PROSPECTUS
Dated March 04, 2005
Please read Section 60 of the Companies Act, 1956
100% Book Building Issue

UTV SOFTWARE COMMUNICATIONS LIMITED

(Originally incorporated as 'United Software Communications Private Limited' on June 22, 1990 in Mumbai under the Companies Act, 1956. The Company became a deemed Public Limited Company and the word 'Private' was deleted on November 27, 1995. The Company amended its Articles of Association at the Extra-Ordinary General Meeting held on May 8, 2000 after which the Company became a Public Limited Company. The name was changed to 'UTV Software Communications Limited' with effect from March 19, 1998, hereinafter referred to as ("UTV/The Company/The Issuer")

Registered Office & Corporate Office: Paarijaat House, 1076, Dr. E.Moses Road, Worli Naka, Mumbai 400 018 (Formerly located at 'A' Block, Shivsagar Estate, Dr. A.B.Road, Worli, Mumbai 400 018 and subsequently shifted to UTV House,#7 Marwah Estate' Krishanlal Marwah Marg, Saki Naka, Andheri (E), Mumbai – 400 072, India)Phone: +91 22 2490 5353; Fax: +91 22 2490 5370 Website: www.utvnet.com; Email: ipo@utvnet.com

Public Issue of 6,999,950 equity shares comprising fresh issue of 4,500,000 equity shares of Rs.10 each at a price of Rs.130 for cash aggregating Rs.5,850 lakhs and offer for sale of 2,499,950 equity shares of Rs.10 each at a price of Rs.130 for cash aggregating Rs.3,249.94 lakhs (hereinafter referred to as the "Issue") comprising reservation of 349,950 equity shares for employees on a competitive basis; net issue to public of 6,650,000 equity shares . The 'net issue to public' would constitute 34.11% of the fully diluted post issue paid-up capital of the Company.

The Issue is being made through 100% Book Building Process wherein up to 50% of the Net Issue to Public shall be allocated to Qualified Institutional Buyers on a discretionary basis, not less than 25% of the Net Issue to Public would be allocated to Non-Institutional Investors and not less than 25% of the Net Issue to Public would be allocated to Retail Individual Investors on a proportionate basis, subject to valid bids being received from them at or above the Issue Price

Issue Price : Rs. 130 per Equity Share of Rs.10 Each
The Issue Price is 13 times of the face value

RISK IN RELATION TO FIRST ISSUE

This being the first issue of the Equity Shares of UTV, there has been no formal market for the Equity Shares of the Company. The face value of the Equity Shares is Rs. 10/- (Rupees Ten Only) and the Issue Price is 13 times of the face value . The Issue Price (as determined by the Company and CDP Media Holdings (India) Limited, Mauritius in consultation with the Book Running Lead Manager, on the basis of assessment of market demand for the Equity Shares by way of book building) should not be taken to be indicative of the market price of the Equity Shares after the Equity Shares are listed. No assurance can be given regarding an active and/or sustained trading in the Equity Shares of the Company or regarding the price at which the Equity Shares will be traded after listing.

GENERAL RISKS

Investment in equity and equity-related securities involve a degree of risk and investors should not invest any funds in this Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the Risk Factors carefully before taking an investment decision in this Issue. For taking an investment decision, investors must rely on their own examination of the Company and the Issue including the risks involved. The Equity Shares offered in the Issue have not been recommended or approved by the Securities and Exchange Board of India (SEBI), nor does SEBI guarantee the accuracy or adequacy of this Prospectus. Specific attention of the investors is invited to the statements in Risk Factors beginning on page no. iv of this Prospectus.

ISSUER'S ABSOLUTE RESPONSIBILITY

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

LISTING

The Equity Shares of the Company issued through this Prospectus are proposed to be listed on The Stock Exchange, Mumbai and the National Stock Exchange of India Limited. We have received in-principle approvals for listing our Equity Shares from the aforesaid stock exchanges through their letters dated January 17, 2005 and January 18, 2005 respectively.

BOOK RUNNING LEAD MANAGER TO THE ISSUE	REGISTRAR TO THE ISSUE
ENAM FINANCIAL CONSULTANTS PRIVATE LIMITED 801, Dalamal Towers Nariman Point, Mumbai 400 021, India Tel. : +91- 22- 5638 1800 Fax. : +91- 22- 2284 6824 Email:utv.ipo@enam.com	**KARVY COMPUTERSHARE PRIVATE LIMITED** "Karvy House" 46, Avenue 4, Street No. 1 Banjara Hills, Hyderabad 500 034 Andhra Pradesh, India' Tel. : +91- 40- 2331 2454 Fax. : +91- 40- 2331 1968 Email: utvipo@karvy.com

ISSUE PROGRAMME	
BID/ISSUE OPENS ON : FEBRUARY 21, 2005	**BID/ISSUE CLOSES ON : FEBRUARY 25, 2005**

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DEFINITIONS AND ABBREVIATIONS

Definitions

Term	Description
"UTV", "our Company", "UTV Software Communications Limited", "we", "us", "UTV and its subsidiaries" and "our"	Unless the context otherwise requires, refers to UTV Software Communications Limited, a public limited company incorporated under the Companies Act 1956
You	Unless the context otherwise requires, refers to, investors

Issue Related Terms

Term	Description
Articles/Articles of Association	Articles of Association of UTV Software Communications Limited
Auditors	The statutory auditors of the Company: Price Waterhouse & Co., Chartered Accountants
Bid	An indication to make an offer made during the Bidding Period by a prospective investor to subscribe/purchase to Equity Shares of the Company at a price within the Price Band, including all revisions and modifications thereto
Bid Price/ Bid Amount	The amount equal to highest value of the optional Bids indicated in the Bid-cum-Application Form and payable by the Bidder on submission of the Bid in the Issue
Bid Closing Date /Issue Closing Date	The date after which the members of the Syndicate will not accept any Bids for the Issue, which shall be notified in a widely circulated English national newspaper, Hindi national newspaper and regional language newspaper (where the registered office of the Company is situated)
Bid-cum-Application Form	The form in terms of which the Bidder shall make an offer to subscribe/purchase the Equity Shares of the Company and which will be considered as the application for allotment/transfer of the Equity Shares in terms of this Prospectus
Bid Opening Date / Issue Opening Date	The date on which the members of the Syndicate shall start accepting Bids for the Issue, which shall be the date notified in an English national newspaper, a Hindi national newspaper and regional language newspaper (where the registered office of the Company is situated) with wide circulation
Bidder	Any prospective investor who makes a Bid pursuant to the terms of this Prospectus
Bidding Period / Issue Period	The period between the Bid/Issue Opening Date and the Bid/Issue Closing Date inclusive of both days and during which prospective Bidders can submit their Bids
Board / Board of Directors	The Board of Directors of UTV Software Communications Limited or a committee thereof
Book Building Process	Book building route as provided under Chapter XI of the SEBI Guidelines, in terms of which the Issue is made
Book Running Lead Manager/BRLM	Enam Financial Consultants Private Limited
BSE	The Stock Exchange, Mumbai
CAN	Means the note or advice or intimation of allocation of Equity Shares sent to the Bidders who have been allocated Equity Shares in the Book Building Process

CDSL	Central Depository Services Limited
CDP	CDP Media Holdings (India) Limited, Mauritius, having its principal office at C/o Abacus Financial Services (Mauritius) Limited, TM Building, Pope Hennessy Street, Port Louis, Republic of Mauritius
CDP Shares	2,499,950 shares to be offered at the Issue Price by CDP in terms of this Prospectus
Chairman	Person who has been nominated by the Board of Directors as the Chairman of the Board (currently Mr.Rohinton S. Screwvala)
Chief Executive Officer	Person who is primarily responsible for the business operations of the Company (currently Mr. Rohinton S. Screwvala)
Companies Act/ the Act	The Companies Act, 1956 as amended from time to time
Co-Book Running Lead Manager/ Co-BRLM	IL&FS Investsmart Limited
Cut-off	The issue price finalized by the Company and CDP in consultant with BRMLs and Co-BRMLs.
Depository	A depository registered with SEBI under the SEBI (Depositories and Participant) Regulations, 1996, as amended from time to time
Depositories Act	The Depositories Act, 1996, as amended from time to time
Depository Participant	A depository participant as defined under the Depositories Act
Designated Date	The date on which funds are transferred from the Escrow Account of the Company to the Public Issue Account after the Prospectus is filed with the RoC, following which the Board of Directors shall allot/transfer Equity Shares to successful bidders
Designated Stock Exchange	The National Stock Exchange of India Limited
Director(s)	Director(s) of UTV Software Communications Limited unless otherwise specified
Employee .	● A permanent employee of our Company working in India or out of India; ● A Director of our Company, whether a whole time Director, Part-time Director or otherwise; ● An employee as defined in the points above of our subsidiaries, in India or out of India
Equity Shares	Equity shares of the Company of Rs.10 each unless otherwise specified in the context thereof
Equity Shareholders	Persons holding equity shares of the Company unless otherwise specified in the context thereof
Escrow Account	Account opened with an Escrow Collection Bank(s) and in whose favour the Bidder will issue cheques or drafts in respect of the Bid Amount when submitting a Bid
Escrow Agreement	Agreement entered into amongst, the Company, CDP, the Registrar, the Escrow Collection Bank(s) and the BRLM, Co-BRLM and Syndicate Member for collection of the Bid Amounts and refunds (if any) of the amounts collected to the Bidders

