



ENTERTAINMENT

F1RST

THIRD ANNUAL REPORT 2008-09

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In every area of personal and corporate life, somebody's got to lead, somebody's got to show the way.

In media and entertainment, Wire and Wireless has taken on that responsibility, having revolutionised the way India looks at television.

A Zee network enterprise, Wire and Wireless reaches 107 cities across India through 400 centres, 4000 LCO partners, 73 analog and 5 digital headends. A diverse product offering puts the Company ahead of the competition - Analog and Digital cable television, Broadband, HITS Satellite Television and Local Television Channels. Not to mention, features such as Video-on-Demand, Pay per View, Electronic Programming Guide and Gaming via STB.

Wire and Wireless is a pioneer many times over. It is India's No .1 Cable Television Company. Largest MSO in the Cable Industry. First in Asia to launch Headend-in-the-Sky (HITS) technology.

A company of firsts. Not just first in entertainment, but also where entertainment comes first!

# Vision

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To be India's pre-eminent Supplier of Television content to viewers belonging to all regions and linguistic denominations.

Harnessing the latest technology and offering the best available resources to provide television viewers world-class services backed by outstanding customer support.

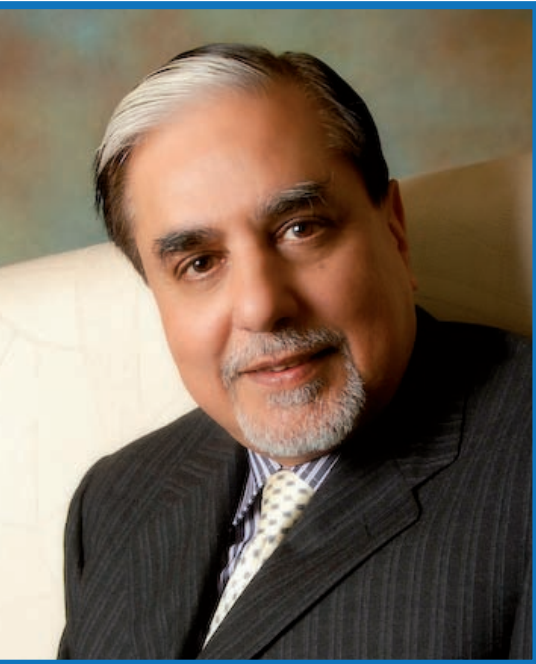
As a Corporate, we will be profitable, productive, creative, compliant, consistent and financially sound with care and concern for all stakeholders.

Wire and Wireless is a pioneer many times over. A company of firsts. Not just first in entertainment, but also where entertainment comes first.



## CHAIRMAN'S STATEMENT

"FY2009 saw improvements across a number of areas. It has been a very significant year for the industry."



Dear Shareholders,  
Your Company is the country's leading provider of cable television services, offering a variety of channels to customers, both in the analog and digital formats. While the business was initially established in 1995 as Siticable, your Company, in its new *avataar* of Wire and Wireless India Limited (WWIL), has completed three years. Indian television market continues to grow and we believe that WWIL can play a major role in the future growth of Indian cable industry.

### **Indian Media Sector**

India is one of the few countries across the globe where economic growth is led by domestic consumption. Given a very young population, growing consumer class, increasing spending power, and

low media penetration, India continues to be an attractive market for media and entertainment services. The Indian Media and Entertainment industry has witnessed a strong growth in recent times and estimates suggest that the rate of expansion will accelerate and the industry will be worth over a trillion rupees in the next five years.

While the medium to long-term outlook remains very strong, there is a sense of caution that has set into the industry in recent times owing to the global economic slowdown. However, empirical data suggests that television consumption increases during recessionary periods and the cable industry is often much lesser affected as compared to other cyclical categories. Our belief is that the challenges posed by these times would see the emergence of new business models and would lead media companies to change, innovate and re-examine their existing strategy.

### **Cable Services Industry**

The cable services industry in India has come a long way since the government opened the doors for private cable players in 1992. Since the exponential leap in the Indian economy in the last decade, the Indian cable television industry has become a large sector, and is amongst the largest in the world. India now has around 80 million cable and satellite homes, out of which a dominant 68 million are served by cable.

To meet the needs of a growing and ever evolving audience, the country has seen a proliferation of new television channels in all genres and

across several languages. This has led to higher demand for capacity in cable distribution and consequently, digitization of cable platforms has been the natural progression for the industry. I am happy to note the recent trend of voluntary digitization and the openness of local cable operators to adapt to newer technologies. To some extent, this has also been forced on the industry because of the competitive push of the Direct to Home (DTH) sector, and partly due to greater awareness of advantages of better infrastructure. Digital cable not only offers consumers excellent audio-video capabilities but also has added features like two-way interactivity. The cable plant is the fattest pipe running into the consumer premises and once converted to digital offers the biggest bandwidth for all possible data, voice and video applications or triple play services. It has the added advantage of transparency, which benefits the entire television broadcasting value chain.

The television distribution industry is witnessing a big transformation led by technological changes, and changing consumer expectations. These changes are posing new challenges for the industry and also opening up new opportunities.

### **WWIL Performance**

FY2009 saw improvements across a number of areas. It has been a very significant year for the industry. The year saw emergence of greater competition from DTH sector, with entry of new players. There was a much greater adoption of digital television, though cable industry lagged behind DTH in this area. WWIL focused on consolidating its operations during the year and

preparing for launch of Headend-in-the-Sky (HITS) technology for digital cable across some key cities.

In order to create a leaner, more focused organization capable of meeting the competitive needs of the market place, the Company embarked on a significant restructuring drive to optimise its workforce. This difficult but necessary action helped improve efficiencies. Through the year, WWIL has examined every opportunity to streamline operations, realign corporate and regional functions to reduce overhead costs, increase focus and accountability of the Company's leadership team and improve performance of its core service lines. With the intention to synergize strengths of various departments and be closer to our customers – both broadcasters and consumers, WWIL has moved its Corporate Office from Mumbai to Noida effective from April 2009.

We also focused on technology initiatives to extend the reach and capacity of our networks. In a major initiative that has changed the landscape of media distribution, your Company is offering HITS, a satellite based delivery platform which delivers multi channel television signals to multi system operators (MSOs) and local cable operators (LCOs). WWIL is the first Company in Asia to undertake digitalisation and addressability in the cable sector by adopting HITS technology. HITS provides a complete array of digital video and audio programming needed for a comprehensive programme bouquet through cable and gives superior customer experience since the

transmission is centralized, enabling the operator to maintain signal quality and content standard. Besides providing HITS in big cities and metros, your Company would be able to provide Digital Cable in smaller towns, cities and villages and is being offered to the customers in a phased manner across the country.

During the year, your Company re-launched SITI Network in Varanasi – The Holy City, in the state of Uttar Pradesh. The Company is offering complete array of cable television services – both analog and digital cable television, value-added services and HITS, for its customers and LCOs in Varanasi.

#### **Corporate Governance**

The Company's commitment to strong values and business ethics, coupled with its article of faith to augment shareholder value, is at the core of its Corporate Governance Policy. We believe that good governance is not just rule driven, but involves voluntary adoption of international best practices. This is done in the Company through ensuring transparency in corporate disclosures, high quality of accounting practices and adhering to the highest level of business ethics. To further improve our operating procedures and bring in the leading business practices, Wire and Wireless will be implementing SAP ERP System.

#### **Looking ahead**

Across the mature media markets of the world, digital cable as a delivery platform has been substantially on the rise, and is often preferred to other equivalent digital delivery platforms.

The US and European markets are testament to the same. Cable penetration in the US accounts for over 70% of the market and is still growing, while in the European market, the digital cable market is almost twice as large as the next delivery platform.

We believe, digitization is the future of television industry in India and will define the content formats and viewership patterns of consumers in future. While the cable industry in India has been slow to convert its subscriber base from the current analog format to digital, the pace is expected to pick up in the coming years. It is estimated that in the next 5 years, pay TV homes would grow to over 115 million, thus indicating over a 50% growth. An estimated 54% of all Indian households will be Pay TV subscribers by 2012 from the current 35% penetration. Digital cable and HITS is expected to garner a large portion of these Pay TV subscribers. Given the low penetration of digital households within cable homes in the country, the opportunity that lies ahead for cable industry players is enormous.

Wire and Wireless, being the market leader in digital cable and first to offer HITS technology is expected to be in the forefront of the digital TV revolution. Your Company is gearing up to take advantage of this changing industry scenario. The unfolding opportunity coupled with our readiness to execute augurs well for your Company's future. We thank you for your continued support and the confidence you demonstrate through your continued investment.

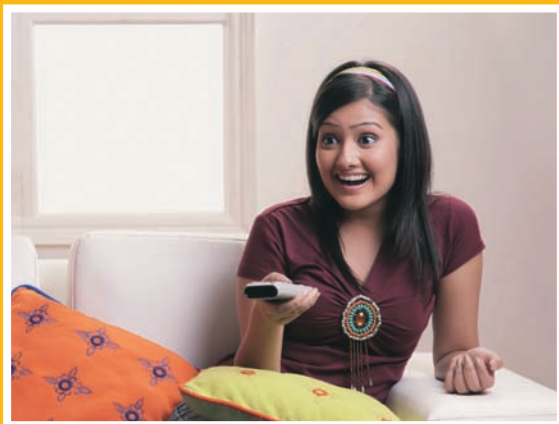
Subhash Chandra  
**Chairman**

## HIGHLIGHTS

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- Wire and Wireless is India's largest **Multi System Operator** (MSO) in the cable industry.
- First MSO to launch **most advanced Digital Television** satellite based delivery platform- Headend-in-the-Sky (HITS)
- In the digital mode, Wire and Wireless **offers upto 225 channels** to its subscribers.
- Wire and Wireless has presence in **107 cities** of India.
- Wire and Wireless operating network includes over **4000 franchisee** operators called LCOs.
- Wire and Wireless has **8 regional offices** with over **500 employees**.

## WWIL: India's largest Multi System Operator in the cable industry



# BOUQUET OF CHANNELS



## General Entertainment

Zee TV  
 Star Plus  
 Sony  
 Sahara One  
 SAB  
 Star One  
 DD-1 National  
 Star Utsav  
 Zoom  
 9X  
 Colors  
 NDTV Imagine  
 DD INDIA  
 BINDAS  
 DD-2  
 Real TV  
**Hindi Movies**  
 Zee Cinema  
 SET Max  
 Star Gold  
 Zee Action  
 Zee Premier  
 Sahara Filmy  
 B4U Movies  
 Zee Classic  
 Zee Smile  
 UTV Movies  
**Hindi News**  
 Zee News  
 Aaj Tak  
 NDTV India  
 Star News  
 India TV  
 DD News  
 DD Loksabha  
 DD Rajyasabha  
 E-24  
 Sahara Mumbai  
 Aaj Tak Tej  
 Total TV  
 Live India  
 IBN 7  
 VOI  
**English News**  
 NDTV 24X7  
 Headlines Today

Times Now  
 CNN IBN  
 CNN  
 BBC World  
 News X  
 DD World  
 Channel News Asia  
**Business News**  
 Zee Business  
 CNBC Awaaz  
 CNBC TV 18  
 NDTV Profit  
**English Movies**  
 Zee Studio  
 Star Movies  
 HBO  
 PIX  
 World Movies  
 TCM  
**English Entertainment**  
 AXN  
 Star World  
 Zee Cafe  
**Life Style and Healthcare**  
 Zee Trendz  
 FTV  
 Discovery lifestyle  
 Shakti TV  
 NDTV Good Times  
 NDTV Showbiz  
**Foreign Channels**  
 DW  
 TV5  
 Russia Today  
 TV 5-Monde  
 Nepal 1  
**Sports Channels**  
 Zee Sports  
 ESPN  
 Star Sports  
 Ten Sports (India)  
 Neo Sports  
 Neo Sports Plus  
 DD Sports  
 Star Cricket  
**Music Channels**  
 Zee Music

ETC  
 Channel V  
 MTV India  
 B4U Music  
 Music India  
 Play TV  
 VH-1  
 Sur Sangeet  
 Enter 10  
 9X Music  
**Educational / Science**  
 Discovery  
 Animal Planet  
 National Geographic  
 History Channel  
 Topper TV  
 DD Gyandarshan-1  
 DD Gyandarshan-2  
**Kids Channel**  
 Cartoon Network  
 Nickeldeon  
 Hungama  
 Pogo  
 Animax  
 Disney  
 Toon Disney  
 Spacetoon  
**Regional Channels**  
**Bengali/ Oriya/ Assamese**  
 Zee Bangla  
 ETV Bangla  
 24 Ghanta  
 DD 7 Bangla  
 Tara Newz  
 Sangeet Bangla  
 DD Oriya  
 ETV Oriya  
 Star Ananda  
 Akash Bangla  
 Tara Music  
 DD West Bengal  
 Kolkata TV  
 DD NE  
 NE TV  
**Marathi / Gujarati**  
 IBN – Lokmat  
 Zee 24 Taas



Zee Marathi  
ETV Marathi  
DD Sahyadri  
Mi Marathi  
Zee Talkies  
DD Marathi  
Star Majha  
ETV Gujarati  
DD II - Gujarati

**Tamil**

Sun TV  
K TV  
Raj TV  
Raj Plus  
Jaya TV  
Star Vijay  
Sun News  
DD Podhigai  
Sun Music  
SS Music  
Kalingar TV  
Zee Tamil  
Chutti TV  
Jaya Plus  
Jaya Max  
Makkal TV  
Raj Music

**Telugu**

DD Saptagiri  
Zee Telugu  
Gemini Music  
Gemini TV  
Teja TV  
Gemini News  
Maa TV  
ETV  
ETV 2  
TV 9 Telugu  
Vissa TV  
Adithya TV  
Teja News  
24 Ghantalu

**Malayalam**

Surya TV  
Kiran TV  
Asianet  
Asianet News

DD Malayalam  
Kairali TV  
Amrita  
Asianet Plus  
Manorama News  
Malyalam News International

India Vision

Isai Aruvi  
Jeevan TV

**Kannada**

Zee Kannada  
Udaya TV  
Udaya Movies  
ETV Kannada  
Udaya Varthegalu  
DD Chandana  
Udaya – 2

TV 9 Kannada

DD 9 Kannada

**Punjabi / Hindi**

Zee Punjabi  
ETC Punjabi  
DD Punjabi  
MH 1  
DD Bharti  
DD INDIA  
ETV UP  
ETV MP  
ETV Bihar  
ETV Rajasthan  
ETV Urdu  
DD Urdu  
Zee Chattisgarh  
DD Kashmir  
Mahua TV  
Time TV

**Spiritual Channels**

Zee Jagran  
Aastha  
Sanskar  
God TV  
Sadhana  
Miracle Net  
MH 1 Shraddha

**Radio Programmes**

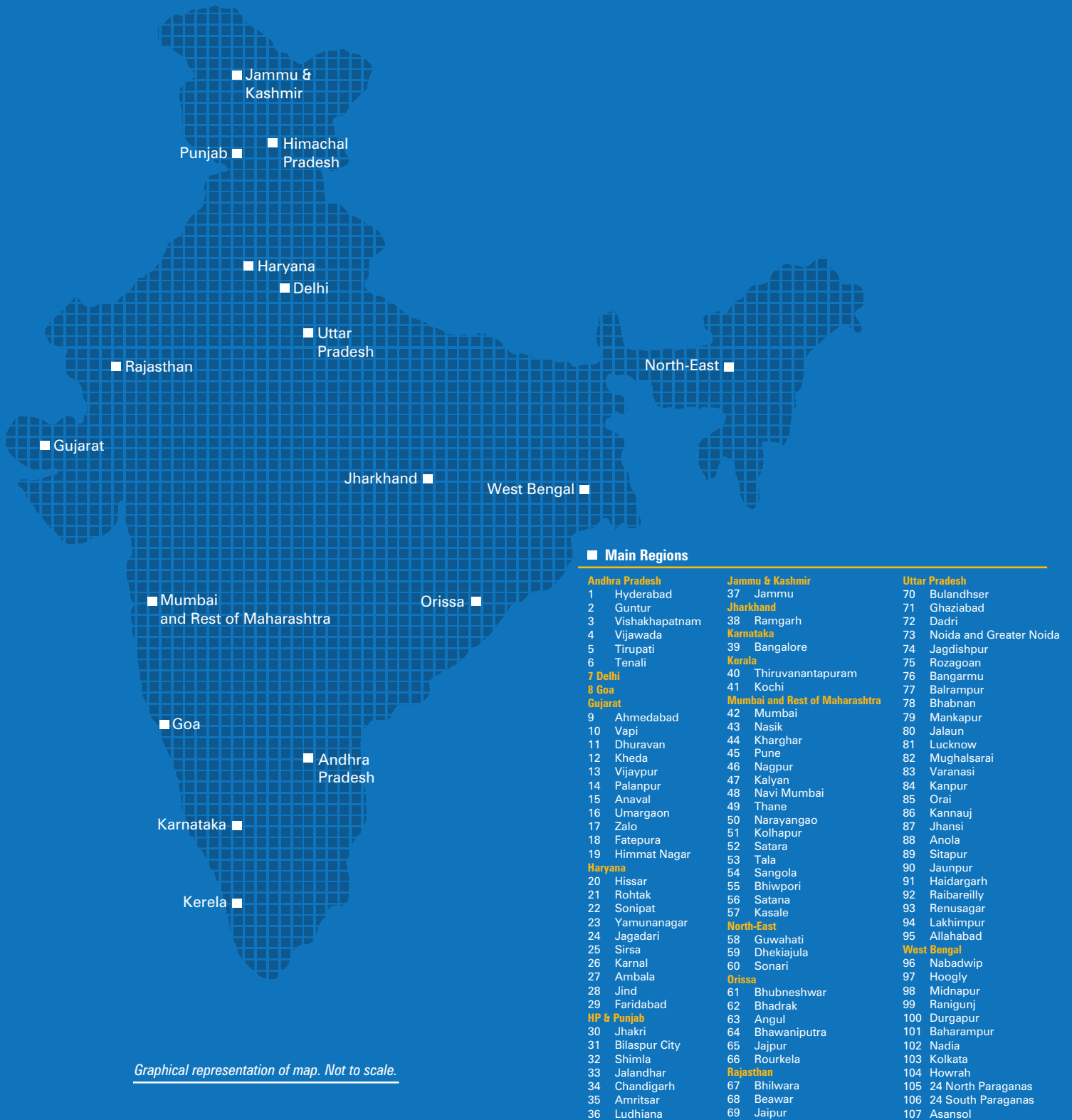
AIR Assamese  
AIR Bangla

AIR Gujarati  
AIR Hindi  
AIR Punjabi  
FM Gold  
AIR Kannada  
AIR Kashmir  
AIR Malyalam  
AIR Telugu  
AIR Marathi  
AIR Tamil  
FM Rainbow Bangalore  
AIR Urdu  
AIR Oriya  
AIR NE  
AIR Ragam  
AIR Vividh Bharti  
FM Gold Mumbai  
FM Rainbow  
FM Rainbow Chennai

**Local Channels**

SITI Delhi  
SITI Amritsar  
SITI Ludhiana  
SITI Chandigarh  
SITI Jalandhar  
SITI Hissar  
SITI Rohtak  
SITI Kanpur  
SITI Kolkata  
SITI Bangaluru  
SITI Kochi  
SITI Trivandrum  
SITI Filmy/ Filmi  
SITI Cinema  
SITI Music  
SITI Movies  
SITI Dharmik  
SITI Gurbani  
SITI Desi  
SITI Aradhana  
SITI Magicbox  
SITI Jukebox  
SITI Blockbuster  
SITI Text  
SITI Music  
SITI Telugu

# OUR PRESENCE



Graphical representation of map. Not to scale.

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### Bankers

The Jammu & Kashmir Bank Limited  
Axis Bank Limited  
IDBI Bank  
Canara Bank

### Subsidiary Companies

Indian Cable Net Company Limited  
Central Bombay Cable Network Limited  
Siticable Broadband South Limited  
Wire and WirelessTisai Satellite Limited  
Master Channel Community Network Private Limited

### Registrar & Share Transfer Agent

Sharepro Services (India) Private Limited  
13 AB, Samhita Warehousing Complex, 2nd Floor,  
Sakinaka Telephone Exchange Lane, Off Andheri-Kurla Road,  
Sakinaka, Andheri (East), Mumbai – 400 072. India.

Website: [www.wwil.net](http://www.wwil.net)

## BOARD OF DIRECTORS

### Subhash Chandra

Chairman

### B. K. Syngal

Independent Director

### Sureshkumar Agarwal

Independent Director  
(with effect from June 1, 2009)

### Arun Kapoor

Director  
(with effect from April 22, 2009)

### Amit Goenka

Whole-time Director

### Michael Block

Independent Director

### Company Secretary

Samir Raval

### Auditors

S. R. Batliboi & Associates  
Chartered Accountants

### Registered Office

Continental Building,  
135, Dr. Annie Besant Road,  
Worli, Mumbai – 400 018.

### Corporate Office

Building No. FC 19, Gate No. 3,  
Sector 16A, Film City,  
Noida (UP) - 201 304.

## SENIOR MANAGEMENT

Sudhir Agarwal

Chief Executive Officer (CEO)

Raj Kumar Agarwal

Chief Financial Officer (CFO)

V. K. Agarawal

Sr. Vice President

Strategy, Merger & Acquisition

Y. S. Bains

Sr. Vice President - HITS

Sanjay Jindal

Head - Technology

Rajiv Ganju

Vice President - Customer Services &  
Process Improvement

Neeraj Soni

Vice President - Programming &  
Content

## NOTICE

NOTICE is hereby given that the Third Annual General Meeting of the members of Wire and Wireless (India) Limited will be held at 'Hall of Culture', Nehru Center, Dr. Annie Besant Road, Worli, Mumbai - 400 018 on Monday, the 17<sup>th</sup> day of August, 2009 at 2:30 p.m., to transact the following businesses:

### ORDINARY BUSINESS:

1. To consider and adopt the audited Balance Sheet as at March 31, 2009, the Profit and Loss Account of the Company for the year ended on that date and the Reports of the **Directors and Auditors thereon**.
2. To appoint a Director in place of Mr. Michael Block, who retires by rotation at this meeting and being eligible, offers himself for re-appointment.
3. To appoint M/s. S. R. Batliboi & Associates, Chartered Accountants, Mumbai, as the Statutory Auditors of the Company to hold such office from the conclusion of this meeting until the conclusion of the next Annual General Meeting at a remuneration to be determined by the Board of Directors of the Company.

### SPECIAL BUSINESS:

4. **To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:**

**"RESOLVED THAT** Mr. Arun Kapoor who was appointed by the Board of Directors as an Additional Director of the Company with effect from April 22, 2009 and who holds office up to the date of this Annual General Meeting in terms of Section 260 of the Companies Act, 1956 ('Act') and in respect of whom the Company has received a notice in writing from a member under Section 257 of the Act proposing his candidature for the office of Director of the Company, be and is hereby appointed a Director of the Company, liable to retire by rotation."

5. **To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:**

**"RESOLVED THAT** Mr. Sureshkumar Agarwal who was appointed by the Board of Directors as an Additional Director of the Company with effect from June 1, 2009 and who holds office up to the date of this Annual General Meeting of the Company in terms of Section 260 of the Companies Act, 1956 ('Act') and in respect of whom the Company has received a notice in writing from a member under Section 257 of the Act proposing his candidature for the office of Director of the Company, be and is hereby appointed a Director of the Company, liable to retire by rotation."

6. **To consider and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:**

**"RESOLVED THAT** pursuant to Section 163 and other applicable provisions, if any, of the Companies Act, 1956, approval and consent of the Company is hereby accorded to maintain and keep the registers, documents and papers relating to Equity Shares and/or Debentures issued by the Company as are required to be kept at the Registered Office of the Company be kept and maintain at the offices of the Company's Registrar and Share Transfer agents M/s. Sharepro Services (India) Private Limited, at 13AB, Samhita Warehousing Complex, Second Floor, Sakinaka Telephone Exchange Lane, Off Andheri-Kurla Road, Sakinaka, Andheri (East), Mumbai - 400 072 and/or at 912, Raheja Centre, Free Press Journal Road, Nariman Point, Mumbai - 400 021."

7. **To consider and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:**

**"RESOLVED THAT** pursuant to provisions of Section 31 and other applicable provisions, if any, of the Companies Act, 1956 (including any amendment to or re-enactment thereof), the Articles of Association of the Company be and are hereby altered with immediate effect as follows:

**a) Substitution of existing Article 121 with the following Article 121**

**Article 121:** The Board shall provide a Common Seal for the purposes of the Company and shall have power from time to time to destroy the same and substitute a new seal in lieu thereof, and the board shall provide for the safe custody of the seal for the time being, and the seal shall be used by or under the authority of the Board or any Board Committee or Executive Committee constituted by the Board.

Every deed or other instrument, to which the seal of the Company is required to be affixed, shall be executed either by a Director or Company Secretary or any person authorised by the Board or Board Committee constituted by the Board.

**b) Insertion of new Article 4A after existing Article 4**

**Articles 4A:** Subject to the provisions of Sections 80, 81, 85 to 90 and other applicable provisions of Companies Act, 1956, including applicable rules, the new shares shall be issued upon terms and conditions and with such rights and privileges as the Board shall determine; and in particular such shares may be issued with a preferential or qualified right to dividends and in the distribution of assets of the Company and subject to the provisions of the said sections of the Act, with special or differential voting rights."

**8. To consider and if, thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:**

**"RESOLVED THAT** in accordance with the applicable provisions of the Articles of Association of the Company, the Companies Act, 1956 ("the Act") and the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 (SEBI Guidelines) approval and consent of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as the Board, which term shall include the Remuneration Committee or Employee Stock Option Committee of the Board) to re-price the stock options already granted by the Company under the Employees Stock Option Scheme – 2007 ('Scheme' or 'ESOP 2007') approved by the shareholders in their meeting held on September 18, 2007 in accordance with the SEBI Guidelines.

**RESOLVED FURTHER THAT** such re-pricing of the options already granted, be done at a price which is equal to 'market price' within the meaning of, and as defined, in the SEBI Guidelines without any change or modification in the vesting period/schedule, exercise period and/or any other specific terms and conditions under which such options have been granted."

By order of the Board

Place: Delhi  
Dated: June 17, 2009

**Samir Raval**  
Company Secretary

**Registered Office:**  
Continental Building,  
135, Dr. Annie Besant Road,  
Worli, Mumbai – 400 018.

## NOTES:

- 1. A member entitled to attend and vote at the meeting may appoint a proxy to attend and vote on a poll on his behalf. A proxy need not be a member of the Company.**  
Proxies, in order to be effective, must be received at the Registered Office of the Company not less than 48 hours before the commencement of the Annual General Meeting.
2. Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of special businesses to be transacted at the Annual General Meeting is annexed herewith.
3. Corporate Members are requested to send to the Registered Office of the Company, a duly certified copy of the Board Resolution, pursuant to Section 187 of the Companies Act, 1956, authorizing their representative to attend and vote at the Annual General Meeting.

4. Additional information, pursuant to Clause 49 of the Listing Agreement with Stock Exchanges, on Directors recommended by the Board for **appointment/re-appointment at the Annual General Meeting forms part of the Report on Corporate Governance in the Annual Report.**
5. Members/Proxies should bring their Attendance Slips along with copy of the Annual Report to the meeting.
6. The Register of Members and Share Transfer Books of the Company will remain closed from August 15, 2009 to August 19, 2009 (both days inclusive).
7. Queries on accounts and operations of the Company, if any, may be sent to the Company Secretary seven days in advance of the meeting so as to enable the Management to keep the information ready at the meeting.
8. Members who are holding Company's shares in dematerialised form are required to bring details of their Depository Account Number for identification.
9. Members holding equity shares in physical form are requested to notify the change of address/dividend mandate, if any, to the Company's Registrar and Share Transfer Agent, Sharepro Services (India) Private Limited, 13AB, Samhita Warehousing Complex, Second Floor, Sakinaka Telephone Exchange Lane, Off Andheri-Kurla Road, Sakinaka, Andheri (East), Mumbai - 400 072 or at 912, Raheja Centre, Free Press Journal Road, Nariman Point, Mumbai - 400 021.
10. Under Section 109A of the Companies Act, 1956, shareholders are entitled to make nomination in respect of shares held by them in physical form. Shareholders desirous of making nominations are requested to send their requests in Form No 2B in duplicate (which will be made available on request) to M/s. Sharepro Services (India) Pvt. Ltd.

#### **EXPLANATORY STATEMENT UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956.**

##### **Item Nos. 4 & 5**

Mr. Arun Kapoor and Mr. Sureshkumar Agarwal were appointed on April 22, 2009 and June 1, 2009, respectively, as Additional Directors of the Company in terms of Section 260 of the Companies Act, 1956 ('the Act').

Pursuant to provisions of Section 260 of the Act and Article 85 of Articles of Association of the Company, Mr. Arun Kapoor and Mr. Sureshkumar Agarwal vacate their office at the conclusion of this Annual General Meeting. Due notice under Section 257 of the Act has been received from member proposing appointment of Mr. Arun Kapoor and Mr. Sureshkumar Agarwal as Directors of the Company, liable to retire by rotation. Requisite consent has been filed by Mr. Arun Kapoor and Mr. Sureshkumar Agarwal, pursuant to the provisions of Section 264(1) of the Act, to act as a Director, if appointed.

Brief profile and other details of Mr. Arun Kapoor and Mr. Sureshkumar Agarwal forms part of the Corporate Governance Report.

The Board recommends the resolutions as set out in Item Nos. 4 & 5 for the approval of the members.

None of the Directors of the Company, except Mr. Arun Kapoor and Mr. Sureshkumar Agarwal, is concerned or interested in this resolution.

##### **Item No. 6**

Your Company has appointed M/s. Sharepro Services (India) Private Limited as Registrar and Share Transfer Agent ('R&T Agent'). As the Registrars have been assigned with the duty *inter alia* of maintaining the Register of Members, Index of members and/or any registers/documents relating to issue of equity shares/debentures of the Company, it will be convenient for them to maintain if these are located at their office at 13AB, Samhita Warehousing Complex, Second Floor, Sakinaka Telephone Exchange Lane, Off Andheri-Kurla Road, Sakinaka, Andheri (East), Mumbai - 400 072 and/or at 912, Raheja Centre, Free Press Journal Road, Nariman Point, Mumbai - 400 021 rather than at the Registered office of the Company.

Your Board recommends the resolution as set out in Item No. 6 for your approval by passing Special Resolution.

None of the Directors of the Company is concerned or interested in this resolution.

**Item No. 7**

As per existing Article 121 of the Articles of Association of the Company, wherever the Common Seal of the Company is affixed needs to be executed by a duly constituted attorney or by a Director of the Company, which creates administrable inconvenience. It is therefore for operational convenience proposed that the Common Seal be affixed by any officer authorised by the Board or Board committee and hence proposed to alter Article 121 of Articles of Association of the Company as detailed in the resolution.

Further with a view to take any future benefit of the amendments to Companies Act, 1956, permitting issuance of shares with Differential Voting Rights, it is proposed to include an enabling provision by inserting Article 4A to the Articles of Association of the Company.

As per provisions of Section 31 of the Companies Act, 1956, aforesaid alterations to Articles of Association of the Company would require approval members by passing a Special Resolution.

Your Board recommends the resolution as set out in Item No. 7 for the approval of the members.

None of the Directors of the Company is concerned or interested in this resolution.

**Item No. 8**

With a view to provide the employees of the Company a share in the growth of the Company, and to attract, retain and motivate the best available talent in the Company, pursuant to the approval of the Members of the Company in the meeting held on September 18, 2007, your Company had evolved an Employees Stock Option Scheme 2007 (ESOP 2007) and granted 29,87,300 stock options to certain employees of the Company at market price determined under SEBI Guidelines beginning October 2007, of which 10,72,700 options are outstanding after adjusting for the options lapsed due to resignations of certain employees. Due to the recent volatility in the market and consequent fall in the price of the equity shares of the Company, such granted options due for vesting by the employees have become unattractive.

Your Directors, therefore, propose to re-price the options already granted at the current market price without any change or modification in the vesting or exercise period/schedule. Re-pricing of options not exercised (i.e options already granted and/or vested but not exercised) is permissible under the SEBI Guidelines subject to the approval of the shareholders. The proposed re-pricing will be in compliance of the SEBI Guidelines and all other terms of ESOP 2007 under which such options have been granted shall remain unchanged.

Your Directors recommend the Special Resolution as set out in Item No. 8 for the approval of the members.

None of the Directors of the Company is in any way, concerned or interested in the resolution, except to the extent of the securities that may be offered to them under ESOP 2007.

By order of the Board

Place: Delhi  
Dated: June 17, 2009

**Samir Raval**  
Company Secretary

**Registered Office:**  
Continental Building,  
135, Dr. Annie Besant Road,  
Worli, Mumbai – 400 018.

## CERTIFICATION ON FINANCIAL STATEMENTS OF THE COMPANY

We, Amit Goenka, Whole-time Director and R. K. Agarwal, Chief Financial Officer of Wire and Wireless (India) Limited ('the Company'), certify that:

- (a) We have reviewed the financial statements and the cash flow statement of the Company for the year ended March 31, 2009 and that to the best of our knowledge and belief:
  - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statement that might be misleading;
  - (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) To the best of our knowledge and belief, no transactions entered into by the Company during the year ended March 31, 2009 are fraudulent, illegal or violative to the Company's code of conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and have disclosed to the Auditors and Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and steps taken or proposed to be taken to rectify these deficiencies.
- (d) During the year:
  - (i) There has not been any significant changes in internal control over financial reporting;
  - (ii) There have not been any significant changes in accounting policies; and
  - (iii) There have been no instances of significant fraud of which we are aware that involve management or other employees, having significant role in the Company's internal control system over financial reporting.

For Wire and Wireless (India) Limited

Delhi, June 17, 2009

**Amit Goenka**  
Whole-time Director

**R. K. Agarwal**  
Chief Financial Officer



## DIRECTORS' REPORT

To  
The Members of  
**Wire and Wireless (India) Limited**

Your Directors take pleasure in presenting the Third Annual Report of the Company together with Audited Statement of Accounts for the year ended March 31, 2009.

### FINANCIAL PERFORMANCE

(Rs. in Million)

Particulars	For the Year Ended	
	March 31, 2009	March 31 2008
Sales & Services	2284.3	2222.8
Other Income	18.3	116.7
<b>Total Income</b>	<b>2302.6</b>	2339.5
Total Expenses	2408.4	2470.4
Operating Profit/ (Loss)	(105.8)	(130.9)
Less: Finance Cost	602.2	370.8
Less: Depreciation	297.7	292.0
<b>Profit/(Loss) before Tax and Exceptional Item</b>	<b>(1005.7)</b>	(793.7)
<b>Provision for Taxation (Net)</b>	<b>3.8</b>	3.5
<b>Profit/(Loss) after Tax before Exceptional Item</b>	<b>(1009.5)</b>	(797.2)
Less: Exceptional Item	–	795.7
Profit/(Loss) after Tax	(1009.5)	(1592.9)
Less: Prior Period Adjustments (Net)	–	(13.3)
Add: Adjustment Pursuant to the Scheme	–	–
Add: Balance Brought Forward from Previous Year	(1295.4)	284.2
<b>Balance Carried to Balance Sheet</b>	<b>(2304.9)</b>	(1295.4)

### BUSINESS OVERVIEW

Wire and Wireless (India) Limited (WWIL), India's leading Cable Television Company has presence in 107 cities in India with 400 centers, 4000 Local Cable Operator (LCO) partners, 73 analog headends and 5 digital headends.

WWIL has been providing services in analog and digital mode, having technical capability to provide features like Video on Demand, Pay per View, Electronic Programming Guide (EPG), gaming through a Set Top Box (STB). WWIL is the first Company in Asia to undertake digitalization and addressability in the cable sector by adopting Headend-in-the-Sky (HITS) Technology for distribution of various TV channels to Multi System Operators (MSOs)/Cable Operators in digital mode through business tie up with HITS Platform of Dish TV India Ltd.

The Digital cable business is dynamic and driven by our customers and markets we serve. WWIL keeps a tab on the pulse of the market as an ongoing process and align ourselves with these shifts and market demands. We put our resources, investments and focus to match these shifts and our business model.

The media and entertainment industry has been hit hard over the past few months. There is a sense of caution that has set because of global slowdown and pressing short term concerns. As a result of the changing needs of our customers and our business, WWIL is focusing on operational efficiency, by taking innovative steps to minimize the cost across the board. Also, we have put our new organizational structure in place which will empower employees at all levels with a clear role, responsibility and accountability.

Digital TV viewing is the future of entertainment business. As per the FICCI PWC report, in next 5 years, pay TV homes are expected to grow from 74 million to 115 million i.e. 55.4% growth. An estimated 54% of all Indian households will be Pay TV subscribers by 2012 from current 38% penetration.

WWIL being the market leader in Digital Cable and first to adopt digital delivery through HITS technology is expected to take the front lead in digital TV revolution. We believe that through HITS distribution, in addition to big cities and metros, we would be able to provide Digital cable even in smaller towns, cities and villages where scale makes stand-alone digital head-ends unviable. We are technically ready to rollout digital services through HITS mode and would be covering various cities and towns in phased manner. In addition, to further enhance its operating procedures and bring in the leading business practices, WWIL is in the process of implementing SAP ERP System.

Our cable business is growing at the fastest rate in the industry. In last one year we have made commendable progress by achieving substantial growth over the previous year. Our quality of service both in analog and digital is the best in the industry. The focus will be on the consumers and will build all our systems, processes and delivery to provide the best television viewing experience.

India is now on the verge of becoming Asia's key cable market. The cable services industry in India has come a long way since the government opened the doors for private cable players in 1992. Since the exponential leap in the Indian economy in the last decade, the Indian cable industry is fast becoming a lucrative sector. Experts predict that India will before long emerge as second largest digital cable TV home market (after China) in the Asia Pacific region.

## **DIVIDEND**

In view of losses during the year, your Directors have not recommended any dividend either on Equity Shares or Preference Shares for the year under review.

## **EMPLOYEES STOCK OPTION SCHEME**

Pursuant to Members approval at the First Annual General Meeting of the Company held on September 18, 2007, your Company has implemented Employee Stock Option Plan – ESOP-2007 to grant stock options to its eligible employees.

Remuneration Committee of the Company, constitution whereof is in accordance with The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 ('the SEBI Guidelines') administers and monitors the Scheme. During the year under review, the Remuneration Committee had in accordance with ESOP 2007 and SEBI Guidelines, granted 1,50,000 Stock Options convertible into equivalent number of equity shares of Re. 1/- each of the Company.

During the year, total 18,96,100 unvested Stock Options lapsed, as the employees to whom these options were granted left the organization.

The applicable disclosures as stipulated under the SEBI Guidelines as at March 31, 2009 are annexed herewith and forms part of this report.

A Certificate from the Statutory Auditors of the Company M/s. S. R. Batliboi & Associates, Chartered Accountants, Mumbai, with respect to the implementation of Company's ESOP Scheme, will be placed before the shareholders in the next Annual General Meeting and a copy of the same shall be available for inspection at the Registered Office of the Company on all working days (except Saturday and Sunday) between 2.00 p.m. to 5.00 p.m., upto the date of Annual General Meeting.

## **PUBLIC DEPOSITS**

During the year under review, your Company has not accepted or renewed any deposits within the meaning of Section 58A of the Companies Act, 1956 and rules made there under.

## **DEBENTURE ISSUE**

To part finance the capital expenditure requirement and to meet repayment obligations on existing unsecured debts and long-term working capital requirements, your Company had issued on a private placement basis 9.95% Secured Redeemable Non-Convertible Debentures (SRNCDs) aggregating to Rs. 192 crores. The SRNCDs issue was rated as "Care AA (SO)" by Credit Analysis and Research Limited (CARE), signifying high safety for timely servicing of debt obligations and these SRNCDs

are listed on Wholesale Debt Market Segment of National Stock Exchange of India Limited.

## **DELISTING OF SECURITY FROM STOCK EXCHANGE**

During the year, the equity shares of your Company got delisted from The Calcutta Stock Exchange Association Limited (CSE) in compliance with the provisions of the Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003.

## **DIRECTORS**

Mr. D. P. Naganand and Mr. Sanjay Jain resigned as Directors of the Company with effect from March 16, 2009 and April 22, 2009 respectively. The Board places on record its appreciation for the contributions made by Mr. D. P. Naganand and Mr. Sanjay Jain during their tenure as Directors of the Company.

In terms of the provisions of Section 313 of the Companies Act, 1956 read with Article 96 of the Articles of Association of the Company, Mr. Mintoo Bhandari was appointed as an Alternate Director on July 24, 2008 as an alternate for Mr. Michael Block. The Alternate Directorship of Mr. Mintoo Bhandari came to an end on October 21, 2008 by virtue of the provisions of Section 313(2) of the Companies Act, 1956, upon return of Mr. Michael Block.

Mr. Arun Kapoor and Mr. Sureshkumar Agarwal were appointed as an Additional Directors, with effect from April 22, 2009 and June 1, 2009 respectively. Pursuant to the provisions of Section 260 of the Companies Act, 1956, Mr. Arun Kapoor and Mr. Sureshkumar Agarwal hold office only up to the date of the ensuing Annual General Meeting of the Company. The Company has received appropriate notice under Section 257 of the Companies Act, 1956 along with requisite deposits, proposing the candidature of Mr. Arun Kapoor and Mr. Sureshkumar Agarwal for the office of Director, liable to retire by rotation.

As per the provisions of the Companies Act, 1956 read with Article 97 of the Articles of Association, Mr. Michael Block retires by rotation and being eligible, offers himself for re-appointment at the ensuing Annual General Meeting.

Brief Profile of the Directors proposed to be appointed/re-appointed have been included in the Report on the Corporate Governance forming part of the Annual Report.

## **CORPORATE GOVERNANCE**

Your Company is committed to maintain the highest standards of Corporate Governance. Your Directors adhere to the stipulations set out in the Listing Agreement with the Stock Exchanges.

A separate section titled 'Corporate Governance' together with the certificate from Mr. Satish K. Shah, Practicing Company Secretary, confirming compliance with the requirements of Clause 49 of the Listing Agreement(s) with the Stock Exchanges, as also a Management Discussion and Analysis Statement, forms part of the Annual Report.

### SUBSIDIARIES

During the year, Master Channel Community Network Private Limited became a subsidiary of your Company. During the year, there were following subsidiaries of your Company with shareholding of:

- a) 100% equity stake in Central Bombay Cable Network Limited;
- b) 100% equity stake in Siticable Broadband South Limited;
- c) 67.69% equity stake in Indian Cable Net Company Limited;
- d) 66% equity stake in Master Channel Community Network Private Limited; and
- e) 51% equity stake in Wire and Wireless Tisai Satellite Limited.

There have been no changes either in the business or operations of these subsidiaries during the year under review. The statement pursuant to Section 212 of the Companies Act, 1956, relating to the subsidiaries is annexed to this Report. The Audited Financial Statements, Directors' Report and Auditors' Report of the subsidiaries are forming part of the Annual Report.

### CONSOLIDATED FINANCIAL STATEMENTS

As stipulated by Clause 32 of the Listing Agreement with the Stock Exchanges, the attached Consolidated Financial Statements have been prepared in accordance with the Accounting Standard AS 21 – Consolidated Financial Statements read with Accounting Standard AS 23 – Accounting for Investments in Associates, and Accounting Standard AS 27 – Financial Reporting of Interests in Joint Ventures and forms part of the Annual Report.

### AUDITORS

M/s. S. R. Batliboi & Associates, Chartered Accountants, Mumbai, the Statutory Auditors of the Company, retire at the conclusion of the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. The Company has received a letter from them to the effect that their re-appointment, if made, will be in accordance with the limits specified under Section 224(1B) of the Companies Act, 1956.

### EXPLANATION TO QUALIFICATIONS IN AUDITORS REPORT

Explanations as regards the points raised by Auditors, in their report, are as mentioned hereunder:

Item No. (i)(a), of the annexure to the Auditors Report – The Company is in the process of updating the Fixed Assets Register with respect to Network Equipments taken over pursuant to the Scheme of Arrangement.

Item No. (i)(b), of the annexure to the Auditors Report – It may be noted that the Network Equipments are spread over wide geographical areas and it is difficult to conduct the physical verification at greater frequencies. However, the Company has already completed the physical verification of phase III network equipments as per the phased plan, reconciliation of the same will be completed during the year.

Item No. (iv) of the annexure to the Auditors Report – As per the industry practice written agreements are not insisted from the customers in the case of analogue business. However we initiated the process for obtaining the agreements from customers. During the year, the company has executed agreements with many of the customers of analogue business and is confident to execute the remaining agreements in due course.

Item No. (ix)(a) and (b) of the annexure to the Auditors Report – Due to the wide geographical spread of Company's units, in few cases, there were delays in collation of data resulting in delays in depositing of statutory dues. The Company has taken necessary steps to address the issue.

Item No. (ix)(c) of the annexure to the Auditors Report – All these income tax cases are in name of SITI CABLE NETWORK LIMITED. The company has taken over these cases pursuant to the Scheme of Arrangement. The ITAT and Commissioner (Appeals) have given orders in favour of Company, however the Department has filed appeal before High Court and hearing for the same is yet to commence. However, this liability is not provided as in the opinion of the company, no liability is anticipated. Service Tax Cases are pending for hearing in High Court. However, this liability is not provided as in the opinion of the Company, no liability is anticipated.

Item No. (xvii) of the annexure to the Auditors Report – The Company has launched capital intensive pan India digitalization project ( HITS ). Due to global melt down, the project was partly financed by short term funds taken from group companies. The company has taken necessary steps to ensure that the long term capital requirement is met out of long term funds. The Company has already received funding of Rs. 1920 mn by NCD. Further, the company has got sanction for rights issue.

## **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO**

### **I. Energy Conservation and Technology Absorption:**

During the year under review, the Company has not carried out any activities involving conservation of energy and technology absorption and therefore the particulars to be mentioned under this item is NIL.

### **II. Foreign Exchange Earning and Outgo:**

Details of foreign exchange earnings and out go during the year under review is given in Note No. 16.4 of the Notes to Accounts.

## **PARTICULARS OF EMPLOYEES**

A statement showing the particulars of employees, pursuant to Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, is annexed to and forms part of this report.

## **DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to the requirement of Section 217(2AA) of the Companies Act, 1956, and based on representations received from the operating management, the Directors hereby confirm that: -

- (i) in the preparation of the Annual Accounts for the year ended March 31, 2009, the applicable Accounting Standards have been followed and there are no material departures;
- (ii) they have selected such accounting policies in consultation with the statutory auditors and applied them consistently and made judgements and estimates that are reasonable and prudent so as to

give a true and fair view of the state of affairs of the Company for the year ended March 31, 2009 and the loss of the Company for that period;

- (iii) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- (iv) they have prepared the Annual Accounts on a going concern basis.

## **ACKNOWLEDGEMENTS**

Your Board takes this opportunity to place on record their appreciation for the dedication and commitment of employees shown at all levels which have contributed to the success of your Company. Your Directors also express their gratitude for the valuable support and co-operation extended by various Governmental Authorities, mainly Ministry of Information and Broadcasting, Ministry of Communication and Information Technology, Department of Telecommunication (Broadcasting & Cable Services), Telecom and Regulatory Authority of India and other stakeholders including Local Cable Operators, Bankers, Financial Institutions, Viewers, Broadcasters, Vendors and Service Providers.

For and on behalf of the Board

**Mr Amit Goenka**  
Whole-time Director

**Mr. Arun Kapoor**  
Director

Place: Delhi.

Date : June 17, 2009

## ANNEXURE TO DIRECTORS' REPORT

### I. Disclosures as stipulated under the SEBI (Employee Stock Option Scheme & Employee Stock Purchase Scheme) Guidelines, 2003 and forming part of Directors' Report for the year ended March 31, 2009

Particulars		Grant of Options
a.	Options Granted (Nos.)	31,37,300
b.	Exercise Price (Rs.)	
	Options Granted (nos.)	Exercise Price (Rs.)
	29,87,300	39.75
	1,50,000	30.65
c.	Options Vested	1,85,320
d.	Options Exercised	NIL
e.	Total number of Shares arising as a result of Exercise of option	NIL
f.	Options Lapsed (Nos.)	20,64,600
g.	Variation in terms of Options	NIL
h.	Money realized by exercise of Options	NIL
i.	Total Number of Options in force	10,72,700
j.	Employee wise details of Options granted to:	
(i)	<b>Senior Management Personnel</b>	
	Deepak Chandnani*	12,97,600
	Jawed Akhtar	1,50,000
	Harish Katyal*	1,94,600
	Ajay Gidh*	2,01,900
	Vimal K. Agarawal	1,22,900
	Devi Prasad Ghosh	1,29,800
	Prasenjit Phukan	1,04,000
	N. P. Singh*	87,800
	*subsequently lapsed due to resignation(s)	
(ii)	Any other employee who received a grant in any one year of Options amounting to 5 % or more of Options granted during that year	22,88,600
(iii)	Identified employees who were granted Options, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions ) of the Company at the time of grant	NIL
		NIL
k.	Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of option calculated in accordance with International Accounting Standard (IAS) 33. 'Earning Per Share'	(4.65)

### II. Statement pursuant to Section 212 of the Companies Act, 1956 relating to Subsidiary Companies and forming part of Directors' Report for the year ended March 31, 2009

Name of the subsidiary Companies		Indian Cable Net Company Limited	Central Bombay Cable Network Limited	Siticable Broadband South Limited	Wire and Wireless Tisai Satellite Limited	Master Channel Community Network Private Limited
The financial year of the subsidiary company ended on		March 31, 2009	March 31, 2009	March 31, 2009	March 31, 2009	March 31, 2009
Extent of holding company's interest %		67.69%	100.00%	100.00%	51.00%	66.00%
Face Value of equity share (per share)		Rs.10/-	Rs.10/-	Rs.10/-	Rs.10/-	Rs.100/-
No. of equity shares held by the holding company and/or its subsidiaries		6,831,000	50,000	10,000	25,500	1,980
Net aggregate amount of profits/(losses) of the subsidiary so far as it concerns the members of the holding company and is dealt with in accounts of holding company:	For the financial year ended on March 31, 2009 (Amount Rs. in Millions)	NIL	NIL	NIL	NIL	NIL
	For the previous financial years of the subsidiary since it became a subsidiary (Amount Rs. in Millions)	NIL	NIL	NIL	NIL	NIL
Net aggregate amount of profits/(losses) of the subsidiary so far as it concerns the members of the holding company and is not dealt with in accounts of holding company:	For the financial year ended on March 31, 2009 (Amount Rs. In Millions)	41.03	0.16	(0.19)	2.37	2.38
	For the previous financial years of the subsidiary since it became a subsidiary (Amount Rs. in Millions)	40.00	1.18	(0.74)	1.84	Not applicable

**III. Information u/s 217(2A)(b)(ii) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the year ended March 31, 2009**

Sr. No.	Name	Designation	Total Remuneration (Rs.)	Qualification	Age (Years)	Total Experience (Years)	Date of Commencement of Employment	Last Employment and Designation
1	Deviprasad Ghosh	Vice President-Marketing	2,921,200	B.Sc. B.E. (Electronics) - MBA Adv Diploma in Mktg.	40	19	1-Oct-07	Reliance Communications Ltd. as General Manager - Marketing (Wireless Business & Wireless Data Business)
2	Prasenjit Phukan	Vice President-Human Resources	3,304,037	B.Com., MBA	40	16	16-Jul-07	NCR Corporation Pvt. Ltd. as DGM - HR
3	Sanjay Jindal†	Vice President-Technical	2,490,811	B.E. (Mechanical)	47	24	6-Feb-95	Bharat Heavy Electricals Ltd., Jhansi as Senior Engineer
4	Vimal Kumar Agarwal†	Sr VP-Strategies, M & A	3,420,034	B.Com (Hons.) I.C.W.A.I C.A. C.S., PGDGM.	37	14	6-Jul-98	Indovision Securities Ltd. as Senior Manager
5	Ajay Gidh*	Sr. Vice President - Projects	4,818,534	B.Sc - Post Graduation in: Computer Science System Analysis & Design Quality Assurance Certification	47	26	30-Jul-07	NCR Corporation India Pvt. Ltd. as New (Global) Product Development Manager - Financial Self Service
6	Akhtar Jawed*	Executive Vice President - HITS	9,195,820	B.Sc Degree in Management Advance Course in Management	50	26	2-May-08	Star India Group as Vice President Business Operations (South Region)
7	Atul Raj*	Sr. Vice President-Content & Programming	3,717,649	MS - MBA	39	14	15-Sep-08	Echostar Satellite, LLC as Director - International Operations
8	Avnindra Mohan*	Executive Vice President	3,450,100	B.Com. (Hon.), FCA, PGDBM	47	24	1-Apr-06	Reliance Infocomm Ltd., Vice President Commercial
9	Deepak Chandnani*	Chief Executive Officer	13,916,140	BA (Ecp.), PGDBM (IIM A)	50	27	20-Jun-07	NCR Corporation India Pvt. Ltd., Managing Director
10	Harish Katyal*	Sr. Vice President - Sales & Operations	3,987,288	B.Com., CA	45	21	21-May-07	Broadcast Worldwide Ltd. as Executive Vice President - Operations, Finance and Business Development
11	Narinder Pal Singh*	Vice President-Content & Programming	1,674,244	B.A. from University of Lucknow Postgraduation MSW from University of Lucknow	39	16	20-Aug-07	Assistant Vice President at Star TV
12	Rajiv Ganju*	V. P. - Customer Services & Process	202,732	B.E Mechanical	43	19	12-Mar-09	Videcon International Ltd. as Sr. General Manager (Manufacturing Controller)
13	Sudhir Agarwal*	Chief Executive Officer	4,611,633	MBA & AMP-The Wharton School	46	19	10-Nov-08	Haier Telecon as President (South West Asia)
14	Sundaresan Shankar*	Vice President-Operations	3,327,583	B.E in Electronics	52	31	3-Aug-07	Electronics & Controls Systems Pvt. Ltd. as Head of Marketing & Business Development
15	Vivek Goel*	Chief Financial Officer	1,377,321	B.Com I.C.W.A.I C.A., C.S.	39	17	24-Jul-08	ICICI Bank Ltd. as DGM - Structured Finance Group

\* Indicates remuneration is for part of the year.

