, cash flow requirement, script and related contracts prior to the initiation of pre-production.

- LEPL and RDPPL will fund and share profits pertaining to each project in a pre-defined ratio.

Strategic Partners

Except as disclosed above, as of the date of this Draft Red Herring Prospectus, the Company has no strategic partners and is not part of any strategic partnership.

Financial Partners

Except as disclosed above, as of the date of this Draft Red Herring Prospectus, the Company has no financial partners.

Competition

For details on the competition faced by the Company, please see "Our Business – Competition" on page 119.

SUBSIDIARIES AND JOINT VENTURES

The Company has two Subsidiaries and one Joint Venture. None of the Subsidiaries nor the Joint Venture has made any public or rights issues in the last three years, nor become a sick company under the meaning of SICA. Further, none of the Subsidiaries or the Joint Venture is under winding up or listed on any stock exchange in India.

Unless otherwise specified, the information provided in this section is as of the date of this Draft Red Herring Prospectus.

Interest of the Subsidiaries or the Joint Venture in the Company

None of the Subsidiaries or the Joint Venture hold any Equity Shares in the Company. The Company has entered into certain business contracts and arrangements with the Subsidiaries and the Joint Venture. For details, see the section titled "Related Party Transactions" on page 173.

Common Pursuits

The Subsidiaries and the Joint Venture do not have any interest in any venture that is involved in any activities similar to those conducted by the Company, except for the film 'Jetaa' which has been co-produced by the Company, which is similar to the business of LEPL, one of the Subsidiaries. The Company will adopt the necessary procedures and practices as permitted by law to address any conflict situation as and when they arise.

SUBSIDIARIES

Direct Subsidiaries of the Company

1. **Lokmat Entertainment Private Limited ("LEPL")**

Corporate Information

LEPL was incorporated on September 29, 2009 under the Companies Act and its registered office is situated at 126, Mittal Tower, B Wing, 12th Floor, Nariman Point, Mumbai 400 021, Maharashtra. LEPL has been incorporated *inter alia* to undertake the business of entertainment in the field of cinema, recording, production and transmission of pictures, sounds, movement and music by various means or processes, etc.

Capital Structure

	No. of equity shares of Rs. 10 each
Authorised capital	10,000
Issued, subscribed and paid-up capital	10,000

Shareholding of the Company

The Company holds 10,000 equity shares aggregating 100.00% of the issued, subscribed and paid-up equity share capital of LEPL.

2. **Asera Power Private Limited ("Asera Power")**

Corporate Information

Asera Power was incorporated on October 5, 2009 under the Companies Act and its registered office is situated at 126, Mittal Tower, B Wing, 12th Floor, Nariman Point, Mumbai 400 021, Maharashtra. Asera Power has been incorporated to *inter alia* produce, manufacture, generate, supply, distribute, procure, carry and deal in electricity.

Capital Structure

	No. of equity shares of Rs. 10 each
Authorised capital	10,000
Issued, subscribed and paid-up capital	10,000

Shareholding of the Company

The Company holds 10,000 equity shares aggregating 100.00% of the issued, subscribed and paid-up equity share capital of Asera Power.

JOINT VENTURE

1. **IBN Lokmat News Private Limited ("IBNL")**

Corporate Information

IBNL was incorporated on June 11, 2007 under the Companies Act as RVT Finhold Private Limited. The name of RVT Finhold Private Limited was changed to IBN Lokmat News Private Limited on July 20, 2007. The registered office of IBNL is situated at 503, 504 and 507, 5th Floor, Mercantile House, 15 Kasturba Gandhi Marg, New Delhi 110 001. IBNL operates *IBN Lokmat*, a 24 hour Marathi news and current affairs channel.

Capital Structure

Equity share capital

	No. of equity shares of Rs. 10 each
Authorised capital	18,500,000
Issued, subscribed and paid-up capital	17,250,000

Preference share capital

	No. of preference shares of Rs. 100 each
Authorised capital	1,250,000
Issued, subscribed and paid-up capital	440,000

Shareholding of the Company

The Company holds 8,625,000 equity shares aggregating 50.00% of the issued, subscribed and paid-up equity share capital of IBNL. The Company also holds 220,000 Series I non-cumulative redeemable preference shares aggregating 50.00% of the issued, subscribed and paid-up preference share capital of IBNL.

MANAGEMENT

Board of Directors

The Articles of Association of the Company require that the Board of Directors shall have not less than three Directors and not more than 20 Directors. The Company currently has eight Directors on the Board of Directors.

The details regarding the Board of Directors as on the date of this Draft Red Herring Prospectus are set forth below:

Name, Father's Name, Designation, Address, Occupation, Term, Nationality and DIN	Age (in years)	Other Directorships/ Partnerships/ Trusteeships
Vijay Darda (S/o Late Jawaharlal A. Darda) *Chairman, Executive Director* Address: Yavatmal House, Jawaharlal Darda Marg, Rahate Colony, Wardha Road, Nagpur 440 022, Maharashtra Occupation: Entrepreneur Term: 5 years with effect from October 21, 2010 Nationality: Indian DIN: 00009902	60	*Companies* 1. VJD Realty Private Limited 2. Darda Investment and Properties Private Limited 3. IBN Lokmat News Private Limited 4. Patliputra Exports Private Limited 5. Prithvi Prakashan Private Limited 6. Navketan Industrial Construction Private Limited 7. Cozy Properties Private Limited 8. Audit Bureau of Circulations (company incorporated under Section 25 of the Companies Act) 9. The Indian Newspaper Society (company incorporated under Section 25 of the Companies Act) *Partnerships* 1. Sandeep Layout 2. Prithvi Enterprises 3. Jawaharnagar Enterprises 4. Mangal Mudran *Trusteeships* 1. Sakal Jain Foundation 2. Jawaharlal Darda Foundation 3. Lokmat Newspapers Charitable Trust 4. Vidya Prasarak Mandal 5. Hanuman Vyayamshala Krida Mandal 6. Hindi Prasarak Mandal 7. Manav Seva Samiti *Co-operative Society* 1. Priyadarshini Sahakari Soot Girni Limited 2. Yavatmal District Industrial Co- operative Society Limited
Devendra Darda (S/o Vijay J. Darda) *Managing Director*	36	*Companies* 1. Providence Infrastructure Private Limited 2. VJD Realty Private Limited

Name, Father's Name, Designation, Address, Occupation, Term, Nationality and DIN	Age (in years)	Other Directorships/ Partnerships/ Trusteeships
Address: Yavatmal House, Jawaharlal Darda Marg, Rahate Colony, Wardha Road, Nagpur 440 022, Maharashtra Occupation: Entrepreneur Term: 5 years with effect from October 21, 2010 Nationality: Indian DIN: 00319192		3. Airwave Entertainment Private Limited 4. Asera Hospitality Private Limited (Formerly known as Providence Securitek India Private Limited) 5. Asera Buildcon Private Limited 6. Asera Power Private Limited 7. Asera Mining Private Limited 8. Asera Infrastructure Private Limited 9. Great Asera Infrastructure Private Limited 10. Lokmat Entertainment Private Limited 11. Darda Investment and Properties Private Limited 12. IBN Lokmat News Private Limited 13. Prithvi Prakashan Private Limited 14. Patliputra Exports Private Limited 15. Darda Printocrats Private Limited 16. Asera Banka Power Private Limited 17. The Indian Newspaper Society (company incorporated under Section 25 of the Companies Act) 18. Asera Global Private Limited *Trusteeships* 1. Jawaharlal Darda Education Society
Rishi Darda (S/o Rajendra J. Darda) *Joint Managing Director* Address: Lokmat Bhavan, MIDC Area, Jalna Road, Aurangabad 431 003, Maharashtra Occupation: Entrepreneur Term: 5 years with effect from October 21, 2010 Nationality: Indian DIN: 00293183	32	*Companies* 1. Airwave Entertainment Private Limited 2. Asera Hospitality Private Limited (Formerly known as Providence Securitek India Private Limited) 3. Asera Power Private Limited 4. Asera Mining Private Limited 5. Asera Infrastructure Private Limited 6. Great Asera Infrastructure Private Limited 7. Lokmat Entertainment Private Limited 8. Darda Investment and Properties Private Limited 9. IBN Lokmat News Private Limited 10. Darda Printocrats Private Limited 11. Navketan Tours and Travels Private Limited 12. Navketan Industrial Constructions Private Limited 13. Patliputra Exports Private Limited 14. Mogra Scangraph Private Limited 15. Regal Publications Private Limited 16. Ignite Properties Private Limited 17. Prithvi Prakashan Private Limited *Partnerships* 1. TRS Properties *Association of Persons*

Name, Father's Name, Designation, Address, Occupation, Term, Nationality and DIN	Age (in years)	Other Directorships/ Partnerships/ Trusteeships
		1. Vardhman Associates *Trusteeships* 1. Jawaharlal Darda Education Society
Karan Darda (S/o Rajendra J. Darda) *Executive Director* Address: Lokmat Bhavan, MIDC Area, Jalna Road, Aurangabad 431 003, Maharashtra Occupation: Entrepreneur Term: 5 years with effect from October 21, 2010 Nationality: Indian DIN : 01211502	27	*Companies* 1. Providence Infrastructure Private Limited 2. Regal Publications Private Limited 3. Navketan Industrial Constructions Private Limited 4. Navketan Tours & Travels Private Limited 5. Mogra Scangraph Private Limited 6. Prithvi Prakashan Private Limited 7. Patliputra Exports Private Limited 8. Ignite Properties Private Limited 9. Darda Printocrats Private Limited 10. Asera Banka Power Private Limited 11. Asera Global Private Limited *Partnerships* 1. TRS Properties *Association of Persons* 1. Vardhman Associates
Jayendra Shah (S/o Natwarlal Shah) *Non-Executive and Independent Director* Address: 52, Apurva Building, 5th Floor, 5 Nepean Sea Road, Mumbai 400 036, Maharashtra Occupation: Chartered Accountant Term: Liable to retire by rotation Nationality: Indian DIN: 00084759	51	*Companies* 1. Trans Continental Capital Advisors Private Limited 2. Enterprise Technology Partners (India) Private Limited (formerly known as Intentia South Asia Private Limited) 3. Meghraj Capital Advisors Private Limited 4. EPC Industries Limited 5. The State Trading Corporation of India Limited *Partnerships* 1. N. A. Shah Associates *Proprietorships* 1. Jayendra Shah & Co. *Trusteeships* 1. Uni Trust 2. V. A. Mody Charitable Trust

Name, Father's Name, Designation, Address, Occupation, Term, Nationality and DIN	Age (in years)	Other Directorships/ Partnerships/ Trusteeships
		3. A.T. Shah Charitable Trust
Rajesh Khanna (S/o Late Madan Mohan Khanna) *Non-Executive and Independent Director* Address: C/o S. N. Karani & Company, 2nd Floor, Behramji Mansion, Sir P. M. Road, Fort, Mumbai 400 001, Maharashtra Occupation: Employment Term: Liable to retire by rotation Nationality: Indian DIN: 00032562	45	*Companies* 1. Arka Capital Advisors Private Limited 2. Ashu Khanna Consultancy Private Limited 3. Lemon Tree Hotels Private Limited 4. Max India Limited 5. Moser Baer India Limited 6. Spank Hotels Private Limited *Partnerships/ Other entities* 1. WP & Co Partners, LP 2. Warburg Pincus IX Partners LLC 3. Warburg Pincus X Partners, LP 4. Warburg Pincus 2006 LLC 5. Warburg Pincus 2007 LLC 6. WPS Production Partners Inc 7. Warburg Pincus (Bermuda) Private Equity Limited 8. Warburg Pincus LLC
Vijay Gopal Jindal (S/o Late Baldev Dass) *Non-Executive and Independent Director* Address: W – 22, Greater Kailash, Part – I, Delhi 110 048 Occupation: Service Term: Liable to retire by rotation Nationality: Indian DIN: 00008527	45	*Companies* 1. Ansal Properties and Infrastructure Limited 2. N R Media & Marketing Private Limited 3. OPES Ventures and Consultants Private Limited 4. M5 Media Investments Private Limited 5. UFO Moviez India Limited *Trusteeships* 1. Felicitas Venture Capital Trust 2. NR Welfare Trust 3. Mitali Jindal Welfare Trust
Pushpat Shah (S/o Shivlal Shah) *Non-Executive and Independent Director* Address: 94A, Kalpataru Habitat, Dr. S. S. Rao, Parel, Mumbai 400 012, Maharashtra Occupation: Chartered Accountant Term: Liable to retire by rotation Nationality: Indian	45	*Companies* 1. Mercator Lines (Singapore) Limited, Singapore 2. Mercator International Pte. Limited, Singapore 3. Mercator Offshore Limited, Singapore 4. I-Ven Realty Limited *Trusteeships* 1. Shree Shambhavnath Jain Trust 2. Shree Kesarbaug Gaushala Charitable Trust *Proprietorships*

Name, Father's Name, Designation, Address, Occupation, Term, Nationality and DIN	Age (in years)	Other Directorships/ Partnerships/ Trusteeships
DIN: 01687641		1. P. Raj & Co., Chartered Accountants

Brief Biographies of the Directors

Vijay Darda

Vijay Darda is the Chairman and Executive Director of the Company. He is also the Editor-in-Chief of the newspaper publications of the Company. He holds a bachelor's degree in arts and a diploma in journalism and printing technology from Bhavan's College, Mumbai. Vijay Darda has received several awards including the Feroze Gandhi Memorial Award in 1990-91, the Nemichand Shrishrimal Foundation Award in 1996, the Giant International Journalism Award in 1997, Ten Outstanding Businessmen, Industrialist and Professional Award in 2001, Late Vidyadhar Gokhale Memorial Award in 2003, 7th Maharashtra Cine Natya Paritoshik Award by Maharashtra Kala Niketan, Mumbai and Shri Brajlallji Biyani Journalism Award by Lions Club of Indore in 2006. He has also been part of national delegations accompanying the Prime Minister of India to Security Council Meeting UNO Headquarters, New York in 1992, World Economic Forum at Davos, Switzerland in 1992, Non-Aligned Movement Summit at Jakarta, Indonesia in 1992, visit to China and Korea and the G-15 Summit at Harare, Zimbabwe in 1996.

He is the former President of the Indian Newspaper Society, Founder President of South Asian Editors Forum formed by the editors of dailies in South Asia, an ex-member of the Press Council of India and Managing Trustee of the Press Institute of Maharashtra. Currently, he is a member of the World Association of Newspaper, Paris, the Commonwealth Press Union, London, the International Advertising Association Inc., New York, the Chairman of Audit Bureau of Circulation (India) for the year 2010-11, the Indian Language Newspaper Association, the National Readership Studies Council and the Advertising Club of India.

Further, he is a Member of Parliament, Rajya Sabha (upper house), having been elected for three consecutive terms - in 1998 as an independent, and in 2004 and 2010 as a representative of the Congress party. In addition to being a Member of Parliament, he is a member of numerous Parliamentary Committees such as the Standing Committee on Finance, the Standing Committee on Information and Technology, the Consultative Committee for the Ministry of Petroleum and Natural Gas and the Conventional Committee for the Ministry of Railways. He was also previously a member of the Consultative Committee for the Ministry of Information and Broadcasting and National Committee on Direct Taxes.

Devendra Darda

Devendra Darda is the Managing Director of the Company. He has been on the Board of the Company since May 2002. He holds a bachelor's degree in commerce from Sydenham College, Mumbai and master's degree in Business Administration in Finance and Strategy from Weatherhead School of Management, Case Western Reserve University, Cleveland, USA. He is involved in the day-to-day operations of the Company and also looks into the finance and technical functions, new business development and formulation of expansion and growth strategies of the Company. Prior to joining the Company, he has worked as a Business Development Manager at Jareva Technologies, Sunnyvale, California. Devendra Darda is a member of the Young President's Organisation, a global body of businessmen and Trustee of Jawaharlal Darda Education Society, which runs a graduate college of engineering and technology, a physical education college, a public school and an English medium school. He is also an executive member of the Indian Newspaper Society and a member of the South Asian Regional Committee and INCA-FIEJ Research Association. He was a part of Prime Minister of India, Dr. Manmohan Singh's, high-level delegation to Havana, Cuba for the NAM Summit and Brasilia, Brazil for the IBSA Summit in September 2006

Rishi Darda

Rishi Darda is the Joint Managing Director of the Company. He has been on the Board of the Company since November 2001. He holds a bachelor's degree in commerce from H. R. College of Commerce and Economics, Mumbai. He has obtained a post graduate degree in journalism from Aurangabad University and a master's degree in Business Administration in General Management from Weatherhead School of Management, Case Western Reserve University, Cleveland, USA. He also attended summer school for Managerial Finance and Organisational Behavior and Strategy at Harvard University, Boston, USA. He was the President of Lions Club and Rotaract Club and a member of the Entrepreneurs' Organisation. He is involved in the day-to-day operations of the Company along with the business expansion strategies of the print media division of the group, including developing entrepreneurship skills amongst the employees, working with the editorial team to create quality content and performance of the Company in terms of the business plans. He was a part of Former Prime Minister, Atal Bihari Vajpayee's delegation to Japan for the 'Indo-Japan Economic Ties'.

Karan Darda

Karan Darda is an executive Director of the Company. He has been on the Board of the Company since April 2009. He holds a master's degree in Commerce from University of Mumbai and has completed graduation in Commerce and master's degree in Business Administration from Weatherhead School of Management, Pace University, New York City. He also attended summer school for Managerial Finance and Organisational Behaviour and Strategy at Berkeley University San Francisco, USA. He is involved in the operations and circulation and works towards conceptualising and implementing the marketing programs.

Jayendra Shah

Jayendra Shah is a non-executive and independent Director of the Company. He has been on the Board of the Company since December 6, 2010. He holds a bachelor's degree in Arts from Jaihind College, Mumbai and is a qualified Chartered Accountant from the Institute of Chartered Accountants of India. He has over 26 years of experience as a practicing Chartered Accountant and is a senior partner at N. A. Shah Associates, Chartered Accountants. He is also a director on the board of directors of Trans Continental Capital Advisors Private Limited.

Rajesh Khanna

Rajesh Khanna is a non-executive and independent Director of the Company. He has been on the Board of the Company since December 6, 2010. He is a qualified Chartered Accountant from the Institute of Chartered Accountants of India and holds a post graduate diploma in management from the Indian Institute of Management, Ahmedabad. He has more than 21 years of experience in the financial services sector. He is the director and chief executive officer of Arka Capital Advisors Private Limited. He was a managing director of Warburg Pincus India Private Limited, a member of its executive management group and was the head of the firm's investment advisory activities in India. He previously also worked with Citibank N.A. and Arthur Andersen.

Vijay Gopal Jindal

Vijay Gopal Jindal is a non-executive and independent Director of the Company. He has been on the Board of the Company since December 6, 2010. He has obtained a bachelor's degree in science with honors in agricultural economics from Punjab Agriculture University and a master's degree in business administration from College of Basic Sciences & Humanity, Punjab Agriculture University. He has more than 30 years of experience in managing businesses, brands, private equity investments and undertaking strategic initiatives. During his two terms at the Times of India, he has held senior positions such as the chief executive officer of the Economic Times, executive director, chief of private treaties and chief intellect officer as a member on the board of directors of Bennet Coleman and Company Limited. He was also the managing director of Zee Telefilms Limited and was later promoted to the position of vice-chairman and managing director. He is currently the joint managing director of Ansal Properties and Infrastructure Limited. In 1998, he was co-nominated for the "Businessman of the Year" award by the Economic Times.

Pushpat Shah

Pushpat Shah is a non-executive and independent Director of the Company. He has been on the Board of the Company since December 6, 2010. Mr. Shah obtained a bachelor's of science degree from University of Mumbai and is a qualified Chartered Accountant from the Institute of Chartered Accountants of India. He is a practicing chartered accountant and consultant with over two decades of experience. He is the proprietor of P. Raj & Co, Chartered Accountants, India and advices on financial and strategic matters to corporations in India as well as overseas. He is a member of board of directors in Mercator Lines (Singapore) Limited, which is ranked 23rd amongst 680 public listed companies in Singapore in Governance and Transparency Index jointly conducted by Business Times and the Corporate Governance and Financial Reporting Centre at National University of Singapore in April 2010. Mercator Lines (Singapore) Limited has also been presented with the prestigious Emerging India Awards 2010 under the category of "Global Entrepreneur of the Year" organised by CNBC-TV18 and ICICI Bank, India.

Confirmations

None of the Directors is or was a director of any listed company during the last five years preceding the date of filing of the Draft Red Herring Prospectus, whose shares have been or were suspended from being traded on the BSE or the NSE, during the term of their directorship in any such company.

None of the Directors is or was a director of any listed company which has been or was delisted from any recognised stock exchange in India during the term of their directorship in such company.

Relationship between the Directors

1. Devendra Darda is the son of Vijay Darda
2. Rishi Darda is the brother of Karan Darda.
3. Rishi Darda and Karan Darda are nephews of Vijay Darda and cousins of Devendra Darda.

Except as stated above, none of the other Directors of the Company are related to each other.

Service Agreements with the Directors

Agreement dated October 21, 2010 between the Chairman and the Company

Pursuant to Board and shareholders' resolutions dated October 21, 2010 and November 9, 2010, respectively, Vijay Darda has been appointed as the Chairman of the Company for a period of five years with effect from October 21, 2010. The Company entered into an agreement dated October 21, 2010 (the "**Chairman Agreement**") with Vijay Darda for the appointment of Vijay Darda as the Chairman of the Company for a period of five years. The Chairman Agreement, *inter alia*, provides that Vijay Darda is entitled to (i) a salary of Rs. 1.10 million per month with increment as determined by the Board from time to time; (ii) commission not exceeding 5.00% of the standalone net profit of the Company in any financial year, subject to compliance with the Companies Act; and (iii) perquisites, including house rent allowance, expenditure incurred on gas, electricity, water and furnishing, medical expenses, leave travel allowance, personal accident insurance and other expenses incurred by Vijay Darda during performance of his duties and in connection with the Company's business.

Agreement dated October 21, 2010 between the Managing Director and the Company

Pursuant to Board and shareholders' resolutions dated October 21, 2010 and November 9, 2010, respectively, Devendra Darda has been appointed as the Managing Director of the Company for a period of five years with effect from October 21, 2010. The Company entered into an agreement dated October 21, 2010 (the "**MD Agreement**") with Devendra Darda for the appointment of Devendra Darda as the Managing Director of the Company for a period of five years. The MD Agreement, *inter alia*, provides that Devendra Darda is entitled to (i) a salary of Rs. 0.90 million per month with increment as determined by the Board from time to time; (ii) commission not exceeding 5.00% of the standalone net profit of the Company in any financial year, subject to compliance with the Companies Act; and (iii) perquisites, including house rent allowance, expenditure incurred on gas, electricity, water and furnishing, medical expenses, leave travel allowance, personal accident insurance and other expenses incurred by Devendra Darda during performance of his duties and in connection with the Company's business.

Agreement dated October 21, 2010 between the Joint Managing Director and the Company

Pursuant to Board and shareholders' resolutions dated October 21, 2010 and November 9, 2010, respectively, Rishi Darda has been appointed as the Joint-Managing Director of the Company for a period of five years with effect from October 21, 2010. The Company entered into an agreement dated October 21, 2010 (the "**JMD Agreement**") with Rishi Darda for the appointment of Rishi Darda as the Joint-Managing Director of the Company for a period of five years. The JMD Agreement, *inter alia*, provides that Rishi Darda is entitled to (i) a salary of Rs. 0.90 million per month with increment as determined by the Board from time to time; (ii) commission not exceeding 5.00% of the standalone net profit of the Company in any financial year, subject to compliance with the Companies Act; and (iii) perquisites, including house rent allowance, expenditure incurred on gas, electricity, water and furnishing, medical expenses, leave travel allowance, personal accident insurance and other expenses incurred by Rishi Darda during performance of his duties and in connection with the Company's business.

Agreement dated October 21, 2010 between the Executive Director and the Company

Pursuant to Board and shareholders' resolutions dated October 21, 2010 and November 9, 2010, respectively, Karan Darda has been appointed as a Director of the Company for a period of five years with effect from October 21, 2010. The Company entered into an agreement dated October 21, 2010 (the "**Director Agreement**") with Karan Darda for the appointment of Karan Darda as a Director of the Company for a period of five years. The Director Agreement, *inter alia*, provides that Karan Darda is entitled to (i) a salary of Rs. 0.90 million per month with increment as determined by the Board from time to time; (ii) commission not exceeding 5.00% of the standalone net profit of the Company in any financial year, subject to compliance with the Companies Act; and (iii) perquisites, including house rent allowance, expenditure incurred on gas, electricity, water and furnishing, medical expenses, leave travel allowance, personal accident insurance and other expenses incurred by Karan Darda during performance of his duties and in connection with the Company's business.

Remuneration of Directors – Executive and Non-Executive

Executive Directors

The details of the remuneration paid to the Executive Directors during the last fiscal year are as follows:

Vijay Darda

The aggregate value of salary and perquisites paid for the last fiscal year to Vijay Darda is as below:

Name of the Director	Salary, including perquisites and employers contribution to Provident Fund (In Rs. million)	Commission (In Rs. million)	Other Fees (In Rs. million)
Vijay Darda	14.78	19.32	Nil

Devendra Darda

The aggregate value of salary and perquisites paid for the last fiscal year to Devendra Darda is as below:

Name of the Director	Salary, including perquisites and employers contribution to Provident Fund (In Rs. million)	Commission (In Rs. million)	Other Fees (In Rs. million)
Devendra Darda	12.10	Nil	Nil

Rishi Darda

The aggregate value of salary and perquisites paid for the last fiscal year to Rishi Darda is as below:

Name of the Director	Salary, including perquisites and employers contribution to Provident Fund (In Rs. million)	Commission (In Rs. million)	Other Fees (In Rs. million)
Rishi Darda	12.10	19.66	Nil

Karan Darda

The aggregate value of salary and perquisites paid for the last fiscal year to Karan Darda is as below:

Name of the Director	Salary, including perquisites and employers contribution to Provident Fund (In Rs. million)	Commission (In Rs. million)	Other Fees (In Rs. million)
Karan Darda	12.10	9.66	Nil

Non-Executive Directors

The Non-Executive Directors of the Company were appointed on the Board with effect from December 6, 2010 and no remuneration was paid to them during the last Fiscal Year. The Non-Executive Directors of the Company shall be paid sitting fees of Rs. 10,000 per meeting of the Board and Rs. 5,000 per meeting of any Committee of the Board.

Shareholding of the Directors

The Articles of Association do not require the Directors to hold any qualification shares.The shareholding of the Directors as of the date of filing this Draft Red Herring Prospectus is set forth below:

Name of the Director	No. of Equity Shares held
Vijay Darda	10,398,996
Devendra Darda	4,140,000
Rishi Darda	2,808,000
Karan Darda	2,808,000

Borrowing Powers of the Board

In terms of the Articles of Association, the Board may, from time to time, at its discretion by a resolution passed at its meeting raise or borrow or secure the payment of any sum or sums of money for the purposes of the Company. However, if the moneys sought to be borrowed together with the moneys already borrowed (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) should exceed the aggregate of the paid-up capital of the Company and its free reserves (not being reserves set apart for any specific purpose), the Board is required to obtain the consent of the Company in general meeting prior to undertaking such borrowing.

In this regard, pursuant to an AGM resolution dated November 9, 2010 passed by the shareholders of the Company, the Board has been authorised to borrow moneys (apart from temporary loans obtained from the bankers of the Company in ordinary course of business) from banks, financial institutions, NBFCs etc., from time to time, for the purpose of the Company's business up to an aggregate amount of Rs. 7,000 million.

Interests of Directors

All the Directors may be deemed to be interested to the extent of fees payable to them, if any, 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, if any, under the Articles of Association, and to the extent of remuneration paid to them, if any, for services rendered as an officer or employee of the Company. Except as disclosed above, no other payments have been made to the Directors. No amount or benefit (non salary related) has been paid within the two preceding years or is intended to be paid or given to the Directors, including benefits in kind for all capacities and contingent or deferred compensation. Except as disclosed in the section titled "Related Party Transactions" on page 173, none of the beneficiaries of loans, and advances and sundry debtors are related to the Directors of the Company. Additionally, no loans have been availed by the Directors or the key management personnel from the Company.

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

The Directors have no interest in any property acquired by the Company within two years of the date of this Draft Red Herring Prospectus. Further, there is no arrangement or understanding with the major shareholders, customers, suppliers or others, pursuant to which the Directors were selected as a Director of the Company. None of the Directors have entered into service contracts with the Company providing for benefits upon termination of employment.

Jayendra Shah, an Independent Director on the Board, is also a partner of N. A. Shah Associates, Chartered Accountants, which provides certain professional services to the Company. Jayendra Shah may be interested in the Company to the extent of fees paid to N. A. Shah Associates towards services rendered by it to the Company. Pushpat Shah, an Independent Director on the Board, is also the proprietor of P. Raj & Co., which provides certain professional services to the Company. Pushpat Shah may be interested in the Company to the extent of fees paid to P. Raj & Co. towards services rendered by it to the Company.

Except as stated in the section titled "Related Party Transactions" on page 173, the Directors do not have any other interest in the business of the Company.

Changes in the Board of Directors in the last three years

The changes in the Board of Directors during the last three years are as follows:

Name of the Director	Date of change	Reason
Bharat Kapadia	January 1, 2009	Appointment
Rishi Darda	April 1, 2009	Change in designation
Karan Darda	April 1, 2009	Appointment
Jyotsna Darda	September 10, 2010	Resignation
Vijay Darda	October 21, 2010	Change in designation
Devendra Darda	October 21, 2010	Change in designation
Rishi Darda	October 21, 2010	Change in designation
Bharat Kapadia	December 6, 2010	Resignation
Ramesh Bora	December 6, 2010	Resignation
Jayendra Shah	December 6, 2010	Appointment
Rajesh Khanna	December 6, 2010	Appointment
Vijay Gopal Jindal	December 6, 2010	Appointment
Pushpat Shah	December 6, 2010	Appointment

Corporate Governance

The provisions of the Listing Agreement to be entered into with the Stock Exchanges with respect to corporate governance will be applicable to the Company immediately upon listing of the Equity Shares with the Stock

Exchanges. The Company believes that it is in compliance with the requirements of the applicable regulations, including the Listing Agreement with the Stock Exchanges and the SEBI Regulations, in respect of corporate governance including constitution of the Board and committees thereof. The corporate governance framework is based on an effective independent Board, separation of the Board's supervisory role from the executive management team and constitution of the Board committees, as required under law.

The Company's Board is constituted in compliance with the Companies Act and the Listing Agreement with the Stock Exchanges. The Board functions either as a full board or through various committees constituted to oversee specific functions. The executive management provides the Board detailed reports on its performance periodically.

Currently the Board has 8 Directors and the Chairman is an Executive Director. In compliance with the requirements of Clause 49 of the Listing Agreement, we have 4 Executive Directors and 4 Non-Executive Directors, including 4 Independent Directors, on the Board.

Committees of the Board

Audit Committee

The members of the Audit Committee are:

1. Jayendra Shah, Chairman;
2. Devendra Darda;
3. Rajesh Khanna; and
4. Pushpat Shah.

The Audit Committee was constituted by a meeting of the Board of Directors held on December 6, 2010. The terms of reference of the Audit Committee are as follows:

1. Overseeing the Company's financial reporting process and disclosure of its financial information;

2. Recommending to the Board the appointment, re-appointment, and replacement of the statutory auditor and the fixation of audit fee;

3. Approval of payments to the statutory auditors for any other services rendered by them;

4. Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:

    i. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of Section 217 of the Companies Act;

    ii. Changes, if any, in accounting policies and practices and reasons for the same;

    iii. Major accounting entries involving estimates based on the exercise of judgment by management;

    iv. Significant adjustments made in the financial statements arising out of audit findings;

    v. Compliance with listing and other legal requirements relating to financial statements;

    vi. Disclosure of any related party transactions; and

    vii. Qualifications in the draft audit report.

5. Reviewing, with the management, the quarterly, half-yearly and annual financial statements before submission to the Board for approval;

6. Reviewing, with the management, the performance of statutory and internal auditors, and adequacy of the internal control systems;

7. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;

8. Discussion with internal auditors any significant findings and follow up thereon;

9. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;

10. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;

11. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;

12. Reviewing the functioning of the whistle blower mechanism, in case the same is existing;

13. Review of management discussion and analysis of financial condition and results of operations, statements of significant related party transactions submitted by management, management letters/ letters of internal control weaknesses issued by the statutory auditors, internal audit reports relating to internal control weaknesses, and the appointment, removal and terms of remuneration of the chief internal auditor; and

14. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

The powers of the Audit Committee shall include the power:

1. to investigate activity within its terms of reference;

2. to seek information from any employees;

3. to obtain outside legal or other professional advice; and

4. to secure attendance of outsiders with relevant expertise, if it considers necessary.

The Audit Committee shall mandatorily review the following information:

1. management discussion and analysis of financial condition and results of operations;

2. statement of significant related party transactions;

3. internal audit reports relating to internal control weaknesses;

4. the appointment, removal and terms of remuneration of the Chief Internal Auditor; and

5. review of the financial statements of the unlisted subsidiary Company(ies), in particular, the investments made by them, if any.

The Audit Committee is required to meet at least four times in a year under Clause 49 of the Listing Agreement.

Remuneration Committee

The members of the Remuneration Committee are:

1. Rajesh Khanna, Chairman;
2. Jayendra Shah; and
3. Vijay Gopal Jindal.

The Remuneration Committee was constituted by a meeting of the Board of Directors held on December 6, 2010.

The terms of reference of the Remuneration Committee are as follows:

1. Framing suitable policies and systems to ensure that there is no violation, by an Employee or the Company of any applicable laws in India or overseas, including:

    i. The Securities and Exchange Board of India (Insider Trading) Regulations, 1992; or

    ii. The Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations, 1995;

2. Determine on behalf of the Board and the shareholders the company's policy on specific remuneration packages for Executive Directors including pension rights and any compensation payments;

3. Perform such functions as are required to be performed by the Compensation Committee under the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 ("**ESOP Guidelines**"), in particular, those stated in Clause 5 of the ESOP Guidelines; and

4. Such other matters as may from time to time be required by any statutory, contractual or other regulatory requirements to be attended to by such committee.

Shareholders'/ Investors' Grievances and Share Transfer Committee

The members of the Shareholders'/ Investors' Grievance and Share Transfer Committee are:

1. Pushpat Shah, Chairman;
2. Devendra Darda; and
3. Rishi Darda.

The Shareholders'/ Investors' Grievance and Share Transfer Committee was constituted by a meeting of the Board of Directors held on December 6, 2010.

Shareholders'/ Investors' Grievance and Share Transfer Committee was constituted to carry out such functions for the redressal of shareholders' and investors' complaints, including but not limited to, transfer of shares, non-receipt of balance sheet, non-receipt of dividends, and any other grievance that a shareholder or investor of the Company may have against the Company.

The terms of reference of the Shareholders'/ Investors' Grievance and Share Transfer Committee are as follows:

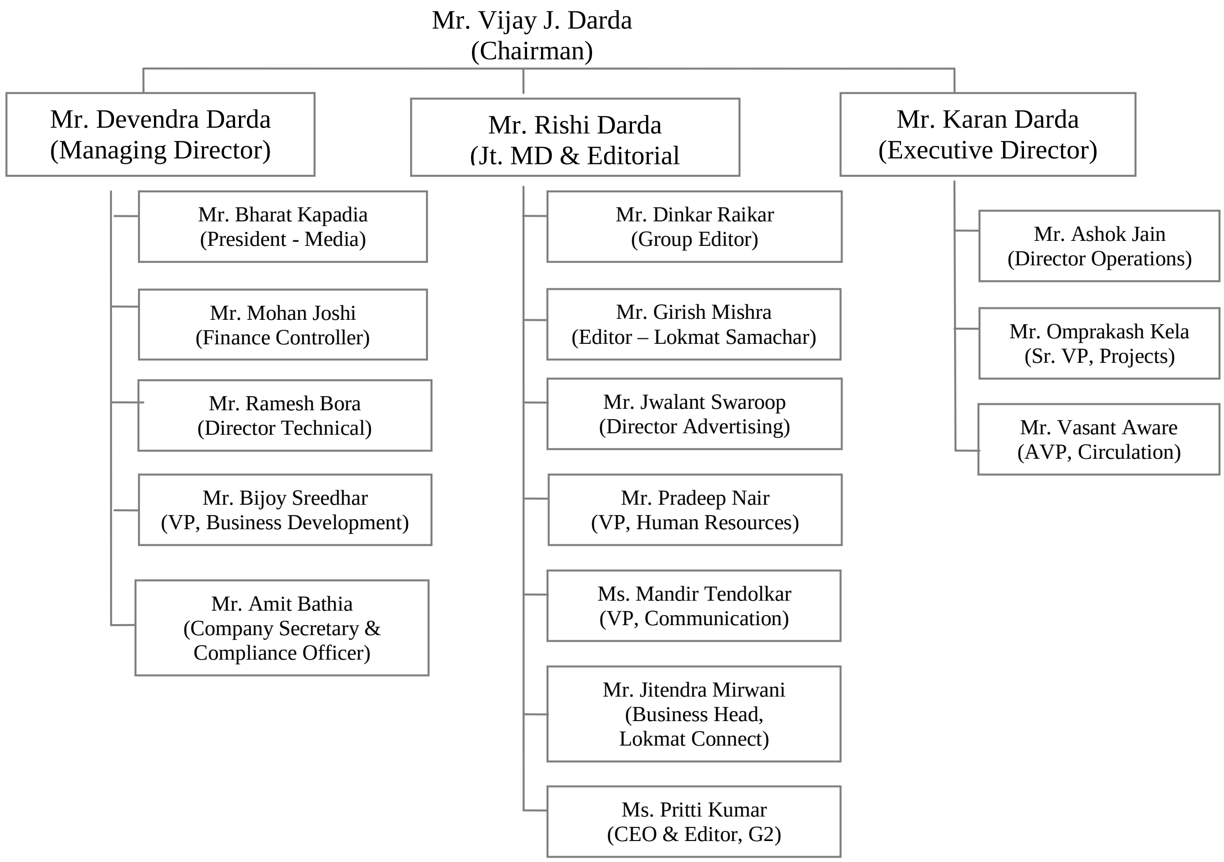
1. Investor relations and redressal of shareholders grievances in general and relating to non receipt of dividends, interest, non- receipt of balance sheet etc;

2. Allotment and listing of shares;

3. Reference to statutory and regulatory authorities for investors grievances; and

4. Such other matters as may from time to time be required by any statutory, contractual or other regulatory requirements to be attended to by such committee.

Management Organisation Structure



Key Management Personnel

The details of the key management personnel, as of the date of this Draft Red Herring Prospectus, are as follows:

Bharat Kapadia, aged 57 years, was an Executive Director of the Company and was on the Board of the Company from January 1, 2009 until December 6, 2010. He is the President – Media of the Company and looks after the advertisement business of the Company. He holds a bachelor's degree in science (honors), a degree in law from University of Mumbai and has done his post graduate diploma in management from Indian Institute of Management, Indore. He has approximately 14 years of experience in the media industry and prior to joining the Company, he worked in other media houses, including Jagaran 18 Publications Limited, Bhaskar Group, Chitralekha Gujarathi and Marathi Weekly. He was also a member of Media Research Users Council, K.J. Somaiya Management Institute, Advertising Standard Council of India and Chairman of Mumbai Regional Committee in Indian Newspaper Society. He initiated and presented his research initiative 'Impact Multiplier Study' in various national and international forums including in Cambridge and at World Association of Newspapers at Amsterdam and at Paris for INCA-FIEJ Research Association. He took the initiative to launch 'My India My Way' for the Company and 'Lokmat Freedom Wall' for young readers. He has been amongst the 50 top media personalities listed by Mid Day and Pitch magazine. He received the Emvies Media Marketer of the Year award in the year 2001. During the Fiscal 2010, he was paid gross compensation of Rs. 8.67 million as a Director on the Board of the Company. He has been appointed on a fixed term contract for a year, which will expire on June 30, 2011.

Ashok Jain, aged 58 years, is the Director – Operations of the Company. He has been associated with the Company since 1976. He has obtained a bachelor's degree in chemical engineering from Laxminarayan Institute of Technology, Nagpur University. He has approximately 34 years of experience in the newspaper industry. During Fiscal 2010, he was paid a gross compensation of Rs. 1.90 million.

Jwalant Swaroop, aged 50 years, is the Director – Advertising and Business Development of the Company. He has been associated with the Company since 1992. He has obtained a bachelor's degree in commerce and a degree in law from the University of Allahabad and the University of Nagpur, respectively. Before becoming the Director - Advertising and Business Development of the Company, he held the positions of Group General Manager and Group Advertisement Manager. He has approximately 26 years of experience in the newspaper industry and prior to joining the Company, he worked in an advertising agency and with Amrita Bazaar Patrika. During Fiscal 2010, he was paid gross compensation of Rs. 4.21 million.

Ramesh Bora, aged 70 years, was a Director of the Company and was on the Board from November 19, 2003 until December 6, 2010. He is the Director-Technical of the Company and heads the production department and handles the technical operations of the Company. He holds a bachelor's degree in electrical engineering from Visvesvaraya National Institute of Technology. He has been instrumental in setting up of new plants and running various existing plants of the Company. He retired as Wing Commander from Indian Air Force in June 1985 and thereafter, joined the Company in the year 1986 as Production Manager. He became the Director-Technical Services with effect from February 12, 1989. During Fiscal 2010, he was paid gross compensation of Rs. 1.1 million as a Director on the Board of the Company.

Dinkar Raikar, aged 68 years, is the Group Editor. He was associated with PPPL since 2002 and has been associated with the Company since the merger of Demerged Undertaking of PPPL with the Company with effect from April 1, 2009. He obtained a bachelor's degree in arts from Hislop College, Nagpur University. He has approximately 47 years of experience in the newspaper industry and prior to joining the Company, he worked with Indian Express. During Fiscal 2010, he was paid a gross compensation of Rs. 1.06 million. He has been appointed under a professional consultancy agreement, which shall expire on March 31, 2012.

Mohan Joshi, aged 47 years, was appointed as the Finance Controller of the Company on August 2, 2010 and prior to that was employed as an associate in the finance department of the Company. He has been associated with the Company since 1992 and prior to joining the Company, he worked with P. K. Porwal Private Limited. He obtained a master's degree in commerce from Nagpur University and is a qualified Chartered Accountant from the Institute of Chartered Accountants of India, New Delhi. He has approximately 21 years of experience in the financial sector. During Fiscal 2010, he was paid a gross compensation of Rs. 2.16 million. He has been appointed on a fixed term contract which will expire on March 31, 2011.

Omprakash Kela, aged 52 years, is the Senior Vice President of the Company. He was associated with PPPL since 1983 and has been associated with the Company since the merger of Demerged Undertaking of PPPL with the Company with effect from April 1, 2009. He has obtained a bachelor's degree in science from Nagpur University. He has also obtained a diploma in pharmacy from Government Polytechnic College, Amravati, a diploma in marketing management from Marathwada University, Aurangabad and a master's degree in journalism from Marathwada University Aurangabad (presently known as Dr. Babasaheb Ambedkar Marathwada University, Auranbagad). He has approximately 30 years of experience in the field of marketing and general management and prior to joining the Company, he worked with Hindustan Lever Limited. During Fiscal 2010, he was paid a gross compensation of Rs. 1.38 million.

Sreedhar Bijoy, aged 39 years, is the Vice President – Business Development of the Company. He has been associated with the Company since 2008. He obtained a bachelor's degree in engineering from L. E. College, Rajkot, Gujarat and a master's degree in International Business from the Indian Institute of Foreign Trade, New Delhi. He has approximately 15 years of experience in the media sector and prior to joining the Company, he worked with Music Broadcast Private Limited and Tata Communication Limited. During Fiscal 2010, he was paid a gross compensation of Rs. 3.10 million. He has been appointed on a fixed term contract for a year, which will expire on March 31, 2011.

Pradeep Nair, aged 44 years, is the Vice President – Human Resources of the Company. He joined the Company in September 2010. He obtained a bachelor's degree in arts from the Maharaja Sayajirao University, Baroda. He has approximately 21 years of experience in the field of human resource management and prior to joining the Company, he worked with Malayala Manorma, Raymond, Kores India and Bhor Industries. He has been appointed on a fixed term contract which will expire on March 31, 2011.

Mandir Tendolkar, aged 51 years, is the Vice President – Communication of the Company. She has joined the Company in September 2010. She obtained a bachelor's degree in arts from Sophia College for Women, Mumbai, University of Mumbai and a diploma in marketing management from K. C. Management Studies. She has approximately 22 years of experience in the media sector and prior to joining the Company, she worked with Madison Media, Starcom Worldwide and Times of India. She has been appointed on a fixed term contract which will expire on March 31, 2011.

Girish Misra, aged 53 years, is the Editor of *Lokmat Samachar*. He has been associated with the Company since 2007. He has obtained a master's degree in arts from Kumaon University, Nainital and a master's degree in philosophy from School of International Studies, Jawaharlal Nehru University, Delhi. He has approximately 29 years of experience in the newspaper industry and prior to joining the Company, he worked with Navbharat Times, Dainik Jagaran and Dainik Bhaskar. During Fiscal 2010, he was paid a gross compensation of Rs. 1.06 million. He has been appointed on a fixed term contract which will expire on March 31, 2011.

Pritti Kumar, aged 53 years, is the Chief Executive Officer and Editor of G2 magazine. She has been associated with the Company since 2006. She has obtained a master's degree in arts from Elphinstone College, University of Mumbai. She has approximately 12 years of experience in the newspaper industry and prior to joining the Company, she worked with Hindustan Times. During Fiscal 2010, she was paid a gross compensation of Rs. 1.65 million. She has been appointed on a fixed term contract for a year, which will expire on March 31, 2011.

Jitendra Mirwani, aged 37 years, is the Business Head of Lokmat Community Initiative. He has been associated with the Company since November 2009. He has obtained a master's degree in business administration from Chetana Institute of Management, Mumbai. He has approximately 12 years of experience in the field of event and brand management. During Fiscal 2010 he was paid a gross compensation of Rs. 0.75 million. He has been appointed on a fixed term contract which will expire on March 31, 2011.

Vasant Aware, aged 50 years, is Assistant Vice President (Circulation). He is associated with the Company since 1984. He has obtained a degree in commerce from the Nagpur University. He has been associated with the launch of twelve editions of newspapers of the Company. During Fiscal 2010 he was paid a gross compensation of Rs. 0.72 million.

Amit Bathia, aged 31 years, is the Company Secretary and Compliance Officer of the Company. He has joined the Company in October 2010. He has obtained a master's degree in commerce from University of Mumbai and a Bachelor's Degree in Commerce and Law from University of Mumbai. He is a fellow member of the Institute of Company Secretaries of India, New Delhi and an associate member of the Institute of Chartered Secretaries and Administrators, London. He has approximately seven years of experience in secretarial practice. Prior to joining the Company, he worked with M G Patankar & Co. Chartered Accountants and ADF Foods Limited. He has been appointed on a fixed term contract, which shall expire on March 31, 2011.

Other than Ashok Jain, Jwalant Swaroop, Ramesh Bora, Omprakash Kela and Vasant Aware, who are permanent employees of the Company, all key management personnel have been appointed by the Company for a specific tenure under fixed term contracts. Further, Dinkar Raikar has been appointed for a specific tenure under a professional consultancy contract.

None of the key managerial personnel of the Company are related to each other.

Shareholding of Key Management Personnel

None of the key management personnel hold Equity Shares in the Company.

Bonus or profit sharing plan of the Key Management Personnel

The Company does not have a performance linked bonus or a profit sharing plan for the key management personnel.

Interests of Key Management Personnel

The key management personnel of the Company do not have any interest in the Company other than to the extent of the remuneration or benefits to which they are entitled to as per their terms of appointment, reimbursement of expenses incurred by them during the ordinary course of business. None of the key management personnel have been paid any consideration of any nature from the Company, other than their remuneration. Certain relatives of the key managerial personnel of the Company have entered into arrangements with the Company in relation to circulation of newspapers and may have interest in the Company to the extent of the payments to be made under such arrangements.

Further, there is no arrangement or understanding with the major shareholders, customers, suppliers or others, pursuant to which the key management personnel were selected as members of senior management.

Changes in the Key Management Personnel

The changes in the key management personnel in the last three years are as follows:

Name	Designation	Date	Reason for Change
Sreedhar Bijoy	Vice President – Business Development	September 14, 2008	Appointment
Omprakash Kela	Senior Vice President	April 1, 2009	Appointment in the Company pursuant to scheme of demerger with PPPL
Dinkar Raikar	Group Editor	April 1, 2009	Appointment in the Company pursuant to scheme of demerger with PPPL
Vasant Aware	Assistant Vice President-Circulation	April 1, 2009	Appointment in the Company pursuant to scheme of demerger with PPPL
Nirmal Darda	Director – Circulation	August 31, 2009	Retirement
Mandir Tendolkar	Vice President – Communication	September 1, 2010	Appointment
Pradeep Nair	Vice President – Human Resources	September 20, 2010	Appointment
Amit Bathia	Company Secretary and Compliance Officer	October 25, 2010	Appointment
Bharat Kapadia	President – Media	November 25, 2010	Appointment
Ramesh Bora	Director – Technical	December 6, 2010	Appointment
Mohan Joshi	Finance Controller	August 02, 2010	Appointment

Employees Stock Option Plan

The Company does not have any employee stock option plan.

Payment or benefit to officers of the Company

Except for certain annual ex-gratia payments made to the employees by the Company, no non-salary related amount or benefit has been paid or given within two years, or intended to be paid or given, to any officer of the Company (including the Directors and the key management personnel.)

PROMOTER AND PROMOTER GROUP

The Promoters of the Company are Vijay Darda and Rajendra Darda.

Vijay Darda is the Chairman of the Company. He is a resident Indian national. For further details, please see the section titled "Management" on page 142.

The driving license number of Vijay Darda is MH31 20080088888 and his voter's identification card number is NIP1214576. His passport number is D1033483.

The permanent account number of Vijay Darda is AAAPD9500A.

Address: Yavatmal House, Jawaharlal Darda Marg, Rahate Colony, Wardha Road, Nagpur 440 022, Maharashtra.

We confirm that the permanent account number, bank account number and passport number of Vijay Darda shall be submitted to the Stock Exchanges, at the time of filing the Draft Red Herring Prospectus with them.

Rajendra Darda is a resident Indian national.

The driving license number of Rajendra Darda is MH20 20080011831 and his voter's identification card number is CVT 4965802. His passport number is E9451780.

The permanent account number of Rajendra Darda is AAAPD9498H.

Address: Lokmat Bhavan, MIDC Area, Jalna Road, Aurangabad 431 003, Maharashtra

Rajendra Darda was previously the group's editor in chief. He has obtained a degree in Printing Technology from University of Mumbai and a two year advance course in graphic arts from the London College of Printing. He has been a member of several delegations led by Prime Ministers of India Mr. Rajiv Gandhi and Mr. Atal Behari Vajpayee and the President of India H. E. Pratibha Patil. He is the Chairman of Lions Hospital Trust. Rajendra Darda has been a Member of the Legislative Assembly from Aurangabad for three terms and is presently the School Education Minister in the cabinet of state of Maharashtra. He was previously appointed as the Cabinet Minister for Industry, Employment and Self Employment and State Minister for Energy, Finance, Planning, Excise, Home and Tourism in the cabinet of state of Maharashtra.

We confirm that the permanent account number, bank account number and passport number of Rajendra Darda shall be submitted to the Stock Exchanges, at the time of filing the Draft Red Herring Prospectus with them.

Interests of Promoter and Common Pursuits

The Promoters are interested to the extent of their respective shareholding in the Company. For details of the Promoter's shareholding in the Company, please see the section titled "Capital Structure" on page 29.

Further, Vijay Darda, who is also the Chairman of the Company, may be deemed to be interested to the extent of fees, if any, payable to him for attending meetings of the Board or a Committee thereof as well as to the extent of other remuneration, commission, reimbursement of expenses payable to him. For further details please see the section titled "Management" on page 142.

Further, the Promoters are also directors on the boards, or are members, or are partners, of certain Promoter Group entities and may be deemed to be interested to the extent of the payments made by the Company, if any, to these Promoter Group entities. For the payments that are made by the Company to certain Promoter Group entities, please see the section titled “Related Party Transactions” on page 173.

Except as stated otherwise in this Draft Red Herring Prospectus and as disclosed in the section titled “Related Party Transactions” on page 173, the Company has not entered into any contract, agreements or arrangements during the preceding two years from the date of this Draft Red Herring Prospectus in which the Promoters are directly or indirectly interested and no payments have been made to them in respect of the contracts, agreements or arrangements which are proposed to be made with them including the properties purchased by the Company other than in the normal course of business.

Further, the Promoters do not have any interest in any venture that is involved in any activities similar to those conducted by the Company except as disclosed in this section and the sections titled “Our Business” and “Group Companies” on pages 91 and 163, respectively.

Payment of amounts or benefits to the Promoter

Except as stated in the section titled “Related Party Transactions” on page 173, there has been no payment of an amount or benefit to the Promoters during the two years prior to the filing of this Draft Red Herring Prospectus.

Confirmations

Further, none of the Promoters have been declared as a wilful defaulter by the RBI or any other governmental authority and there are no violations of securities laws committed by the Promoters in the past or are pending against them.

Companies with which Promoters have disassociated in the last three years

None of the Promoters have disassociated with any company in the last three years.

Promoter Group

The Promoters of the Company, Vijay Darda and Rajendra Darda are brothers. In addition to the Promoters named above, the following entities constitute the Promoter Group of the Company.

I. Natural persons who form part of the Promoter Group

The natural persons who are part of the Promoter Group (due to their relationship with the Promoters), other than the Promoters are as follows:

Name of the Person	Relationship with Vijay Darda	Relationship with Rajendra Darda
Veenadevi Darda	Mother	Mother
Jyotsna Darda	Wife	Sister-in-Law
Ashoo Darda	Sister-in-Law	Wife
Jayshree Bhalla	Sister	Sister
Snehal Jalan	Sister	Sister
Devendra Darda	Son	Nephew
Rishi Darda	Nephew	Son
Karan Darda	Nephew	Son
Purva Kothari	Daughter	Niece
Manmohanchand Mehta	-	Father of spouse
Rajendra Mehta	-	Brother of spouse
Amita Munot	-	Sister of spouse
Sunita Mehta	-	Sister of spouse
Suresh Jain	Brother of spouse	-
Ramesh Jain	Brother of spouse	-
Sushila Bamb	Sister of spouse	-

Name of the Person	Relationship with Vijay Darda	Relationship with Rajendra Darda
Nirmla Bapna	Sister of spouse	-
Uma Modi	Sister of spouse	-

II. Corporate entities forming part of Promoter Group

The following entities form part of the Promoter Group:

Companies

1. Adhunik Agriculture Private Limited
2. Airwave Entertainment Private Limited
3. Amaltash Agro Private Limited
4. Asera Banka Power Private Limited
5. Asera Buildcon Private Limited
6. Asera Commerce Private Limited
7. Asera Global Private Limited
8. Asera Hospitality Private Limited (Formerly known as Providence Securitek India Private Limited)
9. Asera Infrastructure Private Limited
10. Asera Mining Private Limited
11. Black Diamond Agro Private Limited
12. Black Soil Developers Private Limited
13. Cozy Properties Private Limited
14. Darda Investment and Properties Private Limited
15. Darda Printocrats Private Limited
16. Gold Soil Agro Private Limited
17. Goldie Advertising and Marketing Services Private Limited
18. Goverdhan Agro Farms Private Limited
19. Goverdhan Enviro Farms Private Limited
20. Great Asera Infrastructure Private Limited
21. Hotel Shringar Private Limited
22. Ignite Properties Private Limited
23. Magnolia Hospitality Private Limited
24. Mogra Scangraph Private Limited
25. Mogra Ventures Private Limited
26. Navketan Tours and Travels Private Limited
27. Navketan Industrial Construction Private Limited
28. Neptune Agriculture and Investment Private Limited
29. Neptune Construction Private Limited
30. Nitasha Investment Limited
31. Patliputra Exports Private Limited
32. Prithvi Prakashan Private Limited
33. Providence Infrastructure Private Limited
34. Rajnigandha Growers Private Limited
35. Red Papaya Growers Private Limited
36. Regal Publications Private Limited
37. Rishabh Builders Private Limited
38. Rishabh Metals & Chemicals Private Limited
39. Sakshi Agriculture Private Limited
40. Siddharth Carbochem Products Limited
41. Vajra Industries Private Limited
42. VJD Realty Private Limited
43. Yavatmal Agro Private Limited

Partnerships

1. Champalal Harakchand
2. Intrea Jewels
3. Jawaharnagar Enterprises
4. M. Mehta & Co, Chartered Accountants
5. M. Mehta & Co (Audit Section)
6. Mangal Mudran
7. Prithvi Enterprises
8. Sandeep Layout
9. Siddhivinayak Enterprises
10. TRS Properties

Sole Proprietorship Firms

1. Devendra Printers
2. Ratan Diamonds
3. Yash Agencies

HUFs

1. Rajendra J. Darda HUF
2. Rishi R. Darda HUF

GROUP COMPANIES

Companies forming part of the Group Companies

Unless otherwise stated none of the companies forming part of the Group Companies is a sick company under the meaning of SICA and none of them are under winding up. Further all the Group Companies are unlisted companies and they have not made any public or rights issue of securities in the preceding three years.

The Group Companies are as follows:

Companies

1. Airwave Entertainment Private Limited
2. Amaltash Agro Private Limited
3. Asera Banka Power Private Limited
4. Black Diamond Agro Private Limited
5. Black Soil Developers Private Limited
6. Cozy Properties Private Limited
7. Darda Investment and Properties Private Limited
8. Darda Printocrats Private Limited
9. Gold Soil Agro Private Limited
10. Goverdhan Agro Farms Private Limited
11. Goverdhan Enviro Farms Private Limited
12. Mogra Scangraph Private Limited
13. NavketanTours and Travels Private Limited
14. Navketan Industrial Construction Private Limited
15. Patliputra Exports Private Limited
16. Prithvi Prakashan Private Limited
17. Providence Infrastructure Private Limited
18. Rajnigandha Growers Private Limited
19. Red Papaya Growers Private Limited
20. Regal Publications Private Limited
21. VJD Realty Private Limited
22. Yavatmal Agro Private Limited

Partnerships Firms

1. Jawahar Enterprises
2. Mangal Mundran
3. Prithvi Enterprises
4. Sandeep Layout
5. Siddhivinayak Enterprises

I. Details of top five Group Companies based on turnover

1. Siddhivinayak Enterprises ("SENT")

Corporate Information

SENT was constituted as a partnership firm on May 19, 2008 under the Partnership Act. SENT has been incorporated to carry on the business of distribution of newspapers, magazines and journals.

Interest of the Promoters

The profit/ (loss) sharing ratio of Mogra Scangraph Private Limited in SENT is 25.00%. For details in relation to the interest of Vijay Darda and Rajendra Darda in Mogra Scangraph Private Limited, please see " – Details of top five Group Companies based on turnover – Point No. 4" on page 165.

Financial Performance

The extracts of the financial information from the audited financial results of SENT for the years ended March 31, 2010, 2009 and 2008 are as follows:

(In Rs. million)

Particulars	For the year ended March 31, 2010	For the year ended March 31, 2009	For the year ended March 31, 2008
Income	47.56	1.17	Nil
Profit after tax	0.44	(0.24)	Nil
Assets (current)	11.48	9.46	Nil
Liabilities	7.87	6.68	Nil

2. Navketan Industrial Construction Private Limited ("NICPL")

Corporate Information

NICPL was incorporated on September 10, 1973 under the Companies Act. NICPL has been incorporated to carry on the business of managing or maintaining hotels, purchase of real estate and construction of hotels.

Interest of the Promoters

Vijay Darda and Rajendra Darda hold 500 equity shares each of NICPL collectively representing 0.50% of the equity share capital of NICPL. Further, Patliputra Exports Private Limited holds 97,500 equity shares of NICPL representing 48.75% of the equity share capital of NICPL. For details in relation to the holding of Vijay Darda and Rajendra Darda in Patliputra Exports Private Limited, please see " – Details of other Group Companies – Point No. 10" on page 169.

Financial Performance

The extracts of the financial information from the audited financial results of NICPL for the years ended March 31, 2010, 2009 and 2008 are as follows:

(In Rs. million, except share data)

Particulars	For the year ended March 31, 2010	For the year ended March 31, 2009	For the year ended March 31, 2008
Equity share capital	2.00	2.00	2.00
Reserves and surplus	28.47	21.23	18.93
Income	22.73	14.87	20.39
Profit after tax	11.90	6.98	3.99
Earning per share (face value Rs. 10each)	59.50	34.92	13.11
Net asset value per share	152.33	116.16	104.64

3. Prithvi Enterprises ("PE")

Corporate Information

PE was constituted as a partnership firm on July 22, 1971 under the Partnership Act. The certificate by the Registrar of Firms was issued on September 21, 1971. PE has been incorporated to carry on real estate business.

Interest of the Promoters

Vijay Darda and Rajendra Darda have a profit/ (loss) sharing ratio of 15.00% each in PE.

Financial Information

The extracts of financial information from the financial results of PE for the years ended March 31, 2010, 2009 and 2008 are as follows:

(In Rs. million)

Particulars	For the year ended March 31, 2010	For the year ended March 31, 2009	For the year ended March 31, 2008
Income	10.12	2.40	2.40
Profit after tax	9.63	2.32	2.30
Assets (current)	5.86	4.41	2.87
Liabilities	0.30	0.43	0.10

4. Mogra Scangraph Private Limited ("MSPL")

Corporate Information

MSPL was incorporated on November 1, 1993 under the Companies Act. MSPL has been incorporated to carry on the business of printing of newspapers, magazines, books, etc.

Interest of the Promoters

Vijay Darda and Rajendra Darda, hold 10 and 49,990 equity shares of MSPL, respectively, representing 0.02% and 99.98% of the equity share capital of MSPL, respectively.

Financial Performance

The extracts of the financial information from the audited financial results of MSPL for the years ended March 31, 2010, 2009 and 2008 are as follows:

(In Rs. million, except share data)

Particulars	For the year ended March 31, 2010	For the year ended March 31, 2009	For the year ended March 31, 2008
Equity share capital	0.50	0.50	0.50
Reserves and surplus	15.16	13.81	12.93
Income	17.52	16.96	11.62
Profit after tax	1.35	0.88	(5.17)
Earning per share (face value Rs. 10 each)	27.05	17.62	(10.34)
Net asset value per share	313.22	286.17	268.55

5. Darda Printocrats Private Limited ("DPPL")

Corporate Information

DPPL was incorporated on May 5, 1980 under the Companies Act. DPPL has been incorporated to carry on the business of printing and publication of newspapers, magazines, books, etc.

Interest of the Promoters

Vijay Darda and Rajendra Darda hold 200 and 3,925 equity shares, respectively, representing 2.48% and 48.76% of the equity share capital of DPPL.

Financial Performance

The extracts of the financial information from the audited financial results of DPPL for the years ended March 31, 2010, 2009 and 2008 are as follows:

(In Rs. million, except share data)

Particulars	For the year ended March 31, 2010	For the year ended March 31, 2009	For the year ended March 31, 2008
Equity share capital	0.80	0.80	0.80
Reserves and surplus	27.16	22.28	17.91
Income	7.20	6.90	6.60
Profit after tax	4.88	4.37	4.39
Earning per share (face value Rs. 100 each)	606.12	543.13	545.65
Net asset value per share	3,474.65	2,868.47	2,324.79

II. Details of Group Companies with negative networth, under winding up or which have become a sick industrial company

1. Airwave Entertainment Private Limited ("AEPL")

Corporate Information

AEPL was incorporated on August 7, 2007 under the Companies Act. AEPL has been incorporated to carry on the business of entertainment in the field of radio broadcasting, satellite television, cable television, music (both audio and video), cinema, recording, production and transmission of pictures, sounds movement and music by various means or processes.

Interest of the Promoters

Darda Investment and Properties Private Limited holds 9,900 equity shares of AEPL aggregating 99.00% of the equity share capital of AEPL and the balance 1.00% equity shares are held by Vijay Darda as nominee of Darda Investment and Properties Private Limited. AEPL was a subsidiary of the Company and the Company had transferred the aforesaid 10,000 equity shares (100 shares were held by Vijay Darda as nominee of the Company) issued by AEPL to Darda Investment and Properties Private Limited on May 31, 2010. For details in relation to the interest of Vijay Darda and Rajendra Darda in Darda Investment and Properties Private Limited, please see " – Details of other Group Companies – Point No. 6" on page 168.

Financial Performance

The extracts of the financial information from the audited financial results of AEPL for years ended March 31, 2010, 2009 and 2008 are as follows:

(In Rs. Million, except share data)

Particulars	For the year ended March 31, 2010	For the year ended March 31, 2009	For the year ended March 31, 2008
Equity share capital	0.10	0.10	0.10
Reserves and surplus	(0.15)	(0.17)	(0.16)
Income	0.04	-	-
Profit after tax	0.01	-	-
Earning per share (face value Rs. 10 each)	1.63	-	-
Net asset value per share	(5.34)	(6.97)	(6.37)

III. Details of other Group Companies

1. Amaltash Agro Private Limited ("AAPL")

Corporate Information

AAPL was incorporated on March 10, 2008 under the Companies Act. AAPL has been incorporated to carry on the business of acquisition, purchase, lease, sale of farm land or otherwise land to engage in the business of agriculture, horticulture, dairy farming, animal husbandry and related activities and processes.

Interest of the Promoters

Vijay Darda holds 45,000 equity shares of AAPL aggregating 46.54% of the equity share capital of AAPL.

2. Asera Banka Power Private Limited ("Asera Banka")

Corporate Information

Asera Banka was incorporated on September 21, 2010 under the Companies Act. Asera Banka has been incorporated to *inter alia* produce, manufacture, generate, supply, distribute, procure, carry and deal in electricity, all forms of energy and any products and by-products derived therefrom.

Interest of the Promoters

Vijay Darda holds 852,480 equity shares constituting 74.00% of the equity share capital of Asera Banka.

3. Black Diamond Agro Private Limited ("BDAPL")

Corporate Information

BDAPL was incorporated on July 27, 2007 under the Companies Act. BDAPL has been incorporated to carry on the business of agriculture, horticulture, dairy farming, animal husbandry and related processes and activities.

Interest of the Promoters

Vijay Darda and Rajendra Darda hold 5,000 equity shares each aggregating 100.00% of the equity share capital of BDAPL.

4. Black Soil Developers Private Limited ("BSDPL")

Corporate Information

BSDPL was incorporated on June 15, 2007 under the Companies Act. BSDPL was incorporated to purchase, sell, develop, take in exchange, or on lease, hire or otherwise, acquire, any real or personal estate including lands, farms, mines, building, factories, mills, houses, mineral rights, and to carry on business of developers of agricultural land, establish and run farms to carry on the business of agriculture, horticulture, dairy farming and animal husbandry.

Interest of the Promoters

Vijay Darda and Rajendra Darda hold 5,000 equity shares each aggregating 100.00% of the equity share capital of BSDPL.

5. Cozy Properties Private Limited ("CPPL")

Corporate Information

CPPL was incorporated on November 23, 2005 under the Companies Act. CPPL has been incorporated to carry on the business of *inter alia* building, developing and promoting real estate, acting as dealers or agents for real estate, developments townships and sale of plots.

Interest of the Promoters

Vijay Darda and Rajendra Darda hold 1,667 and 1,666 equity shares of CPPL, respectively, representing 16.67% and 16.66% of the equity share capital of CPPL, respectively. Vijay Darda and Rajendra Darda also hold 433 non convertible preference shares of CPPL each aggregating 1.72% of its preference share capital. Further, the Company holds 15,826 non convertible preference shares of CPPL.

6. Darda Investment and Properties Private Limited ("DIPPL")

Corporate Information

DIPPL was incorporated on December 21, 1981 under the Companies Act. DIPPL is an investment company engaged in the business of investment in shares, debentures, bonds, and other securities. In addition, it also provides financing services to industrial and commercial enterprises, money lenders, real estate developers and other entities.