Escrow Collection Bank(s)	The banks at which the Escrow Account of the Company for the Issue will be opened
Face Value	Value of paid up Equity Capital per Equity Share
FEMA	Foreign Exchange Management Act, 1999, as amended from time to time, and the regulations framed there under
FII/ Foreign Institutional Investor	Foreign Institutional Investor (as defined under FEMA (Transfer or Offer of Security by a Person Resident outside India) Regulations, 2000) registered with SEBI under applicable laws in India
Financial Year/Fiscal/FY	Period of twelve months ended March 31 of that particular year
First Bidder	The Bidder whose name appears first in the Bid-cum-Application Form or Revision Form
Fresh Issue	The issue of 4,500,000 new Equity Shares of Rs.10 each at the Issue Price by the Company in terms of this Prospectus
Indian GAAP	Generally Accepted Accounting Principles in India
IPO Committee	A committee re-constituted and appointed by our Board of Directors in its meeting held on October 12, 2004; for the purpose of carrying out various activities in relation to the Issue
Issue	Collectively, the Fresh Issue and Offer for Sale by CDP
Issue Price	The final price at which Equity Shares will be allotted/transferred in terms of this Prospectus, as determined by the Company and CDP in consultation with the BRLM and Co-BRLM, on the Pricing Date
Issue Size	6,999,950 Equity Shares of the Company
Issuer	UTV Software Communications Limited
I.T. Act	The Income-Tax Act, 1961, as amended from time to time
Margin Amount	The amount paid by the Bidder at the time of submission of his/her Bid, being 0% to 100% of the Bid Amount
Memorandum / Memorandum of Association	The Memorandum of Association of UTV Software Communications Limited
Me-too	Me-too movies are those types of movies where the approach is such that audience can relate or identify themselves with the fictional characters of the movies.
Non-Institutional Bidders	All Bidders that are not Qualified Institutional Buyers or Retail Individual Bidders
Non-Institutional Portion	The portion of the Issue being a minimum of 1,662,500 Equity Shares of Rs.10 each available for allocation to Non-Institutional Bidders
Non-Residents	All Bidders who are not NRIs or FIIs and are not person resident in India
NRI / Non-Resident Indian	Non-Resident Indian, is a person resident outside India, as defined under FEMA and who is a citizen of India or a Person of Indian Origin under FEMA (Transfer or Offer of Security by a Person Resident Outside India) Regulations, 2000
NSDL	National Securities Depository Limited
NSE	The National Stock Exchange of India Limited

Offer for Sale	The offer for sale by CDP of 2,499,950 Equity Shares of Rs.10 each of the Company at the Issue Price in terms of this Prospectus
One-size-fits-all	One-size-fits-all movies are those types of movies which try to target audience from every category and age group.
Pay-in Date	The last date specified in the CAN sent to Bidders receiving allocation, who pay less than 100% margin money at the time of bidding.
Pay-in-Period	This term means (i) with respect to Bidders whose Margin Amount is 100% of the Bid Amount, the period commencing on the Bid Opening Date and extending until the Bid Closing Date, and (ii) with respect to Bidders whose Margin Amount is less than 100% of the Bid Amount, the period commencing on the Bid Opening Date and extending until the closure of the Pay-in Date
Price Band	Being the price band of a minimum price (Floor Price) of Rs. 115 and the maximum price (Cap Price) of Rs. 130 and includes revisions thereof
Pricing Date	The date on which the Company and CDP in consultation with the BRLM and CO-BRLM finalise the Issue Price
Prospectus	The Prospectus, filed with the RoC containing, *inter alia,* the Issue Price that is determined at the end of the Book Building Process, the size of the Issue and certain other information
Public Issue Account	In accordance with Section 73 of the Companies Act, 1956, an account opened with the Banker(s) to the Issue to receive monies from the Escrow Account for the Issue on the Designated Date
Qualified Institutional Buyers or QIBs	Public financial institutions as specified in Section 4A of the Companies Act, FIIs, scheduled commercial banks, mutual funds registered with SEBI, multilateral and bilateral development financial institutions, venture capital funds registered with SEBI, foreign venture capital investors registered with SEBI and state industrial development corporations insurance Companies registered with the Insurance Regulatory and Development Authority, Provident Funds with minimum corpus of Rs.2500 Lakhs, Pension Funds with minimum corpus of Rs.2500 Lakhs
QIB Portion	The portion of the Issue up to 3,325,000 Equity Shares of Rs.10 each available for allocation to QIBs
RBI	The Reserve Bank of India
Prospectus	Means this Prospectus issued in accordance with Section 60B of the Companies Act, which does not have complete particulars on the price at which the Equity Shares are offered and size of the Issue. It carries the same obligations as are applicable in case of a Prospectus and will be filed with RoC at least three days before the opening of the Issue. It will become a Prospectus after filing with Registrar of Companies after the pricing and allocation
Registered Office of the Company	Parijaat House, 1076, Dr. E. Moses Road, Worli Naka, Mumbai – 400 018
Registrar /Registrar to the Issue	Registrar to the Issue, in this case being Karvy Computershare Private Limited having its registered office as indicated on the cover page of this Prospectus
Retail Individual Bidders	Individual Bidders (including HUFs) who apply or bid for shares of or for a value not more than Rs.50,000 of Equity Shares, in any of the bidding options in the Issue
Retail Portion	The portion of the Issue being a minimum of 1,662,500 Equity Shares of Rs.10 each available for allocation to Retail Individual Bidder(s)

Revision Form	The form used by the Bidders to modify the quantity of Equity Shares or the Bid Price in any of their Bid cum Application Forms or any previous Revision Form(s)
RoC	Registrar of Companies, Maharashtra, Mumbai
SARA Fund Shareholders Agreement	Agreement dated March 4, 2002 entered amongst our company, SARA Fund Trustee Company Limited and Development Investment Trustee Company Limited
SCRR	Securities Contracts (Regulation) Rules, 1957, as amended from time to time
SEBI	The Securities and Exchange Board of India constituted under the SEBI Act, 1992
SEBI Act	Securities and Exchange Board of India Act, 1992, as amended from time to time
SEBI Guidelines	SEBI (Guidelines for Disclosure and Investor Protection) 2000 issued by SEBI on January 27, 2000, as amended, including instructions and clarifications issued by SEBI from time to time
Shareholders Agreement	Agreement dated April 12, 2002 entered amongst our Company, Rohinton Screwvala, Rohinton Screwvala controlled shareholders, CDP Media Holdings (India) Limited and Acetic Investment Limited
Share Sale Agreement	The agreement dated 19 November 2004 entered into amongst CDP, Unilazer (HongKong) Limited (Promoter Group Company), Unilazer Exports and Management Consultants Limited (Promoter), the Company and Rohinton Screwvala (Promoter)
Stock Exchanges	BSE and NSE
Syndicate	The BRLM, Co-BRLM and the Syndicate Members
Syndicate Agreement	The agreement to be entered into among CDP, the Company and the members of the Syndicate, in relation to the collection of Bids in this Issue
Syndicate Member	Intermediaries registered with SEBI and eligible to act as underwriters. Syndicate Members are appointed by the BRLM. In this case Enam Securities Private Limited is Syndicate Member.
TRP	Television Rating Points which are widely used to measure reach and audience of television programmes. TRP ratings are generated by syndicated research firms like IMRB using internationally accepted techniques of audience measurement.
TRS or Transaction Registration Slip	The slip or document issued by the members of the Syndicate to the Bidder as proof of registration of the Bid
Underwriters	The BRLM, Co- BRLM and Syndicate Members
Underwriting Agreement	The Agreement among the Syndicate, the Company and CDP
US GAAP	Generally Accepted Accounting Principles in the United States