† Indicates an employee of Siti Cable Network Limited, the Cable Business Undertaking of which got demerged in favour of Wire and Wireless (India) Limited by virtue of Scheme of Arrangement approved by Hon'ble High Court of Bombay vide its order dated November 17, 2006.

**Notes:**

- All appointments are contractual and terminable by notice on either side.
- None of the employees are related to any of the Directors.
- Remuneration includes Salary, Bonus, Incentive awards, Commission, Allowances, Leave Travel assistance, Medical benefits, Gratuity, Company's contribution to Provident fund and other perquisites and benefits valued as per the Income-tax Act, 1961.

For and on behalf of the Board

**Amit Goenka**  
Whole-time Director

**Arun Kapoor**  
Director

Delhi, June 17, 2009

## REPORT ON CORPORATE GOVERNANCE

### Company's Governance Philosophy

Wire and Wireless (India) Limited (WWIL) which endeavours to implement the best Corporate Governance practices by adhering to the well defined Policy Framework, continuously reviews its policies and practices of Corporate Governance with a clear goal not merely to comply with statutory requirements in letter and spirit but also to implement the best international practices of Corporate Governance, in the overall interest of all the stakeholders. The Company's philosophy on Corporate Governance is to meet the aspirations and expectations of all stakeholders. The cardinal principles such as accountability, independence, trust, responsibility, transparency, fair and timely disclosures, etc. serve as the means of implementing the philosophy of Corporate Governance.

Your Company has constantly striven to implement the best Corporate Governance practices and we believe that it shall go beyond adherence to the regulatory framework. Your Company's corporate structure, business and disclosure practices have been aligned to its Corporate Governance Philosophy. We will continuously endeavor to improve in these aspects on an ongoing basis.

### BOARD OF DIRECTORS

#### a) Composition & Category of Directors

The Company has been in strict compliance of Board composition requirement including SEBI circular dated April 8, 2008 as amended by SEBI circular dated October 23, 2008, during the Financial Year 2008-09.

Composition of the Board as on March 31, 2009

Category of Directors	No of Directors	%of total No of Directors
Executive Director	1	17.00%
Non-Executive Independent Directors *	3	50.00%
Other Non-Executive Directors	2	33.00%
<b>Total</b>	<b>6</b>	<b>100.00%</b>

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

Particulars of Directors, their attendance at Board meetings and the Annual General Meeting held during the financial year 2008-09 and also their other directorships in other Public Companies (excluding Foreign Companies and Section 25 Companies) & membership of other Board Committees (excluding Remuneration Committee) as at March 31, 2009 are as under:

Sr. No.	Name of Director	Category	Attendance at		No. of Directorship of other Companies	No. of memberships of Board Sub-Committees
			Board Meetings (Total 6 Meetings)	AGM (Held on 24.07.08)		
1.	Subhash Chandra	Non-Executive Chairman	6	Yes	10	1
2.	B. K. Syngal	Independent – Non-Executive	6	No	3	5
3.	D. P. Naganand <sup>@</sup>	Independent – Non-Executive	6	Yes	2	2
4.	Sanjay Jain	Non-Executive	5	Yes	1	3
5	Amit Goenka	Executive	4	No	8	3
6	Michael Block	Independent – Non-Executive	1	No	0	0
7	Mintoo Bhandari <sup>#</sup>	Independent – Non-Executive	2	NA	1	0

<sup>@</sup> Resigned as Director with effect from March 16, 2009

<sup>#</sup> appointed as an Alternate Director to Mr. Michael Block with effect from July 24, 2008 but his alternate Directorship ceased on October 21, 2008, pursuant to the provisions of Section 313(2) of the Companies Act, 1956.

None of the Directors on the Board is a member of more than ten (10) Committees (other than Remuneration Committee) or Chairman of more than five (5) Committees across all the companies in which he is a Director.

**b) Board Meetings & Procedures**

During the financial year under review, six (6) meetings of the Board were held. The intervening period between the Board Meetings were well within the maximum time gap of four (4) months prescribed under Clause 49 of the Listing Agreement. The annual calendar of meetings is broadly determined at the beginning of each year. The details of the meetings held during the year are as under:

Sr. No.	Date	Board Strength	No. of Directors present
1	April 17, 2008	6	5
2	June 17, 2008	6	5
3	July 24, 2008	6	5
4	August 20, 2008	6	6
5	October 21, 2008	6	6
6	January 21, 2009	6	3

Board Meetings of the Company are governed by a structured agenda. All major agenda items, backed up by comprehensive background information, are sent well in advance of the date of the Board Meetings to enable the Board to take informed decision. Any Board Member may, in consultation with the Chairman, bring up any matter for consideration by the Board. Chief Executive Officer, Chief Financial Officer and/or Head of Finance and Accounts are normally invited to the Board Meetings to provide necessary insights into the working of the Company and for discussing corporate strategies.

The Board periodically reviews Compliance Reports in respect of laws and regulations applicable to the Company.

**c) Brief profile of the Directors to be appointed/re-appointed at the Annual General Meeting**

**Michael Block**, 39, an American national, is a graduate from Columbia College with an AB in History and German and Masters of Business Administration from the University of Chicago. He holds Directorship in Apollo Investments Group, Munich, USA. Mr. Block formed an advisory firm for mergers and acquisitions and also co-founded a start up-in the healthcare services sector. Mr. Block has expertise in review of Call Centre and their subsequent restructuring and has been involved in Broadband Investments in numerous jurisdictions.

Mr. Block neither holds Directorship in any other Indian Public Limited Company nor holds any shares in the Company.

**Mr. Arun Kapoor**, 49, is a management graduate from Jamnalal Bajaj Institute, Mumbai, with 25 years of experience in various spheres of business across leading organizations in the country. He has been instrumental in setting up and managing operations for Bharti Group/Spice Cell Ltd. and Hutch for the Punjab circle. Besides this, his rich experience in various management, marketing and sales related functions has helped evolve wide bandwidth of brands. He has worked in leadership position in organisations like UB Group, Gillette, Pepsi, Spice Cell, Airtel, IBM Daksh, Hutch, Dish TV and Reliance ADAG.

Mr. Arun Kapoor does not hold any shares in the Company.

**Mr. Sureshkumar Agarwal**, 53, is a Commerce Graduate from Haryana University, with Entrepreneurial background. Mr. Agarwal is Managing Director and major shareholder of Super Dync Clothing Pvt. Ltd., a Company engaged in the business of Home Textile, with an annual turnover of Rs. 20 crores. Apart from textile business, Mr. Agarwal also has keen interest in Steel business. He is an active member of renowned charitable institute Lions club of Millennium. He holds directorship in Super Dync Clothing Pvt. Ltd., Deoralia Finance Pvt. Ltd., Jay Properties Pvt. Ltd. & Swals Steel Pvt. Ltd.

Mr. Sureshkumar Agarwal does not hold any shares in the Company.

**d) Code of Conduct**

The Board of Directors of the Company have approved and adopted Code of Conduct for Members of the Board of Directors and Senior Management of the Company. The Code is circulated to all the members of the Board and management personnel and the compliance of the same is affirmed by them annually. The Code has been posted on Company's website, viz. [www.wwil.net](http://www.wwil.net).

A declaration affirming compliance with the code of conduct by the members of the board and senior management is given below:



**Declaration**

I confirm that the Company has obtained from all Directors and Senior Management of the Company their affirmation of compliance with the 'Code of Conduct for Members of the Board of Directors and Senior Management' of the Company for the financial year ended March 31, 2009.

**Amit Goenka**  
**Whole-time Director**  
 Delhi, June 17, 2009

## BOARD COMMITTEES

### a) Audit Committee

The Board has constituted an Audit Committee, comprising of three (3) members, two (2) of whom are Independent Directors, with Mr. B.K. Syngal, a Non-Executive Independent Director as its Chairman.

The Composition of the Audit Committee of the Board complies with the requirements of Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement(s) as under:

Name of Directors	Category
Mr. B. K. Syngal	Non-Executive – Independent
Mr. D. P. Naganand*	Non-Executive – Independent
Mr. Sanjay Jain	Non-Executive

\* Resigned as Director & Member with effect from March 16, 2009, subsequently replaced by Mr. Sureshkumar Agarwal, who was appointed on and from June 1, 2009.

The role and the powers of the Audit Committee are as per guidelines set out in Clause 49 of the Listing Agreement(s) and provisions of Section 292A of the Companies Act, 1956. The Committee meets periodically and reviews:

- Accounting and financial reporting process of the Company;
- audited and un-audited financial results;
- internal audit reports and report on internal control system of the Company;
- business plans and various reports placed by the Management; and
- discusses the larger issues that could be of vital concern to the Company including adequacy of internal controls, reliability of financial statements/other management information, adequacy of provisions for liabilities and whether the audit tests are appropriate and scientifically carried out in accordance with Company's business and size of operations.

The Audit Committee also reviews adequacy of disclosures and compliance with all relevant laws. In addition to the foregoing, in compliance with requirements of Clause 49 of the Listing Agreement(s), the Audit Committee reviews operations of subsidiary companies viz. its financial statement, significant related party transactions, statement of investments and minutes of meeting of the Board and Committees.

During the year under review, Six (6) meetings of Audit Committee were held. The details of the meetings are as under:

Sr. No.	Date	Committee Strength	No. of members present
1	April 17, 2008	3	3
2	June 16, 2008	3	3
3	July 24, 2008	3	3
4	August 20, 2008	3	3
5	October 21, 2008	3	3
6	January 21, 2009	3	2

Statutory Auditor, Internal Auditor, Chief Financial Officer and/or Head of Finance & Accounts of the Company were invitees to all meetings of the Committee. The Company Secretary acts as the secretary to the Audit Committee.

**b) Remuneration Committee and Policy**

The Remuneration Committee of the Company comprises of Mr. B. K. Syngal, Non Executive Independent Director as Chairman, Mr. Arun Kapoor and Mr. Sureshkumar Agarwal as a members. Mr. D. P. Naganand and Mr. Sanjay Jain were members of the Committee till March 16, 2009 and April 22, 2009 respectively.

The terms of reference of the Remuneration Committee, *inter alia*, consist of reviewing the overall compensation policy, service agreements and other employment conditions of Executive Director(s) and also administers manager and grant of stock options to the employees under Company's ESOP scheme. The remuneration of Executive Director is decided by the Board of Directors on the recommendation of the Remuneration Committee as per the remuneration policy of the Company within the overall ceiling approved by shareholders.

During the year under review, two (2) meetings of Remuneration Committee were held. The details of the meetings are as under:

Sr. No.	Date	Committee Strength	No. of members present
1	April 17, 2008	3	2
2	June 17, 2008	3	3

**Remuneration to Executive Director.**

No remuneration is being paid to Mr. Amit Goenka, Whole-time Director of the Company.

**Remuneration payable to Non-Executive Director**

Non-Executive Directors are entitled to sitting fees of Rs. 10,000/- per meeting for attending the meetings of the Board and Committees thereof.

**c) Share Transfer and Investors Grievance Committee**

The Share Transfer and Investors Grievance Committee of the Company comprises of Mr. B. K. Syngal, Non-Executive Independent Director as Chairman, Mr. Amit Goenka, Mr. Arun Kapoor and Mr. Sureshkumar Agarwal as members. Mr. D. P. Naganand and Mr. Sanjay Jain were members of the Committee till March 16, 2009 and April 22, 2009 respectively.

Terms of reference of Share Transfer and Investors Grievance Committee are to supervise and ensure efficient transfer of shares and proper and timely attendance to investors' grievances. The Committee has delegated the power of approving requests for transfer, transmission, rematerialisation, dematerialization etc. of Shareholders to the officials of the Secretarial Department.

Mr. Samir Raval, Company Secretary of the Company is Compliance Officer of the Company.

During the year under review, Share Transfer and Investors Grievance Committee met Nine (9) times. The details of the meetings are as under:

Sr. No.	Date	Committee Strength	No. of members present
1	June 3, 2008	4	2
2	July 25, 2008	4	2
3	September 15, 2008	4	2
4	October 10, 2008	4	2
5	November 3, 2008	4	2
6	January 5, 2009	4	2
7	January 19, 2009	4	2
8	February 2, 2009	4	2
9	February 18, 2009	4	2

Details of number of requests/complaints received and resolved during the year ended March 31, 2009, are as under:

Nature of Correspondence	Received	Replied/ Resolved	Pending
Non-receipt of Dividend Payment	2	2	NIL
Non-receipt of Annual Report	8	8	NIL
<b>Total</b>	<b>10</b>	<b>10</b>	<b>NIL</b>

### General Meetings

The Third Annual General Meeting of the Company for the financial year 2008-09 will be held on Monday, August 17, 2009 at 2.30 p.m. at 'Hall of Culture', Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai - 400 018.

Details of Annual General Meeting of the Company held from the date of Incorporation are as follows:

Meeting	Day, Date and Time of the Meeting	Venue
1 <sup>st</sup> AGM	Tuesday, September 18, 2007, 11.30 a.m.	Auditorium, National Stock Exchange of India Limited, Exchange Plaza, Plot No. C-1, G-Block, Bandra-Kurla Complex, Bandra (E), Mumbai - 400 051.
2 <sup>nd</sup> AGM	Thursday, July 24, 2008, 3.00 p.m.	'Hall of Culture', Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai - 400 018

At the last Annual General Meeting of the Company, the members had passed a Special Resolution approving delisting the Equity Shares of the Company from The Calcutta Stock Exchange Association Limited. The said resolution was passed with requisite majority.

No Ordinary or Special resolutions were passed through Postal Ballot during Financial Year 2008-09. None of the resolutions proposed for the ensuing Annual General Meeting needs to be passed by Postal Ballot.

### Disclosures

There are no materially significant related party transactions, i.e. transaction material in nature, between the Company and its promoters, directors or management or their relatives etc. having any potential conflict with interests of the Company at large. Transactions with related parties are disclosed elsewhere in the Annual Report.

There has not been any non-compliance by the Company and no penalties or strictures imposed by SEBI or Exchanges or any statutory authority on any matter relating to capital markets.

### Means of Communication

The Company has promptly reported all material information including declaration of quarterly financial results, press releases, etc., to all Stock Exchanges where the securities of the Company are listed. Such information is also simultaneously displayed immediately on the Company's website, [www.wwil.net](http://www.wwil.net). The financial results, quarterly, half yearly and annual results and other statutory information were communicated to the shareholders by way of an advertisement in a English daily viz. 'Daily News & Analysis (DNA)' and in a vernacular language newspaper viz. 'Punya Nagari (Marathi)' as per requirement of the Stock Exchanges.

Management Discussions and Analysis Report forming part of annual report is annexed separately.

## PRACTICING COMPANY SECRETARY'S CERTIFICATE

To,  
The Members

**Wire and Wireless (India) Limited**

I have examined compliance of conditions of Corporate Governance by Wire and Wireless (India) Limited, ('the Company') for the financial year ended March 31, 2009, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Management. My examination was limited to the procedures and implementation thereof, adopted by the Company, for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In my opinion and to the best of my information and according to the explanations given to me and the representations made by the Management, I certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement.

I state that generally no investor grievances are pending for a period exceeding 30 days, against the Company as per the records maintained by the Company.

I further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

**Satish K. Shah**

Membership No. FCS 1313 CP 3142

Place: Mumbai,

Dated: June 15, 2009

## SHAREHOLDERS' INFORMATION

1. **Date, Time and Venue of Shareholder's Meeting**

Meeting : Annual General Meeting  
 Day & Date : Monday, August 17, 2009  
 Time : 2.30 p.m.  
 Venue : 'Hall of Culture', Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai - 400 018.
2. **Financial Year** 2008-09
3. **Date of Book Closure** Saturday, August 15, 2009 to Wednesday, August 19, 2009 (both days inclusive)
4. **Dividend Payment Date** The Board has not recommended any dividend for the Financial Year 2008-09
5. **Address for Correspondence**

**Registered Office**  
 Continental Building, 135, Dr. Annie Besant Road, Worli, Mumbai - 400 018, India.  
 Tel: +91-22-6697 1234  
 Fax: +91-22-2490 0302/0213  
 Website : [www.wwil.net](http://www.wwil.net)

**Corporate Office**  
 Building No. FC 19, Gate No. 3, Sector 16A, Film City, Noida (UP) - 201 304.  
 Tel: 91-0120-4526 7000
6. **ROC Registration No./Company Identification No.** L64200MH2006PLC160733
7. **Listing on Stock Exchanges**

**Equity Shares** : The Bombay Stock Exchange Limited (BSE)  
 The National Stock Exchange of India Limited (NSE)

**Debentures** : The National Stock Exchange of India Limited (NSE)
8. **Stock Code**

**Equity Shares** : BSE - 532795  
 NSE - WWIL EQ

**Debentures** : NSE - WWIL 12
9. **ISIN No.**

**Equity Shares** : INE965H01011  
**Debentures** : INE965H07018
10. **Registrar & Share Transfer Agent** M/s. Sharepro Services (India) Private Limited, 13AB, Samhita Warehousing Complex, Second Floor, Sakinaka Telephone Exchange Lane, Off Andheri-Kurla Road, Sakinaka, Andheri (East), Mumbai - 400 072, India  
 Tel: +91-22-67720400, Fax: +91-22-28591568  
 E-mail: [sharepro@shareproservices.com](mailto:sharepro@shareproservices.com)
11. **Investor Relation Officer** Mr. Vijay Sawant, Sr. Executive - Legal  
 Wire and Wireless (India) Limited  
 Madhu Industrial Estate, 4th Floor, Pandurang Budhkar Marg, Worli, Mumbai - 400 013.  
 Tel: +91-22-39542000, Fax: +91-22-24992000  
 E-mail: [csandlegal@wwil.net](mailto:csandlegal@wwil.net)
12. **Change of Address**

Members holding equity share in physical form are requested to notify the change of address/dividend mandate, if any, to the Company's Registrar & Share Transfer Agent, at the address mentioned above.

Members holding equity share in dematerialised form are requested to notify the change of address/dividend mandate, if any, to their respective Depository Participant (DP).
13. **Share Transfer System**

Equity Shares sent for physical transfer or for dematerialisation are generally registered and returned within a period of 15 days from the date of receipt of completed and validly executed documents.

#### 14. Dematerialisation of Equity Shares and Liquidity

To facilitate trading in demat form the Company has made arrangements with both the depositories viz. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). Shareholders can open account with any of the Depository Participant registered with any of these two depositories. As on date 99.38% of the equity shares of the Company are in the dematerialised form.

#### 15. Shareholders' Correspondence

The Company has attended to all the investors' grievances/ queries/ information requests and every endeavor is made to reply all letters received from the shareholders within a period of 5 working days.

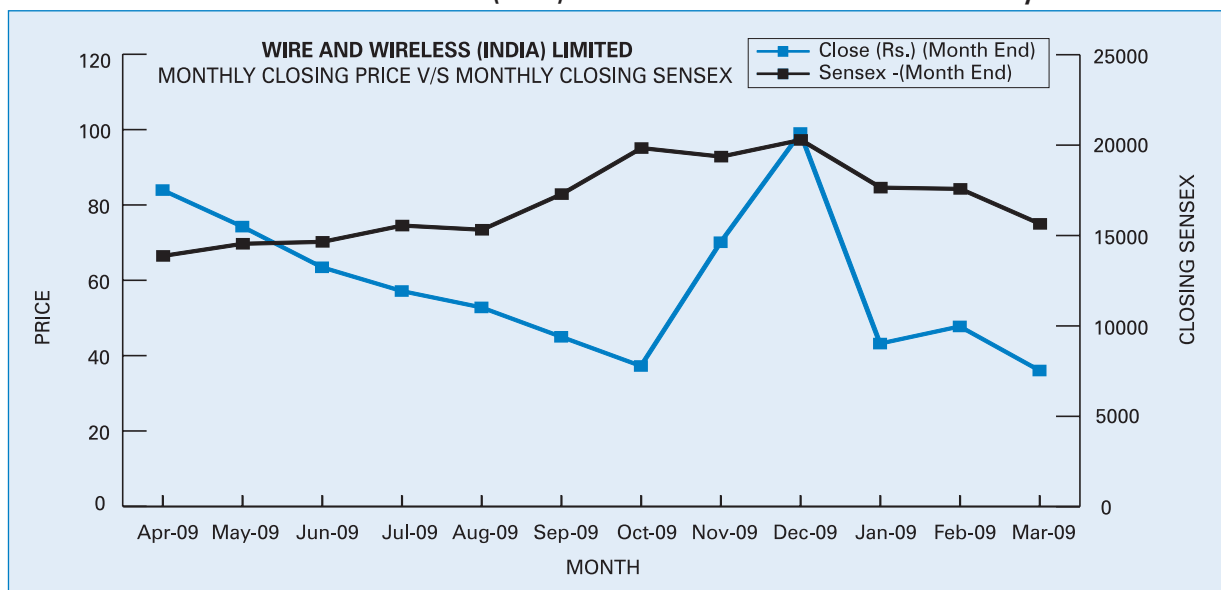
All correspondence may please be addressed to the Registrar & Share Transfer Agent at the address given above. In case any shareholder is not satisfied with the response or does not get any response within reasonable period, they may approach the Investor Relation Officer at the address given above.

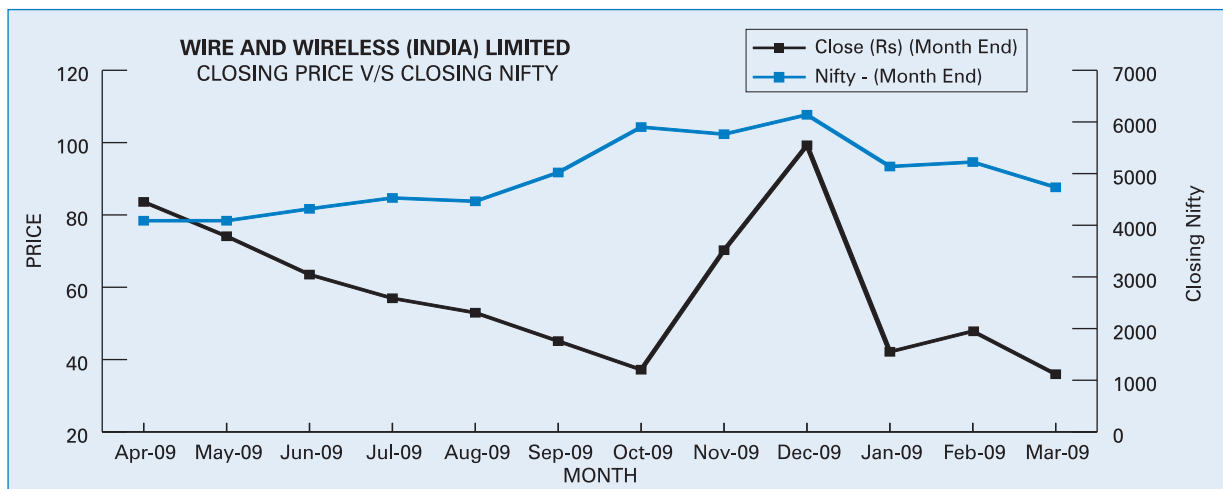
#### 16. Stock Market Data Relating to Shares Listed in India

Monthly high and low quotations and volume of shares traded on Bombay Stock Exchange and National Stock Exchange for financial year 2008-09 are:

Month	BSE			NSE		
	High (Rs.)	Low (Rs.)	Volume of Shares Traded	High (Rs.)	Low (Rs.)	Volume of Shares Traded
April 2008	47.40	34.50	34416336	47.50	33.05	60336005
May 2008	46.30	35.75	13615803	46.20	35.50	25870458
June 2008	37.00	21.25	14791913	36.80	21.10	35014345
July 2008	25.95	18.55	16093871	25.95	18.55	35090004
August 2008	28.00	21.40	39794713	28.15	21.25	74244328
September 2008	24.00	15.20	13315832	24.10	15.10	29077417
October 2008	17.50	7.70	12690935	17.00	7.80	27413226
November 2008	13.70	9.20	21083950	13.65	9.15	39057546
December 2008	13.58	8.80	16035649	13.70	8.85	36044061
January 2009	13.50	9.11	11239989	13.50	9.10	25390569
February 2009	19.58	9.56	249302582	19.60	9.55	426327908
March 2009	13.40	10.65	41162676	13.40	10.70	79036217

#### 17. Relative Performance of Wire and Wireless (India) Limited Shares Vs. BSE Sensex and Nifty Index



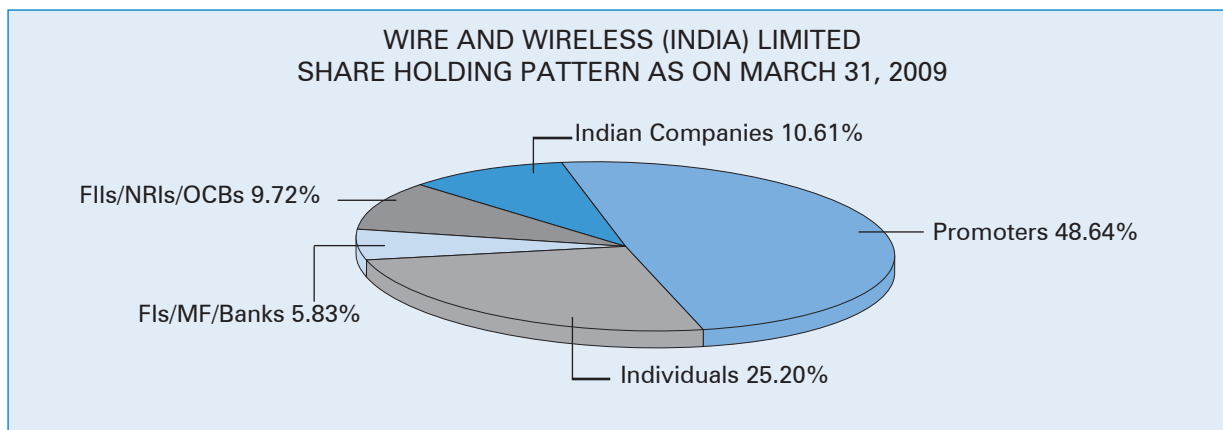


18. Distribution of Shareholding as on March 31, 2009

No. of Equity Share	Share Holders		No. of Shares	
	Number	% of Holders	Number	% of Shares
Up to 5000	180,047	99.27%	45,727,147	21.05%
5001-10000	711	0.39%	5,257,411	2.42%
10001-20000	286	0.16%	4,062,449	1.87%
20001-30000	103	0.06%	2,515,308	1.16%
30001-40000	50	0.03%	1,731,006	0.80%
40001-50000	27	0.01%	1,229,950	0.57%
50001-100000	61	0.03%	4,399,064	2.02%
100001 and Above	93	0.05%	152,295,418	70.11%
<b>Total</b>	<b>181,378</b>	<b>100.00%</b>	<b>217,217,753</b>	<b>100.00%</b>

19. Categories of Shareholders as on March 31, 2009

Category	March 31, 2009	
	% of shareholding	No. of shares held
Promoters	48.64%	105,664,198
Individuals	25.20%	54,728,229
Domestic Companies	10.61%	23,040,877
FIs, Mutual funds and Banks	5.83%	12,666,697
FIs, OCBs & NRI	9.72%	21,117,482
<b>Total</b>	<b>100.00%</b>	<b>217,217,753</b>



## 20. Particulars of Shareholding

### a) Promoter Shareholding as on March 31, 2009

Sr. No.	Name of Shareholder	No. of Shares held	% of Shareholding
1.	Ambience Advertising Pvt. Ltd.	1,137,500	0.52%
2.	Ashok Kurien	1,021,000	0.47%
3.	Briggs Trading Co. Pvt. Ltd.	2,696,750	1.24%
4.	Churu Trading Co. Pvt. Ltd.	2,025,500	0.93%
5.	Delgrada Limited	16,431,000	7.56%
6.	Ganjam Trading Co. Pvt. Ltd.	3,283,250	1.51%
7.	Jayneer Capital Pvt. Ltd.	61,313,448	28.23%
8.	Laxmi Goel	875,000	0.40%
9.	Lazarus Investments Limited	5,750,000	2.65%
10.	Essel Infraprojects Limited (Formerly Pan India Paryatan Limited)	3,20,000	1.47%
11.	Prajatma Trading Co. Pvt. Ltd.	4,162,250	1.92%
12.	Premier Finance & Trading Co. Ltd.	3,088,000	1.42%
13.	Veena Investments Pvt. Ltd.	680,500	0.31%
	<b>Total</b>	<b>105,664,198</b>	<b>48.64%</b>

### b) Top ten (10) Public Shareholding as on March 31, 2009

Sr. No.	Name of Shareholder	No. of Shares Held	% of Shareholding
1.	Life Insurance Corporation of India	10,190,905	4.69%
2.	Oppenheimer Funds Inc. A/c Oppenheimer Globalfund	9,886,622	4.55%
3.	Oppenheimer Funds, Inc. A/c Oppenheimer Variable Account Funds for The Account of Oppenheimer Global Securities Fund/VA	2,410,450	1.11%
4.	Religare Securities Ltd.	1,885,339	0.87%
5.	ING Oppenheimer Global Portfolio	1,665,038	0.77%
6.	ICICI Prudential Life Insurance Co. Ltd.	1,544,485	0.71%
7.	Sathyamoorthi Devarajulu	1,500,000	0.69%
8.	FIL Trustee Company Private Limited A/c	1,250,002	0.58%
9.	Angel Broking Limited	1,118,602	0.51%
10.	India Capital Opportunities 1 Limited	1,015,165	0.47%
	<b>Total</b>	<b>32,466,608</b>	<b>14.95%</b>



## MANAGEMENT DISCUSSION AND ANALYSIS

*Investors are cautioned that this discussion contains forward looking statements that involve risks and uncertainties including, but not limited to, risks inherent in the Company's growth strategy, acquisition plans, dependence on certain businesses, dependence on availability of qualified and trained manpower and other factors. The following discussion and analysis should be read in conjunction with the Company's financial statements included herein and the notes thereto.*

### COMPANY OVERVIEW

Wire and Wireless (India) Limited (WWIL) is India's largest Multi System Operator (MSO) in the cable industry. WWIL is involved in the distribution of TV channels/content received from broadcaster to Local Cable Operators (LCOs) through cable network. Historically, WWIL has been providing content through analog cable system in 45 cities of the country. With the implementation of CAS (Conditional Access System) in Delhi, Kolkata and Mumbai and Roll-Out of HITS Digitization Platform, WWIL has started providing content through digital cable system across 107 cities in the country.

WWIL delivers approximately 225 digital channels and upto 100 analog channels on the existing network. WWIL operates from 8 regional offices and has 73 analog headends and 5 digital headends. WWIL is professionally run with a team of experienced senior management team, responsible for day-to-day functioning for the business functions and supported by a team of qualified executives & engineers for the functional responsibilities, having sufficient relevant experience. WWIL has recruited several professionals with domain expertise in critical areas and has an employee strength of over 500.

For the year ended March 31, 2009 the income from operations was Rs. 3082.6 million, which was 99% of the total revenue of Rs. 3104.6 million.

### 1. Company Background

WWIL has been formed as a part of the whole de-merger of Zee Entertainment Enterprises Limited (ZEEL-formerly known as Zee Telefilms Limited) the publicly listed flagship company of Zee Group. As per the Scheme of Arrangement approved by the Hon'ble High Court, Bombay, all the cable TV distribution business within ZEEL and Siticable Networks Ltd. has been transferred to WWIL w.e.f. March 31, 2006.

WWIL is engaged in the distribution of television channels through analog and digital cable distribution network, primary internet and allied services. WWIL has an affiliation to approximately 4,000 LCOs.

### 2. Competitive Strengths

The principal competitive strengths of WWIL are as follows:

#### (i) It is one of the biggest MSOs in India:

WWIL is one of India's largest Multi System Operator in the cable business. WWIL is present in 107 cities of the country. It provides input to approximately 4000 LCOs through its 73 analog and 5 digital headends.

#### (ii) Strong operational, technical and management team:

WWIL has qualified, experienced and highly successful promoters, management, operations and technical teams who have contributed to its growth and would help it to successfully craft and implement its strategy. WWIL believes that it's competent, experienced and skilled operational and technical team is it's key strength in sustaining business operations and the management team is well placed to provide strategic leadership and direction to explore new emerging opportunities as well as constantly improve the current operations. WWIL has recruited several professionals with domain expertise in critical areas which provides a significant competitive edge. As on March 31, 2009, WWIL has more than 500 employees on its roll.

#### (iii) '24 x 7' Customer Care:

WWIL lays greater emphasis on customer services. WWIL has set multiple internal benchmarks across its entire customer service centre, for regularly reviewing and assessing quality of response and also to understand the issues customers are facing across the call centres. WWIL has deputed dedicated technical team on the ground to speedily address and resolve customer issues.

#### (iv) Forward Integration Model:

The Forward Integration Model of WWIL enables it to access end consumers. WWIL has negotiated with the LCOs/MSOs to buyout 51% to 100% of their businesses which gives direct access to a large subscriber base. Direct access strategy helps WWIL in improving its ARPU (Average Revenue per User). This also helps it in providing value added services such as the internet.

## BUSINESS STRATEGY

Cable television has registered an impressive growth over the last decade. There has been a tremendous growth in the C & S household and cable television networks have emerged in an un-regulated and fragmented manner. In such a situation WWIL has identified several opportunities for growth of business and plans to grow and consolidate its position in the cable business by focusing on two key priorities viz. digitalisation of cable TV and transforming itself into a 'B to C' company with the focus on consumer. WWIL has taken multiple initiatives to build all its systems, processes and delivery to provide the consumer with the best TV viewing experience at affordable price with Value added Services like broadband internet and movie-on-demand backed by the outstanding customer service.

### 1. Acquisition of subscribers:

WWIL has acquired additional subscribers through a combination of acquisition and partnership with LCOs. LCOs play a role in maintaining the network and relationship with the customer. The consolidation strategy has been structured in such a way so that the LCOs would have the incentive to serve the customers.

### 2. Upgrading of the Company's Cable plant:

WWIL has upgraded its various analog headends and has extended technical upgradation program throughout its existing operations to improve the quality of current services to subscribers and be ready with high quality infrastructure for roll out of digital services, by way of voluntary digitization, beyond the currently notified CAS areas. WWIL has setup customer service centres, specializing in inbound and outbound calls, to strike a balance between operational efficiency and service quality. WWIL has deputed dedicated technical team on the ground to speedily address and resolve customer issues.

### 3. Launch of Digital Cable TV Distribution System:

With the intention of expanding its operation in digital cable distribution, WWIL has launched digital Cable TV distribution service in various cities across India including Bengaluru, Delhi, Kolkata and Mumbai. WWIL has invested in setting up of digital headends, optical fiber network and provides Set Top Boxes (STB) to consumers in order to enable them to access digital cable television and interactive value-added services (VAS) and will roll-out these services in cities with existing presence and propose to launch in new cities.

### 4. Headend In the Sky (HITS):

WWIL is the first company in Asia to undertake digitalization and addressability in the cable sector

by adopting Headend-in-the-Sky (HITS) Technology for distribution of various TV channels to MSOs/ Cable Operators in digital mode through business tie up with HITS Platform of Dish TV India Ltd. Wire and Wireless, being the market leader in Digital Cable and first to adopt digital delivery through HITS technology is expected to take the front lead in digital TV revolution. HITS is a satellite based technology that allows high quality digital TV signals to be provided to last mile operators over C band. We believe that through HITS distribution, in addition to big cities and metros, we would be able to provide Digital cable even in smaller towns, cities and villages where scale makes standalone digital head-ends unviable. While it will facilitate digitalization of large cities, it will also allow for efficient and speedy digitalisation of cable TV for large housing projects, townships, hotels etc. The Company would also be able to acquire smaller LCOs and replace their redundant analog headend with a HITS installation. This will provide the Company a significant advantage to capture the market on a pan-India basis. We are technically ready to rollout digital services through HITS mode and would be covering various cities and towns in phased manner. In addition, to further enhance its operating procedures and bring in the leading business practices, Wire and Wireless is in the process of implementing SAP ERP System.

### 5. Maintain consistently high standards of corporate governance:

WWIL firmly believes that good governance is critical in sustaining corporate development, increasing productivity and competitiveness and creating shareholder wealth. The governance process should ensure that the available resources are utilized in a manner that meets the aspirations of all its stakeholders. The Company's essential charter is shaped by the objectives of transparency, professionalism and accountability. The Company continuously endeavours to improve on these aspects on an ongoing basis.

With the increasing emphasis on transparency and accountability, WWIL has made conscious efforts to institutionalize Corporate Governance practices. WWIL's corporate structure, business and disclosure practices have been aligned to its Corporate Governance Philosophy. The Company would continuously endeavour to take forward the best practices to facilitate effective management and enhance stakeholder's value.

## BUSINESS ACTIVITIES

Primary business activities of WWIL are as follows:

1. Cable Subscription

2. Bandwidth Charges
3. Advertisement
4. Leasing out infrastructure

#### 1. Cable Subscription:

WWIL provides Cable subscription service by using following models:

##### (i) Analog Cable Model:

As a business strategy the Company has invested in headends, cable networks and cable equipments. Setting up of cable distribution is a capital intensive as well as logistically challenging venture. LCOs generally find it difficult to manage such infrastructure and logistics. In the analog cable model, the broadcaster sends encrypted signals via satellite which is captured by the Company's headends and further decrypted and sent across to the LCOs. The LCOs further send the decrypted signals to the end users. WWIL is in the process of digitizing analog system. This method of delivery of TV signals will bring in total addressability and transparency in the system.

##### (ii) CAS Model:

CAS is a method of bringing in addressability in the distribution system and accurately tracking subscribers. CAS can be implemented in the digital mode. The broadcaster sends encrypted signals via satellite which is captured at the Digital Headend, de-crypted, re-encrypted based on each consumers registered subscription request and delivered to the consumer via the LCOs. Subscribers need a special device called Set Top Box (STB) to decrypt the signals so that these could be viewed on their television set. A Set Top Box allows only those channels to be viewed that have been registered by that subscriber through the subscriber management system and encryption facilities at the MSO's Headend leading to proper discovery of the number of TV sets on which a specific channel is available. CAS is beneficial to subscribers as they pay only for the channels they want to view and to broadcasters since they get paid for every TV on which their channel is made available thereby establishing transparency in the system. It also ensures that the MSO gets paid for all the subscribers to which it

is sending TV signals. TRAI has mandated CAS in notified areas of Delhi, Kolkata and Mumbai.

##### (iii) Internet over Cable Project:

WWIL has launched Internet over Cable services in Bangalore, Mumbai and Kolkata. Internet over Cable provides internet through cable lines, which is faster than the traditional dial-up. It provides high speed internet with better quality and at economical cost.

#### 2. Bandwidth Charges:

WWIL is one of the largest MSOs in the country having a presence in 107 cities. WWIL has created infrastructure which is capable of running upto 225 digital channels and upto 100 analog channels. WWIL has entered into various agreements with broadcasters for channel placement, commanding a premium for different frequencies on which the channels are run. Bandwidth charges are an important source of revenue in both digital and analog services.

#### 3. Advertisement:

WWIL, being one of the largest networks, had initiated city specific channels and local channels such as SITI Delhi, SITI Noida, SITI Mumbai, SITI Kolkata and so on. These channels are local in content. WWIL has also initiated movie channels across cities. Major advertising revenue comes from Scroll Advertising, Commercials, Stills, Movies Promos, Song Promos.

#### 4. Leasing Out Infrastructure:

WWIL has cable infrastructure all over the country. To make optimum utilization of its infrastructure/assets the Company leased out these infrastructural facilities to other Companies like Telcos.

### STANDALONE FINANCIALS

#### A. RESULTS OF OPERATIONS

Non-Consolidated Financial Information for the year ended March 31, 2009 compared to the period ended March 31, 2008.

##### Total Revenue

Total revenue decreased by Rs. 36.9 million or 2% from Rs. 2339.5 million to Rs. 2302.6 million.

### **Sales/Income from Operations**

Revenue from Sales/Income from Operations increased by Rs. 61.5 million or 3% from Rs. 2,222.8 million to Rs. 2,284.3 million.

### **Other Income**

Other income decreased by Rs. 98.4 million or 84% from Rs. 116.7 million to Rs. 18.3 million.

### **Total Expenditure**

Total expenditure decreased by Rs. 62.0 million or 3% from Rs. 2,470.4 million to Rs. 2,408.4 million. It includes Operational Cost, Personnel cost, Administrative expenses and Selling and Distribution expenses. The major component of total expenditure for the year comprises of distribution charges and pay channel subscription charges.

### **Operational Cost**

Operational Cost decreased by Rs. 352.21 million or 18% from Rs. 1,923.5 million to Rs. 1,571.3 million. Major operational cost is due to pay channel subscription charges and distribution charges.

### **Personnel Cost**

Personnel Cost increased by Rs. 90.3 million or 50% from Rs. 180.3 million to Rs. 270.6 million on account of increase in the number of employees.

### **Administrative Expenses**

Administrative Expenses increased by Rs. 190.5 million or 63% from Rs. 305.3 million to Rs. 495.8 million.

### **Selling and Distribution Expenses**

Selling and Distribution Expenses increased by Rs. 9.5 million or 16% from Rs. 61.2 million to Rs. 70.7 million.

### **Operating Profit/(Loss)**

Operating Profit/(Loss) has come down from Rs. (130.9) million to Rs. (105.8) million, which amounts to 4.6% of the sales during the year.

### **Interest and Finance Charges**

Interest and Finance charges has gone up by Rs. 231.4 million or 62% from Rs. 370.8 million to Rs. 602.2 million on account of higher interest and borrowing during the year.

### **Depreciation**

Depreciation has increased by Rs. 5.8 million

from Rs. 292.0 million to Rs. 297.8 million.

### **Profit/(Loss) Before Exceptional Items and Tax**

Profit/(Loss) before exceptional items and tax has gone up to Rs. (1005.7) million from Rs. (793.7) million.

### **Exceptional Items**

Exceptional Items for the year ended March 31, 2009 is Rs. 0.0 million as compared to Rs. 795.7 million during the period ended March 31, 2008.

### **Profit/(Loss) Before Tax**

Profit/(Loss) before tax for the year ended March 31, 2009 has come down to Rs. (1,005.7) million from Rs. (1,589.2) million.

### **Provision for Taxation**

Provision for taxation for the year ended March 31, 2009 is Rs. 3.7 million as compared to Rs. 3.5 million for the period ended March 31, 2008.

### **Profit/(Loss) After Tax**

Profit/(Loss) after tax for the year ended March 31, 2009 has come down to Rs. (1,009.4) million from Rs. (1,592.7) million.

## **B. FINANCIAL POSITION**

Non-Consolidated Financial Position as on March 31, 2009 as compared to March 31, 2008.

### **Sources of Funds**

#### **Share Capital, Reserves and Surplus**

Equity Share Capital is Rs. 217.21 million as on March 31, 2009 at same level as on March 31, 2008. Reserves and Surplus has depleted on account of loss for the year ended March 31, 2009.

#### **Loan Funds**

Total loan funds as on March 31, 2009 stood at Rs. 4,253.8 million, up from Rs. 3,737.9 million as on March 31, 2008.

### **Application of Funds**

#### **Fixed Assets**

During the year the Company's Gross Fixed Assets Block increased by Rs.749.6 million, from Rs. 1969.6 million as on March 31, 2008 to Rs. 2719.2 million as on March 31, 2009. The Net Block increased by Rs. 455.8 million from

Rs. 1,033.4 million as on March 31, 2008 to Rs. 1,489.2 million as on March 31, 2009. Capital Work-in-Progress including Capital Advances is Rs. 64.2 million as on March 31, 2009 as compared to Rs. 383.9 million as on March 31, 2008.

#### **Investments**

Total Investments of the Company were valued at Rs. 112.0 million as on March 31, 2009 as compared to Rs. 111.8 million as on March 31, 2008.

#### **Net Current Assets**

The Net Current Assets has decreased by Rs. 646 million during the year ended March 31, 2008 from Rs. 1,121.5 million on March 31, 2008 to Rs. 475.5 million as on March 31, 2009.

#### **Current Assets**

##### **Inventories**

Inventories of the Company decreased from Rs. 860.3 million as on March 31, 2008 to Rs. 648.3 million as on March 31, 2009.

##### **Sundry Debtors**

Sundry Debtors have increased to Rs. 1323.7 million as on March 31, 2009 from Rs. 1031.67 million as on March 31, 2008.

##### **Cash and Bank Balances**

Cash and Bank Balances lying with the Company, as on March 31, 2009 were Rs. 161.2 million as against Rs. 176.0 million as on March 31, 2008.

##### **Loans and Advances**

Loans and Advances as on March 31, 2009 increased to Rs. 775.0 million from Rs. 417.43 million as on March 31, 2008.

#### **Current Liabilities and Provisions**

##### **Current Liabilities**

Current liabilities stood at Rs. 2,414.6 million as on March 31, 2009 as against Rs. 1,348.55 million as on March 31, 2008.

##### **Provisions**

Provisions stood at Rs. 18.1 million as on March 31, 2009 up from Rs. 15.5 million as on March 31, 2008.

##### **Miscellaneous Expenditure (to the extent not written off or adjusted)**

Miscellaneous Expenditure (to the extent not written off or adjusted) stood at Rs. 30.6 million

as on March 31, 2009 as against Rs. 9.24 million as on March 31, 2008.

## **CONSOLIDATED FINANCIALS**

### **A. RESULTS OF OPERATIONS**

Consolidated Financial Information for the Year Ended March 31, 2009 compared to the Period Ended March 31, 2008.

#### **Total Revenue**

Total revenue increased by Rs. 249.5 million or 9% from Rs. 2,855.1 million to Rs. 3104.6 million.

#### **Sales/Income from Operations**

Revenue from Sales/Income from Operations increased by Rs. 372.5 million or 14% from Rs. 2,710.1 million to Rs. 3082.6 million.

#### **Other Income**

Other income decreased by Rs. 122.9 million or 85% from Rs. 145.0 million to Rs. 22.1 million.

#### **Total Expenditure**

Total expenditure increased by Rs. 164.6 million or 6% from Rs. 2,893.5 million to Rs. 3058.1 million. It includes Operational Cost, Personnel cost, Administrative expenses and Selling and Distribution expenses. The major component of total expenditure for the year comprises of distribution charges and pay channel subscription charges.

#### **Operational Cost**

Operational Cost decreased by Rs. 150.6 million or 7% from Rs. 2,259.5 million to Rs. 2,108.9 million. Major operational cost is due to pay channel subscription charges and distribution charges.

#### **Personnel Cost**

Personnel Cost increased by Rs. 98.8 million or 49% from Rs. 202.8 million to Rs. 301.6 million on account of increase in the number of employees.

#### **Administrative Expenses**

Administrative Expenses increased by Rs. 198.0 million or 54% from Rs. 364.7 million to Rs. 562.7 million.

#### **Selling and Distribution Expenses**

Selling and Distribution Expenses increased by Rs. 17.4 million or 27% from Rs. 67.5 million to Rs. 84.9 million. Advertisement & publicity

expenses on account of new marketing initiatives including promotion of new packages have led to this rise.

#### **Operating Profit/(Loss)**

Operating Profit/(Loss) has gone up to Rs. 24.50 million from Rs. (183.50) million, which amounts to 1% of the sales during the year.

#### **Interest and Finance Charges**

Interest and Finance charges has gone up by Rs. 230.7 million or 63% from Rs. 371.9 million to Rs. 602.6 million on account of higher interest and borrowing during the year.

#### **Depreciation**

Depreciation has increased by Rs. 12.1 million from Rs. 309.5 to Rs. 321.6 million.

#### **Profit/(Loss) Before Exceptional Items and Tax**

Profit/(Loss) before exceptional items and tax has gone up to Rs. (877.7) million from Rs. (719.8) million.

#### **Exceptional Items**

Exceptional Item for the year ended March 31, 2009 is Rs. 23.3 million as compared to Rs. 795.7 million during the period ended March 31, 2008.

#### **Profit/(Loss) Before Tax**

Profit/(Loss) before tax for the year ended March 31, 2009 has come down to Rs. (901.0) million from Rs. (1,515.5) million.

#### **Provision for Taxation**

Provision for taxation for the year ended March 31, 2009 is Rs. 40.6 million as compared to Rs. 13.5 million for the period ended March 31, 2008.