Interest of the Promoters

Vijay Darda and Rajendra Darda hold 6,832 and 7,055 equity shares, respectively, representing 34.16% and 35.28% of the equity share capital of DIPPL.

7. Gold Soil Agro Private Limited ("GSAPL")

Corporate Information

GSAPL was incorporated on July 19, 2007 under the Companies Act. GSAPL is involved in the business of agriculture, horticulture, dairy farming, animal husbandry and related processes and activities.

Interest of the Promoters

Vijay Darda and Rajendra Darda hold 5,000 equity shares each aggregating 100.00% of the equity share capital of GSAPL.

8. Goverdhan Agro Farms Private Limited ("GAFPL")

Corporate Information

GAFPL was incorporated on September 20, 2007 under the Companies Act. GAFPL is involved in the business of farming, agriculture and related processes and activities.

Interest of the Promoters

Vijay Darda and Rajendra Darda hold 5,000 equity shares each aggregating 100.00% of the equity share capital of GAFPL.

9. Goverdhan Enviro Farms Private Limited ("GEFPL")

Corporate Information

GEFPL was incorporated on September 13, 2007 under the Companies Act. GEFPL is involved in the business of farming, agriculture, horticulture and related processes and activities.

Interest of the Promoters

Vijay Darda and Rajendra Darda hold 5,000 equity shares each aggregating 100.00% of the equity share capital of GEFPL.

10. Navketan Tours and Travels Private Limited ("NTTPL")

Corporate Information

NTTPL was incorporated on November 23, 1994 under the Companies Act. NTTPL has been incorporated to carry on a travel agency and hotel business.

Interest of the Promoters

Rajendra Darda holds 250 equity shares representing 25.00% of the equity share capital of NTTPL.

11. Patliputra Exports Private Limited ("PEPL")

Corporate Information

PEPL was incorporated on December 16, 1991 under the Companies Act. PEPL has been incorporated to carry on the business of exporters, importers, traders and dealers.

Interest of the Promoters

Vijay Darda and Rajendra Darda, hold 10 and 50,004 equity shares of PEPL, respectively, representing 0.01% and 33.34% of the equity share capital of PEPL, respectively.

12. Prithvi Prakashan Private Limited ("PPPL")

Corporate Information

PPPL was incorporated on February 20, 1985 under the Companies Act. PPPL has been incorporated to carry on the business of printing and publication of newspapers and magazines, generation of electricity through wind mill and development of property.

Interest of the Promoters

Airwave Entertainment Private Limited holds 100.00% of the equity share capital of PPPL. For details in relation to the interest of Vijay Darda and Rajendra Darda in Airwave Entertainment Private Limited, please see " – Details of Group Companies with negative networth, or under winding up or which has become a sick industrial company – Point No. 1" on page 166.

13. Providence Infrastructure Private Limited ("PIPL")

Corporate Information

PIPL was incorporated on May 18, 2005 under the Companies Act. PPPL has been incorporated to carry on the business of builders, general construction contractors, civil engineers and town planners.

Interest of the Promoters

Vijay Darda and Rajendra Darda hold 5,000 equity shares each representing 100.00% of the equity share capital of PIPL.

14. Rajnigandha Growers Private Limited ("RGPL")

Corporate Information

RGPL was incorporated on October 20, 2008 under the Companies Act. RGPL is involved in the business of agriculture, horticulture, dairy farming, animal husbandry and related processes and activities.

Interest of the Promoters

Vijay Darda and Rajendra Darda hold 5,000 equity shares each representing 100.00% of the equity share capital of RGPL.

15. Red Papaya Growers Private Limited ("RPGPL")

Corporate Information

RPGPL was incorporated on March 13, 2008 under the Companies Act. RPGPL is involved in the business of agriculture, horticulture, dairy farming, animal husbandry and related processes and activities.

Interest of the Promoters

Vijay Darda holds 45,000 equity shares representing 46.54% of the equity share capital of RPGPL.

16. Regal Publications Private Limited ("RPPL")

Corporate Information

RPPL was incorporated on August 11, 2004 under the Companies Act. RPPL has been incorporated to carry on the business of builders, developers and civil contractors.

Interest of the Promoters

Rajendra Darda holds 40,000 equity shares representing 40.00% of the equity share capital of RPPL.

17. VJD Realty Private Limited ("VRPL")

Corporate Information

VRPL was incorporated on May 4, 2007 under the Companies Act. VRPL has been incorporated to carry on the business of purchase, sale, development, exchange, lease, hire or otherwise acquire any real or personal estate including lands, farms, mines, factories, buildings, mills, houses etc. and carry on the business of development and maintenance of infrastructure facilities, real estate developments, They also deal in the management of multiplex theatres, commercial complexes, convention centers and buildings of all types.

Interest of the Promoters

Vijay Darda holds 5,000 equity shares representing 50.00% of the equity share capital of VRPL.

18. Yavatmal Agro Private Limited ("YAPL")

Corporate Information

YAPL was incorporated on August 6, 2007 under the Companies Act. YAPL has been incorporated to carry on the business of agriculture, horticulture, dairy farming, animal husbandry and related processes and acquisition of land for such related activities.

Interest of the Promoters

Vijay Darda and Rajendra Darda hold 5,000 equity shares each aggregating 100.00% of the equity share capital of YAPL.

Partnerships

1. Jawaharnagar Enterprises ("JE")

Corporate Information

JE was constituted as a partnership firm on April 1, 1993 under the Partnership Act. MM was incorporated to undertake real estate business.

Interest of the Promoters

Vijay Darda and Rajendra Darda have a profit/ (loss) sharing ratio of 35.00% each in JE.

2. Mangal Mudran ("MM")

Corporate Information

MM was constituted as a partnership firm on July 1, 1970 under the Partnership Act. MM was incorporated to undertake property business.

Interest of the Promoters

Vijay Darda and Rajendra Darda have a profit/ (loss) sharing ratio of 25.00% each in MM.

3. Sandeep Layout ("SL")

Corporate Information

SL was constituted on June 5, 1984 under the Partnership Act. The Company was also a partner in SL until April 28, 2010. SL was incorporated to undertake construction activities.

Interest of the Promoters

The profit/ (loss) sharing ratio of Vijay Darda in SL is 50.00%.

Nature and Extent of Interest of Group Companies

(a) In the promotion of the Company

None of the Group Companies have any interest in the promotion of the Company.

(b) In the properties acquired in the past two years before filing the Draft Red Herring Prospectus with SEBI or proposed to be acquired by the Company

The Company has not acquired nor does it propose to acquire any properties from its Group Companies. However, the Company has taken properties on lease and leave and license basis from certain Group Companies. For further details please see the section titled "Related Party Transactions" on page 173. Further, the Company has entered into a leave and licence agreement dated November 25, 2010 for the Registered Office with Darda Investment and Properties Private Limited for a period of five years.

(c) In transactions for acquisition of land, construction of building and supply of machinery

None of the Group Companies have any interest in any transaction for the acquisition of land, construction of buildings and supply of machinery by the Company.

Common Pursuits amongst the Group Companies with the Company

Certain Group Companies are in the business of printing, publishing and entertainment. Please see the section titled "Risk Factors" on page xiv.

Related Business Transactions within the Group Companies and Significance on the Financial Performance of the Company

For details, please see the section titled "Related Party Transactions" on page 173.

Sale/Purchase between Group Companies and Subsidiaries

For details, please see the section titled "Related Party Transactions" on page 173.

Business Interest of Group Companies in the Company

None of the Group Companies and Subsidiaries has any business interest in the Company.

RELATED PARTY TRANSACTIONS

The transactions with related parties of the Company on a consolidated basis are:

(In Rs. Million)

Nature of Transaction	For the year ended May 31,										For the period ended October 31,	
	2,006		2,007		2,008		2,009		2,010		2,010	
Particulars	**Value of Transaction**	**Closing Balance**	**Value of Transaction**	**Closing Balance**	**Value of Transaction**	**Closing Balance**	**Value of Transaction**	**Closing Balance**	**Value of Transaction**	**Closing Balance**	**Value of Transaction**	**Closing Balance**
Key Management Personnel and their relatives												
Rent												
Vijay Darda	0.00	-	0.39	-	0.30	-	0.60	-	0.60	-	0.25	-
Karan Darda	-	-	-	-	0.57	-	0.67	-	0.36	-	0.02	-
Jyotsna Darda	-	-	-	-	-	-	0.10	-	0.12	-	0.05	-
Rajendra Darda	-	-	-	-	1.83	-	2.14	-	1.83	-	0.76	-
Rachana Darda	0.09	-	0.10	-	0.13	-	0.30	-	0.30	-	0.13	-
Ronak Kapadia	-	-	-	-	-	-	0.30	-	0.72	-	0.30	-
Remuneration												
Vijay Darda	8.46	2.74	10.74	5.36	26.08	9.73	23.27	8.49	34.10	19.32	15.20	28.36
Devendra Darda	4.26	-	4.03	-	13.44	-	12.10	-	12.10	-	5.04	-
Rishi Darda	-	-	-	-	4.04	-	30.39	16.28	31.75	19.66	9.56	24.18
Karan Darda	-	-	-	-	10.03	5.99	24.12	10.01	21.76	9.66	9.56	14.18
Jyotsna Darda	0.18	-	0.22	-	2.82	-	4.03	-	4.03	-	1.43	-
Ramesh Bora	0.97	-	1.14	-	1.21	-	1.58	-	1.59	-	1.06	-
Bharat Kapadia	-	-	-	-	-	-	1.57	-	7.96	-	3.45	-
Rachana Darda	0.12	-	0.12	-	0.63	-	0.66	-	0.65	-	0.22	-
Sheetal Darda	-	-	-	-	0.50	-	0.78	-	0.65	-	0.42	-
Ruchira Darda	-	-	-	-	0.06	-	0.25	-	-	-	0.18	-
Balaji Muley	-	-	-	-	0.35	-	0.45	-	-	-	-	-
Nikhil Waghle	-	-	-	-	0.43	-	0.50	-	0.76	-	0.42	-
Purva Kothari	-	-	-	-	-	-	-	-	0.65	-	0.28	-
Professional Charges												
Rajendra Darda	-	-	-	-	4.58	-	16.32	-	5.50	-	-	-
Ashoo Darda	-	-	-	-	1.20	-	4.20	-	3.00	-	-	-
Sale of	-	-	-	-	-	-	-	-	-	-	-	-

Nature of Transaction	For the year ended May 31,										For the period ended October 31,	
	2,006		2,007		2,008		2,009		2,010		2,010	
Particulars	**Value of Transaction**	**Closing Balance**	**Value of Transaction**	**Closing Balance**	**Value of Transaction**	**Closing Balance**	**Value of Transaction**	**Closing Balance**	**Value of Transaction**	**Closing Balance**	**Value of Transaction**	**Closing Balance**
Newspapers												
Veenadevi Darda	-	-	-	-	14.76	-	21.75	-	20.23	-	6.69	-
Sheetal Darda	-	-	-	-	11.42	-	18.09	-	17.77	-	7.73	-
Ruchira Darda	-	-	-	-	-	-	-	-	-	-	1.77	-
Printing Charges												
Jyotsna Darda	-	-	-	-	-	-	0.36	-	0.52	-	-	-
Interest Paid												
Vijay Darda	-	-	-	-	-	-	0.27	-	0.53	-	0.00	-
Rishi Darda	-	-	-	-	1.14	0.18	2.11	-	-	-	-	-
Karan Darda	-	-	-	-	0.83	0.14	2.18	-	-	-	-	-
Jyotsna Darda	-	-	-	-	-	-	0.21	-	0.20	-	-	-
Rajendra Darda	-	-	-	-	2.07	0.37	6.05	-	-	-	-	-
Ashoo Darda	-	-	-	-	0.89	0.09	1.66	-	-	-	-	-
Sheetal Darda	-	-	-	-	0.40	0.03	0.04	-	-	-	-	-
Sale of Properties												
Vijay Darda	-	-	11.10	-	-	-	-	-	-	-	-	-
Jyotsna Darda	-	-	5.50	-	-	-	-	-	-	-	-	-
Loans Sold												
Vijay Darda	-	-	-	-	-	-	-	-	-	-	9.85	-
Purchase of Equity Shares												
Devendra Darda	-	-	-	-	-	-	-	-	-	-	0.02	-
Rishi Darda	-	-	-	-	-	-	-	-	-	-	0.02	-
Loans and Advances taken / (repaid)												
Vijay Darda	0.06	0.15	(0.15)	-	0.48	0.48	4.52	5.00	(5.00)	0.00	0.20	0.09
Devendra Darda	0.14	0.17	(0.06)	0.11	0.39	0.50	(0.50)	-	-	-	3.70	3.70
Jyotsna Darda	-	-	0.01	0.01	0.18	0.19	4.31	4.50	(4.50)	-	0.10	0.10
Rachana Darda	-	-	-	-	-	-	-	-	-	-	0.10	0.10
Rajendra Darda	-	-	-	-	5.90	45.60	(45.60)	-	-	-	-	-
Ashoo	-	-	-	-	(3.20)	13.50	(13.50)	-	-	-	-	-

Nature of Transaction	For the year ended May 31,										For the period ended October 31,	
	2,006		2,007		2,008		2,009		2,010		2,010	
Particulars	**Value of Transaction**	**Closing Balance**	**Value of Transaction**	**Closing Balance**	**Value of Transaction**	**Closing Balance**	**Value of Transaction**	**Closing Balance**	**Value of Transaction**	**Closing Balance**	**Value of Transaction**	**Closing Balance**
Darda												
Rishi Darda	(0.01)	0.00	(0.00)	0.00	0.45	16.55	(16.55)	-	0.49	0.49	1.30	1.30
Karan Darda	-	-	-	-	4.74	17.09	(17.09)	-	0.49	0.49	-	-
Sheetal Darda	-	-	-	-	4.80	0.60	(0.60)	-	-	-	-	-
Loans and Advances given / (Received back)												
Vijay Darda	-	-	0.07	0.07	(0.07)	-	0.01	0.01	-	-	-	-
Jyotsna Darda	0.08	0.08	(0.08)	-	-	-	-	-	-	-	-	-
Devendra Darda	-	0.70	-	0.70	(0.70)	-	0.01	0.01	-	-	-	-
Capital Contribution received in Partnership firm												
Vijay Darda	-	-	-	-	-	-	-	-	0.01	-	-	-
Jyotsna Darda	-	-	-	-	-	-	-	-	0.01	-	-	-
Sale of Interest in Partnership firm												
Vijay Darda	-	-	-	-	-	-	-	-	0.73	-	-	-
Jyotsna Darda	-	-	-	-	-	-	-	-	0.73	-	-	-
Associates Entities where Key Management Personnel have Significant Influence:												
Rent												
Darda Investment and Properties Private Limited	4.78	-	4.78	-	5.55	-	5.62	0.04	6.37	-	2.31	-
Darda Printocrats Private Limited	-	-	-	-	6.63	-	9.06	-	7.94	1.20	3.31	-
Regal Publication Private Limited	-	-	-	-	1.67	-	0.30	-	0.21	-	0.35	0.35

Nature of Transaction	For the year ended May 31,										For the period ended October 31,	
	2,006		2,007		2,008		2,009		2,010		2,010	
Particulars	**Value of Transaction**	**Closing Balance**	**Value of Transaction**	**Closing Balance**	**Value of Transaction**	**Closing Balance**	**Value of Transaction**	**Closing Balance**	**Value of Transaction**	**Closing Balance**	**Value of Transaction**	**Closing Balance**
ibn18 Broadcast Limited	-	-	-	-	0.00	-	17.09	-	17.09	-	9.27	-
Network 18 Fincap Limited	-	-	-	-	-	-	0.06	-	0.11	-	0.04	-
Television Eighteen India Limited	-	-	-	-	-	-	10.42	-	10.36	-	4.95	-
Sale of Properties												
Darda Printocrats Private Limited	-	-	-	-	52.10	-	-	-	-	-	-	-
Advertisement Expenses		-	-	-	-	-	-	-	-	-	-	-
ibn18 Broadcast Limited	-	-	-	-	0.11	-	4.11	-	2.14	-	1.42	-
Television Eighteen India Limited	-	-	-	-	-	-	0.05	-	-	-	-	-
Commission Paid												
ibn18 Broadcast Limited	-	-	-	-	3.90	-	-	-	-	-	-	-
Interest Paid												
Darda Investment and Properties Private Limited	0.84	-	0.68	-	-	-	-	-	-	-	-	-
ibn18 Broadcast Limited	-	-	-	-	1.76	-	-	-	-	-	-	-
Interest Received												
Cozy Properties Private Limited	-	-	-	-	9.19	8.15	-	-	-	-	-	-
Printing Charges		-	-	-	-	-	-	-	-	-	-	-
Mogra Scangraph Private Limited	-	-	-	-	10.96	0.45	17.62	0.01	13.26	-	7.77	(0.00)
Purchase of Goods												
Media World Enterprises	6.26	-	5.91	-	12.46	0.15	13.79	1.75	12.91	-	-	-
Hotel President	-	-	-	-	0.13	-	-	-	-	-	-	-

Nature of Transaction	For the year ended May 31,										For the period ended October 31,	
	2,006		2,007		2,008		2,009		2,010		2,010	
Particulars	**Value of Transaction**	**Closing Balance**	**Value of Transaction**	**Closing Balance**	**Value of Transaction**	**Closing Balance**	**Value of Transaction**	**Closing Balance**	**Value of Transaction**	**Closing Balance**	**Value of Transaction**	**Closing Balance**
Park												
Sales of Newspapers												
Siddhivinayak Enterprises	-	-	-	-	-	-	-	-	88.84	3.17	36.07	3.55
Management Fees												
Setpro 18 Distribution Limited	-	-	-	-	-	-	2.50	-	2.50	-	1.25	-
Distribution Expenses												
Setpro 18 Distribution Limited	-	-	-	-	-	-	55.00	(0.30)	74.89	-	34.06	-
Teleport Facilities												
Television Eighteen India Limited	-	-	-	-	-	-	7.32	-	7.20	-	3.60	-
Uplinking Expenses												
Television Eighteen India Limited	-	-	-	-	-	-	14.70	-	10.69	-	4.59	-
Software and maintenance cost												
Television Eighteen India Limited	-	-	-	-	-	-	0.10	-	0.10	-	0.05	-
Costume and Make up Expenses												
Television Eighteen India Limited	-	-	-	-	-	-	0.55	-	0.06	-	-	-
Studio Equipment Usage Charges												
Television Eighteen India Limited	-	-	-	-	-	-	0.04	-	-	-	-	-
ibn18 Broadcast Limited	-	-	-	-	0.01	-	-	-	-	-	-	-
Telecast License Fees												
Television	-	-	-	-	-	-	-	-	0.44	-	0.32	-

Nature of Transaction	For the year ended May 31,										For the period ended October 31,	
	2,006		2,007		2,008		2,009		2,010		2,010	
Particulars	Value of Transaction	Closing Balance	Value of Transaction	Closing Balance	Value of Transaction	Closing Balance	Value of Transaction	Closing Balance	Value of Transaction	Closing Balance	Value of Transaction	Closing Balance
Eighteen India Limited												
Content Purchase and Subscription												
ibn18 Broadcast Limited	-	-	-	-	-	-	-	-	0.10	-	-	-
Purchase of Equity Shares												
Asera Infrastructure Private Limited	-	-	-	-	-	-	-	-	-	-	0.05	-
Investment												
Goldie Advertising and Marketing Services Private Limited	-	-	-	-	-	-	2.53	13.78	1.80	15.58	0.82	16.41
Great Asera Infrastructure Private Limited	-	-	-	-	-	-	-	-	2.50	2.50	-	2.50
Cozy Properties Private Limited	-	-	-	-	-	-	157.11	157.11	1.15	158.26	-	158.26
Sale of Investment												
Darda Investment and Properties Private Limited	-	-	-	-	-	-	-	-	0.10	-	-	-
Loans and Advances taken / (repaid)												
Darda Investment and Properties Private Limited.	(4.65)	5.55	(5.55)	-	-	-	-	-	-	-	-	-
Loans and Advances/ Deposit given / (Received back)												

Nature of Transaction	For the year ended May 31,										For the period ended October 31,	
	2,006		2,007		2,008		2,009		2,010		2,010	
Particulars	**Value of Transaction**	**Closing Balance**	**Value of Transaction**	**Closing Balance**	**Value of Transaction**	**Closing Balance**	**Value of Transaction**	**Closing Balance**	**Value of Transaction**	**Closing Balance**	**Value of Transaction**	**Closing Balance**
Airwave Entertainment Pvt.Ltd.	-	-	-	-	-	-	-	-	-	-	(18.37)	-
Goldie Advertising and Marketing Services Private Limited	0.02	0.82	9.20	10.02	1.23	11.25	-	-	-	-	-	-
Cozy Properties Private Limited	-	-	-	-	150.00	150.00	-	-	-	-	-	-
Darda Printocrats Private Limited	(0.13)	-	-	-	-	5.00	0.03	4.97	-	4.97	-	4.97
Mogra Scangraph Private Limited	-	-	-	-	-	-	-	-	1.49	1.49	-	-
Darda Investment and Properties Private Limited.	(0.02)	2.88	1.26	4.15	(1.27)	2.87	0.02	2.89	(0.04)	2.85	-	2.85

The transactions with related parties of the Company on a standalone basis are:

(In Rs. Million)

Nature of Transaction	For the year ended May 31,										For the period ended October 31,	
Particulars	**Value of Transaction**	**Closing Balance**	**Value of Transaction**	**Closing Balance**	**Value of Transaction**	**Closing Balance**	**Value of Transaction**	**Closing Balance**	**Value of Transaction**	**Closing Balance**	**Value of Transaction**	**Closing Balance**
Key Management Personnel and their relatives												
Rent												
Vijay Darda	0.42	-	0.39	-	0.30	-	0.60	-	0.60	-	0.25	-
Karan Darda							0.10	-	0.36	-	0.02	-
Jyotsna Darda	-	-	-	-	-	-	0.10	-	0.12	-	0.05	-
Rajendra	-	-	-	-	-	-	0.31	-	1.83	-	0.76	-

Nature of Transaction	For the year ended May 31,										For the period ended October 31,	
Particulars	**Value of Transaction**	**Closing Balance**	**Value of Transaction**	**Closing Balance**	**Value of Transaction**	**Closing Balance**	**Value of Transaction**	**Closing Balance**	**Value of Transaction**	**Closing Balance**	**Value of Transaction**	**Closing Balance**
Darda												
Rachana Darda	0.09	-	0.10	-	0.13	-	0.30	-	0.30	-	0.13	-
Ronak Kapadia	-	-	-	-	-	-	0.30	-	0.72	-	0.30	-
Remuneration												
Vijay Darda	8.46	2.74	10.74	5.36	26.08	9.73	23.27	8.49	34.10	19.32	15.20	28.36
Devendra V.Darda	4.26	-	4.03	-	13.44	-	12.10		12.10	-	5.04	-
Rishi Darda	-	-	-	-	-	-	3.43	1.41	31.75	19.66	9.56	24.18
Karan Darda	-	-	-	-	-	-	2.02	-	21.76	9.66	9.56	14.18
Jyotsna Darda	0.18	-	0.22	-	2.82	-	4.03	-	4.03	-	1.43	-
Ramesh S.Bora	0.97	-	1.14	-	1.21	-	1.58	-	1.59	-	1.06	-
Bharat Kapadia	-	-	-	-	-	-	1.57	-	7.96	-	3.45	-
Rajendra Darda	-	-	-	-	-	-	-	-	-	-	-	
Rachana Darda	0.12	-	0.12	-	0.63		0.66	-	0.65	-	0.22	-
Sheetal Darda	-	-	-	-	-	-	0.11	-	0.65	-	0.42	-
Ruchira Darda											0.18	-
Purva Kothari	-		-		-		-		0.65		0.28	
Professional Charges												
Rajendra Darda	-	-	-	-	-	-	2.20	-	5.50	-	-	
Ashoo Darda	-	-	-	-	-	-	0.60	-	3.00	-	-	
Sale of Newspapers												
Veenadevi Darda	-	-	-	-	-	-	3.25	-	20.23	-	6.69	-
Sheetal Darda	-	-	-	-	-	-	2.81	-	17.77	-	7.73	-
Ruchira Darda	-	-	-	-	-	-	-	-	-	-	1.77	-
Printing Charges												
Jyotsna Darda	-	-	-	-	-	-	0.36	-	0.52	-	-	
Interest												
Vijay Darda	-	-	-	-	-	-	0.27	-	0.53	-	0.00	
Jyotsna Darda	-	-	-	-	-	-	0.21	-	0.20	-	-	
Sale of Properties												
Vijay Darda	-	-	11.10	-	-	-	-	-	-	-	-	
Jyotsna	-	-	5.50	-	-	-	-	-	-	-	-	

Nature of Transaction	**For the year ended May 31,**										**For the period ended October 31,**	
Particulars	**Value of Transaction**	**Closing Balance**	**Value of Transaction**	**Closing Balance**	**Value of Transaction**	**Closing Balance**	**Value of Transaction**	**Closing Balance**	**Value of Transaction**	**Closing Balance**	**Value of Transaction**	**Closing Balance**
Darda												
Loans Sold												
Vijay Darda	-	-	-	-	-	-	-	-	-	-	9.85	
Purchase of Equity Shares												
DevendraDarda	-	-	-	-	-	-	-	-	-	-	0.02	
Rishi Darda	-	-	-	-	-	-	-	-	-	-	0.02	
Loans and Advances taken / (repaid)												
VijayDarda	0.06	0.15	(0.15)	-	0.48	0.48	4.52	5.00	- 5.00	0.00	0.20	0.09
DevendraDarda	0.14	0.17	(0.06)	0.11	0.39	0.50	(0.50)	-			0.20	0.20
JyotsnaDarda	-	-	0.01	0.01	0.18	0.19	4.31	4.50	- 4.50	-	0.10	0.10
RachanaDarda	-	-	-	-	-	-	-	-	-	-	0.10	0.10
Rishi Darda	(0.01)	0.00	(0.00)	0.00	0.00	0.00	(0.00)	-	0.49	0.49	-	-
KaranDarda	-	-	-	-	-	-	-	-	0.49	0.49	-	-
Loans and Advances given / (Received back)												
Vijay Darda	-	-	0.07	0.07	(0.07)	-	0.01	0.01	-	-	-	-
Jyotsna Darda	0.08	0.08	(0.08)	-	-	-	-	-	-	-	-	-
DevendraDarda	-	0.70	-	0.70	(0.70)	-	0.01	0.01	-	-		
Sale of Interest in Partnership Firm												
Vijay Darda	-	-	-	-	-	-	-	-	0.73	-	-	-
Jyotsna Darda	-	-	-	-	-	-	-	-	0.73	-	-	-
Associates Entities where Key Management Personnel have Significant Influence:												
Rent												
Darda Investment and	4.78	-	4.78		5.55		5.62	0.04	6.37	-	2.31	-

Nature of Transaction	For the year ended May 31,										For the period ended October 31,	
Particulars	**Value of Transaction**	**Closing Balance**	**Value of Transaction**	**Closing Balance**	**Value of Transaction**	**Closing Balance**	**Value of Transaction**	**Closing Balance**	**Value of Transaction**	**Closing Balance**	**Value of Transaction**	**Closing Balance**
Properties Private Limited												
Darda Printocrats Private Limited							1.32	-	7.94	1.20	3.31	-
Regal Publication Private Limited									0.21	-	0.35	0.35
Advertisement Expenses												
IBN-Lokmat News Pvt.Ltd.							43.22	17.98	38.16	(3.98)	(0.00)	1.02
Interest Paid												
Darda Investment and Properties Private Limited	0.84	-	0.68	-	-	-	-	-	-	-	-	
Interest Received												
Cozy Properties Private Limited					4.60	3.56						
Printing Charges												
Mogra Scangraph Private Limited							1.31	0.01	13.26	-	7.77	(0.00)
Prithvi Prakashan Private Limited					(4.12)		(2.48)					
Purchase of Goods												
Media World Enterprises	6.26	-	5.91	-	6.21	-	7.35	-	12.91	-	-	
Sales of Newspapers												
Siddhivinayak Enterprises							-	-	88.84	3.17	36.07	3.55
Purchase of Equity Shares												
Asera Infrastructure Private Limited											0.05	
Investmen												

Nature of Transaction	**For the year ended May 31,**										**For the period ended October 31,**	
Particulars	**Value of Transaction**	**Closing Balance**	**Value of Transaction**	**Closing Balance**	**Value of Transaction**	**Closing Balance**	**Value of Transaction**	**Closing Balance**	**Value of Transaction**	**Closing Balance**	**Value of Transaction**	**Closing Balance**
t												
Lokmat Entertainment Pvt. Ltd.	-	-	-	-	-	-	-	-	0.10	0.10		0.10
Asera Power Pvt. Ltd.											-	0.10
Airwave Entertainment Pvt.Ltd.	-	-	-	-	0.10	0.10	-	0.10	-	-		
IBN-Lokmat News Pvt.Ltd.	-	-	-	-	86.25	86.25	64.00	150.25	160.00	310.25	35.00	345.25
Goldie Advertising and Marketing Services Private Limited	-	-	-	-	-	-	2.53	13.78	1.80	15.58	0.82	16.41
Great Asera Infrastructure Private Limited									2.50	2.50	-	2.50
Cozy Properties Private Limited					-	-	78.56	78.56	1.15	158.26	-	158.26
Loans and Advances taken / (repaid)												
Darda Investment and Properties Private Limited.	(4.65)	5.55	(5.55)	-								
Loans and Advances/ Deposit given / (Received back)												
Airwave Entertainment Pvt.Ltd.					5.50	5.50	-	5.50	12.85	18.37	(18.37)	-
Goldie Advertising and Marketing Services Private Limited	0.02	0.82	9.20	10.02	1.23	11.25	-	-	-	-		
Prithvi Prakashan							(1.58)	(15.19)	(7.12)	(0.01)		

Nature of Transaction	For the year ended May 31,										For the period ended October 31,	
Particulars	**Value of Transaction**	**Closing Balance**	**Value of Transaction**	**Closing Balance**	**Value of Transaction**	**Closing Balance**	**Value of Transaction**	**Closing Balance**	**Value of Transaction**	**Closing Balance**	**Value of Transaction**	**Closing Balance**
Private Limited												
Cozy Properties Private Limited	-	-	-	-	75.00	75.00	-	-	-	-		
Darda Printocrats Private Limited	(0.13)	-					-	4.97		4.97		4.97
Mogra Scangraph Private Limited									1.49	1.49		
Darda Investment and Properties Private Limited.	(0.02)	2.88	1.26	4.15	(1.27)	2.87	0.02	2.89	(0.04)	2.85		2.85

DIVIDEND POLICY

The declaration and payment of dividends, if any, will be recommended by the Board of Directors and approved by a majority of the shareholders at their discretion, subject to the provisions of the Articles of Association and the Companies Act. The dividends, if any, will depend on a number of factors, including but not limited to the earnings, capital requirements and overall financial position of the Company. The Company has no formal dividend policy. The Board may also from time to time pay interim dividends. The dividends declared by the Company during the last five fiscal years have been presented below:

Particulars	Fiscal 2010	Fiscal 2009	Fiscal 2008	Fiscal 2007	Fiscal 2006
Face value per Equity Share (Rs.)	10	10	10	10	10
Dividend paid per Equity Share (Rs.)	216.47	Nil	140.00	64.00	17.00
Dividend paid* (In Rs. million)	249.73	Nil	80.44	36.77	9.77

* *Excluding dividend distribution tax*

The amounts paid as dividends in the past are not necessarily indicative of the Company's dividend policy or dividend amount, if any, in the future.

INDEBTEDNESS

The details of the Company's indebtedness on a standalone basis, as at November 30, 2010, are as follows:

Long Term Loans (Fund based limit)

S. No.	Name of the Lenders	Nature of Borrowing	Amount Sanctioned (In Rs. millions)	Amount outstanding as of November 30, 2010 (In Rs. millions)	Interest (in % p.a.)	Repayment	Security
Secured Borrowing							
1.	Bank of India – Sanction letters dated December 7, 2009, January 13, 2010 and September 13, 2010. Hypothecation cum loan agreement dated April 23, 2010 and supplemental deed of hypothecation dated October14, 2010	Term toan	334.80	276.66	4.00% below BPLR	10 half yearly installments of Rs. 33.4 million from December 2010 (last installment of Rs. 34.2 million)	See Note 1 below
2.	Bank of India – Sanction letters dated December 7, 2009 and September 13, 2010. Hypothecation cum Loan Agreement dated March 19,2008	Term Loan	137.50	110.00	1.75% below BPLR	32 quarterly installments of Rs. 5.00 million from December 2008 (last installment of Rs. 2.50 million)	See Note 2 below
3.	HDFC Bank Limited – Sanction letter dated June 17, 2010 and loan agreement dated August 9, 2010	Term Loan	490 or its equivalent in USD	32.28	7.75% below HDFC PLR for rupee term loan and LIBOR plus 250 basis points for foreign currency loan	Within five years from March 31, 2011 or six months from the date of first disbursement whichever is earlier, by 20 equal quarterly instalments of Rs. 24.50 million each	See Note 3 below

Note 1:

1. Hypothecation of plant and machineries purchased/ to be purchased out of the proceeds of this term loan; and
2. Personal guarantee of Devendra Darda and Rishi Darda, Directors of the Company.

Note 2:

1. Hypothecation of plant and machinery, computers, furniture and fixtures, vehicles etc. and equitable mortgage of land and building at Shendra MIDC, Aurangabad; and
2. Personal guarantee of Devendra Darda and Rishi Darda, Directors of the Company.

Note 3:

1. Charge over the proposed office building at Mumbai to be purchased out of the proceeds of the loan;
2. Charge over machineries and equipment purchased or to be purchased out of the proceeds of the loan;
3. Charge over the land and building at Bhopal;
4. Personal guarantee of Devendra Darda and Rishi Darda, Directors of the Company; and
5. First charge over fixed deposit of Rs. 0.98 million deposited by the Company with HDFC Bank Limited, as continuing security.

Demand Loan (Fund based limit)

S. No.	Name of the lenders	Nature of borrowing	Amount sanctioned (In Rs. million)	Amount outstanding as of November 30, 2010 (In Rs. million)	Interest (in % p.a.)	Security
Secured Borrowings						
1.	Bank of India - Application cum sanction form dated November 10,2010 and letter dated December 15, 2010	Demand loan	175.00	175.00	For loan upto Rs.131.07 million, the interest payable is 7.75% and for loan amount above Rs.131.07 million interest payable is 8%	See Note 1 below

Note 1:

Lien on term deposit receipts of Rs. 196.38 million.

Working Capital Loans (Fund based limit)

S. No.	Name of the Lenders	Nature of Borrowing	Amount Sanctioned (In Rs. million)	Amount outstanding as of November 30, 2010 (In Rs. million)	Interest (in % p.a.)	Security
Secured Borrowings						
1.	Bank of India Letter granting sanction of credit facilities dated December 7, 2009	Cash Credit	230.00	63.62	1.75% below BPLR	See Note 1 below

S. No.	Name of the Lenders	Nature of Borrowing	Amount Sanctioned (In Rs. million)	Amount outstanding as of November 30, 2010 (In Rs. million)	Interest (in % p.a.)	Security
Unsecured Borrowings						
1.	HDFC Bank Limited – Sanction letter dated August 24, 2010	Short Term Loan	75.00 or its equivalent in USD	63.36 (USD 1.43 million)	LIBOR plus 360 basis points	N.A.

Note 1:

1. Hypothecation of current assets;
2. First charge on land and other fixed assets of the Company at Nashik; and
3. Personal guarantee of Devendra Darda and Rishi Darda, Directors of the Company.

Working Capital Loans (Non-Fund based limit)

S. No.	Name of the Lenders	Nature of Borrowing	Amount Sanctioned (In Rs. million)	Amount outstanding as of November 30, 2010 (In Rs. million)	Commission (in % p.a.)	Security
Secured Borrowings						
1.	Bank of India – Letter granting sanction of credit facilities dated December 7, 2009		Aggregate Limit - 28.90			
		Guarantees	5.90	Nil	As per the rules/ guidelines issued by Bank of India	Margin by way of term deposit receipt and Personal guarantee of Devendra Darda and Rishi Darda, Directors of the Company.
		Letter of credit (D/P) (Inland/ Foreign)	23.00	Nil	As per the rules issued by Bank of India/ Foreign Exchange Dealers' Association of India	Margin by way of term deposit receipt and Personal guarantee of Devendra Darda and Rishi Darda, Directors of the Company.

Vehicle Loan

S. No.	Name of the Lenders	Nature of Borrowing	Amount Sanctioned (In Rs. million)	Amount outstanding as of November 30, 2010 (In Rs. million)	Interest (in % p.a.)	Security
Secured Borrowings						
1.	State Bank of India, sanction Letter dated June 29, 2010	Car Loan	3.84	3.74	7.00%	See Note 1 below

Note 1:

1. Hypothecation of the car purchased out of loan.

The total amount outstanding as at November 30, 2010 is Rs. 724.66 million.

Corporate Actions

Certain corporate actions for which the Company requires the prior written consent of the lenders include:

a) make any drastic/ substantial change in the management set up;

b) enter into any borrowing or non-borrowing arrangements, either secured or unsecured, with any other lender or financial institution;

c) formulate any scheme for merger, amalgamation or reorganisation;

d) implement any scheme of expansion or diversification or capital expenditure except normal replacement indicated in funds flow statement submitted, to and approved, by the lender;

e) approaching the capital markets for mobilising additional resources either in the form of debt or equity;

f) undertake guarantee obligations on behalf of any other company;

g) advance unsecured loans to any of the group companies/ associate companies; and

h) effect any adverse change in its capital structure.

SECTION V – FINANCIAL INFORMATION

FINANCIAL STATEMENTS

To
The Board of Directors,
Lokmat Media Limited (Formerly known as Lokmat Newspapers Private Limited)
126, Mittal Tower,
B Wing, Nariman Point,
Mumbai-400 021

Re: Proposed initial public offer of equity shares having a face value of Rs.10/- each for cash, at an issue price to be arrived at by the book building process (referred as the 'offer' or the 'IPO')

Dear Sirs,

We have examined the Restated Consolidated Financial Information of Lokmat Media Limited (formerly known as Lokmat Newspapers Private Limited) ("**the Company**"), its subsidiaries and it's Joint Ventures (the Company, its subsidiaries and it's Joint Ventures constitute 'the Group') described below in A and B and annexed to this report for the purpose of inclusion in the Draft Red Herring Prospectus ("**the DRHP**"). The Restated Consolidated 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') – Issue of Capital and Disclosure Requirements Regulations, 2009 (the ICDR Regulations) notified on August 26, 2009 and as updated from time to time, the Guidance Note on Reports in Company Prospectuses (Revised) issued by the Institute of Chartered Accountants of India ('ICAI') and terms of arrangement agreed upon by us with the Company. The Restated Consolidated Financial Information has been prepared by the Company and approved by its Board of Directors.

Company proposes to make an Initial Public Offer (IPO) for the fresh issue of equity shares having a face value of Rs.10/- each at a premium arrived at by 100.00% book building process as may be decided by the Board of Directors.

A. Restated Consolidated Financial Information as per Audited Consolidated Financial Statements:

We have examined:

a) the attached Consolidated Summary Statement of Assets and Liabilities, as Restated as at May 31, 2006, May 31, 2007, May 31, 2008, May 31, 2009, May 31, 2010 and as at October 31, 2010 (Annexure-I).

b) the attached Consolidated Summary Statement of Profits and Losses, as Restated for the years ended May 31, 2006, May 31, 2007, May 31, 2008, May 31, 2009, May 31, 2010 and period ended October 31, 2010 (Annexure-II).

c) the attached Consolidated Statement of Cash Flows, as Restated for the years ended May 31, 2006, May 31, 2007, May 31, 2008, May 31, 2009, May 31, 2010 and period ended October 31, 2010 (Annexure-III).

d) the significant accounting policies adopted by the Company as at and for the period ended October 31, 2010 and notes to the Restated Consolidated Summary Statements along with adjustments on account of audit qualifications/ adjustments/ regroupings (Annexure-IV).

(Collectively hereinafter referred as "Restated Consolidated Summary Statements")

The Restated Consolidated Summary Statements have been extracted from audited Consolidated Financial Statements of the Group as at and for the years ended May 31, 2006, May 31, 2007, May 31, 2008, May

31, 2009, May 31, 2010 and as at and for the period ended October 31, 2010, which have been approved by the Board of Directors.

Based on our examination and in accordance with the requirements of the Act, ICDR Regulations and terms of arrangement agreed by us with the Company, we state that:

1) the Restated Consolidated Summary Statement of Assets and Liabilities of the Group as at May 31, 2006, May 31, 2007, May 31, 2008, May 31, 2009, May 31, 2010, and period ended October 31, 2010 are as set out in Annexure-I, which after making such material adjustments and regroupings as, in our opinion are appropriate are to be read with the significant accounting policies and notes thereon in Annexure-IV.

2) the Restated Consolidated Summary Statement of Profits and Losses of the Group for the years ended May 31, 2006, May 31, 2007, May 31, 2008, May 31, 2009, May 31, 2010, and period ended October 31, 2010 are as set out in Annexure-II, which have been arrived at after making such material adjustments and regroupings to the audited consolidated financial statements as, in our opinion are appropriate are to be read with the significant accounting policies and notes thereon in Annexure-IV.

3) the Restated Consolidated Statement of Cash Flows of the Group for the years ended May 31, 2006, May 31, 2007, May 31, 2008, May 31, 2009, May 31, 2010 and period ended October 31, 2010 are set out in Annexure-III after making such material adjustments and regroupings as, in our opinion are appropriate and are to be read with the significant accounting policies and notes thereon in Annexure-IV.

4) For the years ended May 31, 2006, May 31, 2007, May 31, 2008 and May 31, 2009 we did not audit the financial statements of the Company. For the years ended March 31, 2008, March 31, 2009, March 31, 2010 and period ended September 30, 2010 we did not audit the financial statements of subsidiaries Airwave Entertainment Private Limited, Prithvi Prakashan Private Limited and Asera Power Private Limited and Joint Venture IBN Lokmat News Private Limited, whose financial statements reflect the Group's share of Total Assets and Total Revenues for the years ended May 31, 2006, May 31, 2007, May 31, 2008, May 31, 2009, May 31, 2010 and period ended October 31, 2010 as follows:-

Rs.in Million

Group's Share as at / for the year / period ended	May 31, 2006	May 31, 2007	May 31, 2008	May 31, 2009	May 31, 2010	October 31, 2010
Total Assets	1,154.76	1,211.17	2,889.35	2,714.41	139.78	134.80
Total Revenue	1,234.68	1,487.55	3,114.46	3,789.64	46.60	37.31

Those financial statements and other financial information have been audited by other firms of Chartered Accountants whose reports have been furnished to us by the management of the Company and our opinion is relied on the reports of such other firms of Chartered Accountants. The details of the other firms of Chartered Accountants are as follows:

Name of Subsidiaries/Joint ventures	Name of the Audit firm
Lokmat Newspapers Private Limited	M.M. Jain Chartered Accountant Membership No.5727
Airwave Entertainment Private Limited Asera Power Private Limited	Subhodh Kanetkar & Co. Chartered Accountants Firm Regn.No.118948W
Prithvi Prakashan Private Limited	S.C. Chandiwal & Co. Chartered Accountants Firm Regn.No.117560W

Name of Subsidiaries/Joint ventures	Name of the Audit firm
IBN-Lokmat News Private Limited	Mohan L. Jain & Co. Chartered Accountants Firm Regn.No.005345N

5) We have been furnished the examination reports of the other firms of Chartered Accountants on the restated financial information of the Subsidiaries and Joint Venture Company for the year ended March 31, 2008, March 31, 2009, March 31, 2010 and period ended September 30, 2010 as applicable, and in our opinion in so far as it relates to the amounts included in the Restated Consolidated Summary Statement of Assets and Liabilities, Restated Consolidated Summary Statement of Profits and Losses, and Restated Consolidated Statement of Cash Flow, are relied on the reports of other firms of Chartered Accountants.

6) The other auditors have also confirmed that the restated standalone financial information of the respective subsidiaries and Joint Venture for the year ended March 31, 2008, March 31, 2009, March 31, 2010 and period ended September 30, 2010, have been made after incorporating:

(a) Adjustments for the changes in accounting policies retrospectively in respective financial years to reflect the same accounting treatment as per changed accounting policy for all the reporting periods.

(b) Adjustments for the material amounts in the respective financial years to which they relate.

Further they have indicated that there are no extraordinary items that need to be disclosed separately in the accounts and there are no other qualifications in the auditor's reports which require any adjustments to the summary statements.

7) Qualifications in the auditor's reports in earlier year, which require corrective adjustments in the Consolidated Summary Statements are disclosed in Note (a)(i), (a)(ii), (a)(iii) and a(iv) of C(1) (II) of Annexure-IV.

8) The Restated Consolidated Summary Statements have been restated with retrospective effect to reflect the Significant Accounting Policies being adopted by the Group as at and for the period ended October 31, 2010 and after considering the effect of auditor's observations.

9) There are no extraordinary items in any of the financial statements that need to be disclosed separately in the Restated Consolidated Summary Statements.

B. Other Consolidated Financial Information as per Restated Consolidated Summary Statements.

We have also examined the following Consolidated Financial Information relating to the Group, which is based on the Restated Consolidated Summary Statements and approved by the Board of Directors of the Company and annexed to this report and is proposed to be included in the DRHP: -

1) Consolidated Statement of Investments, as Restated (Annexure V)
2) Consolidated Statement of Inventories, as Restated (Annexure VI)
3) Consolidated Statement of Sundry Debtors, as Restated (Annexure VII)
4) Consolidated Statement of Loans and Advances, as Restated (Annexure VIII)
5) Consolidated Statement of Secured Loans, as Restated (Annexure IX)
6) Consolidated Statement of Unsecured Loans, as Restated (Annexure X)
7) Consolidated Statement of Current Liabilities and Provisions, as Restated (Annexure XI)
8) Consolidated Statement of Share Capital, as Restated (Annexure XII)
9) Consolidated Statement of Reserves and Surplus, as Restated (Annexure XIII)
10) Consolidated Statement of Non-operating Income, as Restated (Annexure XIV)
11) Consolidated Statement of Employee Cost, as Restated (Annexure XV)

12) Consolidated Statement of Accounting Ratios, as Restated (Annexure XVI)
13) Consolidated Statement of Capitalisation, as Restated (Annexure XVII)
14) Consolidated Statement of Related Party Disclosures, as Restated (Annexure XVIII)
15) Consolidated Statement of Dividend, as Restated (Annexure XIX)

In respect of "Other Financial Information" of the Group, as stated above, we have relied upon the audited financial statements for the year ended May 31, 2006, May 31, 2007, May 31, 2008 and May 31, 2009 and in respect of Subsidiaries and Joint Ventures as stated above, we have relied upon the audited financial statements for the year ended March 31, 2008, March 31, 2009, March 31, 2010 and period ended September 30, 2010 which were audited and reported by other Firms of Chartered Accountants as stated above.

Further, in respect of "Promoter and Promoter Group" as defined in the ICDR Regulations and disclosed in Annexures above are based on list of group entities identified by the management and we have relied upon the same.

We report that the Restated Consolidated Financial Information of the Group as at and for the years ended May 31, 2006, May 31, 2007, May 31, 2008, May 31, 2009, May 31, 2010 and period ended October 31, 2010 have been prepared by the Group in accordance with the requirements of AS-21 "Consolidated Financial Statements" and AS-27 "Financial Reporting of Interest in Joint Venture" notified pursuant to the Companies (Accounting Standards) Rules, 2006.

In our opinion, the Restated Consolidated Financial Information of the Group attached to this report, as mentioned in paragraph (B) above, read with significant accounting policies and notes thereto, and after making such adjustments as are considered appropriate, has been prepared in accordance with Part II (B) of Schedule II of the Act and the ICDR Regulations.

This report should not in any way be construed as reissuance or redating of the previous audit report, nor should this be construed as a new opinion on any of the financial statements referred to herein.

We have no responsibility to update our report for events and circumstances occurring after the date of this report.

This report is intended solely for your information and for inclusion in the DRHP 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 M. M. Jain and Associates
Chartered Accountants

Manish Jain
Partner
Membership NO. 118548
Firm Registration No. 112538W
Nagpur, December 23, 2010

ANNEXURE I

Consolidated Summary Statement of Assets and Liabilities, as Restated

(In Rs. million)

Particulars as at	May 31, 2006	May 31, 2007	May 31, 2008	May 31, 2009	May 31, 2010	October 31, 2010
Fixed Assets						
Gross Block	812.03	825.27	1,888.53	1,890.56	1,911.01	2,098.53
Less : Accumulated Depreciation /Amortization	334.01	392.69	627.58	592.50	745.77	815.98
Net Block	478.02	432.58	1,260.94	1,298.06	1,165.24	1,282.56
Capital Work-in-Progress (including Capital Advances)	1.34	0.81	39.69	24.69	16.78	156.39
Net Block including Capital Work-in-Progress (A)	479.35	433.39	1,300.64	1,322.75	1,182.02	1,438.94
Investments (B)	0.33	0.32	2.04	2.12	158.83	174.40
Current Assets, Loans and Advances:						
Inventories	104.60	123.26	284.08	223.97	253.75	365.38
Sundry Debtors	305.21	346.50	590.02	525.79	736.00	872.80
Cash and Bank Balances	188.47	206.54	370.39	338.42	397.47	438.78
Loans and Advances	69.69	92.89	326.94	278.73	222.56	169.95
Other Current Assets	7.57	8.72	15.70	23.17	10.71	17.84
Total Current Assets, Loans and Advances (C)	**675.53**	**777.91**	**1,587.13**	**1,390.08**	**1,620.50**	**1,864.76**
Liabilities and Provisions:						
Secured Loans	352.99	235.48	885.66	533.08	399.33	551.40
Unsecured Loans	5.55	-	93.34	9.50	-	68.16
Current Liabilities	253.37	292.54	541.32	456.57	464.77	522.44
Provisions	-	-	41.95	45.89	240.38	241.76
Minority Interest	-	-	201.77	-	-	-
Total Liabilities and Provisions (D)	**611.90**	**528.02**	**1,764.03**	**1,045.04**	**1,104.48**	**1,383.76**
Deferred Tax Liabilities (Net) (E)	**33.74**	**28.47**	**97.82**	**110.34**	**73.86**	**73.57**
Net Worth (A+B+C-D-E)	**509.57**	**655.15**	**1,027.95**	**1,559.56**	**1,783.01**	**2,020.76**
Net Worth Represented By						
Share Capital						
Equity	5.75	5.75	6.85	11.52	11.52	11.52
Reserves and Surplus (excluding Revaluation Reserve)	503.82	649.40	1,021.11	1,548.04	1,771.48	2,009.24
Net Worth	**509.57**	**655.15**	**1,027.95**	**1,559.56**	**1,783.01**	**2,020.76**

The above statements should be read with the Significant Accounting Policies and Notes to the Consolidated Summary Statements of Assets and Liabilities, Profits and Losses and Cash Flows, as restated as appearing in Annexure IV.

ANNEXURE II

Consolidated Summary Statement of Profits and Losses, as Restated

(In Rs. million)

Particulars	Year Ended on					Period Ended on
	May	May	May	May	May	October
	31, 2006	31, 2007	31, 2008	31, 2009	31, 2010	31, 2010
Income						
Operating Income						
Advertisement Revenue	813.43	997.85	2,059.42	2,582.22	2,687.32	1,386.76
Sale of News and Publications (net)	375.09	415.78	799.89	1,062.31	1,073.27	449.21
Other Operating Income	30.93	50.26	142.48	107.62	99.23	46.18
Total	**1,219.45**	**1,463.89**	**3,001.80**	**3,752.15**	**3,859.82**	**1,882.15**
Non Operating Income	15.23	23.66	112.66	37.49	52.28	24.23
Total Income	**1,234.68**	**1,487.55**	**3,114.46**	**3,789.64**	**3,912.10**	**1,906.38**
Expenditure						
Raw Materials Consumed	621.38	673.93	1,351.90	1,672.79	1,543.47	798.52
Employee Cost	182.63	210.66	378.79	532.58	598.10	279.12
Operating and Other Expenses	206.19	255.34	524.37	723.00	765.56	371.34
Finance Cost	28.88	28.63	63.72	108.95	45.82	23.77
Depreciation/Amortisation	70.08	64.79	98.96	166.72	188.02	73.01
Total Expenditure	**1,109.16**	**1,233.36**	**2,417.73**	**3,204.04**	**3,140.96**	**1,545.76**
Net Profit before Tax, Prior Period and Extraordinary Items	**125.52**	**254.19**	**696.73**	**585.60**	**771.13**	**360.61**
Less: Extraordinary Items	-	-	-	-	-	-
Net Profit after Extraordinary items but before Tax, Prior Period Items	**125.52**	**254.19**	**696.73**	**585.60**	**771.13**	**360.61**
Less: Provision for Taxation	24.71	73.49	215.94	221.33	284.27	119.71
Less: Pre-acquisition profit of subsidiary	-	-	91.01	-	-	-
Net Profit after Tax and Extraordinary items but before Prior Period Items	**100.82**	**180.69**	**389.77**	**364.28**	**486.86**	**240.90**
Less: Prior Period Items	-	-	0.05	2.51	0.62	-
Less: Exceptional Items	-	-	-	-	7.61	-
Net Profit after Tax, Extraordinary items and Prior Period Items	**100.82**	**180.69**	**389.72**	**361.77**	**478.63**	**240.90**
Adjustments on Account of Restatement	(3.32)	3.82	(5.68)	2.86	24.01	(2.86)
Tax (Expenses)/ Savings on Restatement	(0.18)	0.00	1.95	(0.56)	(7.59)	-
Net Profit after Tax before Minority Interest, as Restated	**97.32**	**184.51**	**386.00**	**364.06**	**495.05**	**238.04**
Less :- Minority Interest	-	-	93.85	60.21	0.07	-
Net Profit after Tax, as Restated	**97.32**	**184.51**	**292.15**	**303.86**	**494.98**	**238.04**
Balance Brought Forward from Previous Year, as Restated	5.58	1.76	4.34	(27.63)	146.89	291.18
Profit Available for Appropriations	**102.90**	**186.27**	**296.49**	**276.23**	**641.87**	**529.22**
Appropriations						
General Reserve	90.00	140.00	230.00	60.00	59.00	-
Dividend:						
Equity Shares	9.77	36.77	80.44	-	249.73	-
Corporate Dividend Tax	1.37	5.16	13.67	-	41.86	-
Transferred to Capital Reserve	-	-	-	69.34	0.09	-
Balance Carried to Balance Sheet, as Restated	**1.76**	**4.34**	**(27.63)**	**146.89**	**291.18**	**529.22**

The above statements should be read with the Significant Accounting Policies and Notes to the Consolidated Summary Statements of Assets and Liabilities, Profits and Losses and Cash Flows, as restated as appearing in Annexure IV.

ANNEXURE III

Consolidated Statement of Cash Flows, as Restated

(In Rs. million)

	Particulars	Year ended on May 31,					Period Ended on October 31,
		2006	2007	2008	2009	2010	2010
A	**Cash Flow From Operating Activities**						
	Net Profit after Prior Period Items and before Tax, as restated	122.21	258.01	691.00	585.95	786.91	357.75
	Adjustment for						
	Depreciation as per Profit and Loss Account	70.08	64.79	98.96	166.72	188.02	73.01
	Depreciation for Prior Period and Change in Method	0.20	0.19	0.18	0.17	(2.95)	-
	Pre-acquisition profit of subsidiary	-	-	(91.01)	-	-	-
	Interest Income	(9.53)	(12.14)	(44.74)	(19.85)	(26.48)	(11.05)
	Interest Expenses	28.88	28.63	63.72	108.95	45.82	23.77
	Dividends	-	(0.00)	(0.74)	(0.02)	(0.01)	(0.03)
	Provision for doubtful debts	(0.40)	0.36	1.18	(0.61)	0.90	-
	Discount Provided	3.53	(4.35)	(3.01)	(2.28)	(8.03)	-
	Adjustment for Depreciation on account of revaluation	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.00)
	Net Loss/(Profit) on sale of Fixed Assets	(1.58)	(0.98)	(52.01)	(3.76)	(0.28)	-
	Operating Profit/(Loss) before Working Capital Changes	**213.36**	**334.50**	**663.52**	**835.26**	**983.90**	**443.45**
	Adjustment for						
	Trade and other Payables	(16.87)	39.33	330.14	(47.77)	(101.29)	49.96
	Trade and other Receivables	(86.26)	(59.76)	(479.50)	328.03	(118.93)	(93.68)
	Inventory	31.21	(18.66)	(160.82)	60.12	(29.78)	(111.63)
	Cash generated from Operations	**141.45**	**295.40**	**353.34**	**1,175.63**	**733.90**	**288.09**
	Direct Taxes Paid	(37.30)	(79.41)	(212.97)	(218.58)	(239.83)	(124.52)
	Net Cash Inflow/(Outflow) from Operating Activities	**104.15**	**216.00**	**140.37**	**957.06**	**494.08**	**163.57**
B	**Cash Flow From Investing Activities**						
	Acquisition of Fixed Assets (including Capital Work-in-Progress)	(28.78)	(36.45)	(974.56)	(193.65)	(90.67)	(333.56)
	Sale/Transfer of Fixed Assets	6.68	18.42	60.21	8.39	47.11	3.63
	Capital Subsidiary Received / (Refunded)	-	3.00	1.97	(1.00)	-	-
	Interest Income	10.44	10.88	40.19	14.55	38.71	1.08
	Dividend Income	-	0.00	0.74	0.02	0.01	0.03
	Sale/(Acquisition) of Investments /Share Application Money (Net)	0.01	0.00	(1.71)	(234.97)	(107.72)	8.49
	Net Cash Inflow/(Outflow) from Investing Activities	**(11.66)**	**(4.15)**	**(873.17)**	**(406.67)**	**(112.55)**	**(320.33)**
C	**Cash Flow From Financing Activities**						
	Net Increase/(Decrease) in Secured	(80.16)	(117.51)	650.18	(352.58)	(133.75)	152.07

	Particulars	Year ended on May 31,					Period Ended on October 31,
		2006	2007	2008	2009	2010	2010
	Loan						
	Increase in Equity Share Capital	-	-	1.10	4.68	-	-
	Change in Minority Interest	-	-	107.92	-	-	-
	Capital Reserve on acquisition /(Sale) of subsidiaries	-	-	198.47	(37.90)	(16.76)	-
	Net Increase/(Decrease) in Unsecured Loan	(4.65)	(5.55)	93.34	(83.84)	(9.50)	68.16
	Interest Expenses	(28.62)	(28.79)	(60.25)	(112.72)	(45.57)	(22.18)
	Dividend paid including Tax on Dividend Distribution	(11.14)	(41.93)	(94.12)	-	(116.90)	-
	Net Cash Inflow/(Outflow) from Financing Activities	**(124.56)**	**(193.78)**	**896.65**	**(582.36)**	**(322.48)**	**198.06**
	Net Increase in Cash and Cash Equivalents	(32.07)	18.07	163.85	(31.97)	59.05	41.31
	Add: Cash and Cash Equivalents at the beginning of the year	220.54	188.47	206.54	370.39	338.42	397.47
	Cash and cash Equivalents at the end of the year	188.47	206.54	370.39	338.42	397.47	438.78

Cash and Cash Equivalents consists of:

(In Rs. million)	Particulars	Year ended on May 31,					Period Ended on October 31,
		2006	2007	2008	2009	2010	2010
	Cash in Hand	3.01	3.72	6.03	7.41	7.79	10.23
	Cheques in Hand	-	-	0.16	0.30	1.24	-
	T.T.in Transit	1.51	0.80	2.00	-	-	-
	Balance with Schedule Banks:						
	In Current/Collection Accounts	16.61	24.99	83.77	71.22	111.14	97.68
	In Fixed Deposits with Banks	133.84	177.03	108.43	224.36	246.37	320.87
	In Fixed Deposits with Banks (Lien Marked)	33.50	-	170.00	35.13	30.94	10.00
	Cash and Cash Equivalents (Closing)	188.47	206.54	370.39	338.42	397.47	438.78

Notes:

The Cash flow statement has been prepared under the indirect method as set out in the Accounting Standard-3 on Cash Flow Statements as issued by ICAI.

ANNEXURE IV

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE CONSOLIDATED SUMMARY STATEMENTS OF ASSETS AND LIABILITIES, PROFITS AND LOSSES AND CASH FLOWS, AS RESTATED

A) Lokmat Media Limited (formerly known as Lokmat Newspapers Private Limited) ('the Company' / 'the Parent' / 'the Holding Company'), it's subsidiaries and Joint Ventures (herein after collectively referred to as 'the Group') are primarily engaged in the business of printing and publishing of newspapers, magazines, production of news and current affairs programmes and film production. The Group's major brands are "Lokmat", "Lokmat Samachar", "Lokmat Times", "G2" and "IBN-Lokmat". The Group derives revenue mainly from advertisements published in publications, sale of publications and advertisements aired on news channel, the IBN – Lokmat.

B) SIGNIFICANT ACCOUNTING POLICIES:

1) Basis of Accounting:

The accompanying Restated Consolidated Summary Statements have been prepared to comply in all material respects with the mandatory Accounting Standards notified by the Central Government of India under the Companies (Accounting Standards) Rules, 2006 and the relevant provisions of the Companies Act, 1956 and SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 as amended from time to time. The Restated Consolidated Summary Statements have been prepared under the historical cost convention. The accounts of the Company, the subsidiary companies and the joint ventures have been prepared in accordance with the Accounting Standard 21- "Consolidated Financial Statements" and Accounting Standard 27- "Financial Reporting of Interests in Joint Ventures" issued by the Institute of Chartered Accountants of India.

These Restated Consolidated Summary Statements of the Group have been prepared specifically for inclusion in the Draft Red Herring Prospectus of the Company, in connection with its proposed Initial Public Offering.

2) Principles of Consolidation:

The Restated Consolidated Summary Statements have been prepared on the following basis:

I) Subsidiaries:

a) The Restated Summary Statements of the Company and its subsidiary companies have been combined on a line by line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra- group balances and intra-group transactions and resulting unrealised profits and losses, if any.

b) The excess of cost, if any, to the Company of its investments in the subsidiary over the Company's portion of equity of the subsidiary, as at the date of its investment or the date immediately preceding the date of investments is recognised in the Restated Summary Statements as Goodwill, which is amortised over the year of reasonably expected revenue stream from the project, however such year would not exceed five years.

c) The excess, if any of Company's portion of equity of the subsidiary over the cost to the Company of its investments in the subsidiary as at the date of its investment or the date immediately preceding the date of investments is treated as Capital Reserve.

d) The Restated Consolidated Summary Statements of the Holding Company and its subsidiaries have been consolidated using uniform accounting policies for like transactions and other events in similar circumstances and are presented, to the extent possible, in the same manner, as the Company's Restated Unconsolidated Summary Statements. Differences in the accounting policies have been disclosed separately.

e) Minority interest, if any, in the Net Assets of consolidated subsidiaries consist of:

i) the amount of equity attributable to minority shareholders as at the date of its investment or the date immediately preceding the date of investments in the subsidiary; and

ii) the minority shareholders' share of movements in equity since the date the holding subsidiary relationship came into existence.

iii) The losses applicable to minority in consolidating subsidiary if exceed the minority interest in the equity of the subsidiary, the excess if any is adjusted against the majority interest.

II) Investment in joint venture and partnership firm:

The Restated Summary Statements of entities, where there is a joint control (pursuant to a contractual arrangement), have been combined by using Proportionate Consolidation Method and accordingly, Company's share of each of the assets, liabilities, income and expenses of jointly controlled entity is consolidated as per Accounting Standard (AS-27) 'Financial Reporting of Interests in Joint Ventures'.

3) Use of Estimates:

The preparation of Restated Consolidated Summary Statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent liabilities as at the date of the Restated Consolidated Summary Statements and the results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. Any revision to accounting estimates is recognised prospectively when revised.

4) Fixed Assets and Capital Work In Progress:

Fixed Assets are stated at acquisition/construction cost including expenditure directly attributable for bringing the assets to working condition for the intended use or at adjusted revalued cost less accumulated depreciation. Borrowing cost relating to acquisition/construction of fixed assets which takes substantial period to get ready for its intended use are also included to the extent they relates to the year until such assets are ready for commercial use. The cost also includes direct cost and other related incidental expenses. Revenue earned, if any during trial run of capital assets is adjusted against pre-operative expenses. Capital Work in Progress includes the capital advances, if any.

5) Depreciation / Amortisation:

I) Tangible Assets

Depreciation has been calculated in accordance with Section 205(2) (b) of the Companies Act, 1956, as under:

a) Depreciation on fixed assets is provided at the rates specified in schedule XIV of the Companies Act, 1956 on written down value basis. One of the subsidiaries, Prithvi Prakashan Private Limited, has provided the depreciation on straight-line basis.

b) Fixed assets with value less than or equal to Rs. 5,000 each are fully depreciated, in the year of purchase, as per the provisions of Schedule XIV of the Companies Act, 1956.

II) Intangible Assets

These are amortised over their useful life, not exceeding five years.

6) Impairment of Fixed Assets

The carrying amount of the Group's Fixed Assets is reviewed at each balance sheet date and if any indication of impairment exists based on internal/external factors, impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value based on an appropriate discount factor. After impairment, depreciation is provided on the revised carrying amount of the assets over its remaining useful life.

Reversal of impairment losses recognized in prior years is recorded when there is an indication that the impairment losses recognized for the asset no longer exist or have decreased. However, the increase in carrying amount of an asset due to reversal of an impairment loss is recognized to the extent it does not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognized for the asset in prior years.

7) Investments:

Current investments are carried at the lower of cost and fair value determined by category of investment. Long-term investments are carried at cost less provision recorded to recognize any decline, other than temporary, in the carrying value of each investment. Investment in partnership firm is stated at contribution made.

8) Valuation of Inventories:

Valuation of inventories has been made as under: -

a. Raw Material (Newsprint)-Carried at Cost on FIFO basis or net realizable value whichever is lower.

b. Stores and Spares - Carried at Cost on FIFO basis.

c. Shares and Debenture - Carried at lower of cost or market value

9) Revenue Recognition:

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Specifically, the following basis is adopted.

a. Advertisements Revenue relating to our publication business is recognized as and when the advertisement is published or displayed and is disclosed net of discounts.

Revenue from sale of advertisement time and slots relating to our broadcasting business which is recognized on an accrual basis on telecast of advertisements and in accordance with contractual obligations.

b. Revenue from Sale of News & Publications, Waste Paper and Scrap is recognized when the significant risks and rewards of ownership have passed on to the buyer and is disclosed net of sales return and discounts.

c. Revenue from sponsorship contracts is recognized proportionately over the term of the sponsorship.

d. Revenue from printing job work is recognized on the completion of job work as per terms of the agreement.

e. Interest revenue is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

f. Dividend revenue is recognized if the right to receive the payment is established.

10) Foreign Currency Transactions:

a. **Monetary Items:**

Year-end balances of foreign currency monetary items are translated at the closing rates as on balance sheet date.

Foreign exchange forward contracts are marked to market at closing rate as on Balance Sheet date. The premium/discount earned or expended is amortized over the life of the forward contract.

All exchange differences including mark to market losses/gains are dealt with in the profit and loss account and disclosed under the head "Forex Fluctuation Gain/Loss account".

b. **Non-Monetary Items:**

Non-Monetary items such as investments are carried at historical cost using the exchange rate on the date of transaction.

11) Taxation:

a. **Current Tax:**

Current Tax is measured at the amount expected to be paid to the tax authorities in accordance with the provisions of the Income Tax Act, 1961.

b. **Deferred Tax:**

Deferred tax is recognized subject to consideration of prudence, on timing differences between the taxable income and accounting income that originate in one year and are capable of reversal in one or more subsequent years. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

12) Contingent Liabilities and Provisions:

A provision is recognized if, as a result of a past event, the Company has a present legal obligation that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation.

Provisions are determined by the best estimate of the outflow of economic benefits required to settle the obligation at the reporting date. Where no reliable estimate can be made, a disclosure is made as contingent liability.

A disclosure for a contingent liability is also made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources.

Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

13) Borrowing Costs

Borrowing costs that are directly attributable to the acquisition or construction of a qualifying asset are capitalized as part of the cost of that asset.

The amount of borrowing costs eligible for capitalization is determined in accordance with Accounting Standard 16 (AS-16) on “Borrowing Cost”.

Other borrowing costs are recognized as an expense in the year in which they are incurred.

14) Retirement and Other Employee Benefits

a. Retirement benefits in the form of Provident Fund and Pension Schemes are defined contribution scheme and the contributions are charged to the Profit and Loss Account of the year when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the respective funds.

b. Retirement benefits in the form of Gratuity is a defined benefit plan and is provided for on the basis of an actuarial valuation carried out as per projected unit credit method by an independent actuary as at year end and is contributed to Gratuity Fund created by the Company.

c. Provision for leave encashment arising on long term benefits is accrued and made on the basis of an actuarial valuation carried out as per projected unit credit method by an independent actuary at year end. Short term compensated absences are provided for based on estimates.

d. Actuarial gains and losses are immediately taken to Profit and Loss account and are not deferred.

15) Earnings Per Share

Basic and diluted Earnings per Share (EPS) are calculated in accordance with Accounting Standard 20 “Earnings per Share”.

Basic EPS is computed by dividing the net profit or loss attributable to the equity shareholders for the year by the weighted average number of equity shares outstanding during the year.

Diluted EPS is computed by dividing the net profit or loss attributable to the equity shareholders for the year by the weighted average number of equity shares outstanding during the year as adjusted for the effects of all potential equity shares, except where the results are anti-dilutive.

16) Cash Flow Statement:

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

Cash and Cash equivalents

Cash and cash equivalents in the cash flow statement comprise cash at bank and in hand and short term investments with an original maturity of three months or less.

17) Lease Rental:

Lease arrangements where the risk and rewards incidental to ownership of an asset substantially vest with the lessor are recognised as operating lease. Lease rent under operating lease is charged to Profit and Loss Account on Straight Line basis over the lease term, unless there is another systematic basis which is more representative of the time pattern of the Lease.

Assets given under operating leases are included in Fixed Assets. Lease income is recognized in the Profit and Loss Account on Straight Line Basis over the lease term, unless there is another systematic basis which is more representative of the time pattern of the Lease.

C) NOTES TO CONSOLIDATED SUMMARY STATEMENT OF ASSETS AND LIABILITIES, AS RESTATED AND CONSOLIDATED SUMMARY STATEMENT OF PROFITS AND LOSSES, AS RESTATED AND CASH FLOW STATEMENT, AS RESTATED

Scheme of arrangement between Prithvi Prakashan Private Limited ("PPPL") and the Company:

A scheme of arrangement ("**Scheme**") was filed by the Company and PPPL before the High Court of Bombay under Sections 391 to 394 of the Companies Act with a view to *inter alia* transfer the publishing division of PPPL to the Company. By orders dated September 5, 2008 and January 23, 2009, the High Court of Bombay has sanctioned the Scheme with effect from April 1, 2009.

The Scheme provides for demerger and vesting of the printing and publishing business of PPPL, including its assets and liabilities pertaining to the business of publishing newspapers and related undertakings, its debts, contingent liabilities and properties (the "**Demerged Undertaking**"). In terms of the Scheme, as consideration for the transfer and vesting of the Demerged Undertaking, the Company has allotted 467,600 Equity Shares to certain shareholders of PPPL (equivalent to 16,833,600 after adjustment for the bonus issue).

Pursuant to the Scheme, the Demerged Undertaking stands transferred and vested in the Company at their book values with effect from April 1st 2009. All licenses, permits, contracts, employees, liabilities and legal proceedings of the Demerged Undertaking stands vested in the Company.

In terms of Accounting Standard (AS-14) on Accounting for Amalgamations issued by The Institute of Chartered Accountants of India, the amalgamation has been accounted for under the "Purchase Method" In terms of the scheme, the assets and liabilities have been taken over at their existing carrying amounts. The aggregate amount of the consideration by way of issue of shares is deducted from the value of net assets of the demerged company acquired by Company. The surplus arising upon amalgamation is credited to Capital Reserve.

1) Material Adjustments

I) Adjustments relating to prior year:

a) Provision for doubtful debts

Company has made provision for doubtful debts on Sundry Debtors and effect of the same have been given in respective Profit & Loss Accounts.

b) Retirement Benefits

Company has made provision for employees' retirement benefits and effect of the same has been given in Profit & Loss Accounts with effect from June 1, 2007.

c) **Prior Year Items:**

Prior year adjustments in respect of items of income and expenditure have been retrospectively adjusted in arriving at the profits of the year/period to which they relate although the event triggering the income or expense may have occurred in the subsequent years, as per SEBI (ICDR) Regulations 2009.

d) **Tax relating to prior years:**

The 'Restated Consolidated Summary Statement of Profits and Losses' has been adjusted for respective years in respect of short/excess provision of Income Tax as per the income tax assessments/ returns filed by the Group for the respective year.

e) **Tax Impact of Adjustments:**

In the preparation of the Restated Consolidated Summary Statements, the Group has made adjustments for the deferred tax of the items in the respective year/ period to which the items pertain.

f) **Depreciation:**

Depreciation on one of the Building was not provided earlier, the same has been provided in respectiveyear / period.

g) **Rebate, Discount or Credit Notes:**

As a normal business practice, the Company has been offering or allowing the rebate or discount or issuing credit notes to its parties during each year, some of which pertain to income booked in earlier years. Adjustments for the same have been effected in respective year / period to which it relates.

h) **Preliminary Expenses:**

Preliminary expenses have been adjusted in Restated Consolidated Summary Statements in the year in which they have been incurred in accordance with provisions of AS-26 – "Intangible Assets".

i) **Revaluation Reserve:**

Company had revalued it's certain assets and had created Revaluation Reserve for the same. Adjustments have been done and said assets have been adjusted to reflect it's original value.

j) **Excess Provision Written Back**

Group had written back certain excess provisions, which have been adjusted in respective year / period in which such provisions were made.

II) Qualifications in Auditor's Report in earlier years

The following qualifications have been reported in the Auditor's Report in the earlier years. Other than the cases specifically mentioned below, there have been no other qualifications:

a) Lokmat Media Limited

i) For the year ended May 31, 2006, the Auditors have reported vide their Audit Report dated October 06, 2006, that the Company has not made the provision for doubtful debts of Rs. 2.77 million and accordingly the profit for the year had been overstated to that extent to which, non-provision for doubtful debts has been increased during the year.

Company has made provision for doubtful debts on Sundry Debtors and effect of the same have been given in Restated Profit & Loss Account for the year ended May 31, 2006.

ii) For the year ended May 31, 2007, the Auditors have reported vide their Audit Report dated September 24, 2007, that the Company has not made the provision for doubtful debts of Rs. 3.13 million and accordingly the profit for the year had been overstated to that extent to which, non-provision for doubtful debts has been increased during the year.

Company has made provision for doubtful debts on Sundry Debtors and effect of the same have been given in restated Profit & Loss Account for the year ended May 31, 2007.

iii) For the year ended May 31, 2008, the Auditors have reported vide their Audit Report dated September 18, 2008, that the Company has not made the provision for doubtful debts of Rs. 4.31 million and accordingly the profit for the year had been overstated to that extent to which, non-provision for doubtful debts has been increased during the year.

Company has made provision for doubtful debts on Sundry Debtors and effect of the same have been given in restated Profit & Loss Account for the year ended May 31, 2008.

iv) For the year ended May 31, 2009, the Auditors have reported vide their Audit Report dated November 18, 2009, that the Company has not made the provision for doubtful debts of Rs. 3.70 million and accordingly the profit for the year had been overstated to that extent to which, non-provision for doubtful debts has been increased during the year.

Company has made provision for doubtful debts on Sundry Debtors and effect of the same have been given in restated Profit & Loss Account for the year ended May 31, 2009.

III) Impact of changes in accounting policies / estimated useful life and prior year adjustments:

Adjustments in the Restated Consolidated Summary Statement of Profits and Losses

(In Rs. million)

Particulars of Changes for the year / period ended	May 31, 2,006	May 31, 2,007	May 31, 2,008	May 31, 2,009	May 31, 2,010	October 31, 2010
Net Profit after Tax as per Audited Financial Statements (A)	100.82	180.69	389.72	361.77	478.63	240.90
Adjustments on account of Restatement						
Change in Depreciation	(0.20)	(0.19)	(0.18)	(0.17)	2.95	-

Particulars of Changes for the year / period ended	May 31, 2,006	May 31, 2,007	May 31, 2,008	May 31, 2,009	May 31, 2,010	October 31, 2010
Rates/Method						
Adjustment for Revaluation Reserve	0.01	0.01	0.01	0.01	0.01	0.00
Prior Period Items	-	-	(2.58)	1.53	0.96	-
Excess Provision written back for earlier years	-	-	-	1.20	1.66	(2.86)
Provision for doubtful debts	0.40	(0.36)	(1.18)	0.61	3.70	-
Discount Provided	(3.53)	4.35	3.01	2.28	8.03	-
Retirement Benefits	-	-	(4.75)	(2.61)	6.71	-
Adjustments on account of Restatement (B)	**(3.32)**	**3.82**	**(5.68)**	**2.86**	**24.01**	**(2.86)**
Effect of Adjustments on Tax	1.19	(1.46)	(0.14)	(1.30)	(3.06)	-
Effect of adjustments on Deferred Tax	(0.07)	0.18	2.08	0.74	(4.54)	-
Income Tax paid/refund for the earlier year	(1.30)	1.28	0.02	-	-	-
Adjustments on account of Tax Expenses / (Savings) (C)	**(0.18)**	**0.00**	**1.95**	**(0.56)**	**(7.59)**	**-**
Net Profit after Tax as restated (A+B+C)	**97.32**	**184.51**	**386.00**	**364.06**	**495.05**	**238.04**

Adjustment in Restated Consolidated Summary Statement of Assets and Liabilities

(In Rs. million)

Particulars of Changes for the year ended May 31,	2,006	2,007	2,008	2,009	2,010	October 31, 2010
Fixed Assets	(0.08)	(0.07)	(0.06)	(0.05)	(0.04)	(0.04)
Accumulated Depreciation	(2.40)	(2.59)	(2.77)	(2.94)	0.01	0.00
Debtors	(20.44)	0.86	2.69	5.58	17.30	-
Loans and Advances	(0.11)	(0.30)	(0.42)	(2.59)	(4.80)	(4.80)
Total	**(23.03)**	**(2.09)**	**(0.56)**	**0.00**	**12.47**	**(4.83)**
Deferred Tax Liabilities	0.07	(0.11)	(2.19)	(2.58)	1.83	1.83
Current Liabilities	-	-	-	(0.24)	(2.86)	-
Provisions	-	-	41.58	2.61	(33.31)	-
Reserves and Surplus	(23.10)	(1.97)	(39.94)	0.21	46.81	(6.67)
Total	**(23.03)**	**(2.09)**	**(0.56)**	**0.00**	**12.47**	**(4.83)**

IV) Material Regroupings

Appropriate adjustments have been made in the Restated Consolidated Statement of Profits and Losses and Restated Consolidated Statement of Assets and Liabilities, wherever required, by a reclassification of the corresponding items of assets, liabilities and cash flow, in order to bring them in line with the groupings as per the Restated Summary Statements of the Group for the period ended October 31, 2010.

2) **Details of entities included in these Restated Consolidated Summary Statements are as under.**

Name	% of Ownership Interest as at May 31,					October 31,
	2,006	2,007	2,008	2,009	2,010	2010
Wholly owned subsidiaries						
Airwave Entertainment Private Limited	-	-	100.00%	100.00%	Refer Note	-
Lokmat Entertainment Private Limited	-	-	-	-	100.00%	100.00%
Asera Power Private Limited	-	-	-	-	-	100.00%
Partly owned subsidiaries						
Prithvi Prakashan Private Limited	-	-	51.00%	51.00%	Refer Note	-
Joint venture company						
IBN Lokmat News Private Limited	-	-	50.00%	50.00%	50.00%	50.00%
Partnership Firms						
Sandeep Layout	50.00%	50.00%	50.00%	50.00%	Refer Note	

Note:

Details of dates of acquisition of ownership interest and cessations thereof:

Name	Date of acquisition of Ownership Interest	Date of cessation of Ownership Interest
Wholly owned subsidiaries		
Airwave Entertainment Private Limited	December 4, 2007	May 31, 2010
Lokmat Entertainment Private Limited	September 29, 2009	N.A.
Asera Power Private Limited	September 1, 2010	N. A.
Partly owned subsidiaries		
Prithvi Prakashan Private Limited	March 7, 2008	May 31, 2010
Joint venture		
IBN Lokmat News Private Limited	June 11, 2007	N.A.
Partnership Firm		
Sandeep Layout	January 31, 1993	May 29, 2010

a) Ownership interest in Prithvi Prakashan Private Limited was held through Airwave Entertainment Private Limited.

b) All the above entities are incorporated in India.

c) Providence Global Limited, a wholly owned subsidiary, incorporated in the country of Mauritius has not been consolidated, being held temporarily. Total Investment in said subsidiary was Rs. 0.00 million and said subsidiary has been disposed off on December 4, 2009.

3) **Nature of some transactions with related parties**

During the year, company has entered into number of transactions with related parties. The complete details of the nature of transactions along with name of related parties are mentioned in Annexure XVIII.

4) Contingent liabilities not provided for in respect of:

a).

(In Rs. million)

Particulars	May 31, 2006	May 31, 2007	May 31, 2008	May 31, 2009	May 31, 2010	October 31, 2010
Capital Contracts (Net of Advances)	Nil	Nil	34.03	18.31	372.46	346.50
Claim of the workers against the company, not acknowledged as debts	42.27	31.61	35.18	38.02	41.08	12.64
Bank Guarantee	Nil	Nil	Nil	Nil	Nil	10.00
Corporate Guarantee	Nil	Nil	116.42	232.50	182.48	171.50
Income tax cases	Nil	Nil	16.84	29.80	16.69	34.34
Sales Tax Cases	Nil	Nil	Nil	Nil	0.52	0.62

b) According to legal opinion obtained, the liability, if any, for damages claimed in libel suits will be limited to a small fine, the amount is unascertainable.

5) Managerial Remuneration (excluding Director's Sitting Fees):

(In Rs. million)

Particulars	May 31, 2006	May 31, 2007	May 31, 2008	May 31, 2009	May 31, 2010	October 31, 2010
Director's Remuneration	11.64	13.82	53.38	90.89	105.77	42.14

6) Disclosure pursuant to Accounting Standard – 15 (revised) 'Employee Benefits':

Disclosures as per Accounting Standard 15 "Employee benefits", in respect of Gratuity and Leave encashment based on Actuarial Valuation are as follows:

(In Rs. million)

	Particulars	Gratuity				Leave Encashment			
		May 31, 2008	May 31, 2009	May 31, 2010	October 31, 2010	May 31, 2008	May 31, 2009	May 31, 2010	October 31, 2010
I	**Assumptions as at**								
	Mortality	LIC(1994-96)Ult	LIC(1994-96)Ult	LIC(1994-96)Ult	LIC(1994-96)Ult	LIC(1994-96)Ult	LIC(1994-96)Ult	LIC(1994-96)Ult	LIC(1994-96)Ult
	Discount Rate	8%	8%	8%	8%	8%	8%	8%	8%
	Rate of increase in compensation	5%	5%	5%	5%	5%	5%	5%	5%
	Rate of return (expected) on plan assets	9%	9%	9%	0%	0%	0%	0%	0%
	Withdrawal rates	3%	3%	3%	3%	3%	3%	3%	3%
II	**Changes in present value of obligations**								
	PVO at beginning of year/period	51.14	59.21	66.89	87.13	13.20	15.89	17.52	20.44
	Interest cost	4.05	4.64	5.08	2.88	1.02	1.25	1.37	0.68
	Current Service Cost	4.77	6.31	6.70	3.15	4.81	6.08	5.43	3.02

	Particulars	Gratuity				Leave Encashment			
		May 31, 2008	**May 31, 2009**	**May 31, 2010**	**October 31, 2010**	**May 31, 2008**	**May 31, 2009**	**May 31, 2010**	**October 31, 2010**
	Benefits Paid	(1.00)	(2.42)	(6.91)	(2.09)	(0.87)	(0.51)	(0.86)	(0.48)
	Actuarial (gain)/loss on obligation	0.24	(0.84)	15.36	(3.03)	(2.27)	(5.19)	(3.02)	(2.77)
	PVO at end of year/period	59.21	66.89	87.13	88.04	15.89	17.52	20.44	20.90
III	**Changes in fair value of plan assets**								
	Fair Value of Plan Assets at beginning of year/period	27.51	33.15	38.52	41.88	-	-	-	-
	Expected Return on Plan Assets	2.54	2.97	3.43	1.70	-	-	-	-
	Contributions	1.48	1.03	6.13	9.03	0.87	0.51	0.86	0.48
	Benefit Paid	(1.00)	(2.42)	(6.91)	(2.09)	(0.87)	(0.51)	(0.86)	(0.48)
	Actuarial gain/(loss) on plan assets	2.62	3.80	0.70	(8.64)	-	-	-	-
	Fair Value of Plan Assets at end of year/period	33.15	38.52	41.88	48.82	-	-	-	-
IV	**Fair Value of Plan Assets**								
	Fair Value of Plan Assets at beginning of year/period	27.51	33.15	38.52	41.88	-	-	-	-
	Actual Return on Plan Asset	5.16	6.77	4.14	-	-	-	-	-
	Contributions	1.48	1.03	6.13	9.03	0.87	0.51	0.86	0.48
	Benefit Paid	(1.00)	(2.42)	(6.91)	(2.09)	(0.87)	(0.51)	(0.86)	(0.48)
	Fair Value of Plan Assets at end of year/period	33.15	38.52	41.88	48.82	-	-	-	-
	Funded Status	(26.06)	(28.37)	(45.25)	(39.22)	(15.89)	(17.52)	(20.44)	(20.90)
	Excess of actual over estimated return on Plan Assets	2.62	3.80	0.70	(1.70)	-	-	-	-
V	**Actuarial Gain/(Loss) Recognized**								
	Actuarial Gain/(Loss) for the year/period (Obligation)	(0.24)	0.84	(15.36)	3.03	2.27	5.19	3.02	2.77
	Actuarial Gain/(Loss) for the	2.62	3.80	0.70	(8.64)	-	-	-	-

	Particulars	Gratuity				Leave Encashment			
		May 31, 2008	**May 31, 2009**	**May 31, 2010**	**October 31, 2010**	**May 31, 2008**	**May 31, 2009**	**May 31, 2010**	**October 31, 2010**
	year/period (Plan Assets)								
	Total Gain/(Loss) for the year/period	2.38	4.64	(14.66)	(5.61)	2.27	5.19	3.02	2.77
	Actuarial Gain/(Loss) recognized for the year/period	2.38	4.64	(14.66)	(5.61)	2.27	5.19	3.02	2.77
	Unrecognized Actuarial Gain/(Loss) at end of year/period	-	-	-	-	-	-	-	-
VI	**Amounts to be recognized in the Balance Sheet and statement of Profit and Loss Account**								
	PVO at end of year/period	59.21	66.89	87.13	88.04	15.89	17.52	20.44	20.90
	Fair Value of Plan Assets at end of year/period	33.15	38.52	41.88	48.82	-	-	-	-
	Funded Status	(26.06)	(28.37)	(45.25)	(39.22)	(15.89)	(17.52)	(20.44)	(20.90)
	Unrecognized Actuarial Gain/(Loss)	-	-	-	-	-	-	-	-
	Net Asset/(Liability) recognized in the balance sheet	(26.06)	(28.37)	(45.25)	(39.22)	(15.89)	(17.52)	(20.44)	(20.90)
VII	**Expense recognized in the statement of P & L A/C**								
	Current Service Cost	4.77	6.31	6.70	3.15	4.81	6.08	5.43	3.02
	Interest cost	4.05	4.64	5.08	2.88	1.02	1.25	1.37	0.68
	Expected Return on Plan Assets	(2.54)	(2.97)	(3.43)	(1.70)	-	-	-	-
	Net Actuarial (Gain)/Loss recognized for the	(2.38)	(4.64)	14.66	5.61	(2.27)	(5.19)	(3.02)	(2.77)

	Particulars	Gratuity				Leave Encashment			
		May 31, 2008	**May 31, 2009**	**May 31, 2010**	**October 31, 2010**	**May 31, 2008**	**May 31, 2009**	**May 31, 2010**	**October 31, 2010**
	year/period								
	Expense recognized in the statement of P & L A/C	3.91	3.34	23.00	9.94	3.55	2.14	3.78	0.94
VIII	**Movements in the Liability recognized in Balance Sheet**								
	Opening Net Liability	23.63	26.06	28.37	45.25	13.20	15.89	17.52	20.44
	Expenses as above	3.91	3.34	23.00	9.94	3.55	2.14	3.78	0.94
	Contribution paid	(1.48)	(1.03)	(6.13)	(9.03)	(0.87)	(0.51)	(0.86)	(0.48)
	Closing Net Liability	26.06	28.37	45.25	46.16	15.89	17.52	20.44	20.90

7) In the financial year ended May 31, 2008, Company acquired 100% equity stake in Airwave Entertainment Private Limited. Goodwill of Rs.0.16 million arising on consolidation has been adjusted against Capital Reserve. Similarly, in the financial period ended October 31, 2010, Company acquired 100.00% equity stake in Asera Power Private Limited. Goodwill of Rs.0.26 million arising on consolidation has been adjusted against Capital Reserve.

8) The Company primarily prints and sales newspapers. Accordingly the company has only newspaper as its reportable segment. Further the economic environment in which the company operates is significantly similar and is not subject to materially different risk and returns. Accordingly no separate disclosures are necessary under Accounting Standard-17 (Segment Reporting) issued by Institute of Chartered Accountant of India.

9) During earlier years, some employees have been transferred within the Group, without affecting continuance of their employment, the liability for retirement benefits are also adjusted and accounted for in the respective transferee company.

10) In the opinion of the Board of Directors, all current assets, loans and advances appearing in the balance sheet as at October 31, 2010 have a value on realisation in the ordinary course of the Company's business at least equal to the amount at which they are stated in the balance sheet.

11) Balances of sundry debtors, creditors, advances are as per books of accounts and are subject to confirmation / reconciliation, if any.

12) Company has been converted into a public limited company and name of the Company is changed to 'Lokmat Media Limited' vide fresh certificate of incorporation dated November 22, 2010 issued by the Registrar of Companies, Maharashtra. Earlier, name of the Company had been changed to 'Lokmat Media Private Limited' from 'Lokmat Newspapers Private Limited' vide certificate of incorporation dated September 21, 2010 issued by the Registrar of Companies, Maharashtra.

13) On November 9, 2010, the Authorised Share Capital of the Company has been increased to Rs. 750 million divided into 75 million Equity Shares of the face value of Rs.10 each.

14) On November 24, 2010, the Directors of the Company have allotted 40,334,770 Equity Shares of Rs.10 each of the Company as bonus by capitalising a sum of Rs. 1.76 million from Capital Redemption Reserve and Rs. 401.59 million from General Reserve, pursuant to the approval of the shareholders in the Annual

General Meeting held on November 9, 2010. Consequently, the equity share capital of the Company is increased to Rs. 414.87 million consisting of 41,487,192 Equity Shares of Rs.10 each.

15) Figures below Rs. 5,000 are rounded off and represented by '0.00' in the Restated Consolidated Summary Statements and Nil balances are represented by '–'

16) Figures of previous years have been regrouped, re-arranged and re-casted wherever necessary to conform to make them comparable.

As per our attached Report of Even Date

For M. M. Jain and Associates
Chartered Accountants

Manish Jain
Partner
Membership No.118548
Firm Regn. No. 112538W
Nagpur, December 23, 2010

ANNEXURE V

Consolidated Statement of Investments, as Restated

(In Rs. million)

Particulars as at	May 31,					October 31,
	2,006	2,007	2,008	2,009	2,010	2,010
Long Term Investments						
Unquoted – Trade						
In Wholly Owned Subsidiaries						
100 Equity Shares of Rs.45 each of Providence Global Limited	-	0.00	0.00	0.00	-	-
In Govt.Securities	0.00	0.00	0.00	0.00	-	-
In Partnership Firms	0.33	0.32	0.31	0.39	0.01	0.01
10 Equity Shares of Rs.100 each of Vasantdada Industrial Estate Co-operative Society Limited	-	-	0.00	0.00	0.00	-
Non-Trade (Unquoted)						
15,710 Preference Shares of Rs.10 each of Cozy Properties Private Limited	-	-	-	-	157.10	157.10
15,583 Non-convertible Preference Shares of Rs.100 each of Goldie Advertising and Marketing Services Private Limited	-	-	-	-	-	15.58
67,500 Equity Shares of Rs.10 each of Gravure Art and Healthcare Products Limited	-	-	1.01	1.01	1.01	1.01
1,000 Equity Shares of Rs.10 each of Ajanta Diagnostic and Research Centre Limited	-	-	0.01	0.01	0.01	-
Aggregate Book Value of Unquoted Investment	**-**	**-**	**1.02**	**1.02**	**158.12**	**173.70**
Current Investments						
Trade (Quoted)						
2,340 Equity Shares of Re.1 each of Tata Consultancy Services Limited	-	-	0.50	0.50	0.50	0.50
500 Equity Shares of Rs.10 each of Jindal Iron and Steel Company Limited	-	-	0.19	0.19	0.19	0.19
300 Equity Shares of Rs.10 each of NEPC Micon Limited	-	-	0.01	0.01	0.01	0.01
Aggregate Book Value of Quoted Investment	**-**	**-**	**0.69**	**0.69**	**0.69**	**0.69**
Aggregate Book Value	**0.33**	**0.32**	**2.04**	**2.12**	**158.83**	**174.40**
Aggregate Market Value of Quoted Investments	**-**	**-**	**1.99**	**0.59**	**1.95**	**2.68**

Notes:

1. Nos. of Shares/Units mentioned against each investments are Nos. which are held as at last day on which they appeared on a relevant reporting date.

ANNEXURE-VI

Consolidated Statement of Inventories, as Restated

(In Rs. million)

Particulars as at	May 31,					October 31,
	2,006	2,007	2,008	2,009	2,010	2,010
Inventories						
(As Taken, Valued, And Certified by Management)						
Raw Materials	92.17	110.84	264.83	194.94	225.75	334.23
Stores & Spares	10.73	10.73	17.56	27.33	26.30	29.46
Stock of Shares	1.70	1.70	1.70	1.70	1.70	1.70
Total	**104.60**	**123.26**	**284.08**	**223.97**	**253.75**	**365.38**

ANNEXURE-VII

Consolidated Statement of Sundry Debtors, as Restated

(In Rs. million)

Particulars as at	May 31,					October 31,
	2,006	**2,007**	**2,008**	**2,009**	**2,010**	**2,010**
Unsecured, unless otherwise Stated						
Debtors Outstanding for a period exceeding six months						
Considered Good	29.53	28.20	46.73	45.72	58.34	86.30
Considered Doubtful	2.77	2.83	3.31	3.70	-	-
Less: Provision for Doubtful Debtors	2.77	3.13	4.31	3.70	4.60	4.60
Less: Discount Provided	17.66	13.31	10.31	8.03	-	-
Total (A)	**11.87**	**14.59**	**35.43**	**37.69**	**53.74**	**81.70**
Other Debtors						
Considered Good	293.34	331.91	554.59	488.10	682.26	791.10
Considered Doubtful	-	-	-	-	-	-
Total (B)	**293.34**	**331.91**	**554.59**	**488.10**	**682.26**	**791.10**
Total (A+B)	**305.21**	**346.50**	**590.02**	**525.79**	**736.00**	**872.80**
Outstanding from Promoter, Director and Promoter Group	-	-	-	-	-	-
Outstanding from key management persons	-	-	-	-	-	-

ANNEXURE-VIII

Consolidated Statement of Loans and Advances, as Restated

(In Rs. million)

Particulars as at	May 31,					October 31,
	2,006	2,007	2,008	2,009	2,010	2,010
Unsecured, unless otherwise Stated						
Advances Recoverable in Cash or in Kind or for Value to be Received	11.06	25.77	134.06	16.00	107.63	87.82
Loans and Advances to erstwhile Wholly Owned Subsidiary	0.08	0.08	0.08	0.08	18.35	-
Advances to Others	23.50	33.51	35.17	35.79	35.09	24.25
Newsprint Loan Transaction	3.25	0.86	11.63	0.53	-	-
Advance towards Share Application Money	-	-	-	178.39	19.24	4.48
Income Tax (Net of Provisions)	1.43	2.06	5.50	(1.31)	(7.52)	(3.00)
Security/Other Deposits	30.37	30.62	140.51	49.25	49.76	56.40
Total	**69.69**	**92.89**	**326.94**	**278.73**	**222.56**	**169.95**
Loans and Advances to Promoter, Director and Promoter Group	4.49	14.94	169.13	7.88	9.31	7.82
Loans and Advances to Key management persons	-	-	-	-	-	-

ANNEXURE-IX

Consolidated Statement of Secured Loans, as Restated

(In Rs. million)

Particulars as at	May 31,					October 31,
	2,006	2,007	2,008	2,009	2,010	2,010
Term Loans	278.35	162.04	505.11	405.72	267.98	439.41
Line of Credit	38.61	68.53	165.05	88.05	98.70	107.56
Vehicle Loans	2.53	4.90	10.50	4.19	1.72	4.43
Demand Loan against FDRs	33.50	-	205.00	35.13	30.94	-
Total	**352.99**	**235.48**	**885.66**	**533.08**	**399.33**	**551.40**
Loans and Advances from Promoter, Director and Promoter Group	-	-	-	-	-	-
Loans and Advances from Key management persons	-	-	-	-	-	-

Notes :

1. Term loans from banks are secured by equitable mortgage of the company's land, building at Nashik, Shendra, Nanded, Kolhapur, Mumbai unit, and hypothecation of Plant and Machinery at Butibori, Pune, Nashik, Aurangabad, Shendra, Solapur, Kolhapur and Mumbai units and computers and furniture fixtures and personal guarantee of two promoter directors.
2. Term loan from HDFC Bank Limited is secured by hypothecation of machineries and equipments purchased out of such loans and equitable mortgage of land and building at Bhopal and office building at Mumbai purchased out of such loan and personal guarantee of two promoter directors.
3. In respect of its Joint Venture Company, the term loan is secured by charge on the JV company's machineries, present and future and collateral security of all other fixed assets of the JV company and corporate guarantee by the company jointly with ibn-18 Broadcast Limited.
4. Line of credit is secured by hypothecation of stock in trade, stores and book debts and personal guarantee of two promoter directors.
5. In respect of its Joint Venture Company, the line of credit is secured by hypothecation of book debts.
6. Vehicle Loans are secured by hypothecation of the vehicles acquired from such loans.
7. Demand loan is secured against Lien on Fixed Deposit Receipts of the Group.

ANNEXURE-X

Consolidated Statement of Unsecured Loans, as Restated

(In Rs. million)

Particulars as at	May 31,					October 31,
	2,006	2,007	2,008	2,009	2,010	2,010
From Promoters and Promoter Group						
Shri Vijay Darda	-	-	-	5.00	-	-
Shri Devendra Darda	-	-	-	-	-	3.50
Smt.Jyotsna Darda	-	-	-	4.50	-	-
Shri Rajendra Darda	-	-	45.60	-	-	-
Smt.Ashoodevi Darda	-	-	13.50	-	-	-
Shri Rishi Rajendra Darda	-	-	16.55	-	-	1.30
Shri Karan Darda	-	-	17.09	-	-	-
Smt.Sheetal Darda	-	-	0.60	-	-	-
Darda Investment and Properties Private Limited	5.55	-	-	-	-	-
From Others						
Short Term Loan from HDFC Bank Limited	-	-	-	-	-	63.36
Total	**5.55**	**-**	**93.34**	**9.50**	**-**	**68.16**

Notes:

1. Unsecured Loans from Promoters and Promoter Group are Interest Free and Repayable on Demand.
2. Short Term Loan From HDFC Bank Limited is availed at interest rate of LIBOR plus 360 basis point, repayable in 180 days and guaranteed by two directors personally.

ANNEXURE-XI

Consolidated Statement of Current Liabilities and Provisions, as Restated

(In Rs. million)

Particulars as at	May 31,					October 31,
	2,006	2,007	2,008	2,009	2,010	2,010
Current Liabilities						
Sundry Creditors						
Outstanding Due to Micro, Small and Medium Enterprises	-	-	-	-	-	-
Outstanding Due to other than Micro, Small and Medium Enterprises	60.72	81.75	103.72	271.36	234.11	294.52
Other Liabilities	128.03	141.31	313.66	45.89	62.04	68.06
Advance against Booking	5.00	7.09	8.18	14.11	34.06	20.87
Newsprint Loan Transaction	3.25	0.86	11.63	0.53	-	-
Trade Deposits	56.37	61.53	104.12	124.68	134.56	138.99
Total (A)	**253.37**	**292.54**	**541.32**	**456.57**	**464.77**	**522.44**
Provisions						
Retirement Benefits	-	-	41.95	45.89	65.68	67.06
Proposed Dividend	-	-	-	-	149.81	149.81
Tax on Dividend	-	-	-	-	24.88	24.88
Total (B)	**-**	**-**	**41.95**	**45.89**	**240.38**	**241.76**
Current Liabilities include advance from Promoter, Director and Promoter Group	0.32	0.12	1.17	-	0.98	0.49
Current Liabilities include advance from Key Management Persons	-	-	-	-	-	-

ANNEXURE-XII

Consolidated Statement of Share Capital, as Restated

(In Rs. million)

Particulars as at	May 31,					October 31,
	2,006	2,007	2,008	2,009	2,010	2,010
Authorised Share Capital						
1,500,000 Equity Shares of Rs.10 each	10.00	10.00	10.00	15.00	15.00	15.00
Total	**10.00**	**10.00**	**10.00**	**15.00**	**15.00**	**15.00**
Issued, Subscribed and Paid-up Share Capital						
1,152,422 Equity Shares of Rs.10 each fully paid up	5.75	5.75	6.85	6.85	11.52	11.52
Share Capital Suspense A/c	-	-	-	4.68	-	-
Total	**5.75**	**5.75**	**6.85**	**11.52**	**11.52**	**11.52**

Notes:

1. Nos. of Shares mentioned against each item above, are Nos. as at last day on which they appeared on a relevant reporting date.
2. 400,000 Equity Shares had been allotted as fully paid up by way of Bonus Shares by capitalisation of General Reserve on July 6, 1992.
3. 467,600 Equity Shares are allotted as fully paid up shares to the Shareholders of erstwhile subsidiary Prithvi Prakashan Private Limited on demerger of its publication business with the company.
4. 467,600 Equity shares were to be issued to the shareholders of erstwhile subsidiary Prithvi Prakashan Private Limited as a result of demerger of its publication business with the company with effect from April 1, 2009, being the date of demerger. However, the same was outstanding to be issued as at May 31, 2009 and credited to Share Capital Suspense Account. Subsequently, it was transferred to Share Capital Account.
5. On November 9, 2010, the Authorised Share Capital of the Company has been increased to Rs.750 million divided into 75,000,000 Equity Shares of the face value of Rs.10 each.
6. On November 24, 2010, the Directors of the Company have allotted 40,334,770 Equity Shares of Rs.10 each of the Company as bonus by capitalising a sum of Rs. 1.76 million from Capital Redemption Reserve and Rs. 401.59 million from General Reserve, pursuant to the approval of the shareholders in the Annual General Meeting held on November 9, 2010. Consequently, the equity share capital of the Company is increased to Rs. 414.87 million consisting of 41,487,192 Equity Shares of Rs.10 each.

ANNEXURE-XIII

Consolidated Statement of Reserves and Surplus, as Restated

(In Rs. million)

Particulars as at	May 31,					October 31,
	2,006	2,007	2,008	2,009	2,010	2,010
Capital Redemption Reserve						
Opening Balance	1.76	1.76	1.76	1.76	1.76	1.76
Total (A)	**1.76**	**1.76**	**1.76**	**1.76**	**1.76**	**1.76**
Capital Reserve						
Opening Balance	0.02	0.02	0.02	198.33	490.74	531.42
Addition during the Year	-	-	198.31	292.42	40.68	(0.26)
Total (B)	**0.02**	**0.02**	**198.33**	**490.74**	**531.42**	**531.17**
Special Capital Incentives						
Opening Balance	3.77	3.77	6.77	8.74	8.74	8.74
Add: Received during the year	-	3.00	1.97	-	-	-
Total (C)	**3.77**	**6.77**	**8.74**	**8.74**	**8.74**	**8.74**
General Reserve						
Opening Balance	406.52	496.52	636.52	839.91	899.91	938.38
Add: Transferred during the Year	90.00	140.00	230.00	60.00	59.00	-
Less: Adjustment on account of Depreciation for Pr. years	-	-	-	-	2.95	-
Less: Adjustment for retirement benefits for Pr. years	-	-	26.60	-	17.58	-
Total (D)	**496.52**	**636.52**	**839.91**	**899.91**	**938.38**	**938.38**
Miscellaneous Expenditure (to the extent not written off) (E)	-	-	-	-	-	(0.03)
Surplus						
As per Profit and Loss Account (F)	1.76	4.34	(27.63)	146.89	291.18	529.22
Total (A+B+C+D+E+F)	**503.82**	**649.40**	**1,021.11**	**1,548.04**	**1,771.48**	**2,009.24**

Notes:
1. Please also refer Note No.7 of Annexure-IV.
2. On November 24, 2010, the Directors of the Company have allotted 40,334,770 Equity Shares of Rs.10 each of the Company as bonus by capitalising a sum of Rs. 1.76 million from Capital Redemption Reserve and Rs. 401.59 million from General Reserve, pursuant to the approval of the shareholders in the Annual General Meeting held on November 9, 2010. Consequently, the equity share capital of the Company is increased to Rs. 414.87 million consisting of 41,487,192 Equity Shares of Rs.10 each.

ANNEXURE-XIV

Consolidated Statement of Non-Operating Income, as Restated

(In Rs. million)

Particulars as at	**Year Ended on May 31,**					**October 31,**
	2,006	**2,007**	**2,008**	**2,009**	**2,010**	**2,010**
Non Operating Income	15.23	23.66	112.66	37.49	52.28	24.23
Net Profit Before Tax and after Prior Period Items and Extra ordinary Items, as Restated	122.21	258.01	691.00	585.95	786.91	357.75
Non Operating Income as a Percentage to Net Profit	12.46%	9.17%	16.30%	6.40%	6.64%	6.77%

(In Rs. million)

Particulars as at	**May 31,**					**October 31,**
	2,006	**2,007**	**2,008**	**2,009**	**2,010**	**2,010**
Non Related						
Non Recurring						
Interest	9.53	12.14	44.74	19.85	26.48	11.05
Dividend	-	0.00	0.74	0.02	0.01	0.03
Rent	0.18	0.18	0.18	0.18	0.11	-
Profit on sale of Assets	1.58	0.98	52.01	3.76	0.28	-
Miscellaneous Income	3.92	10.36	14.99	13.67	25.39	13.15
Total	**15.23**	**23.66**	**112.66**	**37.49**	**52.28**	**24.23**

Notes:

1. The Classification of "Non-operating Income" as Recurring and Related/not Related to Business Activities is based on the Current Operations and Business Activities of the Company as determined by the Management.

ANNEXURE-XV

Consolidated Statement of Employee Cost, as Restated

(In Rs. million)

Particulars as at	Year Ended on May 31,					October 31,
	2,006	2,007	2,008	2,009	2,010	2,010
Salary, Wages and Bonus	155.57	178.35	325.24	468.52	511.87	243.01
Contribution to Provident fund and other Funds	20.22	25.00	37.45	44.25	40.41	23.24
Retirement Benefits	-	-	0.37	1.42	20.49	3.97
Staff Welfare Expenses	6.84	7.31	15.73	18.39	25.32	8.90
Total	**182.63**	**210.66**	**378.79**	**532.58**	**598.10**	**279.12**

ANNEXURE-XVI

Consolidated Statement of Accounting Ratios, as Restated

(In Rs. million, except for per Share)

Particulars as at	**Year Ended on May 31,**					**October 31,**
	2,006	**2,007**	**2,008**	**2,009**	**2,010**	**2,010**
Earning Per Share						
Net Profit after Tax, as Restated	97.32	184.51	292.15	303.86	494.98	238.04
Weighted Average Number of Equity Shares outstanding during the year for Basic EPS	20,685,600	20,685,600	21,620,524	27,459,192	41,487,192	41,487,192
Weighted Average Number of Equity Shares outstanding during the year for Diluted EPS	20,685,600	20,685,600	21,620,524	27,459,192	41,487,192	41,487,192
Basic Earnings Per Equity Shares (Rs.)	4.70	8.92	13.51	11.07	11.93	5.74
Diluted Earnings Per Equity Shares (Rs.)	4.70	8.92	13.51	11.07	11.93	5.74
Return on Net Worth						
Net Profit after Tax, as Restated	97.32	184.51	292.15	303.86	494.98	238.04
Net Worth	509.57	655.15	1,027.95	1,559.56	1,783.01	2,020.76
Return on Net Worth (%)	**19.10%**	**28.16%**	**28.42%**	**19.48%**	**27.76%**	**11.78%**

Particulars as at	**May 31,**					**October 31,**
	2,006	**2,007**	**2,008**	**2,009**	**2,010**	**2,010**
Net Asset Value Per Equity Share						
Net Worth for Equity Shareholders	509.57	655.15	1,027.95	1,559.56	1,783.01	2,020.76
Net Asset Value Per Equity Share (Rs.)	24.63	31.67	41.70	37.59	42.98	48.71
Total Number of Shares outstanding at the end of the year	20,685,600	20,685,600	24,653,592	41,487,192	41,487,192	41,487,192

Notes:

1.Earnings per Equity Share= $\dfrac{\text{Net Profit/(Loss) after tax as restated}}{\text{Weighted Average Number of Equity Shares outstanding during the year}}$

2.Return on Net Worth= $\dfrac{\text{Net Profit/(Loss) after tax as restated X 100}}{\text{Net Worth as restated at the end of the year}}$

3.Net Asset Value (NAV)= $\dfrac{\text{Net Worth as restated}}{\text{Total Number of Equity Shares outstanding at the end of the year}}$

4. On November 24, 2010, the Directors of the Company have allotted 40,334,770.Equity Shares of Rs.10 each of the Company as bonus by capitalising a sum of Rs. 1.76.million from Capital Redemption Reserve and Rs. 401.59 million from General Reserve, pursuant to the approval of the shareholders in the Annual General Meeting held on.November 9, 2010. Consequently, the equity share capital of the Company is increased to Rs. 414.87 million

consisting of 41,487,192 Equity Shares of Rs.10 each. Number of Equity Share for calculation of Earning per share for all the years have been adjusted for Bonus Equity Shares in line with Accounting Standard 20 "Earnings per share" notified by the Companies (Accounting Standard) Rules 2006. Number of Equity Shares for calculation of NAV for all the years have been adjusted for Bonus Equity Shares.

ANNEXURE-XVII

Consolidated Statement of Capitalisation, as Restated

(In Rs. million)

Particulars	Pre-Issue as at October 31, 2010	Post Issue
Short Term Debt	316.98	
Long Term Debt	302.58	
Total Debt	**619.56**	
Shareholders' Funds		
Equity Share Capital	11.52	
Reserves & Surplus (excluding Revaluation Reserve)	2,009.24	
Total Shareholders' Funds	**2,020.76**	
Short Term Debt/Equity Ratio	0.16	
Long Term Debt/Equity Ratio	0.15	
Total Debt/Equity Ratio	0.31	

Notes:

1. Short Term Debt represent Debts which are due within twelve months from October 31, 2010 and current portion of Long Term Debts, if any.
2. Long Term Debt represents Debt other than Short Term Debts, as defined above.
3. The corresponding post issue figures are not determinable at this stage pending the completion of the Book Building Process and hence have not been furnished.
4. Calculation of Ratios
   a) The Short Term Debt/Equity ratio has been calculated as per the following formula:-

$$\frac{\text{Short Term Debt}}{\text{Total Shareholders' Fund}}$$

   b) The Long Term Debt/Equity ratio has been calculated as per the following formula:-

$$\frac{\text{Long Term Debt}}{\text{Total Shareholders' Fund}}$$

   c) The Total Debt/Equity ratio has been calculated as per the following formula:-

$$\frac{\text{Total Debt}}{\text{Total Shareholders' Fund}}$$

5. On November 24, 2010, the Directors of the Company have allotted 40,334,770.Equity Shares of Rs.10 each of the Company as bonus by capitalising a sum of Rs. 1.76.million from Capital Redemption Reserve and Rs.401.59 million from General Reserve, pursuant to the approval of the shareholders in the Annual General Meeting held on.November 9, 2010. Consequently, the equity share capital of the Company is increased to Rs. 414.87 million consisting of 41,487,192 Equity Shares of Rs.10 each.

ANNEXURE-XVIII

Consolidated Statement of Related Party Disclosures, as Restated (As per Accounting Standard-18)

Related Parties with whom there are transactions

i. **Key Management Personnel and their relatives**

Vijay Darda
Devendra Darda
Rishi Darda
Karan Darda
Jyotsna Darda
Ramesh Bora
Bharat Kapadia
Rajendra Darda
Ashoo Darda
Veenadevi Darda
Rachana Darda
Sheetal Darda
Ruchira Darda
Purva Kothari
Balaji Muley
Nikhil Waghle
Ronak Kapadia

ii. **Associates Entities where Key Management Personnel have Significant Influence:**

Prithvi Prakashan Pvt.Ltd
Airwave Entertainment Pvt.Ltd
IBN-Lokmat News Pvt.Ltd
Lokmat Entertainment Pvt.Ltd
Asera Power Pvt.Ltd.
Darda Investment and Properties Pvt.Ltd
Media World Enterprises
Siddhivinayak Enterprises
Darda Printocrats Pvt.Ltd.
Mogra Scangraph Pvt.Ltd
Regal Publication Pvt.Ltd.
Goldie Advertising and Marketing Services Pvt.Ltd.
Great Asera Infrastructure Pvt.Ltd.
Cozy Properties Private Limited
Hotel President Park
ibn18 Broadcast Limited
Setpro 18 Distribution Limited
Television Eighteen India Limited
Network 18 Fincap Limited

ANNEXURE-XVIII

Consolidated Statement of Related Party Disclosures, as Restated

Rs.in Million

Nature of Transaction	For the year ended May 31,										For the period ended October 31,	
	2,006		2,007		2,008		2,009		2,010		2,010	
Particulars	**Value of Transaction**	**Closing Balance**	**Value of Transaction**	**Closing Balance**	**Value of Transaction**	**Closing Balance**	**Value of Transaction**	**Closing Balance**	**Value of Transaction**	**Closing Balance**	**Value of Transaction**	**Closing Balance**
Key Management Personnel and their relatives												
Rent												
Vijay Darda	0.00	-	0.39	-	0.30	-	0.60	-	0.60	-	0.25	-
Karan Darda	-	-	-	-	0.57	-	0.67	-	0.36	-	0.02	-
Jyotsna Darda	-	-	-	-	-	-	0.10	-	0.12	-	0.05	-
Rajendra Darda	-	-	-	-	1.83	-	2.14	-	1.83	-	0.76	-
Rachana Darda	0.09	-	0.10	-	0.13	-	0.30	-	0.30	-	0.13	-
Ronak Kapadia	-	-	-	-	-	-	0.30	-	0.72	-	0.30	-
Remuneration												
Vijay Darda	8.46	2.74	10.74	5.36	26.08	9.73	23.27	8.49	34.10	19.32	15.20	28.36
Devendra Darda	4.26	-	4.03	-	13.44	-	12.10	-	12.10	-	5.04	-
Rishi Darda	-	-	-	-	4.04	-	30.39	16.28	31.75	19.66	9.56	24.18
Karan Darda	-	-	-	-	10.03	5.99	24.12	10.01	21.76	9.66	9.56	14.18
Jyotsna Darda	0.18	-	0.22	-	2.82	-	4.03	-	4.03	-	1.43	-
Ramesh Bora	0.97	-	1.14	-	1.21	-	1.58	-	1.59	-	1.06	-
Bharat Kapadia	-	-	-	-	-	-	1.57	-	7.96	-	3.45	-
Rachana Darda	0.12	-	0.12	-	0.63	-	0.66	-	0.65	-	0.22	-
Sheetal Darda	-	-	-	-	0.50	-	0.78	-	0.65	-	0.42	-
Ruchira Darda	-	-	-	-	0.06	-	0.25	-	-	-	0.18	-
Balaji Muley	-	-	-	-	0.35	-	0.45	-	-	-	-	-
Nikhil Waghle	-	-	-	-	0.43	-	0.50	-	0.76	-	0.42	-
Purva Kothari	-	-	-	-	-	-	-	-	0.65	-	0.28	-
Professional Charges												
Rajendra Darda	-	-	-	-	4.58	-	16.32	-	5.50	-	-	-
Ashoo Darda	-	-	-	-	1.20	-	4.20	-	3.00	-	-	-
Sale of Newspapers	-	-	-	-	-	-	-	-	-	-	-	-
Veenadevi Darda	-	-	-	-	14.76	-	21.75	-	20.23	-	6.69	-
Sheetal Darda	-	-	-	-	11.42	-	18.09	-	17.77	-	7.73	-
Ruchira Darda	-	-	-	-	-	-	-	-	-	-	1.77	-
Printing Charges												
Jyotsna Darda	-	-	-	-	-	-	0.36	-	0.52	-	-	-
Interest Paid												
Vijay Darda	-	-	-	-	-	-	0.27	-	0.53	-	0.00	-
Rishi Darda	-	-	-	-	1.14	0.18	2.11	-	-	-	-	-

Nature of Transaction	For the year ended May 31,										For the period ended October 31,	
	2,006		2,007		2,008		2,009		2,010		2,010	
Particulars	**Value of Transaction**	**Closing Balance**	**Value of Transaction**	**Closing Balance**	**Value of Transaction**	**Closing Balance**	**Value of Transaction**	**Closing Balance**	**Value of Transaction**	**Closing Balance**	**Value of Transaction**	**Closing Balance**
Karan Darda	-	-	-	-	0.83	0.14	2.18	-	-	-	-	-
Jyotsna Darda	-	-	-	-	-	-	0.21	-	0.20	-	-	-
Rajendra Darda	-	-	-	-	2.07	0.37	6.05	-	-	-	-	-
Ashoo Darda	-	-	-	-	0.89	0.09	1.66	-	-	-	-	-
Sheetal Darda	-	-	-	-	0.40	0.03	0.04	-	-	-	-	-
Sale of Properties												
Vijay Darda	-	-	11.10	-	-	-	-	-	-	-	-	-
Jyotsna Darda	-	-	5.50	-	-	-	-	-	-	-	-	-
Loans Sold												
Vijay Darda	-	-	-	-	-	-	-	-	-	-	9.85	-
Purchase of Equity Shares												
Devendra Darda	-	-	-	-	-	-	-	-	-	-	0.02	-
Rishi Darda	-	-	-	-	-	-	-	-	-	-	0.02	-
Loans and Advances taken / (repaid)												
Vijay Darda	0.06	0.15	(0.15)	-	0.48	0.48	4.52	5.00	(5.00)	0.00	0.20	0.09
Devendra Darda	0.14	0.17	(0.06)	0.11	0.39	0.50	(0.50)	-	-	-	3.70	3.70
Jyotsna Darda	-	-	0.01	0.01	0.18	0.19	4.31	4.50	(4.50)	-	0.10	0.10
Rachana Darda	-	-	-	-	-	-	-	-	-	-	0.10	0.10
Rajendra Darda	-	-	-	-	5.90	45.60	(45.60)	-	-	-	-	-
Ashoo Darda	-	-	-	-	(3.20)	13.50	(13.50)	-	-	-	-	-
Rishi Darda	(0.01)	0.00	(0.00)	0.00	0.45	16.55	(16.55)	-	0.49	0.49	1.30	1.30
Karan Darda	-	-	-	-	4.74	17.09	(17.09)	-	0.49	0.49	-	-
Sheetal Darda	-	-	-	-	4.80	0.60	(0.60)	-	-	-	-	-
Loans and Advances given / (Received back)												
Vijay Darda	-	-	0.07	0.07	(0.07)	-	0.01	0.01	-	-	-	-
Jyotsna Darda	0.08	0.08	(0.08)	-	-	-	-	-	-	-	-	-
Devendra Darda	-	0.70	-	0.70	(0.70)	-	0.01	0.01	-	-	-	-
Capital Contribution received in Partnership firm												
Vijay Darda	-	-	-	-	-	-	-	-	0.01	-	-	-
Jyotsna Darda	-	-	-	-	-	-	-	-	0.01	-	-	-
Sale of Interest in Partnership firm												
Vijay Darda	-	-	-	-	-	-	-	-	0.73	-	-	-
Jyotsna Darda	-	-	-	-	-	-	-	-	0.73	-	-	-
Associates Entities where Key												

Nature of Transaction	For the year ended May 31,										For the period ended October 31,	
	2,006		2,007		2,008		2,009		2,010		2,010	
Particulars	**Value of Transaction**	**Closing Balance**	**Value of Transaction**	**Closing Balance**	**Value of Transaction**	**Closing Balance**	**Value of Transaction**	**Closing Balance**	**Value of Transaction**	**Closing Balance**	**Value of Transaction**	**Closing Balance**
Management Personnel have Significant Influence:												
Rent												
Darda Investment and Properties Private Limited	4.78	-	4.78	-	5.55	-	5.62	0.04	6.37	-	2.31	-
Darda Printocrats Private Limited	-	-	-	-	6.63	-	9.06	-	7.94	1.20	3.31	-
Regal Publication Private Limited	-	-	-	-	1.67	-	0.30	-	0.21	-	0.35	0.35
ibn18 Broadcast Limited	-	-	-	-	0.00	-	17.09	-	17.09	-	9.27	-
Network 18 Fincap Limited	-	-	-	-	-	-	0.06	-	0.11	-	0.04	-
Television Eighteen India Limited	-	-	-	-	-	-	10.42	-	10.36	-	4.95	-
Sale of Properties												
Darda Printocrats Private Limited	-	-	-	-	52.10	-	-	-	-	-	-	-
Advertisement Expenses		-	-	-	-	-	-	-	-	-	-	-
ibn18 Broadcast Limited	-	-	-	-	0.11	-	4.11	-	2.14	-	1.42	-
Television Eighteen India Limited	-	-	-	-	-	-	0.05	-	-	-	-	-
Commission Paid												
ibn18 Broadcast Limited	-	-	-	-	3.90	-	-	-	-	-	-	-
Interest Paid												
Darda Investment and Properties Private Limited	0.84	-	0.68	-	-	-	-	-	-	-	-	-
ibn18 Broadcast Limited	-	-	-	-	1.76	-	-	-	-	-	-	-
Interest Received												
Cozy Properties Private Limited	-	-	-	-	9.19	8.15	-	-	-	-	-	-
Printing Charges		-	-	-	-	-	-	-	-	-	-	-
Mogra Scangraph Private Limited	-	-	-	-	10.96	0.45	17.62	0.01	13.26	-	7.77	(0.00)
Purchase of Goods												

Nature of Transaction	For the year ended May 31,										For the period ended October 31,	
	2,006		2,007		2,008		2,009		2,010		2,010	
Particulars	**Value of Transaction**	**Closing Balance**	**Value of Transaction**	**Closing Balance**	**Value of Transaction**	**Closing Balance**	**Value of Transaction**	**Closing Balance**	**Value of Transaction**	**Closing Balance**	**Value of Transaction**	**Closing Balance**
Media World Enterprises	6.26	-	5.91	-	12.46	0.15	13.79	1.75	12.91	-	-	-
Hotel President Park	-	-	-	-	0.13	-	-	-	-	-	-	-
Sales of Newspapers												
Siddhivinayak Enterprises	-	-	-	-	-	-	-	-	88.84	3.17	36.07	3.55
Management Fees												
Setpro 18 Distribution Limited	-	-	-	-	-	-	2.50	-	2.50	-	1.25	-
Distribution Expenses												
Setpro 18 Distribution Limited	-	-	-	-	-	-	55.00	(0.30)	74.89	-	34.06	-
Teleport Facilities												
Television Eighteen India Limited	-	-	-	-	-	-	7.32	-	7.20	-	3.60	-
Uplinking Expenses												
Television Eighteen India Limited	-	-	-	-	-	-	14.70	-	10.69	-	4.59	-
Software and maintenance cost												
Television Eighteen India Limited	-	-	-	-	-	-	0.10	-	0.10	-	0.05	-
Costume and Make up Expenses												
Television Eighteen India Limited	-	-	-	-	-	-	0.55	-	0.06	-	-	-
Studio Equipment Usage Charges												
Television Eighteen India Limited	-	-	-	-	-	-	0.04	-	-	-	-	-
ibn18 Broadcast Limited	-	-	-	-	0.01	-	-	-	-	-	-	-
Telecast License Fees												
Television Eighteen India Limited	-	-	-	-	-	-	-	-	0.44	-	0.32	-
Content Purchase and Subscription												
ibn18 Broadcast Limited	-	-	-	-	-	-	-	-	0.10	-	-	-
Purchase of Equity Shares												

Nature of Transaction	For the year ended May 31,										For the period ended October 31,	
	2,006		2,007		2,008		2,009		2,010		2,010	
Particulars	**Value of Transaction**	**Closing Balance**	**Value of Transaction**	**Closing Balance**	**Value of Transaction**	**Closing Balance**	**Value of Transaction**	**Closing Balance**	**Value of Transaction**	**Closing Balance**	**Value of Transaction**	**Closing Balance**
Asera Infrastructure Private Limited	-	-	-	-	-	-	-	-	-	-	0.05	-
Investment												
Goldie Advertising and Marketing Services Private Limited	-	-	-	-	-	-	2.53	13.78	1.80	15.58	0.82	16.41
Great Asera Infrastructure Private Limited	-	-	-	-	-	-	-	-	2.50	2.50	-	2.50
Cozy Properties Private Limited	-	-	-	-	-	-	157.11	157.11	1.15	158.26	-	158.26
Sale of Investment												
Darda Investment and Properties Private Limited	-	-	-	-	-	-	-	-	0.10	-	-	-
Loans and Advances taken / (repaid)												
Darda Investment and Properties Private Limited.	(4.65)	5.55	(5.55)	-	-	-	-	-	-	-	-	-
Loans and Advances/ Deposit given / (Received back)												
Airwave Entertainment Pvt.Ltd.	-	-	-	-	-	-	-	-	-	-	(18.37)	-
Goldie Advertising and Marketing Services Private Limited	0.02	0.82	9.20	10.02	1.23	11.25	-	-	-	-	-	-
Cozy Properties Private Limited	-	-	-	-	150.00	150.00	-	-	-	-	-	-
Darda Printocrats Private Limited	(0.13)	-	-	-	-	5.00	0.03	4.97	-	4.97	-	4.97
Mogra Scangraph Private Limited	-	-	-	-	-	-	-	-	1.49	1.49	-	-
Darda Investment and Properties Private Limited.	(0.02)	2.88	1.26	4.15	(1.27)	2.87	0.02	2.89	(0.04)	2.85	-	2.85

ANNEXURE-XIX

Consolidated Statement of Dividend, as Restated

Particulars as at	May 31,					October 31,
	2006	2007	2008	2009	2010	2010
Equity Shares						
Number of Shares (Note-1)	574,600	574,600	684,822	1,152,422	1,152,422	1,152,422
Face Value per Share (Rs.)	10	10	10	10	10	10
Paid up Capital (Rs.)	5,746,000	5,746,000	6,848,220	11,524,220	11,524,220	11,524,220
Rate of Dividend	170%	640%	1175%	0%	2167%	0%
Total Dividend (In Rs. million)	9.77	36.77	80.44	-	249.73	-
Corporate Dividend Tax (Net) (In Rs. million)	1.37	5.16	13.67	-	41.86	-

Notes:
No.of Equity Shares are as it existed on last date of relevant year except for the year ended as at May 31, 2008 wherein 110,222 equity shares were not considered for payment of Interim Dividend, as Interim Dividend was declared before issuance of such shares.

To
The Board of Directors,
Lokmat Media Limited (Formerly known as Lokmat Newspapers Private Limited)
126, Mittal Tower,
B Wing, Nariman Point,
Mumbai-400 021

Re: Proposed initial public offer of equity shares having a face value of Rs.10/- each for cash, at an issue price to be arrived at by the book building process (referred as the 'offer' or the 'IPO')

Dear Sirs,

We have examined the Restated Unconsolidated Financial Information of Lokmat Media Limited (formerly known as Lokmat Newspapers Private Limited) ("the Company") described below in A and B and annexed to this report for the purpose of inclusion in the Draft Red Herring Prospectus ("DRHP"). The Restated Unconsolidated 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') – Issue of Capital and Disclosure Requirements Regulations, 2009 (the 'ICDR Regulations') notified on August 26, 2009 and as updated from time to time, the Guidance Note on Reports in Company Prospectuses (Revised) issued by the Institute of Chartered Accountants of India ('ICAI') and terms of arrangement agreed upon by us with the Company. The Restated Unconsolidated Financial Information has been prepared by the Company and approved by its Board of Directors.

Company proposes to make an Initial Public Offer (IPO) for the fresh issue of equity shares having a face value of Rs.10/- each at a premium arrived at by 100.00% book building process as may be decided by the Board of Directors.

A. Restated Unconsolidated Financial Information as per Audited Unconsolidated Financial Statements.

We have examined:

a) the attached Unconsolidated Summary Statement of Assets and Liabilities, as Restated as at May 31, 2006, May 31, 2007, May 31, 2008, May 31, 2009, May 31, 2010 and as at October 31, 2010 (Annexure-I).

b) the attached Unconsolidated Summary Statement of Profits and Losses, as Restated for the years ended May 31, 2006, May 31, 2007, May 31, 2008, May 31, 2009, May 31, 2010 and period ended October 31, 2010 (Annexure-II).

c) the attached Unconsolidated Statement of Cash Flows, as Restated for the years ended May 31, 2006, May 31, 2007, May 31, 2008, May 31, 2009, May 31, 2010 and period ended October 31, 2010 (Annexure-III).

d) the significant accounting policies adopted by the Company as at and for the period ended October 31, 2010 and notes to the Restated Unconsolidated Summary Statements along with adjustments on account of audit qualifications/ adjustments/ regroupings (Annexure-IV).

(Collectively hereinafter referred as "Restated Unconsolidated Summary Statements")

The Restated Unconsolidated Summary Statements have been extracted from audited Unconsolidated Financial Statements of the Company for the years ended May 31, 2006, May 31, 2007, May 31, 2008, May 31, 2009, May 31, 2010 and as at and for the period ended October 31, 2010 which has been approved by the Board of Directors.

Based on our examination and in accordance with the requirements of the Act, ICDR Regulations and terms of arrangement agreed by us with the Company, we state that:

i) the Restated Unconsolidated Summary Statement of Assets and Liabilities of the Company as at May 31, 2006, May 31, 2007, May 31, 2008, May 31, 2009, May 31, 2010 and period ended October 31, 2010 are as set out in Annexure-I, which after making such material adjustments and regroupings as, in our opinion are appropriate, are to be read with the significant accounting policies and notes thereon in Annexure-IV.

ii) the Restated Unconsolidated Summary Statement of Profits and Losses of the Company for the years ended May 31, 2006, May 31, 2007, May 31, 2008, May 31, 2009, May 31, 2010 and period ended October 31, 2010 are as set out in Annexure-II, which have been arrived at after making such material adjustments and regroupings to the audited financial statements as, in our opinion are appropriate, are to be read with the significant accounting policies and notes thereon in Annexure-IV.

iii) The Restated Unconsolidated Statement of Cash Flows of the Company for the years ended May 31, 2006, May 31, 2007, May 31, 2008, May 31, 2009, May 31, 2010 and period ended October 31, 2010 are set out in Annexure-III after making such material adjustments and regroupings as, in our opinion are appropriate, and are to be read with the significant accounting policies and notes thereon in Annexure-IV.

iv) For the years ended May 31, 2006, May 31, 2007, May 31, 2008 and May 31, 2009, we did not audit the financial statements of the Company. Those financial statements and other financial information have been audited by other firm of Chartered Accountant whose reports have been furnished to us by the management of the Company and for forming our opinion, we have relied on the reports of such other firm of Chartered Accountant. The details of the other firm of Chartered Accountant is as follows:

M. M. Jain
Chartered Accountant
Membership No. 5727

v) Qualifications in the auditor's report require corrective adjustments in the Restated Unconsolidated Summary Statement are disclosed in Note No. (i) to (iv) of (C) (1) (II) of Annexure-IV.

vi) The Unconsolidated Summary Statements have been restated with retrospective effect to reflect the Significant Accounting Policies being adopted by the Company as at and for the period ended October 31, 2010 and after considering the effect of auditor's observations.

vii) There are no extraordinary items in any of the financial statements that need to be disclosed separately in the Restated Unconsolidated Summary Statements.

B. Other Unconsolidated Financial Information as per Restated Unconsolidated Summary Statements.

We have also examined the following Unconsolidated Financial Information relating to the Company, which is based on the Restated Unconsolidated Summary Statements and approved by the Board of Directors of the Company and annexed to this report and is proposed to be included in the DRHP :-

1) Unconsolidated Statement of Investments, as Restated (Annexure V)
2) Unconsolidated Statement of Inventories, as Restated (Annexure VI)
3) Unconsolidated Statement of Sundry Debtors, as Restated (Annexure VII)
4) Unconsolidated Statement of Loans and Advances, as Restated (Annexure VIII)
5) Unconsolidated Statement of Secured Loans, as Restated (Annexure IX)
6) Unconsolidated Statement of Unsecured Loans, as Restated (Annexure X)
7) Unconsolidated Statement of Current Liabilities and Provisions, as Restated (Annexure XI)
8) Unconsolidated Statement of Share Capital, as Restated (Annexure XII)

9) Unconsolidated Statement of Reserves and Surplus, as Restated (Annexure XIII)
10) Unconsolidated Statement of Non-operating Income, as Restated (Annexure XIV)
11) Unconsolidated Statement of Employee Cost, as Restated (Annexure XV)
12) Unconsolidated Statement of Accounting Ratios, as Restated (Annexure XVI)
13) Unconsolidated Statement of Capitalisation, as Restated (Annexure XVII)
14) Unconsolidated Statement of Related Party Disclosures, as Restated (Annexure XVIII)
15) Unconsolidated Statement of Dividend, as Restated (Annexure XIX)
16) Unconsolidated Statement of Tax Shelter, as Restated (Annexure XX)

Further, in respect of "Promoter and Promoter Group" as defined in the ICDR Regulations and disclosed in Annexures above are based on list of group entities identified by the Management and we have relied upon the same.

In our opinion, the Restated Unconsolidated Financial Information of the Company attached to this report, as mentioned in paragraph (B) above, read with significant accounting policies and notes thereto, and after making such adjustments as are considered appropriate, has been prepared in accordance with Part II (B) of Schedule II of the Act and the ICDR Regulations.

This report should not in any way be construed as a reissuance or redating of the previous audit reports, nor should this be construed as a new opinion on any of the financial statements referred to herein.

We have no responsibility to update our report for events and circumstances occurring after the date of the report.