Issue Related Abbreviations

Abbreviation	Full Form
A/c	Account
AS	Accounting Standards as issued by the Institute of Chartered Accountants of India
BRLM	Book Running Lead Manager
C&S	Cable and Satellite
CAGR	Compounded Annual Growth Rate
CAS	Conditional Access System
CEO	Chief Executive Officer
Co-BRLM	Co-Book Running Lead Manager
CSO	Cable and Satellite Operators
DD	Doordarshan
DITCO	Development Investment Trustee Company Limited
DTH	Direct To Home
DSE	Designated Stock Exchange
EBITDA	Earning Before Interest, Tax, Depreciation and Amortisation
EGM	Extraordinary General Meeting
ENAM	Enam Financial Consultants Private Limited and Its associates
EPS	Earnings per Equity Share
FCNR Account	Foreign Currency Non Resident Account
FCT	Free Commercial Time
FEMA	Foreign Exchange Management Act, 1999, as amended from time to time and the regulations framed thereunder
FICCI Ernst & Young Report	FICCI E&Y The Indian Entertainment Sector Report 2004
FICCI KPMG Report	FICCI KPMG The Indian Entertainment Sector Report of 2003
FIPB	Foreign Investment Promotion Board
FPC	Fixed Point Chart
FTR	Fixed Time Rate
FY / Fiscal	Financial year ending March 31
GDP	Gross Domestic Product
GIR Number	General Index Registry Number
GoI / Government	The Government of India
HUF	Hindu Undivided Family
HK$	Hongkong Dollar, lawful currency of Hongkong
HUF	Hindu Undivided Family
Investsmart	IL&FS Investsmart Limited
INR/Rs.	Indian Rupees

IPO	Initial Public Offering
IPR	Intellectual Property Rights
MSC	Multimedia Super Corridor
MSO	Multi-System Operators
NAV	Net Asset Value
NOC	No Objection Certificate
NRE Account	Non-Resident External Account
NRI	Non-Resident Indian
NRO Account	Non-Resident Ordinary Account
P/E Ratio	Price/Earnings Ratio
PAN	Permanent Account Number
QIB	Qualified Institutional Buyer
Ringgit	Lawful currency of Malayasia
RONW	Return on Net Worth
SBR	Spot Buying Rate
SEC	Socio Economic Classification
SIA	Secretariat for Industrial Assistance
SFTCL	SARA Fund Trustee Company Limited
SIRL	South Indian Regional Language
Supreme Court	Hon'ble Supreme Court of India
TRP	Television Rating Point
TRS	Transaction Registration Slip
TV	Television
UK	United Kingdom
US	United States
USD	United States Dollar
WOMTL	Western Outdoor Media Technologies Limited

In this Prospectus, references to "allotment" of Equity Shares in this issue, unless the context otherwise requires, also includes a reference to "transfer" of Equity Shares.

In this Prospectus, any discrepancies in any table between the totals listed in the table and the sum of individual amounts listed in that table are due to rounding off.

Trademarks and Copyrights wherever used in this Prospectus belong to the respective owners.

SECTION I : RISK FACTORS

CERTAIN CONVENTIONS; USE OF MARKET DATA

In this Prospectus, the terms "we", "us", "our", the "Company", "our Company", or "UTV", unless the context otherwise indicates or implies, refers to UTV Software Communications Limited and its subsidiaries.

For additional definitions used in this Prospectus, see the section "Definitions and Abbreviations" on page 'a' of this Prospectus. In the section titled "Main Provisions of Articles of Association of UTV Software Communications Limited", defined terms have the meaning given to such terms in the Articles of Association of the Company.

Market data used throughout this Prospectus were obtained from industry publications and internal Company reports. Industry publications generally state that the information contained in those publications has been obtained from sources believed to be reliable but that their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although we believe market data used in this Prospectus are reliable, it has not been independently verified. Similarly, internal Company reports, while believed by us to be reliable, have not been verified by any independent sources.

FORWARD-LOOKING STATEMENTS

This Prospectus contains certain "forward-looking statements". These forward looking statements generally can be identified by words or phrases such as "aim", "anticipate", "believe", "expect", "estimate", "intend", "objective", "plan", "project", "shall", "will", "will continue", "will pursue" or other words or phrases of similar import. Similarly, statements that describe our objectives, plans or goals are also forward-looking statements.

All forward looking statements are subject to risks, uncertainties and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Important factors that could cause actual results to differ materially from our expectations include, among others:

1 Our ability to successfully implement our strategy, our growth and expansion plans and technological changes;

2 Increasing competition in and the conditions of the global and Indian entertainment industry;

3 General economic and business conditions in India;

4 Changes in the value of the Rupee and other currencies; and

5 Changes in laws and regulations that apply to the Indian and global entertainment industry.

For further discussion of factors that could cause our actual results to differ, see "Risk Factors" beginning on page iv of this Prospectus. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated. Neither our Company, CDP, any member of the Syndicate nor any of their respective affiliates have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with SEBI requirements, our Company, BRLM and Co-BRLM, will ensure that investors in India are informed of material developments until such time as the grant of listing and trading permission by the Stock Exchanges.

CURRENCY OF PRESENTATION

In this Prospectus, all references to "Rupees" and "Rs." are to the legal currency of India, all references to "USD" are to the legal currency of United States of America, all references to "Ringgit (RM)" are to the legal currency of Malaysia, all references to "HK$" are to the legal currency of "Hong Kong". The USD/ Ringgit/ HK$ are referred to as "Foreign Currency" in this Prospectus.

In this Prospectus, Foreign Currency amounts have been translated into Rupees for each period and presented solely to comply with the requirements of Clause 6.8.4 of the SEBI Guidelines. Investors are cautioned to not rely on such translated amounts. The translations should not be considered as a representation that such Foreign Currency amounts have been, could have been or could be converted into Rupees at any particular rate, the rate stated elsewhere in this Prospectus, or at all. The following table sets forth, for each period indicated, information concerning the number of Rupees for which each Foreign Currency could be exchanged. The currency conversion rates are taken from the website www.oanda.com.

Currency	Year ended					6 month Period ended
	March 31, 2000	March 31, 2001	March 31, 2002	March 31, 2003	March 31, 2004	September 30, 2004
USD	43.63	46.66	48.89	47.65	44.13	44.05
Ringgit	11.48	12.28	12.87	12.59	11.60	12.12

Currency	Year ended					9 month Period ended
	December 31, 1999	December 31, 2000	December, 31, 2001	December 31, 2002	December 31, 2003	September 30, 2004
HK$*	5.60	5.99	6.20	6.16	5.87	5.90

Any percentage amounts, as set forth in "Risk Factors", "Business Segment", "Management's Discussion and Analysis of Financial Condition and Results of Operations" and elsewhere in this Prospectus, unless otherwise indicated, have been calculated on the basis of the Rupee amounts derived from our financial statements prepared in accordance with the Indian GAAP and not on the basis of any translated Rupee amount presented solely pursuant to SEBI requirements. Calculation of percentage amounts on the basis of Rupee amounts may lead to results that are different, in a material way, from those calculated as per Foreign Currency amounts.

RISK FACTORS

You should carefully consider the risks described below before you make an investment decision. Risks have been quantified, wherever possible. If any of the following risks actually occur, our business, financial condition and results of operations could suffer, the trading price of our Equity Shares could decline and you may lose all or part of your investment.

Unless specified or qualified in the relevant risk factors, we are not in a position to quantify the financial or other implications of any risks mentioned herein under:

RISKS ENVISAGED BY MANAGEMENT

Internal to our Company

1. ***Our EBITDA as a percentage of total income has declined over the years.***

   Our EBITDA as a percentage of Total Income has declined from 22.48% for the Financial Year 2000-2001 to the level of 12.56% for the Financial Year 2003-2004 and 6.99% for six months ended 30 September 2004. Our business model has gone through significant changes during this period in terms of core focus area. Our EBITDA in 2000-01 included profits from the successful movie "Fiza" co-produced by us. During the six months period ended 30 September 2004, we broad based the business of movie production from erstwhile co-productions to own productions and also setup full fledged domestic and international movie distribution network. All startup costs of these businesses and related overheads are fully amortised.

2. ***Our audited Profit after Tax has declined in the year 2003-04***

   Though our Profit before tax has increased from Rs. 648.40 lakhs in financial year 2002-03 to Rs. 894.17 lakhs in the financial year 2003-04 , our audited PAT has reduced from Rs.918.37 lakhs in the financial year 2002-03 to Rs. 731.40 lakhs in the financial year 2003-04 due to deferred tax adjustment.