#### **Profit/(Loss) After Tax**

Profit/(Loss) after tax for the year ended March 31, 2009 has come down to Rs. (941.6) million from Rs. (1,529.0) million.

### **B. FINANCIAL POSITION**

Consolidated financial position as on March 31, 2009 as compared to March 31, 2008.

#### **Sources of Funds**

##### **Share Capital, Reserves and Surplus**

Equity Share Capital is Rs. 217.21 million as on March 31, 2009 at same level as on March 31,

2008. Reserves and Surplus as on March 31, 2009 is Rs. (2,190.7) million as compared to Rs. (1229.0) million as on March 31, 2008.

#### **Loan Funds**

Total loan funds as on March 31, 2009 stood at Rs. 4,256.9 million, up from Rs. 3,737.9 million as on March 31, 2008.

#### **Application of Funds**

##### **Fixed Assets**

During the year the Company's Gross Fixed Assets Block increased by Rs. 838.6 million, from Rs. 2,340.9 million as on March 31, 2008 to Rs. 3,179.5 million as on March 31, 2009. The Net Block increased by Rs. 510.2 million from Rs. 1,318.4 million as on March 31, 2008 to Rs. 1,828.6 million as on March 31, 2009. Capital Work-in-Progress including Capital Advances is Rs. 65.1 million as on March 31, 2009 as against Rs. 388.1 million as on March 31, 2008.

##### **Net Current Assets**

The Net Current Assets has decreased by Rs. 621.1 million during the year ended March 31, 2009 from Rs. 1,084.3 million on March 31, 2008 to Rs. 463.2 million as on March 31, 2009.

##### **Current Assets**

###### **Inventories**

Inventories of the Company decreased from Rs. 900.0 million as on March 31, 2008 to Rs. 688.1 million as on March 31, 2009.

###### **Sundry Debtors**

Sundry Debtors have increased from Rs. 1039.29 million as on March 31, 2008 to Rs. 1,554.1 million as on March 31, 2009.

###### **Cash and Bank Balances**

Cash and Bank Balances lying with the Company, as on March 31, 2009 were Rs. 204.7 million as against Rs. 205.1 million as on March 31, 2008.

###### **Loans and Advances**

Loans and Advances as on March 31, 2009 increased to Rs. 825.0 million from Rs. 463.8 million as on March 31, 2008.

##### **Current Liabilities and Provisions**

###### **Current Liabilities**

Current liabilities stood at Rs. 2,754.7 million as on March 31, 2009 as against Rs. 1,483.2 million as on March 31, 2008.

### Provisions

Provisions stood at Rs. 53.9 million as on March 31, 2009 as against Rs. 40.7 million as on March 31, 2008.

### Miscellaneous Expenditure (to the extent not written off or adjusted)

Miscellaneous Expenditure (to the extent not written off or adjusted) increased by Rs. 21.4 million from Rs. 9.3 million as on March 31, 2008 to Rs. 30.6 million as on March 31, 2009.

## SEGMENTAL PERFORMANCE

The Company is a Multi System Operator providing Cable Television Network Services, Internet Services and allied services which is considered as the only reportable segment. The Company operates only in India.

## OTHER COMPANY INFORMATION

### 1. Internal Control Systems:

The Company has in place adequate internal control systems, commensurate with its size and nature of operations so as to ensure smoothness of operations and compliance with applicable legislation. The Company has a well-defined system of management reporting and periodic review of business to ensure timely decision-making. It has an internal audit team with professionally qualified financial personnel, which conducts periodic audits to maintain a proper system of checks and control.

The management information system (MIS) forms an integral part of the Company's control mechanism. All operating parameters are monitored and controlled. Any material change in the business outlook is reported to the Board. Material deviations from the annual planning and budgeting, if any, are reported to the Board on quarterly basis. An effective budgetary control on all capital expenditure ensures that actual spending is in line with the capital budget.

### 2. Human Resources:

At WWIL, Human Capital is a crucial asset in Cable Industry and an important business driver. The Company employs a number of well-qualified and skilled employees. The Company's senior management, including the heads of each department, is professionally qualified. The Company's staff includes engineers, marketing specialists, and treasury officers, costing consultants, procurement officers and accountants.

## RISK FACTORS

The Company operates in a highly regulated industry that is subject to changes.

### 1. Some of the Promoter Group companies and associates are engaged in business activities which compete with its business.

Some of the promoter group companies and associates of the Company, such as Dish T.V. India Limited, are engaged in business activities which compete with its business of DTH and IPTV that could be a potential source of conflict of interest. The Company has not faced any conflict in the past, yet no assurance can be given that no such conflict will arise in the future which would adversely affect its financial conditions and prospects.

### 2. The Company's business is heavily regulated and changes in regulations or failure to obtain required approvals could adversely affect its ability to operate.

WWIL operates in a highly regulated industry structure. Any changes in the rules and regulations or requirements by the Government of India may require the Company to incur significant expenditure and/or significantly increase its potential liabilities which may impact its financial position adversely. WWIL may incur loss of revenue and market share if there are any changes in the policies of the Government of India.

### 3. Significant Competition from new entrants and existing players.

Significant additional competition in the C & S industry may result in reduced ARPU and thereby negatively affect the Company's revenues and profitability. Further, the introduction of foreign participation in the C & S sector will result in the entry of multinational C & S companies into the Indian market. Some of the competitors are larger than WWIL and have greater financial resources. They may also benefit from greater economies of scale and operating efficiencies. Maintaining or increasing the market share will depend on effective marketing initiatives including advertising and the Company's ability to improve processes. WWIL cannot assure you that it would be able to compete effectively with other players. WWIL's failure to compete effectively could have a material adverse effect on its business and profitability.

### 4. The success of the Company's business is substantially dependent on its management and technical team, its inability to retain them could adversely affect the Company's business.

WWIL has a strong management and technical team to oversee the operations and growth of its business. The Company's ability to sustain its growth, largely depends, part, on its ability to attract, train, motivate

and retain highly skilled personnel. Its ability to hire and retain additional qualified personnel will impact its ability to continue to expand business. There is a significant demand for personnel who possess the skills required in cable business. An increase in WWIL's rate of attrition for its experienced employees, would adversely affect the business. The Company cannot assure that it would be successful in recruiting and retaining a sufficient number or personnel with the requisite skills to replace those personnel who leave. This may adversely affect its business and consequently, the operational results. Further the Company cannot assure that it would be able to re-deploy and re-train its personnel to keep pace with continuing changes in its business.

**5. Improved Technology.**

The C & S industry has over the years seen technological improvements. The Company is moving from a simple analog wire to the digital mode for which it needs to adapt to the technological requirements. The Company may lose market share due to outdated technology. WWIL's competitors may be able to understand the application requirements better and react faster to customer requirements in the future. WWIL may also face competition arising from newer technology/automation leading to newer and more sophisticated products. This may lead to erosion of the Company's market share which would adversely impact its results of operations. The Company cannot assure that it will be able to keep up with the technological updates.

**6. Operations in a highly capital intensive sector.**

The Company operates in a capital-intensive industry. The cost of updating the network and laying new cables is capital intensive. The returns on its ventures would start, only at a later date. Return on capital investment depends upon, among other things, competition, demand, government policies, rate of interest and general economic conditions.

**7. Major business operations in the un-organized sector.**

The MSO business has a large number of independent operators and from whom we directly face competition. There is no readily available external information (whether from trade or industry associations, government bodies or other organizations) to validate market-related analysis and estimates, so it relies on internally developed estimates, particularly in relation to subscriber base and revenues. While it believes its internal estimates to be reasonable, such estimates have

not been verified by any independent sources and it cannot assure you of its accuracy. In the event, the Company's estimates differ materially from actual performance; it may adversely impact its results of operations.

**8. Business plans may need substantial capital and additional financing to meet the Company's requirements.**

The Company's proposed business plans are being partly proposed to be funded through the proceeds of this Issue. However the actual amount and timing of future capital requirements may differ from estimates including but not limited to unforeseen delays or cost overruns, unanticipated expenses, market developments or new opportunities. It might not be able to generate internal cash in the company as estimated and may have to resort to alternate sources of funds. If it decides to raise additional funds through the debt route, the interest obligations may increase and WWIL may be subject to additional covenants, which could limit its ability to access cash flows from operations.

**9. The business largely depends on Broadcasters and LCOs.**

The Company depends on the broadcasters for the signal input and on the LCOs to reach up to the end subscribers. Its business operations form a vital link between the broadcaster and LCOs. There can be no assurance that it will have unrestricted access to the signals or with respect to their quality, each of which could have an adverse impact on its ability to offer MSO services and could adversely affect its results of operations.

**10. The Company may undertake strategic acquisitions or investments, which may prove to be difficult to integrate and manage or may not be successful.**

In the future, WWIL may consider making strategic acquisitions of other LCOs, MSOs or other businesses, whose resources, capabilities and strategies are complementary to and likely to enhance its business operations. The inability to identify suitable acquisitions targets or investments or the inability to complete or integrate such transactions may adversely affect the company's competitiveness or its growth prospects. There can be no assurance that it shall be able to achieve the strategic purpose of such an acquisition or operational integration or the targeted or any acceptable return on such an investment.



## AUDITORS' REPORT

To

The Members of **Wire and Wireless (India) Limited**

1. We have audited the attached Balance Sheet of Wire and Wireless (India) Limited ('the Company') as at March 31, 2009 and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (as amended) issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Without qualifying our opinion, we draw attention to Note 1(b) of Schedule 21 to the accompanying financial statements. In view of the matters stated therein relating to the net worth position of the Company and the mitigating factors stated in that note, the accompanying financial statements have been prepared under the going concern assumption.
5. Further to our comments in the Annexure referred to above, we report that:
  - i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - ii. In our opinion, proper books of account as required by law have been kept by the Company

so far as appears from our examination of those books;

- iii. The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
- iv. In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
- v. On the basis of the written representations received from the Directors, as on March 31, 2009, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2009 from being appointed as a director in terms of Clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
- vi. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
  - a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2009;
  - b) in the case of the Profit and Loss Account, of the loss for the year ended on that date; and
  - c) in the case of Cash Flow Statement, of the cash flows for year ended on that date.

**For S. R. BATLIBOI & ASSOCIATES**

Chartered Accountants

**per Govind Ahuja**

Partner

Membership No.: 48966

Mumbai

Date: June 17, 2009

**Annexure referred to in paragraph [3] of our report of even date**

Re: Wire and Wireless (India) Limited

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets, *except for some of the network equipments taken over in the Scheme of Arrangement where the records are maintained for group of similar assets and not for each individual asset. The fixed assets register does not contain item-wise depreciation and accumulated depreciation.*
- (b) All fixed assets have not been physically verified by the management during the year but there is a regular programme of verification. As informed, no material discrepancies were noticed on such verification. *In our opinion, the frequency of the physical verification of the network equipment needs to be improved further having regard to the size of the Company and the nature of its assets.*
- (c) There was no substantial disposal of fixed assets during the year.
- (ii) (a) The management has conducted physical verification of inventory at year end.
- (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
- (iii) (a) As informed, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956 ('the Act'). Accordingly, the provisions of Clause 4 (iii) (b), (c) and (d) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (b) The Company had taken loan from one company covered in the register maintained under Section 301 of the Act. The maximum amount involved during the year was Rs. 1,424.6 million and the year-end balance of loans taken from such party was Rs. 173.7 million.
- (c) In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions for such loans are not prima facie prejudicial to the interest of the Company.
- (d) In respect of loans taken, repayment of the principal amount is as stipulated and payment of interest has been regular.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets, sale of goods and advertising and carriage services. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas. *However, the internal control system for the sale of services for analogue subscription is inadequate since the Company does not have written agreements with customers in some cases which is an industry issue as per management. In our opinion this is a continuing failure to correct major weakness in the internal control system.*
- (v) (a) According to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in Section 301 of the Act that need to be entered into the register maintained under Section 301 have been so entered.
- (b) According to the information and explanations provided by the management, there are no contracts or arrangements referred to in Section 301 of the Act that need to be entered into the register maintained under Section 301 of the Act.
- (vi) The Company has not accepted any deposits from the public.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) To the best of our knowledge and as explained, the Central Government has not prescribed maintenance of cost records under Clause (d) of sub-section (1) of Section 209 of the Act for the products of the Company.
- (ix) (a) Undisputed statutory dues including provident fund, investor education and protection fund, or employees' state insurance, income tax, sales tax, wealth tax, service tax, customs duty, cess have **not generally been regularly deposited with the appropriate authorities though the delays in deposit have not been serious. The provisions of excise duty are not applicable to the Company.**
- (b) According to the information and explanations given to us, undisputed dues in respect of provident fund, investor education and protection fund, employees' state insurance, income tax, wealth tax, service tax, sales tax, customs duty, cess and other statutory dues which were outstanding, at the year end for a period of more than six months from the date they became payable are as follows:

Name of the statute	Nature of the dues	Amount (Rs.)	Period to which the amount relates	Due Date	Date of Payment
Andhra Pradesh State Entertainment Tax, 1939	Entertainment Tax	8,052,530	For the months from November 2006 to September 2008	25th of each month subsequent to month of collection	Rs. 6,425,925 paid on June 17, 2009. Balance Rs. 1,626,605 not paid

- (c) According to the records of the Company, the dues outstanding of income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty and cess on account of any dispute, are as follows:

Name of the statute	Nature of dues	Amount *	Period to which the amount relates	Forum where dispute is pending
The Income Tax Act, 1961	Income Tax and Penalty	1,069.8 million	Assessment Year 1997-98 to Assessment Year 2000-01**	Mumbai High Court
		Rs. 4,945.5 million	Assessment Year 2001-02 to Assessment Year 2004-05	Income Tax Appellate Tribunal at Mumbai
The Finance Act, 1994	Service tax demand	Rs. 28.52 million	Financial year 2000-01 to 2002-03**	Mumbai High Court
		Rs. 0.04 million	Financial year 2001-02 to 2003-04	Asstt. Commissioner of Service Tax, New Delhi

\*Refer Note 10 of Schedule 21 to the financial statements.

\*\*The appeals have been decided in favour of the Company at the ITAT /CEGAT.

- (x) The Company has been registered for a period of less than five years and hence we are not required to comment on whether or not the accumulated losses at the end of the financial year is fifty per cent or more of its net worth and whether it has incurred cash losses in such financial year and in the immediately preceding financial year.
- (xi) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institution and banks, including interest payments as per rescheduled dates in a few cases. The Company has not issued any debentures.
- (xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, the provisions of Clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of Clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xvi) Based on information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.
- (xvii) According to the information and explanations given to us and on overall examination of the Balance Sheet of the Company, *we report that the Company has used funds raised on short-term basis for long-term investment. The Company has used funds raised on short-term basis primarily from group companies for long-term investment in fixed assets of Rs. 937.3 million and funding its losses of Rs. 2,304.8 million.*
- (xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under Section 301 of the Act.
- (xix) The Company did not have any outstanding debentures during the year.
- (xx) The Company has not raised money by public issues during the year.
- (xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

**For S. R. BATLIBOI & ASSOCIATES**  
Chartered Accountants

**per Govind Ahuja**  
Partner  
Membership No.: 48966

Mumbai  
Date: June 17, 2009

## BALANCE SHEET AS AT MARCH 31, 2009

(Rs. million)  
2008

	Schedule	2009	2008
<b>SOURCES OF FUNDS</b>			
<b>Shareholders' Funds</b>			
Share Capital	1	217.24	217.24
Stock Options Outstanding	2	5.39	—
		<u>222.63</u>	<u>217.24</u>
<b>Loan Funds</b>			
Secured Loans	3	1,367.28	2,622.69
Unsecured Loans	4	2,886.50	1,115.24
		<u>4,253.78</u>	<u>3,737.93</u>
<b>TOTAL</b>		<u>4,476.41</u>	<u>3,955.17</u>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets</b>			
Gross Block	5	2,719.23	1,969.59
Less: Accumulated Depreciation/Amortisation		1,230.03	936.18
Net Block		1,489.20	1,033.41
Capital Work-in-Progress including Capital Advances		64.22	383.86
		<u>1,553.42</u>	<u>1,417.27</u>
<b>Investments</b>			
	6	112.00	111.79
<b>Current Assets, Loans and Advances</b>			
Inventories	7	648.28	860.34
Sundry Debtors	8	1,323.72	1,031.67
Cash and Bank Balances	9	161.16	176.04
Loans and Advances	10	775.04	416.78
		<u>2,908.20</u>	<u>2,484.83</u>
<b>Less: Current Liabilities and Provisions</b>			
Current Liabilities	11	2,414.56	1,347.90
Provisions	12	18.10	15.45
		<u>2,432.66</u>	<u>1,363.35</u>
<b>Net Current Assets</b>			
		<u>475.54</u>	<u>1,121.48</u>
<b>Miscellaneous Expenditure</b>			
(to the extent not written off or adjusted)	13	30.61	9.24
<b>Profit and Loss Account</b>			
		<u>2,304.84</u>	<u>1,295.39</u>
<b>TOTAL</b>		<u>4,476.41</u>	<u>3,955.17</u>
Significant Accounting Policies and Notes to Accounts	21		

The schedules referred to above and notes to accounts form an integral part of the Balance Sheet

As per our attached report of even date

For **S. R. Batliboi & Associates**  
Chartered Accountants

For and on behalf of the Board of Directors of  
**Wire and Wireless (India) Limited**

**per Govind Ahuja**  
Partner  
Membership No. : 48966  
Place : Mumbai  
Date : June 17, 2009

**Amit Goenka**  
Whole-time Director

**Arun Kapoor**  
Director

**Sudhir Agarwal**  
Chief Executive Officer

**R. K. Agarwal**  
Chief Financial Officer

**Samir Raval**  
Company Secretary

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2009

(Rs. million)  
2008

	Schedule	2009	2008
<b>INCOME</b>			
Sales/Income from Operations		2,284.32	2,222.77
Other Income	14	18.29	116.71
		<b>2,302.61</b>	<b>2,339.48</b>
<b>EXPENDITURE</b>			
Operational Cost	15	1,571.29	1,923.50
Personnel Cost	16	270.60	180.35
Administrative Expenses	17	495.79	305.29
Selling and Distribution Expenses	18	70.69	61.23
		<b>2,408.37</b>	<b>2,470.37</b>
		<b>(105.74)</b>	<b>(130.89)</b>
<b>OPERATING PROFIT/(LOSS)</b>			
Interest and Finance Charges	19	602.19	370.77
Depreciation		297.76	292.03
		<b>899.95</b>	<b>662.80</b>
<b>Profit/(Loss) Before Exceptional Items and Tax</b>		<b>(1,005.69)</b>	<b>(793.69)</b>
<b>Exceptional Items</b>	20	-	795.71
<b>Profit/(Loss) Before Tax</b>		<b>(1,005.69)</b>	<b>(1,589.40)</b>
Less: Provision for Tax			
Current Tax		0.05	-
Deferred Tax		-	-
Fringe Benefit Tax		3.71	3.51
<b>Profit/(Loss) After Tax</b>		<b>(1,009.45)</b>	<b>(1,592.91)</b>
Less: Prior Period Adjustments (Net) (Refer Note 17.7 of Schedule 21)		-	(13.33)
<b>Net Profit/(Loss) for the year</b>		<b>(1,009.45)</b>	<b>(1,579.58)</b>
Add: Balance Brought Forward from Previous year		<b>(1,295.39)</b>	284.19
<b>Balance Carried to Balance Sheet</b>		<b>(2,304.84)</b>	<b>(1,295.39)</b>
<b>Earnings/(Loss) Per Share: (Rs.)</b>			
Basic/Diluted (Nominal value of shares Re. 1 (Previous Year: Re. 1)) (Refer Note 6 of Schedule 21)		<b>(4.65)</b>	(7.27)
<b>Significant Accounting Policies and Notes to Accounts</b>	21		

The schedules referred to above and notes to accounts form an integral part of the Profit and Loss Account.

As per our attached report of even date

For **S. R. Batliboi & Associates**  
Chartered Accountants

For and on behalf of the Board of Directors of  
**Wire and Wireless (India) Limited**

**per Govind Ahuja**  
Partner  
Membership No. : 48966  
Place : Mumbai  
Date : June 17, 2009

**Amit Goenka**  
Whole-time Director

**Arun Kapoor**  
Director

**Sudhir Agarwal**  
Chief Executive Officer

**R. K. Agarwal**  
Chief Financial Officer

**Samir Raval**  
Company Secretary

## SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2009

( Rs. million)  
2008

### SCHEDULE 1 : SHARE CAPITAL

#### Authorised

740,000,000 (Previous Year: 290,000,000) Equity Shares of Re. 1 each

10,000,000 (Previous Year: 10,000,000) Preference Shares of Re. 1 each

#### TOTAL

**2009**

**740.00**

**10.00**

**750.00**

290.00

10.00

300.00

#### Issued, Subscribed and Paid-up

217,217,753 (Previous Year: 217,217,753) Equity Shares of Re. 1 each fully paid up

23,436 (Previous Year: 23,436) 7.25% Non Cumulative Redeemable Preference shares of Re. 1 fully paid up

Notes:

1) 216,717,753 (Previous Year: 216,717,753) Equity Shares of Re. 1 each Fully Paid up are allotted for consideration other than cash pursuant to the scheme of arrangement.

2) 23,436 (Previous Year: 23,436) 7.25% Non Cumulative Redeemable Preference Shares of Re. 1 each Fully Paid up allotted on December 29, 2006 and redeemable at par on December 29, 2011 for consideration other than cash pursuant to the scheme of arrangement.

(For stock options outstanding details Refer Note no.11 of Schedule 21)

#### TOTAL

**217.22**

**0.02**

**217.24**

217.22

0.02

217.24

### SCHEDULE 2 :

Stock Options Outstanding

#### TOTAL

**5.39**

**5.39**

-

-

### SCHEDULE 3 : SECURED LOANS

#### Loans and Advances from Bank

- Working Capital Finance

Term Loans

Interest Accrued and Due

Finance Lease Obligation

Hire Purchase

(Refer Note 8 (iii) of Schedule 21)

#### TOTAL

**352.02**

**1,000.15**

**9.58**

**3.52**

**2.01**

**1,367.28**

326.60

2,275.00

13.21

3.94

3.94

2,622.69

### SCHEDULE 4 : UNSECURED LOANS

#### Short Term Loans and Advances:

From Others

#### Other Loans and Advances:

Interest Accrued and Due

#### TOTAL

**2,730.00**

**156.50**

**2,886.50**

1,115.24

-

1,115.24

## SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2009

### SCHEDULE 5 : FIXED ASSETS (at Cost)

(Rs. million)

Description	Gross Block			Depreciation/Amortisation				Net Block		
	At April 01, 2008	Additions	Deductions	At March 31, 2009	At April 01, 2008	For the Year	Deductions	At March 31, 2009	At March 31, 2009	At March 31, 2008
<b>(A) TANGIBLE ASSETS</b>										
Building	31.03	–	–	31.03	5.77	0.51	–	6.28	24.75	25.26
Leasehold Improvements	33.71	3.86	–	37.57	8.18	3.44	–	11.62	25.95	25.53
Plant & Machinery	1,494.57	566.74	–	2,061.31	773.82	226.58	–	1,000.40	1,060.91	720.75
Furniture & Fixtures	14.54	3.48	–	18.02	6.26	1.90	–	8.16	9.86	8.28
Studio Equipment	30.81	0.31	–	31.12	21.57	2.13	–	23.70	7.42	9.24
Computers	63.09	13.71	–	76.80	27.59	8.11	–	35.70	41.10	35.50
Set Top Boxes	141.24	147.75	–	288.99	26.73	36.40	–	63.13	225.86	114.51
Office Equipment	33.94	4.58	0.05	38.47	9.40	1.70	0.02	11.08	27.39	24.54
Vehicles	19.36	3.09	5.85	16.60	5.33	1.87	1.58	5.62	10.98	14.03
<b>TOTAL - (A)</b>	<b>1,862.29</b>	<b>743.52</b>	<b>5.90</b>	<b>2,599.91</b>	<b>884.65</b>	<b>282.64</b>	<b>1.60</b>	<b>1,165.69</b>	<b>1,434.22</b>	<b>977.64</b>
<b>(B) INTANGIBLE ASSETS</b>										
Goodwill	2.27	9.04	–	11.31	0.45	2.12	–	2.57	8.74	1.82
Cable Rights	50.35	–	–	50.35	37.63	4.28	–	41.91	8.44	12.72
Softwares	54.68	5.29	2.31	57.66	13.45	8.72	2.31	19.86	37.80	41.23
<b>TOTAL - (B)</b>	<b>107.30</b>	<b>14.33</b>	<b>2.31</b>	<b>119.32</b>	<b>51.53</b>	<b>15.12</b>	<b>2.31</b>	<b>64.34</b>	<b>54.98</b>	<b>55.77</b>
<b>TOTAL (A+B)</b>	<b>1,969.59</b>	<b>757.85</b>	<b>8.21</b>	<b>2,719.23</b>	<b>936.18</b>	<b>297.76</b>	<b>3.91</b>	<b>1,230.03</b>	<b>1,489.20</b>	<b>1,033.41</b>
Previous Year 31.03.2008	1,813.09	220.15	63.65	1,969.59	682.04	292.03	37.90	936.18	1,033.41	–

Note: Vehicles includes vehicles taken on finance lease:

Gross Block Value of Rs. 4.42 million (Previous Year : Rs. 4.30 million)

Net Block Value Rs. 3.95 million (Previous Year : Rs. 4.08 million)

(Rs. million)  
2008

### SCHEDULE 6 : INVESTMENTS

#### - Long Term - At Cost

#### Unquoted - Trade

#### Equity Shares

480 Equity Shares of Rs. 100/- each fully paid up of Master Ads Pvt. Ltd.

Less : Provision for diminution in value of Investments

9,500 Equity Shares of Rs. 10/- each fully paid up of Dakshin Communication Pvt. Ltd.

Less : Provision for diminution in value of Investments

3,000 Equity Shares of Rs. 10/- each fully paid up of Centre Channel Pvt. Ltd.

Less : Provision for diminution in value of Investments

#### 6% Non-Cumulative Redeemable

#### Preference Shares of Rs.100/- each fully paid up of

14,080 Haryana Communication Network Pvt. Ltd.

Less : Provision for diminution in value of Investments

5,430 Bangalore Communication Network Pvt. Ltd. #

1,610 Banjara Telelinks Pvt. Ltd. #

579 Bargachh Telelinks Pvt. Ltd. #

8,420 Chanakya Communications Network Pvt. Ltd. #

9,680 Chandigarh Network Systems Pvt. Ltd. #

1,230 Chirag Telelinks Pvt. Ltd. #

5,489 Condoor Communication Pvt. Ltd. #

41,960 Dakhsin Communications Pvt. Ltd. #

2009

0.05

0.05

1.77

1.77

0.23

0.23

7.04

7.04

–

–

–

–

–

–

–

–

0.05

0.05

1.77

1.77

0.23

0.23

7.04

7.04

–

–

–

–

–

–

–

–

## SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2009

	2009	( Rs. million) 2008
<b>SCHEDULE 6 : INVESTMENTS (Contd.)</b>		
8,580 Faridabad Entertainment Pvt. Ltd. #	-	-
6,270 Garden City Communication Pvt. Ltd. #	-	-
14,140 Him Mohini Communications Pvt. Ltd. #	-	-
3,659 North Bombay Cable Network Pvt. Ltd. #	-	-
12,510 North Delhi Cable Network Pvt. Ltd. #	-	-
8,118 Purvalaya Communications Pvt. Ltd. #	-	-
15,270 Purvi Communications Pvt. Ltd. #	-	-
9,820 Rajdhani Communication Network Pvt. Ltd. #	-	-
250 Satellite Communication Pvt. Ltd. #	-	-
5,730 Shri Sai Network Pvt. Ltd. #	-	-
3,290 Siti Communication Pvt. Ltd. #	-	-
1,290 Tirupathy Communication Network Pvt. Ltd. #	-	-
2,050 Trans Yamuna Communication Network Pvt. Ltd. #	-	-
3,850 Vanasthali Communication Network Pvt. Ltd. #	-	-
2,530 West Delhi Cable Network Pvt. Ltd. #	-	-
1,100 Zem Communication Pvt. Ltd. #	-	-
26,020 Ahmedabad Network System Pvt. Ltd. #	-	-
7,570 Amritsar Communication Network Pvt. Ltd. #	-	-
5,248 Delhi Prime Communication Network Pvt. Ltd. #	-	-
2,420 Divine Cable Visions Pvt. Ltd. #	-	-
4,600 Divya Communications Pvt. Ltd. #	-	-
5,699 Dwarka Telelinks Pvt. Ltd. #	-	-
1,989 East Delhi Communication Network Pvt. Ltd. #	-	-
4,469 East Ludhiana Cable Network Pvt. Ltd. #	-	-
10,280 East Patel Communication Network Pvt. Ltd. #	-	-
4,760 Jabalpur Cable Network Pvt. Ltd. #	-	-
2,990 Jalandhar Multimedia Pvt. Ltd. #	-	-
6,820 Jammu Communications Network Pvt. Ltd. #	-	-
12,930 Karnal Communications Pvt. Ltd. #	-	-
14,220 Mani nagar Network Pvt. Ltd. #	-	-
590 Nizamabad Communication Pvt. Ltd. #	-	-
6,580 Noida Network Systems Pvt. Ltd. #	-	-
10,898 Panchsheel Communication Network Pvt. Ltd. #	-	-
8,880 Panipat Communications Pvt. Ltd. #	-	-
4,180 Pink City Communication Network Pvt. Ltd. #	-	-
23,010 Sabarmati Network Pvt. Ltd. #	-	-
15,440 Space Channel Communication Pvt. Ltd. #	-	-
7,070 Vasant Kunj Cable Network Pvt. Ltd. #	-	-
4,390 Vision Network Pvt. Ltd. #	-	-
<b>In Subsidiaries - Wholly owned</b>		
10,000 Equity Shares of Rs. 10/- each fully paid up of Siticable Broadband South Ltd.	<b>0.10</b>	0.10
50,000 Equity Shares of Rs. 10/- each fully paid up of Central Bombay Cable Network Ltd.	<b>0.50</b>	0.50
	<b>0.60</b>	<b>0.60</b>
<b>In Subsidiaries - Others</b>		
6,831,000 Equity Shares of Rs. 10/- each fully paid up of Indian Cable Net Company Ltd.	<b>111.14</b>	111.14
25,500 Equity Shares of Rs. 10/- each fully paid up of Wire and (PY 5100) Wireless Tisai Satellite Ltd.	<b>0.26</b>	0.05
<b>TOTAL</b>	<b>112.00</b>	<b>111.79</b>

**# Note :** These investments have been written off against provision for diminution in value of investments



## SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2009

(Rs. million)  
2009

### SCHEDULE 7 : INVENTORIES (at lower of cost or net realisable value)

Stock-in-trade	613.03	798.89
Store and Spares	35.25	61.45
<b>TOTAL</b>	<b>648.28</b>	<b>860.34</b>

### SCHEDULE 8 : SUNDRY DEBTORS

More than Six Months		
– Unsecured Considered Good	618.64	315.33
– Unsecured Considered Doubtful	1,034.45	628.57
	<b>1,653.08</b>	<b>943.90</b>
Less: Provision for Doubtful Debts	1,034.45	628.57
	<b>618.64</b>	<b>315.33</b>
Others		
– Unsecured Considered Good	705.08	716.34
<b>TOTAL</b>	<b>1,323.72</b>	<b>1,031.67</b>

### SCHEDULE 9 : CASH AND BANK BALANCES

Cash on hand	3.24	3.23
Balance with Scheduled Banks		
– On Current Accounts	69.83	63.97
– On Deposit Accounts (for facilities provided by banks)	6.46	10.99
In Margin Money	33.54	73.69
Cheques and Drafts On Hand/Transit	48.09	24.16
<b>TOTAL</b>	<b>161.16</b>	<b>176.04</b>

### SCHEDULE 10 : LOANS AND ADVANCES

Unsecured, Considered Good		
Advances and Loan to Subsidiaries	37.59	25.09
Advances Recoverable in cash or in kind or for value to be received	302.86	225.64
Inter Corporate Deposits	0.45	7.76
Deposit - Others	343.29	85.15
Advance Tax	90.85	73.14
<b>Unsecured, Considered Doubtful</b>		
Advances to Distribution Companies	738.38	738.38
Deposit - Others	2.81	2.81
Other Advances	70.80	36.47
	<b>1,587.03</b>	<b>1,194.44</b>
Less: Provision for Advances to Distribution Companies	738.38	738.38
Provision for Deposits - Others	2.81	2.81
Provision for Other Advances	70.80	36.47
(Refer Note 15 (i) of Schedule 21)		
<b>TOTAL</b>	<b>775.04</b>	<b>416.78</b>

## SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2009

(Rs. million)

### SCHEDULE 11 : CURRENT LIABILITIES

Sundry Creditors :

- For Programs and Goods
- For Expenses
- For Other Liabilities

Trade Advances/Deposits received

Bank Overdraft

Interest Accrued but not Due

**TOTAL**

**2009**

2008

**520.20**

300.92

**408.96**

579.38

**668.70**

341.66

**111.61**

63.87

**692.86**

-

**12.23**

62.07

**2,414.56**

**1,347.90**

### SCHEDULE 12 : PROVISIONS

Provision for Fringe Benefit Tax (Net of Advance Tax)

Provision for Employee Benefits

Provision for Wealth Tax

**TOTAL**

-

1.26

**18.05**

14.19

**0.05**

**18.10**

**15.45**

### SCHEDULE 13 : MISCELLANEOUS EXPENDITURE

(to the extent not written off or adjusted)

Unamortised Finance Cost

Share Issue Expenses

Preliminary Expenses

**TOTAL**

**18.49**

7.92

**11.24**

-

**0.88**

1.32

**30.61**

**9.24**

## SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2009

(Rs. million)

2008

**SCHEDULE 14 : OTHER INCOME**

Interest Income		
Bank deposits (T.D.S. Rs. 0.19 million Previous Year Rs. 0.15 million)	1.95	4.52
Others (T.D.S. Rs. 0.87 million (Previous Year Rs. 0.83 million))	4.55	41.22
Miscellaneous Income (net of foreign exchange loss/gain ) (Refer Note 17.5 of Schedule 21)	11.79	70.97
<b>TOTAL</b>	<b>18.29</b>	<b>116.71</b>

**SCHEDULE 15 : OPERATIONAL COST**

Program Production Expenses	29.93	31.15
Distribution Charges	411.15	834.16
Pay Channel Subscription	935.57	669.23
Other Operational Cost	86.12	103.70
Repairs and Maintenance - Network	13.95	7.34
Right of Way Charges	14.61	19.48
Rent	46.18	33.97
Cost of Goods Sold	33.78	224.47
<b>TOTAL</b>	<b>1,571.29</b>	<b>1,923.50</b>

**SCHEDULE 16 : PERSONNEL COST**

Salaries, Allowances and Bonus	246.01	156.64
Contribution to Provident and other Funds	17.26	10.84
Staff Welfare Expenses	7.33	12.87
<b>TOTAL</b>	<b>270.60</b>	<b>180.35</b>

**SCHEDULE 17 : ADMINISTRATIVE EXPENSES**

Rent	23.43	19.05
Rates and Taxes	3.05	3.07
Brokerage	0.60	0.69
Communication Expenses	13.24	11.07
Repairs and Maintenance		
– Building	0.34	2.65
– Others	8.97	7.10
Electricity Expenses and Water Charges	18.48	13.63
Legal, Professional and Consultancy Charges (Refer Note 17.3 of Schedule 21)	47.74	41.33
Printing and Stationery	9.47	7.33
Service Charges	41.26	31.29
Travelling and Conveyance Expenses	26.88	20.41
Vehicle Expenses	14.83	12.25
Miscellaneous Expenses (Refer Note 17.6 of Schedule 21)	36.51	20.19
Provision for Doubtful Debts and Advances	249.74	112.48
Loss on Sale/Discard/Write off of Assets (net)	1.25	2.75
<b>TOTAL</b>	<b>495.79</b>	<b>305.29</b>

## SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2009

( Rs. million)

	2009	2008
<b>SCHEDULE 18 : SELLING AND DISTRIBUTION EXPENSES</b>		
Advertisement and Publicity Expenses	24.69	16.27
Commission Charges and Incentives	33.46	29.20
Rebate and Discount	7.52	12.47
Business and Sales Promotion	5.02	3.29
<b>TOTAL</b>	<b>70.69</b>	<b>61.23</b>
<b>SCHEDULE 19 : INTEREST AND FINANCIAL CHARGES</b>		
Interest on		
– Term Loan	254.17	247.28
– Others	329.67	109.93
Financing Expenses	18.35	13.56
<b>TOTAL</b>	<b>602.19</b>	<b>370.77</b>
<b>SCHEDULE 20 : EXCEPTIONAL ITEMS</b>		
Provision for Doubtful Debts	–	20.82
Provision for Loans and Advances	–	606.60
Investment written off	–	86.43
Fixed Assets written off	–	73.13
Inventory written off	–	8.73
<b>TOTAL</b>	<b>–</b>	<b>795.71</b>

## SCHEDULES 21 : SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

### 1. a) Background

Wire and Wireless (India) Limited (hereinafter referred to as 'the Company' or 'WWIL') was incorporated in the state of Maharashtra, India. The Company is engaged in Distribution of Television Channels through analogue and digital cable distribution network, primary internet and allied services.

- b) The Company's accumulated losses aggregate to Rs. 2,304.84 million as at March 31, 2009 (Rs. 1,295.39 million as at March 31, 2008) while the share capital is Rs. 217.24 million at that date. The Company has adopted headend-in-the-sky (HITS) mode for the distribution of channel in digital form and has tied-up with Dish TV India Limited. The Company would avail the HITS digital services from the platform of Dish TV India Limited in encrypted form for further distribution/re-transmission to cable operator and/or subscriber through a cable network. The digital signals would be decrypted at subscriber premises through Set Top Box (STB). Further, during the year, the Company has taken significant cost rationalization measures including right sizing of its work force. Based on the above, management expects to earn higher revenues and improve profitability which will enable strengthening of the financial position of the Company in the coming years. In past, the promoter group Companies have extended financial support to the Company in form of guarantee for loans taken and unsecured loans extended. The Company has raised Rs. 1,920 million by way of secured redeemable non-convertible debentures in May 2009. The Company has got SEBI approval for proposed right issue of Rs. 4,500 million. One of the promoter companies has provided assurance that it intends to provide sufficient financial support to the Company, to continue its operations for the foreseeable future if necessary. The Company has got sanctions from banks and financial institutions for financing on enhanced equity base. Based on above discussion, the management is of the opinion that it is appropriate to prepare these financial statements on the basis of going concern.

### 2. Statement of Significant Accounting Policies

#### a) Basis of preparation

The financial statements have been prepared to comply in all material respects with the notified accounting standards by Companies Accounting Standard Rules, 2006 as amended and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on an accrual basis. The accounting policies have been consistently applied by the Company and, are consistent with those used in the previous year.

#### b) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

#### c) Fixed Assets

- (i) Fixed Assets are stated at cost less accumulated depreciation if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.
- (ii) Borrowing costs relating to acquisition of fixed assets which takes substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to be put to use.
- (iii) Program/ Film/ Cable rights are stated at the lower of net cost (cost less accumulated amortization/impairment) or realisable value. Where the realisable value on the basis of its useful economic life is less than its carrying amount, the difference is impairment, which is expensed. Program/ Film/ Cable rights are amortised as follows;
  - (a) Cost of news/ current affairs/ chat shows/events including sports events etc. are fully expensed on first telecast.
  - (b) Program/ Film/ Cable rights are amortised on a straight-line basis over the license period or 60 months from the date of purchase, whichever is shorter.

#### d) Intangible Assets

Goodwill on acquisition is amortised using the straight-line method over a period of five years.

**e) Depreciation/Amortisation**

- (i) Depreciation is provided using the Straight Line Method as per the useful lives of the assets estimated by the management or at the rates prescribed under Schedule XIV of the Companies Act, 1956, whichever is higher

	<b>% per annum</b>
Building	1.63
Plant and Machinery	10.00 to 20.00
Furniture and Fixtures	6.33
Studio Equipments	4.75
Computers	16.21
Vehicles	9.50
Office Equipments	4.75
Software	16.21

- (ii) Leasehold improvements are amortised over the lease period.
- (iii) Plant and Machinery taken over under scheme of arrangement in the previous year are depreciated over the management's estimate of remaining useful life, a period of 5 years.

**f) Impairment**

- (i) The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.
- (ii) After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

**g) Leases**

**Where the Company is the Lessee**

Finance leases, which effectively transfers to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the lower of the fair value and present value of minimum lease payments at the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between the finance charges and reduction of the lease liability based on the implicit rate of return. Finance charges are charged directly against income. Lease management fees, legal charges and other initial direct costs are capitalised.

If there is no reasonable certainty that the Company will obtain the ownership by the end of the lease term, capitalised leased assets are depreciated over the shorter of the estimated useful life of the assets or the leased term.

Leases where the lessor effectively retains substantially all the risks and benefits of the ownership of the leased term, are classified as operating leases. Operating lease payments are recognised as an expense in the Profit and Loss account on a straight-line basis over the lease term.

**Where the Company is the lessor**

Assets given under a finance lease are recognised as a receivable at an amount equal to the net investment in the lease. Lease rentals are apportioned between principal and interest on the IRR method. The principal amount received reduces the net investment in the lease and interest is recognised as revenue. Initial direct costs such as legal costs, brokerage costs, etc. are recognised immediately in the Profit and Loss Account.

Assets subject to operating leases are included in fixed assets. Lease income is recognised in the Profit and Loss Account on a straight-line basis over the lease term. Costs, including depreciation are recognised as an expense in the Profit and Loss Account. Initial direct costs such as legal costs, brokerage costs, etc. are recognized immediately in the Profit and Loss Account.

**h) Investments**

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of the investments.

**i) Inventories**

Inventories are valued as follows:

Stores and Spares are valued at cost on first in first out basis or at net realisable value whichever is lower. Stock in trade including Set Top Boxes are valued at cost on weighted average method or at net realisable value whichever is lower.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

**j) Revenue Recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

**Income from Services**

Subscription revenue and Other Services revenue are recognised on completion of services.

Lease rentals and Carriage fees are recognised on accrual basis over the terms of related agreements.

Advertisement revenue is recognised when the related advertisement appears before the public. Other Advertisement revenue for slot sale is recognised on period basis.

In pursuance of the regulation of Telecom Regulatory Authority of India (TRAI) the Company has implemented Conditional Access System (CAS) in the notified areas and accordingly subscription charges have been accounted in terms of the said regulations.

**Sale of Goods**

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. In case of VAT collected on sales, exclusive method is followed, where sales and expenditure will not include VAT. VAT collected is disclosed under current liabilities and not routed through profit and loss account as mentioned in Guidance Note of State Value Added Tax, issued by The Institute of Chartered Accountants of India (ICAI).

**Interest**

Revenue is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

**k) Miscellaneous Expenditure**

Costs incurred in raising funds are amortised equally over the period for which the funds are acquired. Preliminary Expenditure is amortised equally over a period of 5 years.

**l) Foreign Currency Transaction****(i) Initial Recognition**

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

**(ii) Conversion**

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and the non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

**(iii) Exchange Differences**

Exchange differences arising on the settlement of monetary items or on reporting such monetary items of the Company at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise.

**m) Retirement and other Employee Benefits**

Retirement benefits in the form of Provident Fund is a defined contribution scheme and the contributions are charged to the Profit 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 trusts.

Gratuity liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year.

Short term compensated absences are provided for based on estimates. Long-term compensated absences are provided for based on actuarial valuation on projected unit credit method made at the end of each financial year.

Actuarial gains/losses are immediately taken to the profit and loss account and are not deferred.

**n) Income Tax**

Tax expense comprises of current, deferred and fringe benefit tax. Current income tax and fringe benefit tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961 enacted in India. Deferred income taxes reflect the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the taxes on income levied by same governing taxation laws. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

At each balance sheet date the Company re-assesses unrecognised deferred tax assets. It recognizes unrecognised deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realized.

**o) Employees Stock Compensation Cost**

Measurement and disclosure of the employee share-based payment plans is done in accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the Guidance Note on Accounting for Employee Share-based Payments, issued by the Institute of Chartered Accountants of India. The Company measures compensation cost relating to employee stock options using the fair value method. Compensation expense is amortized over the vesting period of the option on a straight line basis.

**p) Earning Per Share**

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the year. For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

**q) Provisions**

A provision is recognized when an enterprise has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

**3. Segment Reporting Polices**

The Company is a Multi System Operator providing Cable Television Network Services, Internet Services and allied services which is considered as the only reportable segment. The Company's operations are based in India.

**4. Related Party Disclosure**

**(i) Names of Related Parties where control exists**

**(a) Subsidiary Companies**

Central Bombay Cable Network Ltd., Indian Cable Net Company Ltd., Siticable Broadband South Ltd., Wire and Wireless Tisai Satellite Ltd. and Master Channel Community Network Pvt. Ltd.



**(b) Key Management Personnel**

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

**(c) Entities having common control**

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

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

(Rs. million)

Sr. No.	Particulars Nature of Expenses/Names of the Parties	2009	Major Parties 2009	2008	Major Parties 2008
1	<b>Sale, Services and other Recoveries (Net)</b> Dish TV India Ltd. Indian Cable Net Company Ltd. ZEEL Zee News Ltd.	<b>381.04</b>	– <b>81.39</b> <b>131.78</b> <b>123.25</b>	292.95	39.16 83.33 121.60 2.55
2	<b>Purchase of Programs, Goods and Services</b> Zee Turner Ltd.	<b>170.38</b>	<b>170.24</b>	78.68	71.74
3	<b>Purchase of Fixed Assets, Capital Goods and Investments</b> Dish TV India Ltd. Zee Turner Ltd.	<b>3.84</b>	<b>2.09</b> <b>1.74</b>	0.10	– 0.10
4	<b>Sale of Fixed Assets and Capital Goods</b> Indian Cable Net Company Ltd. Dish TV India Ltd.	<b>0.62</b>	<b>0.54</b> <b>0.07</b>	–	–
5	<b>Interest Received</b> Central Bombay Cable Network Ltd.	<b>3.82</b>	<b>3.82</b>	–	–
6	<b>Advances given</b> Churu Trading Co. Pvt. Ltd. Dish TV India Ltd.	<b>277.25</b>	– <b>246.50</b>	475.30	450.00 22.22
7	<b>Receipts towards advances given</b> Churu Trading Co. Pvt. Ltd. Dish TV India Ltd. Central Bombay Cable Network Ltd. Indian Cable Net Company Ltd.	<b>10.29</b>	– – <b>3.96</b> <b>5.28</b>	470.25	450.00 11.90 – –
8	<b>Loans/Deposits received from</b> Churu Trading Co. Pvt. Ltd. Zee News Ltd. ZEEL	<b>4,666.32</b>	<b>2,023.20</b> <b>1,018.00</b> <b>1,550.00</b>	2,145.00	1,045.00 – 1,070.00
9	<b>Repayment of Loans/Deposits received</b> Churu Trading Co. Pvt. Ltd. Zee News Ltd. ZEEL	<b>3,032.50</b>	<b>2,070.00</b> <b>892.50</b> <b>70.00</b>	1,409.50	824.50 – 585.00
10	<b>Expenses Recovered</b> Indian Cable Net Company Ltd. Zee News Ltd. Zee Turner Ltd. Dish TV India Ltd.	<b>9.34</b>	– <b>6.90</b> – <b>1.22</b>	12.83	4.83 4.54 1.36 –

(Rs. million)

Sr. No.	Particulars Nature of Expenses/Names of the Parties	2009	Major Parties 2009	2008	Major Parties 2008
		<b>11</b>	<b>Expenses Reimbursed</b> Indian Cable Net Company Ltd. ZEEL	<b>8.20</b>	– <b>7.97</b>
<b>12</b>	<b>Balances Outstanding</b>				
	<b>a) Sundry Debtors</b>	<b>602.96</b>		229.20	
	Indian Cable Net Company Ltd.		<b>158.30</b>		51.26
	Dish TV India Limited		–		35.35
	ZEEL		<b>270.08</b>		123.05
	Zee News Ltd.		<b>140.47</b>		4.08
	<b>b) Sundry Creditors</b>	<b>434.84</b>		182.68	
	ZEEL		<b>160.91</b>		158.74
	Zee Turner Ltd.		<b>261.99</b>		–
	<b>c) Loans/ Deposits/ Advances given</b>	<b>313.68</b>		40.25	
	Central Bombay Cable Network Ltd.		<b>33.43</b>		21.92
	Dish TV India Ltd.		<b>251.96</b>		–
	Zee Turner Ltd.		<b>13.19</b>		13.26
	<b>d) Loans/ Deposits/ Advances received</b>	<b>2,828.82</b>		1,130.15	
	Churu Trading Co. Pvt. Ltd.		<b>173.70</b>		220.50
	ETC Networks Ltd.		<b>114.52</b>		110.00
	ZEEL		<b>2,264.74</b>		784.74
	Zee News Ltd		<b>125.50</b>		–
	Indian Cable Net Company Ltd		<b>141.33</b>		–
	<b>e) Interest Accrued on Loans/Deposits Advances received</b>	<b>218.66</b>		59.55	
	Churu Trading Co. Pvt. Ltd.		<b>50.12</b>		20.92
	ZEEL		<b>134.98</b>		36.08
	Zee News Ltd.		<b>27.82</b>		–
	<b>f) Remuneration to Key Managerial Personnel:</b>	<b>18.50</b>		15.74	
	Deepak Chandnani		<b>13.90</b>		15.74
	Sudhir Agarwal		<b>4.60</b>		–

## 5. Leases

### In case of assets taken on lease

#### Finance Lease

Vehicles obtained on Finance Lease are for 4 years after which the legal title is passed to the lessee. There is no escalation clause in the lease agreement. There are no restrictions imposed by the lease arrangements. There are no subleases.

#### Operating Lease

The Company's significant leasing arrangements are in respect of operating leases taken for offices, residential premises, godowns, stores, etc. These leases are cancellable operating lease agreements that are renewable on a periodic basis at the option of both the lessor and the lessee. The initial tenure of the lease generally is for 11 to 120 months.

(Rs. million)

Particulars	Finance Lease		Operating Lease	
	2009	2008	2009	2008
Total minimum lease payments at the year end	<b>1.87</b>	0.67	–	–
Less: amount representing finance charges	<b>0.77</b>	0.30	–	–
Present value of minimum lease payments	<b>1.10</b>	0.37	–	–
Lease payment for the year	–	–	<b>69.61</b>	9.31
<b>Minimum Lease Payments:</b>				
Not Later than one year	<b>1.97</b>	1.27	<b>1.26</b>	1.14
Later than one year and not later than five years	<b>2.41</b>	3.07	<b>6.42</b>	7.67
Later than 5 years	–	–	–	–

### In case of assets given on Lease

#### Operating Lease

Set Top Boxes given under operating leases are capitalised at an amount equal to cost arrived on weighted average method and the rental income is recognised on equal monthly rental billed to subscriber.

The Company has leased assets to its business associates and other parties by way of cancellable operating lease. The detail of gross book value of such assets, accumulated depreciation and depreciation for the year is as under.