This report is intended solely for your information and for inclusion in the DRHP 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 M. M. Jain and Associates
Chartered Accountants

Manish Jain
Partner
Membership No. 118548
Firm Regn. No. 112538W
Nagpur, December 23, 2010

ANNEXURE I

Unconsolidated Summary Statement of Assets and Liabilities, as Restated

(In Rs. million)

Particulars as at	May 31, 2006	May 31, 2007	May 31, 2008	May 31, 2009	May 31, 2010	October 31, 2010
Fixed Assets						
Gross Block	811.88	825.12	980.43	1682.47	1772.84	1961.64
Less : Accumulated Depreciation /Amortisation	334.01	392.69	457.49	527.29	685.20	747.18
Net Block	477.87	432.43	522.94	1155.19	1087.65	1214.46
Capital Work-in-Progress (including Capital Advances)	1.34	0.81	2.33	24.69	16.78	156.39
Net Block including Capital Work-in-Progress (A)	**479.21**	**433.24**	**525.28**	**1179.88**	**1104.43**	**1370.84**
Investments (B)	**0.86**	**0.85**	**87.20**	**89.08**	**245.18**	**304.85**
Current Assets, Loans and Advances:						
Inventories	104.60	123.26	158.60	223.91	253.73	365.34
Sundry Debtors	305.21	346.50	464.87	514.34	712.72	847.55
Cash and Bank Balances	188.47	206.54	258.15	332.49	381.16	420.95
Loans and Advances	69.61	92.82	200.08	334.07	423.92	361.52
Other Current Assets	7.26	8.41	15.39	22.60	10.69	17.63
Total Current Assets, Loans and Advances (C)	**675.15**	**777.53**	**1097.09**	**1427.41**	**1782.21**	**2012.99**
Liabilities and Provisions:						
Secured Loans	352.99	235.48	456.31	407.03	308.09	465.65
Unsecured Loans	5.55	-	-	9.50	-	63.36
Current Liabilities	253.37	292.54	334.92	399.38	417.55	462.74
Provisions	-	-	30.33	33.31	238.51	239.31
Total Liabilities and Provisions (D)	**611.90**	**528.02**	**821.56**	**849.22**	**964.15**	**1231.07**
Deferred Tax Liabilities (Net) (E)	**33.74**	**28.47**	**28.67**	**28.04**	**73.86**	**73.57**
Net Worth (A+B+C-D-E)	**509.57**	**655.15**	**859.34**	**1819.10**	**2093.81**	**2384.04**
Net Worth Represented By						
Share Capital						
Equity	5.75	5.75	6.85	11.52	11.52	11.52
Reserves and Surplus (excluding Revaluation Reserve)	503.82	649.40	852.49	1807.57	2082.28	2372.51
Net Worth	**509.57**	**655.15**	**859.34**	**1819.10**	**2093.81**	**2384.04**

The above statements should be read with the Significant Accounting Policies and Notes to the Unconsolidated Summary Statements of Assets and Liabilities, Profits and Losses and Cash Flows, as restated as appearing in Annexure IV.

ANNEXURE II

Unconsolidated Summary Statement of Profits and Losses, as Restated

(In Rs. million)

Particulars	Year Ended on					Period Ended on
	May 31, 2006	May 31, 2007	May 31, 2008	May 31, 2009	May 31, 2010	October 31, 2010
Income						
Operating Income						
Advertisement Revenue	813.43	997.85	1235.62	1611.56	2643.43	1353.03
Sale of News and Publications (net)	375.09	415.78	448.04	612.05	1073.27	449.21
Other Operating Income	30.93	50.26	84.84	77.35	92.91	45.51
Total Income	**1,219.45**	**1,463.89**	**1,768.50**	**2,300.96**	**3,809.61**	**1,847.75**
Non Operating Income	15.23	23.66	34.78	21.73	50.96	21.32
Total	**1,234.68**	**1,487.55**	**1,803.28**	**2,322.69**	**3,860.57**	**1,869.07**
Expenditure						
Raw Materials Consumed	621.38	673.93	724.98	946.39	1543.25	798.41
Employee Cost	182.63	210.66	261.91	331.38	560.13	259.85
Operating and Other Expenses	206.19	255.34	265.29	343.88	686.47	319.20
Finance Cost	28.88	28.63	37.80	49.03	29.49	17.63
Depreciation/Amortisation	70.08	64.79	65.57	95.63	159.60	64.03
Total Expenditure	**1,109.16**	**1,233.36**	**1,355.56**	**1,766.30**	**2,978.94**	**1,459.13**
Net Profit before Tax, Prior Period and Extraordinary Items	125.52	254.19	447.73	556.39	881.63	409.94
Less: Extraordinary Items	-	-	-	-	-	-
Net Profit after Extraordinary items but before Tax, Prior Period Items	125.52	254.19	447.73	556.39	881.63	409.94
Less: Provision for Taxation	24.71	73.49	124.54	148.78	284.28	119.71
Net Profit after Tax and Extraordinary items but before Prior Period Items	100.82	180.69	323.18	407.61	597.35	290.23
Less: Prior Period Items	-	-	-	-	0.79	-
Less: Exceptional Items	-	-	-	-	7.61	-
Net Profit after Tax, Extraordinary items and Prior Period Items	**100.82**	**180.69**	**323.18**	**407.61**	**588.95**	**290.23**
Adjustments on Account of Restatement	(3.32)	3.82	(2.07)	(1.04)	22.17	0.00
Tax (Expenses)/ Savings on Restatement	(0.18)	0.00	0.73	0.36	(7.54)	-
Net Profit after Tax, as Restated	**97.32**	**184.51**	**321.84**	**406.92**	**603.59**	**290.23**
Balance Brought Forward from Previous Year, as Restated	5.58	1.76	4.34	2.07	348.99	601.98
Profit Available for Appropriations	**102.90**	**186.27**	**326.18**	**408.99**	**952.57**	**892.21**
Appropriations						
General Reserve	90.00	140.00	230.00	60.00	59.00	-
Dividend:						
Equity Shares	9.77	36.77	80.44	-	249.73	-
Preference Shares	-	-	-	-	-	-
Corporate Dividend Tax	1.37	5.16	13.67	-	41.86	-
Balance Carried to Balance Sheet, as Restated	**1.76**	**4.34**	**2.07**	**348.99**	**601.98**	**892.21**

The above statements should be read with the Significant Accounting Policies and Notes to the Unconsolidated Summary Statements of Assets and Liabilities, Profits and Losses and Cash Flows, as restated as appearing in Annexure IV.

ANNEXURE III

Unconsolidated Statement of Cash Flows, as Restated

(In Rs. million)

Particulars	Year ended on May 31,					Period ended on October 31,
	2,006	2,007	2,008	2,009	2,010	2,010
Cash Flow From Operating Activities						
Net Profit after Prior Period Items and before Tax, as restated	122.21	258.01	445.66	555.35	895.40	409.94
Adjustment for						
Depreciation as per Profit and Loss Account	70.08	64.79	65.57	95.63	159.60	64.03
Depreciation for Prior Period and Change in Method	0.20	0.19	0.18	0.17	(2.95)	-
Interest Income	(9.53)	(12.14)	(29.01)	(12.46)	(26.39)	(11.00)
Interest Expenses	28.88	28.63	37.80	49.03	29.49	17.63
Dividend Income	-	(0.00)	-	(0.00)	(0.01)	(0.03)
Provision for doubtful debts	(0.40)	0.36	1.18	(0.61)	0.90	-
Discount Provided	3.53	(4.35)	(3.01)	(2.28)	(8.03)	-
Adjustment for Depreciation on account of revaluation	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	-
Net Loss/(Profit) on sale of Fixed Assets	(1.58)	(0.98)	(0.17)	(3.13)	0.26	-
Operating Profit/(Loss) before Working Capital Changes	**213.36**	**334.50**	**518.20**	**681.69**	**1048.28**	**480.57**
Adjustment for						
Trade and other Payables	(16.87)	39.33	43.02	72.05	31.39	44.33
Trade and other Receivables	(86.26)	(59.76)	(221.91)	50.15	(266.38)	(107.00)
Inventory	31.21	(18.66)	(35.34)	(65.31)	(29.82)	(111.61)
Cash generated from Operations	**141.45**	**295.40**	**303.97**	**738.58**	**783.46**	**306.29**
Direct Taxes Paid	(37.30)	(79.41)	(122.45)	(146.79)	(239.83)	(124.52)
Net Cash Inflow/(Outflow) from Operating Activities	**104.15**	**216.00**	**181.52**	**591.79**	**543.63**	**181.77**
Cash Flow From Investing Activities						
Acquisition of Fixed Assets (including Capital Work-in-Progress)	(28.78)	(36.45)	(163.12)	(754.03)	(87.51)	(333.17)
Sale/Transfer of Fixed Assets	6.68	18.42	5.52	6.77	3.11	2.72
Capital Subsidiary Received	-	3.00	1.97	-	-	-
Interest Income	10.44	10.88	24.46	7.15	38.62	1.04
Dividend Income	-	0.00	-	0.00	0.01	0.03
Loans and Advances to Subsidiaries/Joint Venture	-	-	(5.50)	-	(12.85)	18.35
Sale/(Acquisition) of Investments /Share Application Money (Net)	0.01	0.00	(86.34)	(236.77)	(164.45)	(35.91)
Net Cash Inflow/(Outflow) from Investing Activities	**(11.66)**	**(4.15)**	**(223.02)**	**(976.88)**	**(223.07)**	**(346.93)**
Cash Flow From Financing Activities						
Net Increase/(Decrease) in Secured Loan	(80.16)	(117.51)	220.84	(49.29)	(98.94)	157.56
Increase in Equity Share Capital	-	-	1.10	4.68	-	-
Capital Reserve Generated on demerger	-	-	-	548.16	(16.76)	-
Net Increase/(Decrease) in Unsecured	(4.65)	(5.55)	-	9.50	(9.50)	63.36

Particulars	Year ended on May 31,					Period ended on October 31,
	2,006	2,007	2,008	2,009	2,010	2,010
Loan						
Interest Expenses	(28.62)	(28.79)	(34.72)	(53.62)	(29.79)	(15.97)
Dividend paid including Tax on Dividend Distribution	(11.14)	(41.93)	(94.12)	-	(116.90)	-
Net Cash Inflow/(Outflow) from Financing Activities	**(124.56)**	**(193.78)**	**93.11**	**459.43**	**(271.88)**	**204.96**
Net Increase in Cash and Cash Equivalents	(32.07)	18.07	51.61	74.34	48.67	39.79
Add: Cash and Cash Equivalents at the beginning of the year	220.54	188.47	206.54	258.15	332.49	381.16
Cash and cash Equivalents at the end of the year	188.47	206.54	258.15	332.49	381.16	420.95

Cash and Cash Equivalents consists of:

(In Rs. million)

Particulars	Year ended on May 31,					Period ended on October 31,
	2,006	2,007	2,008	2,009	2,010	2,010
Cash in Hand	3.01	3.72	3.91	7.28	7.75	9.97
Cheques in Hand	-	-	0.16	0.30	1.24	-
T.T.in Transit	1.51	0.80	2.00	-	-	-
Balance with Schedule Banks:						
In Current/Collection Accounts	16.61	24.98	48.01	65.92	98.62	86.51
In Fixed Deposits with Banks	133.84	177.03	34.07	223.86	242.62	314.47
In Fixed Deposits with Banks (Lien Marked)	33.50	-	170.00	35.13	30.94	10.00
Cash and Cash Equivalents (Closing)	188.47	206.54	258.15	332.49	381.16	420.95

Notes:

1. The Cash flow statement has been prepared under the indirect method as set out in the Accounting Standard 3 on Cash Flow Statement as issued by ICAI

ANNEXURE IV

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE UNCONSOLIDATED SUMMARY STATEMENTS OF ASSETS AND LIABILITIES, PROFITS AND LOSSES AND CASH FLOWS, AS RESTATED

A) Lokmat Media Limited (formerly known as Lokmat Newspapers Private Limited) (herein after referred to as 'Company') is primarily engaged in the business of Printing and Publishing of Newspapers, Magazines and film production and distribution. Company's major brands are "Lokmat", "Lokmat Samachar", "Lokmat Times" and "G2". The Group derives revenue mainly from the advertisements published in publications and sale of publications.

B) SIGNIFICANT ACCOUNTING POLICIES:

1) Basis of Accounting:

The accompanying Restated Unconsolidated Summary Statements have been prepared to comply in all material respects with the mandatory Accounting Standards notified by the Central Government of India under the Companies (Accounting Standards) Rules, 2006 and the relevant provisions of the Companies Act, 1956 and SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 as amended from time to time. The Restated Unconsolidated Summary Statements have been prepared under the historical cost convention.

These Restated Unconsolidated Summary Statements of the Company have been prepared specifically for inclusion in the Draft Red Herring Prospectus of the Company, in connection with its proposed Initial Public Offering.

2) Use of Estimates:

The preparation of Restated Unconsolidated Summary Statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent liabilities as at the date of the Restated Unconsolidated Summary Statements and the results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. Any revision to accounting estimates is recognised prospectively when revised.

3) Fixed Assets and Capital Work In Progress:

Fixed Assets are stated at acquisition/construction cost including expenditure directly attributable for bringing the assets to working condition for the intended use or at adjusted revalued cost less accumulated depreciation. Borrowing cost relating to acquisition/construction of fixed assets which takes substantial period of time to get ready for its intended use are also included to the extent they relates to the period till such assets are ready for commercial use. The cost also includes direct cost and other related incidental expenses. Revenue earned, if any during trial run of capital assets is adjusted against pre-operative expenses. Capital Work in Progress includes the capital advances, if any.

4) Depreciation / Amortisation:

I) Tangible Assets

Depreciation has been calculated in accordance with Section 205(2) (b) of the Companies Act, 1956, as under:

a) Depreciation on Fixed assets is provided at the rates specified in schedule XIV of the Companies Act, 1956 on written down value basis.

b) Fixed assets with value less than or equal to Rs. 5,000 each are fully depreciated, in the year of purchase, as per the provisions of Schedule XIV of the Companies Act, 1956.

II) Intangible Assets

These are amortised over their useful life, not exceeding five years.

5) Impairment of Fixed Assets

The carrying amount of the Company's Fixed Asset is reviewed at each balance sheet date and if any indication of impairment exists based on internal/external factors, impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value based on an appropriate discount factor. After impairment, depreciation is provided on the revised carrying amount of the assets over its remaining useful life.

Reversal of impairment losses recognized in prior years is recorded when there is an indication that the impairment losses recognized for the asset no longer exist or have decreased. However, the increase in carrying amount of an asset due to reversal of an impairment loss is recognized to the extent it does not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognized for the asset in prior years.

6) Investments:

Current investments are carried at the lower of cost and fair value determined by category of investment. Long-term investments are carried at cost less provision recorded to recognize any decline, other than temporary, in the carrying value of each investment. Investment in partnership firm is stated at contribution made.

7) Valuation of Inventories:

Valuation of inventories has been made as under: -

a. Raw Material (Newsprint) - Carried at Cost on FIFO basis or net realizable value whichever is lower.
b. Stores and Spares - Carried at Cost on FIFO basis.
c. Shares and Debenture - Carried at lower of cost or market value

8) Revenue Recognition:

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Specifically, the following basis is adopted:

a. Advertisements revenue is recognized as and when advertisement is published ordisplayed and is disclosed net of discounts.

b. Revenue from Sale of News & Publications, Waste Paper and Scrap is recognized when the significant risks and rewards of ownership have passed on to the buyer and is disclosed net of sales return and discounts.

c. Revenue from printing job work is recognized on the completion of job work as per terms of the agreement.

d. Interest revenue is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

e. Dividend revenue is recognized if the right to receive the payment is established.

9) Foreign Currency Transactions:

a. **Monetary Items:**

Year-end balances of foreign currency monetary items are translated at the closing rates as on balance sheet date.

Foreign exchange forward contracts are marked to market at closing rate as on Balance Sheet date. The premium/discount earned or expended is amortized over the life of the forward contract.

All exchange differences including mark to market losses/gains are dealt with in the profit and loss account and disclosed under the head "Forex Fluctuation Gain/Loss account".

b. **Non-Monetary Items:**

Non-Monetary items such as investments are carried at historical cost using the exchange rate on the date of transaction.

10) Taxation:

a. **Current Tax:**

Current Tax is measured at the amount expected to be paid to the tax authorities in accordance with the provisions of the Income Tax Act, 1961.

b. **Deferred Tax:**

Deferred tax is recognized subject to consideration of prudence, on timing differences between the taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

11) Contingent Liabilities and Provisions:

A provision is recognized if, as a result of a past event, the Company has a present legal obligation that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation.

Provisions are determined by the best estimate of the outflow of economic benefits required to settle the obligation at the reporting date. Where no reliable estimate can be made, a disclosure is made as contingent liability.

A disclosure for a contingent liability is also made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources.

Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

12) Borrowing Costs

Borrowing costs that are directly attributable to the acquisition or construction of a qualifying asset are capitalized as part of the cost of that asset.

The amount of borrowing costs eligible for capitalization is determined in accordance with Accounting Standard 16 (AS-16) on “Borrowing Cost”.

Other borrowing costs are recognized as an expense in the period in which they are incurred.

13) Retirement and Other Employee Benefits

a. Retirement benefits in the form of Provident Fund and Pension Schemes are defined contribution scheme and the contributions are charged to the Profit and Loss Account of the year when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the respective funds.

b. Retirement benefits in the form of Gratuity is a defined benefit plan and is provided for on the basis of an actuarial valuation carried out as per projected unit credit method by an independent actuary as at year end and is contributed to Gratuity Fund.

c. Provision for leave encashment arising on long term benefits is accrued and made on the basis of an actuarial valuation carried out as per projected unit credit method by an independent actuary at year end. Short term compensated absences are provided for based on estimates.

d. Actuarial gains and losses are immediately taken to Profit and Loss account and are not deferred.

14) Earnings Per Share

Basic and diluted Earnings per Share (EPS) are calculated in accordance with Accounting Standard 20 “Earnings per Share”.

Basic EPS is computed by dividing the net profit or loss attributable to the equity shareholders for the year by the weighted average number of equity shares outstanding during the year.

Diluted EPS is computed by dividing the net profit or loss attributable to the equity shareholders for the year by the weighted average number of equity shares outstanding during the year as adjusted for the effects of all potential equity shares, except where the results are anti-dilutive.

15) Cash Flow Statement:

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

Cash and Cash equivalents
Cash and cash equivalents in the cash flow statement comprise cash at bank and in hand and short term investments with an original maturity of three months or less.

16) Lease Rental:

Lease arrangements where the risk and rewards incidental to ownership of an asset substantially vest with the lessor are recognised as operating lease. Lease rent under operating lease is charged to Profit and Loss Account on Straight Line basis over the lease term, unless there is another systematic basis which is more representative of the time pattern of the Lease.

Assets given under operating leases are included in Fixed Assets. Lease income is recognized in the Profit and Loss Account on Straight Line Basis over the lease term, unless there is another systematic basis which is more representative of the time pattern of the Lease.

C) NOTES TO UNCONSOLIDATED SUMMARY STATEMENT OF ASSETS AND LIABILITIES, AS RESTATED, UNCONSOLIDATED SUMMARY STATEMENT OF PROFITS AND LOSSES, AS RESTATED AND CASH FLOW STATEMENT, AS RESTATED

Scheme of arrangement between Prithvi Prakashan Private Limited ("PPPL") and the Company:

A scheme of arrangement ("**Scheme**") was filed by the Company and PPPL before the High Court of Bombay under Sections 391 to 394 of the Companies Act with a view to *inter alia* transfer the publishing division of PPPL to the Company. By orders dated September 5, 2008 and January 23, 2009, the High Court of Bombay has sanctioned the Scheme with effect from April 1, 2009.

The Scheme provides for demerger and vesting of the printing and publishing business of PPPL, including its assets and liabilities pertaining to the business of publishing newspapers and related undertakings, its debts, contingent liabilities and properties (the "**Demerged Undertaking**"). In terms of the Scheme, as consideration for the transfer and vesting of the Demerged Undertaking, the Company has allotted 467,600 Equity Shares to certain shareholders of PPPL (equivalent to 16,833,600 after adjustment for the bonus issue).

Pursuant to the Scheme, the Demerged Undertaking stands transferred and vested in the Company at their book values with effect from April 1st 2009. All licenses, permits, contracts, employees, liabilities and legal proceedings of the Demerged Undertaking stands vested in the Company.

In terms of Accounting Standard (AS-14) on Accounting for Amalgamations issued by The Institute of Chartered Accountants of India, the amalgamation has been accounted for under the "Purchase Method" In terms of the scheme, the assets and liabilities have been taken over at their existing carrying amounts. The aggregate amount of the consideration by way of issue of shares is deducted from the value of net assets of the demerged company acquired by Company. The surplus arising upon amalgamation is credited to Capital Reserve.

1) Material Adjustments

I) Adjustments relating to prior period:

a) Provision for doubtful debts

Company has made provision for doubtful debts on Sundry Debtors and effect of the same have been given in respective Profit & Loss Accounts.

b) Retirement Benefits

Company has made provision for employees' retirement benefits and effect of the same has been given in Profit & Loss Accounts with effect from June 1, 2007.

c) Prior Period Items:

Prior period adjustments in respect of items of income and expenditure have been retrospectively adjusted in arriving at the profits of the years/period to which they relate although the event triggering the income or expense may have occurred in the subsequent years, as per SEBI (ICDR) Regulations 2009.

d) Tax relating to prior years:

The 'Restated Unconsolidated Summary Statement of Profits and Losses' has been adjusted for respective years in respect of short/excess provision of Income Tax as per the income tax assessments/ returns filed by the Company for the respective year.

e) Tax Impact of Adjustments:

In the preparation of the Restated Unconsolidated Summary Statements, the Company has made adjustments for the deferred tax of the items in the respective year/ period to which the items pertain.

f) Depreciation:

Depreciation on one of the Building was not provided earlier, the same has been provided in respective year / period.

g) Rebate, Discount or Credit Notes:

As a normal business practice, the Company has been offering or allowing the rebate or discount or issuing credit notes to its parties during each year, some of which pertain to income booked in earlier years. Adjustments for the same have been effected in respective year / period to which it relates.

h) Revaluation Reserve:

Company had revalued it's certain assets and had created Revaluation Reserve for the same. Adjustments have been done and said assets have been adjusted to reflect it's original value.

II) Qualifications in Auditor's Report in earlier years

The following qualifications have been reported in the Auditor's Report in the earlier years. Other than the cases specifically mentioned below, there have been no other qualifications:

i) For the year ended May 31, 2006, the Auditors have reported vide their Audit Report dated October 06, 2006, that the Company has not made the provision for doubtful debts of Rs. 2.77 million and accordingly the profit for the year had been overstated to that extent to which, non-provision for doubtful debts has been increased during the year.

Company has made provision for doubtful debts on Sundry Debtors and effect of the same have been given in restated Profit & Loss Account for the year ended May 31, 2006.

ii) For the year ended May 31, 2007, the Auditors have reported vide their Audit Report dated September 24, 2007, that the Company has not made the provision for doubtful debts of Rs. 3.13 million and accordingly the profit for the year had been overstated to that extent to which, non-provision for doubtful debts has been increased during the year.

Company has made provision for doubtful debts on Sundry Debtors and effect of the same have been given in restated Profit & Loss Account for the year ended May 31, 2007.

iii) For the year ended May 31, 2008, the Auditors have reported vide their Audit Report dated September 18, 2008, that the Company has not made the provision for doubtful debts of Rs. 4.31 million and accordingly the profit for the year had been overstated to that extent to which, non-provision for doubtful debts has been increased during the year.

Company has made provision for doubtful debts on Sundry Debtors and effect of the same have been given in restated Profit & Loss Account for the year ended May 31, 2008.

iv) For the year ended May 31, 2009, the Auditors have reported vide their Audit Report dated November 18, 2009, that the Company has not made the provision for doubtful debts of Rs. 3.70 million and accordingly the profit for the year had been overstated to that extent to which, non-provision for doubtful debts has been increased during the year.

Company has made provision for doubtful debts on Sundry Debtors and effect of the same have been given in restated Profit & Loss Account for the year ended May 31, 2009.

III) Impact of changes in accounting policies/estimated useful life and prior period adjustments:

Adjustments in the Restated Unconsolidated Summary Statement of Profits and Losses

(In Rs. million)

Particulars of Changes	**Year Ended on May 31,**					**Period Ended on October 31,**
Net Profit after Tax as per Audited Financial Statements (A)	100.82	180.69	323.18	407.61	588.95	290.23
Adjustments on account of Restatement						
Change in Depreciation Rates/Method	(0.20)	(0.19)	(0.18)	(0.17)	2.95	-
Adjustment for Revaluation Reserve	0.01	0.01	0.01	0.01	0.01	0.00
Prior Period Items	-	-	-	(0.79)	0.79	-
Provision for Doubtful debt	0.40	(0.36)	(1.18)	0.61	3.70	-
Discount provided	(3.53)	4.35	3.01	2.28	8.03	-
Retirement Benefits	-	-	(3.72)	(2.98)	6.71	-
Adjustments on account of Restatement (B)	(3.32)	3.82	(2.07)	(1.04)	22.17	0.00
Effect of Adjustments on Tax	1.19	(1.46)	(1.02)	(0.51)	(3.00)	-
Effect of adjustments on Deferred Tax	(0.07)	0.18	1.73	0.86	(4.54)	-
Income Tax paid/refund for the earlier year	(1.30)	1.28	0.02	-	-	-
Adjustments on account of Tax Expenses / (Savings) (C)	(0.18)	0.00	0.73	0.36	(7.54)	-
Net Profit after Tax as restated (A+B+C)	97.32	184.51	321.84	406.92	603.59	290.23

Adjustment in Restated Unconsolidated Summary Statement of Assets and Liabilities

(In Rs. million)

Particulars of Changes	**Year Ended on May 31,**					**Period Ended on October 31,**
	2,006	**2,007**	**2,008**	**2,009**	**2,010**	**2,010**
Fixed Assets	(0.08)	(0.07)	(0.06)	(0.05)	(0.04)	(0.04)
Accumulated Depreciation	(2.40)	(2.59)	(2.77)	(2.94)	0.01	0.00
Debtor	(20.44)	0.86	2.69	5.58	17.30	-
Loans and Advances	(0.11)	(0.30)	(1.30)	(1.80)	(4.80)	(4.80)
Total	**(23.03)**	**(2.09)**	**(1.43)**	**0.79**	**12.47**	**(4.83)**

Particulars of Changes	Year Ended on May 31,					Period Ended on October 31,
	2,006	**2,007**	**2,008**	**2,009**	**2,010**	**2,010**
Deferred Tax Liabilities (Net)	0.07	(0.11)	(1.84)	(2.71)	1.83	1.83
Current Liabilities	-	-	-	0.79	-	-
Provisions	-	-	30.33	2.98	(33.31)	-
Reserves and Surplus	(23.10)	(1.97)	(29.92)	(0.28)	43.95	(6.67)
Total	**(23.03)**	**(2.09)**	**(1.43)**	**0.79**	**12.47**	**(4.83)**

IV) Material Regroupings

Appropriate adjustments have been made in the Restated Unconsolidated Statement of Profits and Losses and Restated Unconsolidated Statement of Assets and Liabilities, wherever required, by a reclassification of the corresponding items of assets, liabilities and cash flow, in order to bring them in line with the groupings as per the Restated Summary Statements of the Group for the year ended May 31, 2010.

2) Nature of some transactions with related parties

During the year / period, company has entered into transactions with related parties. The complete details of the nature of transactions along with name of related parties are mentioned in Annexure XVIII.

3) Contingent liabilities not provided for in respect of:

a).

(In Rs. million)

Particulars	May 31, 2006	May 31, 2007	May 31, 2008	May 31, 2009	May 31, 2010	October 31, 2010
Capital Contracts (Net of Advances)	Nil	Nil	12.94	18.31	372.46	346.50
Claim of the workers against the company, not acknowledged as debts	42.27	31.61	35.18	38.02	41.08	12.64
Bank Guarantee	Nil	Nil	Nil	Nil	Nil	10.00
Corporate Guarantee	Nil	Nil	116.42	232.50	182.48	171.50
Income tax cases	Nil	Nil	Nil	Nil	16.69	34.34
Sales Tax Cases	Nil	Nil	Nil	Nil	0.52	0.62

b) According to legal opinion obtained, the liability, if any, for damages claimed in libel suits will be limited to a small fine, the amount is unascertainable.

4) Managerial Remuneration (excluding Director's Sitting Fees):

(In Rs. million)

Particulars	May 31, 2006	May 31, 2007	May 31, 2008	May 31, 2009	May 31, 2010	October 31, 2010
Director's Remuneration	11.64	13.82	38.85	41.10	105.77	42.14

5) Disclosure pursuant to Accounting Standard – 15 (revised) 'Employee Benefits':

Disclosures as per Accounting Standard 15 "Employee benefits", in respect of Gratuity and Leave encashment based on Actuarial Valuation are as follows:

(In Rs. million)

	Particulars	Gratuity				Leave Encashment			
		May 31, 2008	May 31, 2009	May 31, 2010	October 31, 2010	May 31, 2008	May 31, 2009	May 31, 2010	October 31, 2010
I	**Assumptions as at**								
	Mortality	LIC(1994 -96)Ult	LIC(1994 -96)Ult	LIC(1994 -96)Ult	LIC(1994 -96)Ult	LIC(1994 -96)Ult	LIC(1994 -96)Ult	LIC(1994 -96)Ult	LIC(1994 -96)Ult
	Discount Rate	8%	8%	8%	8%	8%	8%	8%	8%
	Rate of increase in compensation	5%	5%	5%	5%	5%	5%	5%	5%
	Rate of return (expected) on plan assets	9%	9%	9%	0%	0%	0%	0%	0%
	Withdrawal rates	3%	3%	3%	3%	3%	3%	3%	3%
II	**Changes in present value of obligations**								
	PVO at beginning of year/period	37.90	43.33	49.57	86.24	9.70	11.57	12.12	19.44
	Adjustment on account of Tr. Of Employees			16.67				4.34	
	Interest cost	2.99	3.38	5.02	2.84	0.76	0.91	1.29	0.64
	Current Service Cost	3.28	4.41	6.30	2.93	3.29	3.87	4.97	2.81
	Benefits Paid	(1.00)	(2.17)	(6.91)	(2.09)	(0.44)	(0.43)	(0.78)	(0.28)
	Actuarial (gain)/loss on obligation	0.15	0.62	15.58	(3.19)	(1.74)	(3.79)	(2.50)	(2.86)
	PVO at end of year	43.33	49.57	86.24	86.74	11.57	12.12	19.44	19.76
III	**Changes in fair value of plan assets**								
	Fair Value of Plan Assets at beginning of year/period	21.00	24.57	28.38	41.88	-	-	-	-
	Adjustment on account of Tr. Of Employees			10.14					
	Expected Return on Plan Assets	1.88	2.15	3.43	1.70	-	-	-	-
	Contributions	-	-	6.13	9.03	0.44	0.43	0.78	0.28
	Benefit Paid	(1.00)	(2.17)	(6.91)	(2.09)	(0.44)	(0.43)	(0.78)	(0.28)
	Actuarial gain/(loss) on plan assets	2.69	3.84	0.70	(8.64)	-	-	-	-
	Fair Value of Plan Assets at end of year/period	24.57	28.38	41.88	48.82	-	-	-	-
IV	**Fair Value of Plan Assets**								
	Fair Value of Plan Assets at beginning of year/period	21.00	24.57	38.52	41.88	-	-	-	-
	Actual Return on Plan Asset	4.56	5.99	4.14	-	-	-	-	-
	Contributions	-	-	6.13	9.03	0.44	0.43	0.78	0.28
	Benefit Paid	(1.00)	(2.17)	(6.91)	(2.09)	(0.44)	(0.43)	(0.78)	(0.28)

	Particulars	Gratuity				Leave Encashment			
		May 31, 2008	**May 31, 2009**	**May 31, 2010**	**October 31, 2010**	**May 31, 2008**	**May 31, 2009**	**May 31, 2010**	**October 31, 2010**
	Fair Value of Plan Assets at end of year/period	24.57	28.38	41.88	48.82	-	-	-	-
	Funded Status	(18.76)	(21.19)	(44.37)	(37.92)	(11.57)	(12.12)	(19.44)	(19.76)
	Excess of actual over estimated return on Plan Assets	2.69	3.84	0.70	(1.70)	-	-	-	-
V	**Actuarial Gain/(Loss) Recognized**								
	Actuarial Gain/(Loss) for the year/period (Obligation)	(0.15)	(0.62)	(15.58)	3.19	1.74	3.79	2.50	2.86
	Actuarial Gain/(Loss) for the year/period (Plan Assets)	2.69	3.84	0.70	(8.64)	-	-	-	-
	Total Gain/(Loss) for the year/period	2.54	3.22	(14.88)	(5.45)	1.74	3.79	2.50	2.86
	Actuarial Gain/(Loss) recognized for the year/period	2.54	3.22	(14.88)	(5.45)	1.74	3.79	2.50	2.86
	Unrecognized Actuarial Gain/(Loss) at end of year/period	-	-	-	-	-	-	-	-
VI	**Amounts to be recognized in the Balance Sheet and statement of Profit and Loss Account**								
	PVO at end of year/period	43.33	49.57	86.24	86.74	11.57	12.12	19.44	19.76
	Fair Value of Plan Assets at end of year/period	24.57	28.38	41.88	48.82	-	-	-	-
	Funded Status	(18.76)	(21.19)	(44.37)	(37.92)	(11.57)	(12.12)	(19.44)	(19.76)
	Unrecognized Actuarial Gain/(Loss)	-	-	-	-	-	-	-	-
	Net Asset/(Liability) recognized in the balance sheet	(18.76)	(21.19)	(44.37)	(37.92)	(11.57)	(12.12)	(19.44)	(19.76)
VII	**Expense recognized in the statement of P & L A/C**								
	Current Service Cost	3.28	4.41	6.30	2.93	3.29	3.87	4.97	2.81
	Interest cost	2.99	3.38	5.02	2.84	0.76	0.91	1.29	0.64
	Expected Return on Plan Assets	(1.88)	(2.15)	(3.43)	(1.70)	-	-	-	-
	Net Actuarial	(2.54)	(3.22)	14.88	5.45	(1.74)	(3.79)	(2.50)	(2.86)

	Particulars	Gratuity				Leave Encashment			
		May 31, 2008	May 31, 2009	May 31, 2010	October 31, 2010	May 31, 2008	May 31, 2009	May 31, 2010	October 31, 2010
	(Gain)/Loss recognized for the year/period								
	Expense recognized in the statement of P & L A/C	1.86	2.43	22.77	9.52	2.30	0.98	3.76	0.60
VIII	**Movements in the Liability recognized in Balance Sheet**								
	Opening Net Liability	16.90	18.76	21.19	44.37	9.70	11.57	12.12	19.44
	Adjustment on account of Tr. Of Employees			6.53				4.34	
	Expenses as above	1.86	2.43	22.77	9.52	2.30	0.98	3.76	0.60
	Contribution paid	-	-	(6.13)	(9.03)	(0.44)	(0.43)	(0.78)	(0.28)
	Closing Net Liability	18.76	21.19	44.37	44.86	11.57	12.12	19.44	19.76

6) The Company have given Loans and Advances to its subsidiaries/joint venture entities for business purposes. Such Loans and Advances are unsecured, interest free and repayable on demand. The aggregated outstanding balance as at May 31, 2010 is Rs. 18.37 million and for the period ended October 31, 2010 is Nil

7) The Company primarily prints and sales newspapers. Accordingly the company has only newspaper as its reportable segment. Further the economic environment in which the company operates is significantly similar and is not subject to materially different risk and returns. Accordingly no separate disclosures are necessary under Accounting Standard-17 (Segment Reporting) issued by Institute of Chartered Accountant of India.

8) During earlier years, some employees have been transferred from Company to it's subsidiary and vice versa, without affecting continuance of their employment, the liability for retirement benefits are also adjusted and accounted for in the respective transferee company.

9) In the opinion of the Board of Directors, all current assets, loans and advances appearing in the balance sheet as at October 31, 2010 have a value on realisation in the ordinary course of the Company's business at least equal to the amount at which they are stated in the balance sheet.

10) Balances of sundry debtors, creditors, advances are as per books of accounts and are subject to confirmation / reconciliation, if any.

11) Company has been converted into a Public Limited Company and name of the Company is changed to 'Lokmat Media Limited' vide fresh certificate of incorporation dated November 22, 2010 issued by the Registrar of Companies, Maharashtra. Earlier, name of the Company had been changed to 'Lokmat Media Private Limited' from 'Lokmat Newspapers Private Limited' vide certificate of incorporation dated September 21, 2010 issued by the Registrar of Companies, Maharashtra.

12) On November 9, 2010, the Authorised Share Capital of the Company has been increased to Rs. 750 million divided into 75 million Equity Shares of the face value of Rs.10 each.

13) On November 24, 2010, the Directors of the Company have allotted 40,334,770 Equity Shares of Rs.10 each of the Company as bonus by capitalising a sum of Rs. 1.76 million from Capital Redemption Reserve and Rs. 401.59 million from General Reserve, pursuant to the approval of the shareholders in the Annual

General Meeting held on November 9, 2010. Consequently, the equity share capital of the Company is increased to Rs. 414.87 million consisting of 41,487,192 Equity Shares of Rs.10 each.

14) Figures below Rs. 5,000 are rounded off and represented by '0.00' in the Restated Unconsolidated Summary Statements and Nil balances are represented by '–'

15) Figures of previous years have been regrouped, re-arranged and re-casted wherever necessary to conform to make them comparable.

As per our attached Report of Even Date

For M. M. Jain and Associates
Chartered Accountants

Manish Jain
Partner
Membership No.118548
Firm Regn. No. 112538W
Nagpur, December 23 2010

ANNEXURE V

Unconsolidated Statement of Investments, as Restated

(In Rs. million)

Particulars as at	**May 31,**					**October 31,**
	2,006	**2,007**	**2,008**	**2,009**	**2,010**	**2,010**
Long Term Investments						
Unquoted - Trade						
In Wholly Owned Subsidiaries						
100 Equity Shares of Rs.45 each of Providence Global Limited	-	0.00	0.00	0.00	-	-
10,000 Equity Shares of Rs.10 each of Airwave Entertainment Private Limited	-	-	0.10	0.10	-	-
10,000 Equity Shares of Rs.10 each of Lokmat Entertainment Private Limited	-	-	-	-	0.10	0.10
10,000 Equity Shares of Rs.10 each of Asera Power Private Limited	-	-	-	-	-	0.10
Investment in Joint Venture						
86,25,000 Equity Shares of Rs.10 each of IBN-Lokmat News Private Limited	-	-	86.25	86.25	86.25	86.25
2,20,000 Preference Shares of Rs.100 each of IBN-Lokmat News Private Limited	-	-	-	-	-	44.00
In Govt.Securities	0.00	0.00	0.00	0.00	-	-
In Partnership Firms	0.86	0.85	0.84	1.00	0.01	0.01
10 Equity Shares of Rs.100 each of Vasantdada Industrial Estate Co-operative Society Limited	-	-	-	0.00	0.00	0.00
Non-Trade (Unquoted)						
15,710 Preference Shares of Rs.10 each of Cozy Properties Private Limited	-	-	-	-	157.10	157.10
15,583 Non-convertible Preference Shares of Rs.100 each of Goldie Advertising and Marketing Services Private Limited	-	-	-	-	-	15.58
67,500 Equity Shares of Rs.10 each of Gravure Art and Healthcare Products Limited	-	-	-	1.01	1.01	1.01
1,000 Equity Shares of Rs.10 each of Ajanta Diagnostic and Research Centre Limited	-	-	-	0.01	0.01	-
Aggregate Book Value of Unquoted Investment	**-**	**-**	**-**	**1.02**	**158.12**	**173.70**
Current Investments						
Trade (Quoted)						
2,340 Equity Shares of Re.1 each of Tata Consultancy Services Limited	-	-	-	0.50	0.50	0.50
500 Equity Shares of Rs.10 each of Jindal Iron and Steel Company Limited	-	-	-	0.19	0.19	0.19
300 Equity Shares of Rs.10 each of NEPC Micon Limited	-	-	-	0.01	0.01	0.01
Aggregate Book Value of Quoted Investment	**-**	**-**	**-**	**0.69**	**0.69**	**0.69**
Aggregate Book Value	**0.86**	**0.85**	**87.20**	**89.08**	**245.18**	**304.85**
Aggregate Market Value of Quoted Investments	**-**	**-**	**-**	**0.59**	**1.95**	**2.68**

Notes:

1. Nos.of Shares/Units mentioned against each investments are Nos.which are held as at last day on which they appeared on a relevant reporting date.

ANNEXURE VI

Unconsolidated Statement of Inventories, as Restated

(In Rs. million)

Particulars as at	May 31,					October 31,
	2,006	2,007	2,008	2,009	2,010	2,010
Inventories						
(As Taken, Valued and Certified by Management)						
Raw Materials	92.17	110.84	144.17	194.88	225.73	334.19
Stores & Spares	10.73	10.73	12.73	27.33	26.30	29.46
Stock of Shares	1.70	1.70	1.70	1.70	1.70	1.70
Total	**104.60**	**123.26**	**158.60**	**223.91**	**253.73**	**365.34**

ANNEXURE VII

Unconsolidated Statement of Sundry Debtors, as Restated

(In Rs. million)

Particulars as at	May 31,					October 31,
	2,006	2,007	2,008	2,009	2,010	2,010
Unsecured, unless otherwise Stated						
Debtors Outstanding for a period exceeding six months						
Considered Good	29.53	28.20	33.13	42.39	55.82	61.05
Considered Doubtful	2.77	2.83	3.31	3.70	-	-
Less: Provision for Doubtful Debtors	2.77	3.13	4.31	3.70	4.60	4.60
Less: Discount Provided	17.66	13.31	10.31	8.03	-	-
Total (A)	**11.87**	**14.59**	**21.82**	**34.37**	**51.22**	**56.45**
Other Debtors						
Considered Good	293.34	331.91	443.05	479.98	661.50	791.10
Considered Doubtful	-	-	-	-	-	-
Total (B)	**293.34**	**331.91**	**443.05**	**479.98**	**661.50**	**791.10**
Total (A+B)	**305.21**	**346.50**	**464.87**	**514.34**	**712.72**	**847.55**
Outstanding from Promoter, Director and Promoter Group	-	-	-	-	-	-
Outstanding from key management persons	-	-	-	-	-	-

ANNEXURE VIII

Unconsolidated Statement of Loans and Advances, as Restated

(In Rs. million)

Particulars as at	May 31,					October 31,
	2,006	2,007	2,008	2,009	2,010	2,010
Unsecured, unless otherwise Stated						
Advances Recoverable in Cash or in Kind or for Value to be Received	11.06	25.77	22.50	9.68	85.22	64.66
Loans and Advances to Wholly Owned Subsidiaries	-	-	5.50	5.50	18.35	-
Advances to Others	23.50	33.51	35.17	35.79	35.09	24.15
Newsprint Loan Transaction	3.25	0.86	6.51	0.53	-	-
Advance towards Share Application Money	-	-	-	234.89	243.24	219.48
Income Tax (Net of Provisions)	1.43	2.06	0.90	(1.37)	(7.53)	(3.01)
Security/Other Deposits	30.37	30.62	129.50	49.05	49.55	56.24
Total	**69.61**	**92.82**	**200.08**	**334.07**	**423.92**	**361.52**
Loans and Advances to Promoter, Director and Promoter Group	4.49	14.94	94.63	13.38	27.67	7.82
Loans and Advances to Key management persons	-	-	-	-	-	-

Notes:

1. Loan and Advance to wholly owed subsidiaries as at May 31, 2010 includes the unsecured loan of Rs.18.35 millions given to a erstwhile wholly owned subsidiary.

ANNEXURE IX

Unconsolidated Statement of Secured Loans, as Restated

(In Rs. million)

Particulars as at	May 31,					October 31,
	2,006	**2,007**	**2,008**	**2,009**	**2,010**	**2,010**
Term Loans	278.35	162.04	223.03	282.13	177.30	360.36
Line of Credit	38.61	68.53	59.46	85.80	98.20	100.86
Vehicle Loans	2.53	4.90	3.82	3.97	1.65	4.43
Demand Loan against FDRs	33.50	-	170.00	35.13	30.94	-
Total	**352.99**	**235.48**	**456.31**	**407.03**	**308.09**	**465.65**
Loans and Advances from Promoter, Director and Promoter Group	-	-	-	-	-	-
Loans and Advances from Key management persons	-	-	-	-	-	-

Notes :

1. Line of credit is secured by hypothecation of stock in trade, stores and book debts and personal guarantee of two promoter directors. This facility is also collaterally secured by first charge on land and other fixed assets of the company at Nashik.
2. Term loans from Bank of India are secured by hypothecation of plant and machineries, computers, furniture fixtures purchased out of such loans and equitable mortgage of land, building at Shendra, MIDC, Aurangabad and personal guarantee of two promoter directors.
3. Term loan from HDFC Bank Limited is secured by hypothecation of machineries and equipments purchased out of such loans and equitable mortgage of land and building at Bhopal and office building at Mumbai purchased out of such loan and personal guarantee of two promoter directors.
4. Vehicle Loans are secured by hypothecation of the vehicles acquired from such loans.
5. Demand loan is secured against Lien on Fixed Deposit Receipts of the company.

ANNEXURE X

Unconsolidated Statement of Unsecured Loans, as Restated

(In Rs. million)

Particulars as at	May 31,					October 31,
	2,006	2,007	2,008	2,009	2,010	2,010
From Promoters and Promoter Group						
Shri Vijay Darda	-	-	-	5.00	-	-
Smt.Jyotsna Darda				4.50		
Darda Investment and Properties Pvt.Ltd.	5.55	-	-	-	-	-
From Others						
Short Term Loan from HDFC Bank Limited	-	-	-	-	-	63.36
Total	**5.55**	**-**	**-**	**9.50**	**-**	**63.36**

Notes:

1. Unsecured Loans from Promoters and Promoter Group have been repaid in full as at 31st May 2010 and hence terms and conditions of interest, repayment are not given.
2. Short Term Loan From HDFC Bank Limited is availed at interest rate of LIBOR plus 360 basis point, repayable in 180 days and guaranteed by two directors personally.

ANNEXURE XI

Unconsolidated Statement of Current Liabilities and Provisions, as Restated

(In Rs. million)

Particulars as at	May 31,					October 31,
	2,006	2,007	2,008	2,009	2,010	2,010
Current Liabilities						
Sundry Creditors	-	-	-	-	-	-
Outstanding Due to Micro, Small and Medium Enterprises	-	-	-	-	-	-
Outstanding Due to other than Micro, Small and Medium Enterprises	60.72	81.75	69.72	221.98	228.32	282.59
Other Liabilities	128.03	141.31	182.09	38.09	29.50	27.00
Advance against Booking	5.00	7.09	8.18	14.10	25.17	14.16
Newsprint Loan Transaction	3.25	0.86	6.51	0.53	-	-
Trade Deposits	56.37	61.53	68.41	124.68	134.56	138.99
Total (A)	**253.37**	**292.54**	**334.92**	**399.38**	**417.55**	**462.74**
Provisions						
Retirement Benefits	-	-	30.33	33.31	63.81	64.61
Proposed Dividend	-	-	-	-	149.81	149.81
Tax on Dividend	-	-	-	-	24.88	24.88
Total (B)	**-**	**-**	**30.33**	**33.31**	**238.51**	**239.31**
Current Liabilities include advance from Promoter, Director and Promoter Group	0.32	0.13	1.18	15.19	0.99	0.49
Current Liabilities include advance from Key Management Persons	-	-	-	-	-	-

ANNEXURE XII

Unconsolidated Statement of Share Capital, as Restated

(In Rs. million)

Particulars as at	May 31,					October 31,
	2,006	2,007	2,008	2,009	2,010	2,010
Authorised Share Capital						
1,500,000 Equity Shares of Rs.10 each	10.00	10.00	10.00	15.00	15.00	15.00
Preference Shares						
Total	**10.00**	**10.00**	**10.00**	**15.00**	**15.00**	**15.00**
Issued, Subscribed and Paid-up Share Capital						
1,152,422 Equity Shares of Rs.10 each fully paid up	5.75	5.75	6.85	6.85	11.52	11.52
Share Capital Suspense A/c	-	-	-	4.68	-	-
Total	**5.75**	**5.75**	**6.85**	**11.52**	**11.52**	**11.52**

Notes:

1. Nos. of Shares mentioned against each item above, are Nos. as at last day on which they appeared on a relevant reporting date.
2. 400,000 Equity Shares had been allotted as fully paid up by way of Bonus Shares by capitalisation of General Reserve on July 6, 1992.
3. 467,600 Equity Shares are allotted as fully paid up shares to the Shareholders of erstwhile subsidiary Prithvi Prakashan Private Limited on demerger of its publication business with the company.
4. 467,600 Equity shares were to be issued to the shareholders of erstwhile subsidiary Prithvi Prakashan Private Limited as a result of demerger of its publication business with the company with effect from April 1, 2009, being the date of demerger. However, the same was outstanding to be issued as at May 31, 2009 and credited to Share Capital Suspense Account. Subsequently, it was transferred to Share Capital Account.
5. On November 9, 2010, the Authorised Share Capital of the Company has been increased to Rs.750 million divided into 75,000,000 Equity Shares of the face value of Rs.10 each.
6. On November 24, 2010, the Directors of the Company have allotted 40,334,770 Equity Shares of Rs.10 each of the Company as bonus by capitalising a sum of Rs. 1.76 million from Capital Redemption Reserve and Rs. 401.59 million from General Reserve, pursuant to the approval of the shareholders in the Annual General Meeting held on November 9, 2010. Consequently, the equity share capital of the Company is increased to Rs. 414.87 million consisting of 41,487,192 Equity Shares of Rs.10 each.

ANNEXURE XIII

Unconsolidated Statement of Reserves and Surplus, as Restated

(In Rs. million)

Particulars as at	May 31,					October 31,
	2,006	2,007	2,008	2,009	2,010	2,010
Capital Redemption Reserve						
Opening Balance	1.76	1.76	1.76	1.76	1.76	1.76
Add: Transferred during the Year	-	-	-	-	-	-
Total (A)	**1.76**	**1.76**	**1.76**	**1.76**	**1.76**	**1.76**
Capital Reserve						
Opening Balance	0.02	0.02	0.02	0.02	548.18	531.42
Addition during the Year	-	-	-	548.16	(16.76)	-
Total (B)	**0.02**	**0.02**	**0.02**	**548.18**	**531.42**	**531.42**
Special Capital Incentives						
Opening Balance	3.77	3.77	6.77	8.74	8.74	8.74
Add: Received during the year	-	3.00	1.97	-	-	-
Total (C)	**3.77**	**6.77**	**8.74**	**8.74**	**8.74**	**8.74**
Revaluation Reserves						
Opening Balance	-	-	-	-	-	-
Less: Transferred to Profit & Loss A/c	-	-	-	-	-	-
Total (D)	**-**	**-**	**-**	**-**	**-**	**-**
General Reserve						
Opening Balance	406.52	496.52	636.52	839.91	899.91	938.38
Add: Transferred during the Year	90.00	140.00	230.00	60.00	59.00	-
Less: Adjustment on account of Depreciation for Pr. years	-	-	-	-	2.95	-
Less: Adjustment for retirement benefits for Pr. Years	-	-	26.60	-	17.58	-
Total (E)	**496.52**	**636.52**	**839.91**	**899.91**	**938.38**	**938.38**
Surplus						
As per Profit and Loss Account (F)	**1.76**	**4.34**	**2.07**	**348.99**	**601.98**	**892.21**
Total (A+B+C+D+E+F)	**503.82**	**649.40**	**852.49**	**1807.57**	**2082.28**	**2372.51**

Notes:

1. On November 24, 2010, the Directors of the Company have allotted 40,334,770 Equity Shares of Rs.10 each of the Company as bonus by capitalising a sum of Rs. 1.76 million from Capital Redemption Reserve and Rs. 401.59 million from General Reserve, pursuant to the approval of the shareholders in the Annual General Meeting held on November 9, 2010. Consequently, the equity share capital of the Company is increased to Rs. 414.87 million consisting of 41,487,192 Equity Shares of Rs.10 each.

ANNEXURE XIV

Unconsolidated Statement of Non-Operating Income, as Restated

(In Rs. million)

Particulars as at	**Year Ended on May 31,**					**Period ended on October 31,**
	2,006	**2,007**	**2,008**	**2,009**	**2,010**	**2,010**
Non Operating Income	15.23	23.66	34.78	21.73	50.96	21.32
Net Profit Before Tax and after Prior Period Items and Extra ordinary Items, as Restated	122.21	258.01	445.66	555.35	895.40	409.94
Non Operating Income as a Percentage to Net Profit	12.46%	9.17%	7.81%	3.91%	5.69%	5.20%

(In Rs. million)

Particulars as at	**Year Ended on May 31,**					**Period ended on October 31,**
	2,006	**2,007**	**2,008**	**2,009**	**2,010**	**2,010**
Non Related						
Non Recurring						
Interest	9.53	12.14	29.01	12.46	26.39	11.00
Dividend	-	0.00	-	0.00	0.01	0.03
Rent	0.18	0.18	0.18	0.18	0.11	-
Profit on sale of Assets	1.58	0.98	0.17	3.13	(0.26)	-
Miscellaneous Income	3.92	10.36	5.42	5.96	24.71	10.28
Total	**15.23**	**23.66**	**34.78**	**21.73**	**50.96**	**21.32**

Notes:

1. The Classification of "Non-operating Income" as Recurring and Related/not Related to Business Activities is based on the Current Operations and Business Activities of the Company as determined by the Management.

ANNEXURE XV

Unconsolidated Statement of Employee Cost, as Restated

(In Rs. million)

Particulars as at	**Year Ended on May 31,**					**Period ended on October 31,**
	2,006	**2,007**	**2,008**	**2,009**	**2,010**	**2,010**
Salary, Wages and Bonus	155.57	178.35	223.75	288.37	477.35	226.07
Contribution to Provident fund and other Funds	20.22	25.00	28.94	27.59	38.49	22.17
Employee Benefits	-	-	-	4.11	20.25	3.20
Staff Welfare Expenses	6.84	7.31	9.22	11.31	24.05	8.41
Total	**182.63**	**210.66**	**261.91**	**331.38**	**560.13**	**259.85**

ANNEXURE XVI

Unconsolidated Statement of Accounting Ratios, as Restated

Rs .in Million Except for per Share

Particulars as at	**Year Ended on May 31,**					**Period ended on October 31,**
	2,006	**2,007**	**2,008**	**2,009**	**2,010**	**2,010**
Earning Per Share						
Net Profit after Tax, as Restated	97.32	184.51	321.84	406.92	603.59	290.23
Weighted Average Number of Equity Shares outstanding during the year for Basic EPS	20,685,600	20,685,600	21,620,524	27,459,192	41,487,192	41,487,192
Weighted Average Number of Equity Shares outstanding during the year for Diluted EPS	20,685,600	20,685,600	21,620,524	27,459,192	41,487,192	41,487,192
Basic Earnings Per Equity Shares (Rs.)	4.70	8.92	14.89	14.82	14.55	7.00
Diluted Earnings Per Equity Shares (Rs.)	4.70	8.92	14.89	14.82	14.55	7.00
Return on Net Worth						
Net Profit after Tax, as Restated	97.32	184.51	321.84	406.92	603.59	290.23
Net Worth	509.57	655.15	859.34	1,819.10	2,093.81	2,384.04
Return on Net Worth (%)	**19.10%**	**28.16%**	**37.45%**	**22.37%**	**28.83%**	**12.17%**

Particulars as at	**Year Ended on May 31,**					**October 31,**
	2,006	**2,007**	**2,008**	**2,009**	**2,010**	**2,010**
Net Asset Value Per Equity Share						
Net Worth	509.57	655.15	859.34	1,819.10	2,093.81	2,384.04
Net Asset Value Per Equity Share (Rs.)	24.63	31.67	34.86	43.85	50.47	57.46
Total Number of Shares outstanding at the end of the year	20,685,600	20,685,600	24,653,592	41,487,192	41,487,192	41,487,192

Notes:

1.Earnings per Equity Share= $\frac{\text{Net Profit/(Loss) after tax as restated}}{\text{Weighted Average Number of Equity Shares outstanding during the year}}$

2.Return on Net Worth= $\frac{\text{Net Profit/(Loss) after tax as restated X 100}}{\text{Net Worth as restated at the end of the year}}$

3.Net Asset Value (NAV)= $\frac{\text{Net Worth as restated}}{\text{Total Number of Equity Shares outstanding at the end of the year}}$

4.On November 24, 2010, the Directors of the Company have allotted 40,334,770 Equity Shares of Rs.10 each of the Company as bonus by capitalising a sum of Rs. 1.76 million from Capital Redemption Reserve and Rs. 401.59 million from General Reserve, pursuant to the approval of the shareholders in the Annual General Meeting held on November 9, 2010. Consequently, the equity share capital of the Company is increased to Rs. 414.87 million consisting of 41,487,192 Equity Shares of Rs.10 each. Number of Equity Share for calculation of Earning per share for all the years have been adjusted for Bonus Equity Shares in line with Accounting Standard 20 "Earnings per share" notified by the Companies (Accounting Standard) Rules 2006. Number of Equity Shares for calculation of NAV for all the years have been adjusted for Bonus Equity Shares.

ANNEXURE XVII

Unconsolidated Statement of Capitalisation, as Restated

Rs.in Million

Particulars	Pre-Issue as at October 31, 2010	Post Issue
Short Term Debt	258.97	
Long Term Debt	270.04	
Total Debt	529.01	
Shareholders' Funds		
Equity Share Capital	11.52	
Reserves & Surplus (excluding Revaluation Reserve)	2,372.51	
Total Shareholders' Funds	2,384.04	
Short Term Debt/Equity Ratio	0.11	
Long Term Debt/Equity Ratio	0.11	
Total Debt/Equity Ratio	0.22	

Notes:

1. Short Term Debt represent Debts which are due within twelve months from October 31, 2010 and current portion of Long Term Debts, if any.
2. Long Term Debt represents Debt other than Short Term Debts, as defined above.
3. The corresponding post issue figures are not determinable at this stage pending the completion of the Book Building Process and hence have not been furnished.
4. Calculation of Ratios

   a) The Short Term Debt/Equity ratio has been calculated as per the following formula:-

   $$\frac{\text{Short Term Debt}}{\text{Total Shareholders' Fund}}$$

   b)The Long Term Debt/Equity ratio has been calculated as per the following formula:-

   $$\frac{\text{Long Term Debt}}{\text{Total Shareholders' Fund}}$$

   c)The Total Debt/Equity ratio has been calculated as per the following formula:-

   $$\frac{\text{Total Debt}}{\text{Total Shareholders' Fund}}$$

5. On November 24, 2010, the Directors of the Company have allotted 40,334,770 Equity Shares of Rs.10 each of the Company as bonus by capitalising a sum of Rs. 1.76 million from Capital Redemption Reserve and Rs. 401.59 million from General Reserve, pursuant to the approval of the shareholders in the Annual General Meeting held on November 9, 2010. Consequently, the equity share capital of the Company is increased to Rs. 414.87 million consisting of 41,487,192 Equity Shares of Rs.10 each.

ANNEXURE XVIII

Unconsolidated Statement of Related Party Disclosures, as Restated (As per Accounting Standard-18)

Related Parties with whom there are transactions

i. **Key Management Personnel and their relatives**

Vijay Darda
Devendra Darda
Rishi Darda
Karan Darda
Jyotsna Darda
Ramesh Bora
Bharat Kapadia
Rajendra J. Darda
Ashoo Darda
Rachana Darda
Sheetal Darda
Ruchira Darda
Veenadevi Darda
Purva Kothari
Ronak Kapadia

ii. **Associates Entities where Key Management Personnel have Significant Influence:**

Lokmat Entertainment Pvt. Ltd.
Asera Power Pvt. Ltd.
Darda Investment and Properties Pvt.Ltd
Media World Enterprises
Siddhivinayak Enterprises
Darda Printocrats Pvt.Ltd.
Mogra Scangraph Pvt.Ltd.
Regal Publication Pvt.Ltd.
Airwave Entertainment Pvt.Ltd.
Prithvi Prakashan Pvt.Ltd.
IBN-Lokmat News Pvt.Ltd.
Goldie Advertising and Marketing Services Pvt.Ltd.
Great Asera Infrastructure Pvt.Ltd.
Cozy Properties Private Limited

ANNEXURE XVIII

Unconsolidated Statement of Related Party Disclosures, as Restated (As per Accounting Standard-18)

Nature of Transaction	For the year ended May 31,										For the period ended October 31,	
Particulars	**Value of Transaction**	**Closing Balance**	**Value of Transaction**	**Closing Balance**	**Value of Transaction**	**Closing Balance**	**Value of Transaction**	**Closing Balance**	**Value of Transaction**	**Closing Balance**	**Value of Transaction**	**Closing Balance**
Key Management Personnel and their relatives												
Rent												
Vijay Darda	0.42	-	0.39	-	0.30	-	0.60	-	0.60	-	0.25	-
Karan Darda							0.10	-	0.36	-	0.02	-
Jyotsna Darda	-	-	-	-	-	-	0.10	-	0.12	-	0.05	-
Rajendra Darda	-	-	-	-	-	-	0.31	-	1.83	-	0.76	-
Rachana Darda	0.09	-	0.10	-	0.13	-	0.30	-	0.30	-	0.13	-
Ronak Kapadia	-	-	-	-	-	-	0.30	-	0.72	-	0.30	-
Remuneration												
Vijay Darda	8.46	2.74	10.74	5.36	26.08	9.73	23.27	8.49	34.10	19.32	15.20	28.36
Devendra V.Darda	4.26	-	4.03	-	13.44	-	12.10		12.10	-	5.04	-
Rishi Darda	-	-	-	-	-	-	3.43	1.41	31.75	19.66	9.56	24.18
Karan Darda	-	-	-	-	-	-	2.02	-	21.76	9.66	9.56	14.18
Jyotsna Darda	0.18	-	0.22	-	2.82	-	4.03	-	4.03	-	1.43	-
Ramesh S.Bora	0.97	-	1.14	-	1.21	-	1.58	-	1.59	-	1.06	-
Bharat Kapadia	-	-	-	-	-	-	1.57	-	7.96	-	3.45	-
Rajendra Darda	-	-	-	-	-	-	-	-	-	-	-	
Rachana Darda	0.12	-	0.12	-	0.63		0.66	-	0.65	-	0.22	-
Sheetal Darda	-	-	-	-	-	-	0.11	-	0.65	-	0.42	-
Ruchira Darda											0.18	-
Purva Kothari	-		-		-		-		0.65		0.28	
Professional Charges												
Rajendra Darda	-	-	-	-	-	-	2.20	-	5.50	-	-	
Ashoo Darda	-	-	-	-	-	-	0.60	-	3.00	-	-	
Sale of Newspapers												
Veenadevi Darda	-	-	-	-	-	-	3.25	-	20.23	-	6.69	-
Sheetal Darda	-	-	-	-	-	-	2.81	-	17.77	-	7.73	-
Ruchira Darda	-	-	-	-	-	-	-	-	-	-	1.77	-
Printing Charges												
Jyotsna Darda	-	-	-	-	-	-	0.36	-	0.52	-	-	
Interest												
Vijay Darda	-	-	-	-	-	-	0.27	-	0.53	-	0.00	
Jyotsna Darda	-	-	-	-	-	-	0.21	-	0.20	-	-	
Sale of Properties												
Vijay Darda	-	-	11.10	-	-	-	-	-	-	-	-	

Nature of Transaction	For the year ended May 31,										For the period ended October 31,	
Particulars	**Value of Transaction**	**Closing Balance**	**Value of Transaction**	**Closing Balance**	**Value of Transaction**	**Closing Balance**	**Value of Transaction**	**Closing Balance**	**Value of Transaction**	**Closing Balance**	**Value of Transaction**	**Closing Balance**
Jyotsna Darda	-	-	5.50	-	-	-	-	-	-	-	-	
Loans Sold												
Vijay Darda	-	-	-	-	-	-	-	-	-	-	9.85	
Purchase of Equity Shares												
DevendraDarda	-	-	-	-	-	-	-	-	-	-	0.02	
Rishi Darda	-	-	-	-	-	-	-	-	-	-	0.02	
Loans and Advances taken / (repaid)												
VijayDarda	0.06	0.15	(0.15)	-	0.48	0.48	4.52	5.00	- 5.00	0.00	0.20	0.09
DevendraDarda	0.14	0.17	(0.06)	0.11	0.39	0.50	(0.50)	-			0.20	0.20
JyotsnaDarda	-	-	0.01	0.01	0.18	0.19	4.31	4.50	- 4.50	-	0.10	0.10
RachanaDarda	-	-	-	-	-	-	-	-	-	-	0.10	0.10
Rishi Darda	(0.01)	0.00	(0.00)	0.00	0.00	0.00	(0.00)	-	0.49	0.49	-	-
KaranDarda	-	-	-	-	-	-	-	-	0.49	0.49	-	-
Loans and Advances given / (Received back)												
Vijay Darda	-	-	0.07	0.07	(0.07)	-	0.01	0.01	-	-	-	-
Jyotsna Darda	0.08	0.08	(0.08)	-	-	-	-	-	-	-	-	-
DevendraDarda	-	0.70	-	0.70	(0.70)	-	0.01	0.01	-	-		
Sale of Interest in Partnership Firm												
Vijay Darda	-	-	-	-	-	-	-	-	0.73	-	-	-
Jyotsna Darda	-	-	-	-	-	-	-	-	0.73	-	-	-
Associates Entities where Key Management Personnel have Significant Influence:												
Rent												
Darda Investment and Properties Private Limited	4.78	-	4.78		5.55		5.62	0.04	6.37	-	2.31	-
Darda Printocrats Private Limited							1.32	-	7.94	1.20	3.31	-
Regal Publication Private Limited									0.21	-	0.35	0.35
Advertisement Expenses												
IBN-Lokmat News Pvt.Ltd.							43.22	17.98	38.16	(3.98)	(0.00)	1.02

Nature of Transaction	For the year ended May 31,										For the period ended October 31,	
Particulars	**Value of Transaction**	**Closing Balance**	**Value of Transaction**	**Closing Balance**	**Value of Transaction**	**Closing Balance**	**Value of Transaction**	**Closing Balance**	**Value of Transaction**	**Closing Balance**	**Value of Transaction**	**Closing Balance**
Interest Paid												
Darda Investment and Properties Private Limited	0.84	-	0.68	-	-	-	-	-	-	-	-	
Interest Received												
Cozy Properties Private Limited					4.60	3.56						
Printing Charges												
Mogra Scangraph Private Limited							1.31	0.01	13.26	-	7.77	(0.00)
Prithvi Prakashan Private Limited					(4.12)		(2.48)					
Purchase of Goods												
Media World Enterprises	6.26	-	5.91	-	6.21	-	7.35	-	12.91	-	-	
Sales of Newspapers												
Siddhivinayak Enterprises							-	-	88.84	3.17	36.07	3.55
Purchase of Equity Shares												
Asera Infrastructure Private Limited											0.05	
Investment												
Lokmat Entertainment Pvt. Ltd.	-	-	-	-	-	-	-	-	0.10	0.10		0.10
Asera Power Pvt. Ltd.											-	0.10
Airwave Entertainment Pvt.Ltd.	-	-	-	-	0.10	0.10	-	0.10	-	-		
IBN-Lokmat News Pvt.Ltd.	-	-	-	-	86.25	86.25	64.00	150.25	160.00	310.25	35.00	345.25
Goldie Advertising and Marketing Services Private Limited	-	-	-	-	-	-	2.53	13.78	1.80	15.58	0.82	16.41
Great Asera Infrastructure Private Limited									2.50	2.50	-	2.50
Cozy Properties Private Limited					-	-	78.56	78.56	1.15	158.26	-	158.26
Loans and Advances taken / (repaid)												
Darda Investment and	(4.65)	5.55	(5.55)	-								

Nature of Transaction	For the year ended May 31,										For the period ended October 31,	
Particulars	**Value of Transaction**	**Closing Balance**	**Value of Transaction**	**Closing Balance**	**Value of Transaction**	**Closing Balance**	**Value of Transaction**	**Closing Balance**	**Value of Transaction**	**Closing Balance**	**Value of Transaction**	**Closing Balance**
Properties Private Limited.												
Loans and Advances/ Deposit given / (Received back)												
Airwave Entertainment Pvt.Ltd.					5.50	5.50	-	5.50	12.85	18.37	(18.37)	-
Goldie Advertising and Marketing Services Private Limited	0.02	0.82	9.20	10.02	1.23	11.25	-	-	-	-		
Prithvi Prakashan Private Limited							(1.58)	(15.19)	(7.12)	(0.01)		
Cozy Properties Private Limited	-	-	-	-	75.00	75.00	-	-	-	-		
Darda Printocrats Private Limited	(0.13)	-					-	4.97		4.97		4.97
Mogra Scangraph Private Limited									1.49	1.49		
Darda Investment and Properties Private Limited.	(0.02)	2.88	1.26	4.15	(1.27)	2.87	0.02	2.89	(0.04)	2.85		2.85

ANNEXURE XIX

Unconsolidated Statement of Dividend, as Restated

Particulars as at	May 31,					October 31,
	2,006	2,007	2,008	2,009	2,010	2,010
Equity Shares						
Number of Shares (Note-1)	574,600	574,600	684,822	1,152,422	1,152,422	1,152,422
Face Value per Share (Rs.)	10	10	10	10	10	10
Paid up Capital (Rs.)	5,746,000	5,746,000	6,848,220	11,524,220	11,524,220	11,524,220
Rate of Dividend	170%	640%	1175%	0%	2167%	0%
Total Dividend (In Rs. million)	9.77	36.77	80.44	-	249.73	-
Corporate Dividend Tax (Net) (In Rs. million)	1.37	5.16	13.67	-	41.86	-

Notes:
1. No.of Equity Shares are as it existed on last date of relevant year except for the year ended as at May 31, 2008 wherein 110,222 equity shares were not considered for payment of Interim Dividend, as Interim Dividend was declared before issuance of such shares.