3. ***Our "Objects of the Issue" has not been appraised by any external agency.***

   The deployment of funds is entirely at our discretion and is not subject to monitoring by any independent agency. All the figures under the "Objects of the Issue" are based on our own estimates. There has been no independent appraisal of the project. The project is subject to various variables such as possible cost overrun, delays in implementation. We have spent Rs. 1148 lakhs (up to January 31, 2005) for the objects of this issue.

4. ***We will deploy a part of the proceeds of the Fresh Issue in our group company United Home Entertainment Private Limited.***

   We, alongwith our promoter, have launched a 24 hours Kids Channel 'Hungama TV' through our group company United Home Entertainment Private Limited. The total project cost of 'Hungama TV' is estimated at Rs. 6224.64 lakhs. We intend to deploy Rs. 2000 lakhs in United Home Entertainment Private Limited as contribution to Equity and Preference capital part of which is proposed to be utilized from the proceeds of the Fresh Issue. If United Home Entertainment Private Limited does not succeed in making the operations of Hungama TV profitable, or we are unable to fully realise the economic benefits of our investment in Hungama TV, our business results of operations and financial condition may be adversely affected. In addition, we may need to make further investments or provide corporate guarantees in Hungama TV in order to improve its results of operations.

   Our promoter, Mr. Rohinton S Screwvala is required to invest Rs. 985 lakhs representing his share of equity participation in Hungama TV. Further, as per the financial plan, Rs. 3239.64 lakhs are proposed to be raised from Financial Investors in the form of Equity/Debt. The financial investor(s), at the time of infusing the required funds, may impose fresh terms and conditions of their private equity participation. The interests of our promoter and/ or the financial investors may conflict the interests of our company in the management and promotion of 'Hungama TV'. However, it may be noted that in this regard United Home Entertainment Private Limited has already received an approval from UTI Bank vide their letter dated July 13, 2004 for a loan of Rs. 1000 lakhs which has already been utilized by it and additional Rs. 1200 lakhs has been sanctioned by the said UTI Bank, vide their letter dated January 27, 2005, towards Supplier Bill Discounting facility.

Please refer page no. 32 and page no. 114 for further details in this regard.

5. ***We will use a part of the proceeds of the fresh issue to provide Rs.600 lakhs loan to our subsidiary United Entertainment Solutions Private Limited***

We propose to use Rs. 600 lakhs out of the proceeds of the proposed issue to provide an unsecured loan to our subsidiary United Entertainment Solutions Private Limited for further investment in SFX/Computer Graphics and high-end post-production facilities. The said loan would be repaid to us by United Entertainment Solutions Private Limited in four annual installments after one year moratorium from disbursement and will carry interest at the rate of 11% per anuum. UESPL reported Rs 40.04 lakhs and Rs. 67.14 lakhs Earnings before Depreciation, Interest and Tax (EBIDT) for 2003-04 and for the six months period ended September 30, 2004 respectively and Rs. 268.22 lakhs and Rs. 68.31 lakhs Loss after Tax during the corresponding period. Its ability to repay the said loan and also protection and enhancement of value of our equity investment in the said subsidiary is dependent on its ability to turn the business profitable post the investment in enhancement of facilities as proposed herein.

6. ***A significant portion of our revenue from television programmes produced by us is contributed by STAR***

STAR is the principal customer of television programmes produced by us. In the year 2003-2004, STAR accounts for 90.72% of the total revenue earned from television content production and in the six months period ended September 30, 2004; STAR accounts for 66.67% of the total revenue earned from television content production resulting in concentration of revenues on a single customer. However, this dependency on STAR is coming down gradually during the current financial year. As of date, out of 20.5 hours per week of total television content produced by us, 14.5 hours per week is for non-STAR channels. Please refer to page no. 46 of this Prospectus for further details in this regard.

7. ***We have limited experience in movie distribution***

Till date, we have been the 'sole' distributors, in certain territories for the movies 'Lakshya', 'Swades', 'Hyderabad Blues II' and 'Morning Raga' which were distributed during 2004-05. Prior to this, after buying the distribution rights for 'Bombay' territory, we used to sub-sell all areas other than 'Mumbai' city, in which we used to do the distribution along with another established distributor as a co-distributor who had existing infrastructure of actual ground level distribution of movies. Our limited experience in actual ground level distribution of movies and also venturing into national and international distribution for the first time exposes us to an element of risk in terms of our movie distribution business.

8. ***We have limited experience in movie production***

Our experience in movie production so far is restricted only to production of a film called "Dil Ke Jharokhon Mein" in 1998. Other than this, our role in movie productions undertaken by us so far was primarily co-producing, financing and supervision of overall creative aspects of the movie(s). The lack of experience in handling creative management, production and technical aspects of the movie production process exposes us to an element of risk in our movie production business.

9. ***Ours success is substantially dependent on our creative and management team***

The success of our business is substantially dependent on our creative and management team and their loss could adversely affect our businesses. Further, our ability to maintain our leadership position in the media and entertainment industry substantially depends on our ability to attract, train, motivate and retain such personnel.

10. ***We have not yet entered into any service or purchase agreements for our planned expansion and upgradations, which we propose to fund from the net proceeds of the proposed Fresh Issue.***

We have not yet entered into any service or purchase agreements for our planned expansion and upgradations, which we propose to fund from the net proceeds of the proposed Fresh Issue. Some of the equipment that we intend to deploy is expected to be imported and must be paid for in foreign currency. Import of our equipment is subject to Government regulations and approvals and foreign exchange credit availability. A delay in obtaining required approvals, changes in foreign exchange rates adversely affecting the value of the Rupee or the inability to obtain technology locally could lead to a delay in the supply of necessary equipment, which may adversely impact our operations.

11. ***We are defendants in certain legal proceedings, incidental to our business and operations, which if determined against us, could have an adverse impact on our results of operations and financial condition.***

We are defendants in certain legal proceedings, incidental to our business and operations, which if determined against us, could have an adverse impact on our results of operations and financial condition. All of the above legal proceedings are pending at different levels of adjudication before various courts, tribunals, enquiry officers and appellate tribunals.

The Company has, in the course of its regular business, from time to time received notices from various artists, technicians, attendants, service providers, suppliers, contract counter parties, etc. used by it alleging outstanding dues from the Company. Some such matters were also taken up by certain trade associations and advocates, from whom the Company received notices. None of these notices have currently matured into litigation.

For more information on 'Litigations initiated by us', 'Litigation initiated against us' and 'Litigation initiated against our Group Companies', please refer to page no. 227 of this Prospectus.

12. ***STAR has the right to terminate the movie production agreement which they have with us.***

On August 4, 2004, we have signed an agreement with STAR to produce two movies for STAR against a total budget of Rs. 24.5 crores. Both the movies are required to be delivered to STAR within 36 months from the date of signing of the agreement dated August 4, 2004, with an extension of 6 months. As per the agreement, STAR will have exclusive, perpetual worldwide television rights including satellite, cable, terrestrial, other streaming through internet/broadband/telephony and/or any other existing or to be invented medium in present and the future. However, the first premier telecast/exploitation of each of the movie(s) on any television worldwide shall be available to STAR one year after the first theatrical release in any part of the world of the respective movie(s).

In relation to the movies to be co-produced with STAR, STAR shall have the right to terminate the agreement in respect of one or all the movies in the event of non-compliance by UTV of the delivery time schedule and the theatrical release of the movie(s).

In case of such termination, STAR, shall entirely at its discretion have the right to either

- Seek refund of the STAR payments paid to us for such movies along with interest at the rate of 18% per annum from the date the STAR payments were made to us,

  or

- Takeover all the rushes, negatives, concept, formats, outlines, treatments, scripts, video rushes, stock shots, stills and title songs (if any).

13. *Our subsidiaries are non-profitable*

Our subsidiaries namely UTV International Holdings Limited, United Entertainment Solutions Private Limited, Antah-UTV Multimedia & Communications SDN, BHD and UTV Communications (USA) LLC. are non-profitable companies. Net Profit (Loss) details of these companies since 1999-2000 are as follows:

Rs In Lakhs

Subsidiary	Six months period ended September 30, 2004	Financial Year ended March 31, 2004	Financial Year ended March 31, 2003	Financial Year ended March 31, 2002	Financial Year ended March 31, 2001	Financial Year ended March 31, 2000
UTV International Holdings Limited	(2.20)	(1.77)	(8.15)	(19.37)	(1.47)	5.78
United Entertainment Solutions Private Limited	(68.31)	(268.22)	(0.10)	(0.08)	(0.08)	(0.08)
Antah-UTV Multi-media & Communications SDN, BHD	5.14	5.72	(34.14)	(364.61)	(40.93)	18.21
UTV Communications (USA) LLC.*	(180.07)	NA	NA	NA	NA	NA

* *Incorporated on April 26, 2004*

As on September 30, 2004 UTV Communications (USA) LLC. has negative networth of Rs. 158.05 lakhs .