(Rs. million)

Description of Assets	Gross Block	Depreciation for the year ended March 31, 2009	Accumulated Depreciation
Plant and Machinery	99.58	10.76	91.49
Equipments	0.25	0.01	0.22
Furniture and Fixtures	0.07	–	0.04
Studio Equipments	0.65	0.05	0.37
Air Conditioners	0.40	0.02	0.05
Set Top Boxes	198.56	24.85	48.80
<b>TOTAL</b>	<b>299.51</b>	<b>35.69</b>	<b>140.97</b>
Previous Year	239.64	39.57	129.43

### 6. Earning Per Share

In accordance with AS - 20 "Earnings Per Share" issued by ICAI, basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of shares outstanding during the year.

Particulars	2009	2008
Weighted average number of equity shares (no.)	217,217,753	217,217,753
Nominal Value of equity shares (Rs.)	1	1
Profit/(Loss) after Tax (Rs. million)	(1,009.42)	(1,579.58)
Basic/ Diluted earnings/ (loss) per share (Rs.)	(4.65)	(7.27)

There are potential equity shares as on March 31, 2009 in the form of stock options granted to employees. As these are anti dilutive they are ignored in the calculation of diluted earning per share and accordingly the diluted earning per share is the same as basic earning per share.

### 7. Impairment of Assets

The Company is in the process of building its cable network infrastructure. The assets mainly consist of cable plant, head ends and other equipment necessary for distribution of TV channel signals through cable network. With the implementation of Conditional Access System and demand for digital signals, the Company has transitioned from analogue distribution system to digital distribution system wherein these assets have significant value. Further, with the introduction of HITS, the Company expects to increase its reach and subscriber base. Management has, based on a ten year detailed business plan to expand its presence, carried out an impairment test on these assets using the discounted cash flow method which reflects that the value in use is significantly higher than the assets deployed/to be deployed in the business.

### 8. Secured Loans

#### i. Working Capital Finance From Banks

Secured by hypothecation of stocks and book debts, both present and future, all ranking first *pari passu* with other financing banks and certain credits are further secured by charge on control room equipments installed at various places in Delhi. All the loans are further secured by corporate guarantee of Zee Entertainment Enterprises Ltd. (ZEEL).

#### ii. Term Loan From Banks/Financial Institution

Secured by hypothecation of Company's movable and immovable properties, book debts, bank accounts, operating cash flows, receivables, revenues of whatsoever nature and whenever arising, intangibles, both present and future, all ranking first *pari passu* with other financing banks and financial institution. All the loans are further secured by Zee Entertainment Enterprises Limited undertaking of DSRA.

#### iii. Hire Purchase facility

Secured by hypothecation of vehicles.

### 9. Capital Commitments

Estimated amount of Contracts remaining to be executed on capital account and not provided for (Net of Advances) amounting to Rs. 3.29 million (Previous Year Rs. 31.23 million).

#### 10. Contingent Liabilities not provided for

- i) Claims against the Company not acknowledged as debts Rs. 114.68 million (Previous Year Rs. 79.20 million)
- ii) Income Tax Matters: Rs. 6,015.30 million for the Assessment Year 1997-98 to Assessment Year 2004-05. These contingencies (dispute with Siti Cable Network Ltd.) have arisen from demerger of cable business of Siti Cable Network Limited into Wire and Wireless (India) Limited and future cash outflow in respect of above would be determinable only on judgement/decisions.

The major issue in these cases are on account of the additions of income by the Assessing Officer. These additions are made based on the number of subscribers as published in the advertisement brochure where in the company had claimed higher subscribers on the basis of eyeballs than actual subscribers being billed. The learned CIT(A) and ITAT has judged in favor of company deleting all additions.

The Income Tax Department has filed appeals against the orders of ITAT for A.Y. 1997-98 to 2000-01 before High Court and most likely these will be dismissed at admission stage itself as no question of law arises in these appeals and hence finally there will be no tax liability on the Company.

- iii) Service Tax Matters: Rs. 28.56 million for Financial Year 2001-02 to Financial Year 2003-04. These disputes (Dispute with Siti Cable Network Ltd.) have arisen from demerger of cable business of Siti Cable Network Limited into Wire and Wireless (India) Limited and future cash outflow in respect of above would be determinable only on judgment/decisions.

The major issue in these cases are due to show cause notice issued by Deputy Commissioner raising demand for service tax on basis of advertisement income in financials, which was in the nature of broadcasting and not advertising agency. Siti Cable Network Limited, an MSO had performed broadcasting service in respect of same and not advertising service as defined in the Finance Act, 1994. The CESTAT has given judgement in favor of the company, against which appeal is filed by Department in High Court. Considering some similar judgements in favour of the Company, there would be no tax liability.

- iv) The Company has undertaken continuing financial support to subsidiaries.

#### 11. Employee Stock Option Plan –ESOP-2007

The Company instituted the Employee Stock Option Plan – ESOP-2007 to grant equity based incentives to its eligible employees. The ESOP-2007 (“The Scheme”) has been approved by the Board of Directors of the Company at their meeting held on June 27, 2007 and by the shareholders of the Company by way of special resolution passed at their Annual General Meeting held on September 18, 2007 to grant aggregating 4,344,355 options (not exceeding 2% of the issued, subscribed and paid up equity share capital of the Company as on March 31, 2007, representing one share for each option upon exercise by the employee of the Company at an exercise price determined by the Board/Remuneration committee. The Scheme covers grant of options to the specified permanent employees of the Company and Directors of the Company, whether Whole time Directors or otherwise as may be decided by the Board. Pursuant to the Scheme, the Remuneration Committee has on June 17, 2008 granted 150,000 options (PY grant of 29, 87,300 Options on 22/10/2007) to specified eligible employee of the Company at the market price determined as per the SEBI Guidelines.

The options granted under the Scheme shall vest not less than one year and not more than five years from the date of grant of options. Under the terms of the Scheme, 20% of the options will vest in the employee every year equally. The Option Grantee must exercise all vested options within a period of four years from the date of vesting. Once the options vest as per the Scheme, they would be exercisable by the Option Grantee at any time and the shares arising on exercise of such options shall not be subject to any lock-in period.

The movement in the options granted to the Employee during the year is set out below

Particular	Grant of Option 2009	Grant of Option 2008
Date of Grant	June 16, 2008	October 22, 2007
Market Value on date of grant of the options (per Share) (Rs.)	30.65	39.75
Exercise Price (per share) (Rs.)	30.65	39.75
Vesting Period	Five Years	Five Years
Opening Options (Nos.)	2,818,800	-
Options Granted (Nos.)	150,000	2,987,300
Options Lapsed (Nos.)	1,896,100	168,500
Options Forfeited (Nos.)	NIL	NIL
Options Exercised (Nos.)	NIL	NIL
Options Expired (Nos.)	NIL	NIL
Options Outstanding at end of the period (Nos.)	1,072,700	2,818,800
Options exercisable at the end of the period (Nos.)	1,84,540	NIL

## 12. Employee Benefits

### Defined Contribution Plan

Contribution to Defined Contribution Plan, recognised as expense for the year are as under:

Employer's Contribution to Provident Fund Rs. 16.54 million (Rs. 10.16 million as at March 31, 2008).

### Defined Benefit Plan

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. These benefits are unfunded.

The following table summarizes the components of net benefit expenses recognised in the profit and loss account and amounts recognised in the Balance Sheet for the respective plans.

### Profit and Loss Account

Net employee benefit expense (recognised in the Employee cost)

(Rs. million)

Particulars	Gratuity	
	2009	2008
Current service Cost	2.30	1.74
Interest cost on benefit obligation	0.69	0.39
Actuarial gain/(loss) recognised in the year	0.44	0.55
Net benefit expense	3.43	2.68
Actual return on plan asset	-	-

Details of Provision for gratuity

(Rs. million)

Particulars	Gratuity	
	2009	2008
Defined Benefit Obligations	8.13	6.13

Changes in the present value of the defined benefit obligation are as follows:

(Rs. million)

Particulars	Gratuity	
	2009	2008
Defined Benefit Obligation at the beginning of the year	6.13	4.93
Current service cost	2.30	1.74
Interest cost	0.69	0.39
Actuarial gain/(loss)	0.44	0.55
Benefits paid	(1.43)	(1.47)
Defined Benefit Obligation at the end of the year	8.13	6.13

Changes in the fair value of plan assets are as follows:

(Rs. million)

Particulars	Gratuity	
	2009	2008
Opening Fair Value of Plan assets as on March 31	-	-
Expected return	-	-
Contribution by employers	1.43	1.48
Benefits Paid	(1.43)	(1.48)
Actuarial gains/(losses)	-	-
Closing Fair Value of Plan Assets	-	-

The principal assumptions used in determining gratuity for the Company's plan are shown below:

(Rs. million)

Particulars	Gratuity	
	2009	2008
Discount Rate (per annum)	7.75%	8.40%
Expected rate of return on assets (per annum)	–	–
Rate of escalation in salary (per annum)	6.00%	6.00%

The estimates of rate of escalation in salary considered in actuarial valuation take into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market.

The expected rate of return on plan assets is determined considering several applicable factors mainly the composition of plan assets held, assessed risks, historical results of return on plan assets and the Company's policy for plan asset management.

Amounts for the current and previous four periods are as follows:

(Rs. million)

Particulars	Gratuity		
	2009	2008	2007
Defined benefit obligation	8.13	6.13	4.93
Plan assets	–	–	–
Surplus/(deficit)	(8.13)	(6.13)	(4.93)
Experience adjustments on plan liabilities	(0.18)	0.23	(0.25)
Experience adjustments on plan assets	–	–	–

### 13. Derivative Instruments and Unhedged Foreign Currency Exposure

Foreign currency exposures that are not hedged by derivative instruments as on March 31, 2009 amount to Rs. 19.60 million (US \$ 0.38 million @ Closing rate of 1 USD = Rs. 49.95) Previous Year Rs. 84.2 million (US \$ 2.106 million @ Closing rate of 1 USD = Rs. 39.97) represented by sundry creditors for capital goods and an amount of Rs. 14.15 million (US \$ 0.28 million @ Closing rate of 1 USD = Rs. 49.95) Previous Year Rs. Nil represented by sundry debtor for carriage fee.

### 14. Deferred Tax Liabilities/(Assets)

The Company has not accounted for deferred tax assets taking prudence as considerations as per AS-22 regarding future available profit to be set off against deferred tax assets.

However, the Company has timing differences between taxable Income and Accounting Income that originates in one year and is capable of reversal in one or more subsequent years.

The break-up of year-end deferred tax assets and liabilities into major components of the respective Balance is as under:

(Rs. million)

Deferred Tax Liabilities	2009	2008
Differences in depreciation and other differences in block of fixed assets as per tax books and financial books	(15.75)	6.30
<b>Gross Deferred Tax Liabilities (A)</b>	<b>(15.75)</b>	<b>6.30</b>
Deferred Tax Assets	2009	2008
Unabsorbed Depreciation (including Rs. 202.02 million recognised in current year for previously unrecognised deferred tax assets)	502.36	422.78
Carry forward of losses (including Rs. Nil million recognised in current year for previously unrecognised deferred tax assets)	206.91	106.54
Effect of expenditure debited to profit and loss account in the current year but allowed for tax purposes in following years	58.13	2.71

Provision for doubtful debts	351.61	213.65
Deferred revenue expenses/Other Difference	(2.91)	29.66
<b>Gross Deferred Tax Assets (B)</b>	<b>1116.10</b>	<b>775.34</b>
<b>Net Deferred Tax Liability/(Assets) (A) – (B)</b>	<b>(1131.85)</b>	<b>(769.04)</b>

Since the Company has no virtual certainty of sufficient future taxable income, no deferred tax asset is being recognized.

**15. Supplementary statutory information required to be given pursuant to Clause 32 of the listing agreement:**

**i) Loans and Advances to Companies in which Directors are interested**

(Rs. million)

Sr. No.	Name of the Enterprise	Balance as on March 31, 2009	Maximum outstanding during the year	Balance as on March 31, 2008	Maximum outstanding during the year
	<b>Associates/Parties in which directors are interested</b>				
1.	Agrani Satellite Services Ltd.	0.22	0.22	0.21	0.21
2.	Dish TV India Ltd.	251.96	252.54	6.03	6.04
3.	ETC Networks Ltd.	0.14	0.14	–	–
4.	Intrex India Ltd.	0.63	0.63	0.71	0.75
5.	ZEEL	–	–	0.70	0.84
6.	Zee Interactive Learning Systems Ltd.	0.44	0.44	0.44	0.44
7.	Zee News Ltd.	0.52	0.69	0.34	0.39
8.	Pan India Network Infravest Private Limited	0.31	0.31	–	–
9.	Zee Turner Ltd.	0.47	0.47	13.25	13.38
	<b>Subsidiaries</b>				
1.	Central Bombay Cable Network Ltd.	33.43	33.43	21.92	23.94
2.	Siticable Broadband South Ltd.	3.74	3.80	3.17	3.17

**16.** There is no amount due to Micro, Small and Medium Enterprises as per the Micro, Small and Medium Enterprises Development Act, 2006.

The above information regarding Micro, Small and Medium Enterprises have been determined to the extent to which parties have been identified on the basis of information available with the Company.

**17. Additional information pursuant to the provision of paragraphs 3, 4, 4C and 4D of Part II of Schedule VI to the Companies Act, 1956.**

**17.1. Quantitative Information**

The details of opening stock, acquisitions/productions, sales and closing stock are as under:

Particulars	2009		2008	
	Qty. (Nos.)	(Rs. million)	Qty. (Nos.)	(Rs. million)
<b>Opening Stock</b>				
Cable Modem	123	0.33	463	1.22
VC Cards	139,325	24.36	256,706	45.06
Set Top Boxes	393,452	774.20	275,706	630.84
<b>TOTAL</b>		<b>798.89</b>		<b>677.12</b>

Particulars	2009		2008	
	Qty. (Nos.)	(Rs. million)	Qty. (Nos.)	(Rs. million)
<b>Acquisitions/Productions</b>				
Cable Modem	-	-	-	-
VC Cards	10,000	1.59	13,758	2.44
Set Top Boxes	50	0.06	216,047	396.23
<b>TOTAL</b>		<b>1.65</b>		<b>398.67</b>

Particulars	2009		2008	
	Qty. (Nos.)	(Rs. million)	Qty. (Nos.)	(Rs. million)
<b>Sales</b>				
Cable Modem	6	0.02	30	0.08
VC Cards	66,188	11.61	39,101	6.81
Set Top Boxes	79,103	166.01	82,368	175.34
<b>TOTAL</b>		<b>177.64</b>		<b>191.41</b>

Particulars	2009		2008	
	Qty. (Nos.)	(Rs. million)	Qty. (Nos.)	(Rs. million)
<b>Consumption</b>				
Cable Modem	-	-	310	0.81
VC Cards	-	-	92,038	16.29
Set Top Boxes	792	1.78	15,933	63.15
<b>TOTAL</b>		<b>1.78</b>		<b>80.25</b>

Particulars	2009		2008	
	Qty. (Nos.)	(Rs. million)	Qty. (Nos.)	(Rs. million)
<b>Closing Stock</b>				
Cable Modem	117	0.31	123	0.33
VC Cards	83,137	14.73	139,325	24.36
Set Top Boxes	313,607	597.13	393,452	774.20
<b>TOTAL</b>		<b>612.17</b>		<b>798.89</b>

## 17.2. Director's Remuneration

(Rs. million)

Particulars	2009	2008
Salaries	-	1.96
Perquisites	-	-
Contribution to Provident fund	-	0.14
Sitting Fees	0.38	0.34

Note: No Commission is paid / payable to any director and hence the computation of profits under Section 198 / 349 of the Companies Act, 1956 is not required.

## 17.3. Auditors' Remuneration (included in Legal and Professional Fees)

(Rs. million)

Particulars	2009	2008
Audit fees	2.25	1.50
Other Services	2.15	1.25
Out of Pocket Expenses	0.01	-



**17.4. Foreign currency Transactions (Accrual Basis)**

<b>Earnings in foreign currency</b>		(Rs. million)	
<b>Particulars</b>	<b>2009</b>	<b>2008</b>	
Carriage Income	3.54	-	
<b>TOTAL</b>	<b>3.54</b>	<b>-</b>	
<b>Expenditure in foreign currency)</b>			
Travelling	-	0.46	
Legal & Professional	-	0.21	
Membership and Subscription Charges	0.26	-	
Others	8.81	5.56	
<b>TOTAL</b>	<b>9.07</b>	<b>6.23</b>	
<b>Value of imports calculated on CIF Value</b>			
Plant and machinery	77.87	347.66	
Others	-	84.07	
<b>TOTAL</b>	<b>77.87</b>	<b>431.73</b>	

17.5. Miscellaneous income includes Foreign Exchange Gain/(Loss) as on March 31, 2009 amounts to Rs. (6.12) million (Previous Year Rs. 22.66 million).

17.6. Miscellaneous expenses includes Insurance Charges as on March 31, 2009 amounts to Rs. 1.92 million (Previous Year Rs. 2.11 million).

17.7. Prior Period Adjustments amounting to Rs. Nil (previous year amounting (net) Rs. (13.33 million) comprise of the following

		(Rs. million)	
<b>Particulars</b>	<b>2009</b>	<b>2008</b>	
Sales/Income from Operation	-	13.79	
Operational Expenditure	-	(27.12)	
<b>TOTAL</b>	<b>-</b>	<b>(13.33)</b>	

**17.8. Previous year Comparatives:**

Previous year's figures have been regrouped wherever necessary to confirm to this year's classification.

For **S. R. Batliboi & Associates**  
Chartered Accountants

For and on behalf of the Board of Directors of  
**Wire and Wireless (India) Limited**

**per Govind Ahuja**  
Partner  
Membership No. : 48966  
Place : Mumbai  
Date : June 17, 2009

**Amit Goenka**  
Whole-time Director

**Arun Kapoor**  
Director

**Sudhir Agarwal**  
Chief Executive Officer

**R. K. Agarwal**  
Chief Financial Officer

**Samir Raval**  
Company Secretary

## CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2009

(Rs. Million )

	2009	2008
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Net Profit/(Loss) before taxation, and exceptional items</b>	<b>(1,005.70)</b>	(793.70)
Adjustments for :		
Depreciation/Amortisation	<b>297.76</b>	292.03
Interest Income	<b>(6.50)</b>	(45.74)
Foreign Exchange Fluctuations	<b>6.12</b>	(22.67)
Interest and Finance Expenses	<b>583.84</b>	357.20
Provision for Diminution in value/written off of Investment	-	86.43
Liabilities Written Back	<b>(5.55)</b>	(41.21)
Leave Encashment and Gratuity Provided	<b>3.86</b>	4.10
Loss on Sale/Discard of Fixed Assets	<b>1.25</b>	2.25
Write off/other adjustments of Fixed Assets and Capital Work-in-Progress	-	82.07
Preliminary Expenses Written Off	<b>0.44</b>	0.44
Finance Cost Amortised	<b>15.78</b>	9.26
Exceptional Items	-	(795.71)
ESOP Cost	<b>5.39</b>	-
Provision for Debtors and Advances	<b>439.21</b>	739.90
<b>Operating profit before working capital changes</b>	<b>335.90</b>	(125.35)
Movement in Working Capital		
Decrease/(Increase) in Sundry Debtors	<b>(697.93)</b>	(692.29)
Decrease/(Increase) in Inventories	<b>213.84</b>	(132.50)
Decrease/(Increase) in Loans and Advances	<b>(332.72)</b>	(383.57)
Increase/(Decrease) in Current Liabilities	<b>1,071.83</b>	174.65
<b>Cash Flow from Operating Activities Before tax and prior period adjustment</b>	<b>590.92</b>	(1,159.06)
Net Prior Period Adjustment	-	13.33
Taxes paid	<b>(3.71)</b>	(4.13)
<b>Net Cash Flow from Operating Activities</b>	<b>587.21</b>	(1,149.86)
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets/Capital Work-in-Progress	<b>(438.19)</b>	(463.70)
Proceeds from sale of Fixed Assets	<b>3.03</b>	7.88
Purchase of Investments in Subsidiaries	<b>(0.21)</b>	(0.05)
Loans/Advances to Subsidiary Companies	<b>(12.50)</b>	(0.20)
Short Term Deposit paid to other corporate	-	(787.76)
Repayment of Short Term Deposit paid	-	1,562.90
Interest Income Received	<b>1.21</b>	10.58
<b>Net Cash Flow from Investing Activities</b>	<b>(446.66)</b>	329.65

## CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2009

	2009	(Rs. Million ) 2008
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Interest and Finance Expenses paid	(451.10)	(259.93)
Share Issue Expenses	(11.24)	-
Proceeds from Long Term Borrowing	5,554.91	4,272.47
Repayment of Term borrowings	(5,247.99)	(3,170.57)
<b>Net Cash Flow from Financing Activities</b>	<u>(155.42)</u>	<u>841.97</u>
<b>Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)</b>	<u>(14.87)</u>	<u>21.76</u>
Opening Cash and Cash Equivalents	<u>176.04</u>	<u>154.26</u>
<b>CLOSING CASH AND CASH EQUIVALENTS</b>	<u>161.17</u>	<u>176.02</u>
Cash and Cash Equivalents at the end of the year		
Cash on Hand	3.24	3.23
Cheques and Drafts on Hand/Transit	48.09	24.16
Balances with Scheduled Banks on Current Accounts	69.84	63.97
Balances with Scheduled Banks on Deposit Accounts/Margin Money	40.00	84.68
	<u>161.17</u>	<u>176.04</u>

As per our attached report of even date

For **S. R. Batliboi & Associates**  
Chartered Accountants

For and on behalf of the Board of Directors of  
**Wire and Wireless (India) Limited**

**per Govind Ahuja**  
Partner  
Membership No. : 48966  
Place : Mumbai  
Date : June 17, 2009

**Amit Goenka**  
Whole-time Director

**Arun Kapoor**  
Director

**Sudhir Agarwal**  
Chief Executive Officer

**R. K. Agarwal**  
Chief Financial Officer

**Samir Raval**  
Company Secretary

## BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

### I. REGISTRATION DETAILS

 Registration No. 160733 State Code 11

Date	Month	Year
Balance Sheet date	<span style="border: 1px solid black; padding: 2px;">3</span> <span style="border: 1px solid black; padding: 2px;">1</span>	<span style="border: 1px solid black; padding: 2px;">0</span> <span style="border: 1px solid black; padding: 2px;">3</span> <span style="border: 1px solid black; padding: 2px;">2</span> <span style="border: 1px solid black; padding: 2px;">0</span> <span style="border: 1px solid black; padding: 2px;">0</span> <span style="border: 1px solid black; padding: 2px;">9</span>

### II. CAPITAL RAISED DURING THE YEAR (AMOUNT RS. IN MILLIONS)

Public Issue	Rights Issue
N I L	N I L
Bonus Issue	Private Placement
N I L	N I L

### III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (AMOUNT RS. IN MILLIONS)

Total Liabilities	Total Assets
4 4 7 1 . 0 2	4 4 7 1 . 0 2

#### SOURCES OF FUNDS

Paid-up Capital	Reserves and Surplus
2 1 7 . 2 4	N I L
Share Application Money	Secured Loans
N I L	1 3 6 7 . 2 8
Unsecured Loans	
2 8 8 6 . 5 0	

#### APPLICATION OF FUNDS

Net Fixed Assets	Investments
1 5 5 3 . 4 2	1 1 2 . 0 0
Net Current Assets	Miscellaneous Expenditure
4 7 0 . 1 5	3 0 . 6 1
Profit and Loss Account	
2 3 0 4 . 8 4	

### IV. PERFORMANCE OF COMPANY (AMOUNT RS. IN MILLIONS)

Turnover* (*includes other income)	Total Expenditure
2 3 0 2 . 6 1	3 3 0 8 . 3 2

+ - Profit/(Loss) Before Tax and exceptional items	+ - Profit/(Loss) After Tax and exceptional items
- 1 0 0 5 . 6 9	- 1 0 0 9 . 4 5

Earnings Per Share before Tax and exceptional items (weighted) (Rs.)	Dividend Rate (%)
- 4 . 6 5	N I L

### V. GENERIC NAMES OF PRINCIPAL PRODUCTS/SERVICES OF THE COMPANY (AS PER MONETARY TERMS)

 Item Code No. (ITC Code) N A

 Product Description R E C E P T I O N & T R A N S M I S S I O N /  
D I S T R I B U T I O N O F T E L E V I S I O N  
S I G N A L S I N A N Y F O R M

For and on behalf of the Board of Directors of  
**Wire and Wireless (India) Limited**

**Amit Goenka**  
Whole-time Director

**Arun Kapoor**  
Director

 Place : Mumbai  
Date : June 17, 2009

<b>Sudhir Agarwal</b> Chief Executive Officer	<b>R. K. Agarwal</b> Chief Financial Officer	<b>Samir Raval</b> Company Secretary
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## AUDITORS' REPORT

The Board of Directors

### Wire and Wireless (India) Limited

1. We have audited the attached consolidated balance sheet of Wire and Wireless (India) Limited ('the Company') and its subsidiaries (collectively known as 'the Group'), as at March 31, 2009, and also the consolidated profit and loss account and the consolidated cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding subsidiaries. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of subsidiaries, whose financial statements reflect total assets of Rs. 296.77 million as at March 31, 2009, the total revenue of Rs. 917.60 million and the related cash flows for the year then ended. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion is based solely on the report of other auditors.
4. We report that the consolidated financial statements have been prepared by the Company's management in accordance with the requirements of Accounting Standards (AS) 21, Consolidated financial statements, issued by the Institute of Chartered Accountants of India.
5. Without qualifying our opinion, we draw attention to Note 1(b) of Schedule 21 to the accompanying financial statements. In view of the matters stated therein relating to the net worth position of the Company and the mitigating factors stated in that note, the accompanying financial statements have been prepared under the going concern assumption.
6. *Reference is drawn to Note 16.6 to Schedule 21 to the financial statements wherein Indian Cable Net Company Limited has not provided for the Amusement Tax liability amounting to Rs. 46.8 million. Had the provision for amusement tax been recorded, the consolidated loss for the year, the provisions and the balance in the profit and loss account as at March 31, 2009 would have been higher by Rs 46.8 million. This had caused us to qualify our audit opinion on the financial statements relating to preceding year.*
7. Based on our audit and on consideration of reports of other auditors on separate financial statements and on the other financial information of the subsidiaries, and to the best of our information and according to the explanations given to us, *subject to our comment in paragraph 6 above*, we are of the opinion that the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
  - (a) in the case of the consolidated balance sheet, of the state of affairs of the Group as at March 31, 2009;
  - (b) in the case of the consolidated profit and loss account, of the loss for the year ended on that date; and
  - (c) in the case of the consolidated cash flow statement, of the cash flows for year ended on that date.

**For S. R. Batliboi & Associates**

Chartered Accountants

**per Govind Ahuja**

Partner

Membership No.: 48966

Place: Mumbai

Date: June 17, 2009

## CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2009

(Rs. million)  
2008

	Schedule	2009	2008
<b>SOURCES OF FUNDS</b>			
<b>Shareholders' Funds</b>			
Share Capital	1	217.24	217.24
Stock Option Outstanding	2	5.39	–
		<u>222.63</u>	<u>217.24</u>
Minority Interest		88.63	64.28
<b>Loan Funds</b>			
Secured Loans	3	1,367.28	2,622.69
Unsecured Loans	4	2,889.65	1,115.24
		<u>4,256.93</u>	<u>3,737.93</u>
<b>Deferred Tax Liability</b> (Refer Note 7 of Schedule 21)		10.87	9.73
<b>TOTAL</b>		<b>4,579.06</b>	<b>4,029.18</b>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets</b>			
Gross Block	5	3,179.57	2,340.91
Less: Accumulated Depreciation/Amortisation		1,350.84	1,022.52
Net Block		<u>1,828.73</u>	<u>1,318.39</u>
Capital Work-in-Progress including Capital Advances		65.12	388.15
		<u>1,893.85</u>	<u>1,706.54</u>
<b>Investments</b>	6	–	–
<b>Current Assets, Loans and Advances</b>			
Inventories	7	688.06	900.05
Sundry Debtors	8	1,554.11	1,039.29
Cash and Bank Balances	9	204.71	205.06
Loans and Advances	10	825.04	445.00
		<u>3,271.92</u>	<u>2,589.40</u>
Less: <b>Current Liabilities and Provisions</b>			
Current Liabilities	11	2,754.73	1,483.18
Provisions	12	53.95	21.88
		<u>2,808.68</u>	<u>1,505.06</u>
<b>Net Current Assets</b>		<u>463.24</u>	<u>1,084.34</u>
<b>Miscellaneous Expenditure</b> (to the extent not written off or adjusted)	13	30.62	9.28
<b>Profit and Loss Account</b>		2,191.35	1,229.02
<b>TOTAL</b>		<u>4,579.06</u>	<u>4,029.18</u>
<b>Significant Accounting Policies and Notes to Accounts</b>	21		

The schedules referred to above and notes to accounts form an integral part of the Balance Sheet

As per our attached report of even date

For **S. R. Batliboi & Associates**

Chartered Accountants

For and on behalf of the Board of Directors of

**Wire and Wireless (India) Limited**

**per Govind Ahuja**

Partner

Membership No. : 48966

Place : Mumbai

Date : June 17, 2009

**Amit Goenka**

Whole-time Director

**Sudhir Agarwal**

Chief Executive Officer

**R. K. Agarwal**

Chief Financial Officer

**Arun Kapoor**

Director

**Samir Raval**

Company Secretary

## CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2009

(Rs. million)

	Schedule	2009	2008
<b>INCOME</b>			
Sales/Income from Operations		3,082.56	2,710.06
Other Income	14	22.05	144.98
		<b>3,104.61</b>	<b>2,855.04</b>
<b>EXPENDITURE</b>			
Operational Cost	15	2,108.87	2,259.50
Personnel Cost	16	301.63	202.79
Administrative Expenses	17	562.72	364.75
Selling and Distribution Expenses	18	84.86	66.49
		<b>3,058.08</b>	<b>2,893.53</b>
<b>OPERATING PROFIT/(LOSS)</b>			
Interest and Finance Charges	19	602.59	371.85
Depreciation		321.59	309.48
		<b>924.18</b>	<b>681.33</b>
<b>Profit/(Loss) Before Exceptional Items and tax</b>		<b>(877.65)</b>	<b>(719.82)</b>
<b>Exceptional Items</b>	20	<b>23.32</b>	<b>795.71</b>
<b>Profit/(Loss) Before Tax</b>		<b>(900.97)</b>	<b>(1,515.53)</b>
Less: Provision for Tax			
Current Tax		34.94	(7.86)
Deferred Tax		1.14	17.27
Fringe Benefit Tax		4.56	4.07
<b>Profit/(Loss) after Tax</b>		<b>(941.61)</b>	<b>(1,529.01)</b>
Less: Prior Period Adjustments (Net) (Refer Note 16.1 of Schedule 21)		(0.96)	(12.35)
Less: Minority Interest		21.68	20.68
<b>Net Profit/(Loss) for the year</b>		<b>(962.33)</b>	<b>(1,537.34)</b>
Add: Adjustment Pursuant to the Scheme		-	(1.26)
Add: Balance brought forward from previous year		(1,229.02)	309.58
<b>Balance Carried to Balance Sheet</b>		<b>(2,191.35)</b>	<b>(1,229.02)</b>
<b>Earnings/(Loss) Per Share: (Rs.)</b>			
Basic/Diluted (Nominal value of shares Re.1 (Previous Period: Re. 1)) (Refer Note 6 of Schedule 21)		(4.43)	(7.08)
<b>Significant Accounting Policies and Notes to Accounts</b>	21		

The schedules referred to above and notes to accounts form an integral part of the Profit and Loss Account  
As per our attached report of even date

For **S. R. Batliboi & Associates**  
Chartered Accountants

For and on behalf of the Board of Directors of  
**Wire and Wireless (India) Limited**

**per Govind Ahuja**  
Partner  
Membership No. : 48966  
Place : Mumbai  
Date : June 17, 2009

**Amit Goenka**  
Whole-time Director  
  
**Sudhir Agarwal**  
Chief Executive Officer

**R. K. Agarwal**  
Chief Financial Officer

**Arun Kapoor**  
Director  
  
**Samir Raval**  
Company Secretary

## SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2009

(Rs. million)

### SCHEDULE 1 : SHARE CAPITAL

#### Authorised

740,000,000 (Previous Year: 290,000,000) Equity Shares of Re. 1 each

10,000,000 (Previous Year: 10,000,000) Preference Shares of Re. 1 each

#### Total

#### Issued, Subscribed and Paid-up

217,217,753 (Previous Year: 217,217,753) Equity Shares of Re. 1 each fully paid up

23,436 (Previous Year: 23,436) 7.25% Non-Cumulative Redeemable Preference shares of Re. 1 fully paid-up

#### Notes:

1. 216,717,753 (Previous Year: 216,717,753) Equity Shares of Re. 1 each Fully Paid up are allotted for consideration other than cash pursuant to the scheme of arrangement.
2. 23,436 (Previous Year: 23,436) 7.25% Non-Cumulative Redeemable Preference Shares of Re. 1 each Fully Paid up allotted on December 29, 2006 and redeemable at par on December 29, 2011 for consideration other than cash pursuant to the scheme of arrangement.

(For stock options outstanding details refer note no.11 of Schedule 21)

#### TOTAL

### SCHEDULE 2 : STOCK OPTIONS OUTSTANDING

#### TOTAL

### SCHEDULE 3 : SECURED LOANS

#### Loans and Advances from Bank

Working Capital Finance

Term Loans

Interest Accrued and Due

Finance Lease Obligation

Hire Purchase

(Refer Note 9 (iii) of Schedule 21)

#### TOTAL

### SCHEDULE 4 : UNSECURED LOANS

#### Short Term Loans and Advances:

From Others

#### Other Loans and Advances:

From Others

Interest Accrued and Due

#### TOTAL

	2009	2008
		1,000
	740.00	290.00
	10.00	10.00
	<u>750.00</u>	<u>300.00</u>
	217.22	217.22
	0.02	0.02
	<u>217.24</u>	<u>217.24</u>
	5.39	-
	<u>5.39</u>	<u>-</u>
	352.02	326.60
	1,000.15	2,275.00
	9.58	13.21
	3.52	3.94
	2.01	3.94
	<u>1,367.28</u>	<u>2,622.69</u>
	2,700.67	1,115.24
	188.98	-
	<u>2,889.65</u>	<u>1,115.24</u>



## SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2009

### SCHEDULE 5 : FIXED ASSETS (at Cost)

Particulars	Gross Block				Depreciation/ Amortisation				Net Block			Subsidiaries Acquisition as at 31.03.08	
	Op. Bal. as on 01.04.08	Addition on Acquisition of Subsidiaries	Additions	Deductions	As at 31.03.09	Op. Bal. as on 01.04.08	Addition on Acquisition of Subsidiaries	For the Year	Deductions	As at 31.03.09	As at 31.03.09		As at 31.03.08
<b>(A) TANGIBLE ASSETS</b>													
Building	37.57	0.48	-	-	38.05	6.09	0.22	0.53	-	6.84	31.21	31.48	0.26
Leasehold Land and Improvements	40.48	-	3.86	-	44.34	8.64	-	3.50	-	12.14	32.20	31.84	-
Plant and Machinery	1,542.89	11.61	580.24	-	2,134.74	789.87	3.94	230.49	-	1,024.30	1,110.44	753.02	7.69
Furniture and Fixture	22.71	0.89	4.24	-	27.84	8.05	0.66	2.52	-	11.23	16.61	14.66	0.23
Studio Equipment	30.81	7.45	0.41	-	38.67	21.57	4.21	2.49	-	28.27	10.40	9.24	3.24
Computers*	77.89	1.16	16.31	-	95.36	33.50	1.16	10.14	0.02	44.78	50.58	44.39	-
Set Top Boxes	166.34	-	173.99	-	340.33	32.23	-	43.85	-	76.08	264.25	134.11	-
Vehicle	19.56	1.66	3.14	7.36	17.00	5.41	1.04	1.96	2.57	5.84	11.16	14.15	0.62
Office Equipment*	22.39	0.98	4.06	0.03	27.40	6.20	0.44	1.18	0.01	7.81	19.59	16.19	0.53
Decoders	0.99	-	0.01	-	1.00	0.01	-	0.10	-	0.11	0.89	0.98	-
Air Conditioner	12.52	-	0.86	0.02	13.36	3.26	-	0.62	0.01	3.87	9.49	9.26	-
<b>Total - (A)</b>	1,974.15	24.23	787.12	7.41	2,778.09	914.83	11.67	297.38	2.61	1,221.27	1,556.82	1,059.32	12.57
<b>(B) INTANGIBLE ASSETS</b>													
Goodwill	35.75	-	9.04	-	44.79	0.45	-	2.12	-	2.57	42.22	35.30	-
Cable Rights*	50.35	-	-	2.31	48.04	37.63	-	4.28	2.31	39.60	8.44	12.72	-
Software	54.70	-	5.31	-	60.01	13.44	-	8.72	-	22.16	37.85	41.26	7.69
Ground Distribution Network	181.86	-	12.64	0.07	194.43	55.29	-	8.99	0.02	64.26	130.17	126.57	0.23
Networking	1.51	-	-	-	1.51	0.88	-	0.10	-	0.98	0.53	0.63	3.24
Goodwill on Consolidation	42.59	10.11	-	-	52.70	-	-	-	-	-	52.70	42.59	-
<b>Total - (B)</b>	366.76	10.11	26.99	2.38	401.48	107.69	-	24.21	2.33	129.57	271.91	259.07	11.15
<b>Total (A+B)</b>	2,340.91	34.34	814.11	9.79	3,179.57	1,022.52	11.67	321.59	4.94	1,350.84	1,828.73	1,318.39	23.72
Previous Year 31.03.2008	2,145.34	-	261.31	65.74	2,340.91	751.18	-	309.48	38.14	1,022.52	1,318.39		

\* Assets regrouped

Note: Vehicles includes vehicles take on finance lease:

Gross Block Value of Rs. 4.42 million (Previous Year : Rs 4.30 million)

Net Block Value Rs. 3.95 million (Previous Year : Rs 4.08 million)

### SCHEDULE 6 : INVESTMENTS Long Term - At Cost

#### Unquoted - Trade

No. of Shares	Particulars	(Rs. million)	
		2009	2008
	<b>Equity Shares</b>		
480	Equity Shares of Rs. 100/- each fully paid up of Master Ads Pvt. Ltd.	0.05	0.05
	Less: Provision for diminution in value of Investments	0.05	0.05
9,500	Equity Shares of Rs.10/- each fully paid up of Dakshin Communication Pvt. Ltd.	1.77	1.77
	Less: Provision for diminution in value of Investments	1.77	1.77
3,000	Equity Shares of Rs.10/- each fully paid up of Centre Channel Pvt. Ltd.	0.23	0.23
	Less: Provision for diminution in value of Investments	0.23	0.23
	<b>6% Non-Cumulative Redeemable Preference Shares of Rs.100/- each fully paid up of</b>		
14,080	Haryana Communication Network Pvt. Ltd.	7.04	7.04
	Less: Provision for diminution in value of Investments	7.04	7.04
5,430	Bangalore Communication Network Pvt. Ltd. #	-	-
1,610	Banjara Telelinks Pvt. Ltd. #	-	-
579	Bargachh Telelinks Pvt. Ltd. #	-	-

## SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2009

No. of Shares	Particulars	2009	2008
8,420	Chanakya Communications Network Pvt. Ltd. #	-	-
9,680	Chandigarh Network Systems Pvt. Ltd. #	-	-
1,230	Chirag Telelinks Pvt. Ltd. #	-	-
5,489	Condoor Communication Pvt. Ltd. #	-	-
41,960	Dakhsin Communications Pvt. Ltd. #	-	-
8,580	Faridabad Entertainment Pvt. Ltd. #	-	-
6,270	Garden City Communication Pvt. Ltd. #	-	-
14,140	Him Mohini Communications Pvt. Ltd. #	-	-
3,659	North Bombay Cable Network Pvt. Ltd. #	-	-
12,510	North Delhi Cable Network Pvt. Ltd. #	-	-
8,118	Purvalaya Communications Pvt. Ltd. #	-	-
15,270	Purvi Communications Pvt. Ltd. #	-	-
9,820	Rajdhani Communication Network Pvt. Ltd. #	-	-
250	Satellite Communication Pvt. Ltd. #	-	-
5,730	Shri Sai Network Pvt. Ltd. #	-	-
3,290	Siti Communication Pvt. Ltd. #	-	-
1,290	Tirupathy Communication Network Pvt. Ltd. #	-	-
2,050	Trans Yamuna Communication Network Pvt. Ltd. #	-	-
3,850	Vanasthali Communication Network Pvt. Ltd. #	-	-
2,530	West Delhi Cable Network Pvt. Ltd. #	-	-
1,100	Zem Communication Pvt. Ltd. #	-	-
26,020	Ahmedabad Network System Pvt. Ltd. #	-	-
7,570	Amritsar Communication Network Pvt. Ltd. #	-	-
5,248	Delhi Prime Communication Network Pvt. Ltd. #	-	-
2,420	Divine Cable Visions Pvt. Ltd. #	-	-
4,600	Divya Communications Pvt. Ltd. #	-	-
5,699	Dwarka Telelinks Pvt. Ltd. #	-	-
1,989	East Delhi Communication Network Pvt. Ltd. #	-	-
4,469	East Ludhiana Cable Network Pvt. Ltd. #	-	-
10,280	East Patel Communication Network Pvt. Ltd. #	-	-
4,760	Jabalpur Cable Network Pvt. Ltd. #	-	-
2,990	Jalandhar Multimedia Pvt. Ltd. #	-	-
6,820	Jammu Communications Network Pvt. Ltd. #	-	-
12,930	Karnal Communications Pvt. Ltd. #	-	-
14,220	Mani nagar Network Pvt. Ltd. #	-	-
590	Nizamabad Communication Pvt. Ltd. #	-	-
6,580	Noida Network Systems Pvt. Ltd. #	-	-
10,898	Panchsheel Communication Network Pvt. Ltd. #	-	-
8,880	Panipat Communications Pvt. Ltd. #	-	-
4,180	Pink City Communication Network Pvt. Ltd. #	-	-
23,010	Sabarmati Network Pvt. Ltd. #	-	-
15,440	Space Channel Communication Pvt. Ltd. #	-	-
7,070	Vasant Kunj Cable Network Pvt. Ltd. #	-	-
4,390	Vision Network Pvt. Ltd. #	-	-
	<b>TOTAL</b>	-	-

# Note : These investments have been written off against provision for diminution in value of investments

## SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2009

	2009	(Rs. million) 2008
<b>SCHEDULE 7 : INVENTORIES (at lower of cost or net realisable value)</b>		
Stock-in-trade	639.26	826.02
Store and Spares	48.80	74.03
<b>TOTAL</b>	<b>688.06</b>	<b>900.05</b>
<b>SCHEDULE 8 : SUNDRY DEBTORS</b>		
More than Six Months		
– Unsecured Considered Good	616.67	316.93
– Unsecured Considered Doubtful	1,089.77	677.77
	1,706.44	994.70
Less: Provision for Doubtful Debts	1,089.55	677.77
	616.89	316.93
Others		
– Unsecured Considered Good	937.22	722.36
– Unsecured Considered Doubtful	–	0.88
	937.22	723.24
Less: Provision for Doubtful Debts	–	0.88
	937.22	722.36
<b>TOTAL</b>	<b>1,554.11</b>	<b>1,039.29</b>
<b>SCHEDULE 9 : CASH AND BANK BALANCES</b>		
Cash on hand	19.06	21.19
Balance with Scheduled Banks		
– On Current Accounts	96.29	74.05
– On Deposit Accounts (for facilities provided by banks)	41.27	85.66
Cheques and Drafts On Hand / Transit	48.09	24.16
<b>TOTAL</b>	<b>204.71</b>	<b>205.06</b>
<b>SCHEDULE 10 : LOANS AND ADVANCES</b>		
<b>Unsecured, Considered Good</b>		
Advances to Distribution Companies	–	–
Advances Recoverable in cash or in kind or for value to be received	318.56	231.57
Inter Corporate Deposits	0.45	7.76
Deposit - Others	347.58	88.55
Advance Tax (Net of Provision)	158.45	117.12
<b>Unsecured, Considered Doubtful</b>		
Advances to Distribution Companies	738.38	738.38
Deposit - Others	2.81	2.81
Other Advances	71.54	30.21
	1,637.77	1,216.40
Less: Provision for Advances to Distribution Companies	738.38	738.38
Provision for Deposit Others	2.81	2.81
Provision for Other Advances	71.54	30.21
(Refer Note 15(i) of Schedule 21)		
<b>TOTAL</b>	<b>825.04</b>	<b>445.00</b>

## SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2009

(Rs. million)  
2008

### SCHEDULE 11 : CURRENT LIABILITIES

Sundry Creditors :

- For Programs and Goods
- For Expenses
- For Other Liabilities

Trade Advances/Deposits received

Bank Overdraft

Interest Accrued but not Due

**TOTAL**

### SCHEDULE 12 : PROVISIONS

Provision for Fringe Benefit Tax (Net of Advance Tax)

Provision for Employee Benefits

Provision for Taxation (Net of Advance Tax Payments)

**TOTAL**

### SCHEDULE 13 : MISCELLANEOUS EXPENDITURE

(to the extent not written off or adjusted)

Unamortised Finance Cost

Share Issue Expenses

Preliminary Expenses

**TOTAL**

	2009	2008
	<b>621.08</b>	331.44
	<b>600.23</b>	437.56
	<b>668.70</b>	531.83
	<b>159.63</b>	114.05
	<b>692.86</b>	6.24
	<b>12.23</b>	62.07
<b>TOTAL</b>	<b>2,754.73</b>	1,483.19
	<b>0.05</b>	1.37
	<b>21.13</b>	18.12
	<b>32.77</b>	2.39
<b>TOTAL</b>	<b>53.95</b>	21.88
	<b>18.49</b>	7.92
	<b>11.24</b>	–
	<b>0.89</b>	1.36
<b>TOTAL</b>	<b>30.62</b>	9.28

## SCHEDULES FORMING PART OF THE CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2009

(Rs. million)

	2009	2008
<b>SCHEDULE 14 : OTHER INCOME</b>		
Interest	2.76	45.95
Miscellaneous Income	19.29	99.03
<b>TOTAL</b>	<b>22.05</b>	<b>144.98</b>
<b>SCHEDULE 15 : OPERATIONAL COST</b>		
Program Production Expenses	30.25	31.15
Distribution Charges	537.50	871.26
Pay Channel Subscription	1,297.19	923.02
Other Operational Cost	140.57	147.12
Repairs and Maintenance - Network	37.89	21.61
Right of Way Charges	14.60	19.49
Rent	46.99	35.15
Cost of Goods Sold	3.88	210.70
<b>TOTAL</b>	<b>2,108.87</b>	<b>2,259.50</b>
<b>SCHEDULE 16 : PERSONNEL COST</b>		
Salaries, Allowances and Bonus	271.88	176.02
Contribution to Provident and Other Funds	19.47	12.37
Staff Welfare Expenses	10.28	14.40
<b>TOTAL</b>	<b>301.63</b>	<b>202.79</b>
<b>SCHEDULE 17 : ADMINISTRATIVE EXPENSES</b>		
Rent	29.77	24.46
Rates and Taxes	4.15	5.12
Brokerage	0.60	0.69
Communication Expenses	15.39	12.78
Repairs and Maintenance		
– Building	0.64	2.83
– Others	13.27	11.02
Electricity Expenses and Water Charges	22.88	17.36
Legal, Professional and Consultancy Charges (refer Note 16.4 of Schedule 21)	51.41	44.59
Printing and Stationery	10.12	7.87
Service Charges	47.46	33.88
Travelling and Conveyance Expenses	29.67	21.87
Vehicle Expenses	18.81	15.46
Miscellaneous Expenses	42.88	22.48
Provision for Doubtful Debts	252.76	140.65
Loss on Sale/ Discard/ Write off of Assets (net)	22.91	3.69
<b>TOTAL</b>	<b>562.72</b>	<b>364.75</b>

## SCHEDULES FORMING PART OF THE CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2009

	2009	(Rs. million) 2008
<b>SCHEDULE 18 : SELLING AND DISTRIBUTION EXPENSES</b>		
Advertisement and Publicity Expenses	25.45	20.47
Commission Charges and Incentives	35.46	29.34
Rebate and Discount	17.98	12.47
Business and Sales Promotion	5.97	4.21
<b>TOTAL</b>	<b>84.86</b>	<b>66.49</b>
<b>SCHEDULE 19 : INTEREST AND FINANCIAL CHARGES</b>		
Interest on		
– Term Loan	254.17	247.28
– Others	329.77	110.91
Financing Expenses	18.65	13.66
<b>Total</b>	<b>602.59</b>	<b>371.85</b>
<b>SCHEDULE 20 : EXCEPTIONAL ITEMS</b>		
Amusement Tax - ( paid against demand notice for earlier years)	23.32	–
Provision for Doubtful Debts	–	20.82
Provision for Loans and Advances	–	606.60
Investments written off	–	86.43
Fixed Assets written off	–	73.13
Inventory written off	–	8.73
<b>TOTAL</b>	<b>23.32</b>	<b>795.71</b>

## SCHEDULE 21 SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

### 1. a) Background

Wire and Wireless (India) Limited (hereinafter referred to as 'the Company' or 'WWIL') was incorporated in the state of Maharashtra, India. The Company is engaged in Distribution of Television Channels through analogue and digital cable distribution network, primary internet and allied services.

- b) The Group's accumulated losses aggregate to Rs. 2,191.36 million as at March 31, 2009 (Rs. 1,229.03 million as at March 31, 2008) while the share capital is Rs. 217.24 million at that date. The Company has adopted Headend in the Sky (HITS) mode for the distribution of channel in digital form and has tied-up with M/s. Dish TV India Limited. The Company would avail the HITS digital services from the platform of Dish TV India Limited in encrypted form for further distribution/re-transmission to cable operator and/or subscriber through a cable network. The digital signals would be decrypted at subscriber premises through Set Top Box (STB). Further, during the year, the Company has taken significant cost rationalization measures including right sizing of its work force. Based on the above, management expects to earn higher revenues and improve profitability which will enable strengthening of the financial position of the Company in the coming years. In past, the promoter group Companies have extended financial support to the Company in form of guarantee for loans taken and unsecured loans extended. The Company has raised Rs. 1,920 million by way of secured redeemable non-convertible debentures in May 2009. The Company has got SEBI approval for proposed right issue of Rs. 4500 million. One of the promoter companies has provided assurance that it intends to provide sufficient financial support to the Company, to continue its operations for the foreseeable future if necessary. The Company has got sanctions from banks and financial institutions for financing on enhanced equity base. Based on above discussion, the management is of the opinion that it is appropriate to prepare these financial statements on the basis of going concern.

### 2. Statement of Significant Accounting Policies:

#### a) Basis of preparation:

The Consolidated Financial Statements (CFS) of the group are prepared under the Historical Cost Convention in accordance with Generally Accepted Accounting Principles in India and the Accounting Standard (AS 21) on "Consolidated Financial Statements" notified accounting standards by Companies Accounting Standard Rules, 2006 and the relevant provisions of the Companies Act, 1956 as amended, to the extent possible in the same format as that adopted by the parent company for its separate financial statements by regrouping, recasting or rearranging figures wherever considered necessary.