ANNEXURE XX

Unconsolidated Tax Shelter Statement, as Restated

(In Rs. million)

Particulars	Year Ended on May 31,					Period ended on October 31,
	2,006	**2,007**	**2,008**	**2,009**	**2,010**	**2,010**
Profit Before Current & Deferred Taxes as restated (A)	122.21	258.01	445.66	555.35	903.80	409.94
Notional Tax Rate @	0.34	0.34	0.34	0.34	0.34	0.33
Minimum Alternate Tax Rates (MAT)	0.08	0.11	0.11	0.11	0.17	0.17
Tax @ Notional Rate	41.13	86.84	151.48	188.76	307.20	136.17
Adjustments						
Permanent Differences						
Deductions U/S 24 (a) of the Act	(0.06)	(0.06)	(0.06)	(0.06)	(0.05)	-
Expenses Disallowed	(0.63)	(0.91)	0.09	(1.75)	(0.78)	(3.27)
Dividend Income exempt under I.T.Act	-	0.00	-	0.00	0.01	-
Total (B)	(0.68)	(0.96)	0.04	(1.80)	(0.81)	(3.27)
Temporary Differences						
Difference between tax depreciation and book depreciation	12.78	16.97	(4.66)	2.12	36.90	(14.08)
Share issue Expenses	-	-	0.04	-	0.19	-
Other Adjustments	(50.87)	(59.26)	(92.36)	(136.40)	(229.70)	(48.62)
Total (C)	(38.09)	(42.29)	(96.98)	(134.28)	(192.62)	(62.70)
Net Adjustments	(38.77)	(43.26)	(96.94)	(136.08)	(193.43)	(65.98)
Taxable Income, as Restated (A+B+C)	83.44	214.75	348.71	419.27	710.38	343.96
Tax Liability on Income, as Restated	28.08	72.28	118.53	142.51	241.46	114.26

Notes:

1. The aforesaid Statement of Tax Shelter is based on the Profit (Losses) as per the Restated, unconsolidated Summary Statement of Profits and Losses.
2. Information pertaining to the period ended October 31, 2010 is as per draft computation prepared, as return of income is not yet due for filing.

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

The following is a discussion and analysis of our consolidated financial condition and results of operations, and certain trends, risks and uncertainties that may affect our business. The significant accounting policies section discloses certain accounting policies and management judgments that are material to our financial results of operations and financial condition for the periods presented in this section. The discussion and analysis of our results of operations is presented in the following sections: the five month period ended October 31, 2010, the fiscal year ended May 31, 2010 compared with the fiscal year ended May 31, 2009 and the fiscal year ended May 31, 2009 compared with the fiscal year ended May 31, 2008. Disclosure relating to liquidity and financial condition and the trends, risks and uncertainties that have had or that are expected to affect revenues and income complete the management's discussion and analysis.

Prospective investors should read this discussion and analysis of our consolidated financial condition and results of operations in conjunction with the restated consolidated summary statements and the notes thereto set forth elsewhere in this Draft Red Herring Prospectus. The following discussions are based on our restated consolidated summary statements which have been prepared in accordance with the SEBI Regulations.

This discussion contains forward-looking statements and reflects our current views with respect to future events and financial performance that involve risks and uncertainties. Actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors such as those set forth in the section titled "Risk Factors" and elsewhere in this Draft Red Herring Prospectus.

Our restated consolidated financial statements are prepared in conformity with Indian GAAP which differs in certain significant respects from U.S. GAAP and other accounting and auditing standards with which prospective investors may be familiar with in other countries. We do not provide a reconciliation of our restated consolidated financial statements to U.S. GAAP and we have not otherwise described, quantified or identified the impact of the differences between Indian GAAP and U.S. GAAP as applied to our restated consolidated financial statements. As there are significant differences between Indian GAAP and U.S. GAAP, there may be substantial differences in our results of operations, cash flows and financial position if we were to prepare our financial statements in accordance with U.S. GAAP instead of Indian GAAP. See "Risk Factors—Significant differences exist between Indian GAAP and U.S. GAAP which may be material to the restated financial statements prepared and presented in accordance with SEBI Regulations contained in this Draft Red Herring Prospectus" on page xli.

OVERVIEW

We are one of the leading print media businesses in India. We publish three newspapers: *Lokmat* in Marathi, *Lokmat Samachar* in Hindi and *Lokmat Times* in English which collectively have 17 editions and 58 sub-editions. Our flagship newspaper *Lokmat* has been the leading Marathi newspaper in terms of average daily circulation and average daily readership in Maharashtra in 2008, 2009 and for the six month period ended June 30, 2010 *(Source: ABC January-June and July-December, 2008 and 2009 and January-June, 2010 and IRS 2008 R2, IRS 2009 R2 and IRS 2010 Q3)* and in terms of average daily circulation in Goa in 2009 and for the six month period ended June 30, 2010 *(Source: ABC, July-December 2009 and January-June 2010).* The average daily readership of *Lokmat* is 7.81 million readers, rendering it the sixth most widely read newspaper in India *(Source: IRS 2010 Q3)*. By total readership, *Lokmat* is the fifth most widely read newspaper in India with 23.67 million readers *(Source: IRS 2010 Q3)*.

In addition to newspapers, our publication business comprises the publication of magazines including *G2, The Global Gujarati ("**G2**"),* a bi-monthly lifestyle magazine published in English and targeted at the Gujarati and Parsi communities in India and in certain international locations, and the publication of books. Our publication business also includes our event management business. In addition to our publication business, we have other businesses comprising the broadcasting of a Marathi news channel and film production and distribution.

Lokmat is one of the fastest growing newspapers in India with a growth in average daily readership of more than 16.48% from 2007 (when it had an average daily readership of approximately 6.70 million readers) to 2010 (when it had an average daily readership of approximately 7.81 million readers) *(Source: IRS 2007 R2 and IRS 2010 Q3).* In order to keep pace with the changing trend towards digitalisation of news content, we have launched online versions of our Marathi, Hindi and English newspapers-*Lokmat* in 2005 and *Lokmat Samachar* and *Lokmat Times* in 2009.

Our broadcasting business is conducted through a 50-50 joint venture with ibn18 Broadcast Limited ("**ibn18**"). The joint venture company, IBN-Lokmat News Private Limited ("**IBNL**"), operates *IBN-Lokmat,* a 24-hour Marathi news and current affairs television channel which went on air on April 6, 2008. We have also recently entered the film production and distribution business and in August 2010, released our debut film in Marathi, entitled "Jetaa", in association with Ramesh Deo Production Private Limited ("**RDPPL**").

We are also engaged in organising events such as meetings, incentives, conventions and exhibitions ("**MICE**") and mega events for our group and for third party clients. For the past 10 years, we have been involved in organising various community events in Maharashtra.

As of October 31, 2010, our fixed assets (net block) including capital work in progress were Rs. 1,438.94 million. Our total revenues, as restated, for the five month period ended October 31, 2010, were Rs. 1,906.38 million, of which 96.79% is attributable to our publication business. Our net profit before tax, as restated, for the five month period ended October 31, was Rs. 357.75 million. Our stand-alone circulation revenue, advertising revenue and other operating revenue relating to our publication business for the five month period ended October 31, 2010 constituted 23.56%, 70.97% and 2.39%, respectively, of our total revenues for that period.

As of May 31, 2009 and 2010, our fixed assets (net block) including capital work in progress were Rs. 1,322.75 million and Rs. 1,182.02 million, respectively. Our total revenues, as restated, for the years ended May 31, 2009 and 2010, were Rs. 3,789.64 million and Rs. 3,912.10 million, respectively, of which 98.64% and 97.38%, respectively, is attributable to our publication business. Our net profit before tax, as restated, for the years ended May 31, 2009 and 2010, was Rs. 525.18 million and Rs. 779.25 million, respectively. Our stand-alone circulation revenue, advertising revenue and other revenue relating to our newspaper and *G2* publication business for the fiscal year ended May 31, 2010 constituted 27.43%, 67.57% and 2.37%, respectively, of our total revenues.

BASIS OF PRESENTATION

We have included in this Draft Red Herring Prospectus consolidated financial statements, as restated, for the five month period ended October 31, 2010 and for the five fiscal years ended May 31, 2010. The following table provides a list of entities and the periods for which they have been consolidated.

Fiscal year ended on May 31,	2006	2007	2008	2009	2010	Five month period ended October 31, 2010
Wholly owned Subsidiaries						
AEPL	N. A.	N. A.	100.00%	100.00 %	100.00% (Note 1)	N. A.
LEPL	N. A.	N. A.	N. A.	N. A.	100.00%	100.00%
APPL	N. A.	N. A.	N. A.	N. A.	N. A.	100.00%
Indirect Subsidiary						
PPPL (subsidiary of AEPL)	N. A.	N. A.	51.00%	51.00%	51.00% (Note 2)	N. A.
Joint Venture						
IBNL	N. A.	N. A.	50.00%	50.00%	50.00%	50.00%
Partnership						
Sandeep Layout	50.00%	50.00%	50.00%	50.00%	50.00% (Note 3)	N. A.

Notes:

1. *AEPL became a subsidiary of the Company with effect from August 11, 2007. The Company subsequently transferred its shareholding in AEPL to a Group Company and AEPL ceased to be a subsidiary of the Company with effect from May 31, 2010.*

2. *AEPL acquired 51% of the equity share capital of PPPL on March 7, 2008. Consequently, PPPL became an indirect subsidiary of the Company with effect from March 7, 2008. PPPL's publication business was demerged and acquired by the Company with effect from April 1, 2009. Pursuant to the transfer of shares of AEPL stated in Note 1 above, PPPL ceased to be an indirect subsidiary of the Company with effect from May 31, 2010.*

3. *The Company has divested its stake in partnership firm, M/s. Sandeep Layout, with effect from May 29, 2010.*

Indian Accounting Standard 21 allows for the consolidation of entities with differing fiscal years or periods. The Company's fiscal year ends on May 31. However, all other entities which have been consolidated have fiscal years ending on March 31. For the five month period ended October 31, 2010, the Company's fiscal period ends on October 31. However, all other entities which have been consolidated have fiscal periods ending on September 30, 2010.

Our publication business accounted for 96.79% of our revenue for the five month period ended October 31, 2010 and 97.38% of our revenue for the fiscal year ended May 31, 2010. Historically, our publication business was carried out by the Company and PPPL. The businesses of both these companies were identical; however, they published *Lokmat* from different publication centers. In addition, PPPL used to publish *Lokmat* under the name *Dainik Lokmat* until it started using the name *Lokmat* under license from the Company in calendar year 2007. The Company's wholly owned subsidiary AEPL acquired 51% of PPPL's shares on March 7, 2008 (the "date of acquisition"), and as a result, PPPL became the Company's indirect subsidiary with effect from the date of acquisition. PPPL's fiscal year commences on April 1 and ends on March 31.

In the fiscal year ended May 31, 2009, PPPL's publication business was demerged pursuant to a court sanctioned scheme of arrangement and all assets and liabilities relating to its publication business were transferred to the Company with effect from April 1, 2009. Consequently, in the fiscal year ended May 31, 2009, PPPL continued to be the Company's indirect subsidiary for the period beginning June 1, 2008 to May 31, 2009, the publication business of PPPL was merged into our Company pursuant to the court sanctioned demerger.

An analysis of the implications of the above transactions and the manner in which the publication business of PPPL is accounted for in the consolidated financial statements of the Company is set forth below:

Sl. No.	Fiscal year of the Company	Period during which PPPL's publication business is accounted for in the Company's consolidated financial statements	No. of months	Particulars
1	**2007 – 2008:** June 1, 2007 to May 31, 2008	April 1, 2007 to March 31, 2008	12	PPPL became an indirect subsidiary of the Company on March 7, 2008. As a result, PPPL's financial results for the period April 1, 2007 to March 31, 2008 were consolidated with the Company's financial statements for the fiscal year ended May 31, 2008. PPPL's balance sheet and profit and loss line items were fully consolidated into the Company's balance sheet and profit and loss statements, respectively, and necessary adjustments were carried out for minority interests and pre-acquisition profits in respect of PPPL.
2	**2008 – 2009:**	April 1, 2008 to March	12	During this period, PPPL remained the

Sl. No.	Fiscal year of the Company	Period during which PPPL's publication business is accounted for in the Company's consolidated financial statements	No. of months	Particulars
	June 1, 2008 to May 31, 2009	31, 2009		Company's indirect subsidiary. Its financial results were fully consolidated with the Company's financial statements for the fiscal year ended May 31, 2009.
		April 1, 2009 to May 31, 2009	2	With effect from April 1, 2009, PPPL's publication business was demerged pursuant to a court sanctioned scheme and with effect from this date PPPL's publication business was merged into the Company and was accounted for as the Company's business.
3	**2009 – 2010:** June 1, 2009 to May 31, 2010	June 1, 2009 to May 31, 2010	12	With effect from April 1, 2009, following the demerger, PPPL's publication business was merged into the Company. PPPL's publication business was accounted for as the Company's business.

As a result, in the fiscal year ended May 31, 2009, PPPL's publication business has been accounted for a period of 14 months as compared against the fiscal year ended May 31, 2008 and the fiscal year ended May 31, 2010, in which PPPL's publication business was accounted for a period of 12 months each. Consequently, our year-on-year comparison of income and expenditure is affected.

In order to provide a comparable year-on-year analysis of two of our key revenue line items, advertisement revenues and circulation revenues, the year-on-year comparison elsewhere in this section includes revenue information for the fiscal year ended May 31, 2009 after removing the portion of PPPL's publication business that was conducted between April 1, 2009 to May 31, 2009. As a result, advertisement revenue and circulation revenue relating to PPPL's publication business is presented excluding the effect of the additional two months for which PPPL was consolidated in the fiscal year ended May 31, 2009 ("adjusted advertisement revenue" and "adjusted circulation revenue", respectively).

The following table sets forth our adjusted advertisement and adjusted circulation revenues for the fiscal years ended May 31, 2008, 2009 and 2010:

Particulars	Fiscal year ended May 31, 2008	Fiscal year ended May 31, 2009	Fiscal year ended May 31, 2010
	(In Rs. millions)		
Adjusted advertisement revenues	2,059.42	2,438.89	2,687.32
Adjusted circulation revenues	799.89	983.56	1,073.27

The following table sets forth information on the growth in percentage terms of our adjusted advertisement and adjusted circulation revenues during the three fiscal years presented:

Particulars	Growth (%) : Fiscal year ended May 31, 2009 v. Fiscal year ended May 31, 2008	Growth (%) : Fiscal year ended May 31, 2010 v. Fiscal year ended May 31, 2009
Adjusted advertisement	18.43	10.19

Particulars	Growth (%) : Fiscal year ended May 31, 2009 v. Fiscal year ended May 31, 2008	Growth (%) : Fiscal year ended May 31, 2010 v. Fiscal year ended May 31, 2009
revenues		
Adjusted circulation revenues	22.96	9.12

The presentation of our adjusted advertisement revenues and adjusted circulation revenues is set forth in the year-on-year comparison elsewhere in this section. In addition, our advertisement and circulation revenues are presented on the basis of the restated financial statements disclosed in the section titled "Financial Statements". Except for the presentation of adjusted advertisement revenues and adjusted circulation revenues in the manner described above, the remaining portion of this section has been drafted on the basis of restated financial information disclosed in the section titled "Financial Statements".

The restated financial statements of IBNL have been combined by using the proportionate consolidation method and consequently, the Company's share of each of the assets, liabilities, income and expenses of IBNL is consolidated in accordance with the Indian Accounting Standard (AS-27) 'Financial Reporting of Interests in Joint Ventures'.

SIGNIFICANT FACTORS AFFECTING RESULTS OF OPERATIONS

Our results of operations and financial condition are affected by a number of factors, including the following, which are of particular importance:

- Advertisement revenue;
- Sales of newspapers and magazines;
- Cost of raw materials;
- Launch of new editions, sub-editions and re-launches;
- Personnel expenses;
- Competition;
- Foreign currency; and
- Macroeconomic factors in India.

Advertisement Revenue

We derive a significant portion of our total revenue from advertisement revenues primarily from our publication business. For the fiscal years ended May 31, 2008, 2009 and 2010, and for the five month period ended October 31, 2010, advertisement revenue constituted 66.12%, 68.14%, 67.57% and 70.97%, respectively, of our total revenue.

Our advertisers from our publication business can be broadly classified into local advertisers and national advertisers. Our local advertisers generally include state and local government authorities and agencies, retail and regional customers whereas our national advertisers include the central government, companies with large-scale operations in multiple cities or at a national level. Advertising is done on a national, regional and local level.

We set our advertising rate cards from time to time, taking into account market trends and our competition. Our rates are denominated in rupees per square centimeter. In accordance with the INS rules, our rates are inclusive of advertising agency commissions. Our basic rates for advertising space are generally fixed. However, we charge a premium for specific upgrades based on, among other factors:

- the category of the advertisement, including display, government, tenders, classifieds and supplements;

- the size and positioning of the advertisement (for example, front page or back page) in the newspaper and, in some cases, the positioning of the advertisement on the relevant page, frequency of advertisements;

- innovative designs of the advertisement; and

- whether the advertisement is in colour or black and white.

Special rates may be given with respect to clients who agree to publish in all editions, certain advertisers from rural areas, large campaigns or full page releases, or we may provide volume incentives to certain agencies and customers, based on an assured commitment of volume of business. Changes in market trends could result in our advertisers demanding price reductions, or changing certain terms of their contracts with us, which may adversely impact our business, results of operations and financial condition.

We sell advertisement space in our newspapers and magazines through advertising agencies as well as directly to clients. The sale of advertisement space to government authorities is generally done through the DAVP, DIPR and other designated authorities. Individuals and small enterprises advertise in our classified sections directly with us or through local advertising agents. The rates for advertisement from the Government (known as DAVP rates) are fixed by the DAVP on the basis of a formula and are revised at fixed intervals. These rates are at a substantial discount to commercial rates.

Our advertisement revenue from our publication business is affected significantly by our readership and circulation as well as the competition that we face from other players in the media industry, all of which drive demand for advertising and the advertising rates which we can charge. While circulation revenue is an important source of revenue, it does not cover our production costs including newsprint cost. This is a common feature of the Indian newspaper industry. Our production costs are partially subsidised by advertisement revenue. There is usually a time lag between increases in circulation and increases in advertisement revenue. Any increase in circulation of our newspapers without an increase in our advertisement revenue to at least offset the increased costs of production would adversely affect our results of operations. Our advertisement revenue is also affected by our advertisement to editorial content ratio which we believe is low currently. We are able to offer our advertisement customers content value including premium printing and colour printing of their advertisements which enables us to increase our advertisement rates and consequently, advertisement yield.

We recognize our advertisement revenue in relation to our newspapers publication business as and when advertisements are published/displayed and we disclose it net of commissions and discounts. For further details about how we price and collect our advertisement revenue in relation to our publication business, refer to the section titled "Our Business—Advertising—Advertising—Newspapers—Advertising Rates" on page 110. The Company recognizes its share of IBNL's advertisement revenue on an accrual basis upon the telecast of advertisements and in accordance with IBNL's contractual obligations with advertisers. For further details about how IBNL prices and collects its advertisement revenue, refer to the section titled "Our Business—Advertising—Advertising—IBNL" on page 115.

IBNL's advertisement revenue is affected significantly by the viewership of *IBN-Lokmat*, a 24 - Marathi news and current affairs channel, as well as the competition which it faces from, among other Marathi news channels, including *Star Mazaa* and *Zee 24 Tas*, all of which drive demand for advertising and the advertising rates which IBNL charges.

Sale of Newspapers and Magazines

We also earn revenues from selling newspapers and magazines. For the five month period ended October 31, 2010 and the fiscal years ended May 31, 2008, 2009 and 2010, our sale of news and publications accounted for 23.56%, 25.68%, 28.03% and 27.43% of our total income, respectively.

Our newspaper and magazines are sold through various channels under direct or indirect control of our sales team, which comprise, (i) regular sales through trade, (ii) subscription sales through trade, (iii) cash sales through stalls, and (iv) institutional sales such as to airlines and hotels.

We recognize revenue when the significant risks and rewards of ownership have passed on to the buyer and it is disclosed net of sales returns and discounts at the point at which our agents provide us with the net amount of newspapers and magazines sold. Our agents return unsold newspapers and magazines to us from time to time which are sold as scrap and accounted as other operating income. For further details about how we price and distribute our newspapers and magazine, refer to the section titled "Our Business—Sales and Circulation" on page 106.

Circulation revenue from our publication business is significantly affected by the quality of our publications, the reach of our publications and the loyalty of our readers. Circulation in the Indian market is also largely affected by price and therefore, the circulation of our publications may be adversely affected if we fail to meet any price competition. In addition, circulation revenue is impacted by our market position in and strategy relating to a particular market. For example, in new markets, we may have to resort to invitational pricing whereas in markets where we are leaders, we can charge higher cover prices.

Cost of Raw Materials

Newsprint is the major raw material and the most significant cost to our publication business. For the five month period ended October 31, 2010, newsprint costs totaled Rs. 698.66 million representing 36.65% of our total revenue and 48.22% of our total costs (excluding financial expenses and depreciation/amortisation). For the fiscal year ended May 31, 2010, newsprint costs totaled Rs. 1,344.32 million representing 34.36% of our total revenue and 46.24% of our costs (excluding financial expenses and depreciation/amortisation).

We purchase our newsprint from both domestic and international suppliers on an as needed basis by way of purchase orders and not by way of medium or long term contracts. For the five month period ended October 31, 2010 and for the fiscal year ended May 31, 2010, we consumed 61.70% and 73.47%, respectively, of our annual newsprint requirements sourced from suppliers of Indian newsprint, with the balance sourced from suppliers of international newsprint.

The price of newsprint, both domestically and internationally, has historically been both cyclical and volatile. We typically conduct spot purchases of newsprint. Different newsprint prices prevail in markets like Europe and Canada from where we import newsprint, due to a variety of factors, including demand and supply and freight rates. Prices of newsprint in India are also volatile. Generally, in periods of low pricing, Indian newsprint prices are relatively lower than international prices as newsprint producers generally prefer to ship their surplus stock to countries such as India to maintain pricing in their home markets and avoid situations of over-supply. Likewise, in a high-pricing scenario, prices in India generally firm up faster than international prices due to the relatively low bargaining power of Indian newsprint consumers and the preference of the international manufacturers to first meet the demand of their larger customers in other countries.

In addition, our costs of newsprint are affected by the following key factors:

- increases in the volume of newspapers printed,
- quality of the newsprint,
- increases in the number of pages of newspapers printed,
- changes in the mix between black and white and colour pages,
- efficiency of our printing technology which results in reduced newsprint waste, and
- costs incurred in transporting newsprint from our suppliers' storage facilities to our storage facilities.

Launch of New Editions, Sub-editions and Re-launches

We intend to increase the reach of our publications across existing and new geographies. Recently, we have successfully launched *Lokmat* in Goa and re-launched the Pune edition of *Lokmat* gaining market share in these areas in a relatively short time frame. As we expand our geographic reach, we expect to incur significant operational expenditure for the first two to four years of publication as well as capital expenditure in setting up new printing facilities and other infrastructure. Monetisation of our investments in new markets depends on our ability to establish our brand in these regions, consolidate our presence and gain market share. In addition, we incur marketing costs prior to the launch or re-launch of a new edition, sub-edition or supplement. Over time, new editions, sub-editions and supplements mature and we expect will eventually achieve the profitability levels which they are anticipated to achieve in the medium to longer term.

Personnel Expenses

Salaries and employee benefits are among our significant costs. Due to the recent economic growth in India and increased competition for skilled employees, pay for skilled employees such as ours are increasing at a fast rate. In addition, we must comply with orders of the statutory wage board relating to employee compensation. Accordingly, in order to remain competitive, we may have to increase our levels of employee compensation to attract and retain the quality of staff that our business requires, which could have a significant impact on our profit margins.

Competition

The Indian newspaper and broadcasting industries are intensely competitive. In each of our major markets, we face competition from other newspapers for circulation, readership and advertising, which depend on the cover price, quality of editorial content and circulation of our newspapers. In addition, we face competition from other forms of media including, but not limited to, television, magazines, radio and internet websites. These other forms of media compete with newspapers for advertisers and also for the time and attention of our readers. In our business, competition for circulation and readership results in our competitors reducing the cover prices of their newspapers and competition for advertising from newspapers has often resulted in our competitors reducing advertising rates or offering price incentives to advertising customers. If we are not able to compete effectively, our business, results of operations and financial condition could be adversely affected.

Foreign Currency

We are exposed to fluctuations in the US dollar and Euro since our purchases of newsprint from international suppliers and printing machinery are denominated in US dollars and Euro, respectively. We have short term loans denominated in US dollars. We generally do not enter into any hedging transactions in relation to fluctuations in the US dollar or Euro cost component of our newsprint purchases. See "Risk Factors—Exchange rate fluctuations may adversely affect our business, results of operations, financial condition and prospects" on page xxvi.

Our foreign currency exposure primarily relates to our import of newsprint and printing machinery, which is priced in US dollars and Euro, respectively. Foreign currency transactions are recorded in Rupees by applying the exchange rate between the Rupee and the foreign currency prevailing at the date of the transaction to the foreign currency amount. Foreign currency monetary items are reported using the closing rate.

Foreign currency exchange differences arising on the settlement of monetary and non-monetary items at rates different from those at which they were initially recorded during the year or reported in previous financial statements are recognised as income or expense in the year in which they arise.

Adverse movements in foreign exchange rates (e.g., depreciation of the Rupee), to the extent unhedged, may adversely affect our business, results of operations, financial condition and prospects.

Macroeconomic factors in India

As our business is based in India, macroeconomic factors including the growth of the Indian economy, economic growth of Maharashtra, literacy rates in Maharashtra, government expenditure, interest rates, inflation and the political and economic environment, have a significant impact on our business, results of operations, financial condition and prospects.

SIGNIFICANT ACCOUNTING POLICIES

Significant accounting policies are those that are both (i) relevant to the presentation of the Company's financial condition and results of operations and (ii) require management's most difficult, subjective or complex judgments, often as a result of the need to make estimates about the effect of matters that are inherently uncertain. As the number of variables and assumptions affecting the possible future resolution of the uncertainties increase, those judgments become even more subjective and complex. In order to provide an understanding of how the Company's management forms its judgments about future events, including the variables and assumptions underlying its estimates, and the sensitivity of those judgments to different circumstances, the Company has identified the significant accounting policies discussed below. While the Company believes that all aspects of its financial statements should be studied and understood in assessing its current and expected financial condition and results of operations, it believes that the following significant accounting policies warrant particular attention. For further details, refer to the section titled "Financial Information".

Use of Estimates. The preparation of financial statements in conformity with Indian GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosure of contingent liabilities on the date of financial statements and the reported amounts of revenues and expenses during the reporting year. The recognition, measurement, classification or disclosure of an item or information in the financial statements has been made relying on these estimates to a greater extent.

Revenue Recognition. Revenue is recognised to the extent that it is probable that the economic benefits will flow to our Company and the revenue can be reliably measured. Specifically, the following basis is adopted.

- *Advertisements*. Revenue in relation to the publication business is recognised as and when advertisements are published and is disclosed net of commissions and discounts. Revenue in relation to the Company's share of IBNL's advertisement revenue is recognised on an accrual basis on the telecast of advertisements by IBNL and in accordance with IBNL's contractual obligations to its advertisers. Revenue from sponsorship contracts is recognised proportionately over the term of the relevant sponsorship.

- *Sale of Publications, Waste Paper and Scrap*. We recognize revenue when the significant risks and rewards of ownership have passed on to the buyer and is disclosed net of sales return, commissions and discounts. Unsold newspapers and magazines are returned to us to be sold as scrap and accounted as other operating income.

- *Printing Job Work*. Revenue from printing job work is recognised on the completion of the job work as per the terms of the job work agreement.

- *Interest*. Revenue is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

- *Dividend.* Revenue is recognised if the right to receive dividend has been established.

Depreciation/Amortisation/Impairment of Assets. Depreciation is provided on a written down value basis at the rates computed based on estimated useful life of the assets, which are equal to the corresponding rates prescribed in Schedule XIV to the Companies Act.

We assess at each balance sheet date whether there is any indication that any asset may be impaired. If any such indication exists, the carrying value of such asset is reduced to its recoverable amount and the amount of such impairment loss is charged to the income statement. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, then such loss is reversed and the asset is restated to that effect.

Fixed assets with a value less than or equal to Rs. 5,000 are fully depreciated in the year of purchase.

Intangible assets are amortised over their useful life, not exceeding five years.

Provisions. A provision is recognised when the Company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are determined based on best estimate required to settle the obligation at each balance sheet date. These are reviewed at each balance sheet date and are adjusted to reflect the current best estimates.

CHANGES IN ACCOUNTING POLICIES

There have been no changes in accounting policies in relation to the financial operations of the Company during the last three fiscal years ended May 31, 2010 nor during the five month period ended October 31, 2010.

RESULTS OF OPERATIONS

The profitability of our publication business is largely determined by advertisement and circulation revenue as well as the costs of raw materials, in particular newsprint, operating expenses and other expenditures. The Company's share of IBNL's profitability is affected by IBNL's operations. Our financial performance is also affected by a number of variables external to us and the media industry, including political, economic and social conditions in India. For a description of these and other factors affecting our financial performance, refer to the section titled "Risk Factors" on page xiv.

Income

Our total income comprises (i) operating income and (ii) non operating income. The following table sets out our operating income and non operating income in Rupees in millions on a consolidated basis and as a percentage of our total income for the periods indicated:

	Fiscal year ended May 31,						**Five months period ended October 31, 2010**	
	2008		**2009**		**2010**			
	In Rs. Millions	**% of total income**	**In Rs. Millions**	**% of total income**	**In Rs. Millions**	**% of total income**	**In Rs. Millions**	**% of total income**
Advertisement revenue	2,059.42	66.12	2,582.22	68.14	2,687.32	67.57	1,386.76	70.97
Sale of news and publications	799.89	25.68	1,062.31	28.03	1,073.27	27.43	449.21	23.56
Other operating income	142.48	4.57	107.62	2.84	99.23	2.54	46.18	2.42
Total operating income ..	3,001.80	96.38	3,752.15	99.01	3,859.82	98.66	1,882.15	98.73
Non operating income	112.66	3.62	37.49	0.99	52.28	1.34	24.23	1.27
Total Income	**3,114.46**	**100.00**	**3,789.64**	**100.00**	**3,912.10**	**100.00**	**1,906.38**	**100.00**

Operating Income

Our operating income comprises advertisement revenue, sale of news and publications (net) and other operating income:

- *Advertisement revenue:* Advertisement revenue consists of income generated from the sale of advertisement space in our newspapers and magazines and our proportionate share of IBNL's revenues from advertisements.

- *Sale of news and publications (net):* Sales for our Company consist of the sale of newspapers and magazines (circulation).

- *Other Operating Income:* Unsold newspapers and magazines are returned to us to be sold as scrap and *accounted* for as other operating income. Aluminum plates, core pipe as well as reel are also sold as scrap and accounted for as other operating income. In addition, printing charges received from third party job work orders are accounted for as other operating income.

Non Operating Income

Our non operating income consists of interest, dividend, rent, profit on sale of assets and miscellaneous income.

Expenditure

Our expenditure comprises cost of raw materials consumed, employee cost, operating and other expenses, finance cost and depreciation and amortisation.

The following table sets out on a consolidated basis, our expenditure in Rupees in million and as a percentage of our total expenditure for the periods indicated:

	Fiscal year ended May 31,						**Five months period ended October 31, 2010**	
	2008		**2009**		**2010**			
	In Rs. Millions	**% of total expenditure**	**In Rs. Millions**	**% of total expenditure**	**Rs. millions**	**% of total expenditure**	**In Rs. Millions**	**% of total expenditure**
Raw materials consumed ...	1,351.90	55.92	1,672.79	52.21	1,543.47	49.14	798.52	51.66
Employee cost	378.79	15.67	532.58	16.62	598.10	19.04	279.12	18.06
Operating and other expenses	524.37	21.69	723.00	22.57	765.56	24.37	371.34	24.02
Finance cost	63.72	2.64	108.95	3.40	45.82	1.46	23.77	1.54
Depreciation and amortisation	98.96	4.09	166.72	5.20	188.02	5.99	73.01	4.72
Total expenditure............	**2,417.73**	**100**	**3,204.04**	**100**	**3,140.96**	**100**	**1,545.76**	**100**

Our total expenditure as a percentage of our total income, for the five month period ended October 31, 2010 and for the fiscal years ended May 31, 2008, 2009 and 2010 was 81.08%, 77.63%, 84.55% and 80.29%, respectively.

Raw Materials Consumed

Raw materials consumed consist of newsprint consumed in connection with the printing and publication of our newspapers and magazines, consumption of stores, spares and tapes.

Employee Cost

Employee cost consists of salaries, wages and bonuses, contribution to provident and other funds, leave encashment, gratuity, retirement benefits and staff welfare expenses.

Operating and Other Expenses

Operating and other expenses consist of expenditure incurred in relation to printing job work expenses, news collection expenses, printing and binding expenses, power, fuel and water charges, repairs and maintenance of our building and plant and machinery, telecast and uplinking fees, studio and equipment hire charges, rent, rates and taxes, legal and professional fees, advertisement and publicity, distribution expenses, business promotion expenses, survey expenses, insurance, communication expenses, travelling expenses, provision for doubtful debts, miscellaneous expenditure written-off and sundry office expenses. For the five month period ended October 31, 2010, operating and other expenses also included production and purchase of movie and related expenses.

Finance Cost

Finance cost consists of interest expenses on secured and unsecured loans as well as bank charges.

Depreciation and Amortisation

Depreciation and amortisation relates to depreciation of fixed assets.

OUR RESULTS OF OPERATIONS

Discussion on a Consolidated Basis

Five month period ended October 31, 2010

Total Income

Our total income for the five month period ended October 31, 2010 was Rs. 1,906.38 million, comprising:

Operating Income:

- *Advertisement revenue.* Our advertisement revenue was Rs. 1,386.76 million, representing 70.97% of our total income for the five month period ended October 31, 2010, primarily attributable to advertisement revenue from local advertisers in the amount of Rs. 620.36 million and from national advertisers in the amount of Rs. 732.67 million, as well as our share of IBNL's advertisement revenue in the amount of Rs. 33.73 million.

- *Sale of news and publications revenue.* Our sale of news and publications revenue was Rs. 449.21 million, representing 23.56% of our total income for the five month period ended October 31, 2010, primarily attributable to circulation revenue from *Lokmat* of Rs. 382.38 million, *Lokmat Samachar* of Rs. 28.62 million and *Lokmat Times* of Rs. 4.05 million, and cash sales, subscription and other promotional schemes (such as *Sanskarache Moti*) of Rs. 34.16 million.

- *Other Operating Income.* Our other operating income was Rs. 46.18 million, representing 2.42% of our total income for the five month period ended October 31, 2010, primarily attributable to income from the sale of scrap, waste papers, revenue from the film "*Jetaa*" and job work.

Non operating Income:

- Our other operating income was Rs. 24.23 million, representing 1.27% of our total income for the five month period ended October 31, 2010, primarily attributable to interest income on bank deposits and dividend income.

Expenditure

Our expenditure for the five month period ended October 31, 2010 was Rs. 1,545,76 million, comprising:

- *Raw Materials Consumed.* The cost of raw materials consumed was Rs. 798.52 million, representing 51.66% of our total expenditure for the five month period ended October 31, 2010, primarily attributable to domestic newsprint consumption of Rs. 431.04 million, representing 61.70% of total newsprint consumption, international newsprint consumption of Rs. 267.62 million, representing 38.30% of total newsprint consumption, and store consumption of Rs. 99.75 million.

- *Employee Cost.* Our employee cost was Rs. 279.12 million, representing 18.06% of our total expenditure for the five month period ended October 31, 2010, primarily attributable to salary and other allowances of

Rs. 243.01 million, contributions to provident and other funds of Rs. 23.24 million, retirement benefits of Rs. 3.97 million and staff welfare costs of Rs. 8.90 million.

- *Operating and Other Expenses.* Our operating and other expenses was Rs. 371.34 million, representing 24.02% of our total expenditure for the five month period ended October 31, 2010, primarily attributable to work and operating expenses of Rs. 133.99 million, administration expenses of Rs. 105.73 million and distribution, marketing and selling expenses of Rs. 131.62 million.

- *Finance Cost.* Our finance cost was Rs. 23.77 million, representing 1.54% of our total expenditure for the five month period ended October 31, 2010, primarily attributable to interest payments on term loans and working capital loans of Rs. 6.09 million in relation to IBNL and Rs. 14.32 million in relation to the Company, and bank charges of Rs. 3.36 million.

- *Depreciation/amortisation.* Our depreciation/amortisation was Rs. 73.01 million, representing 4.72% of our total expenditure for the five month period ended October 31, 2010, primarily attributable to depreciation of Rs. 64.03 million on the assets of the Company and depreciation of Rs. 8.98 million in relation to our share of the assets of IBNL.

Net Profit before Tax, Prior Period and Extraordinary Items

Net profit before tax, prior period and extraordinary items for the five month period ended October 31, 2010 was Rs. 360.61 million, representing 18.92% of total income.

Net Profit after Tax, (as restated)

Net profit after tax for the five month period ended October 31, 2010 was Rs. 238.04 million, representing 12.49%, of total income and primarily comprising of net profit of Rs. 302.85 million from our publication business and the Company's share of net loss of Rs. 52.19 million from IBNL.

Fiscal year ended May 31, 2010 compared to fiscal year ended May 31, 2009.

Total Income

Our total income increased by Rs. 122.46 million, or 3.23%, from Rs. 3,789.64 million for the fiscal year ended May 31, 2009 to Rs. 3,912.10 million for the fiscal year ended May 31, 2010.

Operating Income:

- *Advertisement revenue.* Advertisement revenue increased by Rs. 105.10 million, or 4.07%, from Rs. 2,582.22 million for the fiscal year ended May 31, 2009 to Rs. 2,687.32 million for the fiscal year ended May 31, 2010. Excluding the impact of the manner in which PPPL was consolidated in the fiscal year ended May 31, 2009, our adjusted advertisement revenues increased by Rs. 248.43 million, or 10.19%, from Rs. 2,438.89 million for the fiscal year ended May 31, 2009 to Rs. 2,687.32 million for the fiscal year ended May 31, 2010. The increase in advertisement revenue was primarily due to an increase in the amount of advertisement space made available due to the full year impact of *Lokmat*'s Goa edition which was launched on April 21, 2009 and an increase in IBNL's advertising revenue. These increases were partially offset by the reduction in advertisement spending by our customers as a result of the global financial and economic crisis that adversely affected India as well. Advertisement revenue as a percentage of total income increased from 68.14% in the fiscal year ended May 31, 2009 to 67.57% in the fiscal year ended May 31, 2010.

- *Sale of news and publications.* Sale of news and publications revenue increased by Rs. 10.96 million, or 1.03%, from Rs. 1,062.31 million for the fiscal year ended May 31, 2009 to Rs. 1,073.27 million for the fiscal year ended May 31, 2010. Excluding the impact of the manner in which PPPL was consolidated in the fiscal year ended May 31, 2009, our adjusted sale of news and publications revenue increased by Rs. 89.71 million, or 9.12%, from Rs. 983.56 million for the fiscal year ended May 31, 2009 to Rs. 1,073.27

million for the fiscal year ended May 31, 2010. The increase in sale of news and publications revenue was primarily due to an increase in the cover prices of *Lokmat's* Mumbai and Ahmednagar editions, increase in the circulation of *Lokmat* in various key markets, including Pune, as well as the full year impact of *Lokmat*'s Goa edition which was launched on April 21, 2009. As a percentage of total income, sale of news and publications revenue decreased from 28.03% in the fiscal year ended May 31, 2009 to 27.43% in the fiscal year ended May 31, 2010.

- *Other operating income.* Other operating income decreased by Rs. 8.38 million, or 7.79%, from Rs. 107.62 million for the fiscal year ended May 31, 2009 to Rs. 99.23 million for the fiscal year ended May 31, 2010. The decrease in other operating income was primarily due to a decrease in printing charges received from third party job work orders as a result of a reduction in such job work orders. As a percentage of total income, other operating income decreased from 2.84% in the fiscal year ended May 31, 2009 to 2.54% in the fiscal year ended May 31, 2010.

- *Non operating income:* Non operating income increased by Rs. 14.78 million, or 39.44%, from Rs. 37.49 million for the fiscal year ended May 31, 2009 to Rs. 52.28 million for the fiscal year ended May 31, 2010. This increase in non operating income was primarily due to higher interest rates relating to our investments in bank fixed deposits and an increase in miscellaneous income. As a percentage of total income, non operating income increased from 0.99% in the fiscal year ended May 31, 2009 to 1.34% in the fiscal year ended May 31, 2010.

Expenditure

Our expenditure decreased by Rs. 63.07 million, or 1.97%, from Rs. 3,204.04 million for the fiscal year ended May 31, 2009 to Rs. 3,140.96 million for the fiscal year ended May 31, 2010. As a percentage of total income, expenditure decreased from 84.55% in the fiscal year ended May 31, 2009 to 80.29% in the fiscal year ended May 31, 2010.

- *Raw materials consumed.* Raw materials consumed decreased by Rs. 129.31 million, or 7.73%, from Rs. 1,672.79 million for the fiscal year ended May 31, 2009 to Rs. 1,543.47 million for the fiscal year ended May 31, 2010. The decrease in raw materials consumed was primarily due to a reduction by an average of 15.35% in the prices at which we purchased both domestic and international newsprint. As a percentage of total expenditure, raw materials consumed decreased from 52.21% in the fiscal year ended May 31, 2009 to 49.14% in the fiscal year ended May 31, 2010.

- *Employee cost.* Employee cost increased by Rs. 65.52 million, or 12.30%, from Rs. 532.58 million for the fiscal year ended May 31, 2009 to Rs. 598.10 million for the fiscal year ended May 31, 2010. The increase in employee cost was primarily due to an increase in headcount, including on account of the launch of a new newspaper edition in Goa, and an increase in compensation levels including pursuant to statutory wage board orders. As a percentage of total expenditure, employee cost increased from 16.62% in the fiscal year ended May 31, 2009 to 19.04% in the fiscal year ended May 31, 2010.

- *Operating and other expenses.* Operating and other expenses increased by Rs. 42.56 million, or 5.89%, from Rs. 723.00 million for the fiscal year ended May 31, 2009 to Rs. 765.56 million for the fiscal year ended May 31, 2010. This increase in operating and other expenses was primarily due to the impact of a full year of expenses relating to the launch of our printing facility at Panjim, Goa, and expenses relating to our efforts to increase circulation of *Lokmat's* Pune edition, which were partially offset by a decrease in operating expenses attributable to the Aurangabad edition. As a percentage of total expenditure, operating and other expenses increased from 22.57% in the fiscal year ended May 31, 2009 to 24.37% in the fiscal year ended May 31, 2010.

- *Finance cost.* Finance cost decreased by Rs. 63.14 million, or 57.95%, from Rs. 108.95 million for the fiscal year ended May 31, 2009 to Rs. 45.82 million for the fiscal year ended May 31, 2010. The decrease in finance cost was primarily due to the repayment of a major part of our secured long term indebtedness due to our better liquidity position and decreases in our share of IBNL's interest and financial charges. As a percentage of total expenditure, finance cost decreased from 3.40% in the fiscal year ended May 31, 2009 to 1.46% in the fiscal year ended May 31, 2010.

- *Depreciation/Amortisation.* Depreciation/amortisation increased by Rs. 21.29 million, or 12.77%, from Rs. 166.72 million for the fiscal year ended May 31, 2009 to Rs. 188.02 million for the fiscal year ended May 31, 2010. The increase in depreciation/amortisation was primarily due to an increase in capital expenditure resulting from the purchase of certain pre-press machines in some of the printing facilities. As a percentage of total expenditure, depreciation/amortisation increased from 5.20% in the fiscal year ended May 31, 2009 to 5.99% in the fiscal year ended May 31, 2010.

Net Profit before Tax, Prior Period and Extraordinary Items

Net profit before tax, prior period and extraordinary items increased by Rs. 185.53 million, or 31.68%, from Rs. 585.60 million for the fiscal year ended May 31, 2009 to Rs. 771.13 million for the fiscal year ended May 31, 2010. The increased profits generated by us contributed to an increase in net profit before tax, prior period and extraordinary items. As a percentage of total income, net profit before tax, prior period and extraordinary items increased from 15.45% in the fiscal year ended May 31, 2009 to 19.71% in the fiscal year ended May 31, 2010.

Net Profit after Tax (as restated)

Net profit after tax (as restated) net of minority interests increased by Rs. 191.12 million, or 62.90%, from Rs. 303.86 million for the fiscal year ended May 31, 2009 to Rs. 494.98 million for the fiscal year ended May 31, 2010 comprising an increase in net profit from our publication business by Rs. 135.05 million and a decrease in the Company's share of net loss of Rs. 56.07 million from IBNL. As a percentage of total income, net profit after tax (as restated) net of minority interests increased from 8.02% in the fiscal year ended May 31, 2009 to 12.65% in the fiscal year ended May 31, 2010.

Fiscal year ended May 31, 2009 compared to fiscal year ended May 31, 2008.

Total Income

Our total income increased by Rs. 675.17 million, or 21.68%, from Rs. 3,114.46 million for the fiscal year ended May 31, 2008 to Rs. 3,789.64 million for the fiscal year ended May 31, 2009.

Operating Income:

- *Advertisement revenue.* Advertisement revenue increased by Rs. 522.80 million, or 25.39%, from Rs. 2,059.42 million for the fiscal year ended May 31, 2008 to Rs. 2,582.22 million for the fiscal year ended May 31, 2009. Excluding the impact of the manner in which PPPL was consolidated in the fiscal year ended May 31, 2009, our adjusted advertisement revenues increased by Rs. 379.47 million, or 18.43%, from Rs. 2,059.42 million for the fiscal year ended May 31, 2008 to Rs. 2,438.89 million for the fiscal year ended May 31, 2009. The increase in advertisement revenue was primarily due to increases in our advertising rates at the local and national levels and the impact of a full year of operations at IBNL. Advertisement revenue as a percentage of total income increased marginally from 66.12% in the fiscal year ended May 31, 2008 to 68.14% in the fiscal year ended May 31, 2009.

- *Sale of news and publications.* Sale of news and publications revenue increased by Rs. 262.42 million, or 32.81%, from Rs. 799.89 million for the fiscal year ended May 31, 2008 to Rs. 1,062.31 million for the fiscal year ended May 31, 2009. Excluding the impact of the manner in which PPPL was consolidated in the fiscal year ended May 31, 2009, our adjusted sale of news and publications revenues increased by Rs. 183.67 million, or 22.96%, from Rs. 799.89 million for the fiscal year ended May 31, 2008 to Rs. 983.56 million for the fiscal year ended May 31, 2009. The increase in sale of news and publications revenue was primarily due to an increase in the cover prices of *Lokmat's* Aurangabad, Nagpur, Akola, Jalgaon, Ahmednagar, Nashik, Kolhapur and Pune editions and *Lokmat Samachar's* Nagpur, Aurangabad and Akola editions, as well as increases in the circulation of *Lokmat's* Nagpur, Pune and Nashik editions and *Lokmat Samachar's* Akola edition. As a percentage of total income, sale of news and publications revenue increased from 25.68% in the fiscal year ended May 31, 2008 to 28.03% in the fiscal year ended May 31, 2009.

- *Other operating income.* Other operating income decreased by Rs. 34.87 million, or 24.47%, from Rs. 142.48 million for the fiscal year ended May 31, 2008 to Rs. 107.62 million for the fiscal year ended May 31, 2009. This decrease in other operating income was primarily due to a reduction in printing orders from third parties. In addition, in the fiscal year ended May 31, 2008, PPPL's property development business generated income of Rs. 32.00 million which was absent in the fiscal year ended May 31, 2009 following the demerger of PPPL's publication business. As a percentage of total income, other operating income decreased from 4.57% in the fiscal year ended May 31, 2008 to 2.84% in the fiscal year ended May 31, 2009.

Non operating income: Non operating income decreased by Rs. 75.17 million, or 66.72%, from Rs. 112.66 million for the fiscal year ended May 31, 2008 to Rs. 37.49 million for the fiscal year ended May 31, 2009. This decrease in non operating income was primarily due to increases in non operating income in the fiscal year ended May 31, 2008 which were absent in the fiscal year ended May 31, 2009. Such increases in the fiscal year ended May 31, 2008 were attributable to income from the sale of certain properties owned by PPPL and income of Rs. 2.0 million from our investments in mutual funds resulting from the increased interest rate environment in the fiscal year ended May 31, 2008. In addition, we experienced a reduction in our interest income in the fiscal year ended May 31, 2009 due to a reduction in the interest rate environment during that period. As a percentage of total income, non operating income decreased from 3.62% in the fiscal year ended May 31, 2008 to 0.99% in the fiscal year ended May 31, 2009.

Expenditure

Our expenditure increased by Rs. 786.30 million, or 32.52%, from Rs. 2,417.73 million for the fiscal year ended May 31, 2008 to Rs. 3,204.04 million for the fiscal year ended May 31, 2009. As a percentage of total income, expenditure increased from 77.63% in the fiscal year ended May 31, 2008 to 84.55% in the fiscal year ended May 31, 2009.

- *Raw materials consumed.* Raw materials consumed increased by Rs. 320.89 million, or 23.74%, from Rs. 1,351.90 million for the fiscal year ended May 31, 2008 to Rs. 1,672.79 million for the fiscal year ended May 31, 2009. The increase in raw materials consumed was primarily due to an increase in domestic and international newsprint costs and to a lesser extent, due to an increase in print orders resulting from the launch of our printing facility in Panjim, Goa. Such increases were partially offset by our control on wastage of newsprint. As a percentage of total expenditure, raw materials consumed decreased from 55.92% in the fiscal year ended May 31, 2008 to 52.21% in the fiscal year ended May 31, 2009.

- *Employee cost.* Employee cost increased by Rs. 153.79 million, or 40.60%, from Rs. 378.79 million for the fiscal year ended May 31, 2008 to Rs. 532.58 million for the fiscal year ended May 31, 2009. The increase in employee cost was primarily due to an increase in headcount on account of the launch of our new printing facilities in Panjim, Goa and in Nanded for which we began recruiting staff in September 2008 and July 2008, respectively, and due to an increase in our share of IBNL's employee cost arising from an increase in IBNL's headcount and the impact of a full year of operations at IBNL. As a percentage of total expenditure, employee cost increased marginally from 15.67% in the fiscal year ended May 31, 2008 to 16.62% in the fiscal year ended May 31, 2009.

- *Operating and other expenses.* Operating and other expenses increased by Rs. 198.63 million, or 37.88%, from Rs. 524.37 million for the fiscal year ended May 31, 2008 to Rs. 723.00 million for the fiscal year ended May 31, 2009. This increase in operating and other expenses was primarily due to operating expenses comprising start up costs of our printing facility in Panjim, Goa which began operations with effect from April 1, 2009, and the impact of a full year of operations at IBNL. As a percentage of total expenditure, operating and other expenses increased from 21.69% in the fiscal year ended May 31, 2008 to 22.57% in the fiscal year ended May 31, 2009.

- *Finance cost.* Finance cost increased by Rs. 45.23 million, or 70.99%, from Rs. 63.72 million for the fiscal year ended May 31, 2008 to Rs. 108.95 million for the fiscal year ended May 31, 2009. The increase in finance cost was primarily due to increases in amounts due under our working capital loans, increase in interest relating to our term loan and the impact of a full year of our share of IBNL's finance costs. As a percentage of total expenditure, finance cost increased from 2.64% in the fiscal year ended May 31, 2008 to 3.40% in the fiscal year ended May 31, 2009.

- *Depreciation/Amortisation.* Depreciation/amortisation increased by Rs. 67.77 million, or 68.48%, from Rs. 98.96 million for the fiscal year ended May 31, 2008 to Rs. 166.72 million for the fiscal year ended May 31, 2009. The increase in depreciation/ amortisation was primarily due to the full year impact of depreciation of IBNL's fixed assets and our fixed assets relating to our printing facility at Panjim, Goa. As a percentage of total expenditure, depreciation/amortisation increased from 4.09% in the fiscal year ended May 31, 2008 to 5.20% in the fiscal year ended May 31, 2009.

Net Profit before Tax, Prior Period and Extraordinary Items

Net profit before tax, prior period and extraordinary items decreased by Rs. 111.13 million, or 15.95%, from Rs. 696.73 million for the fiscal year ended May 31, 2008 to Rs. 585.60 million for the fiscal year ended May 31, 2009. This decrease was primarily attributable to our decreased profits. As a percentage of total income, net profit before tax, prior period and extraordinary items decreased from 22.37% in the fiscal year ended May 31, 2008 to 15.45% in the fiscal year ended May 31, 2009.

Net Profit after Tax (as restated)

Net profit after tax (as restated) net of minority interests (without adjusting for pre-acquisition profit relating to PPPL) decreased by Rs. 79.30 million, or 20.70%, from Rs. 383.16 million for the fiscal year ended May 31, 2008 to Rs. 303.86 million for the fiscal year ended May 31, 2009 comprising an increase in net profit of Rs. 49.48 million from our publication business and an increase in our share of net loss by Rs. 128.78 million from IBNL. As a percentage of total income, net profit after tax (as restated) net of minority interests decreased from 12.30% in the fiscal year ended May 31, 2008 to 8.02% in the fiscal year ended May 31, 2009.

LIQUIDITY AND CAPITAL RESOURCES

Historically, our principal source of liquidity has been cash from revenues from operating activities and long-term loans and borrowings. As of October 31, 2010, we had cash and bank balances totaling Rs. 438.78 million.

We expect to meet our working capital, capital expenditures, dividend payment and investment requirements for the next 12 months primarily from revenues from operating activities, as well as the proceeds from this Issue. Depending on our financing needs and market conditions, we may also from time to time seek other sources of funding, which may include debt or equity financings, including rupee and non-rupee denominated loans. We expect that our principal uses of cash for 2011 will be for our operations and investing in business opportunities and capital expenditure in our existing and new areas of business.

The following table summarizes our cash flows for the periods indicated.

CASH FLOW DATA:	Fiscal year ended May 31, 2008	2009	2010	Five months period ended October 31, 2010
	(In Rs. millions)			
Net cash inflow (outflow) from operating activities..	140.37	957.06	494.08	163.57
Net cash inflow (outflow) from investing activities ..	(873.17)	(406.67)	(112.55)	(320.33)
Net cash inflow (outflow) from financing activities..	896.65	(582.36)	(322.48)	198.06
Cash at the beginning of the year	206.54	370.39	338.42	397.47
Cash at the end of the year...	370.39	338.42	397.47	438.78

Net Cash Generated from Operating Activities

For the five month period October 31, 2010, our net cash inflow from operating activities was Rs. 163.57 million, primarily as a result of operating profit before working capital changes of Rs. 443.45 million partially offset by adjustments for trade and other receivables of Rs. 93.68 million and inventory of Rs. 111.63 million resulting in cash generated from operations of Rs. 288.09 million, which was partially offset by direct taxes paid of Rs. 124.52 million.

For the fiscal year ended May 31, 2010, our net cash inflow from operating activities was Rs. 494.08 million, primarily as a result of operating profit before working capital changes of Rs. 983.90 million partially offset by adjustments for trade and other receivables of Rs. 118.93 million, trade and other payables of Rs. 101.29 million and inventory of Rs. 29.78 million resulting in cash generated from operations of Rs. 733.90 million, which was partially offset by direct taxes paid of Rs. 239.83 million.

For the fiscal year ended May 31, 2009, our net cash inflow from operating activities was Rs. 957.06 million, primarily as a result of operating profit before working capital changes of Rs. 835.26 million, trade and other receivables of Rs. 328.03 million partially offset by adjustments for trade and other payables of Rs. 47.77 million resulting in cash generated from operations of Rs. 1,175.63 million, which was partially offset by direct taxes paid of Rs. 218.58 million.

For the fiscal year ended May 31, 2008, our net cash inflow from operating activities was Rs. 140.37 million, primarily as a result of operating profit before working capital changes of Rs. 663.52 million and trade and other payables of Rs. 330.14 million, partially offset by adjustments for trade and other receivables of Rs. 479.50 million and inventory of Rs. 160.82 million resulting in cash generated from operations of Rs. 353.34 million, which was partially offset by direct taxes paid of Rs. 212.97 million. In addition, the consolidation of PPPL’s financials with the Company’s financials also had an effect on our net cash inflow from operating activities.

Net Cash Used in Investing Activities

Our net cash flows used in investing activities was Rs. 320.33 million in the five month period ended October 31, 2010, primarily comprising cash payments for the acquisition of fixed assets (including capital work-in-progress) of Rs. 335.56 million partially offset by cash inflows from the sale/ transfer of fixed assets of Rs. 3.63 million.

Our net cash flows used in investing activities was Rs. 112.55 million in the fiscal year ended May 31, 2010, primarily comprising acquisition of fixed assets (including capital work-in-progress) of Rs. 90.67 million and conversion of advance of share application money into investments of Rs. 107.72 million partially offset by cash inflows of Rs. 47.11 million from the sale/ transfer of fixed assets and receipt of interest on bank fixed deposits of Rs. 38.71 million.

Our net cash used in investing activities was Rs. 406.67 million in the fiscal year ended May 31, 2009, primarily comprising of cash payments for the acquisition of fixed assets/capital work-in-progress of Rs. 193.65 million and investments of Rs. 234.97 million in shares of IBNL. This was partially offset by cash inflows relating to receipts from sales of fixed assets of Rs. 8.39 million and receipt of interest on bank fixed deposit of Rs. 14.55 million.

Our net cash used in investing activities was Rs. 873.17 million in the fiscal year ended May 31, 2008, primarily as a result of the consolidation of PPPL's financials with the Company's financials. This was partially offset by cash inflows relating to receipts from sales of fixed assets of Rs. 60.21 million and receipt of interest on bank fixed deposit of Rs. 40.19 million.

Net Cash (Used in)/Generated from Financing Activities

Our net cash flows generated from financing activities were Rs. 198.06 million for the five month period ended October 31, 2010, primarily reflecting the receipt of proceeds from secured loans of Rs. 152.07 million and of unsecured loans of Rs. 68.16 million. This was partially offset by cash outflows of interest in the amount of Rs. 22.18 million on a term loan.

Our net cash flows used in financing activities were Rs. 322.48 million for the fiscal year ended May 31, 2010, primarily reflecting the repayment of secured loans of Rs. 133.75 million and an unsecured loan of Rs. 9.50 million, payment of dividend (including tax on dividend distribution) of Rs. 116.90 million and payment of interest on a term loan of Rs. 45.57 million.

Our net cash flows used in financing activities were Rs. 582.36 million for the fiscal year ended May 31, 2009, primarily reflecting the repayment of secured loans of Rs. 352.58 million and an unsecured loan of Rs. 83.84 million and payment of interest of Rs. 112.72 million on a term loan.

Our net cash flows generated from financing activities were Rs. 896.65 million for the fiscal year ended May 31, 2008, primarily reflecting our share of PPPL's secured loans of Rs. 650.18 million and unsecured loans of Rs. 93.34 million. This was partially offset by cash outflows consisting of payments of dividend (including tax on dividend distribution) of Rs. 94.12 million and interest in the amount of Rs. 60.25 million on a term loan.

Indebtedness

As of October 31, 2010, we had Rs. 551.40 million of consolidated secured loans and Rs. 68.16 million of consolidated unsecured loans, as compared to Rs. 885.66 million, Rs. 533.08 million and Rs. 399.33 million of consolidated secured loans and Rs. 93.34 million, Rs. 9.50 million and nil of consolidated unsecured loans in the fiscal years ended May 31, 2008, 2009 and 2010, respectively. The current portion of our secured and unsecured loans is Rs. 316.98 million, which consists of working capital, short term debt and installments of term loans repayable in the next twelve months. Our secured loans consist of a term loan, a working capital loan, vehicle loans and loans against deposit receipts. Our unsecured loans comprise of short term loans from banks and from our Promoters and Promoter Groups. All our debts are denominated in Indian Rupees except short term debt of Rs. 63.36 million, which is denominated in US dollars. See "Indebtedness" on page 186.

CAPITAL EXPENDITURES

The following table below sets forth our historical capital expenditures, (including capital work in progress and advance for capital goods) for the periods indicated:

Period	Capital expenditure (In Rs. millions)
Five month period ended October 31, 2010	333.56
Fiscal year ended May 31, 2010	90.67
Fiscal year ended May 31, 2009	193.65
Fiscal year ended May 31, 2008	974.56

Our historical sources of funding for capital expenditures consisted of internally generated funds and long term borrowings.

The major components of our capital expenditure for the fiscal year ended May 31, 2010 and the five month period ended October 31, 2010 are summarised below:

		(In Rs. millions)
Particulars	**Fiscal year ended May 31, 2010**	**Five months period ended October 31, 2010**
Land	1.33	Nil
Building	9.73	2.84
Plant and machinery	17.48	166.73
Data processing equipments	9.51	5.57
Furniture and fixtures	5.47	2.75
Vehicles	30.37	5.75
Capital work in progress (including Advances)	16.78	155.66

The projected capital expenditures for the fiscal years ending May 31, 2011 and 2012 are Rs. 120.68 million and Rs. 395.17 million, respectively. For further details regarding our projected capital expenditures, including details on our projected capital expenditures for the fiscal year ending May 31, 2011, refer to the section titled "Objects of the Issue" on page 43.

In the current fiscal year ending May 31, 2011, we expect to incur capital expenditure for upgrading of various printing facilities, including in Pune, which is proposed to be funded primarily from revenues from operating activities as well as the proceeds from this Issue.

We expect to fund our budgeted capital expenditures principally through the proceeds of this Issue and cash from operations. The figures used in our capital expenditure plans are based on management's estimates and have not been appraised by an independent organisation. In addition, our capital expenditure plans are subject to a number of variables, including: possible cost overruns; the receipt of critical statutory approvals; availability of financing on acceptable terms; changes in management's views of the desirability of current plans; the identification of new projects and potential acquisitions; and macroeconomic factors such as India's economic performance and interest rates. There can be no assurance that we will execute our capital expenditure plans as contemplated at or below estimated costs.

CONTRACTUAL OBLIGATIONS AND COMMITMENTS

The following table sets forth our contractual obligations and commitments on a consolidated basis for the periods indicated.

	Payment due by period				
Contractual Obligations	**Less than 1 year**	**1-3 years**	**3-5 years**	**More than 5 years**	**Total**
			(In Rs. millions)		
Short term debt	175.72	Nil	Nil	Nil	175.72
Long-term debt obligations....................	141.26	140.89	108.29	53.41	443.85
Capital contract obligations	346.50	Nil	Nil	Nil	346.50
Total contractual obligations	**663.48**	**140.89**	**108.29**	**53.41**	**966.07**

OFF-BALANCE SHEET ARRANGEMENTS AND CONTINGENT LIABILITIES

Except for the contingent liabilities set forth below, we have not entered into any financial guarantees or other commitments to guarantee payment obligations of any third party. We have not entered into any transactions with unconsolidated entities nor derivative contracts that are indexed to our equity shares and classified as shareholders equity.

Contingent Liabilities

As of October 31, 2010, we had contingent liabilities which primarily comprised of:

Particulars	Amount (In Rs. millions)
Capital contract (net of advances)	346.50
Capital commitment to Joint Venture	Nil
Bank guarantee[1]	10.00
Corporate guarantee for Joint Venture	171.50
Claim of workers, not acknowledged as debt	12.64
Income tax cases	34.34
Sales tax cases	0.62

(1) Bank Guarantee is secured against deposit receipt of the Company.

EFFECT OF RESTATEMENT/ADJUSTMENTS

Our financial statements for the fiscal years ended May 31, 2006, 2007, 2008, 2009, 2010 and the five month period ended October 31, 2010 have been restated in accordance with the SEBI Regulations. For a description of the impact of such adjustments to our financial statements on account of such restatement, see section titled "Financial Statements" on page 190.

QUANTITATIVE AND QUANTITATIVE DISCLOSURE OF MARKET RISK

The Company's principal financial instruments consist of its long-term debt, cash on hand and in the bank, short-term investments and receivables from and payables to affiliated companies. These are used to provide funding for the Company's business operations. The Company is not currently party to any hedging transactions or speculation with respect to financial instruments, except for a forward booking of US dollars in respect of its short term foreign currency loan

The Company believes that the principal risks arising from its financial instruments are liquidity risk, interest rate risk and foreign exchange risk.

Interest Rate Risk

We are exposed to interest rate risk relating primarily to our secured debts. Fluctuations in interest rates could lead to increases in interest due on our outstanding debt and increases in such rates could make it difficult for us to procure new debt on attractive terms. We currently do not, and have no plans to engage in, interest rate derivative or swap activity.

Liquidity Risk

We face the risk that we may not have sufficient cash flows to meet our operating requirements and our financing obligations when they come due. We manage our liquidity profile through the management of existing funds and planning for future funding requirements.

To the extent we are able to do so, we intend to primarily use internally generated funds and proceeds from this Issue to meet our financing requirements.

Foreign Exchange Risk

We are exposed to exchange rate risk. Newsprint, which is an essential raw material and the most significant component of our cost of production, is generally priced in US dollars. For the five month period ended October 31, 2010 and for the fiscal year ended May 31, 2010, we consumed 38.30% and 26.53%, respectively, of our annual newsprint requirements sourced from suppliers of international newsprint. In addition, from time to time, we import printing machinery which we pay for in Euros. We currently have borrowings in U.S. dollars, and we may also in the future incur other borrowings in U.S. dollars or other foreign currencies in order to manage our foreign currency payment obligations for newsprint purchases and imported machinery. In such circumstances, a decline in the value of the Rupee against the U.S. dollar or other foreign currencies would increase the Rupee cost of servicing and repaying those borrowings and their value on our balance sheet. The exchange rate between the Rupee and the U.S. dollar has changed substantially in recent years and may continue to fluctuate significantly in the future. Although we may in the future enter into hedging arrangements against currency exchange rate risks, there can be no assurance that these arrangements will successfully protect us from losses due to fluctuations in currency exchange rates. Adverse movements in foreign exchange rates may adversely affect our business, results of operations, financial condition and prospects.

TAXES

For details regarding taxation, refer to the section titled "Statement of Tax Benefits" on page 60.

PROSPECTIVE CHANGES IN ACCOUNTING POLICIES

In January 2010, the Ministry of Corporate Affairs issued a roadmap for convergence of International Financial Reporting Standards ("**IFRS**") in India pursuant to which certain listed companies will be required to present their financial statements under IFRS. As per the schedule of implementation set out, the Company will be required to comply with such standards beginning April 1, 2013. We have not determined with any degree of certainty the impact that such adoption will have on our financial reporting.