14. *Some of our group companies are non-profitable companies*

Some of the Promoter group companies are non-profitable companies. Details of net profits (losses) of these companies, since 2001-02, are as follows:

Rs In Lakhs

Group company	Financial Year ended March 31, 2004	Financial Year ended March 31, 2003	Financial Year ended March 31, 2002
Television News and Entertainment India Limited	(1.86)	(22.00)	(0.36)
United Teleshopping and Marketing Company Limited	1.44	(17.81)	(200.44)
Unilazer Hongkong Limited*	197.66	(108.80)	(2.18)
Vijay Broadcasting Private Limited	(25.36)	57.88	19.89
Unitas Creative Television Limited	(0.32)	(0.30)	(0.14)

**Financial year ends on December 31*

15. ***Some of our group companies have negative networth***

Some of our group companies have negative networth as on the last audited balance sheet date. Details are as follows:

In Rs. Lakhs

Name of the group company	Networth as on last audited balance sheet date*
Television News & Entertainment India Limited	(31.20)
United Teleshopping & Marketing Company Limited	(816.61)

**Adjusted for debit balance in Profit & Loss Account and Preliminary Expenses not written off.*

At present, Television News & Entertainment India Limited and United Teleshopping & Marketing Company Limited do not have any active business operations. Please refer to page no.112 of this Prospectus for further details in this regard.

16. ***We have some contingent liabilities not provided for as on September 30, 2004.***

Contingent Liabilities not provided by us as on September 30, 2004 and March 31, 2004 are as given below. These contingent liabilities are in normal course of business. To the extent these contingent liabilities become our actual liabilities, these will adversely affect our operations and financial condition in future.

Rs. In Lakhs

Sr. No.	Particulars	September 30, 2004	As on March 31, 2004
1.	Claims against us not acknowledged as debts	344.00	344.00
2.	Sales Tax & Lease Tax	139.38	138.27
3.	Appeals filed in respect of disputed demands: Income Tax	296.35	296.35
4.	Bank Guarantees/Corporate Guarantees/Outstanding Letter of Credit for which the company has given counter guarantees	1457.98	390.38
5.	Legal cases and claims filed against the company	321.23	2.82
6.	Bank guarantee against EPCG commitment	96.14	88.63

Out of the Rs. 1457.98 lakhs Bank Guarantees/Corporate Guarantees/Outstanding Letter of Credit for which the company has given counter guarantees to UTI Bank for Rs. 1,000 lakhs who has sanctioned an equivalent amount of working capital loan to United Home Entertainment Private Limited. Further we have given counter guarantee for an amount of Rs 293.45 lakhs against the following Outstanding Letter of Credit for our subsidiary Antah UTV Multimedia & Communications SDN,BHD :

(Rs In Lakhs)

Sr. No.	Bank Guarantee Details/No.	Provided on behalf of	In favour of	Amount
1.	529010071050-AO	Antah UTV Multimedia & Communications SDN,BHD	Standard Chartered Bank, Malaysia	251.53
2.	529010084983-AO	Antah UTV Multimedia & Communications SDN,BHD	Standard Chartered Bank, Malaysia	41.92
	Total			293.45

17. *We do not own the premises of our Registered Office and other offices*

We do not own the premises of our Registered Office and other offices. We operate from leased premises. Therefore, if any of the lessors of the said premises do not renew the agreement then there may be temporary disruption in our operation.

18. *STAR has the right to terminate the television content production agreement with them*

As per the agreements entered with STAR for producing television content, STAR has the right to terminate the said agreements unilaterally subject to certain conditions precedent specified therein. Any such eventualities may impact the future business growth of the company to the extent it is dependent on revenues from such agreements.

19. *We have received a notice in 1999 cautioning use of marks "UNITED TELEVISION" and "UTV"*

Our company received a notice dated Nov 16, 1999, from M/S Gipson, Hoffman and Pangione, Solicitors for United Television Inc., U.S.A. cautioning that the marks "UNITED TELEVISION" and "UTV" are the marks owned by United Television Inc., U.S.A. While we replied stating that we had applied for the registration of trademark "UTV" and "United Television" in India in 1997, the above may restrict our ability to use the said marks in U.S.A.

20. *Our promoter group will continue to hold a substantial part of our post IPO paid-up Equity Share Capital*.

After the IPO, our promoter group will hold 43.11% of our post IPO paid-up Equity Share Capital. Hence, as a large shareholder, the promoter group may be in a position to influence key decisions in our Company or any decision that may affect our Company and its shareholders.

21. *The future market price of our Equity Shares cannot be ascertained.*

As a purchaser of equity shares in this Issue, the investors may experience dilution in their shareholding to the extent that we make future equity offerings or issue stock options under any future employee stock option plan. Further, sale of equity shares of the Company by our existing shareholders, in future, could impact the market price of our equity shares.

22. ***Our promoters/directors are Directors of some entities which are in the same line of business***

Our promoters/directors are Directors of the following entities which are in the same line of business which may cause conflict of business interest among us and our promoters:

Name pf promoter/director	Name of Entity
Rohinton S Screwvala	Unitas Creative Television Limited
Deven Khote	Unitas Creative Television Limited
Rahul Shah	DQ Entertainment Limited
Frederic Beauvais	• Times Infotainment Media Limited' • Entertainment Network (India) Limited
Ronald D'Mello	Unitas Creative Television Limited

23. ***We are required to obtain prior consent from our lenders for issuing fresh Equity Shares***

In terms of loan agreements signed with HDFC Bank, Oriental Bank of Commerce , UTI Bank and Citibank; we are required to obtain prior consent from them for issuing fresh Equity Shares.

For the instant issue, we have obtained consent from all our lenders. Please refer to page no. 28 of this Prospectus in this regard.

24. ***We have outstanding advances/ other receivables from our subsidiaries/ associate companies***

As on September 30, 2004; we have outstanding advances/ other receivables from our subsidiaries/ associate companies of Rs 3019.61 lakhs.

25. ***We have issued four (4) shares within last one year for consideration other than cash.***

External to the Company

1. ***In India, piracy is one of the biggest threats being faced by movie industry.***

In India, piracy is one of the biggest threats being faced by movie industry. Last year alone, unlawful copying and distribution resulted in an estimated loss of approximately Rs. 3500 crores to the industry. While the industry is pursuing measures to tackle this problem, any increase in the level of piracy may harm the revenue potential of movies to be produced by us in future.

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

Misappropriation of our intellectual property rights could harm our competitive position. We rely on a combination of patent, copyright, and trademark laws, license agreements and confidentiality agreements with employees, customers and third parties to protect our intellectual property rights. These protections may not be sufficient to prevent unauthorized parties from infringing upon or misappropriating our products, services or proprietary information. In addition, although we believe that our products, services and proprietary information do not infringe upon the intellectual property rights of others and that we have all the rights necessary to use the intellectual property employed in our business, there can be no assurance that infringement claims will not be asserted against us in the future.

3. ***It cannot be said with certainty whether the programming mix of 'Hungama TV' will be popular with the kids***

The programming proposed to be aired by 'Hungama TV', in which we are making an investment, primarily consists of locally produced dramas and game shows on kids oriented themes in addition to animation based programming. Since, till date, all existing kids channels in India air largely foreign origin animation programmes, the preferences of kids for other kids oriented programmes have not been tested. Since the entertainment industry is popularity driven, it cannot be said with certainty that the programming mix of 'Hungama TV' will be popular with the kids.

4. ***Economic downturn may affect our operating performance*.**

In case of an economic downturn caused by political instability, acts of violence, terrorist attack or any other reason whatsoever, we may not be in a position to attract maximum value for the content provided by us and hence this may affect our operating performance.

5. ***The prices of our Equity Shares on the Indian stock exchanges may fluctuate after this Issue***

The prices of our Equity Shares on the Indian stock exchanges may fluctuate after this Issue as a result of several factors, including volatility in the Indian and global securities market; the Company's results of operations and performance; performance of the Company's competitors, performance of the Indian entertainment industry as a whole and the perception in the market about investments in the entertainment industry; adverse media reports on the Company or the Indian entertainment industry; changes in the estimates of the Company's performance or recommendations by financial analysts; significant developments in India's economic liberalization and deregulation policies; and significant developments in India's fiscal and environmental regulations. There has been no public market for the Equity Shares and the prices of the Equity Shares may fluctuate after this Issue. There can be no assurance that an active trading market for the Equity Shares will develop or be sustained after this Issue, or that the prices at which the Equity Shares are initially traded will correspond to the prices at which the Equity Shares will trade in the market subsequent to this Issue.