The consolidation of the financial statements of the parent company and its subsidiaries is done, to the extent possible, on a line-by-line basis by adding together like items of assets, liabilities, income and expenses. All inter-group transactions, balances and unrealised inter-company profits have been eliminated in the process of consolidation and the consolidated financials statement have been prepared using uniform accounting policies except that in case of fixed assets are depreciated using written down value method instead of straight line method. The total amount of net block of these items of fixed assets represents 1.07% of the total consolidated fixed assets of the group at year end.

The CFS includes the financial statements of the parent company and the subsidiaries (as listed in the table below). Subsidiaries are consolidated from the date on which effective control is acquired.

Name of the Subsidiaries	Extent of holding %
Indian Cable Net Company Limited. (hereinafter referred as "ICNCL")	68
Central Bombay Cable Network Limited. (hereinafter referred as "CBCNL")	100
Siticable Broadband South Limited (hereinafter referred as "SBSL")	100
Wire and Wireless Tisai Satellite Limited (hereinafter referred as "WWTSPL" with effect from June 01, 2007)	51
Master Channel Community Network Pvt. Ltd. (hereinafter referred as "MCCNPL" with effect from April 01, 2008)	66

Minority Interest in subsidiary represents the minority shareholders' proportionate share of the net assets and net income.

**b) Use of Estimates:**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

**c) Fixed Assets:**

- (i) Fixed Assets are stated at cost less accumulated depreciation and impairment if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.
- (ii) Borrowing costs relating to acquisition of fixed assets which takes substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to be put to use.
- (iii) Program/Film/Cable rights are stated at the lower of net cost (cost less accumulated amortisation/impairment) and realisable value. Where the realisable value on the basis of its useful economic life is less than its carrying amount, the difference is impairment, which is expensed. Program/Film/Cable rights are amortised as follows;
  - (a) Cost of news/current affairs/chat shows/events including sports events etc. are fully expensed on first telecast.
  - (b) Program/Film/Cable rights are amortised on a straight-line basis over the license period or 60 months from the date of purchase, whichever is shorter.

**d) Intangible Assets:**

Goodwill on acquisition is amortised using the straight-line method over a period of five years.

**e) Depreciation/Amortisation:**

- (i) Depreciation is provided using the Straight Line Method as per the useful lives of the assets estimated by the management or at the rates prescribed under Schedule XIV of the Companies Act, 1956, whichever is higher

	<b>% per annum</b>
Building	1.63
Plant and Machinery	10.00 to 20.00
Furniture and Fixtures	6.33
Studio Equipments	4.75
Computers	16.21
Vehicles	9.50
Office Equipments	4.75
Software	16.21

- (ii) Leasehold improvements are amortised over the lease period.
- (iii) Plant and Machinery taken over under scheme of arrangement in the previous year are depreciated over the management's estimate of remaining useful life, a period of 5 years.

**f) Impairment:**

- (i) The carrying amounts of assets are reviewed at each Balance Sheet date if there is any indication of impairment based on internal / external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.



- (ii) After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

**g) Leases:**

Where the Group is the Lessee:

Finance leases, which effectively transfers to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the lower of the fair value and present value of minimum lease payments at the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between the finance charges and reduction of the lease liability based on the implicit rate of return. Finance charges are charged directly against income. Lease management fees, legal charges and other initial direct costs are capitalised.

If there is no reasonable certainty that the Group will obtain the ownership by the end of the lease term, capitalised leased assets are depreciated over the shorter of the estimated useful life of the assets or the leased term.

Leases where the lessor effectively retains substantially all the risks and benefits of the ownership of the leased term, are classified as operating leases. Operating lease payments are recognised as an expense in the Profit and Loss account on a straight-line basis over the lease term.

**Where the Group is the lessor:**

Assets given under a finance lease are recognised as a receivable at an amount equal to the net investment in the lease. Lease rentals are apportioned between principal and interest on the IRR method. The principal amount received reduces the net investment in the lease and interest is recognised as revenue. Initial direct costs such as legal costs, brokerage costs, etc. are recognised immediately in the Profit and Loss Account.

Assets subject to operating leases are included in fixed assets. Lease income is recognised in the Profit and Loss Account on a straight-line basis over the lease term. Costs, including depreciation are recognised as an expense in the Profit and Loss Account. Initial direct costs such as legal costs, brokerage costs, etc. are recognised immediately in the Profit and Loss Account.

**h) Investments:**

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long term investments are carried at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of the investments.

**i) Inventories:**

Inventories are valued as follows:

Stores and Spares are valued at cost on first in first out basis or at net realisable value whichever is lower. Stock-in-trade including Set Top Boxes are valued at cost on weighted average method or at net realisable value whichever is lower.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

**j) Revenue Recognition:**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

**Income from Services:**

Subscription revenue and Other Services revenue are recognised on completion of services.

Lease rentals and Carriage fees are recognised on accrual basis over the terms of related agreements.

Advertisement revenue is recognised when the related advertisement appears before the public. Other Advertisement revenue for slot sale is recognised on period basis.

In pursuance of the regulation of Telecom Regulatory Authority of India (TRAI) the Group has implemented Conditional Access System (CAS) in the notified areas and accordingly subscription charges have been accounted in terms of the said regulation.

**Sale of Goods:**

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. In case of VAT collected on sales, exclusive method is followed, where sales and expenditure will not include VAT. VAT collected is disclosed under current liabilities and not routed through Profit and Loss Account as mentioned in Guidance Note of State Value Added Tax issued by The Institute of Chartered Accountants of India (ICAI).

**Interest:**

Revenue is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

**k) Miscellaneous Expenditure:**

Costs incurred in raising funds are amortised equally over the period for which the funds are acquired. Preliminary Expenditure is amortised equally over a period of 5 years.

**l) Foreign Currency Transaction:**

**(i) Initial Recognition:**

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

**(ii) Conversion:**

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and the non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

**(iii) Exchange Differences:**

Exchange differences arising on the settlement of monetary items or on reporting company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expenses in the year in which they arise.

**m) Retirement and other Employee Benefits:**

Retirement benefits in the form of Provident Fund is a defined contribution scheme and the contributions are charged to the Profit 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 trusts.

Gratuity liability and leave encashment are defined benefit obligations and are provided for on the basis of an actuarial valuation made at the end of each financial year.

Short term compensated absences are provided for on estimates. Long term compensated absences are provided for based on actuarial valuation on projected unit credit method made at the end of each financial year.

Actuarial gains/losses are immediately taken to the Profit and Loss Account and are not deferred.

**n) Income Tax:**

Tax expense comprises of current, deferred and fringe benefit tax. Current income tax and fringe benefit tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act. Deferred income taxes reflect the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the Balance Sheet date. Deferred tax assets and deferred tax liabilities across various countries of operation are not set off against each other as the group does not have a legal right to do so. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

At each Balance Sheet date the Group re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realised.

**o) Earning Per Share:**

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the year. For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

**p) Employees Stock Compensation Cost :**

Measurement and disclosure of the employee share-based payment plans is done in accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the Guidance Note on Accounting for Employee Share-based Payments, issued by the Institute of Chartered Accountants of India. The Company measures compensation cost relating to employee stock options using the fair value method. Compensation expense is amortized over the vesting period of the option on a straight line basis

**q) Provisions:**

A provision is recognised when an enterprise has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.

**3. Segment Reporting Polices:**

The Group provides Cable Television Network Services, Internet Services and allied services which is considered as the only reportable segment. The Group's operations are based in India.

**4. Related Party Disclosure:**

**(i) Names of Related Parties where control exists:**

**Subsidiary Companies**

Central Bombay Cable Network Ltd., Indian Cable Net Company Ltd., Siticable Broadband South Ltd., Wire and Wireless Tisai Satellite Ltd., Master Chanel Community Network Ltd.

**(ii) Key Management Personnel:**

Mr. Subhash Chandra, Director, Mr. Amit Goenka, Whole-time Director, Mr. Deepak Chandnani, Chief Executive Officer (till November 14, 2008) and Mr. Sudhir Agarwal, Chief Executive Officer (appointed w.e.f. November 10, 2008),

**(a) Entities having common control**

Agrani Satellite Services Ltd., Dakshin Media Gaming Solutions Pvt. Ltd., Dish TV India Ltd., Essel Propack Ltd., ETC Networks Ltd., Intrex India Ltd., Pan India Network Infra Invest Pvt. Ltd., Zee Entertainment Enterprises Ltd., Zee Interactive Learning Systems., Zee News Ltd., Zee Turner Ltd., Essel Minerals Pvt. Ltd., Briggs Trading Company Pvt. Ltd., Churu Trading Company Pvt. Ltd., Ganjam Trading Company Pvt. Ltd., Jayneer Capital Pvt. Ltd., Lazarus Investments Ltd., Prajatra Trading Company Pvt. Ltd., Premier Trading Company Ltd., Veena Investment Pvt. Ltd.

(iii) List of transaction with related parties:

(Rs. million)

Sr. No.	Particulars Nature of Expenses/Names of the Parties	Amount March 31, 2009	Amount for Major Parties March 31, 2009	Amount March 31, 2008	Amount for Major Parties March 31, 2008
1.	<b>Sale. Services and other Recoveries (Net)</b> Dish TV India Ltd. ZEEL Zee News Ltd. Zee Turner Ltd.	269.65	– 131.78 123.25 14.61	187.15	39.15 121.59 2.55 22.52
2.	<b>Purchase of Programs, Goods &amp; Services</b> Zee Turner Ltd.	199.82	170.24	78.67	71.73
3.	<b>Purchase of Fixed Assets, Capital Goods and Investments</b> Zee Turner Ltd. Dish TV India Ltd.	3.84	1.74 2.09	0.10	0.10 –
4.	<b>Sale of Fixed Assets &amp; Capital Goods</b> Dish TV India Ltd.	0.07	0.07	–	–
5.	<b>Advances given</b> Churu Trading Co. Pvt. Ltd. Dish TV India Ltd. Essel Infraprojects Ltd.	246.60	– 246.50	472.22	450.00 22.22 –
6.	<b>Receipts towards advances given</b> Churu Trading Co. Pvt. Ltd. Dish TV India Ltd.	–	– –	461.89	450.00 11.89
7.	<b>Loans/Deposits received from</b> Zee News Ltd. Churu Trading Co. Pvt. Ltd. ZEEL	4,591.20	1,018.00 2,023.20 1,550.00	2.12	– 1.04 1.07
8.	<b>Repayment of Loans/Deposits received</b> Churu Trading Co. Pvt. Ltd. Zee News Limited ZEEL	3,032.50	2,070.00 892.50 70.00	1,409.50	824.50 – 585.00
9.	<b>Expenses Recovered</b> ZEEL Zee News Ltd. Zee Turner Ltd. Dish TV India Ltd.	8.94	– 6.90 0.56 1.22	7.97	0.83 4.53 1.35 –
10.	<b>Expenses Reimbursed</b> ZEEL	8.13	7.97	30.39	29.51
11.	<b>Balances Outstanding as on March 31, 2008</b>				
a)	<b>Sundry Debtors</b> Zee News Ltd. Dish TV India Limited ZEEL	420.54	140.47 0.04 270.08	168.16	– 35.35 123.04
b)	<b>Sundry Creditors</b> ZEEL Zee Turner Ltd.	437.65	160.91 261.99	182.68	158.74 16.73
c)	<b>Loans/Deposits/Advances given</b> Zee Turner Ltd. Dish TV India Limited	267.42	13.19 251.96	15.15	13.25 –
d)	<b>Loans/Deposits/Advances received</b> ETC Networks Ltd. Churu Trading Co. Pvt. Ltd. ZEEL	2,687.42	114.52 173.70 2,264.74	1,115.24	110.00 220.50 784.73
e)	<b>Interest Accrued on Loans/Deposits/Advances received</b> Churu Trading Co. Pvt. Ltd. ZEEL	218.66	50.12 134.98	59.55	20.91 36.08
f)	<b>Remuneration to Key Managerial Personnel:</b> Deepak Chandnani Sudhir Agarwal	18.50	13.90 4.60	15.74	15.74 –

## 5. Leases:

### In case of assets taken on lease

#### Finance Lease

Vehicle obtained on Finance Lease is for 4 years after which the legal title is passed to the lessee. There is no escalation clause in the lease agreement. There is no restriction imposed by the lease arrangements. There are no subleases.

#### Operating Lease

The Group's significant leasing arrangements are in respect of operating leases taken for offices, residential premises, godowns, stores, etc. These leases are cancelable operating lease agreements that are renewable on a periodic basis at the option of both the lessor and the lessee. The initial tenure of the lease generally is for 11 to 120 months.

(Rs. million)

	Finance Lease		Operating Lease	
	2009	2008	2009	2008
Total minimum lease payments at the year end	1.87	0.67	-	-
Less : Amount representing finance charges	0.77	0.30	-	-
Present value of minimum lease payments	1.10	0.37	-	-
Lease payment for the year	-	-	70.42	10.05
Minimum Lease Payments :				
Not Later than one year	1.97	1.27	1.66	1.53
Later than one year and not later than five years	2.41	3.07	6.93	8.60
Later than 5 years	-	-	-	-

### In case of assets given on Lease

#### Operating Lease

Set Top Boxes given under Operating Leases are capitalised at an amount equal to cost arrived on weighted average method and the rental income is recognised on equal monthly rental billed to subscriber.

The Group has leased assets to its business associates and other parties by way of cancellable operating lease. The detail of gross book value of such assets, accumulated depreciation and depreciation for the year is as under:

(Rs. million)

Description of Assets	Gross Block	Depreciation for the year ended March 31, 2009	Accumulated Depreciation
Plant and Machinery	99.58	10.76	91.49
Equipments	0.25	0.01	0.22
Furniture and Fixtures	0.07	-	0.04
Studio Equipments	0.65	0.05	0.37
Air Conditioners	0.40	0.02	0.05
Set Top Boxes	241.42	31.03	60.48
<b>TOTAL</b>	<b>342.37</b>	<b>41.87</b>	<b>152.65</b>
Previous Year	264.73	44.39	134.93

## 6. Earning Per Share:

In accordance with AS - 20 "Earnings Per Share" issued by ICAI, basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of shares outstanding during the year.

Particulars	2009	2008
Weighted average number of equity shares (No.)	217,217,753	217,217,753
Nominal Value of equity shares (Re.)	1	1
Profit/(Loss) after Tax (Rs.)	(962.32)	(1,537.34)
Basic/Diluted earnings/(Loss) per share (Rs.)	(4.43)	(7.08)

There are potential equity shares as on March 31, 2009 in the form of stock options granted to employees. As these are anti dilutive they are ignored in the calculation of diluted earning per share and accordingly the diluted earning per share is the same as basic earning per share.

## 7. Taxation:

In accordance with the Accounting Standard 22 on "Accounting for taxes on income" (AS 22) issued by the Institute of Chartered Accountants of India, deferred tax assets and liability should be recognised for all timing differences in accordance with the said standard.

Further, Deferred Tax Assets are not recognized in standalone financials of Wire and Wireless (India) Limited (Net Rs. 1131.85 million PY Rs. 769.04 million ) since it is not virtually certain that Deferred Tax Assets can be realized against future taxable profits. However, in case of subsidiaries the same are taken as per AS-22.

The break-up of year end deferred tax assets and liabilities into major components of the respective balances in case of WWIL and its subsidiary companies are as follows;

(Rs. million)

Particulars	As at March 31, 2009	As at March 31, 2008
<b>Deferred Tax Liabilities</b>		
Differences in depreciation and other differences in block of fixed assets as per tax books and financial books	16.21	37.45
<b>TOTAL (A)</b>	16.21	37.45
Unabsorbed Depreciation (including Rs. 202.02 million recognised in current year for previously unrecognised deferred tax assets)	502.36	425.51
Carry forward of losses (including Rs. Nil million recognised in current year for previously unrecognised deferred tax assets)	206.91	106.54
Effect of expenditure debited to Profit and Loss Account in the current year but allowed for tax purposes in following years	61.04	4.18
Provision for doubtful debts	369.83	230.84
Deferred revenue expenses/Other Expenses	(2.91)	29.68
<b>TOTAL (B)</b>	1,137.23	796.75
Net Deferred Tax Liability/(Assets)	(1,121.02)	(759.30)

## 8. Impairment of Assets:

The Group is in the process of building its cable network infrastructure. The assets mainly consist of cable plant, head ends and other equipment necessary for distribution of TV channel signals through cable network. With the implementation of Conditional Access System and demand for digital signals, the Group has transitioned from analogue distribution system to digital distribution system wherein these assets have significant value. Further, with the introduction of HITS, the Group expects to increase its reach and subscriber base. Management has, based on a ten year detailed business plan to expand its presence, carried out an impairment test on these assets using the discounted cash flow method which reflects that the value in use is significantly higher than the assets deployed/to be deployed in the business.

## 9. Secured Loans

### i. Working Capital Finance From Banks

Secured by hypothecation of stocks and book debts, both present and future, all ranking first pari passu with other financing banks and certain credits are further secured by charge on control room equipments installed at various places in Delhi. All the loans are further secured by corporate guarantee of Zee Entertainment Enterprises Ltd. (ZEEL).

**ii. Term Loan From Banks/Financial Institution**

Secured by hypothecation of Company's movable and immovable properties, book debts, bank accounts, operating cash flows, receivables, commission, revenues of whatsoever nature and whenever arising, intangibles, both present and future, all ranking first pari passu with other financing banks and financial institution. All the loans are further secured by Zee Entertainment Enterprises Limited undertaking of DSRA.

**iii. Hire Purchase facility**

Secured by hypothecation of vehicles.

**10) Capital Commitments:**

Estimated amount of Contracts remaining to be executed on capital account and not provided for (Net of Advances) amounting to Rs. 3.29 million (Previous Period: Rs. 31.23 million)

**11) Contingent Liabilities not provided for**

- i) Claims against the Company not acknowledged as debts Rs. 125.08 million (Previous Year Rs. 157.39 million).
- ii) Income Tax Matters: Rs. 6,015.30 million for the Assessment Year 1997-98 to Assessment Year 2004-05. These contingencies (dispute with Siti Cable Network Ltd.) have arisen from demerger of cable business of Siti Cable Network Limited into Wire and Wireless (India) Limited & future cash outflow in respect of above would be determinable only on judgment/decisions.

The major issue in these cases are on account of the additions of income by the Assessing Officer. These additions are made based on the number of subscribers as published in the advertisement brochure where in the Company had claimed higher subscribers on the basis of eyeballs than actual subscribers being billed. The learned CIT(A) and ITAT has judged in favour of Company deleting all additions.

The Income Tax Department has filed appeals against the orders of ITAT for A.Y. 1997-98 to 2000-01 before High Court and most likely these will be dismissed at admission stage itself as no question of law arises in these appeals and hence finally there will be no tax liability on the Company.

- iii) Service Tax Matters: Rs. 28.56 million for Financial Year 2001-02 to Financial Year 2003-04. These disputes (Dispute with Siti Cable Network Ltd.) have arisen from demerger of cable business of Siti Cable Network Limited into Wire and Wireless (India) Limited and future cash outflow in respect of above would be determinable only on judgment/decisions.

The major issue in these cases are due to show cause notice issued by Deputy Commissioner raising demand for service tax on basis of advertisement income in financials, which was in the nature of broadcasting and not advertising agency. Siti Cable Network Limited, a MSO had performed broadcasting service in respect of same and not advertising service as defined in the Finance Act, 1994. The CESTAT has given judgment in favour of the Company, against which appeal is filed by Department in High Court. Considering some similar judgments in favour of the Company, there would be no tax liability.

- iv) The Company has undertaken continuing financial support to subsidiaries.
- v) The Commercial Tax authorities, Government of West Bengal, by an order dated June 9, 2003, sought to impose sales tax, with retrospective effect from April 2, 1997, on the ICNCL's income from cable TV services. Indian Cable Network India Limited has filed an application before the Hon'ble West Bengal Taxation Tribunal on July 15, 2003, seeking, inter alia, that the aforesaid order be set aside. The Hon'ble West Bengal Taxation Tribunal by its order dated August 1, 2003 has directed that pending disposal of the application, assessment proceedings may continue but that no demand notice will be issued. The matter had come for hearing on several occasions but has been adjourned, pending State's submissions. In view of the fact that neither assessment proceedings have been completed nor demand notice has been issued, the alleged liability for Sales tax cannot be ascertained. Consequently no liability on account of sales tax has been recognised by the Company in the books of account.
- vi) Pursuant to an Order passed by the Hon'ble Supreme Court, The Entertainment Tax Department, West Bengal, has imposed entertainment/amusement tax, inter alia, on Multi System Operators (MSOs) as a percentage of gross receipts from Cable TV service from April, 1998 and has accordingly made assessments up to 31.03.2006 on Indian Cable Network India Limited and raised a demand of Rs.72,611 thousands towards

Amusement Tax payable. Out of the said Rs. 72611 thousand, no provision has been made in ICNCL for Rs. 72,158 thousand. Against the said unprovided liability of Rs. 72,158 thousands, the company has paid Rs. 2,000 thousand during the year ended 31.03.2008 and Rs. 23,321 thousands during the year ended 31.03.2009, and the same has been debited to profit and loss account for respective years and balance of Rs. 46,837 thousand is not yet provided and the same shall be provided in the books as and when paid.

## 12. Employee Stock Option Plan – ESOP-2007 :

The Company instituted the Employee Stock Option Plan – ESOP-2007 to grant equity based incentives to its eligible employees. The ESOP-2007 (“The Scheme”) has been approved by the Board of Directors of the Company at their meeting held on June 27, 2007 and by the shareholders of the Company by way of special resolution passed at their Annual General Meeting held on September 18, 2007 to grant aggregating 4,344,355 options (not exceeding 2% of the issued, subscribed and paid up equity share capital of the Company as on March 31, 2007, representing one share for each option upon exercise by the employee of the Company at an exercise price determined by the Board / Remuneration committee. The Scheme covers grant of options to the specified permanent employees of the Company and Directors of the Company, whether Whole-time Directors or otherwise as may be decided by the Board. Pursuant to the Scheme, the Remuneration Committee has on June 17, 2008 granted 150,000 options (PY grant of 29,87,300 Options on 22/10/2007) to specified eligible employee of the Company at the market price determined as per the SEBI Guidelines.

The options granted under the Scheme shall vest not less than one year and not more than five years from the date of grant of options. Under the terms of the Scheme, 20% of the options will vest in the employee every year equally. The Option Grantee must exercise all vested options within a period of four years from the date of vesting. Once the options vest as per the Scheme, they would be exercisable by the Option Grantee at any time and the shares arising on exercise of such options shall not be subject to any lock-in period.

## 13. Employee Benefits:

### Defined Contribution Plan

Contribution to Defined Contribution Plan, recognised as expense for the year are as under:

Employer’s Contribution to Provident Fund Rs. 17.56 million.

### Defined Benefit Plan

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. These benefits are unfunded except in case of ICNCL where the same are funded.

The following table summarizes the components of net benefit expenses recognised in the Profit and Loss Account and amounts recognised in the Balance Sheet for the respective plans.

### Profit and Loss Account

Net employee benefit expense (recognised in the Employee cost)

(Rs. million)

	Gratuity	
	2009	2008
Current service Cost	2.54	2.00
Interest cost on benefit obligation	0.82	0.48
Expected Return on Plan Asset	(0.09)	(0.07)
Actuarial gain/(loss) recognised in the year	0.65	0.62
Net benefit expense	3.92	3.03
Actual return on plan asset	0.09	0.09



**Changes in the present value of the defined benefit obligation are as follows:**

(Rs. million)

	<b>Gratuity</b>	
	<b>2009</b>	2008
Defined Benefit Obligation at the beginning of the year	<b>7.57</b>	4.93
Current service cost	<b>2.61</b>	1.74
Interest cost	<b>0.83</b>	0.39
Actuarial gain / (loss)	<b>0.70</b>	0.55
Benefits paid	<b>(1.47)</b>	(1.48)
Defined Benefit Obligation at the end of the year	<b>10.24</b>	7.58

**Changes in the fair value of plan assets are as follows:**

(Rs. million)

	<b>Gratuity</b>	
	<b>2009</b>	2008
Opening Fair Value of Plan assets as on March 31	<b>1.06</b>	0.98
Expected return	<b>0.09</b>	0.08
Contribution by employers	<b>1.43</b>	1.48
Benefits Paid	<b>(1.47)</b>	(1.48)
Actuarial gains / (losses)		0.01
Assets acquired on acquisition		(0.01)
Closing Fair Value of Plan Assets	<b>1.10</b>	1.06

**The principal assumptions used in determining gratuity for the company's plan are shown below:**

(Rs. million)

	<b>Gratuity</b>	
	<b>2009</b>	2008
Discount Rate (per annum)	<b>7.75%</b>	8.40%
Expected rate of return on assets (per annum)	<b>-</b>	-
Rate of escalation in salary (per annum)	<b>6.00%</b>	6.00%

The estimates of rate of escalation in salary considered in actuarial valuation take into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market.

The expected rate of return on plan assets is determined considering several applicable factors mainly the composition of plan assets held, assessed risks, historical results of return on plan assets and the group's policy for plan asset management.

Amounts for the current and previous four periods are as follows

(Rs. million)

	<b>2009</b>	2008	2007
Defined benefit obligation	<b>10.24</b>	7.57	5.94
Plan assets	<b>1.10</b>	1.06	0.98
Surplus/(deficit)	<b>(9.14)</b>	(6.51)	(4.96)
Experience adjustments on plan liabilities	<b>(0.11)</b>	0.39	0.06
Experience adjustments on plan assets	<b>(0.00)</b>	0.01	0.01

**14. Derivative Instruments and Unhedged Foreign Currency Exposure**

Foreign currency exposures that are not hedged by derivative instruments as on March 31, 2009 amount to Rs. 19.60 million (US \$ 0.38 million @ Closing rate of 1 USD = Rs. 49.95) Previous Year Rs. 84.2 million (US \$ 2.106 million @ Closing rate of 1 USD = Rs. 39.97)) represented by sundry creditors for capital goods and an amount of Rs. 14.15 million (US \$ 0.28 million @ Closing rate of 1 USD = Rs. 49.95) Previous Year Rs. Nil represented by sundry debtor for carriage fee.

**15. There is no amount due to Micro, Small and Medium Enterprises as per the Micro, Small and Medium Enterprises Development Act 2006.**

The above information regarding Micro, Small and Medium Enterprises have been determined to the extent to which parties have been identified on the basis of information available with the Company.

**16. Previous year Comparatives:**

Previous year's figures have been regrouped where necessary to confirm to this year's classification.

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As per our attached report of even date

For **S. R. Batliboi & Associates**  
Chartered Accountants

For and on behalf of the Board of Directors of  
**Wire and Wireless (India) Limited**

**per Govind Ahuja**  
Partner  
Membership No. : 48966  
Place : Mumbai  
Date : June 17, 2009

**Amit Goenka**  
Whole-time Director

**Arun Kapoor**  
Director

**Sudhir Agarwal**  
Chief Executive Officer

**R. K. Agarwal**  
Chief Financial Officer

**Samir Raval**  
Company Secretary

## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR FROM APRIL 01, 2008 TO MARCH 31, 2009

	31.03.2009	Rs. million 31.03.2008
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Net Profit/(Loss) before taxation, and exceptional items</b>	<b>(877.65)</b>	(719.84)
Adjustments for :		
Depreciation/Amortisation	321.58	309.49
Interest Income	(10.41)	(45.95)
Foreign Exchange Fluctuations	6.12	(22.67)
Interest and Finance Expenses	583.98	357.31
Provision for Diminution in value/written off of Investment	-	86.43
Leave Encashment & Gratuity provided	5.30	-
Liabilities Written Back	(11.22)	(67.87)
Loss on Sale/Discard of Fixed Assets	1.50	3.05
Write off/other adjustments of Fixed Assets & Capital Work in Progress	-	82.07
Preliminary Expenses Written Off	0.45	0.50
Finance Cost Amortised	15.78	9.26
ESOP Cost	5.39	(795.71)
Exceptional Items	23.32	-
Provision for Debtors and Advances	442.23	-
<b>Operating profit before working capital changes</b>	<b>506.37</b>	(803.93)
Movement in Working Capital		
Decrease/(Increase) in Sundry Debtors	(683.13)	(712.12)
Decrease/(Increase) in Inventories	212.75	(145.76)
Decrease/(Increase) in Loans and Advances	(327.64)	(423.02)
Increase/(Decrease) in Current Liabilities	964.17	215.66
Increase/(Decrease) in Provisions	-	773.65
<b>Cash Flow from Operating Activities Before tax</b>	<b>672.52</b>	(1,095.52)
Net Prior Period Adjustment	0.96	12.35
Taxes paid	(28.99)	(19.98)
<b>Net Cash Flow from Operating Activities</b>	<b>644.49</b>	(1,103.15)
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets/Capital Work-in-Progress	(494.78)	(506.77)
Proceeds from sale of Fixed Assets	3.44	8.94
Purchase of Investments in Subsidiaries	(0.20)	(0.05)
Purchase of Investments	-	(2.10)
Short Term Deposit paid to other corporate	-	(787.76)
Repayment of Short Term Deposit paid	-	1,582.90
Interest Income Received	1.29	10.80
<b>Net Cash Flow from Investing Activities</b>	<b>(490.25)</b>	305.96

## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR FROM APRIL 01, 2008 TO MARCH 31, 2009

	<b>31.03.2009</b>	Rs. million 31.03.2008
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Interest and Finance Expenses paid	(451.24)	(251.44)
Finance Expenses	(0.02)	(8.62)
Share Issue Expenses	(11.24)	-
Proceeds from Long Term Borrowing	5,555.11	4,272.48
Repayment of Term Borrowings	(5,247.98)	(3,170.58)
Proceeds from issuance of Share Capital	0.19	0.10
<b>Net Cash Flow from Financing Activities</b>	<b>(155.18)</b>	<b>841.94</b>
<b>Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)</b>	<b>(0.94)</b>	<b>44.75</b>
Opening Cash and Cash Equivalents	205.66	160.32
<b>CLOSING CASH AND CASH EQUIVALENTS</b>	<b>204.71</b>	<b>205.07</b>
Cash and Cash Equivalents at the end of the year		
Cash on Hand	19.06	21.19
Cheques and Drafts on Hand/Transit	48.09	24.16
Balances with Scheduled Banks on Current Accounts	96.29	74.05
Balances with Scheduled Banks on Deposit Accounts/Margin Money	41.27	85.67
<b>TOTAL</b>	<b>204.71</b>	<b>205.07</b>

As per our attached report of even date

For **S. R. Batliboi & Associates**  
Chartered Accountants

For and on behalf of the Board of Directors of  
**Wire and Wireless (India) Limited**

**per Govind Ahuja**  
Partner  
Membership No. : 48966  
Place : Mumbai  
Date : June 17, 2009

**Amit Goenka**  
Whole-time Director

**Arun Kapoor**  
Director

**Sudhir Agarwal**  
Chief Executive Officer

**R. K. Agarwal**  
Chief Financial Officer

**Samir Raval**  
Company Secretary

# **FINANCIAL STATEMENTS OF SUBSIDIARIES**

## DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the Thirteenth Annual Report along with the Audited Financial Statement for the year ending on March 31, 2009.

### FINANCIAL RESULTS

(Rs. in '000)

Particulars	March 31, 2009	March 31, 2008
Gross Income	6,76,722	4,84,098
Expenditures including depreciation	5,59,607	4,14,694
Profit/(Loss) before Exceptional Item and Tax	1,17,115	69,404
Less: Exceptional Items	23,320	2,000
<b>Profit/(Loss) before Tax</b>	<b>93,795</b>	67,404
Less: Provision for Taxation		
Income Tax	32,533	7,637
MAT Credit	NIL	(17,887)
Deferred Tax	985	17,205
Fringe Benefit Tax	457	462
<b>Profit/(Loss) After Tax</b>	<b>59,820</b>	59,987
Less: Prior Period Adjustments	(986)	887
Less: Income Tax/FBT in respect of earlier years	196	NIL
Profit/(Loss) after Tax & Prior Period Items	60,610	59,100

### FINANCIAL REVIEW

During the financial year ended on March 31, 2009, the gross income of the Company has increased to Rs. 67.67 crores as compared to Rs. 48.41 crores during the last preceding financial year ended on March 31, 2008. Similarly, the Net Profit of the Company during the financial year ended on March 31, 2009 has increased to Rs. 6.06 crores, as compared to Rs. 5.91 crores in the last preceding financial year ended on March 31, 2008.

### DIVIDEND

Your Directors do not recommend payment of dividend for the year under review.

### DIRECTORS

During the year under review, Mr. Avnindra Mohan will retire by rotation at the ensuing Annual General Meeting of the Company and, being eligible, offers himself for re-appointment. Your Directors have recommended his re-appointment.

Further, Mr. Sudhir Jagdish Agarwal has been appointed on the Board as an Additional Director on April 21, 2009 and pursuant to the provisions of Section 260 of the Companies Act, 1956, he will vacate office on the date of the ensuing Annual General Meeting. A notice under Section 257 of the Companies Act, 1956 has been received by the Company proposing his candidature for the office of the Director.

### DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 217 (2AA) of the Companies Act, 1956, your Directors confirm having:

- i. In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii. The Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of your Company at the end of the financial year and of the profit of your Company for that period;
- iii. The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of your Company and for preventing and detecting fraud and other irregularities; and
- iv. The Directors had prepared the annual accounts on a 'going concern' basis.

### AUDITORS

M/s. A. K. Tekriwal & Co. Chartered Accountants, Kolkata, statutory auditors of the Company retire at the conclusion of the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. The Company has received a Certificate from the said Auditors to the effect that their re-appointment, if made, shall be within the prescribed limit in terms of Section 224 (1B) of the Companies Act, 1956 and that they are not disqualified for such re-appointment within the meaning of Section 226 of the Companies Act, 1956.

### AUDITORS' REPORT

The observations made by the auditors in their report have been duly explained by way of appropriate notes to the accounts.

### PERSONNEL

The Statutory information pertaining to employees of the Company as required to be furnished pursuant to Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, is attached herewith as an Annexure-I

**CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO**

The disclosures as required under the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 are given below:

**a) Conservation of energy**

Your Company's business operation does not involve high level energy consumption. Efforts to conserve and optimise the use of energy through improved operational methods, is always being made.

**b) Technology absorption**

Not Applicable. The Company is providing Services only.

**c) Foreign exchange earnings and outgo**

The particulars regarding foreign exchange earnings and outgo are given in Schedule 12 note 18 to the Notes to the Accounts forming part of the Annual Accounts.

**Deposit(s):**

During the period under review, your Company had neither invited nor accepted any deposits within the meaning of Section 58-A of the

Companies Act, 1956 read with Companies (Acceptance of Deposits) Rules, 1975.

**ACKNOWLEDGEMENT**

Your Directors place on record their sincere thanks to the Central Government, Bankers and other concerned agencies for their continued co-operation extended to the Company.

Your Directors also wish to place on records their deep appreciation of the contribution made by the employees at all levels towards the growth of the Company.

For and on behalf of the Board

Sd/-  
(V. K. AGARAWAL)  
Director

Sd/-  
(SURESH KUMAR)  
Director

Place: Kolkata  
Date: June 15, 2009

**ANNEXURE TO DIRECTORS' REPORT**

**I. Information under Section 217(2A) (b) (ii) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the year ended March 31, 2009**

Sr. No.	Name	Designation/Nature of Duties	Gross Remuneration (Rs. in '000)	Qualification	Age (Years)	Total Experience (Years)	Date of Commencement of Employment	Last Employment and Designation
1	Amit Nag	Manager – re-designated as Chief Executive Officer	2,900	M.Com., LLB, ICWAI	54	31	July 30, 2003	Modi Entertainment Ltd., Chief Executive

**Notes:**

- His appointment is contractual and terminable by notice on either side.
- None of the employees are related to any of the Directors.
- Remuneration includes Salary, Bonus, Incentive awards, Commission, Allowances, Leave Travel assistance, Medical benefits, Gratuity, Company's contribution to Provident fund and on the basis of Income-tax Rules, 1962.

For and on behalf of the Board

Sd/-  
(V. K. AGARAWAL)  
Director

Sd/-  
(SURESH KUMAR)  
Director

Place: Kolkata  
Date: June 15, 2009

## AUDITORS' REPORT

To,

The Members of **Indian Cable Net Company Limited**

We have audited the attached Balance Sheet of **Indian Cable Net Company Limited** as at March 31, 2009, the Profit & Loss Account and the Cash Flow Statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

1. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from any material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.
2. As required by the Companies (Auditors' Report) Order, 2003, issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956, and on the basis of such checks as we considered appropriate, we enclose in the Annexure a statement on the matters specified in paragraphs 4 & 5 of the said order.
3. Further to our comments in the Annexure to para 2 above, we report that:
  - a) We have obtained all the information and explanations, which to the best of our knowledge and belief, were necessary for the purpose of our audit;
  - b) In our opinion, proper books of account as required by law have been kept by the Company, so far as appears from our examination of the books of account;
  - c) The Balance Sheet, Profit & Loss Account and Cash Flow Statement referred to in this report are in agreement with the books of account;
  - d) In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report, *subject*

*to Note no. 9 to Notes to Accounts regarding non-provision of amusement tax liability of Rs. 46,837 thousands, comply with the accounting standards referred to in Section 211(3C) of the Companies Act, 1956. The said non provision has the effect of, the accumulated credit balance in Profit and Loss Account being higher by Rs. 46,837 thousands.*

- e) Based on the written representations received from the Directors of the Company as on March 31, 2009 and taken on record by the Board of Directors, we report that, none of the Directors is disqualified, as on March 31, 2009, from being appointed as a Director in terms of Clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
- f) In our opinion and to the best of our information and according to the explanations given to us, the said Accounts read with the notes thereon and attached thereto, give the information required by the Companies Act, 1956, in the manner so required and *subject to Note no. 9 to Notes to Accounts regarding non provision of Amusement Tax liability amounting to Rs. 46,837 thousands*, give a true and fair view in conformity with the accounting principles generally accepted in India:
  - i) In the case of Balance Sheet, of the state of affairs of the Company as at March 31, 2009,
  - ii) In the case of Profit and Loss Account, of the Profit for the year ended on that date; and
  - iii) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For **A. K. Tekriwal & Co.**  
Chartered Accountants

(A. K. Tekriwal)  
Partner  
Membership No. 056362

Place : Kolkata  
Date : June 15, 2009



Annexure referred to in paragraph 2 of our report of even date on the accounts for the year ended March 31, 2009 of Indian Cable Net Company Ltd.

- i) (a) The Company is generally maintaining proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) The fixed assets of the Company *except those in ground distribution network and Set Top Boxes including smart cards with Subscribers* for which physical verification is not practicable, have been physically verified by the management during the year and no material discrepancies between book records and the physical inventory have been noticed. In our opinion, the frequency of verification is reasonable.
- (c) In our opinion and according to the information and explanations given to us, a substantial part of the fixed asset has not been disposed of by the Company during the year.
- ii) (a) Physical verification of inventory *except Set top Boxes including smart cards with local cable operators of non-CAS area* has been conducted by the Management at reasonable intervals.
- (b) In our opinion, the procedures of physical verification of inventory followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) On the basis of our examination of the inventory records, in our opinion, the Company is maintaining proper records of inventory. No material discrepancies were noticed in the physical stock as compared with the book records.
- iii) The Company has neither granted nor taken any loans, secured or unsecured, to/from companies, Firms or other parties covered in register 301 of the Companies Act, 1956. Hence paragraphs 4(iii) (a) to 4(iii)(g) of the Order are not applicable.
- iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchases of fixed assets. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal control system.
- v) (a) According to the information and explanations given to us, we are of the opinion that the transaction that need to be entered into the register in pursuance of Section 301 of the Companies Act, 1956 have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transaction made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 and exceeding the value of rupees five lacs in respect of each party during the year have been made at prices which are reasonable having regard to prevailing market price at the relevant time.
- vi) The Company has not accepted any deposits from the Public within the meaning of Sections 58A and 58AA of the Act and the rules framed there under.
- vii) In our opinion and according to the information and explanations given to us, the Company has an internal audit system commensurate with the size and nature of its business.
- viii) The maintenance of cost records u/s 209 (1) (d) of the Companies Act, 1956, is not applicable to the Company.
- ix) (a) In our opinion and according to the information and explanations given to us, the Company is generally regular in depositing the undisputed statutory dues including provident fund, employees' state insurance, income tax, and other material statutory dues with the appropriate authorities. *In respect of amusement tax an amount of Rs. 5256 thousand is outstanding as at the last day of the financial year for*

*a period of more than six month from the date it became payable.* However the same has been deposited after the end of financial year as on June 12, 2009.

- (b) According to the information and explanations given to us and the records of the Company examined by us, the dues of amusement tax, Service tax, and trade tax as at March 31, 2009 which have not been deposited on account of dispute, are as follows:-

Name of the statute	Nature of Dues	Period to which the amount relates	Amount (Rs.)	Forum where the dispute is pending
Service Tax Act, 1994	Service Tax	1998-99	79,675/-	Central Excise Commissionerate-I, Kolkata

However, the same has been deposited on June 12, 2009.

- x) The Company has neither accumulated losses at the end of the financial year nor has it incurred cash losses, both, in the financial year under report and the immediately preceding financial year;
- xi) On the basis of the records examined by us and the information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institution or banks or debenture holders. There were no dues to any Financial Institution during the year.
- xii) As explained to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii) In our opinion, the Company is not a chit fund or a nidhi /mutual benefit fund /society. Therefore, paragraph 4(xiii) of the order is not applicable to the Company.
- xiv) In our opinion, Company is not dealing in or trading in shares, securities, debentures and other investments. Therefore, paragraph 4(xiv) of the Order is not applicable to the Company.
- xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year.
- xvi) As no fresh term loan has been obtained by the Company during the year, paragraph 4(xvi) of the Order is not applicable.
- xvii) On the basis of an overall examination of the Balance Sheet of the Company and according to the information and explanations given to us, there are no funds raised on a short-term basis which have been used for long-term investment, and vice versa.
- xviii) The Company has not made any preferential allotment of shares to parties and Companies concerned in the Register maintained u/s 301 of the Act during the year and therefore, paragraph 4(xviii) of the Order is not applicable.
- xix) The Company did not issue any debenture during the year and therefore, paragraph 4(xix) of the Order is not applicable.
- xx) The Company has not raised any money by public issues during the year and therefore, paragraph 4(xx) of the Order is not applicable.
- xxi) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

For **A. K. Tekriwal & Co.**  
Chartered Accountants

(A.K. Tekriwal)  
Partner  
Membership No. 056362

Place : Kolkata  
Date : June 15, 2009

## BALANCE SHEET AS AT MARCH 31, 2009

PARTICULARS	Sch. Ref.	(Rs. in '000)	
		As at March 31, 2009	As at March 31, 2008
<b>Sources of Funds</b>			
<b>Shareholders' Fund</b>			
Share Capital	1	100,911	100,911
Reserves and Surplus	2	153,588	96,798
Deferred Tax Liability (Net)		10,628	9,643
<b>TOTAL</b>		<b>265,127</b>	<b>207,351</b>
<b>Application of Funds</b>			
<b>Fixed Assets</b>			
Gross Block	3	334,390	289,100
Less: Accumulated depreciation		106,715	85,222
Net Block		227,675	203,878
Add: Capital work-in-progress		550	550
		228,224	204,428
<b>Current Assets, Loans &amp; Advances</b>			
Inventories		39,777	39,958
Sundry Debtors		200,824	81,194
Cash and Bank Balances		32,176	26,637
Other Current Assets		503	-
Loans and Advances		74,322	65,009
		347,602	212,798
<b>Less: Current Liabilities &amp; Provisions</b>			
Current Liabilities	5	277,605	191,076
Provisions		33,094	22,618
		310,699	213,694
Net Current Assets		36,903	(896)
<b>Profit and Loss Account</b>			
		-	3,820
<b>TOTAL</b>		<b>265,127</b>	<b>207,351</b>
Notes to Accounts	12		
Balance Sheet referred in our report of even date.			
Schedules referred to above form an integral part of the Balance Sheet.			

For **A. K. Tekriwal & Co.**  
Chartered Accountants

**A. K. Tekriwal**  
Partner  
Membership No.: 056362

Place: Kolkata  
Date: June 15, 2009

For **Indian Cable Net Co. Ltd.**

**Suresh Kumar**  
Director

**V. K. Agarawal**  
Director

**Amit Nag**  
C.E.O. (Manager)

**Atul Kumar Singh**  
Sr. Manager (F & A)

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2009

(Rs. in '000)

PARTICULARS	Sch. Ref.	For year ended March 31, 2009	For year ended March 31, 2008
<b>Income</b>			
Sales / Income from Operations		671,026	457,079
Other Income	6	5,696	27,019
<b>TOTAL</b>		<b>676,722</b>	<b>484,098</b>
<b>Expenditure</b>			
Operational Expenses	7	451,705	316,383
Personnel Cost	8	21,445	18,660
Administrative and Other Expenses	9	64,718	61,499
Financial Expenses	10	222	975
Depreciation	3	21,518	17,177
<b>TOTAL</b>		<b>559,607</b>	<b>414,694</b>
<b>Profit (Loss) Before Exceptional Items and Tax</b>		<b>117,115</b>	<b>69,404</b>
Exceptional Items	11	23,320	2,000
<b>Profit (Loss) Before Tax</b>		<b>93,795</b>	<b>67,404</b>
Provision for Taxation			
- Current Tax		32,533	7,637
- MAT Credit		-	(17,887)
- Deferred Tax		985	17,205
- Fringe Benefit Tax		457	462
<b>Profit/(Loss) After Tax</b>		<b>59,820</b>	<b>59,987</b>
Prior Period Adjustments (Net)		(986)	887
Income tax/FBT in respect of earlier years		196	-
<b>Profit/(Loss) After Tax &amp; Prior Period Items</b>		<b>60,610</b>	<b>59,100</b>
<b>Balance Brought Forward</b>		<b>(3,820)</b>	<b>(61,659)</b>
		<b>56,790</b>	<b>(2,558)</b>
<b>Appropriations</b>			
Transitional adjustment on adoption of AS-15 (revised-2005) (Net of Deferred Tax of Rs. 650 thousand) (refer note no.-I (e) of Schedule - 12)		-	1,262
<b>Balance Carried to Balance Sheet</b>		<b>56,790</b>	<b>(3,820)</b>
		<b>56,790</b>	<b>(2,558)</b>
Basic and diluted earning per share Before Prior Period Item		5.91	5.94
Basic and diluted earning per share After Prior Period Item (Refer Note-4 of Schedule 12)		6.01	5.86
Nominal value per share		10	10
Notes to Accounts	12		
Profit & Loss A/c referred in our report of even date.			
Schedules referred to above form an integral part of the Profit and Loss Account			

For **A. K. Tekriwal & Co.**  
Chartered Accountants

**A. K. Tekriwal**  
Partner  
Membership No.: 056362

Place: Kolkata  
Date: June 15, 2009

For **Indian Cable Net Co. Ltd.**

**Suresh Kumar**  
Director

**V. K. Agarawal**  
Director

**Amit Nag**  
C.E.O. (Manager)

**Atul Kumar Singh**  
Sr. Manager (F & A)

## SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2009

(Rs. in '000)

### PARTICULARS

#### SCHEDULE 1: SHARE CAPITAL

##### Authorised

1,20,00,000 (1,20,00,000) Equity Share of Rs. 10/- each

##### Total

##### Issued, Subscribed and Paid-up

1,00,91,070 (1,00,91,070) Equity Share of Rs. 10/- each fully paid up in cash

##### Total

#### SCHEDULE 2: RESERVES & SURPLUS

Securities Premium (As per last accounts)

Profit & Loss A/c

	As at March 31, 2009	As at March 31, 2008
	120,000	120,000
	<u>120,000</u>	<u>120,000</u>
	100,911	100,911
	<u>100,911</u>	<u>100,911</u>
	96,798	96,798
	56,790	-
	<u>153,588</u>	<u>96,798</u>

#### SCHEDULE 3: FIXED ASSETS

(Rs. in '000)

Particulars	Gross Block at Cost				Depreciation				Net Block	
	As at April 1, 2008	Addition during the year	Sale/ Adjustments during the year	As at March 31, 2009	As at April 1, 2008	For the year	Sale/ Adjustments during the year	As at March 31, 2009	As at March 31, 2009	As at March 31, 2008
Leasehold Land *	6,779	-	-	6,779	450	64	-	514	6,265	6,329
Building	6,537	-	-	6,537	325	3	-	327	6,209	6,212
Plant & Machinery	46,139	3,182	-	49,321	15,886	2,462	-	18,348	30,973	30,253
Ground Distribution Network	181,861	12,638	67	194,432	55,295	8,995	24	64,265	130,167	126,566
Furniture, Fixture & Equipment	7,867	735	-	8,602	1,781	550	-	2,331	6,271	6,086
Computers	14,619	2,565	-	17,185	5,912	1,978	-	7,890	9,295	8,708
Motor Vehicle	192	-	-	192	74	18	-	92	101	118
Set Top Boxes **	25,106	26,236	-	51,342	5,499	7,448	-	12,948	38,395	19,607
<b>TOTAL</b>	<b>289,100</b>	<b>45,356</b>	<b>67</b>	<b>334,390</b>	<b>85,222</b>	<b>21,518</b>	<b>24</b>	<b>106,715</b>	<b>227,676</b>	<b>203,878</b>
Previous Year ('000)	254,011	37,184	2,095	289,100	68,283	17,177	238	85,222	203,878	-

\* Leasehold land amounting to Rs. 1,905 thousand at Greater Noida is pending registration in the Company's name and no amortisation has been made by the Company in respect of the said lease.

\*\* Set Top Boxes includes Rs. 42,864/- thousand given on Operating Lease and depreciation Charged on the same is Rs. 10,591/- thousand up to 31/03/2009.