SECTION VI – LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS

Except as stated below there are no outstanding litigation, suits, criminal or civil prosecutions, proceedings or tax liabilities against the Company, Subsidiaries, Directors, Promoter and Group Companies and there are no defaults, non payment of statutory dues, over-dues to banks/ financial institutions, defaults against banks/ financial institutions, defaults in dues payable to holders of any debenture, bonds and fixed deposits of the Company and its Subsidiaries, defaults in creation of full security as per terms of issue/ other liabilities, proceedings initiated for economic/ civil/ any other offences (including past cases where penalties may or may not have been awarded and irrespective of whether they are specified under paragraph (I) of Part 1 of Schedule XIII of the Companies Act) other than unclaimed liabilities of the Company and its Subsidiaries and no disciplinary action has been taken by SEBI or any stock exchanges against the Company, Subsidiaries, Directors, Promoter and Group Companies.

The Company does not owe any amounts exceeding Rs. 100,000 to small scale industries, which is outstanding for more than 30 days.

For details of contingent liabilities of the Company and its Subsidiaries, refer to the section titled "Financial Statements" on page 190.

There are certain litigations filed against the Company, in which the Directors, the journalists, editors, sub-editors or publishers of the Company, in their capacity of being a Director, journalist, editor, sub-editor or publisher of the Company and not in their individual capacity, are made parties. Further, certain cases have been filed against the journalists, editors, sub-editors or the Directors of the Company in their position as officials of the Company and the Company is not made a party to these proceedings, however, these cases have been included in the litigations involving the Company.

Litigation against the Company

I. *Defamation Cases*

Criminal Cases

46 criminal complaints have been filed against the Company, its editors, sub-editors, journalists and/ or publishers, alleging defamation in relation to news articles published in the Company's newspapers. Some of these also may be filed against the Directors or name the Directors as a party to such complaint. For such complaints, please refer to "– Litigation against the Directors - Vijay Darda – Defamation Cases – Criminal Cases" on page 306. In the event, the Company, its editors, sub-editors, journalists, publishers and/ or its Directors are held guilty of defamation under any of these criminal complaints, they may become subject to imprisonment or fine or both, as applicable, in terms of the provisions of the Indian Penal Code, 1860. The aggregate amount involved in these cases is not quantifiable. These matters are pending at various stages of adjudication.

Civil Cases

30 civil cases have been filed against the Company, its editors, sub-editors, journalists and/ or its Directors, alleging defamation in relation to news articles published in the Company's newspapers. The aggregate amount involved in these cases is approximately Rs. 77.53 million. These matters are pending at various stages of adjudication.

Notices

23 notices have been received by the Company, its editors, sub-editors, journalists, Promoters and/ or Directors alleging defamation due to publication of certain news items in the newspapers published by it. The amount claimed under the aforesaid notices aggregates to approximately Rs. 56.6 million.

II. *Other Criminal Cases*

1. Various criminal applications have been filed before the Judicial Magistrate in the Jalna District against Bhalchandra Yashwantrao Deshpande arising from six police complaints filed in relation to news article dated December 16, 2001. Bhalchandra Yashwantrao Deshpande has filed a criminal application (No. 2051 of 2004) dated September 10, 2004 before the High Court of Bombay, Aurangabad Bench, for quashing and setting aside the aforesaid criminal applications. The High Court of Bombay, Aurangabad Bench has by orders dated February 8, 2006 and March 31, 2008 granted an interim stay against the complainants. The matter is currently pending.

2. Ramakant Gaikwad filed a criminal contempt petition (No. 8 of 2002) dated November 26, 2002 before the High Court of Bombay, Nagpur Bench against Vijay Darda (in his capacity as Managing Editor of *Lokmat)*, Kamlakar Dharap, Editor of *Lokmat*, Nirmal Darda, Publisher of *Lokmat* and Bhaiyaji Khairkar, an employee of the Company, in relation to news articles dated July 27, 2002 and July 29, 2002 published in *Lokmat*. The High Court of Bombay, Nagpur Bench by its order dated March 28, 2003 accepted the unconditional apology tendered by the other accused persons except for Bhaiyaji Khairkar. Thereafter, Bhaiyaji Khairkar has filed a criminal appeal (No. 922 of 2003) before the Supreme Court challenging the order dated March 28, 2003 and the Supreme Court by an order dated August 1, 2003 has released Bhaiyaji Khairkar on furnishing a bail bond of Rs. 5,000 to the satisfaction of the High Court of Bombay, Nagpur Bench. The matter is currently pending.

3. Roopchand Dhole has filed a criminal appeal (Criminal Appeal No. 58/ 2008) before the Industrial Court, Nagpur Bench, Nagpur against the Company, Vijay Darda, in his capacity as Director of the Company and others. For details, please see " –Litigation against the Company – Labour Cases – No. 8" on page 300.

III. *Labour Cases*

All matters involving financial implication of Rs. 0.5 million and certain other litigation which may have a material adverse effect on the financial performance of the Company have been described individually below.

1. Jagan Tanbaji Wanjari has filed a complaint (ULPN No. 345 of 1995) on July 20, 1995 before the Labour Court, Nagpur against the General Manager of the Company in relation to a dismissal order dated July 10, 1995 passed by the General Manager, dismissing the complainant from employment of the Company. The complainant has prayed for setting aside the dismissal order, reinstatement of the complainant with continuity of service and payment of full back wages. The amount involved in this case is approximately Rs. 1.10 million. The matter is currently pending.

2. Devidas Ambhare and others have filed a complaint (Complaint No. 750 of 1988) on July 21, 1988 before the Industrial Court, Nagpur, against the Company claiming amounts allegedly payable by the Company as arrears of wages. The Industrial Court, Nagpur, by its order dated August 16, 1999, held that the complainants were entitled to the arrears of wages. The complainants thereafter filed an application (Application No. 49 of 2000) before the Labour Court, Nagpur claiming an aggregate amount of approximately Rs. 20.66 million together with interests thereon in terms of the order dated August 16, 1999. The Company filed a writ petition (Writ Petition No. 110 of 2000) dated October 4, 1999 before the High Court of Bombay, Nagpur Bench against the order dated August 16, 1999 for stay on the operation of the said order. The High Court of Bombay, Nagpur Bench by its order dated April 19, 2001, stayed the order dated August 16, 1999 pending disposal of the court petition. Further, by an order dated July 21, 2010, the order dated August 16, 1999 was set aside by the High Court of Bombay, Nagpur Bench. The amount involved in the dispute is approximately Rs. 25.05 million. The application filed before the Labour Court is currently pending.

3. Lokmat Shramik Sanghatana raised a demand for re-classifying the Company in terms of the Palekar Award and the Bachawat Award before the conciliation officer on January 13, 1997 under the Industrial Disputes Act, 1947, claiming that the Company is not paying wages to the employees in terms of class II of the Palekar Award and the Bachawat Award and was instead paying wages as per class IV and demanding

arrears for difference in wages with retrospective effect due to the aforesaid reason along with an interest at the rate 18.00% p.a. It has been claimed that the Company never classified the establishment correctly. The Conciliation Officer by an order dated February 6, 2001 referred the matter to the Industrial Court, Nagpur. Lokmat Shramik Sanghatana filed a statement of claim (Reference (IT) No. 2/ 01) before the Industrial Court, Nagpur on March 14, 2005 and the Company has claimed that all arrears have been paid and full settlement has been made. The matter is currently pending.

4. The following seven complainants have filed separate complaints before the Industrial Court (Maharashtra), Nagpur Bench (the "**Industrial Court**") against the Company under the provisions of the Maharashtra Recognition of Trade Union and Prevention of Unfair Labour Practices Act, 1971, alleging unfair labour practices and challenging their dismissal from the employment of the Company:

Dyaneshwar Kadu – (Complaint (U.L.P.A) No. 1210 of 1998) dated December 22, 1998
Sanjay Ingale – (Complaint (U.L.P.A) No. 1211 of 1998) dated December 22, 1998
Ramesh Marwadi – (Complaint (U.L.P.A) No. 1212 of 1998) dated December 22, 1998
Prabhakar Choudhary – (Complaint (U.L.P.A) No. 1213 of 1998) dated December 22, 1998
Bharat Pimple – (Complaint (U.L.P.A) No. 1214 of 1998) dated December 22, 1998
Fulchand Gedam – (Complaint (U.L.P.A) No. 1225 of 1998) dated December 22, 1998
Shalikram Waghade – (Complaint (U.L.P.A) No. 188 of 2002) dated March 10, 2002

The complainants have claimed reinstatement to their former post with continuity of service, payment of full back wages and other allied benefits as applicable. The amount involved in each complaint is approximately Rs. 0.72 million. The matter is currently pending.

5. Chandrashekhar Mahule and others, (together referred to as the "**Complainants**"), have filed separate complaints (Complaint ULPA No. 393/ 2004 – 403/ 2004 and 408/ 2004) in December 2004 against the Company before the Industrial Court, Maharashtra, Nagpur Bench alleging that they have been given wages as per the post of a paster, however they are required to work as a planner. The Complainants have alleged unfair labour practices on the part of the Company and have further prayed for payments as per the post of planner with effect from April 1, 1998 and wage difference for extra hours, to be computed at double the rate of wages, as applicable under the Factories Act, 1948. The amount involved in these matters aggregate to approximately Rs. 1.10 million. The matters are currently pending.

6. Rashtriya Mathadi Shramik Sangh and others (the "**Petitioners**"), have filed a writ petition (Writ Petition No. 623/ 2005) in February 2005 against State of Maharashtra, the Mathadi and Unprotected Labour Board, Nagpur and the Company (together referred to as the "**Respondents**") before the High Court of Bombay, Nagpur Bench. The Petitioners have claimed *inter alia*, that state of Maharashtra and the Company had entered into an agreement, in terms of which the Company had undertaken to employ certain of the Petitioners for a period of five years with effect from April 1, 2003. However, the services of certain petitioners were discontinued with effect from June 5, 2004. The Petitioners have alleged that the termination of their employment by the Company is illegal, arbitrary and violates the provisions of the Maharashtra Mathadi Hamal and other Manual Workers (Regulation of Employment and Welfare) Act 1969. The Petitioners had also prayed for an interim order, for reinstatement, which was granted by the High Court of Bombay, Nagpur Bench by an order dated March 31, 2005. The Respondents have filed a special leave petition (SLP No. 18918-18919 of 2005) in 2005 before the Supreme Court for stay against the order dated March 31, 2005. The Supreme Court has by an order dated April 9, 2007 rejected the petition and has directed the High Court of Bombay, Nagpur Bench to dispose the case expeditiously. The matter is currently pending before the High Court of Bombay, Nagpur Bench.

7. Lokmat Shramik Sanghatana filed conciliation proceedings before the Conciliation Officer on May 25, 2005 demanding regularization and permanency of 19 employees who were employed on contract basis. During the conciliation proceedings the Company terminated the services of these contractors due to expiry of contract. However, six employees withdrew their names from the conciliation proceedings. On failure of the conciliation proceedings, the dispute was referred to the Industrial Tribunal, Nagpur and Lokmat Shramik Sanghatana filed a statement of claim (Reference (IT) No. 1 of 2006) before the Industrial Tribunal, Nagpur on March 18, 2006 demanding regularization and permanency of 19 employees who were

employed on contract basis. The Industrial Tribunal, Nagpur by an award dated January 10, 2008 answered the reference in negative, but recorded that the reference is maintainable.

The Company has filed a writ petition (Writ Petition No. 2534 of 2008) before the High Court of Bombay, Nagpur Bench against Lokmat Shramik Sanghatana and the Industrial Court, Nagpur on June 2, 2008, claiming that the reference was liable to be returned in terms of the Bombay Industrial Relationship Act, 1946. The matter is currently pending. Further, Lokmat Shramik Sanghatana has also filed a writ petition (Writ Petition No. 4206/ 09) before the High Court of Bombay, Nagpur Bench on June 8, 2009 against the said award and has alleged that the Company has violated the provisions of the Palekar Award, the Bachawat Award and the Manisana Award by not making payment of wages in terms of such awards which does not contemplate contract employees and has contravened the provisions of the Industrial Disputes Act, 1947 and also that the termination was illegal. This complaint is in relation to eight journalists and two non-journalists. The High Court of Bombay, Nagpur Bench has by an order dated March 5, 2010 admitted the matter. The amount involved in this matter is not quantifiable. The matter is currently pending.

8. Roopchand Dhole filed a complaint (Complaint No. 269/ 1981) before the Labour Court, Nagpur in 1981 against the Company and Vijay Darda (together referred to as the "**Respondents**") alleging that his termination by the Company with effect from July 7, 1981 was by resorting to unfair labour practice in terms of the Maharashtra Recognition of Trade Unions and Prevention of Unfair Labour Practices Act, 1971. By an order dated April 23, 1984 the Labour Court, Nagpur *inter alia* directed the Company to reinstate him with backwages with effect from July 7, 1981 till his reinstatement. The Company filed a revision application (Revision (ULP) No. 20/ 1984) against the said order before the Industrial Court, Nagpur Bench, Nagpur in 1984, which was dismissed by an order dated December 4, 1984. The Company thereafter filed a writ application (Writ Petition No. 849/ 1985) before the High Court of Bombay, Nagpur Bench in 1985, which was dismissed. Roopchand Dhole thereafter filed another complaint (ULP No. 147/ 1986) before the Industrial Court, Nagpur Bench, Nagpur in 1986 alleging that the Company was directed to reinstated him in the service which was complied with, however his pay was not fixed appropriately in terms of the applicable award, and the Industrial Court, Nagpur Bench, Nagpur pursuant to an order dated February 1, 1988 *inter alia* directed the Company to pay wages to Roopchand Dhole in terms of the Palekar award and to desist from committing such unfair labour practices.

Roopchand Dhole filed criminal complaint (U.L.P.A. No. 21/ 88) before the Labour Court, Nagpur in 1988 for delay in implementation of order and non- payment of arrears by the Respondents. The Labour Court by an order dated September 20, 2006 dismissed the complaint. Roopchand Dhole has filed a criminal appeal (Criminal Appeal No. 58/ 2008) before the Industrial Court, Nagpur Bench, Nagpur in November 2006 alleging that the Company and Vijay Darda are guilty of contempt for not executing the order dared February 1, 1988. The matter is currently pending.

Roopchand Dhole has also filed a writ petition (Writ Petition No. 3312/ 2002) on August 7, 2002 against the Respondents before the High Court of Bombay, Nagpur Bench against the order dated December 26, 2001 of the First Labour Court, Nagpur in the I.D.A. Case No. 367 of 1994, in terms of which damages amounting to Rs. 38,363 were awarded to him. Roopchand Dhole has claimed that the order is illegal and improper and has prayed that the order be quashed and he should be awarded a sum of Rs. 85,488 with interest. The matter is currently pending. Further, an application (I.D.A Application No. 35/ 2002) was filed by Roopchand Dhole in 2002 before the Labour Court, Nagpur claiming an amount of Rs. 54,494.91 alongwith interest for a period from July 1994 to December 2001 as arrears from the Company and had prayed for a direction against the Company to deposit amount of Rs. 6,414.35 toward employee contribution. The Labour Court, Nagpur has by an order dated May 22, 2009 allowed the aforesaid application.

In addition, Roopchand Dhole filed a complaint (Complaint No. 175/ 2004) dated October 5, 2004 against Regional Provident Fund Commissioner Nagpur and the Company before the Additional District Consumer Dispute Redressal Forum, Nagpur for recovery of the pending dues amounting to Rs. 87,322. The Additional District Consumer Dispute Redressal Forum, Nagpur by an order dated September 27, 2005 directed the Regional Provident Fund Commissioner, Nagpur to pay Rs. 16,038 with an interest of 12.00% p.a. accrual until the date of issuance of the cheque to Roopchand Dhole and to pay Rs. 20,000 for mental agony and Rs. 2,000 as the cost of proceeding. The Regional Provident Fund Commissioner Nagpur has filed an appeal (IT No. 2397/ 05) against the Complainant and the Company before the Consumer District Redressal Commission, Maharashtra against the order passed by the Additional District Consumer Dispute Redressal Forum, Nagpur, dated September 27, 2005.

Further, Roopchand Dhole, has filed an application (IT No. 261/ 05) in December 2005 against the Company before the First Labour Court at Nagpur seeking payment of back wages and arrears recoverable from the Company along with interest for the period from January 2000 to November 2004. He has also sought a direction to direct the applicant to deposit money towards employers' contribution of provident fund in the office of the provident fund. The matter is currently pending.

The Company has filed an application dated August 11, 2006 (Application (IT) No 5/ 06) before the Industrial Court, Nagpur for approval of dismissal of Roopchand Dhole, dismissed by an order dated August 11, 2006 for unauthorized absence, along with one month's pay pursuant to the domestic enquiry conducted against him. The application is currently pending.

Additionally, Roopchand Dhole has also filed an application against Vijay Darda (in his capacity as Chairman and Managing Director of the Company) and Ashok Jain (in his capacity as Director of Operations), as the non applicants, before the Maharashtra State Human Rights Commission seeking payment of wages and allowances since December 2004. He has requested the Maharashtra State Human Rights Commission to intervene and arrange the release of wages and allowances which are due to the applicant. However, the Company or Vijay Darda has not received any notice or show cause from the Maharashtra State Human Rights Commission. The matter is currently pending.

9. Shaikram Waghade and six other employees of the Company ("**Complainants**") filed complaints (UPLA Nos. 965/ 1996 to 971/ 1996) before the Industrial Court, Nagpur on October 10, 1996 in terms of the Maharashtra Regional Trade Union and Prevention of Unfair Labour Practices Act, 1971 claiming that the Company was engaged in unfair labour practices as it failed to make the Complainants its permanent employees and extend the benefits applicable to the regular and permanent employees of the Company to the Complainants including benefits under the Palekar Award and the Bachawat Award. Further, it was claimed that the Company orally terminated their services on May 1, 1998. The Company claimed that these were the persons who were engaged by the executives/ officers of the Company as domestic servants and there was no employer-employee relationship between the Company and the Complainants. The Industrial Court, Nagpur, by a common order dated February 12, 2002 allowed the aforesaid complaints and directed the Company to make the Complainants its permanent employees, along with all consequential benefits, from the date they completed 240 days in the Company. The Company filed writ petitions (Writ Petitions (C) Nos.1196/ 2002 to 1202/ 2002) against the order dated February 12, 2002 before the High Court of Bombay, Nagpur Bench on March 11, 2002, which were allowed pursuant to an order dated November 27, 2002 and it was held that the state government should treat all the complaints as industrial disputes and refer them to the Industrial Tribunal.

The order dated November 27, 2002 was challenged by the Complainants by way of letter patents appeals (LPA No. 172/ 2003 to 178/ 2003) in 2003 before the Division Bench of the High Court of Bombay, Nagpur Bench, which by an order dated September 11, 2007 remanded the matter back to the Single Judge, the High Court of Bombay, Nagpur Bench and held that the decision of the Single Judge, the High Court of Bombay, Nagpur Bench shall have the effect of the award of an Industrial Court. The Company challenged the order dated September 11, 2007 by way of a special leave petition filed before the Supreme Court (SLP No. 21540-21546 of 2007) in 2007 which was rejected by an order dated November 26, 2007. The Company filed a review application (No.611- 614, 626 – 628 of 2008) on January 7, 2008 against the order dated September 11, 2007 which was rejected by it pursuant to an order dated June 18, 2008. The Company challenged the order dated June 18, 2008 by way of a special leave petition filed before the Supreme Court (SLP (C) Nos. 21781-21787/ 2008) in 2008 which was rejected by an order dated September 11, 2008.

Under the remanded petitions (Writ Petitions (C) Nos.1196-1202 of 2002) the High Court of Bombay, Nagpur Bench, based on photocopies of documents like gate pass, slip issued by stores department, leave application etc., by orders dated October 8, 2008 and October 10, 2008 dismissed the same and held that the burden of proof that no employer- employee relationship existed lies on the Company. The Company has challenged the orders dated October 8, 2008 and October 10, 2008 by way of special leave petitions (SLP Nos. 2002, 2005, 2006, 2039, 2042, 2043 and 2045 of 2010) filed on May 11, 2010 before the Supreme Court in 2009 and has also urged for interim stay on operation of these orders.

The Complaints also filed complaints (ULP complaint nos. 209 to 215 of 2009) before the Industrial Court, Nagpur claiming wages under different awards and compensation, which, by an order dated July 21, 2009 held that in previous litigation entitlement of permanency of the Complaints was already set up by an order dated February 12, 2002 and dismissed the subsequent complaints for execution as not maintainable and time-barred. The Complainants have filed writ petitions (WP No. 4816/ 09, 4792/ 09, 4802/ 09, 4904/ 09, 5080/ 09, 5085/ 09 and 5152/ 09) on June 8, 2009 challenging the common order dated July 21, 2009, which by an order dated March 12, 2010 quashed the common order dated July 21, 2009 and has restored the complaints for further considerations as per law. The Company also filed letters patent appeals (LPA Nos. 328-330, 336 and 337 of 2010) before the High Court of Bombay, Nagpur Bench, which were dismissed by an order dated August 25, 2010. The amount involved in these matters is approximately Rs. 5.10 million. The matter is currently pending.

10. The Company has filed an application (ATA No. 507(9)/ 2010) dated August 17, 2010 before the Employee Provident Fund Tribunal, New Delhi under provisions of the Employees Provident Fund and Miscellaneous Provisions Act, 1952 challenging the validity of the orders dated June 2, 2010 and July 26, 2010 passed by the Regional Provident Fund Commissioner – I imposing a liability of Rs. 1,215,782 on the Company as payment of provident fund in relation to certain employees. The Company has claimed that the persons mentioned in the order of the Regional Provident Fund Commissioner – I are not the employees of the Company and imposition of such liability shall result into double employment. The Company has urged for setting aside the aforesaid orders and grant of stay on the effect and operation of the same until the pendency of the appeal. The Regional Provident Fund Commissioner – I has by an order dated September 9, 2010 directed the Company to deposit 40.00% of the assessed amount for grant of stay. Further, the bank has paid Rs. 1,215,782 to Regional Provident Fund Commissioner – I from the Company’s account. The matter is currently pending.

11. Lokmat Shramik Sanghatana filed an application (Application (MRTU) No. 5 of 2001) dated December 21, 2000 before the Industrial Court, Nagpur against the Lokmat group of newspapers, the Company and Lokmat Employees Welfare Association for recognition as a union under the provisions of the Maharashtra Recognition of Trade Union and Prevention of Unfair Labour Practices Act, 1971, being registered under the Trade Unions Act, 1926 in terms of registration certificate dated November 5, 1996. The Company filed its reply dated August 27, 2001 claiming inter alia that the application was not maintainable as one union was already operating in the newspaper industry and that some of the members of Lokmat Shramik Sanghatana were not the employees of the Company. The Industrial Court, Nagpur has by an order dated August 26, 2010 allowed the application and has granted recognition to Lokmat Shramik Sanghatana as ‘Recognized Union’ in terms of Section 11 of the Maharashtra Recognition of Trade Union and Prevention of Unfair Labour Practices Act, 1971. The Company and the Lokmat group have filed a writ petition (Stamp No. 18532/ 2010) against Lokmat Shramik Sanghatana, Lokmat Employees Welfare Association and Member, Industrial Court, Nagpur Bench, Nagpur, before the High Court of Bombay, Nagpur Bench on October 20, 2010. The Company has challenged the order dated August 26, 2010 and has sought direction for setting aside the said order and grant of an ad-interim stay on operation of the said order.

12. Motiram Dhobale filed a complaint (ULPA No. 459/ 1988) on April 11, 1988 before the Industrial Court, Maharashtra, Nagpur Bench against the Company and Goldie Advertising and Marketing Services Private Limited claiming that he was an employee of the Company since May 8, 1984 and prayed for arrear of wages. The Industrial Court, Maharashtra, Nagpur Bench passed an order dated April 21, 1998 in favour of Motiram Dhobale and directed the Company to pay the arrears in wages from the date of filing of the complaint. The Company filed a special leave petition being special leave to appeal ((Civil) No. 5540/ 1999) before the Supreme Court claiming that he was an employee of another concern Goldie Advertising and Marketing Services Private Limited, however, this claim was rejected by the Supreme Court by its order dated August 18, 2000.

Motiram Dhobale also filed a writ petition (Writ Petition No. 3598/ 1998) in November 1998 against the Company before the High Court of Bombay, Nagpur Bench against the order of the Industrial Court, Nagpur which had awarded back wages to him as per the Bachawat Award from the April 11, 1988. Motiram Dhobale has claimed wages for the period from May 8, 1984 to April 11, 1988. Pursuant to an order dated October 12, 2010, the High Court of Bombay, Nagpur Bench *inter alia* held that the seniority of Motiram Dhobale shall be determined from May 8, 1984; however, he shall not be entitled to any arrears or actual monetary benefits from May 8, 1984 to April 11, 1988. The Company has been directed to pay arrears to Motiram Dhobale for a period from April 11, 1998 till March 31, 2011.

Motiram Dhobale filed a complaint (No. 211 of 1999) dated March 30, 1999 before the Industrial Court, Maharashtra, Nagpur Bench against the Company claiming an amount of approximately Rs. 0.58 million allegedly payable by the Company as arrears of wages from the date of joining the Company together with interests thereon. Motiram Dhobale thereafter filed another complaint (ULPA No. 97/ 2003) dated February 11, 2003 before the Industrial Court, Nagpur claiming that he has been denied promotion by the Company since 1991 and the Company was engaged in unfair labour practices. The Industrial Court, Nagpur by an order dated March 12, 2008 held that Motiram Dhobale was entitled to promotions and pay scales as per the relevant awards and the Company was engaged in unfair labour practices. The Company has filed a writ petition (Writ Petition No. 3070/ 08) dated June 4, 2008 before the High Court of Bombay, Nagpur Bench against the said order claiming *inter alia* that the complaint was not maintainable, was barred by limitation and that the order dated March 12, 2008 be set aside. The High Court of Bombay, Nagpur Bench has by an order dated July 29, 2008 granted a stay against the execution of the order dated High Court of Bombay, Nagpur Bench. The matter is currently pending.

In addition, a complaint dated April 13, 2009 (Complaint (ULPN) No. 111 of 2009) has been filed by Motiram Dhobale before the Industrial Court, Nagpur Bench claiming that the Company has denied promotion to him, despite 24 years of service to the Company and has committed unfair labour practices in terms of the Maharashtra Recognition of Trade Union and Prevention of Labour Practices Act, 1971. Further, Motiram Dhobale has requested for direction to the Company to pay salary applicable to a person employed on a permanent post and to grant him promotion. The matter is currently pending.

13. In addition to the above, 23 cases have been filed against the Company, by its employees/ ex-employees, primarily challenging wrongful termination and/ or claiming back-wages, arrears of wages and/ or re-instatement. The aggregate amount involved in these cases is Rs. 2.04 million. These matters are pending at various stages of adjudication.

IV. Other Civil Cases

All matters involving financial implication of Rs. 0.5 million and certain other litigation which may have a material adverse effect on the financial performance of the Company have been described individually below.

1. Prabhudas Bhikalal Buddhadeo has filed an application (M.J.C. No. 6/ 2008) dated June 19, 2008 against Shripad Vinayakrao, Editor of *Lokmat*, Nirmal Darda and others (including editors of certain other newspapers) before the Civil Judge, Senior Division, NER alleging that the newspapers were liable for contempt of court in terms of the Contempt of Courts Act, 1971 since they published a news item in relation to a dispute which was pending before the Civil Judge, Senior Division, NER and therefore resulted in disrepute and bought harm to image of Prabhudas Buddhadeo. The matter is currently pending.

2. Surekha Deshmukh has filed an application (MACP No. 85 of 2007) for compensation under the Motor Vehicles Act, 1988 before the Motor Accidents Claim Tribunal, Solapur on March 11, 2003 against PPPL (in relation to the Demerged Undertaking merged with the Company), claiming that her husband died in an accident and PPPL, being the employer is required to pay compensation. PPPL had filed an application before the Motor Accidents Claim Tribunal, Solapur on March 11, 2003 to introduce the truck owner, by whom the accident occurred and the insurance company as the necessary parties. Surekha Deshmukh has claimed an amount aggregating Rs. 2.70 million as compensation. The matter is currently pending.

3. A complaint (Complaint No. 14/ 122/ 09-10-PCI) dated April 24, 2009 has been filed by Shekhar Gaikwad before the Press Council of India against Vijay Darda, Hemant Kulkarni, Editor in Chief and Bhushan Mahale, Correspondent, under the Press Council Act, 1978, on the alleged grounds of defamation arising out of three news items published by *Lokmat*, Nashik edition from February 27, 2009 to March 4, 2009. Shekhar Gaikwad has *inter alia* claimed that such act is against journalistic ethics and is illegal and bad in law, and is against freedom of press. The matter is currently pending.

4. A writ petition (Writ Petition No. 670 of 2009) has been filed by Vikrant Industries against state of Maharashtra, MIDC, PPPL (in relation to the Demerged Undertaking merged with the Company) and others before the High Court of Bombay, Aurangabad Bench in January 2009, challenging the allotment of plots to the Company and few others by MIDC. It has been *inter alia* claimed by Vikrant Industries that the state of Maharashtra and MIDC did not allot the plots (for industrial purpose and commercial purpose) in Latur, for which he had made allotment applications, and the plots were granted to PPPL and others, separately. It has further been claimed by Vikrant Industries that PPPL had not obtained the building completion certificate until December 8, 2008, the last date for extension granted to PPPL, and despite the same, the permission was continued by MIDC. Vikrant Industries has *inter alia* prayed for a writ of certiorari or any other writ against the respondents for quashing the allotments, to allot plots to it and pay compensation. The matter is currently pending.

5. Rajendra Prasad Shukla was appointed as a circulation agent of the Company for distribution of newspapers. In terms of the agency agreement, he paid the requisite deposit amount. The Company terminated the agency agreement for certain reasons. Rajendra Prasad Shukla filed a civil suit (Civil Suit No. 264/ 2003) before the Seventh Joint Civil Judge Senior Division, Nagpur for recovery of the agency deposit amount, which was allowed pursuant to an order dated November 7, 2009. The Company has filed an appeal (First Appeal No. 171/2010) before the High Court of Bombay, Nagpur Bench Nagpur against the aforesaid order. The matter is currently pending.

6. Two cases have been filed against the Company in relation to grant of succession certificate and a loan outstanding against an employee before the Civil Judge, Aurangabad and the Co-operative Court, Nagpur, respectively. The matters are currently pending.

V. Sales Tax Cases

1. The Assistant Commissioner of Sales Tax (Assessment), Nagpur, pursuant to an assessment order and notice of demand dated March 3, 2009, determined a demand of Rs. 0.62 million, including interest and penalty, for the assessment year 2003-04 under the provisions of the Bombay Sales Tax Act, 1959. It has been claimed by the Assistant Commissioner of Sales Tax (Assessment), Nagpur that the Company is liable to pay sales tax for the sale of old newspapers and paper reels, which are not exempted from levy of sales tax. The Company has filed an appeal (BST/P-51/3/09-10) on April 7, 2009 before the Deputy Commissioner of Sales Tax (Appeal), Nagpur, for *inter alia* deletion of levy of sales tax. The Company has also filed an application for interim stay dated April 7, 2009 before the Deputy Commissioner of Sales Tax (Appeal), Nagpur. The Company has made payment of Rs. 0.10 million under protest. The matter is currently pending.

VI. Income Tax Cases

1. The Deputy Commissioner of Income Tax, Mumbai has issued a two notices dated June 21, 2010 and August 17, 2010 to the Company under the provisions of the Income Tax Act, 1961, requesting the Company to submit certain documents and information in relation to the assessment year 2008-2009.

2. The Deputy Commissioner of Income Tax, Mumbai has issued a notice dated August 19, 2010 to the Company under the provisions of the Income Tax Act, 1961, requesting the Company to submit information in relation to the assessment year 2009-2010.

In addition, certain income tax cases are pending against the Demerged Undertaking of PPPL details of which are provided under " – Litigation against the Group Companies – Prithvi Prakashan Private Limited

– Income Tax Cases” on page 308. Any liability arising out of these income tax cases against PPPL will be required to be indemnified by the Company.

Litigation against the Subsidiaries and the Joint Venture

1. IBN Lokmat News Private Limited (“IBNL”)

I. Civil Cases

1. Sudhakar W. Chavan has filed a suit (No. 2729 of 2009) against IBNL and others before the City Civil Court, Bombay alleging that IBNL had telecast a programme ‘Maharashtracha Mahasangram’ on September 12, 2009, September 13, 2009 and September 14, 2009, respectively, which was false, contemptuous and defamatory in nature. Sudhakar W. Chavan has prayed for permanent and temporary injunction against IBNL from telecasting any such material. The matter is currently pending.

II. Legal Notices

1. IBNL has received a legal notice dated April 2, 2009 from Big Music and Home Entertainment, a division of Reliance Big Entertainment Private Limited alleging infringement with regard to an adaptation of a song video for the news program ‘Sakalchay Batmay’ telecast on IBNL. Big Music and Home Entertainment has claimed compensation of Rs. 1 million as damages. IBNL has replied to the notice vide letter dated April 8, 2009 clarifying that IBNL is a separate channel operated by IBNL and denying all allegations.

2. IBNL received a legal notice dated February 3, 2009 from Vishwanath S. Talkute, Advocate, on behalf of his client Punyashlok Sadguru Shiv-Parvati Pratishthan which had prepared a documentary ‘Wari’ which IBNL had allegedly fraudulently induced the aforementioned to hand over and telecast the same without any payment or consent of the aforementioned. Punyashlok Sadguru Shiv-Parvati Pratishthan has claimed Rs. 1 million as compensation along with interest. IBNL has replied to the notice by letter dated April 21, 2009 denying all allegations.

3. A legal notice dated October 18, 2010 has been received by Nikhil Wagle, IBNL, the Company and H.T. Media Limited from Vijendra Jabra, Advocate, on behalf of his client Mobin Ahmed Mohd. Hanif Quereshi for allegedly telecasting false and frivolous news and defaming him on *IBN – Lokmat* on September 28, 2010 and September 29, 2010 and publication of a defamatory article against him in the newspaper of the Company on September 29, 2010. The notice further states that if a pubic apology is not made within three days from receipt of the notice by Nikhil Wagle, IBNL, the Company and H.T. Media Limited, a suit of recovery for Rs. 10 million shall be filed. IBNL has not replied to the notice.

4. IBNL and Nikhil Wagle have received a legal notice dated October 21, 2010 from H.H. Ponda, Advocate, on behalf of his client Salim Sayed Khalil Ahmed for allegedly telecasting news defaming him on September 28, 2010, due to which certain newspapers also published defamatory news in their publications. The notice further states that if a pubic apology is not made within seven days from receipt of the notice, legal proceedings would be initiated against IBNL and Nikhil Wagle. IBNL has not replied to the notice.

5. IBNL, Nikhil Wagle and Vinayak Mhatre have received a legal notice dated December 10, 2010 from Nilesh Pawaskar, on behalf of his client Ramanand Tiwari for allegedly telecasting news defaming him on December 8, 2010 and December 9, 2010. The notice further states that if a pubic apology is not made within five days from receipt of the notice, legal proceedings would be initiated. IBNL has not replied to the notice.

6. IBNL and Nikhil Wagle have received two notices dated July 21, 2010 and December 29, 2009, respectively, from Maharashtra Legislative Assembly for breach of legislative privilege. IBNL has filed its replies to said notices.

Litigation against the Directors

Vijay Darda

I. Defamation Cases

Criminal Cases

11 criminal cases have been filed against Vijay Darda (in his capacity as the Director or editor of the newspapers of the Company), alleging defamation in relation to news articles published in the Company's newspapers. The Company is also a party to some of these cases. In the event, Vijay Darda is held guilty of defamation under any of these criminal complaints, he may become subject to imprisonment or fine or both in terms of the provisions of the Indian Penal Code, 1860. The aggregate amount involved in these cases is not quantifiable. These matters are pending at various stages of adjudication.

Civil Cases

Eight civil cases have been filed against Vijay Darda, alleging defamation in relation to news articles published in the Company's newspapers. The Company is also a party to some of these cases. The aggregate amount involved in these cases is Rs. 4.52 million. These matters are pending at various stages of adjudication.

Notices

Four notices have been received by Vijay Darda and the Company alleging defamation due to publication of certain news items in the newspapers published by the Company. The amount claimed under the aforesaid notices aggregates to approximately Rs. 30.00 million.

II. Other Criminal Cases

1. Roopchand Dhole has filed a criminal appeal before the Industrial Court, Nagpur Bench, Nagpur against Vijay Darda and others including the Company. For details, please see " – Litigation against the Company – Labour Cases – No. 8" on page 300.

2. Ramakant Gaikwad has filed a criminal case against Vijay Darda and others. For details, please see " – Litigation against the Company – Criminal Cases – Other Criminal Cases – No. 2" on page 298.

III. Labour Cases

1. Roopchand Dhole has filed certain cases against the Vijay Darda, in his capacity as a Director of the Company and others. Please see " – Litigation against the Company – Labour Cases – No. 8" on page 300.

IV. Other Civil Cases

All matters involving financial implication of Rs. 0.5 million and certain other litigation which may have a material adverse effect have been described individually below.

1. Digambar Pajgade filed two cases, including a public interest litigation, against Vijay Darda, Rajendra Darda and others, including Chief Secretary, Government of Maharashtra, in relation to use of funds from the Member of Parliament Local Area Development Scheme (MPLADS) Fund and construction of a school by Jawaharlal Darda Education Society. The amount involved in these cases aggregates to approximately 16.73 million. The matter is currently pending.

2. A suit of declaration (Civil Suit No. 880/ 2009) dated November 10, 2009 has been filed by Durgabai Shirsat and others before the Civil Judge, Senior Division, Nagpur against Sakal Jain Foundation and Vijay Darda, in his capacity as chairman of Sakal Jain Foundation against allotment of land admeasuring 1.44 hectares to the foundation by the original owners of such land. The matter is currently pending.

3. Shekhar Gaikwad has filed a complaint against Vijay Darda and others before the Press Council of India. For details, please see " – Litigation against the Company – Other Civil Cases – No. 3" on page 304.

Rishi Darda

I. Civil Cases

1. A civil suit (Regular Civil Suit No. 117/ 2006) dated April 29, 2006 has been filed by Sharayu Two Wheelers against Rajendra Darda, Rishi Darda and Karan Darda before the Civil Judge, Junior Division, Vashi at C.B.D, Navi Mumbai, under provisions of the Maharashtra Ownership Flat Act, 1963 claiming that the allotment of shops/ showrooms No. 3, 18 and 20 located at Prithivi Park, Vashi, Navi Mumbai to them be declared null and void. The matter is currently pending.

Karan Darda

I. Criminal Cases

1. A criminal complaint (Regular Criminal Complaint No. 1342/ 2004) dated October 4, 2004 has been filed by Farzana Khan Pathan against Karan Darda, Rajendra Darda and others before the Seventh Judicial Magistrate, First Class, Aurangabad alleging that they have committed offences under the provisions of the Indian Penal Code 1860 alleging that Karan Darda and Rajendra Darda fabricated the sale deeds and got the name of Karan Darda inserted in the mutation entries of a property. The matter is currently pending.

II. Civil Cases

1. Sharayu Two Wheelers has filed a civil case against Karan Darda and others. For details, please see " – Litigation against the Directors – Rishi Darda – Civil Cases – No. 1" on page 307.

Litigation against the Promoters

Vijay Darda

For details of outstanding litigation involving Vijay Darda, please see the section titled " – Litigation against the Directors – Vijay Darda" on page 306.

Rajendra Darda

I. Defamation Cases

Criminal Cases

Five criminal cases have been filed against Rajendra Darda, alleging defamation in relation to news articles published in the Company's newspapers. The Company is also a party to some of these cases. In the event, Rajendra Darda is held guilty of defamation under any of these criminal complaints, he may become subject to imprisonment or fine or both in terms of the provisions of the Indian Penal Code, 1860. The aggregate amount involved in these cases is not quantifiable. These matters are pending at various stages of adjudication.

Civil Cases

A civil case has been filed against Rajendra Darda alleging defamation in relation to a news article published in the Company's newspaper. The amount involved in the case is Rs. 2.7 million.

Notices

A notice has been received by Rajendra Darda and the Company alleging defamation due to publication of certain news items in the newspapers published by the Company.

II. Other Criminal Cases

1. Anand Poharkar has filed a criminal writ petition (Criminal Writ Petition No. 216/ 2001) against Lokmat Newspaper Charitable Trust and its office bearers including Rajendra Darda and Nirmal Darda, and others before the High Court of Bombay, Nagpur Bench on April 11, 2001 in relation to the use of funds donated to the Lokmat Newspaper Charitable Trust towards Kargil relief fund and natural calamities including Latur earthquake and Gujarat earthquake. It has been claimed by Anand Poharkar that the trust did not obtain permission from the Income Tax Department under Section 80-G of the Income Tax Act, 1961 and there had been misuse of funds collected in the name of Jawaharlal Darda Foundation. The matter is currently pending.

2. Six criminal cases as election petitions have been filed against Rajendra Darda claiming that he violated the election code of conduct during the election programmes, engaged in corrupt practices while campaigning for the election and that the nomination papers of other candidates were wrongfully rejected. These cases are pending at various stages of adjudication.

3. Farzana Khan Pathan has filed a criminal case against Rajendra Darda and another. For details, please see " – Litigation against the Directors – Karan Darda - Criminal Cases – No. 1" on page 307.

III. Other Civil Cases

All matters involving financial implication of Rs. 0.5 million have been described individually below.

1. Rajendra Darda is a party to the cases filed by and against Digambar Pajgade. For details of this litigation, please see " – Litigation against the Directors - Vijay Darda – Other Civil Cases – No. 1" on page 306.

2. Sharayu Two Wheelers has filed a civil case against Rajendra Darda and others. For details, please see "– Litigation against the Directors – Rishi Darda – Civil Cases – No. 1" on page 307.

Litigation against the Group Companies

Cozy Properties Private Limited

I. Civil Cases

1. Maharashtra Explosive Limited ("**MEL**"), a company incorporated under the Companies Act, could not carry out its industrial activities and therefore, the matter was referred to Board for Industrial and Financial Reconstruction. An Official Liquidator was appointed to take custody of all moveable and immoveable properties of MEL. The Official Liquidator, pursuant to an advertisement dated December 31, 2005, invited bids for said properties including land admeasuring 978.22 acres and the bid made by Cozy Properties Private Limited ("**CPPL**") for an amount of Rs. 400 million was accepted. The Collector, Wardha has claimed an unearned income of Rs 47.88 million upon the land and challenged the execution of sale deed in favour of CPPL. The matter is currently pending.

Prithvi Prakashan Private Limited

I. Income Tax Cases

1. *Assessment year 1993-1994*: The Deputy Commissioner of Income Tax, Mumbai has filed an appeal dated October 3, 2006 against PPPL (in relation to the Demerged Undertaking merged with the Company) before the Income Tax Appellate Tribunal, Mumbai, challenging the order dated July 27, 2006 of the Commissioner of Income Tax (Appeals), Mumbai, in respect of the assessment year 1993-1994. It has been claimed that the Commissioner of Income Tax (Appeals), Mumbai had erred in deciding that PPPL was

entitled to a claim of depreciation of Rs. 1.75 million in respect of leased out plant and machinery in a sell and lease back transaction, which was not a genuine transaction, and even if it was a genuine transaction, PPPL being the lessor was not entitled to claim depreciation. The Deputy Commissioner of Income Tax, Mumbai has further claimed that the order dated December 29, 1995 of the Assessing Officer be restored, in terms of which the income of PPPL for the assessment year 1993-1994 was assessed to be Rs. 5.40 million and income tax was payable accordingly. Further, the Assistant Commissioner of Income Tax, Mumbai has by an order dated August 18, 2006 directed to give effect to the order dated July 27, 2006, which is pending enforcement due to pendency of the appeal dated October 3, 2006. The amount involved in this case is Rs. 1.01 million. The matter is currently pending.

2. *Assessment years 1997-1998 to 2002-2003* - The Assistant Commissioner of Income Tax, Mumbai by an order dated March 29, 2006 held that PPPL (in relation to the Demerged Undertaking merged with the Company) had an undisclosed income of Rs. 11.87 million for the assessment years 1997-1998 to 2002-2003 and added the same to the undisclosed income. Accordingly, the Assistant Commissioner of Income Tax, Mumbai issued a demand notice and initiated penalty proceedings, claiming Rs. 7.48 million. PPPL filed an appeal dated April 14, 2006 against the aforesaid order before the Commissioner of Income Tax (Appeals), Mumbai, who by an order dated September 30, 2009 dismissed the appeal. PPPL has filed an appeal dated October 27, 2009 before the Income Tax Appellate Tribunal, Mumbai challenging the order dated September 30, 2009. The Company has paid Rs. 0.37 million as tax on regular assessment. The amount involved in this case is Rs. 7.11 million. The matter is currently pending.

3. *Assessment year 2005-2006* - The Assistant Commissioner of Income Tax, Mumbai pursuant to an assessment order dated December 27, 2007 disallowed the expenses claimed by PPPL (in relation to the Demerged Undertaking merged with the Company) for an amount aggregating Rs. 18.96 million for the assessment year 2005-2006 and accordingly, raised a demand of Rs. 9.36 million. PPPL filed an appeal before the Commissioner of Income Tax (Appeals), Mumbai against the aforesaid assessment order, and by an order dated February 2, 2009 the Commissioner of Income Tax (Appeals), Mumbai *inter alia* held that disallowance of Rs. 16.35 million was not justified and confirmed disallowance of Rs. 2.59 million. The Deputy Commissioner of Income Tax, Mumbai has filed an appeal dated April 29, 2009 before the Income Tax Appellate Tribunal, Mumbai, challenging the order dated February 2, 2009 and claiming that the Commissioner of Income Tax (Appeals), Mumbai had erred in deleting the disallowance of Rs. 16.35 million. Further, PPPL has filed an appeal dated February 27, 2009 before the Income Tax Appellate Tribunal, Mumbai, challenging the order dated February 2, 2009 and claiming that the Commissioner of Income Tax (Appeals), Mumbai has erred in confirming the disallowance of Rs. 2.61 million. The Company has already paid Rs. 5.50 million. The amount involved in this case is Rs. 3.86 million. The matter is currently pending.

4. *Assessment year 2006-2007* - PPPL (in relation to the Demerged Undertaking merged with the Company) has filed an appeal dated November 30, 2009 before the Income Tax Appellate Tribunal, Mumbai challenging the order dated September 29, 2009 of the Commissioner of Income Tax (Appeals), Mumbai, claiming that the Commissioner of Income Tax, Mumbai has erred in confirming disallowance of a sum of Rs, 6.98 million. Further, the Deputy Commissioner of Income Tax, Mumbai has filed an appeal dated December 2, 2009 before the Income Tax Appellate Tribunal, Mumbai, challenging the order dated September 29, 2009 of the Commissioner of Income Tax (Appeals), Mumbai, claiming that the Commissioner of Income Tax (Appeals), Mumbai has erred in deleting the disallowance of Rs. 18.35 million. PPPL has, pursuant to an application dated November 4, 2009, requested the Deputy Commissioner of Income Tax, Mumbai to give effect to the order dated September 29, 2009 of the Commissioner of Income Tax (Appeal), Mumbai in terms of which PPPL is liable to pay Rs. 3.30 million in respect of the assessment year 2006-2007 and that a rectification order be passed by the Deputy Commissioner of Income Tax, Mumbai including adjusting the aforesaid amount against the refund due. The amount involved in this case is Rs. 14.45 million. The matter is currently pending.

5. *Assessment year 2007-2008* - The Deputy Commissioner of Income Tax, Mumbai by an assessment order dated December 16, 2009 disallowed Rs. 26.24 of PPPL (in relation to the Demerged Undertaking merged with the Company). Further, PPPL received demand notices from the Deputy Commissioner of Income Tax, Mumbai dated December 16, 2009 and February 22, 2010 claiming Rs. 11.59 million and Rs. 7.91

million in relation to assessment year 2007-2008. In relation to the demand notice dated December 16, 2009, the Deputy Commissioner of Income Tax, Mumbai has allowed credit of Rs. 2.76 million as tax deducted as source. PPPL has filed an appeal dated January 25, 2010 before the Commissioner of Income Tax (Appeal), Mumbai claiming that the Deputy Commissioner of Income Tax, Mumbai has erred in disallowing Rs. 26.24 million. The Commissioner of Income Tax (Appeal), Mumbai pursuant to an order dated November 11, 2010 held that the action of the Deputy Commissioner of Income Tax, Mumbai in disallowing the expenses was justified. The Company has January 31, 2011 to file an appeal before the Income Tax Appellate Tribunal, Mumbai against the order dated November 10, 2010. The amount involved in this case is Rs. 7.91 million. The matter is currently pending.

6. The Deputy Commissioner of Income Tax, Mumbai has issued a notice dated September 6, 2010 to PPPL (in relation to the Demerged Undertaking merged with the Company) under the provisions of the Income Tax Act, 1961, requesting it to submit certain documents and information in relation to the assessment year 2008-2009.

Sandeep Layout

I. Civil Cases

1. Sandeep Layout and the Company have filed civil cases against the Maharashtra Airport Development Company and State of Maharashtra. For details, please see "- Litigation filed by the Company – Civil Cases – No. 4" on page 311.

Litigation filed by the Company

I. Criminal Cases

1. A criminal complaint (Regular Criminal Case No. 3040153/ 1998) has been filed by State of Maharashtra against Pramod Jaiswal (an ex- employee of the Company) in 1998 before the Second Judicial Magistrate First Class, Nagpur alleging fraud and misappropriation of funds amounting to Rs. 0.34 million. The matter is currently pending.

II. Civil Cases

All matters involving financial implication of Rs. 0.5 million and certain other litigation which may have a material adverse effect on the Company have been described individually below.

1. A civil suit (Civil Suit No. 3/ 96) has been filed by the Company against Ravindra Jain and Lokmat Shikhar, Bhopal before the District Judge, Nagpur on August 3, 1996 in terms of Trade and Merchandise Act, 1958 claiming that Ravindra Jain proposed to publish a weekly newspaper in Bhopal under the name 'Lokmat Shikhar' and has circulated pamphlets for the same, which amounted to breach of 'Lokmat' trademark registered in the name of the Company. The Company has been informed by the Registrar of Newspapers of India, pursuant to a letter dated December 23, 2003, that the RNI registration for 'Lokmat Shikhar' has been cancelled on December 16, 2003 and the District Magistrate has been informed to take suitable action in this regard. The matter is currently pending.

2. The Company has filed a suit (Special Civil Suit No. 201044/ 2009) before the Civil Judge, Junior Division, Nagpur against Headstart Advertising and Marketing Private Limited ("**Headstart**") and others on October 12, 2009 claiming that it has published advertisements for Headstart in its newspapers several times on credit and Headstart failed to make payment of Rs. 0.37 million to the Company despite several requests. The Company has made a claim of Rs. 0.50 million including interest and notice charges. The matter is currently pending.

3. The Company has filed a suit (Special Civil Suit No. 280/ 2009) dated November 1, 2009 before the Civil Judge Senior Division, Solapur against Virashee Advertisements claiming that it has published advertisements for Virashee Advertisements in its newspapers several times on credit and Virashee

Advertisements failed to make payment of Rs. 1.03 million to the Company despite several requests. The Company has made a claim of Rs. 1.50 million including interest and notice charges. The matter is currently pending.

4. The Collector of Nagpur issued a notification dated February 5, 2005 (published on February 7, 2005) in terms of the Maharashtra Regional and Town Planning Act, 1966 and the Land Acquisition Act, 1894 for acquiring certain land, including land admeasuring 3.96 hectares situated at Mouza Chinchbhuwan, Nagpur ("**Land**") owned by Sandeep Layout (wherein the Company was a partner at the time of acquisition), for international area cargo passenger terminus and multimodal hub. It has been claimed by Sandeep Layout that it did not receive any notice in terms of Section 9 of the Land Acquisition Act, 1894. Since the Collector, Nagpur did not pass any award in relation to the Land for two years, as required under the Land Acquisition Act, 1894, Sandeep Layout, the Company and another filed a writ petition (Writ Petition No. 3712/ 2008) before the High Court of Bombay, Nagpur Bench on August 22, 2008 praying *inter alia* to quash the notice dated February 5, 2005 in relation to the Land, declare that the entire land acquisition proceedings in relation to the land lapsed and grant an interim stay for further proceedings in relation to the Land. The writ petition was dismissed by the High Court of Bombay, Nagpur Bench by an order dated May 5, 2009. Sandeep Layout, the Company and another has challenged the said order before the Supreme Court by way of a special leave petition (SLP No 13577/ 2009) dated May 21, 2009 and has also prayed for stay of the order dated May 5, 2009. The matter is currently pending.

   Further, the Company and Sandeep Layout have also filed a reference case (Reference Case No. 1 of 2008) before the Special Land Acquisition Officer, Nagpur on September 12, 2008 against Maharashtra Airport Development Company and state of Maharashtra under the Land Acquisition Act, 1894. It has been claimed by Sandeep Layout that as per the award dated June 30, 2008 of the Special Land Acquisition Officer in relation to the Land, the amount of compensation determined is inadequate and has made a total claim of Rs. 280.88 million as compensation including interest. The matter is currently pending.

5. Rajendra Prasad Shukla was appointed as a circulation agent of the Company for distribution of newspapers. In terms of the agency agreement, he paid the requisite deposit amount. The Company terminated the agency agreement for breach by Rajendra Prasad Shukla and filed a civil suit (Civil Suit No. 527/ 2001) before the Sixth Joint Civil Judge Senior Division, Nagpur for recovery of Rs. 0.24 million. This Sixth Joint Civil Judge Senior Division, Nagpur dismissed the suit by an order dated February 27, 2008. The company has filed an appeal (First Appeal No. 111 of 2008) before the High Court of Bombay, Nagpur Bench against the order dated February 27, 2008. The matter is currently pending.

6. In addition to the above, the Company has filed approximately 26 cases against its customers for recovery of dues. The aggregate amount involved in these cases is approximately Rs. 2.65 million. These matters are pending at various stages of adjudication.

III. Section 138 of the Negotiable Instruments Act, 1881

All matters involving financial implication of Rs. 0.5 million have been described individually below.

1. A complaint (Private Criminal Case No. 4548/ 08) dated November 29, 2008 has been filed by PPPL (in relation to the Demerged Undertaking merged with the Company) against Sea Rock Institute of Education Research Development Private Limited ("**Sea Rock**") before the Court of Judicial Magistrate, First Class, Vashi at C.B.D. In terms of the agreement for advertisement dated June 12, 2008 between PPPL, Jaya Advertising Private Limited and Sea Rock, an advertisement of Sea Rock was published in Lokmat newspaper. However, Jaya Advertising Private Limited failed to pay the advertising fee and therefore, Sea Rock issued a cheque of Rs. 1.30 million dated June 27, 2008, drawn on HSBC Limited in the name of PPPL. The cheque was dishonored on October 7, 2008 and PPPL sent a demand notice to Sea Rock on October 15, 2008, but the dues were not paid. Hence, PPPL has filed the aforesaid complaint in terms of Sections 138 and 142 of the Negotiable Instruments Act, 1881. The amount involved is Rs. 1.30 million. The matter is currently pending.

2. In addition to the above, approximately 110 cases have been filed by the Company against its customers under Sections 138 and 142 of Negotiable Instruments Act, 1881 for recovery of dues and bouncing of cheques. The aggregate amount involved in these cases is approximately Rs. 4.71 million. These matters are pending at various stages of adjudication.

IV. Others

1. The Company has filed 12 cases before the Civil Judge, Junior Division, Nagpur for execution of the decrees passed in favour of the Company. The aggregate amount involved in these cases is approximately Rs. 0.41 million. These matters are currently pending.

Material Developments

There have been no material developments, since the date of the last balance sheet otherwise than as disclosed in the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations" on page 275.

GOVERNMENT AND OTHER APPROVALS

On the basis of the material approvals listed below, the Company can undertake this Issue and the current business activities and no further material approvals from any governmental or regulatory authority or any other entity are required to undertake the Issue or continue its business activities. Unless otherwise stated, these approvals are valid as of the date of this Draft Red Herring Prospectus. Certain approvals have elapsed in their normal course and the Company has either made an application to the appropriate authorities for renewal of such licenses and/ or approvals or is in the process of making such applications. The Company undertakes to obtain all approvals, licenses, registrations and permissions required to operate its business.

I. Approvals in relation to the Issue

1. Approval of the Board dated October 21, 2010 for the Issue, subject to the approval by the shareholders of the Company under Section 81(1A) of the Companies Act.

2. Approval of the shareholders of the Company dated November 9, 2010 for the Issue under Section 81(1A) of the Companies Act.

3. In-principle approval dated [●], 2010 from the BSE.

4. In-principle approval dated [●], 2010 from the NSE.

5. The Company proposes to make an application to the FIPB for obtaining an approval for non-residents, including FIIs, NRIs, FVCIs, multilateral and bilateral development financial institutions and other eligible foreign investors to participate in the Issue subject to any conditions that may be prescribed by the FIPB in this regard.

II. Approvals in relation to incorporation, change of name and registered office

The Company

- Certificate of incorporation dated June 21, 1973 issued by the RoC to Lokmat Newspapers Private Limited.

- Deletion of the word 'Private' from the name of the Company in the certificate of incorporation dated June 21, 1973 on September 15, 1988.

- Addition of the word 'Private' to the name of the Company in the certificate of incorporation dated June 21, 1973 on March 7, 2002.

- Fresh certificate of incorporation dated September 21, 2010 issued by the RoC pursuant to change of its name to Lokmat Media Private Limited.

- Fresh Certificate of Incorporation dated November 22, 2010 issued by the RoC pursuant to change of status of the Company from private to public and change of name to Lokmat Media Limited.

Subsidiaries

Lokmat Entertainment Private Limited

- Certificate of incorporation dated September 29, 2009 issued by the RoC.

Asera Power Private Limited

- Certificate of incorporation dated October 5, 2009 issued by the RoC.

Joint Venture

IBN Lokmat News Private Limited

- Certificate of incorporation dated June 11, 2007 issued by the Registrar of Companies, Delhi to RVT Finhold Private Limited.

- Fresh certificate of incorporation dated July 20, 2007 issued by the Registrar of Companies, Delhi pursuant to change of its name to IBN Lokmat News Private Limited.

III. Approvals for conducting the business of the Company

Registrations under Press and Registration of Books Act, 1867

The following are the publications registered in the name of the Company (including the registrations transferred to the Company pursuant to merger of printing and publishing business of PPPL) with the RNI under the Press and Registration of Books Act, 1867:

Publication	Language	Periodicity	Place of publication	Registration/ reference no.	Date of issue/ renewal	Expiry date
Dainik Lokmat*	Marathi	Daily	Ahmednagar	47001/ 88	September 5, 1988	N.A.
Lokmat Times**	English	Daily	Aurangabad	43903/ 87	April 27, 1997	N.A.
Lokmat Samachar**	Hindi	Daily	Aurangabad	54884/ 92	November 27, 1997	N.A.
Lokmat	Marathi	Daily	Akola	71278/ 99	July 29, 1999	N.A.
Lokmat Samachar	Hindi	Daily	Akola	71629/ 99	September 14, 1999	N.A.
Lokmat	Marathi	Daily	Nashik	63892/ 96	September 20, 1999	N.A.
Lokmat	Marathi	Daily	Nagpur	1729/ 57	October 11, 1999	N.A.
Lokmat	Marathi	Daily	Pune	72063/ 99	November 3, 1999	N.A.
Lokmat	Marathi	Daily	Jalgaon	35853/ 77	January 31, 2000	N.A.
Dainik Lokmat*	Marathi	Daily	Solapur	57122/ 94	October 25, 2001	N.A.
Dainik Lokmat*	Marathi	Daily	Kolhapur	69865/ 98	March 21, 2002	N.A.

Publication	Language	Periodicity	Place of publication	Registration/ reference no.	Date of issue/ renewal	Expiry date
Dainik Lokmat*	Marathi	Daily	Aurangabad	37707/ 82	November 18, 2003	N.A.
Dainik Lokmat*	Marathi	Daily	Thane	68623/ 98	October 11, 2006	N.A.
G2 The Global Gujarati	English	Bimonthly	Mumbai	MAHENG/ 2006/ 21443	October 23, 2007	N.A.
Lokmat Samachar	Hindi	Daily	Nagpur	47101/ 1989	June 1, 2007	N.A.
Lokmat Times	English	Daily	Nagpur	56945/ 1992	May 30, 2007	N.A.
Lokmat	Marathi	Annual	Nagpur	31963/ 1978	April 30, 2008	N.A.
Lokmat	Marathi	Daily	Panjim, Goa	GOAMAR/ 2009/ 28593	August 10, 2009	N.A.

** The printer and publisher of the newspaper has filed a declaration with the Office of the Registrar of Newspapers of India to the effect that pursuant to merger of Demerged Undertaking from PPPL into the Company, the ownership of the newspaper has transferred from PPPL to the Company. Further, the declaration states that the title of the newspaper has been changed to 'Lokmat'.*

*** The printer and publisher of the newspaper has filed a declaration with the Office of the Registrar of Newspapers of India to the effect that pursuant to merger of Demerged Undertaking from PPPL into the Company, the ownership of the newspaper has transferred from PPPL to the Company*

Applications/ declarations filed for registration of publications

Publication	Language	Periodicity	Place of publication	Declaration no.	Date of application
Lokmat Samachar	Hindi	Daily	Kolhapur	-	June 15, 2009

Intellectual property related approvals

The Company has registered the trademarks mentioned below in its name. The trademark registrations are valid for a period of 10 years unless renewed.

Name of the trademark	Date of the issue	Registration number	Class	Validity
"Lokmat" (Stylized, English/ Hindi)	Certificate dated September 25, 1987 and renewal certificate dated September 26, 2008	478983	16	10 years from September 25, 2008
"Lokmat Hello Yavatmal" (Stylized, Hindi)	October 16, 2008	1535742	16	10 years from March 1, 2007

Name of the trademark	Date of the issue	Registration number	Class	Validity
“Lokmat Hello Chandrapur” (Stylized, Hindi)	October 16, 2008	1535745	16	10 years from March 1, 2007
“Lokmat Hello Nagpur” (Stylized, Hindi)	October 17, 2008	1535748	16	10 years from March 1, 2007
“Lokmat Hello Wardha” (Stylized, Hindi)	October 17, 2008	1535747	16	10 years from March 1, 2007
“Lokmat Hello Gadchiroli” (Stylized, Hindi)	October 17, 2008	1535746	16	10 years from March 1, 2007
“Lokmat Hello Gondia” (Stylized, Hindi)	October 17, 2008	1535744	16	10 years from March 1, 2007
“Lokmat Hello Bhandara” (Stylized, Hindi)	October 17, 2008	1535743	16	10 years from March 1, 2007
“Lokmat Hello Amravati” (Stylized, Hindi)	March 17, 2009	1535741	16	10 years from March 1, 2007
“Lokmat KPL” (Stylized, Hindi/ English)	March 31, 2009	1679368	41	10 years from April 23, 2008

Application filed for registration of trademark

Name of the trademark	Date of the application/ filing the application	Application number	Class
“Lokmat GPL” (Stylized, Hindi/ English)	April 14, 2008	01679370	41
“Lokmat PPL” (Stylized, Hindi/ English)	April 14, 2008	01679369	41
“Lokmat APL” (Stylized, Hindi/ English)	April 14, 2008	01679367	41
“Lokmat NPL” (Stylized, Hindi/ English)	April 14, 2008	01679366	41
“Lokmat Kaldarshika” (Stylized, Hindi)	September 16, 2008	01732644	16
“Lokmat Presents MPL - Maharashtra Premier League” (Stylized, Hindi/ English)	November 26, 2008	01758703	41
“Lokmat Sanskarache Moti” (Stylized, Hindi/ Marathi)	August 26, 2009	01862243	35

Name of the trademark	Date of the application/ filing the application	Application number	Class
"Lokmat My India My Way" (Stylized, English)	November 19, 2009	01886816	35
Lokmat Freedom Wall (Stylized, Hindi/ English)	November 19, 2009	01886817	35
"Cycle Nation Burn Fat Not Fuel" (Stylized, English)	April 23, 2010	01955826	42
"Yuva Nxt – A Lokmat Connect Initiative" (Stylized, Hindi/ English)	September 16, 2010	2037019	41
Lokmat Samachar Times – Balvikas Manch – Balmanacha Sacha Savangadi" (Stylized, Hindi/ English)	September 16, 2010	2037021	41
"Lokmat Sakhi Manch" (Stylized, Hindi)	September 16, 2010	2037120	41
"Lokmat Sakhi" (Stylized, Hindi)	October 27, 2010	2044936	16
"Lokmat Oxygen" (Stylized, Hindi)	October 27, 2010	2044937	16
"Lokmat Maitra" (Stylized, Hindi)	October 27, 2010	2044939	16
"Lokmat Manthan" (Stylized, Hindi)	October 27, 2010	2044938	16
"Lokmat Samachar 4U" (Stylized, Hindi/ English)	October 27, 2010	2044940	16
"Lokmat Samachar Sakhi" (Stylized, Hindi)	October 27, 2010	2044943	16
"Lokmat Samachar Showtime" (Stylized, Hindi)	October 27, 2010	2044941	16
"Lokrang" (Stylized, Hindi)	October 27, 2010	2044942	16
"Lokmat Samachar" (Stylized, Hindi)	November 4, 2010	2049669	16
"Lokmat Times" (Stylized, English)	November 4, 2010	2049670	16
"Lokmat" – Corporate Logo	November 4, 2010	2049668	16

Some of the other material approvals required by the Company to undertake its business are set out below:

1. Registration from Employee State Insurance Corporation under the Employees' States Insurance Act, 1948 for registration of employees of the Company at the offices and printing facilities of the Company.

2. Registration under the Employees Provident Fund and Miscellaneous Provisions Act, 1952 from the Regional Provident Fund Commissioner.

3. Tax registrations, including the following:

    (a) Permanent Account Number;
    (b) Taxpayer Identification Number for the states of Maharashtra and Goa;
    (c) Central Sales Tax Taxpayer Identification Number for the states of Maharashtra and Goa;

(d) Tax deduction account number for each printing facility of the Company; and
(e) Service tax registration number for each printing facility of the Company.

4. Factory License for the printing facilities of the Company.

5. Consent to establish industry under the Water (Prevention and Control of Pollution) Act, 1974 and the Air (Prevention and Control of Pollution) Act, 1981 for certain printing facilities of the Company.

6. Consent to operate under the Water (Prevention and Control of Pollution) Act, 1974, the Air (Prevention and Control of Pollution) Act, 1981 and authorisation under the Hazardous Waste (Management and Handling) Rules, 1989 for the printing facilities of the Company.

7. Registration under the Contract Labour (Regulation and Abolition) Act, 1970 for the printing facilities of the Company.

8. Registration under the Bombay Shops & Establishment Act, 1948, as applicable, issued by the Inspector of Shops and Establishment for certain printing facilities of the Company.

IV. Material approvals obtained by Subsidiaries and Joint Venture

1. Lokmat Entertainment Private Limited

- Permanent account number

2. Asera Power Private Limited

- Permanent account number
- Tax deduction account number

3. IBN Lokmat News Private Limited

- Permanent account number
- Service tax registration
- Tax deduction account number
- Registration under the Bombay Shops and Establishments Act, 1948

Approval from FIPB

Approval No. FC. II. 192(2008)/ 93(2008) dated September 18, 2008 for foreign equity participation (in foreign exchange) up to 13.00% indirectly through ibn18 where (a) prior approval from MIB before effecting any change in the shareholding of the largest India shareholder shall be required and (b) foreign investment in IBNL should not exceed 26.00% of total paid up equity, when calculated as per clause 3.1.3 of the MIB Guidelines.

Approval from MIB

Description	Registration/ reference no.	Date of issue/ renewal	Expiry date
Permission to downlink a news and current affairs TV channel namely "IBN LOKMAT" into India in Marathi language	Ref No. 1404/ 51(ii)/ 2007-TV (I) Registration No. 134/ I/ 2008-TV(I)	March 26, 2008	5 years
Permission to uplink a news and current affairs TV channel namely "IBN LOKMAT" from India in	Ref No. 1404/ 51(ii)/ 2007-TV (I)	March 26, 2008	10 years

Description	Registration/ reference no.	Date of issue/ renewal	Expiry date
Marathi language			
Permission to hire DSNG vans for newsgathering purpose	1404/ 51(ii)/ 2007 - TV(1)	December 10, 2008	-

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

The Board of Directors has, pursuant to a resolution dated October 21, 2010 authorised the Issue, subject to the approval by the shareholders of the Company under Section 81(1A) of the Companies Act.