6. ***The entertainment industry is very competitive***

The entertainment industry, being very competitive has a large number of firms, production houses etc with experience and resources. Our competitors may have access to greater resources and hence may have an advantage over us in terms of content and broadcasting.

7. ***There is no standard valuation methodology or accounting practices in the emerging internet/media and related industries.***

There is no standard valuation methodology or accounting practices in the emerging internet/media and related industries. Our financials may not be comparable with the players in the industry.

8. ***Present valuations of the entertainment industry may not be sustained in future and may also not be reflective of future valuations for the industry.***

9. ***Rate of obsolescence of the equipments used in entertainment industry is very high.***

10. ***Taste of Viewers/audience of entertainment industry may undergo changes.***

NOTES TO RISK FACTORS:

- Our networth as on March 31, 2004 was Rs 5799.49 lakhs and as on September 30, 2004 was Rs.6596.25 lakhs. Please refer to 'SECTION IV : FINANCIAL INFORMATION' page no. 123 of this Prospectus for further details in this regard.
- Public issue of 6,999,950 equity shares comprising fresh issue of 4,500,000 equity shares of Rs.10 each at a price of Rs.130 for cash aggregating Rs.5,850 lakhs and offer for sale of 2,499,950 equity shares of Rs.10 each at a price of Rs.130 for cash aggregating Rs.3,249.94 lakhs.
- Investors are advised to refer to the paragraph on "Basis For Issue Price" on page no. 265 of this Prospectus.
- Investors may note that in case of over-subscription in the Issue, allotment shall be on proportionate basis to Retail Individual Bidders and Non-Institutional Bidders. Please refer to the paragraph on "Basis of Allocation" on page no. 268 of this Prospectus.
- The average cost of acquisition of Equity Shares of face value Rs. 10 by our Promoters are given below:

Name of Promoter	**Average Cost of Acquisition (in Rs.)**
Mr. Rohinton S. Screwvala	52.68
Unilazer Exports & Management Consultants Private Limited	41.96

6. The book value per Equity Share of face value of Rs. 10 each, as per our restated Balance Sheet, as on March 31, 2004 and September 30, 2004 was Rs.40.52 and Rs.44.72 respectively.

- Investors are free to contact the BRLM and Co-BRLM for any clarification or information pertaining to the Issue.
- All information shall be made available by the BRLM and Co-BRLM and us to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever, who will be obliged to attend to the same.
- Please refer page no. 132 of the Prospectus for 'Related Party Transactions'.
- Please refer page no. 185 of the Prospectus for 'Details of Loans and Advances'.
- There is no interest of promoters/directors/key management personnel other than reimbursement of expenses incurred or normal remuneration or benefits.

SECTION II : INTRODUCTION

SUMMARY

You should read the following summary with the Risk Factors included from page numbers iv to xii and the more detailed information about us and our financial statements included in this Prospectus.

COMPANY OVERVIEW

Since our inception in 1990, we have focused on being an integrated entertainment company with interests in television content production and air-time sales, movie production and distribution, dubbing, ad film making and post-production services, with a specific thrust on television content and movie production.

We initially began our journey as a content producer for television. We have over 10 years of experience in Television content production of multi-genres such as Kids, Drama, Comedy, Regional theme, Fantasies, Action, Horror, Mythological, Non-fiction etc. Since 1990, we have produced number of programmes across several languages and all genres in order to cater to the needs of people of various tastes and various linguistic groups. We produced shows like one of India's first game show 'Saamp Seedi', a chat show called 'Chakravyuha', etc for Zee during its launching period. In mid 1994, we produced India's first daily afternoon soap called 'Shanti' on DD1 (the national channel). Since then Shanti has been telecast across India and the ASEAN region in seven languages including Hindi, Tamil, Bengali, Malayalam, Sinhalese, Malay and Bahasa Indonesian. Till date, we have aired multiple programmes on 26 channels in 19 countries in 7 languages and have a library of over 5000 hours of programming. In 2003, we have been jointly awarded as the Best Television Production House at the Indian Telly Awards organized by Indiantelevision .com.

Our core business has always been providing content for Television. In 1994, we expanded our activities to sell advertising commercial time on various channels. The first program under this initiative was 'Metro Dhamaka' followed by 'Shanti'. This business became our full-fledged business division in 1996. Over the years, we have exploited television content through airtime marketing on DD and Sun group. We have a base of more than 100 clients.

As a logical extension to the television content production, we decided to venture into movie production and distribution in 1995-96, with the sole idea of being an integrated entertainment company with a focus on content creation. We entered into Movie production by producing movie 'Dil Ke Jharokhon Mein' in 1998. Since then, we have co-produced 'Fiza' in 2000-2001, 'Chalte Chalte' in 2003-2004 and 'Lakshya' and 'Swades' in 2004-05. We have also distributed movies such as 'LOC', 'Sarfarosh', 'Hera Pheri', 'Hyderabad Blues', 'Jhooth Bole Kawwa Kaate', 'Hyderabad Blues II', 'Morning Raga', 'Lakshya' and 'Swades', etc. On August 4, 2004; we signed an agreement with STAR to produce two movies with an investment budget by STAR of Rs. 245 million. The agreement will give STAR the exclusive television and broadcast rights in perpetuity for the said movie products. On the other hand, the theatrical, home video and music rights will vest with us in perpetuity. We have also signed co-production agreement with 'MPD Films Private Limited' to co-produce a movie tentatively titled 'Rang De Basanti' in Hindi and 'Paint it Yellow' in English starring Aamir Khan. Further, one of our subsidiaries has entered into an investment agreement with Fox Searchlight Pictures Inc.,US and Entertainment Farm Inc., Japan to jointly participate in production and distribution of an English movie to be directed by Mira Nair tentatively titled 'Namesake'.

We also produce advertising films. Our advertising films division is in the business of production of films and audio-visuals for agencies and direct clients. Under the leadership of Mr. Deven Khote, one of our Directors, we have produced over 250 TV commercials, both for the Indian and overseas markets, through the advertising agencies. Some of our clients serviced in the past include Hindustan Lever, Proctor & Gamble, Maruti Udyog, Godrej, Coca-Cola, Castrol, United Breweries and Fiat India.

Our dubbing division has existed for more than 11 years now, having started in 1992. Our dubbing studios are producing domestic and international soundtracks. Our dubbing division has added localized voice to more than 5000 hours of Video content into various Asian languages for Movies, Television serials, Documentaries and Animated Films. We have over the years built a talent bank of close to 500 voices. Some of our key clients include global names like Twentieth Century Fox, Cartoon Network, Discovery Channel, Hallmark, National Geographic, Nickelodeon, STAR, Turner International, Walt Disney and Warner Bros., amongst others.

Our unconsolidated restated total income and profit after tax for the six months period ended on September 30, 2004 was Rs 6384.29 lakhs and Rs 636.77 lakhs respectively. For details on our financial statements, refer to the 'Section IV: Financial Information' on page 123 of this Prospectus.

The break-up of our revenues from the various business segments for 2000-01, 2001-02, 2002-03, 2003-04 and six months period ended September 30, 2004 as per our audited unconsolidated financial statement, is as follows.

(Rs In Lakhs)

Business Segment	**For the year ending March 31**				**For the period ended on September 30, 2004**
	2001	**2002**	**2003**	**2004**	
Television content	2,721.03	3,165.07	2,731.46	3,148.57	1,910.17
Airtime sales & marketing	2,314.30	1901.37	3,879.31	3,233.83	1,735.86
Movie production & Distribution	2,078.81	*	200.50	2,691.57	2,348.50
Dubbing	332.00	*	423.61	339.22	236.01
Ad films	642.22	*	548.00	431.95	184.40
Others	2,889.64	4,281.48	2,003.20	7.45	-
Inter segment Adjustment	-	(231.80)	(297.54)	(77.34)	(30.65)
Total	**10,978.00**	**9,116.12**	**9,488.54**	**9,775.25**	**6,384.29**

** For the period ended March 31, 2002, the revenues from movie production and distribution, dubbing, Ad films has been included as a part of income from "Others"*

OUR COMPETITIVE STRENGTH

We are amongst the few Indian entertainment companies, which offer a well-diversified entertainment business portfolio. Hence, we believe we are well positioned to enhance our position as an integrated entertainment company, with skill sets in production and exploitation of content across television and movies, on account of our competitive strengths that include the following:

- **Multiple language and multi-genre TV content track record**

  We are a production house with expertise in developing programmes across various languages and different genres. We consciously decided to develop content in various languages and across all genres. This, we believe, helped us to reach viewers of various tastes across different language groups.