(Rs. in '000)

### PARTICULARS

#### SCHEDULE 4: CURRENT ASSETS, LOANS & ADVANCES

##### A) CURRENT ASSETS

##### INVENTORIES (As valued and certified by management)

Capital Network Inventory

Stock of Set Top Boxes & Viewing Cards

##### TOTAL

	As at March 31, 2009	As at March 31, 2008
	13,550	12,830
	26,227	27,128
	<u>39,777</u>	<u>39,958</u>

## SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2009

(Rs. in '000)

PARTICULARS	As at March 31, 2009	As at March 31, 2008
<b>SCHEDULE 4: CURRENT ASSETS, LOANS &amp; ADVANCES (Contd.)</b>		
<b>SUNDRY DEBTORS</b>		
(Unsecured, Considered good unless otherwise stated )		
More than Six Months		
– Considered good	28,252	16,363
– Considered doubtful	52,626	48,963
Others		
– Considered good	172,572	64,830
– Considered doubtful	245	884
<b>TOTAL</b>	<b>253,694</b>	<b>131,040</b>
Less : Provision for Doubtful Debts	52,870	49,847
	<b>200,824</b>	<b>81,194</b>
<b>CASH AND BANK BALANCES</b>		
Cash in hand		
(Includes Cheque in Hand of Rs. 14,306 (thousands)) (2007-08 - Rs. 15,926 (thousands))	14,768	16,941
Balance with Scheduled Banks		
– In Current accounts	16,138	8,711
– In Deposits accounts	127	120
(Rs. 25 (thousands) (2007-08 - Rs. 23 ) pledged as performance guarantee)		
– In Margin Money	1,143	866
(held as margin against bank guarantee)		
	<b>32,176</b>	<b>26,637</b>
<b>OTHER CURRENT ASSET</b>		
Income Accrued but not due	503	–
<b>B) LOANS AND ADVANCES</b>		
(Unsecured, Considered good unless otherwise stated)		
Deposits		
	3,402	2,539
Advances		
(Recoverable in cash or in kind or for value to be received)		
– Considered good	9,895	6,566
– Considered doubtful	735	735
	<b>10,629</b>	<b>7,300</b>
Less: Provision for doubtful advances	735	735
	<b>9,895</b>	<b>6,566</b>
Advance Tax/Income Tax refundable	43,981	24,524
MAT credit entitlement	–	17,887
Service Tax Credit Receivable	14,497	11,311
Balance with Sales Tax Department	2,547	2,182
	<b>74,322</b>	<b>65,009</b>
<b>Total</b>	<b>347,602</b>	<b>212,798</b>
<b>SCHEDULE 5: CURRENT LIABILITIES AND PROVISIONS</b>		
<b>A) CURRENT LIABILITIES</b>		
Sundry Creditors - For Programmes and Goods		
	88,541	10,326
– For Expenses and other Liabilities	143,254	114,550
Trade Advances and Deposits Received	15,809	29,957
Temporary Overdraft	–	6,243
Security Deposit received against land (Refer note no. 14 to Schedule 12)	30,000	30,000
	<b>277,605</b>	<b>191,076</b>
<b>B) PROVISIONS</b>		
For Employees Benefits		
	2,692	3,816
For Taxation (Including fringe benefit tax)		
	30,402	18,802
((MAT credit Set Off during the year- Rs.17,887 thousand (PY - Nil))		
	<b>33,094</b>	<b>22,618</b>
<b>Total</b>	<b>310,699</b>	<b>213,694</b>

## SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON MARCH 31, 2009

PARTICULARS	As at March 31, 2009	(Rs. in '000) As at March 31, 2008
<b>SCHEDULE 6: OTHER INCOME</b>		
Interest	85	151
(TDS-Rs.17 thousand. (31 thousand))		
Miscellaneous & Other Income	57	202
Liabilities no longer required written back	5,554	26,665
<b>TOTAL</b>	<b>5,696</b>	<b>27,019</b>
<b>SCHEDULE 7: OPERATIONAL EXPENSES</b>		
Pay Channel Subscription	242,133	201,717
Network Management Charges	45,000	30,000
Carriage fee service charges	126,809	37,093
Repair & Maintenance - Plant & Machinery	16,784	9,732
Other Operational Expenses	20,932	15,133
Cost of goods sold	47	22,709
<b>TOTAL</b>	<b>451,705</b>	<b>316,383</b>
<b>SCHEDULE 8: PERSONNEL COST</b>		
Salaries, Allowances and Bonus	17,417	14,640
Contributions to Provident and other funds	1,333	1,135
Employees Welfare Expenses	2,695	2,885
<b>TOTAL</b>	<b>21,445</b>	<b>18,660</b>
<b>SCHEDULE 9: ADMINISTRATIVE AND OTHER EXPENSES</b>		
Rent	5,432	4,992
Rates & Taxes	1,077	56
Insurance	403	338
Electricity Charges	3,826	3,311
Legal, Professional & Consultancy	3,065	1,177
Printing & Stationery	540	473
Travelling & Conveyance Expenses	1,915	1,401
Communication Expenses	1,313	1,346
Vehicle hire Expenses	3,446	3,070
Sundry Expenses	1,096	1,547
Repairs & Maintenance - Building	293	7
Repairs & Maintenance - Others	4,082	3,726
SMS start up & Usage Charges	2,779	1,931
Security & Service Charges	5,994	3,969
Advertisement & Publicity	764	4,139
Commission & Brokerage	353	138
Sales Promotion	281	920
Rebates & Discounts	3,595	-
Inventory written-off	2	-
Bad Debts	21,413	-
Provision for doubtful loans and advances	-	735
Provision for doubtful debts	3,024	27,428
Loss on sale of fixed asset/decapitalisation	27	797
<b>TOTAL</b>	<b>64,718</b>	<b>61,499</b>
<b>SCHEDULE 10: FINANCIAL EXPENSES</b>		
Interest on :		
Fixed Loan	-	-
Others	58	883
Discounting & Financing Expenses	164	92
<b>TOTAL</b>	<b>222</b>	<b>975</b>
<b>SCHEDULE 11 : EXCEPTIONAL ITEMS</b>		
Amusement Tax - ( paid against demand notice for earlier years)	23,320	2,000
<b>TOTAL</b>	<b>23,320</b>	<b>2,000</b>

## SCHEDULE 12 – NOTES TO ACCOUNTS

## I Significant Accounting Policies

## a) Accounting Convention

The financial statements have been prepared under the historical cost convention.

## b) Fixed Assets and Depreciation

Fixed assets are stated at their cost of acquisition including financing and associated costs and incidental expenses, if any.

Depreciation on fixed assets is provided at the rates specified in Schedule XIV to the Companies Act, 1956 on straight-line method (except Set Top Box which is being depreciated @20% SLM basis).

The Company recovers a part of its ground networking cost up-to the signal injection point of its customers as installation charges which is credited to fixed assets.

Leasehold land is amortized over the effective period of lease.

The Set Top Boxes given on operating lease are amortized over the effective period of lease.

## c) Foreign Currency Transaction

Transaction in foreign currency is recorded at the rate of exchange prevailing on the transaction date(s). Transaction remaining unsettled, other than those contracts covered under forward exchange contracts, is translated at the rate prevailing at the end of the financial year. The exchange rate difference arising there-from are adjusted in the Profit & Loss Account except in respect of fixed assets, where the exchange difference is adjusted to the carrying amount of the respective asset.

## d) Use of estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities on the date of the financial statements. Actual results could differ from those estimates. Any revision to accounting estimates is recognized prospectively in current or future periods.

## e) Employee Benefits

The Company's obligations towards various employee benefits have been recognized as follows:

**Short term benefits:**

Cost of accumulating compensated absences that are expected to be availed within a period of 12 months from the period end are recognized when the employees render the service that increases their entitlement to future compensated absences. Cost is computed based on past trends and is not discounted. Hitherto, costs of such compensated absences were recognized when the absences occurred. The financial impact of the change in accounting policy is not significant.

Cost of non-accumulating compensated absences is recognized when absences occur. Costs of other short-term employee benefits are recognized on accrual basis based on the terms of employment contract and other relevant compensation policies followed by the Company.

**Post employment benefit**

i. Monthly contributions to Provident funds which are defined contribution schemes are charged to Profit and Loss Account and deposited with the Provident Fund authorities on a monthly basis.

ii. In respect of gratuity which is in the nature of non contributory defined benefit plan, is administered by the Trustees. Trustees of the scheme have entrusted the administration of the related fund to the Life Insurance Corporation of India (LIC). The Company provides gratuity benefit through annual contributions to a fund managed by LIC. Under this plan settlement obligation remains with the Company, although LIC administers the plan and determines the contribution premium required to be paid by the Company. The annual charge to the P & L is determined by the actuarial valuation done by the certified actuarial valuer appointed by the Company. The contribution to the fund with LIC is debited to the provision for gratuity which is created by the difference between the balance in the fund with LIC and the amount of fund required at the end of a relevant period as determined by external actuarial valuation.

**Other Long-term benefits**

Cost of a long-term benefit by way of accumulating compensated absence that are expected to be availed after a period of 12 months from the period end are recognized when the employees render the service that increases their entitlement to future compensated absences. Such cost is recognized based on actual valuation of related obligation on the reporting date. Actuarial gains and losses for the period are recognized in the Profit and Loss Account as income or expense.

**Termination benefit**

Cost of termination benefit recognized only when the Company has a present obligation as a result of a past event, it is probable that outflow of resources will be required to settle such obligation and the amount of the obligation can be reliable estimated.

## f) Borrowing Costs

Interest and other costs incurred by the Company in connection with the borrowing of funds are recognized as an expense in the period in which they are incurred, unless the borrowings are used for acquiring qualifying assets and activities that are necessary to prepare the qualifying assets for its intended use.

## g) Inventories

i. Capital Network Inventory: Capital Network Inventory meant for capitalization is valued at cost on simple yearly weighted average method or at net realizable value whichever is lower.

ii. Stock of STB is valued at cost on simple yearly weighted average method or net realizable value whichever is lower.

h) Revenue Recognition

(i) Subscription Income from Cable Service

Subscription Income from Cable Service (net of applicable taxes and duties) are recognized on accrual basis from the date of commencement of supply at the signal injection points(s) of the customers after an initial 'free-viewing' period, if any, as per schedule of rates.

(ii) Other Services

- a. Telecast fees are recognized as evenly accruing over the term of the contract of telecast, unless the contracts specify a different basis of recognition of such telecast fees.
- b. Income from insertion of advertisements is recognized on accrual basis from the date(s) of insertion of advertisements based on the terms specified in the release orders.
- c. Income from rendering technical services is recognized on accrual basis.
- d. Income from dark fiber leasing is recognized on accrual basis as per terms of the respective contracts.
- e. Carriage Income is recognized on accrual basis as evenly accruing over the term of the contract of carriage.

(iii) Leases

Assets given under Operating Leases are capitalized at an amount equal to cost arrived on simple average method and the rental income is recognized on a equal monthly rental billed to subscriber. The initial security deposit received has been recognized as current liability net of statutory monthly deduction. The statutory monthly deduction has been recognized as other income.

(iv) Sales of Set Top Box

Sale of STB is net off VAT and recognized at the time affecting the delivery.

i) Taxation

Income Tax expense (i.e., Current Tax and Fringe Benefit Tax) is determined and provided in the accounts on tax payable method.

Deferred tax is recognized subject to the consideration of prudence, on timing difference, being the difference between taxable incomes and accounting income that originate in one year and are capable of reversal in one or more subsequent years. Deferred tax assets in respect of un-absorbed depreciation and carry forward losses are not recognized unless there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

j) Impairment of Assets

The Carrying of the fixed assets and capital work in progress are reviewed at each Balance Sheet date in accordance with Accounting Standard-28 on "Impairment of Assets" prescribed by the Companies (Accounting Standard) Rules, 2006, to determine whether there is any indication of impairment. If any such indication exists, the assets recoverable amounts are estimated at each reporting date and impairment loss is recognized whenever carrying amount of an assets or cash generating unit of which it is a part exceeds the corresponding recoverable amount. Impairment losses are recognized in the Profit and Loss Account. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the assets carrying amount does not exceed the carrying amount that would have been determined net of depreciation or amortisation, if no impairment loss had been recognized.

k) Earnings Per Share

Basic earnings per share are computed using the weighted average number of equity shares outstanding during the period. Diluted earnings per share are computed using the weighted average number of equity and dilutive equity equivalent shares outstanding during the period, except where the results would be anti dilutive.

II) Notes to Accounts:

(Rs. '000)

Sr. No.	Particulars	As at 31st March 2009		As at 31st March 2008	
		Exp.	Inc.	Exp .	Inc.
1.	Contingent liabilities:				
	(i) for counter guarantees in respect of outstanding bank guarantees & FD pledged		1,154		873
	(ii) Claims against the companies not acknowledged as debts (including subjudice matters) to the extent ascertainable		5,580		5,580
	(iii) In respect of unexpired contracts		3,667		3,833
2.	Break up of Prior period Adjustment				
	LCO Expenses	-	-	10	-
	Reversal of Lease Rental income	-	-	272	-
	Pay channel Expenses/Reversal	295	58	-	907
	Reversal of Sale of STB	-	-	1,553	-
	Subscription Income	-	491	-	42
	Carriage Income	-	15	-	-
	Other Network Receipt	-	116	-	-



Sr. No.	Particulars	As at 31st March 2009		As at 31st March 2008	
	Security Deposit	24	-	-	-
	Communication Expenses		16	-	-
	Credit note issued during year for last year billing errors	3,306	-	-	-
	Service Tax Liability written back in respect of debtor Already written off during FY 04-05 & 05-06.		3,915	-	-
		3,625	4,611	1,835	949
3.	Managerial Remuneration:				
	Salaries and Allowances		2,352		2,032
	Contribution to provident and other funds		142		127
	Perquisites and other benefits		406		171
			2,900		2,330
Note	No Commission is Paid/payable to any director and hence the computation of profit under Section 198 / 349 of Companies Act, 1956 is not required.				
4	Basis of computation of Earning Per Share:		2008 -09		2007-08
(i)	Net Profit (Loss) before prior period item for the year attributable to equity shareholders (Rs. '000) (A)		59,625		59,987
(ii)	Net Profit (Loss) after prior period item for the year attributable to equity shareholders (Rs. '000) (B)		60,610		59,100
(iii)	Weighted average number of equity shares of Rs. 10 each outstanding during the year (C)		10091070		10091070
(iv)	Basic and Diluted Earnings Per Share of Rs. 10 each before prior period item (A)/(C)		5.91		5.94
(v)	Basic and Diluted Earnings Per Share of Rs. 10 each after prior period item (B)/(C)		6.01		5.86
	(vi) Calculation of weighted average no. of equity shares for 2008-09				
		No. Of shares		Days	Proportionate No. of shares
		Allotted	Outstanding		
	Balance at the beginning of the year		10091070	365	3683240550
	Add: Allotment of shares				
				365	3683240550

5. Quantitative Information:

(Rs. '000)

Particulars	FY 2008-09		FY 2007-08	
	QTY	Amount	QTY	Amount
<b>Opening Stock:</b>				
Set Top Boxes	13,092	26,031	7,876	15,634
Viewing Cards	5,484	1,097	8,996	1,799
<b>TOTAL</b>		27,128		17,433
<b>Acquisitions/Productions:</b>				
Set Top Boxes	11,669	25,664	17,930	36,760
Viewing Cards	9,300	1,860	10,000	2,000
<b>TOTAL</b>		27,524		38,760
<b>Sales Return:</b>				
Set Top Boxes	129	194	364	600
Viewing Cards				
<b>TOTAL</b>		194		600
<b>Sales:</b>				
Set Top Boxes	23	47	11,274	23,309
Viewing Cards			-	-
<b>TOTAL</b>		47		23,309
<b>Leased Out/Consumption:**</b>				
Set Top Boxes	12,740	26,239	1,804	3,654
Viewing Cards	11,666	2,333	13,512	2,702
<b>TOTAL</b>		28,572		6,356
<b>Closing Stock:</b>				
Set Top Boxes	12,127	25,603	13,092	26,031
Viewing Cards	3,118	624	5,484	1,097
<b>Total</b>		26,227		27,128

\*\* Consumption includes inventory written off.

6. (i) The detail of employee benefit for the period in respect of gratuity which is funded defined benefit plan is as under:
- a. Component of employer expense

(Rs. in '000)

Particulars	As on March 31, 2009	As on March 31, 2008
Current Service Cost	238	187
Interest on defined benefit obligation	134	96
Expected Return on plan assets	(89)	(74)
Net Accrual losses/(gains) recognized in the year	206	74
Past Service Cost	-	-
Losses/(Gains) on "curtailment & Settlement"	-	-
Losses/(Gains) on "Acquisition & Divestiture"	-	-
Effect of the limit Para 59(b)	-	-
Total Included in employer benefit	489	283
Actual Return on plan assets	85	88

- b. Net Asset/(Liability) recognized in the Balance Sheet as at March 31, 2009.

Particulars	As at March 31, 2009	As at March 31, 2008
Present Value of Funded Obligation	1,902	1,368
Fair Value of Plan Assets	(1,102)	(1,057)
Present Value of Unfunded Obligation	-	-
Unrecognized Past Service Cost	-	-
Amount not recognized as asset	-	-
Net Liability	800	311
Amount in Balance Sheet		
Liability	800	311
Assets	-	-
Net Liability	800	311

- c. Reconciliation of Benefit Obligation & Plan Assets for the Period ended

Particulars	March 31, 2009	March 31, 2008
<b>Change in Defined Benefit Obligation</b>		
Opening Defined Benefit Obligation	1,368	1,012
Current Service Cost	237	187
Interest Cost	133	96
Actuarial Losses/(Gain)	202	88
Past Service Cost	-	-
Actuarial Losses/(Gains) due to curtailment	-	-
Liabilities Extinguished on the settlement	-	-
Liabilities assumed on Acquisition/(Settled on Divestiture)	-	(15)
Exchange Difference on Foreign Plans	-	-
Benefits Paid	(39)	-
Closing Defined Benefit Obligation	1,902	1,368
<b>Change in Fair Value of Assets</b>		
Opening Fair Value of Plan Assets	1,057	984
Expected Return on Plan Assets	89	74
Actuarial Gain/(Losses)	(4)	14
Assets Distributed on Settlements	-	-
Contribution by Employer	-	-
Assets acquired on acquisition/(distributed on Divestiture)	-	(15)
Exchange Difference on Foreign Plans	-	-
Benefits Paid	(40)	-
Closing Fair Value on Plan Assets	1,102	1,057
Expected Employer Contribution Next Year	600	300

d. Asset Information of Plan Assets

Category of Assets	March 31, 2009	March 31, 2008
Insurer Managed Fund	100%	100%

(ii). The Defined Benefit Obligation of compensated absence in respect of Privilege Leave and Sick Leave are Rs.1,891 thousand (P.Y Rs. 2632 thousand ) and Nil ( Rs. 872 thousand) respectively.

(iii) Actuarial Assumptions

Particulars	Year ended March 31, 2009	Year ended March 31, 2008
Discount Rate (p.a.)	8.00%	8.40%
Expected rate of return on Assets	7.50%	7.50%
Salary Escalation Rate (p.a.)	8.00%	8.00%

- a. Discount Rate is based on the prevailing market yield of Indian Government Securities' as the Balance Sheet as date for expected term of obligation.
- b. Expected rate of return on plan assets is based on our expectation of the average long term rate of return expected on investment of the fund during the estimated term of obligations.
- c. Salary Escalation rate is based on estimates of future salary increases taking into consideration of inflation, seniority, promotion and other relevant factors.

7. The Company has timing differences between taxable Income & Accounting Income that originates in one year and is capable of reversal in one or more subsequent years. Accordingly in keeping with the requirement of Accounting Standard (AS)-22 on 'Accounting for Taxes on Income' issued by the Institute of Chartered Accountants of India, the Company has provided deferred tax assets and liabilities as on March 31, 2009.

The break-up of year-end deferred tax assets and liabilities into major components of the respective Balance is as under:

(Rs. '000)

Deferred Tax Assets	As on March 31, 2009	As on March 31, 2008
Unabsorbed Depreciation	-	2,728
Provision for doubtful debts & Advances	18,220	17,193
Disallowance u/s 40(a)(ia) capable of reversal during the next year	84	-
Disallowance u/s 43B capable of reversal during the next year	2,826	1,496
Total Deferred Tax Assets (A)	21,130	21,417
Difference between Tax Depreciation and Book Depreciation	31,758	31,060
Total Deferred Tax Liability (B)	31,758	31,060
Net Deferred Tax Liability (B-A)	10,628	9,643

8. The Commercial Tax authorities, Government of West Bengal, by an order dated June 9, 2003, sought to impose sales tax, with retrospective effect from April 2, 1997, on the Company's income from cable TV services. The Company has filed an application before the Hon'ble West Bengal Taxation Tribunal on July 15, 2003, seeking, inter alia, that the aforesaid order be set aside. The Hon'ble West Bengal Taxation Tribunal by its order dated August 1, 2003 has directed that pending disposal of the application, assessment proceedings may continue but that no demand notice will be issued. The matter had come for hearing on several occasions but has been adjourned, pending State's submissions. In view of the fact that neither assessment proceedings have been completed nor demand notice has been issued, the alleged liability for Sales tax cannot be ascertained. Consequently no liability on account of sales tax has been recognized by the Company in the books of accounts.

9. Pursuant to an Order passed by the Hon'ble Supreme Court, The Entertainment Tax Department, West Bengal, has imposed entertainment/ amusement tax, inter alia, on Multi System Operators (MSOs) as a percentage of gross receipts from Cable TV service from April, 1998 and has accordingly made Assessments up to 31.03.2006 and raised a demand of Rs. 72,611 thousands towards Amusement Tax payable. Out of the said Rs. 72,611 thousand, no provision has been made for Rs. 72,158 thousand. Against the said unprovided liability of Rs. 72,158 thousands, the Company has paid Rs. 2,000 thousand during the year ended 31.03.2008 and Rs. 2,33,21 thousands during the year ended 31.03.2009, and the same has been debited to Profit and Loss Account for respective years and balance of Rs. 4,68,37 thousand is not yet provided and the same shall be provided in the books as and when paid.

10. The Company has given Set Top Boxes under Operating Lease, particulars of which as required under AS -19 are disclosed here under:

Assets Given at Lease	As at March 31, 2009
i) Total Gross Investment in the leases	13,973
Not later than 1 year	4,875
Later than 1 year but not later than 5 years	9,099
Later than 5 years	Nil

ii) (Rs '000)

Gross Carrying Amount	Depreciation charged to P/L (CY)	Net Carrying Amount	Impairment Loss	Revenue Recognized in P/L (CY)
42,864	6,179	32,273	NIL	13,236

iii) Significant leasing arrangements :

- a) No covenant for contingent rent.
  - b) The Company has leased out Set Top Boxes. The Lease period is 5 years after which the legal title will be passed to lessee.
  - c) No restrictive covenants relating to dividend, additional debt and further leasing
- iv) The Company has been leasing out certain portion of its Ground Distribution Network to various Parties on terms and conditions as to value and length of the lease set out in the respective contract with the said parties which is flexible. The total lease rental income out of such lease is aggregating to Rs.15,944 (thousand), (previous year Rs.11,418 (thousand)). The Capital value of such Assets are not separately identifiable as the same network is also used by the Company for its own cable distributions. The said leases are in the nature of Operating Lease.

(Rs '000)

11.		2008-09	2007-08
	Auditors' remuneration		
	(Including Service Tax)		
	Audit Fees	110	110
	Limited Review fee	-	11
	Tax Audit Fees	36	36
	Certification, taxation, reports & others	127	143
	Reimbursement of Expenses	11	10
		<b>284</b>	<b>310</b>

12. There is no amount due to any Small Scale Industrial Undertakings as at Mar 31, 2009.
13. The Company has not received intimation from vendor regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006. And hence disclosures relating to amount unpaid as on March 31, 2009 together with interest paid or payable under this Act have not been given.
14. The Company (ICNCL) has entered into a Development Agreement (DA) with another company for demolition of the existing building of ICNCL and construction of another building thereon at the terms and conditions set forth in the said DA. ICNCL has received a sum of Rs. 30,000 (thousands) as deposit refundable in terms of the said MOU.
15. Balances of Debtors & Creditors are subject to confirmation.
16. The Company operates in single business segment (cable networking and signal distribution) and therefore there is no reportable segment as per AS-17.
17. In the opinion of the Board of Directors the current assets, loans and advances shown in the Balance Sheet as on March 31, 2009 are considered good and fully recoverable, except otherwise stated and provision for all known liabilities has been made in the accounts.
18. Earnings in Foreign Exchange from sales of services is Rs. 3,37,08,000/- (including Service Tax of Rs. 37,08,000/-) [P.Y. Rs. NIL]
19. Related Party Disclosure:

**List of parties where control Exists.**

- a. Holding Company
  - Wire and Wireless (India) Limited
- b. Fellow Subsidiary Companies
  - Siticable Broadband South Limited
  - Central Bombay Cable Network Limited
  - Wire and Wireless Tisai Satellite Ltd
- c. Key Managerial Personnels
  - Mr. Avnindra Mohan                      Director
  - Mr. V. K. Agarawal                      Director
  - Mr. Suresh Kumar                      Director
  - Mr. Suresh Kumar Sethia              Director
  - Mr. Amit Nag                              Manager

**Transactions with related parties.**

a). Transaction with holding Co.

(In Rs.000)

Particulars	Holding Company
Expenses paid by	2,223
Expenses paid on behalf of	3,683
Payment for purchase of material/services	94,761
Purchases of material/services	88,365
Sale of service/material	11,518
Outstanding as on 31/03/09(Credit)	16,971

b). Transaction with key managerial persons

Remuneration paid to manager	2,900
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20. Previous year's figures have been regrouped and/or rearranged wherever necessary.

Notes to account referred to in our report of even date

For **A. K. Tekriwal & Co.**  
Chartered Accountants

**A. K. Tekriwal**  
Partner  
Membership No.: 056362

Place: Kolkata  
Date: June 15, 2009

For **Indian Cable Net Co. Ltd.**

**Suresh Kumar**  
Director

**Amit Nag**  
C.E.O. (Manager)

**V. K. Agarawal**  
Director

**Atul Kumar Singh**  
Sr. Manager (F & A)

## CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2009

(Rs. in '000)

PARTICULARS	2008-09	2007-08
<b>A. Cash Flow from operating activities:</b>		
Net Profit before taxation and exceptional item	117,115	69,404
Adjustment for :-		
Depreciation	21,518	17,177
Loss on sale/disposal/decapitalisation of Fixed Assets	27	797
Provision for leave encashment (excess payment over provision)	685	814
Provision for gratuity	489	283
Provision for Sick leave (written back)	(872)	267
Liability no longer required written back	(4,682)	(26,665)
Provision for doubtful debts & Advances	3,024	28,162
Misc. Balances written off	-	46
Inventory written off	2	-
Interest on Fixed Deposit	(85)	(151)
<b>Operating profit before working capital changes</b>	<b>137,219</b>	<b>90,133</b>
<b>Change in working capital</b>		
Trade and other receivable	(131,565)	(38,195)
Inventories	181	(13,505)
Trade payable and other liabilities	89,786	15,018
<b>Cash Generation from Operating Activities</b>	<b>95,621</b>	<b>53,450</b>
<b>Old amusement tax liability paid</b>	<b>(23,320)</b>	<b>(2,000)</b>
<b>Net Prior Period Adjustment</b>	<b>986</b>	<b>(887)</b>
<b>Income Tax Paid ( including TDS)</b>	<b>(21,946)</b>	<b>(13,164)</b>
<b>FBT Paid</b>	<b>(545)</b>	<b>(523)</b>
<b>Net Cash Generation from operating Activities</b>	<b>50,796</b>	<b>(36,877)</b>
<b>B. Cashflow From Investing Activities:</b>		
Purchase of Fixed Assets	(45,356)	(35,334)
Purchase of cable business	-	(2,100)
Sale of Fixed Assets/Decapitalisation	15	1,061
Interest on FD	85	151
Deposits	-	20,000
<b>Net Cash deployed in Investing Activities</b>	<b>(45,256)</b>	<b>(16,222)</b>
<b>C. Cashflow From Financing Activities:</b>		
<b>Net Cash Generation from Financing Activities</b>	<b>-</b>	<b>-</b>
<b>Net Increase/(decrease) in Cash &amp; Cash Equivalents (A+B+C)</b>	<b>5,539</b>	<b>20,654</b>
<b>Cash &amp; Cash Equivalent at the beginning of the year</b>	<b>26,637</b>	<b>5,983</b>
<b>Cash &amp; Cash Equivalent at the end of the year</b>	<b>32,176</b>	<b>26,637</b>

**Notes To Cash Flow Statement:**

1. Cash & Cash Equivalent includes Cheques in Hand of Rs. 14,306 thousands (15,926 thousand).
2. Figures of previous year has been regrouped and rearranged wherever necessary.

For **A. K. Tekriwal & Co.**  
Chartered Accountants

**A. K. Tekriwal**  
Partner  
Membership No.: 056362

Place: Kolkata  
Date: June 15, 2009

For **Indian Cable Net Co. Ltd.**

**Suresh Kumar**  
Director

**V. K. Agarawal**  
Director

**Amit Nag**  
C.E.O. (Manager)

**Atul Kumar Singh**  
Sr. Manager (F & A)

## BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

**I. Registration Details**

Registration No.   -       
 Date Month Year  
 State Code    
 Balance Sheet date

**II. Capital Raised During the year (Amount Rs. in thousands)**

Public Issue	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> N I L
Bonus Issue	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> N I L
Rights Issue	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> N I L
Private Placement	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> N I L

**III. Position of Mobilisation and Deployment of Funds (Amount Rs. in thousands)**

Total Liabilities	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> 2 6 5 1 2 7	Total Assets	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> 2 6 5 1 2 7
<b>Sources of Funds</b>		<b>Reserves and Surplus</b>	<input type="text"/> <input type="text"/> <input type="text"/> 1 5 3 5 8 8
Paid-up Capital	<input type="text"/> <input type="text"/> <input type="text"/> 1 0 0 9 1 1	Unsecured Loans	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> N I L
Secured Loans	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> N I L		
Deferred Tax Liability (Net)	<input type="text"/> <input type="text"/> <input type="text"/> 1 0 6 2 8	<b>Miscellaneous Expenditure</b>	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> N I L
<b>Application of Funds</b>		Investments	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> N I L
Net Fixed Assets	<input type="text"/> <input type="text"/> <input type="text"/> 2 2 8 2 2 4		
Net Current Assets	<input type="text"/> <input type="text"/> <input type="text"/> 3 6 9 0 3		
Accumulated Losses	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> N I L		

**IV. Performance of Company (Amount Rs. in thousands)**

Turnover	<input type="text"/> <input type="text"/> <input type="text"/> 6 7 6 7 2 2	Total Expenditure	<input type="text"/> <input type="text"/> <input type="text"/> 5 8 2 9 2 7
(including other income)			
+ - Profit Before Tax	<input type="text"/> <input type="text"/> 9 4 7 8 0	+ - Profit After Tax	<input type="text"/> <input type="text"/> 6 0 6 1 0
Earnings Per Share of Rs.	<input type="text"/> <input type="text"/> 6 . 0 1	Dividend Rate (%)	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> N I L

**V. Generic Names of Principal Products/SERVICES of the Company (As Per Monetary Terms)**

Item Code No. (ITC Code)

Description of Services

For Indian Cable Net Co. Ltd.

Suresh Kumar  
Director

V. K. Agarawal  
Director

Amit Nag  
C.E.O. (Manager)

Atul Kumar Singh  
Sr. Manager (F & A)

## DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the Tenth Annual Report along with the Audited Financial Statement for the year ending on 31st March, 2009.

### FINANCIAL RESULTS

(Amount in Rs.)

Particulars	March 31, 2009	March 31, 2008
Gross Income	42,00,000	42,00,000
Expenditures before depreciation	38,66,523	23,73,821
Profit/(Loss) before depreciation and tax	3,33,477	18,26,179
Less Depreciation	96,759	1,14,277
Profit/(Loss) before tax	2,36,718	17,11,902
Less: Provision for taxation	90,298	5,39,607
Add: Provisions for Deferred Tax Assets	9,660	11,400
Profit/(Loss) after tax	1,56,080	11,83,695
Balance brought forward	63,79,446	51,95,751
Balance Carried forward	65,35,526	63,79,446

### FINANCIAL REVIEW

During the financial year ended on March 31, 2009 the Net Profit after Tax of the Company has decreased to Rs.1.56 lakhs as compared to Rs.11.84 lakhs in the last preceding financial year ended on March 31, 2008. Your Directors are hopeful that the Company will do well in the current financial year.

### DIVIDEND

Your Directors do not recommend payment of dividend for the year under review.

### DIRECTORS

During the year under review, Mr. B. K Singh Deo will retire by rotation at the ensuing Annual General Meeting of the Company and, being eligible, offers himself for re-appointment. Your Board of Directors has recommended his re-appointment.

### DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the provisions of Section 217(2AA) of the Companies Act, the Board hereby certifies and confirms that:

- In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- The Directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of your Company at the end of the financial year and of the profit of your Company for that period;
- The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, Act for safeguarding the assets of your Company and for preventing and detecting fraud and other irregularities; and
- The Directors had prepared the annual accounts on a 'going concern' basis.

### SUBSIDIARY COMPANY

During the period under review, the Company has purchased 1980 equity shares in the equity share capital of M/s. Master Channel Community

Network Pvt. Ltd. (MCCNPL), which amounts to 66% of the total paid up equity share capital of MCCNPL. After such investment in the equity share capital of MCCNPL, MCCNPL has become the subsidiary of the Company.

A statement pursuant to Section 212 of the Companies Act, 1956, is annexed hereto and the same shall form a part of this Directors' Report.

### AUDITORS

M/s. Gaba & Associates, Chartered Accountants, New Delhi, statutory auditors of the Company retire at the conclusion of the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

The Company has received a letter from the said Auditor to the effect that their re-appointment, if made, shall be within the prescribed limits in terms of Section 224(1B) of the Companies Act, 1956 and that they are not disqualified for such re-appointment within the meaning of Section 226 of the Companies Act, 1956.

### AUDITORS REPORT

The observations made by the auditors in their report have been duly explained by way of appropriate notes to the accounts.

### PERSONNEL

**Employees information pursuant to Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975, as amended:** During the year under review, there was no employee receiving remuneration in excess of limits prescribed under Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975.

### DEPOSIT(S)

During the year under review, your Company had neither invited nor accepted any deposits within the meaning of Section 58A of the Companies Act, 1956 read with Companies (Acceptance of Deposits) Rules, 1975.

### CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:

The disclosures as required under the Companies (Disclosure of particulars in the Report of the Board of Directors) Rules, 1988 are given below:

- Conservation of energy:** Your Company's business operation does not involve high level energy consumption. Efforts to conserve and optimise the use of energy through improved operational methods, is always being made.
- Technology absorption:** Not Applicable. The Company is providing services only.
- Foreign exchange earnings and outgo:** During the year under review, there were no Foreign Exchange Earnings and outgo.

### ACKNOWLEDGEMENT

Your Directors place on record their sincere thanks to the Central Government, Bankers and other concerned agencies for their continued co-operation extended to the Company.

Your Directors also wish to place on records their deep appreciation of the contribution made by the employees at all levels towards the growth of the Company.

For and on behalf of the Board

New Delhi  
June 10, 2009

Sd/-  
**(S. K. GUPTA)**  
Director

Sd/-  
**(B. K. SINGH DEO)**  
Director



## ANNEXURE TO DIRECTORS' REPORT

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANIES AND FORMING PART OF DIRECTORS' REPORT FOR THE YEAR ENDED MARCH 31, 2009

Name of the subsidiary company	<b>Master Channel Community Network Private Limited</b>	
The financial year of the subsidiary company ended on	<b>March 31, 2009</b>	
Extent of holding company's interest %	<b>66.00 %</b>	
Face Value of equity share (per share)	<b>Rs.100/-</b>	
No. of equity shares held by the holding company and/or its subsidiaries	<b>1980</b>	
Net aggregate amount of profits/(losses) of the subsidiary so far as it concerns the members of the holding company and is dealt with in accounts of holding company:	<i>For the financial year ended on March 31, 2009 (Amount Rs. in Millions)</i>	<b>NIL</b>
	<i>For the previous financial years of the subsidiary since it became a subsidiary (Amount Rs. in Millions)</i>	<b>NIL</b>
Net aggregate amount of profits/(losses) of the subsidiary so far as it concerns the members of the holding company and is not dealt with in accounts of holding company:	<i>For the financial year ended on March 31, 2009 (Amount Rs. in Millions)</i>	<b>2.38</b>
	<i>For the previous financial years of the subsidiary since it became a subsidiary (Amount Rs. in Millions)</i>	<b>Not Applicable</b>

For and on behalf of the Board

New Delhi  
June 10, 2009

Sd/-  
**(S. K. GUPTA)**  
Director

Sd/-  
**(B. K. SINGH DEO)**  
Director

## AUDITORS' REPORT

The Members,

**Central Bombay Cable Network Limited**

Ladies and Gentlemen,

1. We have audited the attached balance sheet of CENTRAL BOMBAY CABLE NETWORK LIMITED, as at March 31, 2009 and also the Profit and Loss account and Cash flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
  2. We conducted our audit in accordance with Auditing Standard Generally Accepted in India. Those standards require that, we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of materials mis-statement. An audit also includes assessing the accounting principles used and significant estimate made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
  3. As required by the Companies (Auditor's Report) order 2003 issued by the central Government of India in term of sub-section (4A) of Section 227 of Companies Act, 1956, we enclose in the Annexure a statement on the matter Specified in paragraph 4 & 5 of the said order.
  4. Further to our comment in the Annexure referred to above, we report that :-
    - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
    - (ii) In our opinion proper books of account as required by law have kept by the Company so far as appear from our examination of books;
    - (iii) The balance sheet and profit and loss account and Cash Flow Statement dealt with by this report is in agreement with the books of account;
- (iv) In our opinion, the balance sheet and profit and loss account and Cash Flow Statement dealt with by this report Comply with accounting standard referred to sub-section (3c) of Section 211 of the Companies Act, 1956;
  - (v) On the basis of written representation received from the directors, as on March 31, 2009 and taken on record by the Board of Directors, we report that none of the director is disqualified as on March 31, 2009 from being appointed as director in term of Clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
  - (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give true and fair view in conformity with the accounting principles generally accepted in India;
    - a) In the case of the balance sheet, of the state of affairs of the Company as at March 31, 2009.
    - b) In the case of Profit and Loss account, of the profit for the year ended on that date.
    - c) In the case of Cash Flow Statement, of the cash flows for the year ended on that date

For M/s. **GABA & ASSOCIATES**  
(Chartered Accountants)

**GULSHAN GABA**  
(Proprietor)  
Membership No. 88726

Place : New Delhi  
Dated: June 10, 2009

## ANNEXURE

1. a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- b) All the assets have been physically verified by the management during the year but there is no regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and nature of its assets. No material discrepancies were noticed on such verification.
- c) During the year the Company has not disposed of any Plant and machinery.
2. a) The Company is not maintaining any inventory.
- b) N.A.
- c) N.A.
3. a) The Company had taken unsecured loan from its holding company i.e. Wire and Wireless (India) Ltd. The maximum amount involved during the year was Rs. 3,30,57,387/-.
- b) The Company has not taken any interest bearing loan.
- c) N.A.
- d) N.A.
4. In our opinion and according to the information and explanations given to us, there is adequate internal control procedure commensurate with the size of the Company and the nature of its business. During the course of our audit, no major weakness has been noticed in the internal controls.
5. a) Based on the audit procedure applied by us and according to the information and explanations provided by management, we are of the opinion that the transaction that need to be entered in to the register maintained under Section 301 have been so entered.
- b) N.A.
6. In our opinion and according to information and explanations given to us there are no transaction exceeding Rs. 5.0 lakhs made in pursuance of contract or arrangements entered in the Register maintained u/s 301 of the companies Act, 1956.
7. The Company has not accepted any deposits from public under the provision of Section 58 A and 58 AA of Companies Act, 1956 and Companies (Acceptance of Deposits) Rule, 1975.
8. The Company is not having paid-up capital exceeding Rs. 50 lakhs and average annual turnover doesn't exceed Rs. 5 crores for a period three consecutive financial year therefore the clause regarding internal audit system doesn't apply to the Company.
9. The Central Government has not prescribed for the maintenance of cost records under Section 209 (1) d of the Companies Act, 1956.
10. a) According to the records of the Company, the Company is regular in depositing with appropriate authorities undisputed statutory dues.
- b) According to the information and explanations given to us, no undisputed amounts payable in respect of income-tax, wealth-tax, sales-tax, customs duty and excise duty were outstanding, as at **March 31, 2009 for a period of more than six months** from the date they became payable.
11. There is no accumulated losses of the Company at March 31, 2009.
12. The Company has not availed any secured loan from Bank, financial institution and debenture holders.
13. Based on our audit procedure and on the information and explanations given by management, we are of the opinion that company has not granted loans and advances on the basis of security by way of pledge of share, debenture and other securities.
14. N.A.
15. The Company has not given any guarantee for loans taken by others from bank or financial institution.
16. The Company has not taken any term loan.
17. According to the information and explanations given to us and on overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment, No long-term fund have been used to finance short-term assets.
18. Based on overall examination of record and information provided to us by management, we report that the Company has not made preferential allotment of share to parties and companies covered in the register maintained under Section 301 of the Act.
19. During the period covered by our audit report, the Company has not issued any debentures. The question of creation of any security in respect of these debenture doesn't arise.
20. The Company has not raised any money by public issue.
21. Based upon the audit procedure performed and information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

For **M/s. GABA & ASSOCIATES**  
(Chartered Accountants)

**GULSHAN GABA**  
(Proprietor)

Place : New Delhi  
Dated: June 10, 2009

Membership No. 88726

## BALANCE SHEET AS AT MARCH 31, 2009

(Amount in Rs.)

	SCHEDULE	March 31, 2009		March 31, 2008	
<b>SOURCES OF FUNDS</b>					
<b>Shareholder's Fund</b>					
Share Capital	A	500,000		500,000	
<b>Reserve and Surplus</b>					
Profit and Loss A/c	B	6,535,526		6,379,446	
<b>Loans Fund</b>					
Unsecured Loan	C	33,057,387		21,755,000	
Deferred Tax Liability (Net)		-		8,280	
		<u>40,092,913</u>		<u>28,642,726</u>	
<b>APPLICATION OF FUNDS</b>					
<b>Fixed Assets</b>					
<b>Net Block</b>					
Gross Block	D	34,982,595		34,982,595	
Less: Depreciation		<u>973,008</u>	<u>34,009,587</u>	<u>876,249</u>	<u>34,106,346</u>
<b>Investments</b>					
	E		<u>258,150</u>		<u>60,150</u>
<b>Current Assets, Loan and Advances</b>					
a) Sundry Debtors	F	350,000		350,000	
b) Cash and Bank Balance		12,968		630,460	
c) Loans and Advances		12,210,539		-	
d) TDS Recoverable		<u>812,472</u>		<u>712,841</u>	
		<u>13,385,979</u>		<u>1,693,301</u>	
Less : Current Liabilities & Provisions	G	<u>7,562,183</u>	<u>5,823,796</u>	<u>7,217,602</u>	<u>(5,524,301)</u>
<b>Miscellaneous Expenditure</b>					
(to the extent not written off or adjusted)	H		-		531
Deferred Tax Asset			<u>1,380</u>		-
		<u>40,092,913</u>		<u>28,642,726</u>	

In terms our separate Audit Report of even date.

For **M/s. Gaba & Associates**

Chartered Accountants

**Gulshan Gaba**

Proprietor

Membership No.: 88726

Place : New Delhi

Date : June 10, 2009

For **Central Bombay Cable Network Ltd.**

**S. K. Gupta**

Director

**B. K. Singh Deo**

Director

## PROFIT AND LOSS ACCOUNT FOR THE YEAR APRIL 1, 2008 TO MARCH 31, 2009

(Amount in Rs.)

	SCHEDULE	March 31, 2009	March 31, 2008
Right to use Charges	I	4,200,000	4,200,000
		<u>4,200,000</u>	<u>4,200,000</u>
<b>EXPENDITURE</b>	J		
Operating Expenses		-	753,772
Administrative and Other Expenses		3,866,523	1,620,049
Depreciation		96,759	114,277
		<u>3,963,282</u>	<u>2,488,098</u>
<b>Profit before Taxation</b>		236,718	1,711,902
Less : Provision for Current Year Tax		90,298	539,607
<b>Profit after Current Year Tax</b>		146,420	1,172,295
Add : Provision for Deferred Tax Assets		9,660	11,400
<b>Profit after Deferred Tax</b>		156,080	1,183,695
Prior Period Adjustments (Net)		-	-
<b>Net Profit after Tax</b>		156,080	1,183,695
Balance Brought Forward		6,379,446	5,195,751
<b>Balance Carried to Balance Sheet</b>		<u>6,535,526</u>	<u>6,379,446</u>

In terms our separate Audit Report of even date.

For **M/s. Gaba & Associates**

Chartered Accountants

**Gulshan Gaba**

Proprietor

Membership No.: 88726

Place : New Delhi

Date : June 10, 2009

For **Central Bombay Cable Network Ltd.****S. K. Gupta**

Director

**B. K. Singh Deo**

Director

## SCHEDULES FORMING PART OF BALANCE SHEET AS AT MARCH 31, 2009

(Amount in Rs.)

	ANNEXURE		As at March 31, 2009	As at March 31, 2008
<b>SCHEDULE A : SHARE CAPITAL</b>				
<b>Authorised Share Capital</b>				
50,000 Equity Shares of Rs. 10/- each			500,000	500,000
<b>Issued, Subscribed and Paid-up</b>				
50,000 Equity Shares of Rs. 10/- each (Held by Wire and Wireless (India) Ltd., the Holding Company)			500,000	500,000
<b>SCHEDULE B : RESERVES AND SURPLUS</b>				
Profit and Loss Account			6,535,526	6,379,446
<b>SCHEDULE C : LOANS FUND</b>				
<b>Unsecured Loan</b>				
Loan from Holding Co. - Wire and Wireless (India) Ltd.			33,057,387	21,755,000
<b>SCHEDULE D : FIXED ASSETS</b>				
<b>Net Block</b>				
Gross Block	1	34,982,595		
Less : Depreciation		973,008	34,009,587	34,106,346
<b>SCHEDULE E : INVESTMENTS</b>				
30,000 Equity Shares of Rs. 2/- each fully paid in Indian Cable Net Co. Ltd.		60,150		
1,980 Equity Shares of Rs. 100/- each fully paid in Master Channel Community Network Pvt. Ltd.		198,000	258,150	60,150
<b>SCHEDULE F : CURRENT ASSETS, LOANS &amp; ADVANCES</b>				
<b>A. Current Assets</b>				
<b>a) Sundry Debtors</b>				
More than Six Months		-		
Less than Six Months		350,000	350,000	350,000
<b>b) Cash and Bank Balance</b>				
Cash in hand		550		550
Balance with Scheduled Bank In HDFC		12,418	12,968	629,910
<b>c) Loans and Advances</b>				
North Bombay Cable N/w Pvt. Ltd.		210,539		
Variety Entertainment Pvt. Ltd.		12,000,000	12,210,539	
TDS Recoverable			812,472	712,841
			<u>13,385,979</u>	<u>1,693,301</u>
<b>SCHEDULE G : CURRENT LIABILITIES</b>				
<b>Creditors for Expenses</b>				
Gaba & Associates		9,112		12,479
Sundry Creditor		2,815,372		3,224,833
Expenses Payable (06-07)		-		5,867
Expenses Payable (07-08)		2,291,207		2,300,765
Expenses Payable 08-09)		19,538		-
Payable against Investment		198,000		-
WWIL - Expenses A/c		372,165		167,431
			5,705,394	5,711,375
Security Deposit			900,000	900,000
TDS Payable			866,491	66,620
<b>Provision for Taxation</b>			-	539,607
F.Y. 2008-2009		90,298	90,298	
			<u>7,562,183</u>	<u>7,217,602</u>
<b>SCHEDULE H : MISCELLANEOUS EXPENDITURE</b>				
(to the extent not written off or adjusted)				
Preliminary Expenses		531.00		
Less : W/O during the year		531.00	-	531

## SCHEDULES TO PROFIT AND LOSS ACCOUNT

(Amount in Rs.)

	March 31, 2009	March 31, 2008
<b>SCHEDULE - I : INCOME</b>		
Right to use Fee	4,200,000	4,200,000
<b>SCHEDULE - J : EXPENDITURE</b>		
<b>Operating Expenses</b>		
Repairs & Maintenance - Network	-	753,772
<b>Administrative and Other Expenses</b>		
Auditors Remuneration		
- Audit fees	6,742	6,742
- Taxation Matter	2,500	2,500
Filing Fees	6,150	1,200
Preliminary Expenses W/o	531	532
Legal Expenses	9,704	9,704
Printing and Stationery	600	600
Interest A/c	3,840,296	-
Salaries and Service Charges	-	1,598,771
	<b>3,866,523</b>	<b>1,620,049</b>

### ANNEXURE - 1

#### DETAIL OF FIXED ASSETS AS ON MARCH 31, 2009

(Amount in Rs.)

Description of Assets	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 31.03.2008	Addition during the year	Deduction during the year	As at 31.03.2009	Rate of Dep.	Upto 31.03.2008	Dep. till 31.03.2009	Upto 31.03.2009	As at 31.03.2009	As at 31.03.2008
Goodwill	33,475,175	-	-	33,475,175	-	-	-	-	33,475,175	33,475,175
Networking Assets	1,507,420	-	-	1,507,420	15.33%	876,249	96,759	973,008	534,412	631,171
	34,982,595	-	-	34,982,595		876,249	96,759	973,008	34,009,587	34,106,346

### SCHEDULE - K : SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS FOR THE PERIOD ENDED MARCH 31, 2009

#### A. SIGNIFICANT ACCOUNTING POLICIES

##### 1. ACCOUNTING CONVENTION

The Accounts of the Company are prepared under the historic cost convention and on going concern basis.

##### 2. REVENUE RECOGNITION

All incomes and expenses are recognized on accrual basis in accordance with generally accepted accounting principles.

##### 3. FIXED ASSETS

Fixed assets are stated at cost less depreciation.

##### 4. DEPRECIATION

Depreciation has been provided as per written down value method as per the rates prescribed under Schedule XIV of the Companies Act, 1956.

##### 5. MISCELLANEOUS EXPENDITURE

The Company amortizes preliminary expenses over 10 years and pre-operative expenses and deferred revenue expenditures etc. over a period of 5 years.

##### 6. TAXATION

The provision for current year income tax is made as per the provisions of the Income Tax Act, 1961. The Company has been following Accounting Standard-22, "Accounting for Tax on Income." Accordingly, the net difference of deferred tax assets/liability for the year has been recognized in the Profit and Loss Account.

**B. NOTES TO ACCOUNTS**

1. Claims against the Company not acknowledged as debt - NIL.
2. Previous year figures have been regrouped / rearranged wherever necessary.
3. Contingent liabilities not provided for - NIL.
4. In the opinion of Board, Current Assets are realisable approximately at the value stated in the ordinary course of Business.

**5. PAYMENT TO AUDITORS**

For Statutory Audit	Rs 4,495/- (Including Service Tax)
For Tax Audit	Rs. 2,247/- (Including Service Tax)
For Taxation Matters	Rs. 2,500/-

6. Expenditure in Foreign currency is Rs. NIL and company earning in Foreign Exchange is Rs. NIL.

**7. Related party Disclosure:**

- a) Holding Company
  - Wire and Wireless (India) Limited
- b) Subsidiary Company
  - Master Channel Community Network Private Limited
- c) Fellow Subsidiary Company
  - Indian Cable Net Company Limited
  - Siticable Broadband South Limited
  - Wire and Wireless Tisai Satellite Ltd.
- d) Key Managerial Personnel
  - Mr. B.K. Singh Deo Director
  - Mr. S.K. Gupta Director
  - Mr. V. Kumar Director
  - Mr. Mukesh Mittal Director

**Related Party Transactions**

Sl. No.	Name of the Related Party	Description of Relationship	Nature of Transaction	Amount of Transaction	Balance as on Balance Sheet Date
1	Wire and Wireless (India) Ltd.	Holding Co.	a) Loan taken from Holding Co. b) Repayment of loan	Rs. 1,20,00,000/- Rs. 36,55,000/-	Rs. 3,30,57,387/-
2	Wire and Wireless (India) Ltd.	Holding Co.	Reimbursement of expenses	Rs. 2,04,734/-	Rs. 3,72,165/-
3	Master Channel Community Network Pvt. Ltd.	Subsidiary Co.	Purchase of Shares	Rs. 1,98,000/-	NIL

8. During the year under reference the Company made an investment of Rs. 1,98,000/- towards 1,980 Equity Shares of Rs.100/- each in M/s. Master Channel Community Network Pvt. Ltd., which works out to 66% of Total Share Capital of Master Channel Community Network Pvt. Ltd. by virtue of which Master Channel Community Network Pvt. Ltd. has become the subsidiary of the Company.