The shareholders of the Company have authorised the Issue pursuant to a special resolution dated November 9, 2010 under Section 81(1A) of the Companies Act.

The Company proposes to make an application to the FIPB for obtaining an approval for non-residents, including FIIs, NRIs, FVCIs, multilateral and bilateral development financial institutions and other eligible foreign investors to participate in the Issue subject to any conditions that may be prescribed by the FIPB in this regard.

Prohibition by SEBI, RBI or Other Governmental Authorities

The Company, its Promoters, its Directors, Promoter Group entities and Group Companies have not been prohibited from accessing or operating in capital markets under any order or direction passed by SEBI or any other regulatory or governmental authority.

The companies, with which the Promoters, Directors or persons in control of the Company were or are associated as promoters, directors or persons in control have not been prohibited from accessing or operating in capital markets under any order or direction passed by SEBI.

None of the Directors of the Company are associated with any entities which are engaged in securities market related business and are registered with SEBI.

Prohibition by RBI

Neither the Company nor its Promoter, the relatives of Promoter (as defined under the Companies Act) or the Group Companies have been identified as willful defaulters by the RBI or any other governmental authority. There are no violations of securities laws committed by any of them in the past or pending against them.

Eligibility for the Issue

The Company is eligible for the Issue in accordance with Regulation 26(1) of the SEBI Regulations as explained under the eligibility criteria calculated in accordance with the standalone restated financial statements under Indian GAAP:

- The Company has net tangible assets of at least Rs. 30 million in each of the preceding three full years (of 12 months each), of which not more than 50.00% are held in monetary assets;

- The Company has a track record of distributable profits in accordance with Section 205 of the Companies Act, for at least three out of the immediately preceding five years;

- The Company has a net worth of at least Rs. 10 million in each of the three preceding full years (of 12 months each);

- The aggregate of the proposed Issue and all previous issues made in the same financial years in terms of the issue size is not expected to exceed five times the pre-Issue net worth of the Company; and

- The name of the Company was changed from Lokmat Newspapers Private Limited to Lokmat Media Private Limited and then to Lokmat Media Limited, pursuant to conversion of the Company from private to public, within the last one year. However, at least 50.00% of the revenue for the preceding fiscal year has been earned from the activity indicated by the new name of the Company.

The Company's distributable profits, net worth, net tangible assets and monetary assets derived from the restated audited standalone financial information included in this Draft Red Herring Prospectus as at, and for the last five years ended Fiscal 2010 are set forth below:

(In Rs. million)

Particulars	Fiscal 2010	Fiscal 2009	Fiscal 2008	Fiscal 2007	Fiscal 2006
Distributable Profits[(1)]	588.92	407.61	323.18	180.69	100.82
Net Worth[(2)]	2,158.60	1,866.97	906.52	674.37	532.60
Net Tangible assets[(3)]	2,158.60	1,866.97	906.52	674.37	532.60
Monetary assets[(4)]	381.16	332.49	258.15	206.54	188.47
Monetary assets as a percentage of the net tangible assets	17.66%	17.81%	28.48%	30.63%	35.39%

[(1)] 'Distributable profits' have been defined in terms of Section 205 of the Companies Act.
[(2)] 'Net worth' has been defined as the aggregate of equity share capital and reserves, excluding preference share redemption reserve and miscellaneous expenditures, if any.
[(3)] 'Net tangible assets' means the sum of all net assets of the Company excluding intangible assets as defined in Accounting Standard 26 issued by Institute of Chartered Accountants of India.
[(4)] Monetary assets comprise of cash and bank balances and public deposit accounts with the Government, including investments in mutual funds.

Further, we shall ensure that the number of prospective allottees to whom the Equity Shares will be allotted shall not be less than 1,000; otherwise the entire application money will be refunded forthwith. In case of delay, if any, in refund the Company shall pay interest on the application money at the rate of 15.00% per annum for the period of delay.

Disclaimer Clause of SEBI

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 HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING 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, HAVE FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED DECEMBER 27, 2010 WHICH READS AS FOLLOWS:

WE, THE LEAD MERCHANT BANKER(S) TO THE ABOVE MENTIONED FORTHCOMING ISSUE, STATE AND CONFIRM AS FOLLOWS:

1. **WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS, ETC. AND OTHER MATERIAL IN CONNECTION WITH THE FINALISATION OF THE DRAFT RED HERRING PROSPECTUS (IN CASE OF A BOOK BUILT ISSUE)/ DRAFT PROSPECTUS (IN CASE OF A FIXED PRICE ISSUE)/ LETTER OF OFFER (IN CASE OF A RIGHTS ISSUE) PERTAINING TO THE SAID ISSUE;**

2. **ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE ISSUER, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, AND INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS AND OTHER PAPERS FURNISHED BY THE ISSUER, WE CONFIRM THAT:**

   (A) **THE DRAFT RED HERRING PROSPECTUS FILED WITH THE BOARD IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;**

   (B) **ALL THE LEGAL REQUIREMENTS RELATING TO THE ISSUE AS ALSO THE REGULATIONS GUIDELINES, INSTRUCTIONS, ETC. FRAMED/ ISSUED BY THE BOARD, THE CENTRAL GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND**

   (C) **THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE AND SUCH DISCLOSURES ARE IN ACCORDANCE WITH THE REQUIREMENTS OF THE COMPANIES ACT, 1956, THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 AND OTHER APPLICABLE LEGAL REQUIREMENTS.**

3. **WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE DRAFT RED HERRING PROSPECTUS ARE REGISTERED WITH THE BOARD AND THAT TILL DATE SUCH REGISTRATION IS VALID.**

4. **WE HAVE SATISFIED OURSELVES ABOUT THE CAPABILITY OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS.**

5. **WE CERTIFY THAT WRITTEN CONSENT FROM PROMOTERS HAS BEEN OBTAINED FOR INCLUSION OF THEIR SPECIFIED SECURITIES AS PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN AND THE SPECIFIED SECURITIES PROPOSED TO FORM PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN SHALL NOT BE DISPOSED/ SOLD/ TRANSFERRED BY THE PROMOTER DURING THE PERIOD STARTING FROM THE DATE OF FILING THE DRAFT RED HERRING PROSPECTUS WITH THE BOARD TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE DRAFT RED HERRING PROSPECTUS.**

6. **WE CERTIFY THAT REGULATION 33 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, WHICH RELATES TO SPECIFIED SECURITIES INELIGIBLE FOR COMPUTATION OF PROMOTERS' CONTRIBUTION, HAS BEEN DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE SAID REGULATION HAVE BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS. <u>COMPLIED WITH AND NOTED FOR COMPLIANCE.</u>**

7. **WE UNDERTAKE THAT SUB-REGULATION (4) OF REGULATION 32 AND CLAUSE (C) AND (D) OF SUB-REGULATION (2) OF REGULATION 8 OF THE SECURITIES AND EXCHANGE**

BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 SHALL BE COMPLIED WITH. WE CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE RECEIVED AT LEAST ONE DAY BEFORE THE OPENING OF THE ISSUE. WE UNDERTAKE THAT AUDITORS' CERTIFICATE TO THIS EFFECT SHALL BE DULY SUBMITTED TO THE BOARD. WE FURTHER CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE KEPT IN AN ESCROW ACCOUNT WITH A SCHEDULED COMMERCIAL BANK AND SHALL BE RELEASED TO THE ISSUER ALONG WITH THE PROCEEDS OF THE PUBLIC ISSUE. <u>NOT APPLICABLE.</u>

8. WE CERTIFY THAT THE PROPOSED ACTIVITIES OF THE ISSUER FOR WHICH THE FUNDS ARE BEING RAISED IN THE PRESENT ISSUE FALL WITHIN THE 'MAIN OBJECTS' LISTED IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OR OTHER CHARTER OF THE ISSUER AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED OUT UNTIL NOW ARE VALID IN TERMS OF THE OBJECT CLAUSE OF ITS MEMORANDUM OF ASSOCIATION.

9. WE CONFIRM THAT NECESSARY ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT THE MONEYS RECEIVED PURSUANT TO THE ISSUE ARE KEPT IN A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF SUB-SECTION (3) OF SECTION 73 OF THE COMPANIES ACT, 1956 AND THAT SUCH MONEYS SHALL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FROM ALL THE STOCK EXCHANGES MENTIONED IN THE PROSPECTUS. WE FURTHER CONFIRM THAT THE AGREEMENT ENTERED INTO BETWEEN THE BANKERS TO THE ISSUE AND THE ISSUER SPECIFICALLY CONTAINS THIS CONDITION. <u>NOTED FOR COMPLIANCE</u>.

10. WE CERTIFY THAT A DISCLOSURE HAS BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS THAT THE INVESTORS SHALL BE GIVEN AN OPTION TO GET THE SHARES IN DEMAT OR PHYSICAL MODE. <u>NOT APPLICABLE</u>.

AS THE OFFER SIZE IS MORE THAN RS. 10 CRORES, HENCE UNDER SECTION 68B OF THE COMPANIES ACT, 1956, THE EQUITY SHARES ARE TO BE ISSUED IN DEMAT ONLY.

11. WE CERTIFY THAT ALL THE APPLICABLE DISCLOSURES MANDATED IN THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 HAVE BEEN MADE IN ADDITION TO DISCLOSURES WHICH, IN OUR VIEW, ARE FAIR AND ADEQUATE TO ENABLE THE INVESTOR TO MAKE A WELL INFORMED DECISION.

12. WE CERTIFY THAT THE FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS:

(A) AN UNDERTAKING FROM THE ISSUER THAT AT ANY GIVEN TIME, THERE SHALL BE ONLY ONE DENOMINATION FOR THE EQUITY SHARES OF THE ISSUER AND

(B) AN UNDERTAKING FROM THE ISSUER THAT IT SHALL COMPLY WITH SUCH DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY THE BOARD FROM TIME TO TIME.

13. WE UNDERTAKE TO COMPLY WITH THE REGULATIONS PERTAINING TO ADVERTISEMENT IN TERMS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 WHILE MAKING THE ISSUE.

14. WE ENCLOSE A NOTE EXPLAINING HOW THE PROCESS OF DUE DILIGENCE HAS BEEN EXERCISED BY US IN VIEW OF THE NATURE OF CURRENT BUSINESS BACKGROUND OF THE ISSUER, SITUATION AT WHICH THE PROPOSED BUSINESS STANDS, THE RISK FACTORS, PROMOTERS EXPERIENCE, ETC.

15. WE ENCLOSE A CHECKLIST CONFIRMING REGULATION-WISE COMPLIANCE WITH THE APPLICABLE PROVISIONS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, CONTAINING DETAILS SUCH AS THE REGULATION NUMBER, ITS TEXT, THE STATUS OF COMPLIANCE, PAGE NUMBER OF THE DRAFT RED HERRING PROSPECTUS WHERE THE REGULATION HAS BEEN COMPLIED WITH AND OUR COMMENTS, IF ANY.

The filing of the Draft Red Herring Prospectus does not, however, absolve the Company from any liabilities under Section 63 or Section 68 of the Companies Act or from the requirement of obtaining such statutory and/ or other clearances as may be required for the purpose of the proposed Issue. SEBI further reserves the right to take up at any point of time, with the Book Running Lead Managers, any irregularities or lapses in the Draft Red Herring Prospectus.

All legal requirements pertaining to the Issue will be complied with at the time of filing of the Red Herring Prospectus with the 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.

Caution - Disclaimer from the Company, the Directors and the BRLMs

The Company, the Directors and the BRLMs accept no responsibility for statements made otherwise than in this Draft Red Herring Prospectus or in the advertisements or any other material issued by or at our instance and anyone placing reliance on any other source of information, including the Company's website www.lokmat.net, www.lokmat.com and www.lokmat.readg2.com would be doing so at his or her own risk.

The BRLMs accept no responsibility, save to the limited extent as provided in the Issue Agreement entered into between the BRLMs and the Company and the Underwriting Agreement to be entered into between the Underwriters and the Company.

All information shall be made available by the Company and the BRLMs 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, at bidding centres or elsewhere.

Investors who Bid in the Issue will be required to confirm and will be deemed to have represented to the Company, the Underwriters and their respective directors, officers, agents, affiliates, and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares of the Company and will not issue, sell, pledge, or transfer the Equity Shares of the Company to any person who is not eligible under any applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares of the Company. The Company, the Underwriters and their respective directors, officers, agents, affiliates, and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire Equity Shares of the Company.

The BRLMs and their respective associates and affiliates may engage in transactions with, and perform services for, the Company and its Group Companies, affiliates or associates or third parties in the ordinary course of business and have engaged and its Group Companies, or may in future engage, in commercial banking and investment banking transactions with the Company, affiliates or associates or third parties, for which they have received, and may in future receive, compensation.

Disclaimer in respect of Jurisdiction

This Issue is being made in India to persons resident in India (including Indian nationals resident in India who are not minors, 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 applicable trust law and who are authorised under their constitution to hold and invest in shares, permitted insurance companies and pension funds) and to FIIs, Eligible NRIs and other eligible foreign investors (*viz.* FVCIs, multilateral and bilateral development financial institutions). This Draft Red Herring Prospectus does not, however, constitute an invitation to purchase shares offered hereby in any jurisdiction other than India to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession this Draft 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 Mumbai, India 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 Draft Red Herring Prospectus has been filed with SEBI for its observations and SEBI shall give its observations in due course. Accordingly, the Equity Shares represented thereby may not be offered or sold, directly or indirectly, and this Draft 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 Draft Red Herring Prospectus nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Company since the date hereof or that the information contained herein is correct as of any time subsequent to this date.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

The Equity Shares have not been and will not be registered under the Securities Act, or any state securities laws in the United States and may not be offered or sold in the United States (as defined in Regulation S under the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Equity Shares may be offered and sold only (1) in the United States to "qualified institutional buyers", as defined in Rule 144A under the Securities Act and (2) outside the United States in compliance with Regulation S under the Securities Act and the applicable laws of the jurisdiction where those offers and sales occurs.

Disclaimer Clause of the BSE

As required, a copy of the Draft Red Herring Prospectus has been submitted to the BSE. The Disclaimer Clause as intimated by the BSE to the Company, post scrutiny of this Draft Red Herring Prospectus, shall be included in the Red Herring Prospectus prior to the RoC filing.

Disclaimer Clause of the NSE

As required, a copy of the Draft Red Herring Prospectus has been submitted to the NSE. The Disclaimer Clause as intimated by the NSE to the Company, post scrutiny of this Draft Red Herring Prospectus, shall be included in the Red Herring Prospectus prior to the RoC filing.

Filing

A copy of the Draft Red Herring Prospectus has been filed with SEBI at Corporation Finance Department, Plot No.C4-A,'G' Block, Bandra Kurla Complex, Bandra (East), Mumbai 400 051.

A copy of the Red Herring Prospectus, along with the documents required to be filed under Section 60B of the Companies Act, would be delivered for registration to the RoC and a copy of the Prospectus to be filed under Section 60 of the Companies Act would be delivered for registration with the RoC at the Office of the Registrar of Companies, Everest, 5th Floor, 100, Marine Drive, Mumbai 400 002.

Listing

Applications have been made to the Stock Exchanges for permission to deal in and for an official quotation of the Equity Shares, BSE will be the Designated Stock Exchange with which the Basis of Allotment will be finalised.

If the permissions to deal in and for an official quotation of the Equity Shares are not granted by any of the Stock Exchanges mentioned above, the Company will forthwith repay, without interest, all moneys received from the applicants in pursuance of this Draft Red Herring Prospectus. If such money is not repaid within eight days after the Company becomes liable to repay it, *i.e.* from the date of refusal or within 12 Working Days from the Bid/ Issue Closing Date, whichever is earlier, then the Company and every Director of the Company who is an officer in default shall, on and from such expiry of eight days, be liable to repay the money, with interest at the rate of 15.00% per annum on application money, as prescribed under Section 73 of the Companies Act.

The Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges mentioned above are taken within 12 Working Days of the Bid/ Issue Closing Date.

Consents

Consents in writing of: (a) the Directors, the Company Secretary and Compliance Officer, the Auditors, Bankers to the Company and Bankers to the Issue; and (b) Book Running Lead Managers, Syndicate Members, Escrow Collection Bankers, Registrar to the Issue, the Legal Advisor to the Issue, CARE and the IPO Grading Agency, to act in their respective capacities, will be obtained and will be 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 shall not be withdrawn up to the time of delivery of the Red Herring Prospectus for registration with the RoC.

M.M. Jain and Associates, Chartered Accountants, the Company’s statutory Auditors, have given their written consent for inclusion of the statement of tax benefits dated December 23, 2010 in the form and context in which it appears in this Draft Red Herring Prospectus and such consent has not be withdrawn up to the time of submission of the Draft Red Herring Prospectus with SEBI.

M.M. Jain and Associates, Chartered Accountants, the Company’s statutory Auditors, have given their written consent for inclusion of their report on standalone and consolidated financial statements of the Company both dated December 23, 2010 in the form and context in which it appears in this Draft Red Herring Prospectus and such consent and report has not been withdrawn up to the time of submission of the Draft Red Herring Prospectus with SEBI.

Experts to the Issue

Except as stated below, our Company has not obtained any expert opinions:

Our Company has received consent from the statutory Auditors namely, M.M. Jain and Associates, Chartered Accountants to include their names as an expert in this Draft Red Herring Prospectus in relation to the report of the auditors dated December 23, 2010 and statement of tax benefits dated December 23, 2010 in the form and context in which it appears in this Draft Red Herring Prospectus.

[●], the IPO grading agency engaged by us for the purpose of obtaining IPO grading in respect of this Issue, have given their written consent as experts to the inclusion of their report in the form and context in which they will appear in the Red Herring Prospectus and such consents and reports will not be withdrawn up to the time of delivery of the Red Herring Prospectus and Prospectus to the Designated Stock Exchange.

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. For further details of Issue related expenses, please see the section titled "Objects of the Issue" on page 43.

The listing fee and all expenses with respect to the Issue will be borne by the Company.

Fees Payable to the BRLMs and the Syndicate

The total fees payable to the BRLMs and the Syndicate (including underwriting commission and selling commission and reimbursement of their out of pocket expenses) will be as per the engagement letter issued by the Company, a copy of which is available for inspection at the Registered Office of the Company.

Fees Payable to the Registrar to the Issue

The fees payable by the Company 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 agreement between the Company and the Registrar to the Issue, a copy of which is available for inspection at the Registered Office of the Company.

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 in any of the modes described in the Red Herring Prospectus or Allotment advice by registered post/ speed post/ under certificate of posting.

Underwriting Commission, Brokerage and Selling Commission on Previous Issues

Since this is the initial public offering of the Company, no sum has been paid or is payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription for any of the Equity Shares.

Particulars regarding public or rights issue by the Company during the last five years

The Company has not made any public or rights issue during last five years preceding the date of this Draft Red Herring Prospectus.

Previous issues of Equity Shares otherwise than for cash

Except as stated in the section titled "Capital Structure" on page 29, the Company has not issued any Equity Shares for consideration otherwise than for cash.

Commission and Brokerage paid on previous issues of the Equity Shares

Since this is the initial public issue of Equity Shares, no sum has been paid or has been payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription for any of the Equity Shares since the Company's inception.

Previous capital issue during the previous three years by listed Subsidiaries, Group Companies and associates of the Company

None of the Subsidiaries, Group Companies and associates of the Company are listed on any stock exchange and have thus not undertaken any previous public or rights issue in the last three years.

Promise vis-à-vis Performance – Public/ Rights Issue of the Company and/ or listed Subsidiaries, Group Companies and associates of the Company

The Company has not undertaken any previous public or rights issue. None of the Subsidiaries, Group Companies and associates of the Company are listed on any stock exchange and have thus not undertaken any previous public or rights issue.

Outstanding Debentures or Bonds

The Company does not have any outstanding debentures or bonds as of the date of filing this Draft Red Herring Prospectus.

Outstanding Preference Shares

The Company does not have any outstanding preference shares as of the date of filing this Draft Red Herring Prospectus.

Stock Market Data for the Equity Shares of the Company

This being an initial public offering of the Company, the Equity Shares of the Company are not listed on any stock exchange.

Mechanism for Redressal of Investor Grievances

The agreement between the Registrar to the Issue and the 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 despatch of the letters of allotment, demat credit and 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, number of Equity Shares applied for, amount paid on application and the bank branch or collection centre where the application was submitted.

All grievances relating to the ASBA process may be addressed to the Registrar to the Issue with a copy to the relevant/ appropriate SCSB, giving full details such as name, address of the applicant, application number, number of Equity Shares applied for, amount paid on application and the Designated Branch or the collection centre of the SCSB where the ASBA Bid cum Application Form was submitted by the ASBA Bidders.

Disposal of Investor Grievances

The Company estimates that the average time required by the Company, or the Registrar to the Issue for the redressal of routine investor grievances shall be 10 working days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, the Company will seek to redress these complaints as expeditiously as possible.

The Company has constituted a Shareholders'/ Investor Grievance Committee comprising of Pushpat Shah as Chairman, and Devendra Darda and Rishi Darda as members

The Company has also appointed Amit Bathia, Company Secretary of the Company as the Compliance Officer for this Issue and he may be contacted in case of any pre-Issue or post-Issue related problems, at the following address:

Amit Bathia
2nd floor, Nirlon House
Dr. Annie Besant Road, Worli
Mumbai 400 018
Tel No: (91 22) 2482 0000
Fax: (91 22) 2482 0010
Email: investor.relations@lokmat.com

Changes in Auditors in the last three years

In the AGM dated November 21, 2009, the auditors M/s M. M. Jain and Associates were appointed in place of M.M. Jain, Chartered Accountant.

Capitalisation of Reserves or Profits

The Company has not capitalised its reserves or profits during the last five years, except as stated in the section titled "Capital Structure" on page 29.

Revaluation of Assets

The Company has not revalued its assets in the last five years.

SECTION VII – ISSUE RELATED INFORMATION

TERMS OF THE ISSUE

The Equity Shares being issued are subject to the provisions of the Companies Act, the SCRR, the Memorandum and Articles of Association, the terms of this Draft Red Herring Prospectus, the Red Herring Prospectus and the Prospectus, Bid cum Application Form, ASBA Bid cum Application Form, the Revision Form, ASBA Revision Form, the CAN 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, 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, Stock Exchanges, RoC, RBI 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 the Companies Act and the Memorandum and Articles of Association and shall rank *pari-passu* with the existing Equity Shares of the Company including rights in respect of dividend. The Allotees in receipt of Allotment of Equity Shares under this Issue will be entitled to dividends and other corporate benefits, if any, declared by the Company after the date of Allotment. For further details, please see the section titled "Main Provisions of the Articles of Association" on page 366.

Mode of Payment of Dividend

The Company shall pay dividends, if declared, to its shareholders in accordance with the provisions of the Companies Act, the Articles and the provision of the Listing Agreement.

Face Value and Issue Price

The face value of the Equity Shares is Rs.10 each and the Issue Price is Rs. [●] per Equity Share. The Anchor Investor Issue Price is Rs. [●] per Equity Share.

At any given point of time there shall be only one denomination for the Equity Shares.

Compliance with SEBI Regulations

The Company shall comply with all disclosure and accounting norms as specified by SEBI from time to time.

Rights of the Equity Shareholder

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

- Right to receive dividend, if declared;
- Right to attend general meetings and exercise voting powers, unless prohibited by law;
- Right to vote on a poll either in person or by proxy;
- Right to receive offers for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation, subject to any statutory and preferential claim being satisfied;
- Right of free transferability subject to applicable law, including any RBI rules and regulations; and
- Such other rights, as may be available to a shareholder of a listed public company under the Companies Act, the terms of the Listing Agreement executed with the Stock Exchanges, and the Company's

Memorandum and Articles of Association.

For a detailed description of the main provisions of the Articles relating to voting rights, dividend, forfeiture and lien and/ or consolidation/ splitting, see the section titled "Main Provisions of the Articles of Association" on page 366.

Market Lot and Trading Lot

In terms of Section 68B of the Companies Act, the Equity Shares shall be Allotted only in dematerialised form. Pursuant to the SEBI Regulations, the trading of Equity Shares shall only be in dematerialised form. Since trading of the Equity Shares is in dematerialised form, the tradable lot is one Equity Share. Allotment in this Issue will be only in electronic form in multiples of one Equity Share subject to a minimum Allotment of [•] Equity Shares.

The Price Band and the minimum Bid Lot size for the Issue will be decided by the Company, in consultation with the BRLMs, and advertised in [●] edition of [●] in the English language, [●] edition of [●] in the Hindi language and [●] edition of [●] in the Marathi language at least two working days prior to the Bid/ Issue Opening Date.

Jurisdiction

Exclusive jurisdiction for the purpose of this Issue is with the competent courts/ authorities in Mumbai.

Nomination Facility to Investor

In accordance with Section 109A of the Companies Act, the sole or First Bidder, along with other joint Bidders, may nominate any one person in whom, in the event of the death of sole Bidder or in case of joint Bidders, death of all the Bidders, as the case may be, the Equity Shares Allotted, if any, shall vest. A person, being a nominee, entitled to the Equity Shares by reason of the death of the original holder(s), shall in accordance with Section 109A of the Companies Act be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the Equity Share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to Equity Share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale 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/ Corporate Office of the Company or to the Registrar and Transfer Agents of the Company.

Further, any person who becomes a nominee shall, upon the production of such evidence as may be required by the Board, elect either:

- To register himself or herself as the holder of the Equity Shares; or
- To make such transfer of the Equity Shares, as the deceased holder could have made.

Further, the Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with within a period of 90 days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys 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 form, there is no need to make a separate nomination with the Company. Nominations registered with respective depository participant of the applicant would prevail. If the investors want to change their nomination, they are requested to inform their respective depository participant.

Minimum Subscription

If the Company does not receive the minimum subscription of 90.00% of the Issue, including devolvement of Underwriters within 60 days from the Bid/ Issue Closing Date, the Company shall forthwith refund the entire subscription amount received. If there is a delay beyond eight days after the Company becomes liable to pay the amount, the Company shall pay interest prescribed under Section 73 of the Companies Act.

Further, the Company shall ensure that the number of prospective Allotees to whom Equity Shares will be Allotted shall not be less than 1,000.

The Equity Shares have not been and will not be registered under the Securities Act or any state securities laws in the United States and may not be offered or sold within the United States (as defined in Regulation S under the Securities Act), except pursuant to an exemption from or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Equity Shares may be offered and sold only (i) in the United States to entities that are "qualified institutional buyers" as defined in Rule 144A under the Securities Act and (ii) outside the United States in compliance with Regulation S under the Securities Act and the applicable laws of the jurisdictions where those offers and sales occur.

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.

Arrangement for disposal of Odd Lots

There is no arrangement for the disposal of odd lots.

Restriction on transfer of shares

Except for lock-in of the pre-Issue Equity Shares and Promoters' minimum contribution and Anchor Investor Lock-in in the Issue as detailed in the section titled "Capital Structure" on page 29, and except as provided in the Articles of Association, there are no restrictions on transfers of Equity Shares. There are no restrictions on transmission of shares and on their consolidation/ splitting except as provided in the Articles of Association. For further details, please see the section titled "Main Provisions of the Articles of Association" on page 366.

ISSUE STRUCTURE

Issue of 13,829,064 Equity Shares for cash at a price of Rs. [●] per Equity Share (including share premium of Rs. [●] per Equity Share) aggregating Rs. [●] million. The Issue will constitute 25.00% of the post Issue paid up capital of the Company.

The Issue is being made through the 100.00% Book Building Process.

	QIBs[1]	Non-Institutional Bidders	Retail Individual Bidders
Number of Equity Shares[2]	Not more than 6,914,531 Equity Shares	Not less than 2,074,360 Equity Shares available for allocation or Issue less allocation to QIB Bidders and Retail Individual Bidders.	Not less than 4,840,173 Equity Shares available for allocation or Issue less allocation to QIB Bidders and Non-Institutional Bidders.
Percentage of Issue Size available for Allotment/ allocation	Not more than 50.00% of the Issue Size being available for allocation. However, up to 5.00% of the QIB Portion (excluding the Anchor Investor Portion, if any) shall be available for allocation proportionately to Mutual Funds only.	Not less than 15.00% of Issue or the Issue less allocation to QIB Bidders and Retail Individual Bidders.	Not less than 35.00% of the Issue or the Issue less allocation to QIB Bidders and Non-Institutional Bidders.
Basis of Allotment/ allocation if respective category is oversubscribed	Proportionate as follows: (a) 242,009 Equity Shares shall be allocated on a proportionate basis to Mutual Funds; and (b) 4,598,163 Equity Shares shall be Allotted on a proportionate basis to all QIBs including Mutual Funds receiving allocation as per (a) above.	Proportionate	Proportionate
Minimum Bid	Such number of Equity Shares that the Bid Amount exceeds Rs. 200,000 and in multiples of [●] Equity Shares thereafter.	Such number of Equity Shares that the Bid Amount exceeds Rs. 200,000 and in multiples of [●] Equity Shares thereafter.	[●] Equity Shares and in multiples of [●] Equity Shares thereafter.
Maximum Bid	Such number of Equity Shares not exceeding the Issue, subject to applicable limits.	Such number of Equity Shares not exceeding the Issue subject to applicable limits.	Such number of Equity Shares whereby the Bid Amount does not exceed Rs. 200,000.
Mode of Allotment	Compulsorily in dematerialised form.	Compulsorily in dematerialised form.	Compulsorily in dematerialised

	QIBs[1]	Non-Institutional Bidders	Retail Individual Bidders
			form.
Bid Lot	[●] Equity Shares and in multiples of [●] Equity Shares thereafter.	[●] Equity Shares and in multiples of [●] Equity Shares thereafter.	[●] Equity Shares and in multiples of [●] Equity Shares thereafter.
Allotment Lot	[●] Equity Shares and in multiples of one Equity Share thereafter.	[●] Equity Shares and in multiples of one Equity Share thereafter.	[●] Equity Shares and in multiples of one Equity Share thereafter.
Trading Lot	One Equity Share	One Equity Share	One Equity Share
Who can Apply	Public financial institutions as specified in Section 4A of the Companies Act, scheduled commercial banks, Mutual Funds registered with SEBI, FIIs and sub-accounts registered with SEBI, other than a sub-account which is a foreign corporate or foreign individual, multilateral and bilateral development financial institutions, venture capital funds registered with SEBI, foreign venture capital investors registered with SEBI, state industrial development corporations, insurance companies registered with Insurance Regulatory and Development Authority, provident funds (subject to applicable law) with minimum corpus of Rs. 250 million, pension funds with minimum corpus of Rs. 250 million in accordance with applicable law, National Investment Fund set up by GOI and insurance funds set up and managed by the army, navy or air force or the Department of Posts of the Union of India.	Resident Indian individuals, Eligible NRIs, HUFs (in the name of Karta), companies, corporate bodies, scientific institutions societies and trusts, sub-accounts of FIIs registered with SEBI, which are foreign corporates or foreign individuals.	Resident Indian individuals, Eligible NRIs and HUFs (in the name of Karta)
Terms of Payment	Full Bid Amount shall be payable at the time of submission of Bid cum Application Form to the Syndicate Members. (except for Anchor Investors)[3]	Full Bid Amount shall be payable at the time of submission of Bid cum Application Form. [3]	Full Bid Amount shall be payable at the time of submission of Bid cum Application Form.[3]

(1) *The Company may allocate up to 30.00% of the QIB Portion to Anchor Investors on a discretionary basis. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid*

Bids being received from domestic Mutual Funds at or above the price at which allocation is being done to Anchor Investors. In the event of under-subscription or non-allocation in the Anchor Investor Portion, the balance Equity Shares shall be added to the QIB Portion. For further details, please see the section titled "Issue Procedure" on page 337.

(2) *This is an Issue for 25.00% of the post-Issue capital in accordance with Rule 19(2)(b)(i) of the SCRR. This Issue is being made through the 100.00% Book Building Process wherein not more than 50.00% of the Issue will be allocated on a proportionate basis to QIB. Out of the QIB Portion (excluding the Anchor Investor Portion) 5.00% 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. However, if the aggregate demand from Mutual Funds is less than 345,726 Equity Shares, the balance Equity Shares available for Allotment in the Mutual Fund Portion will be added to the QIB Portion and allocated proportionately to the QIB Bidders in proportion to their Bids. Further, not less than 15.00% of the Issue will be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35.00% of the Issue will be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price.*

Subject to valid Bids being received at or above the Issue Price, under-subscription, if any, in the QIB Portion, the Non-Institutional Portion or the Retail Portion, would be allowed to be met with spill-over from other category or a combination of categories, at the discretion of the Company, in consultation with the BRLMs and the Designated Stock Exchange.

(3) *In case of ASBA Bidders, the SCSB shall be authorised to block such funds in the bank account of the ASBA Bidder that are specified in the ASBA Bid cum Application Form.*

Withdrawal of the Issue

The Company, in consultation with the BRLMs, reserves the right not to proceed with the Issue anytime after the Bid/ Issue Opening Date. In such an event the Company would issue a public notice in the newspapers, in which the pre-Issue advertisements are published, within two days of the Bid/ Issue Closing Date, providing reasons for not proceeding with the Issue. The BRLMs, through the Registrar to the Issue, shall notify the SCSBs to unblock the bank accounts of the ASBA Bidders within one day from the day of receipt of such notification. The Company shall also inform the Stock Exchanges on which the Equity Shares are proposed to be listed.

Any further issue of Equity Shares by the Company shall be in compliance with applicable laws.

Bid/ Issue Programme

BID/ ISSUE OPENS ON	**[●]***
BID/ ISSUE CLOSES ON	**[●]****

***** *The Company may consider participation by Anchor Investors. The Anchor Investor Bid/ Issue Period shall be one working day prior to the Bid/ Issue Opening Date.*
*** The Company may consider closing the Bid/ Issue Period for QIB Bidders one working day prior to the Bid/ Issue Closing Date.*

Bids and any revision in Bids shall be accepted **only between 10.00 a.m. and 5.00 p.m**. (Indian Standard Time, "**IST**") during the Bid/ Issue Period as mentioned above at the bidding centres and Designated Branches of SCSBs as mentioned on the Bid cum Application Form. On the Bid/ Issue Closing Date, the Bids and any revision in the Bids shall be accepted only between 10.00 a.m. and 3.00 p.m. (IST) and shall be uploaded until (i) 4 p.m. (IST) in case of Bids by QIB Bidders and Non-Institutional Bidders, and (ii) until 5 p.m. (IST) or such extended time as permitted by the Stock Exchanges, in case of Bids by Retail Individual Bidders. It is clarified that the Bids not uploaded in the book would be rejected.

In case of discrepancy in the data entered in the electronic book *vis-à-vis* the data contained in the physical Bid cum Application Form, for a particular Bidder, the details as per the physical Bid cum Application Form of the Bidder may be taken as the final data for the purpose of Allotment.

Due to the limitation of time available for uploading the Bids on the Bid/ Issue Closing Date, the Bidders are advised to submit their Bids one day prior to the Bid/ Issue Closing Date and, in any case, no later than 3.00 p.m. (IST) on the Bid/ Issue Closing Date. All times mentioned in this Draft Red Herring Prospectus are Indian Standard Times. Bidders are cautioned that in the event a large number of Bids are received on the Bid/ Issue Closing Date, as is typically experienced in public offerings, some Bids may not get uploaded due to lack of sufficient time. Such Bids that cannot be uploaded will not be considered for allocation under the Issue. Bids will be accepted only on Business Days, *i.e.*, Monday to Friday (excluding any public holiday). Neither the Company nor any member of the Syndicate is liable for any failure in uploading the Bids due to faults in any software/ hardware system or otherwise.

On the Bid/ Issue Closing Date, extension of time will be granted by the Stock Exchanges only for uploading the Bids received by Retail Individual Bidders after taking into account the total number of Bids received and as reported by the BRLMs to the Stock Exchanges.

The Company, in consultation with the BRLMs, reserves the right to revise the Price Band during the Bid/ Issue Period, provided that the Cap Price shall be less than or equal to 120.00% of the Floor Price and the Floor Price shall not be less than the face value of the Equity Shares. The revision in Price Band shall not exceed 20.00% on either side *i.e.* the floor price can move up or down to the extent of 20.00% of the floor price disclosed at least two working days prior to the Bid/ Issue Opening Date and the Cap Price will be revised accordingly.

In case of revision of the Price Band, the Bid/ Issue Period will be extended for at least three additional working days after revision of Price Band subject to the Bid/ Issue Period not exceeding 10 working days. Any revision in the Price Band and the revised Bid/ Issue Period, if applicable, will be widely disseminated by notification to the Stock Exchanges, by issuing a press release and also by indicating the changes on the websites of the BRLMs and at the terminals of the Syndicate Members.

ISSUE PROCEDURE

This section applies to all Bidders. Please note that all Bidders, other than Anchor Investors can participate in the Issue through the ASBA process. ASBA Bidders should note that the ASBA process involves application procedures that may be different from the procedure applicable to the Bidders other than the ASBA Bidders. Bidders applying through the ASBA process should carefully read the provisions applicable to such applications before making their application through the ASBA process. Please note that all Bidders are required to make payment of the full Bid Amount along with the Bid cum Application Form. In case of ASBA Bidders, an amount equivalent to the full Bid Amount will be blocked by the SCSBs. Also, please note that the SEBI circular no. CIR/CFD/DIL/8/2010 dated October 12, 2010 shall not be applicable to this Issue until further clarification on the procedure for Syndicate Members to procure ASBA forms from the ASBA Bidders.

Book Building Procedure

This Issue is being made through the 100.00% Book Building Process wherein not more than 50.00% of the Issue shall be allocated to QIBs on a proportionate basis. Out of the QIB Portion (excluding the Anchor Investor Portion), 5.00% 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. Further, not less than 15.00% of the Issue will be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35.00% of the Issue will be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price. Allocation to Anchor Investors shall be on a discretionary basis and not on a proportionate basis.

All Bidders, other than the ASBA Bidders, are required to submit their Bids through the Syndicate. ASBA Bidders are required to submit their Bids to the SCSBs.

Investors should note that the Equity Shares will be Allotted to all successful Bidders only in dematerialised form. The Bid cum Application Forms which do not have the details of the Bidders' depository account, including DP ID, PAN and Beneficiary Account Number, shall be treated as incomplete and will be rejected. Bidders will not have the option of being Allotted Equity Shares in physical form. The Equity Shares on Allotment shall be traded only in the dematerialised segment of the Stock Exchanges.

Bid cum Application Form

The prescribed colour of the Bid cum Application Form for the various categories is as follows:

Category	Colour of Bid cum Application Form
Resident Indians and Eligible NRIs applying on a non-repatriation basis (ASBA as well as Non ASBA Bidders*)	[●]
Eligible NRIs FIIs or Foreign Venture Capital Funds, registered Multilateral and Bilateral Development Financial Institutions applying on a repatriation basis (ASBA as well as Non ASBA Bidders)	[●]
Anchor Investors**	[●]

* *Bid cum Application Forms for ASBA Bidders will also be available on the website of the NSE (www.nseindia.com) and BSE (www.bseindia.com)*

***Bid cum Application forms for Anchor Investors have been made available at the offices of the BRLMs.*

Bidders (other than ASBA Bidders) are required to submit their Bids through the Syndicate. Such 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 the 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.

ASBA Bidders shall submit an ASBA Bid cum Application Form either in physical or electronic form to the SCSB authorising blocking of funds that are available in the bank account specified in the ASBA Bid cum Application Form only. Only QIBs can participate in the Anchor Investor Portion and such Anchor Investors cannot submit their

Bids in the Anchor Investor Portion through the ASBA process.

No separate receipts shall be issued for the money payable on the submission of Bid cum Application Form or Revisions Form. However, the collection centre of the Syndicate will acknowledge the receipt of the Bid cum Application Form 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.

Upon filing the Prospectus with the RoC, the Bid cum Application Form shall be considered as the Application Form. Upon completion and submission of the Bid cum Application Form to the Syndicate or the SCSB, the Bidder or the ASBA Bidder is deemed to have authorised the Company to make the necessary changes in the Red Herring Prospectus 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 or the ASBA Bidder.

Who can Bid?

- Persons eligible to invest under all applicable laws, rules, regulations and guidelines;
- Indian nationals resident in India who are not minors in single or joint names (not more than three);
- 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;
- Companies, corporate bodies and societies registered under the applicable laws in India and authorised to invest in equity shares;
- Mutual Funds registered with SEBI;
- Eligible NRIs on a repatriation basis or on a non repatriation basis subject to applicable laws. NRIs other than eligible NRIs are not eligible to participate in this issue;
- Indian financial institutions, commercial banks (excluding foreign banks), regional rural banks, co-operative banks (subject to RBI regulations and the SEBI Regulations and other laws, as applicable);
- FIIs and sub-accounts registered with SEBI, other than a sub-account which is a foreign corporate or foreign individual;
- Sub-accounts of FIIs registered with SEBI, which are foreign corporates or foreign individuals only under the Non-Institutional Bidders category.
- Venture Capital Funds registered with SEBI;
- Foreign Venture Capital Funds registered with SEBI;
- Multilateral and bilateral development financial institutions;
- State Industrial Development Corporations;
- Trusts/ societies registered under the Societies Registration Act, 1860, as amended, or under any other law relating to trusts/ societies and who are authorised under their respective constitutions to hold and invest in equity shares;
- Scientific and/ or industrial research organisations authorised to invest in equity shares;

- Insurance companies registered with Insurance Regulatory and Development Authority;
- Provident Funds with a minimum corpus of Rs. 250 million and who are authorised under their constitution to hold and invest in equity shares;
- Pension Funds with a minimum corpus of Rs. 250 million and who are authorised under their constitution to hold and invest in equity shares;
- National Investment Fund;
- Limited liability partnership; and
- Insurance funds set up and managed by the army, navy or air force or the Department of Posts of the Union of India.

As per the existing regulations, OCBs cannot participate in this Issue.

Participation by associates and affiliates of the BRLMs and the Syndicate Members

The BRLMs and the Syndicate Members shall not be allowed to subscribe to this Issue in any manner except towards fulfilling their underwriting obligations. However, the associates and affiliates of the BRLMs and Syndicate Members may subscribe to or purchase Equity Shares in the Issue, either in the QIB Portion or in Non-Institutional Portion as may be applicable to such Bidders, where the allocation is on a proportionate basis.

The BRLMs and any persons related to the BRLMs or the Promoters and the Promoter Group cannot participate in the Issue under the Anchor Investor Portion.

Bids by Mutual Funds

An eligible Bid by a Mutual Fund shall first be considered for allocation proportionately in the Mutual Fund Portion. In the event that the demand is greater than 345,726 Equity Shares, allocation shall be made to Mutual Funds proportionately, to the extent of the Mutual Fund Portion. The remaining demand by the Mutual Funds shall, as part of the aggregate demand by QIBs, be available for allocation proportionately out of the remainder of the QIB Portion, after excluding the allocation in the Mutual Fund Portion.

Bids made by asset management companies or custodians of Mutual Funds shall specifically state names of the concerned schemes for which such Bids are made.

One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being done to other Anchor Investors.

In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the Mutual Fund registered with SEBI and such Bids in respect of more than one scheme of the Mutual Fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made.

No Mutual Fund scheme shall invest more than 10.00% of its net asset value in equity shares or equity related instruments of any single company provided that the limit of 10.00% 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 10.00% of any company's paid-up share capital carrying voting rights.

Bids by Eligible NRIs

1. Eligible NRI applicants should note that only such applications as are accompanied by payment in free foreign exchange shall be considered for Allotment. Eligible NRIs who intend to make payment through Non-Resident Ordinary (NRO) accounts should use the form meant for Resident Indians.

Bids by FIIs

As per the current regulations, the following restrictions are applicable for investments by FIIs:

The issue of Equity Shares to a single FII should not exceed 10.00% of the total post-Issue paid up share capital (*i.e.* 10.00% of 55,316,256 Equity Shares). In respect of an FII investing in the Equity Shares on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10.00% of the Company's total paid up share capital or 5.00% of the Company's total paid up share capital in case such sub-account is a foreign corporate or a foreign individual. As of now, the aggregate FII holding in the Company cannot exceed 24.00% of its total issued capital. With the approval of the Board and the shareholders by way of a special resolution, the aggregate FII holding can go up to 26.00%, which is the foreign investment limit prescribed in terms of the FDI Policy.

Subject to compliance with all applicable Indian laws, rules, regulations guidelines and approvals in terms of Regulation 15A(1) of the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations 1995, as amended (the "SEBI FII Regulations"), an FII, as defined in the SEBI FII Regulations, may issue or otherwise deal in or hold, offshore derivative instruments (as defined under the SEBI FII Regulations as any instrument, by whatever name called, which is issued overseas by a FII against securities held by it that are listed or proposed to be listed on any recognised stock exchange in India, as its underlying) directly or indirectly, only in the event (i) such offshore derivative instruments are issued only to persons who are regulated by an appropriate regulatory authority; and (ii) such offshore derivative instruments are issued after compliance with 'know your client' norms. An FII is also required to ensure that no further issue or transfer of any offshore derivative instrument is made by or on behalf of it to any persons that are not regulated by an appropriate foreign regulatory authority as defined under the SEBI FII Regulations. Associates and affiliates of the Underwriters including the BRLMs and the Syndicate Members that are FIIs may issue offshore derivative instruments against Equity Shares Allotted to them in the Issue. Any such Offshore Derivative Instrument does not constitute any obligation or claim or an interest in, the Company.

Bids by SEBI registered Venture Capital Funds and Foreign Venture Capital Funds

The SEBI (Venture Capital Funds) Regulations, 1996 and SEBI (Foreign Venture Capital Investor) Regulations, 2000 *inter alia* prescribe the investment restrictions on venture capital funds and foreign venture capital investors registered with SEBI.

Accordingly, the holding by any individual venture capital fund registered with SEBI in one company should not exceed 25.00% of the corpus of the venture capital fund. Further, venture capital funds and foreign venture capital investors can invest only up to 33.33% of the investible funds by way of subscription to an initial public offering of a venture capital undertaking whose shares are proposed to be listed.

The above information is given for the benefit of the Bidders. The Company and the BRLMs are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Draft Red Herring Prospectus. Bidders are advised to make their independent investigations and 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 or regulation or as specified in this Draft Red Herring Prospectus.

Maximum and Minimum Bid Size

(a) **For Retail Individual Bidders:** The Bid must be for a minimum of [•] Equity Shares and in multiples of [•] Equity Shares thereafter, so as to ensure that the Bid Amount payable by the Bidder does not exceed Rs. 200,000. In case of revision of Bids, the Retail Individual Bidders have to ensure that the Bid Amount does not exceed Rs. 200,000. In case the Bid Amount is over Rs. 200,000 due to revision of the Bid or revision of the Price Band or on exercise of Cut-off Price option, the Bid would be considered for allocation under the Non-Institutional Portion. The Cut-off Price option is an option given only to the Retail Individual Bidders indicating their agreement to Bid for and purchase the Equity Shares at the final Issue Price as determined at the end of the Book Building Process.

(b) **For Other Bidders (Non-Institutional Bidders and QIBs,):** The Bid must be for a minimum of such number of Equity Shares such that the Bid Amount exceeds Rs. 200,000 and in multiples of [●] Equity Shares thereafter. A Bid cannot be submitted for more than the Issue size. However, the maximum Bid by a QIB investor should not exceed the investment limits prescribed for them by applicable laws. **A QIB Bidder cannot withdraw its Bid after the Bid/ Issue Closing Date and is required to pay the Bid 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. 200,000 for being considered for allocation in the Non-Institutional Portion. In case the Bid Amount reduces to Rs. 200,000 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 QIBs are not allowed to Bid at 'Cut-off'.

(c) **For Bidders in the Anchor Investor Portion:** The Bid must be for a minimum of such number of Equity Shares such that the Bid Amount at least Rs. 100 million and in multiples of [●] Equity Shares thereafter. Bids by Anchor Investors under the Anchor Investor Portion and the QIB Portion shall not be considered as multiple Bids. A Bid cannot be submitted for more than 30.00% of the QIB Portion under the Anchor Investor Portion. **Anchor Investors cannot withdraw their Bids after the Anchor Investor Bid/ Issue Period and are required to pay the Bid Amount at the time of submission of the Bid. In case the Anchor Investor Issue Price is lower than the Issue Price, the balance amount shall be payable as per the pay-in date mentioned in the Revised Anchor Investor Allocation Notice.**

The maximum and minimum bid size applicable to a QIB, Retail Individual Bidder or a Non-Institutional Bidder shall be applicable to an ASBA Bidder in accordance with the category that such ASBA Bidder falls under.

Bidders are advised to make independent enquiries and 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 or regulation or as specified in this Draft Red Herring Prospectus.

Information for the Bidders:

(a) The Company and the BRLMs shall declare the Bid/ Issue Opening Date and Bid/ Issue Closing Date in the Red Herring Prospectus to be registered with the RoC and also publish the same in two national newspapers (one each in an English national daily and a Hindi national daily) and in one Marathi newspaper with wide circulation. This advertisement shall be in the prescribed format.

(b) The Company will file the Red Herring Prospectus with the RoC at least three days before the Bid/ Issue Opening Date.

(c) Copies of the Bid cum Application Form and copies of the Red Herring Prospectus will be available with the Syndicate. The SCSBs shall ensure that the abridged prospectus is made available on their websites.

(d) Copies of ASBA Bid cum Application Forms will be available for downloading and printing, from website of the Stock Exchanges (which provide electronic interface for ASBA facility). A unique application number will be generated for every ASBA Bid cum Application Form downloaded and printed from the websites of the Stock Exchanges.

(e) Any eligible Bidder who would like to obtain the Red Herring Prospectus and/ or the Bid cum Application Form can obtain the same from the Registered Office of the Company.

(f) Eligible Bidders who are interested in subscribing for the Equity Shares should approach any of the BRLMs or Syndicate Members or their authorised agent(s) to register their Bids. Bidders (other than Anchor Investors) who wish to use the ASBA process should approach the Designated Branches of the SCSBs to register their Bids.

(g) The Bids should be submitted on the prescribed Bid cum Application Form only. Bid cum Application Forms (other than the ASBA Bid cum Application Forms) should bear the stamp of the Syndicate, otherwise they will be rejected. Bids by ASBA Bidders shall be accepted by the Designated Branches of the SCSBs in accordance with the SEBI Regulations and any circulars issued by SEBI in this regard. Bidders (other than Anchor Investors) applying through the ASBA process also have an option to submit the ASBA Bid cum Application Form in electronic form.

(h) The demat account of Bidders for whom PAN details have not been verified, excluding persons resident in the state of Sikkim, who may be exempted from specifying their PAN for transacting in the securities market, shall be "suspended for credit" and no credit of Equity Shares pursuant to the Issue will be made into the accounts of such Bidders.

The applicants should note that in case the PAN, the DP ID and Client ID mentioned in the Bid cum Application Form and entered into the electronic bidding system of the Stock Exchanges by the Syndicate Members do not match with PAN, the DP ID and Client ID available in the settlement depository database of Depositories, the application is liable to be rejected.

Method and Process of Bidding

(a) The Company, in consultation with the BRLMs, will decide the Price Band and the minimum Bid lot size for the Issue and the same shall be advertised in two national newspapers (one each in an English and a Hindi) and in one Marathi newspaper with wide circulation at least two working days prior to the Bid/ Issue Opening Date. The members of the Syndicate and the SCSBs shall accept Bids from the Bidders during the Bid/ Issue Period.

(b) The Bid/ Issue Period shall be for a minimum of three working days and shall not exceed 10 working days. The Bid/ Issue Period may be extended, if required, by an additional three working days, subject to the total Bid/ Issue Period not exceeding 10 working days. Any revision in the Price Band and the revised Bid/ Issue Period, if applicable, will be published in two national newspapers (one each in an English and a Hindi) and one Marathi newspaper with wide circulation and also by indicating the change on the websites of the BRLMs and at the terminals of the members of the Syndicate.

(c) During the Bid/ Issue Period, Bidders, other than QIBs, who are interested in subscribing for the Equity Shares should approach the Syndicate or their authorised agents to register their Bids. The Syndicate shall accept Bids from all Bidders and have the right to vet the Bids during the Bid/ Issue Period in accordance with the terms of the Red Herring Prospectus. Bidders (other than Anchor Investors) who wish to use the ASBA process should approach the Designated Branches of the SCSBs to register their Bids.

(d) Each Bid cum Application Form will give the Bidder the choice to Bid for up to three optional prices (for details refer to the paragraph entitled "Bids at Different Price Levels" below) 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/ Allotment and the rest of the Bid(s), irrespective of the Bid Amount, will become automatically invalid.

(e) The Bidder cannot Bid on another Bid cum Application Form after Bids on one Bid cum Application Form have been submitted to any member of the Syndicate or the SCSBs. Submission of a second Bid cum Application Form to either the same or to another member of the Syndicate or SCBS 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 paragraph "Build up of the Book and Revision of Bids".

(f) Except in relation to the Bids received from the Anchor Investors, the members of the Syndicate/ the SCSBs 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.

(g) The BRLMs shall accept the Bids from the Anchor Investors during the Anchor Investor Bid/ Issue Period i.e. one working day prior to the Bid/ Issue Opening Date. Bids by QIBs under the Anchor Investor Portion and the QIB Portion shall not be considered as multiple Bids.

(h) Along with the Bid cum Application Form, all Bidders (other than ASBA Bidders) will make payment in the manner described in the section titled "- Escrow Mechanism, terms of payment and payment into the Escrow Accounts" on page 344.

(i) Upon receipt of the ASBA Bid cum Application Form, submitted whether in physical or electronic mode, the Designated Branch of the SCSB shall verify if sufficient funds equal to the Bid Amount are available in the ASBA Account, as mentioned in the ASBA Bid cum Application Form, prior to uploading such Bids with the Stock Exchanges.

(j) If sufficient funds are not available in the ASBA Account, the Designated Branch of the SCSB shall reject such Bids and shall not upload such Bids with the Stock Exchanges.

(k) If sufficient funds are available in the ASBA Account, the SCSB shall block an amount equivalent to the Bid Amount mentioned in the ASBA Bid cum Application Form and will enter each Bid option into the electronic bidding system as a separate Bid and generate a TRS for each price and demand option. The TRS shall be furnished to the ASBA Bidder on request.

(l) The Bid Amount shall remain blocked in the aforesaid ASBA Account until finalisation of the Basis of Allotment and consequent transfer of the Bid Amount against the Allotted Equity Shares to the Public Issue Account, or until withdrawal/ failure of the Issue or until withdrawal/ rejection of the ASBA Bid cum Application Form, as the case may be. Once the Basis of Allotment is finalised, the Registrar to the Issue shall send an appropriate request to the SCSB for unblocking the relevant ASBA Accounts and for transferring the amount allocable to the successful Bidders to the Public Issue Account. In case of withdrawal/ failure of the Issue, the blocked amount shall be unblocked on receipt of such information from the Registrar to the Issue.

Bids at Different Price Levels and Revision of Bids

(a) The Company, in consultation with the BRLMs, and without the prior approval of, or intimation, to the Bidders reserves the right to revise the Price Band during the Bid/ Issue Period, provided that the Cap Price shall be less than or equal to 120.00% of the Floor Price and the Floor Price shall not be less than the face value of the Equity Shares. The revision in Price Band shall not exceed 20.00% on the either side *i.e.* the Floor Price can move up or down to the extent of 20.00% of the Floor Price disclosed at least two days prior to the Bid/ Issue Opening Date and the Cap Price will be revised accordingly.

(b) The Company, in consultation with the BRLMs, will finalise the Issue Price within the Price Band, without the prior approval of, or intimation, to the Bidders.

(c) The Company, in consultation with the BRLMs, can finalise the Anchor Investor Issue Price within the Price Band, without the prior approval of, or intimation, to the Anchor Investors.

(d) The Bidders 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 may Bid at the Cut-off Price. However, bidding at Cut-off Price is prohibited for QIB and Non-Institutional Bidders and such Bids from QIB and Non-

Institutional Bidders shall be rejected.

(e) Retail Individual Bidders who Bid at Cut-off Price agree that they shall purchase the Equity Shares at any price within the Price Band. Retail Individual Bidders shall submit the Bid cum Application Form along with a cheque/ demand draft for the Bid Amount based on the Cap Price with the members of the Syndicate. In case of ASBA Bidders (excluding Non-Institutional Bidders and QIB Bidders) bidding at Cut-off Price, the ASBA Bidders shall instruct the SCSBs to block an amount based on the Cap Price.

Escrow mechanism, terms of payment and payment into the Escrow Accounts

For details of the escrow mechanism and payment instructions, please see the section titled "- Payment Instructions" on page 352.

Electronic Registration of Bids

(a) The members of the Syndicate and the SCSBs will register the Bids using the on-line facilities of the Stock Exchanges.

(b) The Syndicate and the SCSBs will undertake modification of selected fields in the Bid details already uploaded within one Working Day from the Bid/ Issue Closing Date.

(c) There will be at least one on-line connectivity facility in each city, where a stock exchange is located in India and where Bids are being accepted. The Syndicate Members and/ or SCSBs shall severally be responsible for any acts, mistakes or errors or omission and commissions in relation to, (i) the Bids accepted by each Syndicate Member and SCSB by itself, (ii) the Bids uploaded by each Syndicate Member and the SCSB by itself, (iii) the Bids accepted but not uploaded by each Syndicate Member and the SCSB by itself. Further, with respect to the Bids by ASBA Bidders, the SCSBs shall be responsible for any acts, mistakes or errors or omission or commissions in relation to the Bids accepted and uploaded without blocking funds in the ASBA Accounts. It shall be presumed that for Bids uploaded by the SCSBs, the Bid Amount has been blocked in the relevant ASBA Account.

(d) The Stock Exchanges will offer an electronic facility for registering Bids for the Issue. This facility will be available with the Syndicate and their authorised agents and the SCSBs during the Bid/ Issue Period. The Syndicate Members and the Designated Branches of the SCSBs can also set up facilities for off-line electronic registration of Bids subject to the condition that they will subsequently upload 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 and the Designated Branches of the SCSBs shall upload the Bids until such time as may be permitted by the Stock Exchanges.

(e) Based on the aggregate demand and price for Bids registered on the electronic facilities of the Stock Exchanges, a graphical representation of consolidated demand and price as available on the websites of the Stock Exchanges would be made available at the bidding centres during the Bid/ Issue Period.

(f) At the time of registering each Bid other than ASBA Bids, the members of the Syndicate shall enter the following details of the Bidders in the on-line system:

- Name of the Bidder: Bidders should ensure that the name given in the Bid cum Application Form is exactly the same as the name in which the Depositary Account is held. In case the Bid cum Application Form is submitted in joint names, Bidders 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.

- Bid cum Application Form number.

- Investor Category – Individual, Corporate, FII, NRI, Mutual Fund, etc.

- PAN (of the first Bidder, in case of more than one Bidder).
- DP ID and client identification number of the beneficiary account of the Bidder.
- Numbers of Equity Shares Bid for.
- Bid Amount.
- Cheque Details.

With respect to Bids by ASBA Bidders, at the time of registering such Bids, the SCSBs shall enter the following information pertaining to the ASBA Bidders into the on-line system:

- Name of the ASBA Bidder(s);
- ASBA Bid cum Application Form number;
- PAN (of first ASBA Bidder, in case of more than one ASBA Bidder);
- Investor Category – Individual, Corporate. FII, NRI, Mutual Fund, etc.;
- DP ID and client identification number of the beneficiary account of the Bidder;
- Number of Equity Shares Bid for ;
- Bid Amount; and
- Bank account number.

(g) TRS will be generated for each of the bidding options when the Bid is registered. It is the Bidder's responsibility to obtain the TRS from the members of the Syndicate or the Designated Branches of the SCSBs. The registration of the Bid by the member of the Syndicate or the Designated Branches of the SCSBs does not guarantee that the Equity Shares shall be allocated/ Allotted either by the members of the Syndicate or the Company.

(h) Such TRS will be non-negotiable and by itself will not create any obligation of any kind.

(i) In case of QIB Bidders only the BRLMs and their respective affiliate Syndicate Members have the right to accept the Bid or reject it. However, such rejection shall be made at the time of receiving the Bid and only after assigning a reason for such rejection in writing. In case of Non-Institutional Bidders and Retail Individual Bidders, Bids will be rejected on technical grounds listed on page 355. The members of the Syndicate may also reject Bids if all the information required is not provided and the Bid cum Application Form is incomplete in any respect. The SCSBs shall have no right to reject Bids, except on technical grounds.

(j) The permission given by the Stock Exchanges to use their network and software of the online IPO system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by the Company and/ or the BRLMs are cleared or approved by the Stock Exchanges; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of the Company, the Promoters, the management or any scheme or project of the Company; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Draft Red Herring Prospectus; nor does it warrant that the Equity Shares will be listed or will continue to be listed on the Stock Exchanges.

(k) Only Bids that are uploaded on the online IPO system of the Stock Exchanges shall be considered for allocation/ Allotment. Members of the Syndicate and SCSBs will be given up to one day after the Bid/ Issue Closing Date to verify the DP ID and Client ID uploaded on the online IPO system during the Bid/ Issue Period, after which the Registrar to the Issue will receive this data from the Stock Exchanges and will validate the electronic bid details with depository's record.

(l) Details of Bids in the Anchor Investor Portion will not be registered on the on-line facilities of the electronic facilities of the Stock Exchanges.

Build up of the book and revision of Bids

(a) Bids received from various Bidders through the members of the Syndicate and the SCSBs shall be electronically uploaded to the Stock Exchanges' mainframe on a regular basis.

(b) The book gets built up at various price levels. This information will be available with the BRLMs at the end of the Bid/ Issue Period.

(c) During the Bid/ 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 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 Amount 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 such Bidder is changing only one of the options in the Revision Form, he must still fill the details of the other two options that are not being revised, in the Revision Form. The members of the Syndicate and the Designated Branches of the SCSBs will not accept incomplete or inaccurate Revision Forms.

(e) The Bidder can make this revision any number of times during the Bid/ Issue Period. However, for any revision(s) in the Bid, the Bidders will have to use the services of the same member of the Syndicate or the SCSB through whom such Bidder 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) In case of an upward revision in the Price Band announced as above, Retail Individual Bidders who had Bid at Cut-off Price could either (i) revise their Bid or (ii) shall 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. 200,000 if the Bidder wants to continue to Bid at Cut-off Price), with the members 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. 200,000, the Bid will be considered for allocation under the Non-Institutional Portion in terms of the 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 of the Price Band prior to revision, the number of Equity Shares Bid for shall be adjusted downwards for the purpose of allocation, 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.

(g) In case of a downward revision in the Price Band, announced as above, Retail Individual Bidders, who have Bid at Cut-off Price could either revise their Bid or the excess amount paid at the time of bidding would be refunded from the Escrow Account.

(h) The Company, in consultation with the BRLMs, shall decide the minimum number of Equity Shares for each Bid to ensure that the minimum application value is within the range of Rs. 5,000 to Rs. 7,000.

(i) 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. With respect to the

Bids by ASBA Bidders, if revision of the Bids results in an incremental amount, the relevant SCSB shall block the additional Bid Amount. In case of Bids, other than ASBA Bids, the members of the Syndicate shall collect the payment in the form of cheque or demand draft if any, to be paid on account of the upward revision of the Bid at the time of one or more revisions by the QIB Bidders. In such cases, the members of the Syndicate will revise the earlier Bid's details with the revised Bid and provide the cheque or demand draft number of the new payment instrument in the electronic book. The Registrar will reconcile the Bid data and consider the revised Bid data for preparing the Basis of Allotment.

(j) When a Bidder revises his or her Bid, he or she shall surrender the earlier TRS and may get a revised TRS from the members of the Syndicate or the SCSB, as applicable. 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) Based on the demand generated at various price levels, the Company, in consultation with the BRLMs, shall finalise the Issue Price.

(b) Subject to valid Bids being received at or above the Issue Price, under-subscription, if any, in the QIB Portion, the Non-Institutional Portion or the Retail Portion, would be allowed to be met with spill-over from other category or a combination of categories, at the discretion of the Company, in consultation with the BRLMs and the Designated Stock Exchange.

(c) Allocation to Non-Residents, including Eligible NRIs and FIIs registered with SEBI, applying on repatriation basis will be subject to applicable law, rules, regulations, guidelines and approvals.

(d) Allocation to Anchor Investors shall be at the discretion of the Company in consultation with the BRLMs, subject to compliance with the SEBI Regulations.

(e) QIB Bidders shall not be allowed to withdraw their Bid after the Bid/ Issue Closing Date. Further the Anchor Investors shall not be allowed to withdraw their Bids after the Anchor Investor Bid/ Issue Period.

Signing of Underwriting Agreement and RoC Filing

(a) The Company, the BRLMs and the Syndicate Members shall enter into an Underwriting Agreement on or immediately after the finalisation of the Issue Price.

(b) After signing the Underwriting Agreement, the Company will update and file the updated Red Herring Prospectus with the RoC in accordance with the applicable law, which then would be termed as the 'Prospectus'. The Prospectus will contain details of the Issue Price, the Anchor Investor Issue Price, Issue size, underwriting arrangements and will be complete in all material respects.

Pre-Issue Advertisement

Subject to Section 66 of the Companies Act, the Company shall, after registering the Red Herring Prospectus with the RoC, publish a pre-Issue advertisement, in the form prescribed by the SEBI Regulations, in one English language national daily newspaper, one Hindi language national daily newspaper and one Marathi language daily newspaper, each with wide circulation.

Advertisement regarding Issue Price and Prospectus

The Company will issue a statutory advertisement after the filing of the Prospectus with the RoC. This advertisement, in addition to the information that has to be set out in the statutory advertisement, shall indicate the Issue Price and the Anchor Investor Issue Price. Any material updates between the date of the Red Herring Prospectus and the date of Prospectus will be included in such statutory advertisement.

Issuance of Confirmation of Allotment Note ("CAN")

(a) Upon approval of the Basis of Allotment by the Designated Stock Exchange, the Registrar shall send to the members of the Syndicate a list of the Bidders who have been Allotted Equity Shares in the Issue.

(b) The Registrar will then dispatch a CAN to the Bidders who have been Allotted Equity Shares in the Issue. The dispatch of a CAN shall be deemed a valid, binding and irrevocable contract for the Bidder.

(c) The Issuance of CAN is subject to "Notice to Anchor Investors: Allotment Reconciliation and CANs" as set forth under section titled "Issue Procedure" on page 348.

Notice to Anchor Investors: Allotment Reconciliation and CANs

A physical book will be prepared by the Registrar on the basis of the Bid cum Application Forms received from Anchor Investors. Based on the physical book and at the discretion of the Company in consultation with the BRLMs, selected Anchor Investors will be sent an Anchor Investor Allocation Notice and, if required, a Revised Anchor Investor Allocation Notice. All Anchor Investors will be sent Anchor Investor Allocation Notice post Anchor Investor Bid/ Issue Period and in the event that the Issue Price is higher than the Anchor Investor Issue Price, the Anchor Investors will be sent a Revised Anchor Investor Allocation Notice within one day of the Pricing Date indicating the number of Equity Shares allocated to such Anchor Investor and the pay-in date for payment of the balance amount. Anchor Investors should note that they shall be required to pay any additional amounts, being the difference between the Issue Price and the Anchor Investor Issue Price, as indicated in the Revised Anchor Investor Allocation Notice within the pay-in date referred to in the Revised Anchor Investor Allocation Notice. The Revised Anchor Investor Allocation Notice will constitute a valid, binding and irrevocable contract (subject to the issue of CAN) for the Anchor Investor to pay the difference between the Issue Price and the Anchor Investor Issue Price and accordingly the CAN will be issued to such Anchor Investors. In the event the Issue Price is lower than the Anchor Investor Issue Price, the Anchor Investors who have been Allotted Equity Shares will directly receive CAN. The CAN shall be deemed a valid, binding and irrevocable contract for the Allotment of Equity Shares to such Anchor Investors.

The final allocation is subject to the physical application being valid in all respect along with receipt of stipulated documents, the Issue Price being finalised at a price not higher than the Anchor Investor Issue Price and Allotment by the Board of Directors.