  Since our inception in 1990 we have developed several innovative content such as 'Life Line', `The Mathemagic Show', `Saamp Seedi', Chakravyuha', etc. In 1994, we produced one of India's first daily afternoon soap called `Shanti' on DD1 (the national channel). Since then 'Shanti' has been telecast across India and the ASEAN region in seven languages including Hindi, Tamil, Bengali, Malayalam, Sinhalese, Malay and Bahasa Indonesian. Since then we have produced numbers of programmes across several languages and all genres in order to cater to the needs of people of various taste and various linguistic groups.

  Our Multi location presence in India as well as South East Asia helps us to develop content for the domestic as well as international markets. Our research backed content development strategy and ability to identify gaps in broadcasters programme schedule, has helped us to deliver quality multi-genre content. All our programmes currently on-air cater to different genres such as Kids, Drama, Fiction, Comedy, Soaps, Non-Fiction and Animation.

- **Experience in movie production & distribution**

  As a content production house, the logical extension to strengthen our skills in content production was to enter the movie production and distribution business. Hence, as a part of our expansion plans we ventured into movie distribution in 1995-96. In 1998, we entered into movie production by producing the Hindi movie 'Dil Ke Jharokhe Mein'. Since then, we have co-produced movies namely 'Fiza', 'Chalte Chalte', 'Lakshya' and 'Swades'. This has helped us to gain experience in the movie production and distribution business.

  We believe that we are well placed in the industry to leverage on this experience and capable of producing movies with good storylines. We also have contractual agreements with STAR to produce 2 movies, a co-production agreement to produce a movie starring Aamir Khan and an investment agreement (through one of our subsidiary) to participate in production and distribution of an English movie to be directed by Mira Nair.

- **Strong in-house creative team**

  We believe that innovative thinking coupled with creativity drive quality content. We have an in-house creative team. Our ability to produce content in diverse genres confirms the ability of our creative team to deliver quality content.

  One of our key creative personnel, Zarina Mehta has been instrumental in setting up the creative department. In an industry where it is extremely important to retain creative people, we believe that we are well placed in the industry to retain creative talent, given our brand.

- **Strong relationships with domestic and international client base**

  We have a diverse clientele spanning domestic to international clients. We have a client base of over 100 clients. Over the years, we have serviced clients such as National Geographic Channel, Disney, Nickelodeon, TNT, 20th Century Fox, Star India, Zee, Sony etc.

  Our ability to provide a host of services such as dubbing, ad films and air-time marketing has helped us to build such a diverse client base. This has also helped us to maintain our relationships with existing clients over the years. We believe that because of our ability to offer quality services to our clients on a sustained basis, we are well positioned to attract and retain the top-end advertisers and broadcasters not only in the domestic market but also in the global markets.

- **Depth of management**

  Our promoter Mr Rohinton S. Screwvala has a long-standing track record in the entertainment industry.

Mr. Rohinton S. Screwvala is the Managing Director and CEO of our company. He graduated in Commerce from Mumbai's Sydenham College in 1976, and then ventured into the Media and Entertainment Industry. He was one of the first to pioneer Cable Television operations in India in 1981, which was amongst his first forays into Media and Entertainment Industry. Since inception, he has played a key role in helping us to grow into an integrated entertainment company with full-fledged business divisions catering to various aspects of the entertainment industry.

Our organization comprises Management, Creative, Technical teams and Support Staff.

The management comprises people at the rank of general manager and above, and as on November 10, 2004; we have a 18-member management team. We have a 29 member creative team, which comprises editors, creative directors, executive producers, assistant directors, etc. Our technical team comprises systems/ maintenance engineers, technicians, sound recordists etc. and as on date there are 13 people in our Technical team. In addition to the above, we have a 104 member support staff which include production staff, finance , human resource management, legal, administration and other related staff.

Our professional management set-up has helped us to build a company with a strong brand.

OUR STRATEGY

Given our competitive strengths, we believe we are a well positioned integrated entertainment company, with a thrust on television content production and movie production and exploitation of content through airtime marketing and distribution of films, thus maximizing value across the entire chain of the entertainment industry.

In order to grow into an integrated entertainment company, our business strategy for television content production and movie production is as follows:

- **Television Content Production**

  Our strategy is to produce multiple genre content catering to all kinds of viewers in order to have a diversified content portfolio so that any change in preference by any particular category of viewers does not affect us considerably. Additionally, we also plan to deliver our multi genre and multi lingual content across multiple channels, with focus on top-end of the broadcasters such as STAR, Sony, Zee, etc. Given our strengths in airtime marketing and syndication, we plan to maximize our revenues through airtime marketing by acting as marketing agents for various content producers on DD and Sun group of channels. In addition, our investment in the 'Hungama TV' will further provide us with additional revenues from programming on the channel.

  We also plan to exploit our skill sets in airtime marketing by extending our services to other mediums such as print, radio etc. In our opinion, this strategy will help us to bundle our service offerings to our clients, which in turn will help them to advertise their products across various mediums.

- **Movie Production and Distribution**

  In order to shape into an integrated entertainment company, we ventured into the movie production and distribution business through co-production and distribution alliances. This helped us to develop our understanding on the movie industry and also hedge our risks.

  Our strategy in this segment is to co-produce and produce movies with a strong story line, backed by a good star cast and director. In order to complete the movies in time and in-cost, we sign firm contractual agreements with directors and actors/ actresses. In addition to this, in order to ensure that the projects do not get shelved due to shortage of funds, we commence on any project only after attaining financial closure.

  We believe that fresh and innovative concepts in multiple genres will drive future growth of the Indian movie industry. We plan to focus on large and medium budget films because the same will provide us enough opportunity to introduce new and innovative concepts. We believe that, with our vast experience in TV content creation and successful foray in movie production, we are well positioned to deliver these fresh concepts.

  As a first step towards implementing this strategy, we have co-produced the movie 'Lakshya' and 'Swades' in the year 2004-05. We also have several other movie projects in the pipeline to be released in fiscal 2004-05 and 2005-06.

  In order to capture a larger part of the value chain, we intend to develop our own movie distribution network at national and international levels. We believe that this network will provide distribution width and depth to Hindi, English and even regional language movies in the desired markets. In our opinion, our international distribution network will enable us to distribute movies, in the markets like U.S.A and UK and also to reach markets like Dubai, South Africa, Australia, Fiji and Japan.

THE ISSUE

Equity Shares offered:

Fresh Issue by the Company	**:**	**4,500,000 Equity Shares**
Offer for Sale by CDP	**:**	**2,499,950 Equity Shares**
Total Issue Size	**:**	**6,999,950 Equity Shares**
of which	:	
Reserved for allotment to Employees	**:**	**349,950 Equity Shares**
Therefore,		
Net Issue to Public	**:**	**6,650,000 Equity Shares**
of which,		
Qualified Institutional Buyers portion (allocation on a discretionary basis)	:	upto 3,325,000 Equity Share
Non-Institutional portion (allocation on a proportionate basis)	:	min. of 1,662,500 Equity Shares
Retail portion (allocation on a proportionate basis)	:	min.of 1,662,500 Equity Shares

Under-subscription, if any, in any of the three categories would be allowed to be met with spillover from the other categories, at the sole discretion of the Company and BRLM.

Equity Shares outstanding prior to the Issue

14,993,608 Equity Shares

Equity Shares outstanding after the Issue

19,493,608 Equity Shares

Use of proceeds

Please see section entitled "Objects of the Issue" on page 29 of this Prospectus for additional information.

GENERAL INFORMATION

AUTHORITY FOR THE ISSUE

The Fresh Issue of 4,500,000 Equity Shares has been authorised by a special resolution adopted pursuant to Section 81(1A) of the Companies Act, at the Extra-ordinary General Meeting of our shareholders held on July 8, 2004. CDP has confirmed its interest to Offer for Sale of 2,499,950 Equity Shares of face value of Rs. 10 each as part of this Issue through its board resolution dated December 7, 2004. The Issue, comprising of the Fresh Issue and the Offer for Sale, has been authorised pursuant to a resolution of the IPO Committee constituted by the Board of Directors of our Company adopted on December 14, 2004.