**9. ACCOUNTING FOR TAX ON INCOME - AS-22**

Components of Deferred tax balance are as under:

**1. Depreciation:-**

Depreciation as per Income Tax Act, 1961	Rs. 68,346/-
Depreciation as per Companies Act, 1956	Rs. 96,759/-
<b>Excess amount of Depreciation as per Companies Act, 1956</b>	<b>Rs. 28,413/-</b>
Net Deferred tax Assets for the year	Rs. 9,660/-

10. Schedule "K" forms an integral part of the balance sheet and has been duly authenticated.

In terms our separate Audit Report of even date.

For **Central Bombay Cable Network Ltd.**

For **M/s. Gaba & Associates**

Chartered Accountants

**Gulshan Gaba**

Proprietor

Membership No.: 88726

**S. K. Gupta**

Director

**B. K. Singh Deo**

Director

Place : New Delhi

Date : June 10, 2009



## CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2009

(Amount in Rs.)

	Year ended March 31, 2009	Year ended March 31, 2008
<b>Cash Flow from Operating Activities</b>		
<b>Net Income/(Loss) before Tax</b>	236,848	1,711,902
Adjustments for:		
Depreciation	96,759	114,277
Amortisation of Preliminary Expenses	531	532
<b>Operating Profit before working capital changes</b>	334,138	1,826,711
Adjustments for:		
(Increase)/decrease in accounts receivable	-	1,350,000
(Increase)/decrease in prepaid and other current assets	(12,310,170)	(712,841)
Increase/(decrease) in accounts payable	793,890	439,252
<b>Cash Flow from Operating Activities before Taxes</b>	(11,182,142)	2,903,122
Taxes Paid	(539,607)	(254,576)
<b>Net Cash provided by Operating Activities</b>	<u>(11,721,749)</u>	<u>2,648,546</u>
<b>Cash Flow from Investing Activities</b>		
Purchase/(sale) of property, plant and equipment	-	-
Purchase of Investment	-	-
Increase/(decrease) in Miscellaneous expenditure	-	-
<b>Net Cash utilised in Investing Activities</b>	<u>-</u>	<u>-</u>
<b>Cash Flow from Financing Activities</b>		
Proceeds from Issue of Share Capital	-	-
Loan from Holding Company	-	-
Loan repaid to Holding Company	(3,655,000)	(2,025,000)
<b>Net Cash provided by Financing Activities</b>	<u>(3,655,000)</u>	<u>(2,025,000)</u>
Net increase in Cash and cash equivalents	(15,376,749)	623,546
Cash and Cash Equivalents as at 01.04.2008	630,460	6,914
<b>Cash and Cash Equivalents as at 31.03.2009</b>	<u>(14,746,289)</u>	<u>630,460</u>

In terms our separate Audit Report of even date.

For M/s. Gaba &amp; Associates

Chartered Accountants

**Gulshan Gaba**

Proprietor

Membership No.: 88726

Place : New Delhi

Date : June 10, 2009

For Central Bombay Cable Network Ltd.

**S. K. Gupta**

Director

**B. K. Singh Deo**

Director

## BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

Information Pursuant to Part IV of Schedule VI of the Companies Act, 1956.

<b>I. Registration Details</b>		
Registration No.	:	102012
State code	:	55
Balance Sheet date	:	31.03.2009
<b>II. Capital Raised during the year (Rs. in Thousands)</b>		
*Public Issue	:	Nil
*Right Issue	:	Nil
*Bonus Issue	:	Nil
*Private Placement	:	Nil
<b>III. Position of Mobilisation and Deployment of Funds (Rs. in Thousand)</b>		
Total Liabilities	:	47,655
Total Assets	:	47,655
Source of Funds:-	:	
*Paid up capital	:	500
*Reserves and Surplus	:	6,536
*Secured loans	:	-
*Unsecured loans	:	33,057
Application of Funds	:	
Net Fixed Assets	:	34,010
Investment	:	258
Net Current Assets	:	5,824
Miscellaneous Expenditure	:	Nil
Accumulated Losses	:	Nil
<b>IV. Performance of Company (Rs. in Thousands)</b>		
Turnover	:	4,200
Total Expenditure	:	3,963
Profit Before Tax	:	237
Profit after tax	:	157
Dividend Rate (in %)	:	Nil
Earning Per Share (in Rs.)	:	3.12
<b>V. Generic Names of principal products/services of company (As per monetary terms)</b>		
Item Code No. (ITC Code)	:	N. A.
Product Description	:	N. A.
Item Code No. (ITC Code)	:	N. A.
Product Description	:	N. A.
Item Code No. (ITC Code)	:	N. A.
Product Description	:	N. A.

In terms our separate Audit Report of even date.

For M/s. Gaba & Associates

Chartered Accountants

**Gulshan Gaba**

Proprietor

Membership No.: 88726

Place : New Delhi

Date : June 10, 2009

For Central Bombay Cable Network Ltd.

**S. K. Gupta**

Director

**B. K. Singh Deo**

Director

## DIRECTORS' REPORT

To,  
Dear Members,

Your Directors take pleasure in presenting the Eighth Annual Report together with the audited statement of the Accounts for the year ended March 31, 2009.

### FINANCIAL RESULTS

(Amount in Rs.)

Particulars	March 31, 2009	March 31, 2008
Gross Income	17,39,491	17,70,506
Expenditures – excluding depreciation	18,85,708	24,59,517
Profit/(Loss) before depreciation and tax	(1,46,217)	(6,89,011)
Depreciation	45,770	45,770
Profit/(Loss) before tax	(1,91,987)	(7,34,781)
Provision for taxation (FBT)	204	334
Profit/(Loss) after tax	(1,92,191)	(7,35,115)
Balance Brought Forward	(44,29,177)	(36,94,062)
Balance Carried forward	(46,21,368)	(44,29,177)

### FINANCIAL REVIEW

During the financial year ended on March 31, 2009, the gross income of the Company has decreased to Rs.17.39 lakhs as compared to Rs.17.70 lakhs during the last preceding financial year ended on March 31, 2008, whereas the Net Loss of the Company during the financial year ended on March 31, 2009 has decreased to Rs.1.92 lakhs as compared to Rs.7.35 lakhs in the last preceding financial year ended on March 31, 2008. Your Directors are hopeful that the Company will do well in the current financial year.

### DIVIDEND

Your Directors do not recommend payment of dividend for the year under review.

### DIRECTORS

During the period under review, Mr. B. K. Singh Deo, Director, will retire by rotation at the ensuing Annual General Meeting and being eligible, offer himself for re-appointment. Your Board of Directors has recommended his re-appointment.

### DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the provisions of Section 217(2AA) of the Companies Act, 1956, the Board hereby certifies and confirms that:

- In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- The Directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of your Company at the end of the financial year and of the loss of your Company for that period;
- The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of your Company and for preventing and detecting fraud and other irregularities; and
- The Directors had prepared the annual accounts on a 'going concern' basis.

### AUDITORS

M/s. MGB & Co., Chartered Accountants, Mumbai, the statutory auditors of the Company retire at the conclusion of the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. A certificate has been received from them to the effect that their re-appointment, if made, shall be within the prescribed limits in terms of Section 224(1B) of the Companies Act, 1956 and that they are not disqualified for such re-appointment within the meaning of Section 226 of the Companies Act, 1956.

### AUDITORS REPORT

The observations made by the auditors in their report have been duly explained by way of appropriate notes to the accounts.

### PERSONNEL

**Employees information pursuant to Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975, as amended:** During the year under review, there was no employee drawing a salary of more than Rs.24 lakhs per annum, if employed throughout the financial year, or Rs.2 lakhs per month, if employed for a part of the financial year.

### Compliance Certificate under Section 383A of the Companies Act, 1956

Pursuant to Section 383A of the Companies Act, 1956, your Company has obtained a Certificate of Compliance from Sunita Mohanty & Associates, Company Secretaries in Whole-Time Practice. The findings of the compliance certificate were entirely satisfactory.

### CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The disclosures as required under the Companies (Disclosure of particulars in the Report of the Board of Directors) Rules, 1988 are given below:

#### a) Conservation of energy

Your Company's business operation do not involves high level energy consumption. Efforts to conserve and optimise the use of energy through improved operational methods, is always being made.

#### b) Technology absorption

Not Applicable. The Company is providing services only.

#### c) Foreign exchange earnings and outgo

During the year under review, there were no Foreign Exchange Earnings and Outgo.

### PUBLIC DEPOSITS

During the period under review, the Company had neither invited nor accepted any deposits within the meaning of Section 58A of the Companies Act, 1956 read with Companies (Acceptance of Deposits) Rules, 1975.

### ACKNOWLEDGEMENTS

The Company is grateful to its Shareholders, Bankers, Vendors and Employees for reposing their support and faith in the Company, which has helped in smooth business operations of the Company.

For and on behalf of the board

Sd/- Sd/-  
(S. K. Jain) (B. K. Singh Deo)  
Director Director

Place: New Delhi  
Date: May 18, 2009

## COMPLIANCE CERTIFICATE

To,  
The Members  
Siticable Broadband South Limited,  
United Mansions, No.39,  
M.G. Road, III Floor,  
Bangalore - 560 001.

I/We have examined the registers, records, books and papers of Siticable Broadband South Limited as required to be maintained under the Companies Act, 1956, (the Act) and the rules made there under and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on March 31, 2009. In our opinion and to the best of my/our information and according to the examinations carried out by me/us and explanations furnished to us by the Company, its officers and agents, I/We certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained all registers as stated in **ANNEXURE - A** to this certificate, as per the provisions and the rules made there under and all entries therein have been duly recorded.
2. The Company has duly filed the forms and returns as stated in **ANNEXURE - B** to this certificate, with the Registrar of Companies, Regional Director, Central Government, Company Law Board or other authorities within the time prescribed under the Act and the rules made there under.
3. The Company is a Public Limited Company.
4. The Board of Directors duly met 4 times on May 15, 2008; August 14, 2008; October 1, 2008 and March 31, 2009 in respect of which meetings proper notices were given and the proceedings were properly recorded and signed including the circular resolutions passed in the Minutes Book maintained for the purpose.
5. The Company was not required to close its Register of Members, and/or Debenture-holders during the financial year.
6. The annual general meeting for the financial year ended on March 31, 2008 was held on July 15, 2008 after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in Minutes Book mentioned for the purpose.
7. The Company has not advanced any loan to its directors and/or persons or firms or companies referred in the section 295 of the Act.
8. The Company has not entered into contracts under Section 297 of the Act in respect of contracts specified in that section.
9. The Company has made necessary entries in the register maintained under Section 301 of the Act.
10. There was no necessity for the Company to obtain necessary approvals from the Board of Directors, members and previous approval of the Central Government pursuant to Section 314 of the Act.
11. The Company has not issued duplicate share certificates.
12. The Company has:
  - i. delivered all the certificates on allotment of securities and on lodgement thereof for transfer/transmission or any other purpose in accordance with the provisions of the Act;
  - ii. not required to deposit the amount of dividend declared including interim dividend in a separate bank account as no dividend was declared;
13. The Board of Directors of the Company is duly constituted and the appointment of directors, additional directors, alternate directors and directors to fill casual vacancies has been duly made.
14. As the Company is a Public Limited Company with paid-up share capital less than Rs.5 crores, provisions regarding appointment of Managing Director/ Whole-time Director/ Manager under Section 269 read with Schedule XIII to the Act and approval of the Central Government, are not applicable.
15. The Company has not appointed sole-selling agents during the financial year.
16. The Company has obtained all necessary approvals of the Central Government, Company Law Board, Regional Director, Registrar or such other authorities as may be prescribed under the various provisions of the Act.
17. The Directors have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act and the rules made there under.
18. The Company has not issued shares/ debentures/ other securities during the financial year.
19. The Company has not bought back shares during the financial year ending March 31, 2009.
20. There was no necessity for the Company to redeem preference shares/debentures during the year.
21. There was no necessity for the Company to keep in abeyance rights to dividend, rights shares and bonus shares pending registration of transfer of shares.
22. The Company has not invited deposits under the provisions of Sections 58A and 58AA read with Companies (Acceptance of Deposits) Rules, 1975 during the financial year.
23. The amount borrowed by the Company from directors, members, public, financial institutions, banks and others during the financial year ending - is/are within the borrowing limits of the Company as per Section 293(1)(d) of the Act.
24. The Company has made loans and investments, or given guarantees or provided securities to other bodies corporate in compliance with the provisions of the Act and has made necessary entries in the register made for the purpose.
25. The Company has not altered the provisions of the Memorandum with respect to situation of the Company's registered office from one State to another, objects, capital and the name of the Company during the year under scrutiny.
26. The Company has not altered the provisions of the Memorandum with respect to the objects of the Company during the year under scrutiny.
27. The Company has not altered the provisions of the Memorandum with respect to the capital of the Company during the year under scrutiny.
- iii. not required to post warrants for dividends to the members of the Company as no dividend was declared;
- iv. not required to transfer the amounts in unpaid dividend account, application money due for refund, matured deposits, matured debentures and the interest accrued thereon which have remained unclaimed or unpaid for a period of seven years to Investor Education and Protection Fund as such instances did not arise; and
- v. Duly complied with the requirements of Section 217 of the Act.



28. The Company has not altered the provisions of the Memorandum with respect to the name of the Company during the year under scrutiny.
29. The Company has not altered its Articles of Association during the year under scrutiny.
30. There was no prosecution initiated against or show cause notices received by the Company for alleged offences under the Act and also the fines and penalties or any other punishment imposed on the Company.
31. The Company has not received any amount as security from its employees during the year under certification.
32. The Company has not deducted any contribution towards Provident Fund pursuant to Section 418 of the Companies Act during the year under scrutiny.

For Sunita Mohanty & Associates

Sd/-  
**Jyotirmoy Mishra, ACS**  
 CP - 6022, Partner

Place: Bhubaneswar  
 Date: June 6, 2009

## ANNEXURE 'A'

Registers as maintained by the Company

Sl. No.	Name of Register	Under Section
1.	Register of Members	150 & 151
2.	Register of Share Transferred	
3.	Minutes Book of Board Meetings & General Meetings	193
4.	Books of Account	209
5.	Register of contracts, firms and companies in which Directors are interested	301
6.	Register of Directors, Managing Directors, Manager and Secretary	303
7.	Register of Directors' Shareholding	307
8.	Register of Fixed Assets	

## ANNEXURE 'B'

Forms and returns as filed by the Company with the Registrar of Companies, Regional Director, Central Government or other authorities during the financial year ending on March 31, 2009 :

Sl. No.	Form No.	Filed U/s	For	Whether filed within prescribed time Yes/No	If delay in filing whether Requisite additional fee paid Yes/No
1.	Balance Sheet	220	2007-2008	No	Yes
2.	Annual Return	159	2007-2008	No	Yes
3.	Compliance Certificate	383A	2007-2008	No	Yes
4.	Form 32	303	2007-2008	No	Yes

## AUDITORS' REPORT

To,  
The Members,  
**Siticable Broadband South Limited,**

1. We have audited the attached Balance Sheet of **Siti Cable Broadband South Limited** as at March 31, 2009, and also the Profit and Loss Account of the Company and the Cash Flow Statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order, 2003 as amended by the Companies (Auditors' Report) (Amendment) Order, 2004 ('the Order') issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, ("the Act") and on the basis of such checks as we considered appropriate and according to the information and explanations given to us during the course of audit, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph (3) above, we report that:
  - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - b) In our opinion, proper books of Account as required by Law have been kept by the Company, so far as appears from our examination of those books;

- c) The Balance Sheet and Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
- d) In our opinion, the Balance Sheet and Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
- e) On the basis of written representations received from the Directors, as on March 31, 2009 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on March 31, 2009 from being appointed as a Director in terms of Clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
- f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the significant accounting policies and other notes thereon as per Schedule - 7, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
  - i) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2009;
  - ii) in the case of the Profit and Loss Account, of the loss for the year ended on March 31, 2009.
  - iii) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For **MGB & Co**  
Chartered Accountants

**(L. K. Shrishrimal)**  
Partner  
M. No.: 72664

Place : New Delhi  
Date : May 18, 2009

**ANNEXURE REFERRED TO IN PARAGRAPH 3 OF AUDITORS' REPORT TO THE MEMBERS OF SITI CABLE BROADBAND SOUTH LIMITED ON THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2009.**

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) The fixed assets have been physically verified by the management at the end of the year and no discrepancy was noticed on such verification.
- (c) The Company has not disposed off a substantial part of the fixed assets.
- (ii) The Company does not have any inventory during the year; hence Clause (ii) is not applicable to the Company.
- (iii) (a) The Company has not granted any loan, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 301 of the Act. Consequently, the requirements of Clause (iii.b), (iii.c) and (iii.d) of paragraph 4 of the Order are not applicable to the Company.
- (b) The Company has not taken any loan, secured or unsecured from companies, firms or other parties covered in the register maintained under Section 301 of the Act. Consequently, the requirements of clause (iii.f) and (iii.g) of paragraph 4 of the Order are not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business for the purchases of stores, fixed assets and for sale of services. We have not observed any continuing failure to correct major weakness in internal control system.
- (v) According to the information and explanations given to us, there were no contracts or arrangements the particulars of which are required to be entered into register in pursuance of Section 301 of the Act.
- (vi) The company has not accepted deposits from the public within the meaning of Section 58A and 58AA of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975. We are informed that no Order has been passed by the Company Law Board.
- (vii) The clause on internal audit system is not applicable on the company.
- (viii) We have been informed that the Central Government has not prescribed maintenance of cost records under Section 209 (1) (d) of the Companies Act, 1956.
- (ix) (a) According to the records of the Company, the Company is regular in depositing undisputed statutory dues including provident fund, investor education and protection fund, employees state insurance, income tax, sales tax, service tax, wealth tax, customs duty, excise duty, cess and other statutory dues, as applicable, with appropriate authorities though there have been a delay in few cases.
- appropriate authorities were outstanding as at March 31, 2009 for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, there are no dues of sales tax, income tax, custom duty, wealth tax, service tax, excise duty and cess which have not been deposited on account of any dispute.
- (x) The Company has accumulated losses exceeding fifty per cent of its net worth as at March 31, 2009 and has incurred cash losses in the current as well as in the immediately preceding financial year.
- (xi) The Company has not taken any loan from any financial institution or bank or on debenture.
- (xii) The Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a Chit Fund, Nidhi or Mutual Benefit Fund/Societies. Therefore, the provisions of the Clause 4(xiii) of the Order are not applicable to the Company.
- (xiv) In our opinion, the Company is not dealing or trading in shares, securities, debentures and other investments. Accordingly, the provisions of Clause 4(xiv) of the Order are not applicable to the Company.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loan taken by others from banks or financial institutions.
- (xvi) The Company has not taken any term loan during the year, as such Clause 4(xvi) of the Order is not applicable to the Company.
- (xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet and the Cash Flow statement of the Company, we report that the short term funds Rs. 140,502 have been used for long term investments.
- (xviii) The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956 during the year.
- (xix) The Company has not issued any debenture during the year.
- (xx) The Company has not raised any money by way of public issues during the year.
- (xxi) On the basis of our examination and according to the information and explanations given to us, no fraud on or by the Company, has been noticed or reported during the year.

For **MGB & Co**  
Chartered Accountants

**(L. K. Shrishimal)**  
Partner  
M. No.: 72664

Place : New Delhi  
Date : May 18, 2009

According to the information and explanation given to us, no undisputed amounts payable in respect of Income Tax, Wealth Tax, Sales Tax, Service Tax, Customs Duty, Excise Duty and Cess and other statutory dues, as applicable, with

## BALANCE SHEET AS AT MARCH 31, 2009

( Amount in Rs.)

	Schedule	As at March 31, 2009	As at March 31, 2008
<b>SOURCES OF FUNDS</b>			
<b>Shareholders' Funds</b>			
Share Capital	1	2,327,500	2,327,500
<b>TOTAL</b>		<b>2,327,500</b>	<b>2,327,500</b>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets</b>			
Gross Block (At Cost)	2	652,184	652,184
LESS: Depreciation		174,002	128,232
Net Block		478,182	523,952
<b>Current Assets, Loans &amp; Advances</b>			
Sundry Debtors	3	1,021,963	251,159
Cash & Bank Balances		529,950	240,651
Loans & Advances		358,183	310,942
		1,910,096	802,752
<b>Less: Current Liabilities &amp; Provisions</b>	4	<b>4,694,549</b>	<b>3,446,986</b>
<b>Net Current Assets</b>		<b>(2,784,453)</b>	<b>(2,644,234)</b>
<b>Miscellaneous Expenditure</b>			
(to the extent not written off or adjusted)			
Preliminary Expenses		12,403	18,605
<b>Profit and Loss Account</b>		<b>4,621,368</b>	<b>4,429,177</b>
<b>Deferred Tax (Net) [Refer Note 4]</b>		<b>-</b>	<b>-</b>
<b>Total Application of Funds</b>		<b>2,327,500</b>	<b>2,327,500</b>
<b>Notes on Accounts &amp; Significant Accounting Policies</b>	7		

As per our attached Report of even date

For and on behalf of the Board

For **MGB & CO.**

Chartered Accountants

**L. K. Shrishrimal**

Partner

M. No. 72664

**Sandeep Kumar Jain**

Director

**B. K. Singh Deo**

Director

Place : New Delhi

Dated: May 18, 2009



## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2009

(Amount in Rs.)

	Schedule	Year ended March 31, 2009	Year ended March 31, 2008
<b>INCOME</b>			
Subscription Income		1,689,105	1,686,623
Other Income		50,386	83,883
<b>TOTAL</b>		<b>1,739,491</b>	<b>1,770,506</b>
<b>EXPENDITURE</b>			
Operational Expenses	5	1,577,611	1,520,628
Administrative & Other Expenses	6	308,097	938,889
Depreciation	2	45,770	45,770
<b>TOTAL</b>		<b>1,931,478</b>	<b>2,505,287</b>
<b>LOSS BEFORE TAXATION</b>		<b>191,987</b>	<b>734,781</b>
<b>Provision for Taxation</b>			
- Current Tax		-	-
- Fringe Benefit Tax		204	334
- Deferred Tax (Refer Note 4 )		-	-
<b>LOSS AFTER TAX</b>		<b>192,191</b>	<b>735,115</b>
<b>Add: Loss Brought forward from Previous Year</b>		<b>4,429,177</b>	<b>3,694,062</b>
<b>Balance Carried to Balance Sheet</b>		<b>4,621,368</b>	<b>4,429,177</b>
<b>Basic/Diluted Earning per Share</b>		<b>(19.22)</b>	<b>(73.51)</b>
<b>Notes on Accounts &amp; Significant Accounting Policies</b>	7		

As per our attached Report of even date

For and on behalf of the Board

For **MGB & CO.**

Chartered Accountants

**L. K. Shrishrimal**

Partner

M. No. 72664

**Sandeep Kumar Jain**

Director

**B.K. Singh Deo**

Director

Place : New Delhi

Dated: May 18, 2009

## SCHEDULES TO THE BALANCE SHEET

(Amount in Rs.)

### SCHEDULE : 1 SHARE CAPITAL

**Authorised:**

10,000 Equity Share of Rs.10/- each

23,000 Preference shares of Rs.100/- each

**TOTAL**

**Issued, Subscribed & Paid-up;**

10,000 Equity Share of Rs.10/- each fully Paid up

(Held by Wire & Wireless (India ) Ltd., the Holding Company and it's Nominees)

22,275 0.00% Fully Convertible Preference Shares of Rs. 100/- each Fully Paid Up

**Notes:**

0.00% Fully Convertible Preference shares have been issued for a consideration other than cash and are convertible into Equity Shares of Rs. 10/- each fully paid up after 180 months from 09.05.2001

**TOTAL**

As at March 31, 2009	As at March 31, 2008
100,000	100,000
<u>2,300,000</u>	<u>2,300,000</u>
<u>2,400,000</u>	<u>2,400,000</u>
100,000	100,000
<u>2,227,500</u>	<u>2,227,500</u>
<u>2,327,500</u>	<u>2,327,500</u>

### SCHEDULE : 2 FIXED ASSETS (At Cost)

(Amount in Rs.)

Description of Assets	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at April 01, 2008	Addition	Deductions	As at March 31, 2009	Up to April 01, 2008	For the year	Deductions	Up to March 31, 2009	As at March 31, 2009	As at March 31, 2008
Plant & Machinery	652,184	-	-	652,184	128,232	45,770	-	174,002	478,182	523,952
<b>CURRENT PERIOD TOTAL</b>	<b>652,184</b>	<b>-</b>	<b>-</b>	<b>652,184</b>	<b>128,232</b>	<b>45,770</b>	<b>-</b>	<b>174,002</b>	<b>478,182</b>	<b>523,952</b>
<b>PREVIOUS YEAR TOTAL</b>	<b>652,184</b>			<b>652,184</b>	<b>82,462</b>	<b>45,770</b>		<b>128,232</b>	<b>523,952</b>	

## SCHEDULES TO THE BALANCE SHEET AS AT MARCH 31, 2009

(Amount in Rs.)

	As at March 31, 2009	As at March 31, 2008
<b>SCHEDULE : 3 CURRENT ASSETS, LOANS &amp; ADVANCES</b>		
<b>A) CURRENT ASSETS</b>		
<b>(a) SUNDRY DEBTORS</b>		
(Unsecured; Considered good)		
More than Six Months	465,770	240,600
Others	556,193	251,160
	<u>1,021,963</u>	<u>491,760</u>
Less: Provision for Doubtful Debts	-	240,601
<b>TOTAL (a)</b>	<u>1,021,963</u>	<u>251,159</u>
<b>(b) CASH &amp; BANK BALANCES</b>		
Cash in hand	242,010	14,319
Balance with Scheduled Banks		
In Current Accounts	287,940	226,332
<b>TOTAL (b)</b>	<u>529,950</u>	<u>240,651</u>
<b>TOTAL [ A = (a+b) ]</b>	<u>1,551,913</u>	<u>491,810</u>
<b>B) LOANS &amp; ADVANCES</b>		
(Unsecured; Considered good)		
(a) Security Deposits	250,000	250,000
(b) Advances ( Recoverable in cash or in kind or for value to be received)	108,183	60,942
<b>TOTAL (B)</b>	<u>358,183</u>	<u>310,942</u>
<b>TOTAL (A+B)</b>	<u>1,910,096</u>	<u>802,752</u>
<b>SCHEDULE : 4 CURRENT LIABILITIES &amp; PROVISIONS</b>		
<b>CURRENT LIABILITIES</b>		
Sundry Creditors	4,694,498	3,439,360
(Includes Rs. 36,71,219 ( Rs 31,74,640) payable to holding company)		
Advance from Customers	-	7,292
<b>PROVISIONS</b>		
Fringe Benefit Tax ( Net of Advance Tax )	51	334
<b>TOTAL</b>	<u>4,694,549</u>	<u>3,446,986</u>

## SCHEDULES TO THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2009

(Amount in Rs.)

	Year ended March 31, 2009	Year ended March 31, 2008
<b>SCHEDULE : 5 OPERATIONAL EXPENSES</b>		
Subscription Charges	732,888	732,888
Repairs & Maintenance - Network	-	8,382
Lease Rent	809,600	741,000
Power & Fuel	35,123	38,358
<b>TOTAL</b>	<b>1,577,611</b>	<b>1,520,628</b>
<b>SCHEDULE : 6 ADMINISTRATIVE &amp; OTHER EXPENSES</b>		
Licence & Permission	500	500
Travelling & Conveyance Expenses	-	1,230
Rent	18,000	18,000
Rates & Taxes	-	2,585
Communication Expenses	3,000	3,000
Staff Welfare Expenses	-	675
Legal & Professional Charges	246,200	782,373
Bad Debts Written Off	Rs. 2,40,601	
Less : Transfer from Provision for Bad Debts	Rs. 2,40,601	-
Preliminary Expenses Written off	6,202	6,202
Bank Charges	1,783	3,615
Sundry Expenses	32,412	24,880
Prior Period Expenses	-	94,909
Interest Paid	-	920
<b>TOTAL</b>	<b>308,097</b>	<b>938,889</b>

## SCHEDULES TO THE BALANCE SHEET AS AT MARCH 31, 2009

### SCHEDULE: 7 SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

#### Background

The Company is a wholly owned subsidiary of Wire & Wireless (India) Ltd. The Company is in the business of providing cable TV services to the end consumers.

#### A. SIGNIFICANT ACCOUNTING POLICIES

##### 1. Accounting Convention

- The financial statements are prepared on historical cost convention and in accordance with the Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956.
- The Company generally follows the mercantile system of accounting and recognizes income and expenditure on accrual basis except those with significant uncertainties.

##### 2. Fixed Assets

Fixed Assets are stated at cost less depreciation. Cost comprises of the acquisition price, installation and all attributable costs of bringing the asset to its working condition for its intended use.

##### 3. Depreciation

- Depreciation on Fixed Assets is provided at rates prescribed in Schedule XIV of The Companies Act, 1956 (except otherwise stated below) on straight line method.
- The cable network (other than cable cost) has been considered as continuous process plant.
- Assets other than cable network equipment costing below Rs. 5,000/- are depreciated at 100%.
- Plant & Machinery (cost of cable) is depreciated equally over a period of 10 years.

##### 4. Revenue Recognition

Subscription Income is recognized when the service is rendered.

##### 5. Miscellaneous Expenditure

Preliminary Expenses are written off over a period of ten accounting years.

##### 6. Operating Leases

Lease of assets under which all the risks and rewards of ownership are effectively retained by the lessor are classified as operating lease. Lease payments under operating leases are recognized as an expense on accrual basis in accordance with respective lease agreements.

##### 7. Taxation on Income:

Income Taxes are accounted for in accordance with Accounting Standard 22 on "Accounting for taxes on Income", (AS 22) issued by the Institute of Chartered Accountants of India. Tax expense comprises current, fringe benefit and deferred. Current tax and fringe benefit tax are measured at the amount expected to be paid to the tax authorities, using the applicable tax rate. Deferred tax assets and liabilities are recognized for future tax consequences attributable to timing differences between taxable income and accounting income that are capable of reversing in one or more subsequent period and are measured using relevant enacted tax rates. At each Balance Sheet date, the Company reassesses unrealized deferred tax assets to the extent they become reasonably certain or virtually certain of realization, as the case may be.

##### 8. Earning Per Share

Basic earning per share is computed and disclosed using the weighted average number of common shares outstanding during the year. Diluted earnings per share is computed and disclosed using the weighted average number of common and dilutive common equivalent shares outstanding during the year, except where the results would be anti dilutive.

#### B. NOTES ON ACCOUNTS

##### 1. Going Concern:

The financial statements have been prepared assuming that the Company will continue as a going concern despite erosion of its net-worth. The financial statements do not include any adjustments that might result from the outcome of the un-certainty. The management believes that it is appropriate to prepare these financial statements on the basis of going concern based on financial support assured by the holding company.

2. In the opinion of the Board of Directors the current assets, loans and advances shown in the Balance Sheet as at 31.03.2009 are considered good and fully recoverable, except otherwise stated and provision for all known liabilities is made in the accounts.

3. The Company's significant lease arrangements are in respect of operating leases taken for network and equipments. These leases are cancellable/non-cancellable operating lease agreements that are renewable on a periodic basis at the option of both the lessor and the lessee. The initial tenure of the lease generally is for 1 to 60 months.

Particulars	Year ended March 31, 2009 Amount (Rs.)	Year ended March 31, 2008 Amount (Rs.)
Lease rental charges for the year	8,09,600	7,41,000
<b>Future lease rental obligation payable (under non-cancellable leases)</b>		
Not later than one year	4,13,352	3,90,510
Later than one year but not later than five years	5,07,030	9,21,382
Later than five years	-	-

##### 4. Income Tax

a) In view of current year loss and brought forward losses and allowances under the Income Tax Act 1961, no provision for current taxation is considered necessary.

b) In accordance with the Accounting Standard 22 on "Accounting for taxes on income" (AS 22) issued by the Institute of Chartered Accountants of India, deferred tax assets and liability should be recognized for all timing differences in accordance with the said standard. However, considering the present financial position and requirement of the Accounting Standard regarding certainty / virtual certainty, the deferred tax assets and liabilities as on 31.03.09 have not been recognized. However, the same will be reassessed at subsequent Balance Sheet date and will be accounted for in the year of certainty / virtual certainty in accordance with the aforesaid Accounting Standard.

**5. Micro, Small and Medium Enterprises**

Disclosure required under the Micro, Small and Medium Enterprises Development Act 2006 are nil, based on the information available with the Company.

**6.** Additional information required to be given pursuant to Part II of Schedule VI to the Companies Act, 1956 are nil or not applicable.

**7. Retirement benefits to the employees:**

Since there was no employee during end of the year, no provision for the retirement benefits has been considered.

**8. Auditors Remuneration (Including in Legal & Professional Charges)**

Particulars (Excluding Service Tax)	Year ended March 31, 2009 Amount (Rs.)	Year ended March 31, 2008 Amount (Rs.)
Audit Fee	15,000	15,000
Tax Matters	2,500	2,500
Others For Certification work	25,000	–

**9. Related Party Disclosures:**

(i) List of Parties where control exists

- a) Holding Company
  - Wire & Wireless India Limited (Extent of holding 100%)
- b) Fellow Subsidiary Companies
  - Central Bombay Cable Network Ltd.
  - Wire and Wireless Tisai Satellite Private Ltd. (w.e.f. 01.06.2007)
  - Indian Cable Net Company Ltd.
  - Master Channel Community Network Private Limited (w.e.f 01.04.2008 )
- c) Key Managerial Personnel
  - Mr. B.K. Singh Deo Director
  - Mr. R.K. Singh Director
  - Mr. Sandeep Kumar Jain Director
  - Mr. P. Kailasam Director (Till 21.09.2007)

(ii) Transactions with Related Parties – Holding Company

Particulars	Year ended March 31, 2009 Amount (Rs.)	Year ended March 31, 2008 Amount (Rs.)
Advances Received from	7,49,579	27,21,913
Repayment of Advances Received	2,53,000	5,06,806
<b>Balance Outstanding as on 31.03.2009</b>		
Sundry Creditors	36,71,219	31,74,640

**10. Earning per share (EPS)**

Particulars	Year ended March 31, 2009 Amount (Rs.)	Year ended March 31, 2008 Amount (Rs.)
Profit/(Loss) after Tax	(1,92,191)	(7,35,115)
Number of Equity Shares	10,000	10,000
Nominal Value of equity shares	10	10
<b>Basic/Diluted Earning Per Share</b>	<b>(19.22)</b>	<b>(73.51)</b>

**11. Segmental Reporting**

The Company is in the business of providing Cable Television Services to the end consumers, which as per Accounting Standard -17 is considered the only reportable business segment.

Signature to Schedule

As per our attached Report of even date

For and on behalf of the Board

For **MGB & CO.**

Chartered Accountants

**L. K. Shrishrimal**

Partner

M. No. 72664

**Sandeep Kumar Jain**

Director

**B.K. Singh Deo**

Director

Place : New Delhi

Dated: May 18, 2009

## CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2009

(Amount in Rs.)

	Year ended March 31, 2009	Year ended March 31, 2008
<b>Cash Flow from Operating Activities</b>		
<b>Net Income / (Loss) before Tax</b>	(191,987)	(734,781)
Adjustments for :		
Depreciation	45,770	45,770
Amortisation of Preliminary Expenses	6,202	6,202
<b>Operating Profit before working capital changes</b>	(140,015)	(682,809)
Adjustments for:		
(Increase) / decrease in accounts receivable	(770,804)	(114,911)
(Increase) / decrease in prepaid and other current assets	(47,241)	234,784
Increase / (decrease) in accounts payable	751,267	(1,472,116)
<b>Cash Flow from Operating Activities before Taxes</b>	(206,793)	(2,035,052)
Taxes Paid	(487)	(7,242)
<b>Net Cash Flow from Operating Activities</b>	(207,280)	(2,042,294)
<b>Cash Flow from Investing Activities</b>	-	-
<b>Net Cash utilised in Investing Activities</b>	-	-
<b>Cash Flow from Financing Activities</b>		
Loan/advance from Holding Company	749,579	2,721,913
Loan/advance repaid to Holding Company	(253,000)	(506,806)
<b>Net Cash provided by Financing Activities</b>	496,579	2,215,107
Net increase in Cash and Cash Equivalents	289,299	172,813
Cash and Cash Equivalents at the beginning of the year	240,651	67,838
<b>Cash and Cash Equivalents at the end of the year</b>	529,950	240,651
<b>Notes:</b>		
1. Previous year figures have been regrouped/rearranged wherever necessary.		
2. Components of Cash and Cash equivalents at the end of the year:		
Cash in hand	242,010	14,319
Balances with Scheduled Banks in Current Accounts	287,940	226,332
	529,950	240,651

As per our attached report of even date

For **MGB & Co.**  
Chartered Accountants**L.K. Shrishrimal**  
Partner  
Membership No.: 72664Place : New Delhi  
Date : May 18, 2009

For and on behalf of the Board

**Sandeep Kumar Jain**  
Director**B. K. Singh Deo**  
Director

## DIRECTORS' REPORT

Dear Members,

Your Directors are pleased to present the Second Annual Report and the Audited Accounts for the financial year ended March 31, 2009.

### FINANCIAL RESULTS

The financial performance of the Company for the financial year ended March 31, 2009 is summarized below:

(Rs. in thousand)

Particulars	March 31, 2009	March 31, 2008
Gross Profit / (Loss) before taxation	6,938	5,631
Less: Provision for taxation		
Current Tax	2,290	2,027
Profit / (Loss) after tax	4,648	3,604
Add: Balance in Profit and Loss Account	3,604	0
Amount available for appropriations	8,252	3,604
<b>Appropriations:</b>		
Capital Redemption Reserve	0	0
Proposed dividend on Preference Shares	0	0
Tax on Dividend	0	0
Balance carried forward to Balance Sheet	8,252	3,604

### OPERATIONAL AND FINANCIAL REVIEW

The turnover of the Company for the year increased by 50.58% from Rs. 11,21,98,000 to Rs. 16,89,48,000. The net profit of the Company for the year increased by 28.96%, from Rs. 36,04,000 to Rs. 46,48,000.

### DIVIDEND

Your Directors have not recommended any dividend on Equity Shares for the period under review.

### EQUITY SHARE CAPITAL

During the year, the Authorized share capital of your Company increased from Rs. 1,00,000 to Rs. 5,00,000.

Your Company has issued and allotted 40,000 Equity Shares of Rs. 10/- each for cash, at par by way of rights issue in October, 2008.

### CHANGE OF STATUS OF THE COMPANY

The status of the Company has been changed from private to public with effect from November 24, 2008.

### DIRECTOR

Mr. Ganapt Gaikwad retires by rotation and being eligible, offers himself for re-appointment at the ensuing Annual General Meeting.

### DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956 with respect to Directors' Responsibility Statement, it is hereby confirmed that:

- in the preparation of the accounts for the year ended March 31, 2009, the applicable accounting standards have been followed and there is no material departure from the same;
- the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and

of the profit of the Company for the period under review;

- the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

- the Directors have prepared the accounts for the year ended March 31, 2009 on a 'going concern' basis.

### AUDITORS

Messrs Avinash Raorane & Co., Chartered Accountants, Statutory Auditors of the Company, holds office until the conclusion of the ensuing Annual General Meeting of the Company and is eligible for re-appointment.

The Company has received a letter from them to the effect that their re-appointment, if made, would be within the prescribed limits under Section 224(1B) of the Companies Act, 1956 and that they are not disqualified for such re-appointment within the meaning of Section 226 of the Companies Act, 1956.

### PARTICULARS OF EMPLOYEES

The Company has not paid any remuneration attracting the provisions of the Companies (Particulars of Employees) Rules, 1975 read with Section 217(2A) of the Companies Act, 1956. Hence, no information is required to be appended to this report in this regard.

### CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The particulars relating to conservation of energy, technology absorption and foreign exchange earnings and outgo, required to be furnished pursuant to Section 217(1)(e) of the Companies Act, 1956, read with Companies (Disclosures of Particulars in the Report of Board of Directors) Rules, 1988, are as under:

Part A and B of the Rules, pertaining to conservation of energy and technology absorption, are not applicable to the Company.

Foreign Exchange Earnings and Outgo:

Foreign Exchange Earned - Nil

Foreign Exchange Used - Nil

### FIXED DEPOSITS

The Company has not accepted any fixed deposit from the public during the year under review.

### ACKNOWLEDGEMENT

Your Directors would like to express their grateful appreciation for assistance and co-operation received from Banks, Government Authorities and Members during the year under review.

For and on behalf of the Board of Directors

Sumit Ranjan Bose  
Director

Atul Jayavant  
Director

Date: June 15, 2009

Place: Mumbai



## AUDITOR'S REPORT

To,  
The Members of,  
**Wire and Wireless Tisai Satellite Limited**

We have audited the attached Balance Sheet of **WIRE AND WIRELESS TISAI SATELLITE LIMITED** as at March 31, 2009 and also annexed Profit and Loss Account and the cash flow statement of the company for the year ended on March 31, 2009. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with standard auditing practices generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material mis-statement. An audit includes examining, on a test basis, evidence supporting the amounts & disclosure in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

1. As required by the companies (Auditor's Report) order, 2003 as amended by the companies (Auditors Report)(Amendment) order 2004 issued by the central Government of India, in terms of Sub-Section (4A) of Section 227 of the Companies Act, 1956 of India (the Act) and on the basis of such checks of the books and records of the company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
2. Further to our comments in the statement referred to in paragraph (1) above, in accordance with provision of Sec. 227 of the Companies Act, 1965, we report that
  - a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
  - b. In our opinion, proper books of accounts as required by law have been kept by the Company so far as it appears from our examination of those books and records.

- c. The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.
- d. In our opinion, the Balance Sheet, the Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards as referred to in Section 211(3C) of the Act.
- e. On the basis of written representation received from Directors as on 31.03.2009 & taken on record by the Board of Directors, none of the Directors of the Company are disqualified as on 31.03.2009 from being appointed as Director under Section 274(1)(g) of the Act.
- f. In our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with Significant accounting policies and notes thereon give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.
  - i. In so far as it relates to the Balance Sheet, of the state of affairs of the Company as at March 31, 2009 and:
  - ii. In so far as it relates to the Profit & Loss Account, of the profit of the Company for the year ended on that date.
  - iii. In so far as it relates to the Cash Flow Statement of the cash flows for the year ended on that date.

For **A. R. Raorane & Co.**  
Chartered Accountants

**(A. R. Raorane)**  
Proprietor  
Membership No. 40595

Place : Mumbai  
Date : June 15, 2009

**ANNEXURE TO THE AUDITORS' REPORT**

**REFERRED TO IN PARAGRAPH 1 OF AUDITORS' REPORT OF EVEN DATE TO THE MEMBERS OF WIRE AND WIRELESS SHREE TISAI SATELLITE LIMITED ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2009.**

1. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. As per information and explanation given to us the Management has conducted physical verification of fixed assets during the period and no material discrepancies have been noticed on such physical verification. The Company has not disposed of substantial part of fixed assets during the year and the going concern status of the Company is not affected.
2. The Company is a service company, primarily rendering services as multi system operator in cable Television Network. Accordingly it does not hold any physical inventories as explained to us.
3. The Company has neither granted nor taken any loans, secured or unsecured to or from companies, firms and other parties covered in the register maintained under Section 301 of the Act. Accordingly paragraph 4(iii) of the order is not applicable.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and nature of its business with regard to purchase of components, fixed assets and for sale of goods and services. During the course of audit, we have not observed any continuing major weaknesses in the aforesaid internal controls.
5.
  - a) According to the information and explanations given to us, the particulars of contract or arrangement referred to in Section 301 of the Act have been entered in the register required to be maintained under that section.
  - b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts and arrangements referred to in (a) above and exceeding a value of Rs. 5,00,000/- with any party during the year, have been made at prices, which are reasonable, having regard to the prevailing market prices at the relevant time.
6. As the Company has not accepted any deposits from the public within the provisions of Section 58A and 58AA of the Act, and rules made there under, Clause 4 (vi) of the order is not applicable to the Company.
7. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
8. As informed to us, the maintenance of cost records has not been prescribed by the Central Government under Section 209(1)(d) of the Act, for any services rendered by the Company.
9.
  - a) According to the information and explanations given to us the company is not regular in depositing with appropriate authorities undisputed statutory dues in respect of provident fund, employees state insurance, income tax, service tax, professional tax except entertainment tax.
  - b) According to the information and explanation given to us, the statutory dues payables and outstanding for the period of more than six months from the date they became payable, are as under.

<b>Particulars</b>	<b>Amount</b>
Income Tax (TDS)	Rs. 12,103/-

- c) As per the information & explanation given to us the Company does not have any disputed amounts payable in respect of Income Tax, wealth Tax, Service Tax, professional tax and entertainment tax/cess outstanding for a period of more than six months from the date they became payable.
10. The Company does not have any accumulated losses at the end of the financial year and has not incurred any cash losses during the financial year and in the immediately preceeding financial year.
11. The Company did not have any outstanding dues to any financial institutions, banks or debenture holders during the year.
12. Based on our examination of the records and the information and explanations given to us, the Company has not granted any loans and/or advances on basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion and according to the information and explanations given to us, the Company is not a chit fund/nidhi/mutual benefit fund/society.
14. In our opinion and according to the information and explanations given to us, Clause (xv) of the order is not applicable as the Company is not dealing or trading in shares, securities, debentures and other investments.
15. According to information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
16. To the best of our knowledge and according to information and explanations given to us the Company has not availed any term loans during the year.
17. In our opinion and according to the information and explanations given to us, and on an overall examination of Balance Sheet of the company, we report that the Company has not made any long term Investments out of funds raised on short term basis or vice versa.
18.
  - a) During the year, the Company has made preferential allotment of shares by way of right issue to the parties and companies covered in the register maintained under Section 301 of the Act.
  - b) The prices at which the said shares have been issued are not prejudicial to the interest of the Company.
19. The Company did not have any outstanding debentures during the year.
20. The Company has not raised any money by public issues during the year.
21. As per the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

For **A. R. Raorane & Co.**  
Chartered Accountants

**(A. R. Raorane)**  
Proprietor  
Membership No. 40595

Place : Mumbai  
Date : June 15, 2009

## BALANCE SHEET AS AT MARCH 31, 2009

(Amount in Rs. in '000)

	Schedule	As At March 31, 2009	As At March 31, 2008
<b>SOURCES OF FUNDS</b>			
<b>Shareholders' Funds</b>			
Share Capital	1	500	100
Reserves and Surplus	2	8,252	3,604
		<u>8,752</u>	<u>3,704</u>
<b>Deferred Tax Liability (Net)</b>		<u>245</u>	<u>77</u>
<b>TOTAL</b>		<u>8,997</u>	<u>3,781</u>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets</b>			
Gross Block	3	14,260	3,998
Less: Accumulated Depreciation / Amortization		1,158	122
Net Block		<u>13,102</u>	<u>3,876</u>
Capital Work-in-Progress		<u>350</u>	<u>3,733</u>
		<u>13,452</u>	<u>7,609</u>
<b>CURRENT ASSETS, LOANS AND ADVANCES</b>			
Sundry Debtors	4	47,926	21,068
Cash and Bank Balances	5	9,772	1,516
Loans and Advances	6	5,848	2,672
		<u>63,546</u>	<u>25,256</u>
<b>Less:</b>			
<b>CURRENT LIABILITIES AND PROVISIONS</b>			
Current Liabilities	7	65,622	27,029
Provisions	8	2,390	2,070
		<u>68,012</u>	<u>29,099</u>
<b>Net Current Assets</b>		<u>(4,466)</u>	<u>(3,843)</u>
<b>Miscellaneous Expenditure</b>	9	11	15
(to the extent not written off or adjusted)			
<b>TOTAL</b>		<u>8,997</u>	<u>3,781</u>
Significant Accounting Policies and Notes to Accounts	16		

The schedules referred to above and notes to accounts form an integral part of the Balance Sheet

As per our attached report of even date

For **A. R. RAORANE & CO.**

Chartered Accountants

**Avinash Raorane**

Proprietor

Membership No. : 40595

For and on behalf of the Board

**Sumit Ranjan Bose**

Director

**Atul Jayavant**

Director

Place : Mumbai

Date : June 15, 2009

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2009

(Amount in Rs. in '000)

	Schedule	Year Ended March 31, 2009	Period Ended March 31, 2008
<b>INCOME</b>			
Income from operation		168,948	112,198
Other Income	10	7	84
		<u>168,955</u>	<u>112,282</u>
<b>EXPENDITURE</b>			
Operational Cost	11	144,081	100,787
Personnel Cost	12	6,671	3,162
Administrative Expenses	13	4,058	2,411
Selling and Distribution Expenses	14	6,162	58
		<u>160,972</u>	<u>106,418</u>
<b>OPERATING PROFIT/(LOSS)</b>			
Interest and Finance Charges	15	9	111
Depreciation		1,036	122
		<u>1,045</u>	<u>233</u>
<b>Profit / (Loss) Before Tax</b>		<u>6,938</u>	<u>5,631</u>
<b>Less : Provision for Tax</b>			
<b>Current Tax</b>		1,977	1,846
<b>Deferred Tax</b>		168	77
<b>Fringe Benefit Tax</b>		145	104
<b>Profit / (Loss) after Tax</b>		<u>4,648</u>	<u>3,604</u>
Less : Minority Interest		-	-
Less : Prior Period Adjustments (Net)		-	-
<b>Net Profit/(Loss) after Tax for the Year</b>		<u>4,648</u>	<u>3,604</u>
Add: Balance c/f from previous year		3,604	-
<b>Balance Carried to Balance Sheet</b>		<u>8,252</u>	<u>3,604</u>
<b>Earning / (Loss) Per Share: (Rs.)</b>			
Basic / Diluted (Nominal value of shares Rs. 10 each)			
Basic & Diluted earnings / (loss) per share		28	360
(Refer Note 2 D of Schedule 16)			
<b>Significant Accounting Policies and Notes to Accounts</b>	16		

The schedules referred to above and notes to accounts form an integral part of the Profit and Loss Account

As per our attached report of even date

For **A. R. RAORANE & CO.**

Chartered Accountants

For and on behalf of the Board

**Avinash Raorane**

Proprietor

Membership No.: 40595

**Sumit Ranjan Bose**

Director

**Atul Jayavant**

Director

Place : Mumbai

Date : June 15, 2009

## SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2009

(Amount in Rs. '000)

### SCHEDULE 1 : SHARE CAPITAL

**Authorised :**

50,000 Equity Shares of Rs.10/- each

**Issued, Subscribed and Paid-up**

50,000 Equity Shares of Rs.10/- each

**TOTAL**

As At March 31, 2009	As At March 31, 2008
500	100
500	100
500	100
500	100
8,252	3,604
8,252	3,604

### SCHEDULE 2 : RESERVES & SURPLUS

Profit and Loss Account

**TOTAL**

### SCHEDULE 3 : FIXED ASSETS (At Cost)

(Amount in Rs. '000)

Block of Assets	Gross Block				Depreciation/Amortisation			Total Depreciation	Net Block	
	Cost as at 01.04.2008	Additions during the year	Deductions during the year	Total Cost As At 31.03.2009	Upto 1.04.2008	For the Period	Deduction during the year		As At 01.04.2008	As At 31.03.2009
<b>(A) Tangible Assets</b>										
Plant & Machinery	1,539	9,916		11,455	38	826		864	1,501	10,591
Furniture & Fixture	308	18		326	11	20		31	297	295
Air Conditioner	317	17		334	1	16		17	316	317
Computer	173	-		173	9	28		37	164	136
Vehicles	-	44		44	-	2		2	-	42
Office Equipment	649	246		895	55	39		94	594	801
Modulator	994	5		999	8	100		108	986	891
<b>Total - (A)</b>	<b>3,980</b>	<b>10,246</b>	<b>-</b>	<b>14,226</b>	<b>122</b>	<b>1,031</b>	<b>-</b>	<b>1,153</b>	<b>3,858</b>	<b>13,073</b>
<b>(B) Intangible Assets</b>										
Software	18	16		34	-	5		5	18	29
<b>Total - (B)</b>	<b>18</b>	<b>16</b>	<b>-</b>	<b>34</b>	<b>-</b>	<b>5</b>	<b>-</b>	<b>5</b>	<b>18</b>	<b>29</b>
<b>Total (A+B)</b>	<b>3,998</b>	<b>10,262</b>	<b>-</b>	<b>14,260</b>	<b>122</b>	<b>1,036</b>	<b>-</b>	<b>1,158</b>	<b>3,876</b>	<b>13,102</b>
Previous Year	-	3,998	-	3,998	-	122	-	122	-	3,876

## SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2009

(Amount in Rs. '000)

	As At March 31, 2009	As At March 31, 2008
<b>CURRENT ASSETS, LOANS AND ADVANCES</b>		
<b>A) CURRENT ASSETS</b>		
<b>SCHEDULE 4 : SUNDRY DEBTORS</b>		
(Unsecured, Considered good unless otherwise stated)		
More than Six Months		
Considered Good	15,934	491
Others (Considered Good)	31,992	20,577
<b>TOTAL</b>	<b>47,926</b>	<b>21,068</b>
 <b>SCHEDULE 5 : CASH AND BANK BALANCES</b>		
Cash on hand		
	514	1,000
Balance with Scheduled Banks		
On Current Accounts	9,258	516
<b>TOTAL</b>	<b>9,772</b>	<b>1,516</b>
 <b>SCHEDULE 6 : LOANS AND ADVANCES</b>		
<b>Unsecured, Considered Good</b>		
Advances Recoverable in cash or in kind or for value to be received		
	272	700
Deposit - Other	269	72
Tax Advances	5,307	1,900
<b>TOTAL</b>	<b>5,848</b>	<b>2,672</b>
 <b>SCHEDULE 7 : CURRENT LIABILITIES</b>		
Sundry Creditors : For Programs & Goods		
For Expenses & Other Liabilities	65,622	27,029
<b>TOTAL</b>	<b>65,622</b>	<b>27,029</b>
 <b>SCHEDULE 8 : PROVISIONS</b>		
Provision for FBT		
	30	104
Provision for Gratuity	208	67
Provision for Leave Encashment	175	53
Provision for Taxation	1,977	1,846
<b>TOTAL</b>	<b>2,390</b>	<b>2,070</b>
 <b>SCHEDULE 9 : MISCELLANEOUS EXPENDITURE</b>		
(to the extent not written off or adjusted)		
Preliminary Expenses	11	15
<b>TOTAL</b>	<b>11</b>	<b>15</b>

**SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2009**

(Amount in Rs. '000)

	Year Ended March 31, 2009	Period Ended March 31, 2008
<b>SCHEDULE 10 : OTHER INCOME</b>		
Interest (Gross)	-	63
Other Income	7	21
<b>TOTAL</b>	<b>7</b>	<b>84</b>
<b>SCHEDULE 11 : OPERATIONAL COST/COST OF GOODS</b>		
Pay Channel Subscription	67,431	51,344
Other Operational Cost	10,692	6,463
Network Operating Cost	7,158	3,780
Management Fees	58,800	39,200
<b>TOTAL</b>	<b>144,081</b>	<b>100,787</b>
<b>SCHEDULE 12 : PERSONNEL COST</b>		
Salaries, Allowances and Bonus	5,635	2,639
Contribution to Provident & Other Funds	880	394
Staff Welfare Expenses	156	129
<b>TOTAL</b>	<b>6,671</b>	<b>3,162</b>
<b>SCHEDULE 13 : ADMINISTRATIVE EXPENSES</b>		
Rent	641	402
Communication Expenses	716	371
Repairs and Maintenance	223	175
Electricity Expenses and Water Charges	569	411
Legal, Professional and Consultancy Charges	317	441
Printing and Stationery	67	65
Security Charges	161	109
Sundry Expenses	1,032	366
Travelling and Conveyance Expenses	328	67
Miscellaneous Expenses	4	4
<b>TOTAL</b>	<b>4,058</b>	<b>2,411</b>
<b>SCHEDULE 14 : SELLING &amp; DISTRIBUTION EXPENSES</b>		
Business Promotion	573	58
Bad Debts written off	5,589	-
<b>TOTAL</b>	<b>6,162</b>	<b>58</b>
<b>SCHEDULE 15 : INTEREST &amp; FINANCIAL CHARGES</b>		
Interest & Financing Expenses	9	111
<b>TOTAL</b>	<b>9</b>	<b>111</b>

## SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

### SCHEDULE 16

(All amounts in thousands of Indian Rupees)

#### Background:

Wire and Wireless Tisai Satellite Limited (hereinafter referred to as 'the company' or 'WWTSL') was incorporated on June 1, 2007 to carry on the business of Cable Television Networking business pertaining to distribution / re-transmission of cable Television Signals, Internet, for own business or rent, lease, and/or allow others to use it in part or full. The company is a Joint venture between Wire and Wireless (India) Limited and Shree Tisai Satellite Services. During the year under review Authorised and Issued, Subscribed and Paid-up Equity Share Capital has been increased from Rs. 100 to Rs. 500. During the year the status of the Company changed from "Private Limited" to "Limited" with effect from November 24, 2008.