Designated Date and Allotment of Equity Shares

(a) The Company will ensure that: (i) the Allotment of Equity Shares; and (ii) dispatch of instructions for credit to the successful Bidder's depositary account will be completed within 12 Working Days of the Bid/ Issue Closing Date.

(b) In accordance with the SEBI Regulations, Equity Shares will be issued and Allotment shall be made only in the dematerialised form to the Allottees.

(c) Allottees will have the option to re-materialise the Equity Shares so Allotted 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/ Allotted to them pursuant to this Issue.

GENERAL INSTRUCTIONS

Do's:

(a) Check if you are eligible to apply;

(b) Ensure that you have Bid within the Price Band;

(c) Read all the instructions carefully and complete the Bid cum Application Form;

(d) Ensure that the details about the PAN, Depository Participant and the beneficiary account are correct as Allotment of Equity Shares will be in the dematerialised form only;

(e) Ensure that the Bids are submitted at the bidding centres only on forms bearing the stamp of a member of the Syndicate or with respect to ASBA Bidders, ensure that your Bid is submitted at a Designated Branch of the SCSB where the ASBA Bidder or the person whose bank account will be utilised by the Bidder for bidding has a bank account;

(f) With respect to Bids by ASBA Bidders ensure that the ASBA Bid cum Application Form is signed by the account holder in case the applicant is not the account holder. Ensure that you have mentioned the correct bank account number in the ASBA Bid cum Application Form;

(g) Ensure that you request for and receive a TRS for all your Bid options;

(h) Ensure that full Bid Amount is paid for the Bids submitted to the members of the Syndicate and funds equivalent to the Bid Amount are blocked in case of any Bids submitted through SCSBs;

(i) Ensure that you have funds equal to the Bid Amount in your bank account maintained with the SCSB before submitting the ASBA Bid cum Application Form to the respective Designated Branch of the SCSB;

(j) Instruct your respective banks to not release the funds blocked in the bank account under the ASBA process;

(k) Submit revised Bids to the same member of the Syndicate through whom the original Bid was placed and obtain a revised TRS;

(l) Except for Bids submitted on behalf of the Central Government or the State Government and officials appointed by a court, all Bidders should mention their PAN allotted under the Income Tax Act;

(m) Ensure that the Demographic Details (as defined herein below) are updated, true and correct in all respects; and

(n) 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.

Don’ts:

(a) Do not Bid for lower than the minimum Bid size;

(b) Do not Bid/ revise Bid Amount to less than the 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 or the SCSBs, as applicable;

(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 or the SCSBs, only;

(f) Do not Bid at Cut-off Price (for QIB Bidders and Non-Institutional Bidders);

(g) Do not Bid for a Bid Amount exceeding Rs. 200,000 (for Bids by Retail Individual Bidders);

(h) 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;

(i) Do not submit the GIR number instead of the PAN as the Bid is liable to be rejected on this ground;

(j) Do not Bid for allotment of Equity Shares in physical form; and

(k) Do not submit the Bids without the full Bid Amount.

INSTRUCTIONS FOR COMPLETING THE BID CUM APPLICATION FORM

Bids must be:

1. Made only in the prescribed Bid cum Application Form or Revision Form, as applicable.

2. Completed in full, in BLOCK LETTERS in ENGLISH and in accordance with the instructions contained herein, in the Bid cum Application Form or in the Revision Form. Incomplete Bid cum Application Forms or Revision Forms are liable to be rejected. Bidders should note that the members of the Syndicate and/ or the SCSBs, as appropriate, will not be liable for errors in data entry due to incomplete or illegible Bid cum Application Forms or Revision Forms.

3. Information provided by the Bidders will be uploaded on to the online IPO system by the members of the Syndicate and the SCSBs, as the case may be, and the electronic data will be used to make allocation/ Allotment. The Bidders should ensure that the details are correct and legible.

4. For Retail Individual Bidders, the Bid must be for a minimum of [•] Equity Shares and in multiples of [•] thereafter subject to a maximum Bid Amount of Rs. 200,000.

5. For Non-Institutional Bidders and QIB Bidders, Bids must be for a minimum of such number of Equity Shares that the Bid Amount exceeds or is equal to Rs. 200,000 and in multiples of [•] Equity Shares thereafter. Bids cannot be made for more than the Issue size. Bidders are advised to ensure that a single Bid from them should not exceed the investment limits or maximum number of Equity Shares that can be held by them under the applicable laws or regulations.

6. For Anchor Investors, Bids must be for a minimum of such number of Equity Shares that the Bid Amount exceeds or is equal to Rs. 100 million and in multiples of [•] Equity Shares thereafter.

7. In single name or in joint names (not more than three, and in the same order as their Depository Participant details).

8. Thumb impressions and signatures other than in the languages specified in the Eighth Schedule to the Constitution of India must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.

Bidder's PAN, Depository Account and Bank Account Details

Bidders should note that on the basis of PAN of the Bidders, DP ID and beneficiary account number provided by them in the Bid cum Application Form, the Registrar will obtain from the Depository the demographic details including address, Bidders bank account details, MICR code and occupation (hereinafter referred to

as "Demographic Details"). These bank account details would be used for giving refunds (including through physical refund warrants, direct credit, NECS, NEFT and RTGS) or unblocking of ASBA Account. 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 despatch/ credit of refunds to Bidders or unblocking of ASBA Account at the Bidders sole risk and neither the BRLMs or the Registrar or the Escrow Collection Banks or the SCSBs nor the Company shall have any responsibility and undertake any liability for the same. 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/ 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 any other purpose by the Registrar to the Issue.

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/ 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/ 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 (other than ASBA Bidders) in the Bid cum Application Form would be used only to ensure dispatch of refund orders. Please note that any such delay shall be at such Bidder's sole risk and neither the Company, the Escrow Collection Banks, the Registrar, the 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, which matches the two parameters, namely, PAN of the Bidder and the DP ID/ Client ID, then such Bids are liable to be rejected.

Bids by Non Residents including Eligible NRIs, FIIs and Foreign Venture Capital Funds on a repatriation basis

Bids and revision to Bids must be made in the following manner:

1. On the Bid cum Application Form or the Revision Form, as applicable (blue in colour), and completed in full in BLOCK LETTERS in ENGLISH in accordance with the instructions contained therein.

2. In a single name or joint names (not more than three and in the same order as their Depositary Participant Details).

3. Bids on a repatriation basis shall be in the names of individuals, or in the name of FIIs but not in the names of minors, OCBs, firms or partnerships, foreign nationals (excluding NRIs) or their nominees.

Refunds, dividends and other distributions, if any, will be payable in Rupees only and net of bank charges and/ or commission. In case of Bidders who remit money through Rupee drafts purchased abroad, such payments in Rupees will be converted into US Dollars or any other freely convertible currency as may be permitted by the RBI at the rate of exchange prevailing at the time of remittance and will be dispatched by registered post or if the Bidders so desire, will be credited to their NRE accounts, details of which should be furnished in the space provided for this purpose in the Bid cum Application Form. The Company will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

There is no reservation for Eligible NRIs and FIIs and all Bidders will be treated on the same basis with other categories for the purpose of allocation.

Bids under Power of Attorney

In case of Bids made pursuant to a power of attorney or by limited companies, corporate bodies, registered societies, FIIs, Mutual Funds, insurance companies and provident funds with a minimum corpus of Rs. 250 million (subject to applicable law) and pension funds with a minimum corpus of Rs. 250 million, 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 of association and articles of association and/ or bye laws must be lodged along with the Bid cum Application Form. Failing this, the Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefor.

In addition to the above, certain additional documents are required to be submitted by the following entities:

(a) With respect to Bids by FIIs and Mutual Funds, a certified copy of their SEBI registration certificate must be lodged along with the Bid cum Application Form.

(b) With respect to Bids by insurance companies registered with the Insurance Regulatory and Development Authority, in addition to the above, a certified copy of the certificate of registration issued by the Insurance Regulatory and Development Authority must be lodged along with the Bid cum Application Form.

(c) With respect to Bids made by provident funds with a minimum corpus of Rs. 250 million (subject to applicable law) and pension funds with a minimum corpus of Rs. 250 million, a certified copy of a certificate from a chartered accountant certifying the corpus of the provident fund/ pension fund must be lodged along with the Bid cum Application Form.

(d) With respect to Bids made by limited liability partnerships registered under the Limited Liability Partnership Act, 2008, a certified copy of certificate of registration issued under the Limited Liability Partnership Act, 2008, must be attached to the Bid cum Application Form.

The Company in its absolute discretion, reserves the right to relax the above condition of simultaneous lodging of the power of attorney along with the Bid cum Application form, subject to such terms and conditions that the Company and the BRLMs may deem fit.

PAYMENT INSTRUCTIONS

Escrow Mechanism for Bidders other than ASBA Bidders

The Company and the Syndicate shall open Escrow Account(s) with one or more Escrow Collection Bank(s) in whose favour the Bidders shall make out the cheque or demand draft in respect of his or her Bid and/ or revision of the Bid. Cheques or demand drafts received for the full Bid Amount from Bidders 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 Escrow Collection Banks for and on behalf of the Bidders shall maintain the monies in the Escrow Account until the Designated Date. The Escrow Collection Banks 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 funds represented by allocation of Equity Shares (other than ASBA funds with the SCSBs) from the Escrow Account, as per the terms of the Escrow Agreement, into the Public Issue Account with the Bankers to the Issue. The balance amount after transfer to the Public Issue Account shall be transferred to the Refund Account. Payments of refund to the Bidders shall also be made from the Refund Account as per the terms of the Escrow Agreement and the Draft Red Herring Prospectus.

The Bidders should note that the escrow mechanism is not prescribed by SEBI and has been established as an arrangement between the Company, the Syndicate, the Escrow Collection Banks and the Registrar to facilitate collection from the Bidders.

Payment mechanism for ASBA Bidders

The ASBA Bidders shall specify the bank account number in the ASBA Bid cum Application Form and the SCSB shall block an amount equivalent to the Bid Amount in the bank account specified in the ASBA Bid cum Application Form. The SCSB shall keep the Bid Amount in the relevant bank account blocked until withdrawal/ rejection of the ASBA Bid or receipt of instructions from the Registrar to unblock the Bid Amount. In the event of withdrawal or rejection of the ASBA Bid cum Application Form or for unsuccessful ASBA Bid cum Application Forms, the Registrar shall give instructions to the SCSB to unblock the application money in the relevant bank account within one day of receipt of such instruction. The Bid Amount shall remain blocked in the ASBA Account until finalisation of the Basis of Allotment in the Issue and consequent transfer of the Bid Amount to the Public Issue Account, or until withdrawal/ failure of the Issue or until rejection of the Bid by the ASBA Bidder, as the case may be.

Payment into Escrow Account for Bidders other than ASBA Bidders

Each Bidder shall draw a cheque or demand draft or remit the funds electronically through the RTGS mechanism for the Bid Amount payable on the Bid as per the following terms:

1. All Bidders would be required to pay the full Bid Amount at the time of the submission of the Bid cum Application Form.

2. The Bidders 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. If the payment is not made favouring the Escrow Account along with the Bid cum Application Form, the Bid of the Bidder shall be rejected.

3. The payment instruments for payment into the Escrow Account should be drawn in favour of:

    (a) In case of resident QIB Bidders: "[●]"

    (b) In case of Non-Resident QIB Bidders: "[●]"

    (c) In case of Retail and Non-Institutional Bidders: "[●]"

    (d) In case of Non-Resident Retail and Non-Institutional Bidders: "[●]"

4. Anchor Investors would be required to pay the Bid Amount at the time of submission of the Bid cum Application Form. In the event of the Issue Price being higher than the price at which allocation is made to Anchor Investors, the Anchor Investors shall be required to pay such additional amount to the extent of shortfall between the price at which allocation is made to them and the Issue Price as per the pay-in date mentioned in the Revised Anchor Investor Allocation Notice. If the Issue Price is lower than the price at which allocation is made to Anchor Investors, the amount in excess of the Issue Price paid by Anchor Investors shall not be refunded to them.

5. For Anchor Investors, the payment instruments for payment into the Escrow Account should be drawn in favour of:

    (a) In case of resident Anchor Investors: "[●]"

    (b) In case of Non-Resident Anchor Investors: "[●]"

6. In case of Bids by NRIs applying on repatriation basis, the payments must be made through Rupee drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in Non-Resident External (NRE) Accounts or Foreign Currency Non-Resident (FCNR) Accounts, maintained with banks authorised to deal in foreign exchange in India,

along with documentary evidence in support of the remittance. Payment will not be accepted out of Non-Resident Ordinary (NRO) Account of a Non-Resident Bidder bidding on a repatriation basis. Payment by drafts should be accompanied by bank certificate confirming that the draft has been issued by debiting to NRE Account or FCNR Account.

7. In case of Bids by NRIs applying on non-repatriation basis, the payments must be made through Rupee Drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in Non-Resident External (NRE) Accounts or Foreign Currency Non-Resident (FCNR) Accounts, maintained with banks authorised to deal in foreign exchange in India, along with documentary evidence in support of the remittance or out of a Non-Resident Ordinary (NRO) Account of a Non-Resident Bidder bidding on a non-repatriation basis. Payment by drafts should be accompanied by a bank certificate confirming that the draft has been issued by debiting an NRE or FCNR or NRO Account.

8. In case of Bids by FIIs, the payment should be made out of funds held in a Special Rupee Account along with documentary evidence in support of the remittance. Payment by drafts should be accompanied by a bank certificate confirming that the draft has been issued by debiting the Special Rupee Account.

9. The monies deposited in the Escrow Account will be held for the benefit of the Bidders until the Designated Date.

10. 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 Public Issue Account with the Bankers to the Issue.

11. Payments should be made by cheque, or a 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 bankers' 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.

OTHER INSTRUCTIONS

Joint Bids in the case of Individuals

Bids may be made in single or joint names (not more than three). In the case of joint Bids, all payments will be made out in favour of the Bidder whose name appears first in the Bid cum Application Form or Revision Form. All communications will be addressed to the First Bidder and will be dispatched to his or her address as per the Demographic Details received from the Depository.

Multiple Bids

A Bidder should submit only one (and not more than one) Bid.

In case of a mutual fund, a separate Bid may be made in respect of each scheme of the mutual fund and such Bids in respect of more than one scheme of the mutual fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made. Bids by QIBs under the Anchor Investor Portion and the QIB Portion (excluding Anchor Investor Portion) will not be treated as multiple Bids.

After submitting a Bid using an ASBA Bid cum Application Form either in physical or electronic mode, where such ASBA Bid has been submitted to the SCSBs and uploaded with the Stock Exchanges, an ASBA Bidder cannot Bid, either in physical or electronic mode, whether on another ASBA Bid cum Application Form, to either the same or another Designated Branch of the SCSB, or on a non-ASBA Bid cum Application Form. Submission of a second Bid in such manner will be deemed a multiple Bid and would 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 the Issue. However, ASBA Bidders may revise their Bids through the Revision Form, the procedure for which is described in " – Build up of the Book and Revision of Bids" on page 346.

More than one ASBA Bidder may Bid for Equity Shares using the same ASBA Account, provided that the SCSBs will not accept a total of more than five ASBA Bid cum Application Forms with respect to any single ASBA Account.

Duplicate copies of ASBA Bid cum Application Forms downloaded and printed from the website of the Stock Exchanges bearing the same application number shall be treated as multiple Bids and are liable to be rejected.

The Company, in consultation with the BRLMs, reserves the right to reject, in its absolute discretion, all or any multiple Bids in any or all categories, In this regard, the procedures which would be followed by the Registrar to the Issue to detect multiple Bids are provided below:

1. All Bids will be checked for common PAN as per the records of Depository. For Bidders other than Mutual Funds and FII sub-accounts, Bids bearing the same PAN will be treated as multiple Bids and will be rejected.

2. For Bids from Mutual Funds and FII sub-accounts which were submitted under the same PAN as well as Bids on behalf of the Central or State Government, an official liquidator or receiver appointed by a court and residents of Sikkim for which submission of PAN is not mandatory, the Bids will be scrutinised for DP ID and Beneficiary Account Numbers. In case applications bear the same DP ID and Beneficiary Account Numbers, these will be treated as multiple applications.

Permanent Account Number or PAN

Except for Bids on behalf of the Central or State Government and the officials appointed by the courts, the Bidders, or in the case of a Bid in joint names, each of the Bidders, should mention his/ her PAN allotted under the Income Tax Act. In accordance with the SEBI Regulations, the PAN would be the sole identification number for participants transacting in the securities market, irrespective of the amount of transaction. **Any Bid cum Application Form without the PAN is liable to be rejected, except for residents in the state of Sikkim may be exempted from specifying their PAN for transacting in securities market. 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**.

REJECTION OF BIDS

In case of QIB Bidders, the Company, in consultation with the BRLMs, may reject Bids provided that the reasons for rejecting the same shall be provided to such Bidders in writing. In case of Non-Institutional Bidders and Retail Individual Bidders, the Company has a right to reject Bids based on technical grounds. Consequent refunds shall be made by RTGS/ NEFT/ NES/ Direct Credit/ cheque or pay order or draft and will be sent to the Bidder's address at the Bidder's risk. With respect to Bids by ASBA Bidders, the Designated Branches of the SCSBs shall have the right to reject Bids by ASBA Bidders if at the time of blocking the Bid Amount in the Bidder's bank account, the respective Designated Branch ascertains that sufficient funds are not available in the Bidder's bank account maintained with the SCSB. Subsequent to the acceptance of the Bids made by ASBA Bidders by the SCSB, the Company would have a right to reject the Bids by ASBA Bidders only on technical grounds.

Grounds for Technical Rejections

Bidders are advised to note that Bids are liable to be rejected *inter alia* on the following technical grounds:

- Amount paid does not tally with the amount payable for the highest value of Equity Shares Bid for. With respect to Bids by ASBA Bidders, the amounts mentioned in the ASBA Bid cum Application Form does not tally with the amount payable for the value of the Equity Shares Bid for;

- In case of partnership firms, Equity Shares may be registered in the names of the individual partners and no firm as such shall be entitled to apply;

- Bid by persons not competent to contract under the Indian Contract Act, 1872 including minors, insane persons;

- PAN not mentioned in the Bid cum Application Form;
- GIR number furnished instead of PAN;
- Bids for lower number of Equity Shares than specified for that category of investors;
- Bids at a price less than the Floor Price;
- Bids at a price more than the Cap Price ;
- Signature of sole and/ or joint Bidders missing;
- Submission of more than five ASBA Bid cum Application Forms per bank account;
- Submission of Bids by Anchor Investors through ASBA process;
- Bids at Cut-off Price by Non-Institutional and QIB Bidders;
- Bids for number of Equity Shares which are not in multiples of [•];
- Category not indicated;
- Multiple Bids as defined in the Draft Red Herring Prospectus;
- In case of Bids under power of attorney or by limited companies, corporate, trust etc., relevant documents are not submitted;
- Bids accompanied by stockinvest/ money order/ postal order/ cash;
- Bid cum Application Form does not have the stamp of the BRLMs or Syndicate Members or the SCSB;
- Bid cum Application Form does not have the Bidder's depository account details;
- Bid cum Application Forms are not delivered by the Bidders within the time prescribed as per the Bid cum Application Forms, Bid/ Issue Opening Date advertisement and the Draft Red Herring Prospectus and as per the instructions in the Draft Red Herring Prospectus and the Bid cum Application Forms;
- In case no corresponding record is available with the Depositories that matches the Depositary Participant's identity (DP ID) and the beneficiary's account number;
- With respect to Bids by the ASBA Bidders, inadequate funds in the bank account to block the Bid Amount specified in the ASBA Bid cum Application Form at the time of blocking such Bid Amount in the bank account;
- Bids for amounts greater than the maximum permissible amounts prescribed by the regulations;
- Bids where clear funds are not available in Escrow Accounts as per final certificate from the Escrow Collection Banks;

- Bids by QIBs not submitted through the BRLMs or in case of ASBA Bids for QIBs (other than Anchor Investors) not intimated to the BRLMs;

- Bids by persons in the United States excluding "qualified institutional buyers" as defined in Rule 144A of the Securities Act or other than in reliance of Regulation S under the Securities Act;

- Bids by any person outside India if not in compliance with applicable foreign and Indian Laws;

- Bids not uploaded on the terminals of the Stock Exchanges; and

- Bids by persons prohibited from buying, selling or dealing in the shares directly or indirectly by SEBI or any other regulatory authority.

IN CASE THE DP ID, CLIENT ID AND PAN MENTIONED IN THE BID CUM APPLICATION FORM AND ENTERED INTO THE ELECTRONIC BIDDING SYSTEM OF THE STOCK EXCHANGES BY THE SYNDICATE/ THE SCSBs DO NOT MATCH WITH THE DP ID, CLIENT ID AND PAN AVAILABLE IN THE RECORDS WITH THE DEPOSITARIES, THE APPLICATION IS LIABLE TO BE REJECTED.

EQUITY SHARES IN DEMATERIALISED FORM WITH NSDL OR CDSL

As per the provisions of Section 68B of the Companies Act, the Allotment of Equity Shares in this Issue shall be 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 the Company, the respective Depositories and the Registrar:

- Agreement dated November 30, 2010 between NSDL, the Company and the Registrar to the Issue;

- Agreement dated November 26, 2010 between CDSL, the Company and the 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 either of 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) Allotment 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 in the Depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the account details in 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) 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 the Equity Shares are proposed to be listed have electronic connectivity with CDSL and NSDL.

(h) The trading of the Equity Shares of the Company would be in dematerialised form only for all Bidders in the demat segment of the respective Stock Exchanges.

(i) Non transferable advice or refund orders will be directly sent to the Bidders by the Registrar to the Issue.

Communications

All future communications in connection with Bids made in this Issue should be addressed to the Registrar quoting the full name of the sole or First Bidder, Bid cum Application Form number, Bidders Depository Account Details, number of Equity Shares applied for, date of Bid cum Application Form, name and address of the member of the Syndicate or the Designated Branch of the SCSBs where the Bid was submitted and cheque or draft number and issuing bank thereof or with respect to ASBA Bids, bank account number in which the amount equivalent to the Bid Amount was blocked.

Bidders can contact the Compliance Officer or the Registrar 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 accounts, refund orders etc. In case of ASBA Bids submitted with the Designated Branches of the SCSBs, Bidders can contact the Designated Branches of the SCSBs.

PAYMENT OF REFUND

Bidders other than ASBA Bidders must note that on the basis of the Bidder's DP ID and beneficiary account number provided by them in the Bid cum Application Form, the Registrar to the Issue will obtain, from the Depositories, the Bidders' bank account details, including the nine digit Magnetic Ink Character Recognition ("**MICR**") code as appearing on a cheque leaf to make refunds. On the Designated Date and no later than 12 Working Days from the Bid/ Issue Closing Date, the Escrow Collection Bank shall despatch refund orders for all amounts payable to unsuccessful Bidders (other than ASBA Bidders) and also the excess amount paid on bidding, if any, after adjusting for allocation/ Allotment to such Bidders.

Mode of making refunds for Bidders other than ASBA Bidders

The payment of refund, if any, for Bidders other than ASBA Bidders would be done through various modes in the following order of preference:

1. NECS – Payment of refund would be done through NECS for applicants having an account at any of the centres where such facility has been made available. This mode of payment of refunds would be subject to availability of complete bank account details including the MICR code as appearing on a cheque leaf, from the Depositories. The payment of refunds is mandatory for applicants having a bank account at any of the centres where clearing houses are managed by the RBI, except where the applicant is eligible and opts to receive refund through direct credit or RTGS.

2. Direct Credit – Applicants having bank accounts with the Refund Bank (s), as mentioned in the Bid cum Application Form shall be eligible to receive refunds through direct credit. Charges, if any, levied by the Refund Bank(s) for the same would be borne by the Company.

3. RTGS – Applicants having a bank account at any of the centres where clearing houses are managed by the RBI and whose refund amount exceeds Rs. 100,000 will be considered to receive refund through RTGS. For such eligible applicants, IFSC code will be derived based on the MICR code of the Bidder as per the depository records/ RBI master. In the event the same is not provided, refund shall be made through NECS. Charges, if any, levied by the Refund Bank(s) for the same would be borne by the Company. Charges, if any, levied by the applicant's bank receiving the credit would be borne by the applicant.

4. 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 immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the applicants have registered their nine digit MICR number and their bank account number while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the applicants through this method. 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. In the event that NEFT is not operationally feasible, the payment of refunds would be made through any one of the other modes as discussed in the sections.

5. For all other applicants, including those who have not updated their bank particulars with the MICR code, the refund orders will be despatched under certificate of posting for value up to Rs. 1,500 and through Speed Post/ Registered Post for refund orders of Rs. 1,500 and above. Such refunds will be made by cheques, pay orders or demand drafts 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.

Mode of making refunds for ASBA Bidders

In case of ASBA Bidders, the Registrar shall instruct the relevant SCSB to unblock the funds in the relevant ASBA Account to the extent of the Bid Amount specified in the ASBA Bid cum Application Forms for withdrawn, rejected or unsuccessful or partially successful ASBA Bids within 12 Working Days of the Bid/ Issue Closing Date.

DISPOSAL OF APPLICATIONS AND APPLICATION MONEYS AND INTEREST IN CASE OF DELAY

With respect to Bidders other than ASBA Bidders, the Company shall ensure dispatch of Allotment advice, refund orders (except for Bidders who receive Refunds through electronic transfer of funds) and give benefit to the beneficiary account with Depository Participants of the Bidders and submit the documents pertaining to the Allotment to the Stock Exchanges within two Working Days of the date of Allotment of Equity Shares.

In case of applicants who receive refunds through NECS, direct credit or RTGS, the refund instructions will be given to the clearing system within 12 Working Days from the Bid/ Issue Closing Date. A suitable communication shall be dispatched to the Bidders receiving refunds through this mode within 12 Working Days of Bid/ Issue Closing Date, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund.

The Company 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 12 Working Days of the Bid/ Issue Closing Date.

In accordance with the Companies Act, the requirements of the Stock Exchanges and the SEBI Regulations, the Company further undertakes that:

- Allotment of Equity Shares shall be made only in dematerialised form within 12 Working Days of the Bid/ Issue Closing Date; and

- With respect to Bidders other than ASBA Bidders, dispatch of refund orders or in a case where the refund or portion thereof is made in electronic manner, the refund instructions are given to the clearing system within 12 Working Days of the Bid/ Issue Closing Date would be ensured. With respect to the ASBA Bidders, instructions for unblocking of the ASBA Bidder’s Bank Account shall be made within 12 Working Days from the Bid/ Issue Closing Date.

- The Company shall pay interest at 15.00% per annum for any delay beyond 15 days or 12 Working Days from the Bid/ Issue Closing Date, whichever is later, if Allotment is not made and refund orders are not dispatched or if, in a case where the refund or portion thereof is made in an electronic manner, the refund instructions have not been given to the clearing system in the disclosed manner and/ or demat credits are not made to investors within the 12 Working Days prescribed above. If such money is not repaid within eight days from the day the Company becomes liable to repay, the Company and every Director of the Company who is an officer in default shall, on and from expiry of eight days, be jointly and severally liable to repay the money with interest as prescribed under the applicable law.

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 ALLOTMENT

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 the successful Retail Individual Bidders will be made at the Issue Price.

- The Issue size less Allotment to Non-Institutional and QIB Bidders shall be available for Allotment 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 aggregate demand in this category is 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 aggregate demand in this category is greater than [●] Equity Shares at or above the Issue Price, the Allotment shall be made on a proportionate basis up to a minimum of [•] Equity Shares. For the method of proportionate Basis of Allotment, 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 Issue size less Allotment to QIBs and Retail Portion shall be available for Allotment 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 aggregate demand in this category is less than or equal [●] Equity Shares at or above the Issue Price, full Allotment shall be made to Non-Institutional Bidders to the extent of their demand.

- In case the aggregate demand in this category is greater than [●] Equity Shares at or above the Issue Price, Allotment shall be made on a proportionate basis up to a minimum of [•] Equity Shares and in multiples of [●] Equity Shares thereafter. For the method of proportionate Basis of Allotment refer below.

C. For QIBs (other than Anchor Investors)

- Bids received from the QIB Bidders at or above the Issue Price shall be grouped together to determine the total demand under this portion. The Allotment to all the successful QIB Bidders will be made at the Issue Price.

- The QIB Portion shall be available for Allotment to QIB Bidders who have Bid in the Issue at a price that is equal to or greater than the Issue Price.

- Allotment shall be undertaken in the following manner:

  (a) In the first instance allocation to Mutual Funds for up to 5.00% of the QIB Portion (excluding Anchor Investor Portion) shall be determined as follows:

    (i) In the event that Bids by Mutual Fund exceeds 5.00% of the QIB Portion (excluding Anchor Investor Portion), allocation to Mutual Funds shall be done on a proportionate basis for up to 5.00% of the QIB Portion (excluding Anchor Investor Portion).

    (ii) In the event that the aggregate demand from Mutual Funds is less than 5.00% of the QIB Portion (excluding Anchor Investor 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 for Allotment to all QIB Bidders as set out in (b) below;

  (b) In the second instance Allotment to all QIBs shall be determined as follows:

    1. In the event that the oversubscription in the QIB Portion, (excluding Anchor Investor Portion), all QIB Bidders who have submitted Bids above the Issue Price shall be allotted Equity Shares on a proportionate basis for up to 95.00% of the QIB Portion.

    2. 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 (excluding Anchor Investor Portion).

    3. Under-subscription below 5.00% of the QIB Portion (excluding Anchor Investor Portion), if any, from Mutual Funds, would be included for allocation to the remaining QIB Bidders on a proportionate basis.

- The aggregate Allotment to QIB Bidders shall not be less than [●] Equity Shares.

D. For Anchor Investor Portion

- Allocation of Equity Shares to Anchor Investors at the Anchor Investor Issue Price will be at the discretion of the Company, in consultation with the BRLMs, subject to compliance with the following requirements:

- o not more than 30.00% of the QIB Portion will be allocated to Anchor Investors;

- o one-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being done to other Anchor Investors;

- o allocation to Anchor Investors shall be on a discretionary basis and subject to a minimum number of two Anchor Investors for allocation up to Rs. 2,500 million and minimum number of five Anchor Investors for allocation more than Rs. 2,500 million.

- The number of Equity Shares Allotted to Anchor Investors and the Anchor Investor Issue Price, shall be made available in the public domain by the BRLMs before the Bid/ Issue Opening Date by intimating the same to the Stock Exchanges.

Method of Proportionate Basis of Allotment in the Issue

Except in relation to Anchor Investors, in the event of the Issue being over-subscribed, the Company shall finalise 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 and the Registrar to the Issue shall be responsible for ensuring that the Basis of Allotment is finalised in a fair and proper manner.

The Allotment shall be made in marketable lots, on a proportionate basis as explained below:

a) Bidders will be categorised according to the number of Equity Shares applied for.

b) The total number of Equity Shares to be Allotted to each category as a whole shall be arrived at on a proportionate basis, 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.

c) 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.

d) In all Bids where the proportionate Allotment is less than [•] Equity Shares per Bidder, the Allotment shall be made as follows:

   - 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; and

   - Each successful Bidder shall be Allotted a minimum of [•] Equity Shares.

e) If the proportionate Allotment to a Bidder is a number that is more than [•] but is not a multiple of one (which is the marketable lot), the decimal would be rounded off to the higher whole number if that decimal is 0.5 or higher. If that number is lower than 0.5 it would be rounded off to the lower whole number. Allotment to all in such categories would be arrived at after such rounding off.

f) 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.

g) Subject to valid Bids being received, allocation of Equity Shares to Anchor Investors shall be at the sole discretion of the Company, in consultation with the BRLMs.

Letters of Allotment or Refund Orders or instructions to the SCSBs

The Company shall credit the Allotted Equity Shares to the beneficiary account with Depository Participants within 12 Working Days from the Bid/ Issue Closing Date. Applicants residing at the centres where clearing houses are managed by the RBI, will get refunds through NECS only except where applicant is otherwise eligible to get refunds through direct credit and RTGS. 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 at the sole or First Bidder's sole risk within 12 Working Days of the Bid/ Issue Closing Date. Bidders 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 12 Working Days of the Bid/ Issue Closing Date. In case of ASBA Bidders, the Registrar to the Issue shall instruct the relevant SCSBs to unblock the funds in the relevant ASBA Account to the extent of the Bid Amount specified in the ASBA Bid cum Application Forms for withdrawn, rejected or unsuccessful or partially successful ASBA Bids within 12 Working Days of the Bid/ Issue Closing Date.

Interest in case of delay in despatch of Allotment Letters or Refund Orders/ instruction to the SCSBs by the Registrar

The Company agrees that (i) the Allotment of Equity Shares; and (ii) credit to the successful Bidders' depositary accounts will be completed within 12 Working Days of the Bid/ Issue Closing Date. The Company further agrees that it shall pay interest at the rate of 15.00% p.a. if the Allotment letters or refund orders have not been despatched to the applicants or if, in a case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given in the disclosed manner within 15 days or 12 Working Days from the Bid/ Issue Closing Date, whichever is later.

The Company will provide adequate funds required for dispatch of refund orders or Allotment advice to the Registrar.

Refunds will be made by cheques, pay-orders or demand drafts drawn on a bank appointed by the Company as a Refund 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.

UNDERTAKINGS BY THE COMPANY

The Company undertakes the following:

- That the complaints received in respect of this Issue shall be attended to by the Company expeditiously and satisfactorily;
- 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 within 12 Working Days of the Bid/ Issue Closing Date;
- That funds required 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;
- That where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within 12 Working Days of the Bid/ Issue Closing Date, as the case may be, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund;
- That the certificates of the securities/ refund orders to Eligible NRIs shall be despatched within specified time;

- That no further issue of Equity Shares shall be made until the Equity Shares offered through the Red Herring Prospectus are listed or until the Bid monies are refunded on account of non-listing, under-subscription etc.; and

- That adequate arrangement shall be made to collect all ASBA Bid cum Application Forms and to consider them similar to non-ASBA applications while finalising the Basis of Allotment.

The Company shall not have recourse to the proceeds of the Issue until the final approval for listing and trading of the Equity Shares from all the Stock Exchanges where listing is sought, has been received.

Withdrawal of the Issue

The Company, in consultation with the BRLMs, reserves the right not to proceed with the Issue anytime after the Bid/ Issue Opening Date. In such an event, the Company would issue a public notice in the newspapers, in which the pre-Issue advertisements were published, within two days of the Bid/ Issue Closing Date, providing reasons for not proceeding with the Issue. The Company shall also inform the same to Stock Exchanges on which the Equity Shares are proposed to be listed.

Any further issue of Equity Shares by the Company shall be in compliance with applicable laws.

Utilisation of Issue Proceeds

The 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 Issue shall be disclosed, and continue to be disclosed until the time any part of the Issue Proceeds remains unutilised, under an appropriate head in the balance sheet of the Company 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 an appropriate separate head in the balance sheet indicating the form in which such unutilised monies have been invested;

- The utilisation of monies received under Promoters' contribution shall be disclosed, and continue to be disclosed until the time any part of the Issue Proceeds remains unutilised, under an appropriate head in the balance sheet of the Company indicating the purpose for which such monies have been utilised; and

The details of all unutilised monies out of the funds received under Promoters' contribution shall be disclosed under a separate head in the balance sheet of the Issuer indicating the form in which such unutilised monies have been invested.

RESTRICTIONS OF FOREIGN OWNERSHIP OF INDIAN SECURITIES

Foreign investment in Indian securities is regulated through the Industrial Policy, 1991 of the GOI and FEMA. While the Industrial Policy, 1991 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 the Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment. Foreign investment is allowed up to 100.00% under the automatic route in our Company.

India's current FDI Policy consolidates and supercedes all previous press notes, press releases and clarifications on FDI issued by the DIPP. The DIPP currently intends to update the circular every six months and the next update is expected on April 1, 2011.

FIIs are permitted to subscribe to shares of an Indian company in a public offer without the prior approval of the RBI, so long as the price of the equity shares to be issued is not less than the price at which the equity shares are issued to residents.

The transfer of shares between an Indian resident and a non-resident does not require the prior approval of the FIPB or the RBI, provided that (i) the activities of the investee company are under the automatic route under the FDI Policy and transfer does not attract the provisions of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997; (ii) the non-resident shareholding is within the sectoral limits under the FDI policy; and (iii) the pricing is in accordance with the guidelines prescribed by SEBI/RBI. The FDI permits up to 26.00% foreign investment, including FDI and investment by NRIs/ PIOs/ FIIs, in companies engaged in publishing newspapers and periodicals dealing with news and current affairs, subject to the prior approval from the Government through the FIPB.

As per the existing policy of the GOI, OCBs cannot participate in this Issue.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

The Equity Shares have not been and will not be registered under the Securities Act or any state securities laws in the United States and may not be offered or sold within the United States (as defined in Regulation S under the Securities Act), except pursuant to an exemption from or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Equity Shares may be offered and sold only (i) in the United States to entities that are "qualified institutional buyers" as defined in Rule 144A under the Securities Act and (ii) outside the United States in compliance with Regulation S under the Securities Act and the applicable laws of the jurisdictions where those offers and sales occur.

The above information is given for the benefit of the Bidders. The Company and the BRLMs are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Draft Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the Bids are not in violation of laws or regulations applicable to them.

SECTION VIII - MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION

Capitalised terms used in this section have the meaning that has been given to such terms in the Articles of Association of the Company. Pursuant to Schedule II of the Companies Act and the SEBI Regulations, the main provisions of the Articles of Association of the Company are detailed below:

Authorised Share Capital

Article 3 provides that "the Authorised Share Capital of the Company shall be in accordance with Clause V of the Memorandum of Association of the Company."

Article 5 provides that, "the Company shall have the power to increase or reduce the capital for the time being of the Company and to divide the Shares in the capital into several classes with rights, privileges or conditions as may be determined. The Company may issue preference shares, which shall, or at the option of the Company shall be liable to be redeemed."

Article 6 provides that "subject to the provisions of the Act and all other applicable provisions of law, the Company may issue equity shares with differential rights as to dividend, voting or otherwise."

Increase, reduction and alteration in capital

Article 72(a) provides that "the Company may from time to time in General Meeting increase its Share Capital by creation of new Shares of such amount as it thinks expedient."

In addition, Article 72(b) provides that "subject to the provisions of the Act, the new Shares shall be issued upon such terms and conditions and with such rights and privileges annexed thereto as by the General Meeting creating the same shall be directed and if no direction be given as the Directors shall determine; and in particular such Shares may be issued with a preferential or qualified right to dividends and in distribution of assets of the Company and any preference shares may be issued on the terms that they are or at the option of the Company liable to be redeemed."

Article 75 provides that "(1) the Company shall not have the power to buy its own Shares unless the consequent reduction of capital is effected and sanctioned in pursuance of Article 76 or in pursuance of Sections 100 to 104 or Section 402 or other applicable provisions (if any) of the Act.

(a) Notwithstanding anything to the contrary contained in this Articles, the Company shall have the power, subject to and in accordance with all applicable provisions of the Act and/or any reenactment for the time being in force, to purchase any of its own fully paid Shares and may either reissue or cancel the same.

(2) Except to the extent permitted by Section 77 or other applicable provisions (if any) of the Act, the Company shall not give whether directly or indirectly and whether by means of a loan, guarantee, the provisions of security or otherwise any financial assistance for the purpose of, or in connection with the purchase or subscription made or to be made by any person of or for any Shares in the Company.

(3) Nothing in this Article shall affect the right of the Company to redeem any redeemable preference shares issued under Section 80 or other relevant provisions (if any) of the Act."

Article 77 provides that "subject to confirmation by the Court in pursuance of Sections 101 to 104, the Company may from time to time by a Special Resolution reduce its Share Capital in any way and in particular and without prejudice to the generally of the foregoing powers.

(a) extinguish or reduce the liability on any of its Shares in respect of Share Capital not paid up.

(b) either with or without extinguishing or reducing liability on any of its Share cancel any paid-up Share Capital which is lost or is unrepresented by available assets, or

(c) either with or without extinguishing or reducing liability on any of its Shares, pay off any paid-up Share Capital which is in excess of the wants of the Company.

(d) and may, if so far as is necessary, alter its Memorandum by reducing the amount of its Share Capital and of its Shares accordingly."

Article 78 provides that "subject to the provisions of Section 94 and other applicable provisions of the Act, the Company may in a General Meeting alter the conditions of its Memorandum as follows:

(a) Consolidate and divide all or any of its Share Capital into Shares of larger amounts than its existing Shares.

(b) Sub-divide its Shares or any of them into Shares of smaller amounts than originally fixed by the Memorandum so however, that in the sub-division, the proportion between the amount paid and the amount, if any, unpaid on each reduced Share shall be the same as it was in the case of the Share from which the reduced Share is derived.

(c) Cancel Shares which at the date of such General Meeting have not been taken or agreed to be taken by any person and diminish the amount of its Share Capital by the amount of the Shares so cancelled."

Article 73(1) *inter alia* provides that "(1) 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 30 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."

In addition, the proviso to Article 73 provides 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 the Government in this behalf; and

(b) In the case of debentures or loans 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 a General Meeting before the issue of the debentures or raising of the loans."

Payment of commission and brokerage

Article 16 provides that

(a) "the Company may exercise the powers of paying commissions conferred by Section 76, provided that the rate per cent, or the amount of the commission paid or agreed to be paid shall be disclosed in the manner required by that section.

(b) Subject to the provisions of the Section 76 of the Act the rate of commission shall not exceed the rate of five per cent of the price at which the Shares in respect whereof the same is paid are issued or an amount equal to five percent of such price, as the case may be and in case of debentures two and half per cent of the price at which debentures are issued.

(c) The commission may be satisfied by the payment of cash or the allotment of fully or partly paid Shares or debentures or partly in one way and partly in the other.

(d) The Company may also pay such brokerage as may be lawful on any issue of Shares or debentures."

Calls

Article 21 provides that "the Board may, from time to time, make such calls on uniform basis, as it thinks fit, upon the members in respect of all moneys unpaid on the Shares (whether on account of the nominal value of the Shares or by way of premium) held by them and not by conditions of allotments thereof made payable at fixed time and each such member shall pay the amount of every call so made on him to the person and at the time and place appointed by the Board. A call may be made payable by installments."

Article 23 (2) provides that "not less than 14 days' notice of any call shall be given specifying the place and time of payment and to whom such call shall be paid provided that the Board may subject to Section 91 of the Act, by notice in writing to a member, revoke the call or extend the time for payment thereof."

Article 24 provides that "if by the terms of issue of any Share or otherwise any amount is made payable at any fixed time or by the installments at fixed times, whether on account or the amount of installment shall be payable as if it were a call duly made by the Board and of which due notice had been given and all provision herein contained in respect of calls for future or otherwise shall relate to such amount or installment accordingly."

Article 25 provides that "if the sum payable in respect of any call or installment be not paid on or before the day appointed for payment thereof the holder for the time being of the Share in respect of which the call shall have been made or the installment shall be due, shall pay interest for the same at the rate of 9 (nine) percent per annum (or at such other rate as the Board may determine) from the appointed date for the payment thereof to the time of actual payment but the Board shall be at liberty to waive payment of the interest wholly or in part."

Article 26 provides that "the Directors may, if they think fit, subject to the provisions of Section 92 of the Act, agree to and receive from any member willing to advance the same, all or any part of the money due upon the Shares held by him beyond the sums actually called for, and upon the money so paid or satisfied in advance, or so much thereof, as from time to time exceeds the amount of the calls then made upon the Shares in respect of which such advance has been made, the Company may pay interest at such rate as the member paying such sum in advance and the Directors agree upon provided that the money so paid in advance of calls shall not confer a right to participate in profits or dividend. The Directors may at any time repay the amount so advanced.

The members shall not be entitled to any voting rights in respect of the moneys so paid by him until the same would but for such payment, become presently payable.

The provisions of these Articles shall mutatis mutandis apply to the calls on debentures of the company."

Forfeiture, surrender and lien

Article 27 provides that "if any member fails to pay the whole or any part of any call or installment or any money due in respect of any Shares either by way of principal or interest on or before the day appointed for the payment of the same, the Directors may at any time thereafter during such time as the call or installment or any part thereof or other moneys remain unpaid or a judgement or decree in respect thereof remains unsatisfied in whole or in part serve a notice on such member or on the person (if any) entitled to the Share by transmission requiring him to pay such call or installment or such part thereof or other moneys as remain unpaid together with any interest that may have accrued and all expenses (legal or otherwise) that may have been incurred by the Company by reason of such non--payments."

In addition, Article 29 provides that "if the requirement of any such notice as aforesaid shall not be complied with, any of the Shares in respect of which such notice has been given, may at any time thereafter before payment of all calls or installments, interest and expenses or other moneys due in respect thereof, be forfeited by a resolution of the Directors to that effect. Such forfeiture shall include all dividends declared in respect of the forfeited Shares and not actually paid before the forfeiture."

Article 31 provides that "any Shares so forfeited shall be deemed to be the property of the Company and may be sold, re-allotted or otherwise disposed of either to the original holder thereof, or to any other person, upon such terms and in such manner as the Directors shall think fit."

Article 32 provides that "the Directors at any time before any Share so forfeited shall have been sold, re-allotted or otherwise disposed off annul the forfeiture thereof upon conditions as they think fit."

Article 35 provides that "the Company shall have a first and paramount lien upon all the Shares / debentures (other than fully paid-up Shares / debentures) registered in the name of each member (whether solely or jointly with others) and upon the proceeds of sale thereof for all moneys (whether presently payable or not) called or payable at a fixed time in respect of such Shares/ debentures and no equitable interest in any Share shall be created except upon the footing and condition that this Article will have full effect and such lien shall extend to all dividends and bonuses from time to time declared in respect of such Shares/ debentures. Unless otherwise agreed the registration of a transfer of Shares/debentures shall operate as a waiver of the company's lien if any, on such Shares/debentures. The Directors may at any time declare any Shares/debentures wholly or in part to be exempt from the provisions of this clause."

Article 36 provides that "for the purpose of enforcing such lien the Board of Directors may sell the Shares subject thereto in such manner as they think fit, but no sale shall be made unless a sum in respect of which the lien exists is presently payable and until notice in writing of the intention to sell shall have been served on such members, his executors or administrators or his committee, curator bonis or other legal representatives as the case may be and default shall have been made by him or them in the payment of the sum payable as aforesaid for seven days after the date of such notice."

Transfer and transmission of shares

Article 40 provides that "the instrument of transfer shall be in writing and all provisions of Section 108 of the Act and statutory modifications thereof for the time being shall be duly complied with in respect of all transfer of Shares and registration thereof. The Company shall use a common form of transfer in all cases."

Article 49 provides that "all instrument of transfer, which shall be registered, shall be retained by the Company, but any instrument of transfer which the Board may decline to register shall be returned to the person depositing the same.

Subject to the provisions of Section 111A of the Act, 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 or 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."

Article 59 provides that "any person becoming entitled to a Share in consequence of the death, lunacy, or insolvency of a member may, upon producing such evidence of his title as the Board thinks sufficient, be registered as a member in respect of such Shares; or may subject to the regulations as to transfer hereinbefore contained transfer such Shares."

In addition, Article 60 provides that "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."

Borrowing Powers

Article 86 provides that "subject to the provisions of the Act and these Articles and without prejudice to the other powers conferred by these Articles, the Directors shall have power from time to time at their discretion to accept deposits from members of the Company either in advance of calls or otherwise and generally to raise or borrow or secure the payment of any sum or sums of money for the purposes of the Company, provided that the total amount raised, borrowed or secured and outstanding at any time together with the moneys already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) shall not without the consent of the Company in General Meeting exceed the aggregate of the paid-up capital of the Company and its free reserves that is to say reserves not set apart for any specific purpose."

In addition, Article 87 provides that "subject to the provisions of the Act and these Articles the Directors may raise and secure the payment of such sum or sums in such manner and upon such terms and conditions in all respects as they think fit and in particular by the issue of bonds, perpetual or redeemable, debentures or debenture-stock or any mortgage or charge or other security on the undertaking of the whole or any part of the property of the Company (both present and future) including its uncalled capital for the time being."

Conversion of shares into stock

Article 64 provides that "the Company may, by an ordinary resolution

(a) convert any fully paid-up Shares into stock; and

(b) re-convert any stock into fully paid-up Shares of any denomination."

In addition, Article 65 provides that "the holders of stock may transfer the same or any part thereof in the same manner as, and subject to the same regulations under which, the Shares from which the stock arose might before the conversion have been transferred, or as near thereto as circumstances admit; Provided that, the Board may, from time to time, fix the minimum amount of stock transferable, so however that such minimum shall not exceed the nominal amount of the Shares from which the stock arose."

Convening Meeting

Article 95(1) provides that "the Company shall, in each year, hold in addition to any other meetings, an Annual General Meeting at the intervals and in accordance with the provision herein specified. The Annual General Meeting of the Company shall be held within six months after the expiry of each financial year; provided however, that if the Registrar, for any special reason, extends the time within which any Annual General Meeting shall be held by a further period not exceeding three months, the Annual General Meeting may be held within the additional time fixed by the Registrar. Except in the cases where the Registrar has given an extension of time as aforesaid for holding any Annual General Meeting, not more than 15 months shall elapse between the date of one Annual General Meeting and that of the next."

In addition, Article 91(2) provides that “every Annual General Meeting shall be called for during business hours and on such day (not being a public holiday) as the Directors may from time to time determine and it shall be held either at the Registered Office of the Company or at some other place within the city of Mumbai. The notice calling the meeting shall specify it as the Annual General Meeting.”

Article 97 provides that “the Board of Directors may call an Extraordinary General Meeting whenever it thinks fit.”

In addition, Article 98(1) provides that “the Board of Directors shall, on the requisition of such number of members of the Company which hold, in regard to any matter at the date of deposit of the requisition, not less than one-tenth of such of the paid-up capital of the Company as at that date carries the right of voting in regard to that matter, forthwith proceed duly to call an Extraordinary General Meeting of the Company and the provisions of Section 169 of the Act (including the provisions below) shall be applicable.”

Article 107 provides that “five Members entitled to vote and present in person shall be a quorum for a General Meeting and no business shall be transacted at any General Meeting unless the quorum requisite is present at the commencement of the business.”

Article 114 provides that “at any General Meeting, a resolution put to the vote of the meeting shall unless a poll is demanded, be decided on a show of hands. A declaration by the Chairman that on a show of hands a resolution has or has not been carried or has or has not been carried unanimously or by a particular majority, and an entry to that effect in the books containing the minutes of the proceedings of the Company, shall be conclusive evidence of the fact, without proof of the number or proportion of the votes cast in favour of or against such resolution.”

In addition, Article 115 provides that “before or on the declaration of the result of the voting on any resolution on a show of hands, a poll may be ordered to be taken by the Chairman of the meeting on his own motion and shall be ordered to be taken by him on a demand made in that behalf by any Member or Members present in person or by Proxy and fulfilling the requirement as laid down in Section 179 of the Act, for the time being in force. The demand for a poll may be withdrawn at any time by the person or persons who made the demand.”

Article 119 provides that “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 casting vote in addition to his own vote or votes to which he may be entitled to as a Member.”

Votes of Members

Article 133 provides that “every Proxy shall be appointed by an instrument in writing signed by the appointer or his attorney duly authorised in writing or if the appointer is a body corporate, be under its seal or be signed by an officer or an attorney duly authorised by it.”

In addition, Article 134(a) provides that “the instrument appointing a Proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy thereof shall be deposited at the office of the Company not less than 48 hours before the time for holding the meeting at which the person named in the instrument proposes to vote and in default the instrument of Proxy shall not be treated as valid. No instrument appointing, a Proxy shall be valid after the expiration of 12 months from the date of its execution except in the case of the adjournment of any meeting first held previously to the expiration of such time. An attorney shall not be entitled to vote unless the power of attorney or other instrument appointing him or notarially certified copy thereof has either been registered in the records of the Company at any time not less than 48 hours before the time for holding the meeting at which the attorney proposes to vote or is deposited at the office of the Company not less than 48 hours before the time fixed for such meeting as aforesaid.”

Directors

Article 141 provides that “until otherwise determined by the Company in General Meeting and subject to section 252 of the Act, the number of Directors shall not be less than three nor more than twenty excluding any debenture director or director appointed by the Central Government or public corporation.”

Article 142 provides “if it is provided by any agreement deed or other documents securing or otherwise in connection with any loan taken by the Company or in connection with taking of any Shares by any person that any such person or persons shall have power to nominate a Director on the Board of Directors then and in case of taking of any such loan or Shares or entering into such agreement the person having such power may exercise his power from time to time and appoint a Director accordingly. Such Director may be removed from office at any time by the persons or persons in whom the power under which he was appointed is vested and another Director may be appointed in his place but while holding such office he shall not be liable to retire by rotation nor hold any qualification Shares.”

Article 144 provides that “the Board of Directors may appoint an Alternate Director to act for a Director (hereinafter called “the original Director”) during his absence for a period of not less than three months from the State of Maharashtra and such appointment shall have effect and such appointee, whilst he holds office as an Alternate Director, shall be entitled to notice of meetings of the Directors and to attend and vote thereat accordingly. An Alternate Director appointed under this Article shall vacate office if and when the original Director returns to the State of Maharashtra. If the term of office of the original Director is determined before he so returns to the State of Maharashtra, any provisions in the Act or in these Articles for the automatic reappointment of retiring Directors in default of another appointment shall apply to the original Director and not to the Alternate Directors.”

Article 146 provides that “subject to the provisions of Section 260, 261 and 284(6)and other applicable provision (if any) of the Act, the Directors shall have powers at any time and from time to time to appoint a person as an Additional Director. The Additional Director shall hold office upto the next following Annual General Meeting, and shall be eligible for reappointment.”

Article 147(1) provides that “the remuneration of a Director for his services shall be such sum as may be determined by the Board of Directors, but not exceeding the sum as may be prescribed from time to time by the Central Government under Section 310 of the Act for each meeting attended by him and subject to the limitations provided by the Act such additional remuneration as may be fixed by the Company, may be paid to any one or more of their numbers for services rendered by him or them and the Directors shall be paid further remuneration (if any) as the Company in General Meeting shall from time to time determine, and such further remuneration shall be divided among the Directors in proportion and manner as the Directors may from time to time determine, and in default of such determination within the year equally.”

Article 159 provides that “subject to the provisions of Section 297 of the Act, a Director or his relative, a firm in which such Director or relative is a partner, any other partner in such a firm, or a private company of which the Director is a member or director shall not enter into any contract with the Company for the sale, purchase or supply of goods, materials, services or for underwriting the subscription of any Shares in or debentures of the Company except with the consent of the Board of Directors by a resolution passed at a meeting of the Board before the contract is entered into or within three months of the date on which it was entered into. Nothing contained in this clause shall affect the purchase of goods and materials from the Company or sale of goods and materials to the Company by a Director, relative, firm, partner or private company as the case may be, for cash at the prevailing market prices or any contract or any contract or contracts between the Company on one side and any such Director, relative, firm, partner or private company on the other for sale, purchases or supply of any goods, materials or services in which either the Company or the Director, relative, firm, partner or private company, as the case may be, regularly trades or does business provided that such contract or contracts do not relate to goods and materials the value of which or services, the cost of which exceeds five thousand rupees in the aggregate in any year comprising the period of contract or contracts. If consent is not accorded to any contract, anything done in pursuance of the contract shall be voidable at the option of the Board.”

Managing Director/Whole-Time Director

Article 187A (a) provides that “the Board of Directors may from time to time appoint any one or more of their body to be Managing/Whole-time Directors upon such terms and conditions as they may deem fit and may from time to time remove or dismiss him or them from office and appoint another or others in his or their place or places.”

Article 187A (b) provides that “the Managing /Whole-time Director shall not, while he continues to hold that office, be subject to retirement by rotation and he shall not be reckoned as a Director for the purpose of determining the rotation of requirement of Directors or in fixing the number of Directors to retire but subject to terms of any contract between him and the company he shall be subject to the same provisions as to qualifications, resignation and removal as the other Directors of the Company and he shall immediately cease to be a Managing/Whole-time Director as the case may be, if he ceases to hold the office of Director for any cause.”

In addition, Article 187A (d) provides that “the Board of Directors may from time to time entrust to and confer upon the Managing/Whole-time Director for the time being such of the powers exercisable under these Articles by the Directors as they think fit and may confer such powers for such time and to be exercisable for such object and purposes and upon such terms and conditions and with such restrictions as they think expedient and they may confer such powers either collaterally with or to the exclusion of or in substitution For all or any of the powers of the 'Directors' in that behalf and may from time to time revoke, withdraw, alter or vary all or any of such powers. Unless and until otherwise determined by the Board of Directors, a Managing/Whole-time Director may exercise all powers exercisable by the Directors save such powers as by the Act or by these Articles shall be exercisable by the Directors themselves, the Board of Directors may whenever there is more than one Managing /Whole-time Director, decide whether they should act Jointly or severally and may delegate powers separately to one or more Managing/Whole-time Director.”

Proceedings of Board of Directors

Article 167 provides that “subject to Section 285 of the Act, the meeting of the Board of Directors shall be held at least once in every three months and at least four such meetings shall be held every year. The Directors may adjourn and otherwise regulate their meetings and proceedings as they may deem fit.”

In addition, Article 169 provides that “subject to the provisions of Section 287 and other applicable provisions, (if any) of the Act, the quorum for a meeting of the Board of Directors shall be one-third of the total strength (excluding Directors, if any, whose places may be vacant at the time and any fraction contained in that one- third being rounded off as one) or two Directors, whichever is higher; Provided that where at any time the number of interested Directors exceeds or is equal to two-thirds of the total strength, the number of the remaining Directors, that is to say the number of Directors who are not interested present at the meeting being not less than two shall be quorum during such time. A meeting of the Directors for the time being, at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretion by or under the Act or the Articles, of the Company, for the time being vested in or exercisable by the Board of Directors generally.”

Article 175(1) provides that “a resolution passed by circular, without a meeting of the Board or a committee of the Board appointed under Article 163, shall, subject to the provisions of sub-clause (2) hereof be as valid and effectual as a resolution duly passed at a meeting of the Directors or of a committee duly called and held.”

In addition, Article 175(2) provides that “a resolution shall be deemed to have been duly passed by the Board or by a committee thereof by circulation; if the resolution has been circulated in draft together with the necessary papers, if any, to all the Directors or to all the members of the committee then in India (not being less in number than the quorum for a meeting of the Board or committee as the case may be), and to all other Directors or members of the committee at their usual address in India and has been approved by such of the Directors or members of the committee as are then in India or by a majority of such of them as are entitled to vote on the resolution.”

Dividends

Article 192 provides that “the Company may in a General Meeting declare a dividend to be paid to the Members according to their respective rights and interest in the profits and subject to the provisions in the Act, may fix the time for payment within 30 days from the date of the declaration.”

Article 189 provides that, “profits of the Company subject to any special rights relating thereto created or authorised to be created by the Memorandum and these Articles and subject to the provisions of these Articles shall be divisible among the Members in proportion to the amount of capital paid up on the Shares held by them respectively”

Article 193 provides that "no larger dividend shall be declared than is recommended by the Directors but the Company in General Meeting may declare a smaller dividend. No dividend shall be payable except out of the profits of the year or any other undistributed profits of the Company and no dividend shall carry interest as against the Company. The declaration of the Directors as to the amount of the net profits of the Company shall be conclusive."

Article 194 provides that "subject to the provisions of the Act, the Directors may, from time to time pay to the members on account of the next forthcoming dividend such interim dividends as in their judgement the position of the Company justifies."

Capitalisation

Article 202 provides that "(1) subject to the provisions of the Act and regulations made thereunder or any other applicable Law, the Company shall have power, by a resolution of the Board, to capitalize its profits, gains, investments or other or other assets forming part of the undivided profits for the time being of the Company standing to the credit of the reserve fund or any other fund or the profit and loss account of the Company or in the hands of the Company and available for dividend or representing premium, received on the issue of Shares and standing to the credit of the securities premium account or otherwise available for distribution.

(a) by the distribution among the holders of the Shares of the Company or any of them in accordance with their respective rights, and interests and in proportion to the amounts paid or credited as paid thereon, of paid up Shares, or

(b) by crediting Shares of the Company which may have been issued and are not fully paid up, in proportion to the amounts paid or credited as paid thereon respectively, with the whole or any part of the sums remaining unpaid thereon.

(2) The Directors shall have authority, in its absolute discretion to apply such portion of the profits, general reserve, reserve or reserve fund or any other fund as may be required for the purpose of making payment in full or part for the Shares, so distributed or (as the case may be) for the purpose of paying, in whole or in part, the amount remaining unpaid on the Shares, which may have been issued and are not fully paid-up. Such distribution and payment shall stand accepted by such shareholders in full satisfaction of their interest in the said capitalised sum.

(3) The Directors shall have power to settle any difficulty which may arise in regard to the distribution or payment as aforesaid as they think expedient and in particular they may issue Shares in lieu of fraction and generally may make such arrangements for the acceptance, allotment and sale of such Shares, and such Shares fractional or otherwise as they think fit and may make cash payments to any holders of Shares or fraction on the footing of the value so fixed in order to adjust such rights, and may vest any Shares, in trustees upon such trusts for adjusting such rights as may seem expedient to the Directors.

(4) Where some of the Shares of the Company are fully paid and others are partly paid only, the board shall have powers to effect the capitalisation by the distribution of further Shares in respect of the fully paid Shares and by crediting the partly paid Shares with the whole or part of the unpaid liability thereon but so that as between the holders of the fully paid Shares and the party paid Shares the sums so applied in the payment of such further Shares and in the extinguishment or diminution of the liability on the partly paid Shares shall be pro rata in proportion to the amounts then already paid or credited as paid on the existing fully paid and partly paid Shares respectively."

Winding up

Article 227 provides that "if the Company shall be wound up, and the assets available for distribution among the members as such shall be insufficient to repay the whole of the paid up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members in proportion to the Capital paid up, or which ought to have been paid up, at the commencement of the winding up on the Shares held by them respectively. If in a winding up the assets available for distribution among the members shall be more than sufficient to repay the whole of the Capital paid up at the commencement of the winding up, the excess shall be distributed amongst the members in proportion to the capital at the commencement of the winding up, paid up or which ought to have been paid up on the Shares held by them respectively."

Indemnity

Article 231 provides that "(1) subject to the provisions of Section 201 of the Act, every Director of the Company or the Managing Director, manager, Secretary and any other officer or employee of the Company shall be indemnified by the Company against and it shall be the duty of the Directors to pay out of the funds of the Company, all costs, losses and expenses including traveling expenses which any such Director, Managing Director, manager, Secretary, officer or employee may incur or become liable to by reason of any contract entered into or act or deed done by him as such Director, Managing Director, manager, Secretary or officer or employee or in any way in the discharge of his duties.

(2) Subject as aforesaid, every Director. Managing Director, manager, Secretary, or any other officer or employee of the Company shall be indemnified against any liability incurred by them or him in defending any proceedings, whether civil or criminal, in which judgement is given in their favour or his favour or in which he is acquitted or discharged or in connection with any obligations under Section 633 of the Act in which relief is given to him by the Court."

Secrecy

Article 230 provides that "no member shall be entitled to visit or inspect any works of the Company without the permission of the Directors, Managing Director, manager or Secretary or to require discovery of or any information respecting and detail of the Company's trading or any matter which is or may be in the nature of trade secret mystery or trade or secret process, which may relate to the conduct of the business of the Company, and which, in the opinion of Directors, will be inexpedient in the interest of the members of the Company to communicate to the public."

SECTION IX – OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

Copies of the following contracts which have been entered or are to be entered into by the Company (not being contracts entered into in the ordinary course of business carried on by the Company or contracts entered into more than two years before the date of this Draft Red Herring Prospectus) which are or may be deemed material shall be attached to the copy of the Red Herring Prospectus to be delivered to the Registrar of Companies, Maharashtra at Mumbai for registration. Copies of the above mentioned contracts and also the documents for inspection referred to hereunder, may be inspected at the Registered and Corporate Office of the Company from 10.00 a.m. to 4.00 p.m. on all working days from the Bid/Issue Opening Date to the Bid/Issue Closing Date.

A. Material Contracts to the Issue

1. Issue Agreement dated December 27, 2010 between the Company and the BRLMs.

2. Agreement dated December 24, 2010 among the Company and the Registrar to the Issue.

3. Escrow Agreement dated [●] among the Company, BRLMs, Escrow Collection Bank and the Registrar to the Issue.

4. Underwriting Agreement dated [●] among the Company, BRLMs and the Syndicate Members.

5. Syndicate Agreement dated [●] among the Company, BRLMs and the Syndicate Members.

B. Material Documents for Inspection

1. Certified copies of the updated Memorandum and Articles of Association of the Company as amended from time to time.

2. Certificate of Incorporation of the Company, as amended.

3. Copies of annual reports of the Company and PPPL for last five years.

4. Board and the shareholder resolutions of the Company authorising the Issue.

5. General power of attorney executed by the Directors in favour of person(s) for signing and making necessary changes to this Draft Red Herring Prospectus and other related documents.

6. The report of M. M. Jain and Associates, Chartered Accountants, the statutory Auditors, dated December 23, 2010 prepared as per Indian GAAP and mentioned in this Draft Red Herring Prospectus together with copies of balance sheet and profit and loss account of the Company referred to therein.

7. Consent from the Auditors for inclusion of their names as the statutory auditors and of their reports on accounts in the form and context in which they appear in this Draft Red Herring Prospectus.

8. The Statement of Tax Benefits dated December 23, 2010 from the Auditors.

9. Consents of Auditors, Bankers to the Company, the BRLMs, Syndicate Members, Registrar to the Issue, Banker to the Issue, Bankers to the Company, Legal Counsel to the Issue, Directors of the Company, CARE and Company Secretary and Compliance Officer, as referred to, in their respective capacities.

10. Consent of [●], a SEBI registered IPO grading agency, for inclusion of its grading of the Issue in the Draft Red Herring Prospectus.

11. In-principle listing approval dated [•] and [•] from the BSE and the NSE, respectively.

12. Agreement between NSDL, the Company and the Registrar to the Issue dated November 30, 2010.

13. Agreement between CDSL, the Company and the Registrar to the Issue dated November 26, 2010.

14. Due diligence certificates dated December 27, 2010 to SEBI from Kotak Mahindra Capital Company Limited and Enam Securities Private Limited.

15. Scheme of arrangement between PPPL and the Company.

16. Shareholders' agreement between the Company and ibn18 Broadcast Limited dated June 14, 2007 and an addendum to the Shareholders' agreement dated April 15, 2010.

17. Shareholders' agreement between the Company, Vijay Darda, Rajendra Darda, Jyotsna Darda, Ashoo Darda, Devendra Darda, Rishi Darda and Karan Darda of the Company dated December 6, 2010.

18. Memorandum of understanding between Lokmat Entertainment Private Limited and RDPPL dated November 21, 2009.

19. Agreement dated October 21, 2010 between Vijay Darda, the Chairman of the Company and the Company.

20. Agreement dated October 21, 2010 between Devendra Darda, the Managing Director of the Company and the Company.

21. Agreement dated October 21, 2010 between Rishi Darda, the Joint Managing Director of the Company and the Company.

22. Agreement dated October 21, 2010 between Karan Darda, an executive Director of the Company and the Company.

Any of the contracts or documents mentioned in the Draft Red Herring Prospectus may be amended or modified at any time if so required in the interest of the Company or if required by the other parties, without reference to the shareholders subject to compliance with the provisions contained in the Companies Act and other relevant statutes.

DECLARATION

We, hereby declare that all relevant provisions of the Companies Act, 1956 and the guidelines issued by the Government or the regulations 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 Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, 1956, the Securities and Exchange Board of India Act, 1992 or the rules made there under or guidelines issued, as the case may be. We further certify that all statements in this Draft Red Herring Prospectus are true and correct.

SIGNED BY THE DIRECTORS OF THE COMPANY

Vijay Darda,
Chairman, Executive Director

Devendra Darda,
Managing Director

Rishi Darda,
Joint Managing Director

Karan Darda,
Executive Director

Jayendra Shah,
Non-Executive and Independent Director

Rajesh Khanna,
Non-Executive and Independent Director

Vijay Gopal Jindal,
Non-Executive and Independent Director

Pushpat Shah,
Non-Executive and Independent Director

Mohan Joshi
Finance Controller

Date: December 27, 2010
Place: Mumbai