#### 1. Statement of Significant Accounting Policies:

##### A) Basis of preparation:

The financial statements have been prepared to comply in all material respects with the mandatory Accounting Standards issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on an accrual basis.

##### B) Use of Estimates:

The preparation of the financial statements in accordance with the generally accepted accounting principles requires that the management make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent liabilities as at the date of financial statements and the reported amount of revenue and expenses of the period. Actual results could differ from these estimates. Any revision in accounting estimates is recognised prospectively in current and future periods.

##### C) Fixed Assets:

- (i) Fixed Assets are stated at cost less accumulated depreciation and impairment losses if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.
- (ii) Software is capitalized as an intangible asset on meeting recognition criteria.
- (iii) Fixed assets includes the Capital work-in-progress and comprises of the purchase price of material.

##### D) Depreciation/Amortization:

- (i) Depreciation is provided using the Straight Line Method as per the useful lives of the assets estimated by the management or at the rates prescribed under Schedule XIV of the Companies Act, 1956, whichever is higher.

	% per annum
Plant and Machinery	10.00
Furniture & Fixtures	06.33
Computers	16.21
Air Conditioner	04.75
Office Equipments	04.75
Vehicles	09.50
Software	16.21

##### E) Impairment:

The Company has assessed at Balance Sheet date whether there is an indication that an asset has impaired. No such indication existed during the period, and are relied by auditors.

##### F) Leases:

The Company has not taken any assets on finance/operating lease. Accordingly, Accounting standard AS 19 on leases is not applicable. The Company has taken various office premises on leases on cancelable leases which are renewable on expiry of lease period.

##### G) Inventories:

There is no stock of stores and spares of cable networking materials as at Balance Sheet date.

##### H) 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.

##### Income from Services:

Subscription Revenue and other Services Revenue are recognized on completion of services.

Lease rentals and carriage fees are recognized on accrual basis over the terms of related agreements.

Advertisement revenue is recognized when the related advertisement appears before the public. Other advertisement Revenue for slot sale is recognized on period basis.

##### Interest:

Revenue is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

##### I) Miscellaneous Expenditure:

Preliminary Expenditure represents cost incurred in formation of the Company and are amortized equally over a period of 5 years.

##### J) Retirement and other Employee Benefits:

Retirement benefits in the form of Provident Fund is a defined contribution scheme and the contributions are accounted on accrual basis and are charged to the Profit & Loss Account of the period.

Gratuity liability and leave encashment are defined benefit obligations and are provided for on the basis of an actuarial valuation made at the end of each financial year.

Actuarial gains/losses are immediately charged to the Profit and Loss Account and are not deferred.



**K) Income Tax:**

Tax expense comprises of current, deferred and fringe benefit tax. Current income tax and fringe benefit tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act. Deferred income taxes reflect the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the Balance Sheet date. Deferred tax assets 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. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

**L) Earning Per Share:**

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting attributable taxes) by the number of equity shares outstanding during the period. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

**M) Provisions:**

A provision is recognized when an enterprise has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date.

**2. Notes to Accounts:**

**A) Capital Work-in-Progress includes:**

	2009 (Rs.)	2008 (Rs.)
Material in networking	350	3,733

**B) Taxation:**

In accordance with the Accounting Standard 22 on "Accounting for taxes on income" (AS 22) issued by the Institute of Chartered Accountants of India, deferred tax assets and liability are recognized for all timing differences in accordance with the said standard.

Particulars	2009 (Rs.)	2008 (Rs.)
<b>DEFERRED TAX LIABILITY (NET)</b>		
<b>Deferred Tax Liabilities/(Assets)</b>		
Difference between Tax Depreciation and Book Depreciation	168	77
Difference of expenditure debited to Profit & Loss Account as per tax books and financial books	77	(1)
<b>Closing Net Deferred Tax Liability</b>	<b>245</b>	<b>76</b>

**C) Related Party Disclosure:**

**i) Names of Related Parties where control exists:**

**Promoter Group**

Wire and Wireless (India) Limited  
Shree Tisai Satellite Services

**ii) Names of Other Related Parties with whom transactions have taken place during the year:**

**Key Management Personnel**

Mr. Sumit R. Bose Director  
Mr. Atul D. Jayavant Director  
Mrs. Sulbha Gaikwad Director  
Mr. Ganpat Gaikwad Director

**iii) Enterprises owned or controlled by the Promoter Group:**

Shree Tisai Satellite Services  
Shree Jarimari Satellite Services

Sr. No.	Particulars Nature of Expenses / Names of the Parties	2009 (Rs.)	2008 (Rs.)
1.	<b>Sale, Services and other Recoveries (Net)</b> Shree Jarimari Satellite Services	-	1,475
2.	<b>Purchase Services &amp; Expenses</b> Wire and Wireless (India) Limited Shree Tisai Satellite Service Mrs. Sulbha Gaikwad	30,000 28,800 641	20,000 19,200 403
3.	<b>Balances Outstanding as on March 31, 2009</b>		
a)	<b>Sundry Debtors</b> Shree Jarimari Satellite Services	1,603	1,460
b)	<b>Sundry Creditors</b> Shree Tisai Satellite Services Wire and Wireless (India) Limited Mrs. Sulbha Gaikwad	2,781 16,631 33	2,843 9,782 87

**D) Earning Per Share:**

In accordance with AS - 20 "Earnings Per Share" issued by ICAI, basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting attributable taxes) by the number of shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for events of share split.

Particulars	2009 (Rs.)	2008 (Rs.)
Number of Equity Shares (no.)	50,000	10,000
Nominal Value of equity shares (Rs.)	10	10
Profit/(Loss) after Tax	4,648	3,604
Basic/Diluted earnings/(loss) per share (Rs.)	28	360

There are no potential equity shares as on March 31, 2009 and accordingly the diluted earnings per share is the same as basic earnings per share.

**E) Segment Reporting Polices:**

The Company is a Multi System Operator providing Cable Television Network Services, Internet Services and allied services which is considered as the only reportable segment. The Company's operations are based in India.

**F) The total amount due to small scale industrial undertakings is NIL. There is no amount due to Micro, Small and Medium Enterprises beyond agreed period as per the Micro, Small and Medium Enterprises Development Act, 2006.**

The above information regarding small scale industrial undertakings and Micro, Small and Medium Enterprises have been determined to the extent to which parties have been identified on the basis of information available with the company.

**G) Employee Benefits**

Defined Contribution Plan / Contribution to Defined Contribution Plan, recognized as expense for the year are as under:

	2009 (Rs.)	2008 (Rs.)
Employer's Contribution to Provident Fund	417	189

**Defined Benefit Plan**

The Company operates the following unfunded post retirement benefit plans:

Gratuity

Leave Encashment

**Reconciliation of opening and closing balances of Defined Benefit obligation**

	Gratuity		Leave Encashment	
	2009 (Rs.)	2008 (Rs.)	2009 (Rs.)	2008 (Rs.)
Defined Benefit Obligation at the beginning of the year	67	-	53	-
Current service cost	67	67	122	53
Interest cost	11	-	-	-
Contribution by the plan participants	-	-	-	-
Actuarial gain / (loss)	63	-	-	-
Benefits paid	-	-	-	-
Defined Benefit Obligation at the end of the year	208	67	175	53

**Actuarial assumptions**

	Gratuity		Leave Encashment	
	2009	2008	2009	2008
Discount Rate (per annum)	7.75%	8.40%	7.75%	8.40%
Expected rate of return on assets (per annum)	-	-	-	-
Rate of escalation in salary (per annum)	6.00%	6.00%	6.00%	6.00%

The estimates of rate of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is certified by the actuary.

**H) Supplementary Statutory Information required to be given pursuant to Part I & II of Schedule VI to the Companies Act, 1956 is as follows:**

**Due from the companies under the same management.**

**Debtors**

Name of the Enterprise	2009 (Rs.)	2008 (Rs.)
Shree Jarimari Satellite Services	1,603	1,460

**Auditors Remuneration:**

Particulars	2009 (Rs.)	2008 (Rs.)
Audit fees	50	50
Tax Audit fees	20	20
Other Services	25	50

(Amounts are exclusive of service tax)

**I) The Company has taken over networks on Right to Use basis from (Shree Jarimari Star Vision, the partnership concern where one of the directors of the Company is a partner, Shree Tisai Satellite Service, proprietary concern of Mrs. Sulbha Gaikwad, Shree Jarimari Satellite Services, proprietary concern of Mr. Ganpat Gaikwad, and Shree Tisai Star Vision). The Company is in the process of transferring registrations to itself. Pending the same, the Company has paid Entertainment tax to Statutory Authorities.**

**J) Sundry Debtors / Creditors, Loans and advances are subject to confirmation/reconciliation.**

**K) Previous year Comparatives:**

The current accounting period is for twelve months ended March 31, 2009, whereas previous accounting period was from June 1, 2007 to March 31, 2008. Figures for the current year are therefore not comparable with corresponding figures of previous period. Previous year's figures have been regrouped where necessary to conform to this year's classification.

As per our attached report of even date

For **A. R. Raorane & Co.**  
**Chartered Accountants**

**Avinash Raorane**  
Proprietor  
Membership No.: 40595

Place : Mumbai  
Date : June 15, 2009

For and on behalf of the Board

**Sumit R. Bose**  
Director

**Atul D. Jayavant**  
Director

## CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2009

(Amount in Rs. '000)

	Year Ended March 31, 2009	Year Ended March 31, 2008
<b>A Cash Flows from Operating Activities</b>		
<b>Net Profit / (Loss) before taxation, after exceptional items</b>	<b>6,938</b>	5,631
Adjustments for:		
Depreciation / Amortization	1,036	122
Interest Income	-	(63)
Interest and Finance Expenses	9	111
Provision For Gratuity	141	67
Provision for Leave Encashment	122	53
Preliminary Expenses Written Off	4	4
<b>Operating profit before working capital changes</b>	<b>8,250</b>	5,925
Decrease / (Increase) in Sundry Debtors	(26,858)	(21,068)
Decrease / (Increase) in Loans and Advances	230	(772)
Decrease / (Increase) in Current Liabilities	<b>38,593</b>	27,029
<b>Cash Flow From Operating Activities Before Tax</b>	<b>20,215</b>	11,114
Taxes paid	(1,723)	(1,900)
<b>Net Cash Flow From Operating Activities</b>	<b>18,492</b>	9,214
<b>B CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Additions in Fixed Assets / Capital Work-in-Progress	(10,612)	(7,731)
Net Cash Flow from Investing Activities	<b>(10,612)</b>	(7,731)
<b>C CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Interest and Finance Expenses Paid	(9)	(111)
Interest Income Received	-	63
Miscellaneous Expenditure	(15)	(19)
Receipts- Shareholders Fund	400	100
<b>Net Cash Flow From Financing Activities</b>	<b>376</b>	33
<b>Net Increase / (Decrease) in Cash and Cash Equivalents (A+B+C)</b>	<b>8,256</b>	1,516
Opening Cash and Cash Equivalents	1,516	-
<b>CLOSING CASH AND CASH EQUIVALENTS</b>	<b>9,772</b>	1,516
Cash and Cash Equipments at the end of the year		
Cash on Hand	514	1,000
Balances with Scheduled Banks on Current Accounts	9,258	516
<b>TOTAL</b>	<b>9,772</b>	1,516

As per our attached report of even date

For **A. R. Raorane & Co.**  
Chartered Accountants

**Avinash Raorane**  
Proprietor  
Membership No.: 40595

Place : Mumbai  
Date : June 15, 2009

For and on behalf of the Board

**Sumit R. Bose**  
Director

**Atul D. Jayavant**  
Director

**ADDITIONAL INFORMATION AS REQUIRED UNDER  
PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956**

**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**

<b>I.</b>	Registration No.	<b>171233</b>	State Code	<b>11</b>
	Balance Sheet Date	<b>March 31, 2009</b>		
<b>II.</b>	<b>Capital Raised during the year (Amount in Rs.'000)</b>			
	Public Issue	<b>Nil</b>	Rights Issue	<b>400</b>
	Bonus Issue	<b>Nil</b>	Private Placement	<b>Nil</b>
<b>III.</b>	<b>Position of Mobilisation and Deployment of Funds (Amount in Rs. '000)</b>			
	Total Liabilities	<b>8,997</b>	Total Assets	<b>8,997</b>
	<b>Sources of Funds</b>		<b>Application of Funds</b>	
	Paid-up Capital	<b>500</b>	Fixed Assets	<b>13,452</b>
	Reserves and Surplus	<b>8,252</b>	Investments	<b>-</b>
	Share Application Money	<b>-</b>	Net Current Assets	<b>(4,466)</b>
	Secured Loans	<b>-</b>	Miscellaneous Expenditure	<b>11</b>
	Unsecured Loans	<b>-</b>	Accumulated Losses	<b>-</b>
	Deferred Tax Liability	<b>245</b>		
<b>IV.</b>	<b>Performance of Company (Amount in Rs.'000)</b>			
	Turnover	<b>168,948</b>	Total Expenditure	<b>160,972</b>
	Profit / (Loss) Before Tax	<b>6,938</b>	Profit / (Loss) After Tax	<b>4,648</b>
	Earning per share in Rs.	<b>28</b>	Dividend Rate	
			Equity Share	
			- Interim	<b>-</b>
			- Final	<b>-</b>
			Preference Shares	
			- Interim	Not Applicable
			- Final	Not Applicable
<b>V.</b>	<b>GENERIC NAMES OF PRINCIPAL PRODUCTS OF THE COMPANY (AS PER MONETARY TERMS)</b>			
	Item Code No. (ITC Code)	N.A.		
	Product Description	Reception & Transmission / Distribution of Television Signal in any form		

For and on behalf of the Board

**Sumit R. Bose**  
Director

**Atul D. Jayavant**  
Director

Place: Mumbai  
Date: June 15, 2009

## DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the Fifteenth Annual Report along with the Audited Financial Statement for the year ending on March 31, 2009.

### FINANCIAL RESULTS

(Amount in Rs.)

PARTICULARS	March 31, 2009	March 31, 2008
Income	65,988,781	61,449,364
Expenditure (Including Depreciation)	62,033,515	62,390,056
Profit/(Loss) after Depreciation but before Tax	3,955,266	(940,692)
Provision for Taxation	252,000	NIL
Fringe Benefit Tax	48,248	43,045
Income Tax Paid	31,720	NIL
Profit/(Loss) after Tax	3,623,298	(983,737)
Prior Period Adjustments	21,219	4,996
Net Profit/(Loss)	3,602,079	(988,733)
Total Accumulated Loss	6,611,418	10,213,497

### FINANCIAL REVIEW

During the financial year ended on March 31, 2009 the gross income of the Company has increased to Rs. 659.89 lakhs as compared to Rs. 614.49 lakhs during the last preceding financial year ended on March 31, 2008 and the profit (after depreciation but before tax) has increased to Rs. 39.55 lakhs as compared to Loss (after depreciation but before tax) of Rs. 9.41 lakhs in the last preceding financial year ended on March 31, 2008. Your Directors are hopeful that the Company will do well in the current financial year.

### DIVIDEND

Your Directors do not recommend payment of any dividend for the year under review.

### DIRECTORS

During the year under review, Mr. Jain Kumar and Mr. Vijay Kumar Gupta will retire by rotation at the ensuing Annual General Meeting of the Company and, being eligible, offer themselves for re-appointment. Your Directors have recommended their re-appointment.

### DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the provisions of Section-217(2AA) of the Companies Act, 1956, the Board hereby confirms that:

- In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- The Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of your Company at the end of the financial year and of the profit of your Company for that period;
- The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of your Company and for preventing and detecting fraud and other irregularities; and

- The Directors had prepared the annual accounts on a 'going concern' basis.

### SUBSIDIARY COMPANY

During the year under review, your Company became a Subsidiary of Central Bombay Cable Network Limited which is wholly owned subsidiary of Wire and Wireless (India) Limited.

### AUDITORS

M/s. Subhash C. Gupta & Co., Chartered Accountants, New Delhi, statutory auditors of the Company retire at the conclusion of the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. The Company has received a certificate from the said Auditors to the effect that their re-appointment, if made, shall be within the prescribed limits in terms of Section 224(1B) of the Companies Act, 1956 and that they are not disqualified for such re-appointment within the meaning of Section 226 of the Companies Act, 1956.

### AUDITORS' REPORT

The observations made by the auditors in their report have been duly explained by way of appropriate notes to the accounts.

### DEPOSIT(S)

During the year under review, the Company had neither invited nor accepted any deposits within the meaning of Section 58A of the Companies Act, 1956, read with Companies (Acceptance of Deposits) Rules, 1975.

### PERSONNEL

**Employees information pursuant to Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975, as amended.** During the year under review there was no employee receiving remuneration in excess of limits prescribed under Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975.

### CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The disclosures as required under the Companies (Disclosure of particulars in the Report of the Board of Directors) Rules, 1988 are given below:

- Conservation of energy:** Your Company's business operation does not involve high level energy consumption. Efforts to conserve and optimise the use of energy through improved operational methods, is always being made.
- Technology absorption:** Not Applicable. The Company is providing services only.
- Foreign exchange earnings and outgo:** During the year under review, there were no Foreign Exchange Earnings and outgo.

### ACKNOWLEDGEMENT

Your Directors place on record their sincere thanks to the Central Government, Bankers and other concerned agencies for their continued co-operation extended to the Company. Your Directors also wish to place on records their deep appreciation of the contribution made by the employees at all levels towards the growth of the Company.

For and on behalf of the Board

Sd/-

Sd/-

Place: New Delhi  
Date: June 10, 2009

(P. SAI BABU)  
Director

(S. K. JAIN)  
Director

## AUDITOR'S REPORT

To,  
The Shareholders

**M/s. Master Channel Community Network Pvt. Ltd.**

We have audited the attached Balance Sheet of **M/S. Master Channel Community Network Pvt. Ltd.** as at 31st March, 2009 together with annexed Profit and Loss Account and Cash Flow Statement for the year ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by managements, as well as evaluating the overall financial presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditor's Report) Order, 2003 as amended, issued by the Central Government of India in terms of sub-Section (4 A) of section 227 of the Companies Act, 1956 we enclose in the annexure – a statement on the matters specified in paragraphs 4 and 5 of the said order.

Further to our comments, we report that:

1. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
2. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

3. The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.
4. The said Profit and Loss Account, Cash Flow Statement and the Balance Sheet dealt with by this report comply with the accounting standards referred to in Section 211(3C) of the Companies Act, 1956 to the extent applicable except AS- 22.
5. On the basis of written representation receipt from the directors as on 31st March, 2009 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2009 from being appointed as a director in terms of Section 274 (1)(g) of the Companies Act, 1956.
6. In our opinion and to the best of our information and according to explanations given to us, the said statement of accounts, read with the notes thereon gives the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
  - (a) In the case of Balance Sheet, of the State of affairs of the Company as at 31st March, 2009.
  - (b) In the case of Profit and Loss Account, of the Profit of the Company for the year ended on that date.
  - (c) In case of Cash Flow Statement, of the Cash Flow of the Company for the year ended on that date.

For **Subhash C. Gupta & Co.**  
Chartered Accountants

Place: New Delhi  
Dated: June 10, 2009

**Manoj Kumar**  
(Partner)  
M. No. 504435

## ANNEXURE TO THE AUDITOR'S REPORT

STATEMENT REFERRED TO IN PARAGRAPH ABOVE OF OUR REPORT OF EVEN DATE.

1. The Company has maintained proper records showing full particular including quantitative details and situation of fixed assets on the basis of information available. According to the information and explanations given to us the fixed assets have been physically verified by the management during the year in a phased periodical manner which, in our opinion, is reasonable, having regard to the size of the Company and nature of the assets. No material discrepancies were noticed on such verification. None of the fixed assets have been disposed off during the year.
2. The Company did not have any inventory at the end of the financial year. Therefore, the provisions of Clause 4 (ii) of the said order is not applicable to the Company.
3.
  - a) The Company has not granted any Secured/unsecured loan to the Parties listed in register maintained U/S 301 of the Companies Act, 1956.
  - b) The Company has taken Unsecured loan from two parties listed in the register maintained U/S 301 of the Companies Act, 1956. However the rate of interest and other terms and conditions of the unsecured loans are not prima facie prejudicial to the interest of the Company. The maximum amount involved during the year was Rs.397,330/- and the year end balance of loans received from such Directors was Rs.397,330/-
4. In our opinion, and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of fixed assets. In our opinion and according to the information and explanations given to us, there is no continuing failure to correct major weaknesses in internal control.
5.
  - a) A register in pursuance of Section 301 of the Companies Act, 1956, has not been produced before us, therefore we are unable to comment on Clause 4 (v) (a) of the said order.
  - b) In view of the foregoing, we are unable to comment on Clause 4 (v) (b) of the said order.
6. The Company has not accepted any deposits from the public to which the provisions of Section 58A and Section 58AA of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 would apply.
7. The Company is still in the process of setting up an Internal Audit System commensurate with its size and nature of its business.
8. Maintenance of Cost Records under Section 209 (I) (d) of the Companies Act, 1956 has not been prescribed by the Central Government for this Company.
9.
  - a) To the best of our knowledge and according to the information and explanations given to us, the Company is regular in depositing undisputed statutory dues including Provident Fund, Income Tax, Sales Tax, Wealth Tax, Customs Duty, Excise Duty etc. with the appropriate authorities which was outstanding for a period of more than six months from the date they became payable.
- b) According to the information provided to us there are no dues of Provident Fund, Income Tax, Sales Tax, Wealth Tax, Customs Duty, Excise Duty, Service tax, Cess and any other statutory dues with the appropriate authority on account of any dispute.
10. The Company has accumulated losses of Rs. 66,11,418/- and cash losses of Rs. Nil during the year and in the immediately preceding financial year.
11. Based on the examination of the books of account and related records and according to the information and explanations provided to us the Company has not defaulted in repayment of dues to the banks. The Company has not taken any loans from any of the Financial Institutions.
12. According to the information given to us the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The Company is not a chit fund or a nidhi/ mutual benefit fund/ society. Therefore, the provisions of Clause 4 (xiii) of the said order are not applicable to the Company.
14. The Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of Clause 4 (xiv) of the said order are not applicable to the Company.
15. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institution.
16. The Company has not obtained any term loan. Accordingly, the question of reporting on its application does not arise.
17. Based on the examination of the books of account and related records and according to the information and explanations provided to us, the Company has not utilized funds raised on short term basis for long-term investment.
18. The Company has not made any preferential allotment of shares to parties and Companies covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, the question of reporting on whether the price at which such shares have been issued is prejudicial to the interest of the Company does not arise.
19. The Company has not issued any debentures. Accordingly the question of creating security for debentures does not arise.
20. The Company has not raised any money by public issues during the year. Accordingly, the question of disclosure of end use of such monies does not arise.
21. On the basis of our verification and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

For **Subhash C. Gupta & Co.**  
Chartered Accountants

**Manoj Kumar**  
(Partner)  
M. No. 504435

## BALANCE SHEET AS AT MARCH 31, 2009

(Figure in Rs.)

	Schedule	As at March 31, 2009	As at March 31, 2008
<b>SOURCE OF FUNDS</b>			
<b>Shareholders' Funds</b>			
Share Capital	A	300,000	300,000
<b>LOAN FUNDS</b>			
Unsecured Loans	B	3,157,870	2,271,194
<b>TOTAL</b>		<b>3,457,870</b>	<b>2,571,194</b>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets</b>			
Gross Block	D	23,360,135	24,244,226
Less: Depreciation		11,806,326	11,681,202
Net Block		11,553,809	12,563,024
<b>INVESTMENTS</b>			
	E	200	200
<b>CURRENT ASSETS, LOANS &amp; ADVANCES</b>			
Sundry Debtors	F	13,126,243	15,935,012
Cash & Bank Balances	G	1,047,669	591,046
Advances & Deposits	H	2,765,024	1,495,381
		16,938,936	18,021,439
Less: Current Liabilities & Provisions	C	31,646,492	38,226,965
Net Current Assets		(14,707,556)	(20,205,527)
Profit & Loss Account		6,611,418	10,213,497
<b>TOTAL</b>		<b>3,457,870</b>	<b>2,571,194</b>
Significant Accounting Policies & Notes to Accounts	N		

As per our report of even date

For **Subhash C. Gupta & Co.**

Chartered Accountants

For **Master Channel Community Network Pvt. Ltd.**

**Manoj Kumar**

Partner

Membership No.: 504435

**Sandeep Kumar Jain**

Director

**P. Sai Babu**

Director

Place : New Delhi

Date : June 10 , 2009



## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2009

(Figure in Rs.)

	Schedule	Year ended March 31, 2009	Year ended March 31, 2008
<b>INCOME</b>			
Advertisement Income		2,476,940	2,805,447
Subscription Income		51,454,111	55,342,134
Carriage Income		11,944,261	2,957,991
Other Income		113,468	343,792
<b>TOTAL</b>		<b>65,988,781</b>	<b>61,449,364</b>
<b>EXPENDITURE</b>			
Operational Expenses	I	52,001,570	48,346,308
Administrative Expenses	J	2,817,862	5,758,441
Personnel Expenses	K	2,914,011	2,906,283
Financial Expenses	L	157,896	297,338
Selling & Distribution Expenses	M	3,016,752	3,986,695
Depreciation		1,125,424	1,094,991
<b>TOTAL</b>		<b>62,033,515</b>	<b>62,390,056</b>
<b>Profit/(Loss) for the year</b>		<b>3,955,266</b>	<b>(940,692)</b>
Provision for Taxation		252,000	–
Fringe Benefit Tax		48,248	43,045
Income Tax Paid		31,720	–
Prior Period Expenses		21,219	4,996
Previous years Profit/(Loss)		(10,213,497)	(9,224,764)
<b>Balance Carried to Balance Sheet</b>		<b>(6,611,418)</b>	<b>(10,213,497)</b>
Significant Accounting Policies & Notes to Accounts	N		

As per our report of even date

For **Subhash C. Gupta & Co.**

Chartered Accountants

For Master Channel Community Network Pvt. Ltd.

**Manoj Kumar**

Partner

Membership No.: 504435

**Sandeep Kumar Jain**

Director

**P. Sai Babu**

Director

Place : New Delhi

Date : June 10 , 2009

## SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET

(Figure in Rs.)

### SCHEDULE - A : SHARE CAPITAL

**Authorised :**

(3000 Equity Shares of Rs. 100/- each)

**Issued, Subscribed and paid-up Capital:**

(3000 Equity Shares of Rs.100/- each)

**TOTAL**

	As At March 31, 2009	As At March 31, 2008
	300,000	300,000
	<u>300,000</u>	<u>300,000</u>
	300,000	300,000
	<u>300,000</u>	<u>300,000</u>
From Directors & Relatives	397,330	92,363
Others	2,760,540	2,178,831
	<u>3,157,870</u>	<u>2,271,194</u>
<b>SCHEDULE - C : CURRENT LIABILITIES &amp; PROVISIONS</b>		
Sundry Creditors - For Programmes & Goods	12,341,195	23,324,788
- For Expenses & Other Liabilities	8,010,587	4,604,695
Trade Advances/Deposits received	1,315,185	320,925
Wire & Wireless (India) Ltd.	9,710,941	9,976,557
<b>Provision for Taxation</b>		
Income Tax	252,000	-
Fringe Benefit	16,585	-
	<u>31,646,492</u>	<u>38,226,965</u>

### SCHEDULE - D : STATEMENT OF FIXED ASSETS

(Figure in Rs.)

Particulars	Gross Block			Depreciation				Net Block		
	As at April 1, 2008	Additions during the year	Deduction during the year	As at March 31, 2009	As at April 1, 2008	For the year	Deduction during the year	Upto March 31, 2009	As at March 31, 2009	As at March 31, 2008
Office Equipment	810,620	79,450	-	890,070	362,760	39,865		402,625	487,445	447,860
Computer & Accessories	1,159,472	35,420	-	1,194,892	1,159,472	2,467		1,161,939	32,953	-
Plant & Machinery	11,631,482	394,762	-	12,026,244	3,943,270	560,000		4,503,270	7,522,974	7,688,212
Furniture & Fixtures	893,416	8,650	-	902,066	664,836	56,727		721,563	180,503	228,580
Vehicles	1,659,066	-	1,505,373	153,693	1,039,803	76,258	1,000,300	115,761	37,932	619,263
Electrical Equipment	164,813	-	-	164,813	79,516	7,829		87,345	77,468	85,297
Studio Equipment	7,445,457	103,000	-	7,548,457	4,207,460	358,283		4,565,743	2,982,714	3,237,997
Buildings	479,900	-	-	479,900	224,085	23,995		248,080	231,820	255,815
<b>Total</b>	<b>24,244,226</b>	<b>621,282</b>	<b>1,505,373</b>	<b>23,360,135</b>	<b>11,681,202</b>	<b>1,125,424</b>	<b>1,000,300</b>	<b>11,806,326</b>	<b>11,553,809</b>	<b>12,563,024</b>
Previous Year	21,128,128	3,400,455	284,357	24,244,226	10,839,179	1,094,991	252,968	11,681,202	12,563,024	

## SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET

	As at March 31, 2009	(Figure in Rs.) As at March 31, 2008
<b>SCHEDULE - E : INVESTMENTS</b>		
Investments in Shares	200	200
	<u>200</u>	<u>200</u>
<b>SCHEDULE - F : SUNDRY DEBTORS:</b>		
Amount receivable for service rendered:		
More than Six Months	4,865,822	8,782,359
Others	10,496,928	9,389,160
	<u>15,362,750</u>	<u>18,171,519</u>
Less: Provision for Doubtful Debts	2,236,507	2,236,507
	<u>13,126,243</u>	<u>15,935,012</u>
<b>SCHEDULE - G : CASH &amp; BANK BALANCES</b>		
Cheque in Hand		
Cash in Hand	290,737	383,262
Balances with Scheduled Banks		
SBI Vijayawada	233,399	20,310
HDFC Bank	523,533	187,474
	<u>1,047,669</u>	<u>591,046</u>
<b>SCHEDULE - H : LOANS &amp; ADVANCES AND DEPOSITS</b>		
Securities Deposit	374,678	344,678
Trade advances	1,931,683	940,284
Tax advances	458,663	210,420
	<u>2,765,024</u>	<u>1,495,381</u>

## SCHEDULES ANNEXED TO AND FORMING PART OF THE PROFIT & LOSS ACCOUNT

	Year ended March 31, 2009	(Figure in Rs.) Year ended March 31, 2008
<b>SCHEDULE - I : OPERATIONAL EXPENSES</b>		
Programming Production Expenses	317,306	196,801
Other Operational Expenses	363,911	282,428
Subscription Pay Channel	51,320,353	47,865,879
Lease Rent	-	1,200
	<b>52,001,570</b>	<b>48,346,308</b>
<b>SCHEDULE - J : ADMINISTRATIVE EXPENSES</b>		
Printing & Stationery Exp.	43,381	48,715
Audit Fee	25,000	25,000
Conveyance Expenses	448,072	466,842
Balances Written off	25,183	-
Insurance	14,760	11,972
Investment writeoff	-	473,279
Legal and Professional Charges	26,852	64,596
Licences and Taxes	220,350	298,847
Interest on T.D.S. and Income Tax	386,962	-
Loss on sale of investment/Assets	218,687	2,002,500
Miscellaneous Expenses	-	23,015
Office Expenses	331,886	228,050
Postage and Telegram	1,803	-
Provisional for Doubtful debts	-	1,147,014
Rates & taxes	21,094	8,308
Rent	256,800	182,400
Service Charges	42,000	14,000
Telephone Expenses	117,244	119,613
Travelling Expenses	102,372	139,910
Water and Electricity charges	535,417	504,380
	<b>2,817,862</b>	<b>5,758,441</b>
<b>SCHEDULE - K : PERSONNEL EXPENSES</b>		
Salaries	2,032,604	2,089,223
Bonus/Exgratia	122,300	96,846
Remuneration to Managing Director	480,000	480,000
Remuneration to Director	180,000	180,000
Staff Welfare Expenses	99,107	60,214
	<b>2,914,011</b>	<b>2,906,283</b>
<b>SCHEDULE - L : FINANCIAL EXPENSES</b>		
Bank Charges	23,455	16,743
Interest on Unsecured Loans	134,441	280,595
	<b>157,896</b>	<b>297,338</b>
<b>SCHEDULE - M : SELLING &amp; DISTRIBUTION EXPENSES</b>		
Advertisement Expenses	-	1,658
Commission	1,642,426	1,494,475
Rebates & discounts	1,282,675	2,353,226
Business Promotion Expenses	91,651	137,336
	<b>3,016,752</b>	<b>3,986,695</b>

## SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

### SCHEDULE - N :

#### 1. SIGNIFICANT ACCOUNTING POLICIES

##### a. Accounting Convention

The financial statements are prepared on historical cost convention and in accordance with the general accepted accounting principles. The accounting is on the basis of going concern concept. Revenues, Costs, Assets and Liabilities are accounted for on accrual basis.

##### b. Fixed Assets

Fixed Assets are stated at cost of acquisitions less depreciation. The depreciation on Fixed Assets are provided at the rates specified in Schedule XIV of the Companies Act, 1956 under straight line method on pro-rata basis.

##### c. Taxation in Income

Provision for current tax is made in accordance with the provisions of Income Tax Act, 1961. Deferred Tax is recognised for timing differences between taxable income and accounting Income that originate in one period and capable of reversal in one or more subsequent period.

##### d. Retirement Benefits

Provident Fund is charged to Profit & Loss Account of the year when the contributions to the respective funds are due.

##### e. Impairment of Assets

Impairment of Assets is recognised when there is an indication of Impairment and on such indication the recoverable amount of the assets is estimated and if such estimation is less than its carrying amount, the carrying amount is reduced to its recoverable amount.

##### f. Earning Per Share:

Basic earning per share is computed and disclosed using the average number of common shares outstanding during the year.

#### 2. NOTES ON ACCOUNTS

a. In the opinion of the Board of Directors the current assets, loan & advances shown in the Balance Sheet as at March 31, 2009 are considered good and fully recoverable, except otherwise stated and provision for all known liabilities is made in the accounts.

b. Company has become the Subsidiary Company of Central Bombay Cable Network Limited with effect from April 1, 2008 by virtue of Section 4(1)(b) of the Companies Act, 1956, as the Central Bombay Cable Network Limited has purchased 1980 shares ( i.e. 66% of total issued share capital) of Rs. 100 each fully paid up of the Company from the existing shareholders and the Company has approved the transfer of these shares in their Board of Director Meeting dated April 1, 2008.

c. Figures for the previous year have been regrouped / rearranged / recast whenever necessary to confirm for comparison purpose.

d. The accumulated losses as on March 31, 2009 have exceeded the paid up capital of the Company. However these accounts have been prepared on a going concern basis as the management of the Company is in the process of taking the necessary remedial steps leading to process of arrangement for further funding in the short term and future profitability of the Company.

e. Auditor's Remuneration : (Net of Taxes)	2009	2008
Audit fees Rs.	20,000.00	20,000.00
Tax Audit Fees	5,000.00	5,000.00

##### f. Segment Reporting

Segment Reporting as required by Accounting Standard -17 issued by the Institute of Chartered Accountants of India is not applicable since the Company is in the business of providing Cable TV Services in one segment and there is no Geographical Segment.

##### g. Related Parties Disclosure:

###### List of Parties where control exists

- i. Ultimate Holding Company  
Wire & Wireless (India) Limited
- ii. Holding Company  
Central Bombay Cable Network Ltd. ( Extent of holding 66%)
- iii. Fellow Subsidiary Companies  
Siticable Broadband South Ltd.  
Wire & Wireless Tisai Satellite Ltd.  
Indian Cable Net Company Ltd.

- iv. Key Managerial Personnel
  - Mr. P. Sai Babu
  - Smt. P. Kiranmayee
  - Mr. Shio Kumar Gupta
  - Mr. V. K. Gupta
  - Mr. Jain Kumar
  - Mr. Sandeep Kumar Jain
- v. Associate Person
  - Mr. P. Kasi Viswanadha Rao
  - Mrs. P. Damyanthi Rao
  - Mrs. Bharti P.

**Transactions with related parties**

	2009	2008
Advances received from WWIL	276,940	3,277,511
Expenses reimbursed to WWIL	11,324	34,438
<b>To Key Managerial Personnel</b>		
Salary	660,000	660,000
Interest on Unsecured Loan	134,441	280,595
<b>To Associate Persons</b>		
Rent	120,000	60,000
Incentive on Collection	1,642,426	1,454,475

- h. Information required as per the Micro, Small and Medium Enterprises Development Act, 2006 Small Scale Industries.  
The Company has identified Micro, Small and Medium Enterprises on the basis of information available. As at March 31, 2009 there are no dues to Micro, Small and Medium Enterprises that are reportable under the MSMED Act, 2006.
- i. Figures have been rounded off to the nearest rupee.
- j. Schedule A to N form an integral part of the accounts and have been duly authenticated.

As per our Report of even date  
For **Subhash C. Gupta & Co.**  
Chartered Accountants

**Manoj Kumar**  
Partner  
M. No. 504435

Place: New Delhi  
Date: June 10, 2009

**Sandeep Kumar Jain**  
Director

For and on behalf of the Board

**P. Sai Babu**  
Director

## CASH FLOW STATEMENT

	Year ended Mar 31 ,2009	(Figure in Rs.) Year ended Mar 31 ,2008
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Income/(Loss) before Tax	3,955,266	(940,692)
Adjustments for		
Depreciation	1,125,424	1,094,991
Loss (profit) on sale/disposal of assets	218,687	(13,611)
Loss on sale/disposal of investment	-	2,475,779
Provision for Doubtful Debts	-	1,147,014
Interest Expense	134,441	280,595
Sundry Balance Expense W/back	(113,468)	-
Income Tax paid	(31,720)	-
Provision for Taxation	(252,000)	-
Prior period Adjustment	(21,219)	(4,996)
Taxes Paid	(48,248)	(43,045)
<b>Operating Profit before Working Capital</b>	<b>4,967,163</b>	<b>3,996,035</b>
Decrease in Sundry Debtors	2,808,769	3,719,677
Decrease(increase) in Loans and Advances	(1,269,643)	1,084,135
Current Liabilities and Provisions	(6,580,473)	(4,710,522)
<b>Net Cash Flow from Operating Activities</b>	<b>(74,183)</b>	<b>4,089,325</b>
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(621,282)	(3,400,455)
Sale of Investments	-	222,500
Sale of Fixed Assets	399,854	45,000
Net Cash utilised in Investing Activities	(221,428)	(3,132,955)
<b>C CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Interest paid (Net)	(134,441)	(280,595)
Proceeds from Unsecured Loans	886,676	(813,169)
<b>Net Cash provided by Financing Activities</b>	<b>752,235</b>	<b>(1,093,764)</b>
Net Increase in cash and cash equivalents during the year	456,624	(137,395)
Cash and cash equivalents at beginning of the year	591,046	728,441
<b>Cash and Cash Equivalents at end of the year</b>	<b>1,047,669</b>	<b>591,046</b>
<b>Notes :</b>		
1. Previous year figures have been regrouped/rearranged wherever necessary		
2. <b>Component of Cash and Cash Equivalents at the end of the year</b>		
Cash in hand	290,737	383,262
Balances with Scheduled Banks in Current Accounts	756,932	207,783
	<b>1,047,669</b>	<b>591,046</b>

As per our report of even date

For **Subhash C. Gupta & Co.**

Chartered Accountants

For Master Channel Community Network Pvt. Ltd.

**Manoj Kumar**

Partner

Membership No.: 504435

**Sandeep Kumar Jain**

Director

**P. Sai Babu**

Director

Place : New Delhi

Date : June 10 , 2009

## BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

Statement Pursuant to Part- IV of Schedule VI to the Companies Act, 1956.

Registration No. 01-17527 State Code : 01 Balance Sheet Date : 31.03.2009

**ii. Capital Raised during the year (Amount in Rs. Thousands)**

Public issue	:	Nil	Right issue	:	Nil
Bonus issue	:	Nil	Private Placement	:	Nil

**iii. Position of mobilisation and deployment of funds (Amount in Rs. Thousands)**

Total Liabilities	:	35104.362	Total Assets	:	35104.362
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**Sources of Funds**

Paid up Capital	:	300.000	Reserve & Surplus	:	Nil
Secured Loans	:	Nil	Unsecured Loans	:	3157.870

**Application of Funds**

Net Fixed Assets	:	11553.809	Investment	:	0.200
Net Current Assets	:	(14707.556)	Accumulated Losses	:	6611.418
Misc. Expenditure	:	Nil			

**iv. Performance of Company (Amount in Rs. thousands)**

Turnover	:	65988.781	Total Expenditure	:	62134.702
Profit / (Loss) before tax	:	3854.079	Profit / (Loss) after tax	:	3602.079
Earning Per Share	:	1200.69	Dividend Rate %	:	Nil

**v. Generic Names of three Principal Products/ Services of Co.**

Item Code No. (ITC Code)	:	N.A.
Product description	:	N.A.

As per our report of even date

For **Subhash C. Gupta & Co.**

Chartered Accountants

For and on behalf of the Board

**Manoj Kumar**

Partner

Membership No.: 504435

**Sandeep Kumar Jain**

Director

**P. Sai Babu**

Director

Place : New Delhi

Date : June 10 , 2009





# WIRE AND WIRELESS (INDIA) LIMITED

Registered Office: Continental Building, 135, Dr. Annie Besant Road, Worli, Mumbai – 400 018.

## PROXY FORM

I/We ..... of .....  
 ..... being a member/members of  
 WIRE AND WIRELESS (INDIA) LIMITED hereby appoint .....  
 ..... of .....  
 or failing him/her ..... of  
 .....  
 as my/our proxy to attend and vote for me/us on my/our behalf at the Third Annual General Meeting of the Company to be held on Monday, August 17, 2009 at 2.30 p.m. at 'Hall of Culture', Nehru Center, Dr. Annie Besant Road, Worli, Mumbai – 400 018 and at any adjournment(s) thereof.

Signed this ..... day of ....., 2009. Signature of Shareholder .....

Reg. Folio No. ....  
 DP ID No. ....  
 Client ID No. ....  
 No. of Shares .....

Affix  
 Re. 1/-  
 Revenue  
 Stamp

**NOTE:** The Proxy completed in all respects must be deposited at the Registered Office of the Company not less than 48 hours before the meeting.



# WIRE AND WIRELESS (INDIA) LIMITED

Registered Office: Continental Building, 135, Dr. Annie Besant Road, Worli, Mumbai – 400 018.

## ATTENDANCE SLIP

(To be presented at the entrance)

I hereby record my presence at the Third Annual General Meeting of the Company held at 'Hall of Culture', Nehru Center, Dr. Annie Besant Road, Worli, Mumbai – 400 018, on Monday, August 17, 2009 at 2.30 p.m.

.....  
 Name of the Shareholder/Proxy (IN BLOCK LETTERS)

.....  
 Signature of Shareholder/Proxy

Reg. Folio No. ....  
 DP ID No. ....  
 Client ID / Demat A/c No. ....  
 No. of Shares .....

**NOTE:** Please carry your copy of Annual Report at the Annual General Meeting.

# OUR OFFICES

## REGISTERED OFFICE

Continental Building, 135, Dr. Annie Besant Road, Worli, Mumbai - 400 018  
Phone No.: (022) 66971234 | Fax No.: (022) 24965619

## CORPORATE OFFICE

Wire and Wireless (India) Ltd., Building No. FC 19, Gate No. 3, Sector 16A,  
Film City, Noida (UP) - 201 304  
Phone No.: +91 0120 45267000 | Fax No.: (0120) 4265232

## REGIONAL OFFICES

### Ahmedabad

401, Abhiship, Opp. Vishweshvar  
Mahadev Temple, Judges Bunglow Road,  
Vastrapur, Ahmedabad – 380 015  
Phone No.: (079) 40030077  
Fax No.: (079) 40030363

### Bengaluru

United Mansions, 3rd Floor, 39, Mahatma  
Gandhi Road, Bengaluru – 560 001  
Phone No.: (080) 30918300  
Fax No.: (080) 25580099

### Chandigarh

SCO 218-219, 2nd Floor, Sector 34A,  
Chandigarh – 160 022  
Phone No.: (0172) 4317004  
Fax No.: (0172) 5018260

### Delhi

ESSEL House, B-10, Lawrence Road,  
Industrial Area, New Delhi – 100 035  
Phone No.: (011) 27101145-54  
Fax No.: (011) 27186561

### Hyderabad

6-2-929 D.B. Enclave, Behind BPCL Petrol  
Pump, Raj Bhavan Road, Khairatabad,  
Hyderabad – 500 004  
Phone No.: (040) 23372158  
Fax No.: (040) 23372822

### Kolkata

Harrington Mansion, Ground Floor,  
B, Ho Chi Min Saranai, Kolkata – 700 071  
Phone No.: (033) 22822660  
Fax No.: (033) 22828169

### Lucknow

704, 7th Floor, Ratan Square,  
20A, Vidhan Sabha Marg,  
Lucknow – 226 001  
Phone No.: (0522) 3054311 / 4072601

### Mumbai

4th Floor, Madhu Industrial Estate  
Pandurang Budhkar Marg, Worli,  
Mumbai – 400 013  
Phone No.: (022) 39542000/24992020  
Fax No.: (022) 24992000



WIRE AND WIRELESS