PROHIBITION BY SEBI

Our Company, CDP, our directors, our promoters, directors/persons in control of our promoter company, our subsidiaries, our group companies, other companies promoted by our promoters and companies with which our directors are associated as directors have not been prohibited from accessing the capital markets under any order or direction passed by SEBI.

Our Company, our promoters and their relatives, our subsidiaries, our group companies, other companies promoted by our promoters have not been detained by RBI/Government Authorities.

ELIGIBILITY FOR THE ISSUE

The Company is eligible for the Issue according to Clause 2.2.1 of the SEBI (Disclosure & Investor Protection) Guidelines, 2000, which states the following:

- We have net tangible assets of atleast Rs 300 lakhs in each of the preceding three full years (of 12 months each) of which not more than 50% is held in monetary assets in any of the said preceding years;
- We have a track record of distributable profits as per Section 205 of Companies Act, for at least three out of immediately preceding five years;
- We have a net worth of atleast Rs.100 lakhs in each of the preceding three full years of 12 months each;
- We have not changed our name within the last one year;
- The aggregate of the proposed Issue and all previous issues made in the same financial year in terms of size does not exceed five times the pre-Issue net worth, as per the audited balance sheet of the last financial year.

The net profit, net worth, net tangible assets and monetary assets derived from the auditors report included in this Prospectus under the section "Financial Statements (excluding Subsidiaries)", as at, and for the last five years ended March 31, is set forth below:

Rs. In Lakhs

	As at and for year ended March 31, 2000	As at and for year ended March 31, 2001	As at and for year ended March 31, 2002	As at and for year ended March 31, 2003	As at and for year ended March 31, 2004	As at and for the six months period ended September 30, 2004
Net Tangible Assets (1)	8122.64	15318.72	11454.82	13263.33	8933.78	8575.47
Monetary Assets (2)	608.34	588.66	336.88	637.93	62.32	108.94
Monetary Assets as a percentage of Net Tangible Assets	7.49%	3.84%	2.94%	4.81%	0.70%	1.27%
Net Profits as restated	733.64	919.66	428.27	899.16	846.93	683.41
Net Worth as restated	3993.31	10052.02	6027.18	8076.75	5898.15	6642.90
Distributable Profits (3)	402.74	1281.78	224.79	890.94	731.40	636.76

(1) Net tangible assets is defined as the sum of fixed assets (including capital work in progress and excluding revaluation reserves), trade investments, current assets (excluding deferred tax assets) less current liabilities (excluding deferred tax liabilities and long term liabilities)

(2) Monetary assets include cash on hand and bank and quoted investments

(3) The Distributable profits of the company as per Section 205 of the Act and has been calculated from the audited financials statements of the respective year/period before making adjustments for restatement of financial statements

2,499,950 Equity Shares, being offered by CDP Media Holdings (India) Limited through Offer for Sale as a part of the Public Issue, were held for a period more than one year prior to the date of filing the Prospectus with SEBI and therefore are eligible to be offered for sale in terms of Clause 4.14.2(ii) of SEBI Guidelines.

DISCLAIMER CLAUSE

AS REQUIRED, A COPY OF THE PROSPECTUS HAS BEEN SUBMITTED TO SEBI. IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THE PROSPECTUS TO SEBI SHOULD NOT, IN ANY WAY, BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE PROSPECTUS. THE BOOK RUNNING LEAD MANAGER, ENAM FINANCIAL CONSULTANTS PRIVATE LIMITED HAS CERTIFIED THAT THE DISCLOSURES MADE IN THE PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI GUIDELINES FOR DISCLOSURES AND INVESTOR PROTECTION AS FOR THE TIME BEING IN FORCE. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING AN INVESTMENT IN THE PROPOSED ISSUE. IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE PROSPECTUS, THE BOOK RUNNING LEAD MANAGER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE BOOK RUNNING LEAD MANAGER, ENAM FINANCIAL CONSULTANTS PRIVATE LIMITED HAS FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED DECEMBER 16, 2004 IN ACCORDANCE WITH THE SEBI (MERCHANT BANKERS) REGULATIONS, 1992 WHICH READS AS FOLLOWS:

" WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS ETC. AND OTHER MATERIALS IN CONNECTION WITH THE FINALISATION OF THE PROSPECTUS PERTAINING TO THE SAID ISSUE.

ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE COMPANY, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PROJECTED PROFITABILITY, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS MENTIONED IN THE ANNEXURE AND OTHER PAPERS FURNISHED BY THE COMPANY."

WE CONFIRM THAT:

(A) THE PROSPECTUS FORWARDED TO SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;

(B) ALL THE LEGAL REQUIREMENTS CONNECTED WITH THE SAID ISSUE AS ALSO THE GUIDELINES, INSTRUCTIONS, ETC. ISSUED BY SEBI, THE GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND

(C) THE DISCLOSURES MADE IN THE PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A <u>WELL-INFORMED DECISION</u> AS TO THE INVESTMENT IN THE PROPOSED ISSUE.

WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE PROSPECTUS ARE REGISTERED WITH SEBI AND THAT TILL DATE SUCH REGISTRATIONS ARE VALID.

WHEN UNDERWRITTEN, WE SHALL SATISFY OURSELVES ABOUT THE WORTH OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS."

ALL LEGAL REQUIREMENTS PERTAINING TO THE ISSUE HAS BEEN COMPLIED WITH AT THE TIME OF FILING OF THE RED HERRING PROSPECTUS WITH THE ROC IN TERMS OF SECTION 60B OF THE ACT. ALL LEGAL REQUIREMENTS PERTAINING TO THE ISSUE HAS BEEN COMPLIED WITH AT THE TIME OF REGISTRATION OF THE PROSPECTUS WITH THE ROC IN TERMS OF SECTION 56, SECTION 60 AND SECTION 60B OF THE COMPANIES ACT.

THE FILING OF THE PROSPECTUS DOES NOT, HOWEVER, ABSOLVE THE COMPANY FROM ANY LIABILITIES UNDER SECTION 63 AND SECTION 68 OF THE ACT OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY AND OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED ISSUE. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP AT ANY POINT OF TIME, WITH THE BOOK RUNNING LEAD MANAGER, ANY IRREGULARITIES OR LAPSES IN THE PROSPECTUS.

CAUTION

Our Company, CDP, our directors and the BRLM accepts no responsibility for statements made otherwise than in the Prospectus or in the advertisements or any other material issued by or at our instance and anyone placing reliance on any other source of information including our website www.utvnet.com, would be doing so at his or her own risk.

The BRLM and Co-BRLM accepts no responsibility, save to the limited extent as provided in the Memorandum of Understanding entered into between the BRLM and us and the Underwriting Agreement to be entered into between the Underwriters, CDP and us.

We shall not be responsible to the bidders in any failure in the downloading of bids due to faults in the hardware/software system or otherwise.

The BRLM, Co-BRLM and the Company shall make all information available to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever including at road show presentations, in research or sales reports or at bidding centres etc.

DISCLAIMER IN RESPECT OF JURISDICTION

This Issue is being made in India to persons resident in India including Indian nationals resident in India who are majors, HUFs, companies, corporate bodies and societies registered under the applicable laws in India and authorised to invest in shares, Indian mutual funds registered with SEBI, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission), Trusts registered under the Societies Registration Act, 1860, as amended from time to time, or any other Trust law and who are authorised under their constitution to hold and invest in shares and non-residents including NRIs and FIIs. This Prospectus does not, however, constitute an offer to sell or an invitation to subscribe to shares issued hereby in any other jurisdiction to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession this Prospectus comes is required to inform himself about and to observe any such restrictions. Any dispute arising out of this Issue will be subject to the exclusive jurisdiction of appropriate court(s) in Mumbai only.

No action has been or will be taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that this Prospectus has been submitted to the SEBI. Accordingly, the Equity Shares, represented thereby may not be offered or sold, directly or indirectly, and this Prospectus may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this Prospectus nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the company since the date hereof or that the information contained herein is correct as of any time subsequent to this date.

DISCLAIMER CLAUSE OF THE NATIONAL STOCK EXCHANGE OF INDIA LIMITED

As required, a copy of this Prospectus has been submitted to National Stock Exchange of India Limited (hereinafter referred to as NSE). NSE has given vide its letter NSE/LIST/9608-P dated January 18, 2005 permission to the Isssuer to use the Exchange's name in this Prospectus as one of the stock exchanges on which this Issuer's securities are proposed to be listed subject to the Issuer fulfilling the various criteria for listing including the one related to paid-up capital and market capitalisation (i.e. the paid-up capital shall not be less than Rs.10 crores and market capitalisation shall not be less that Rs. 25 crores at the time of listing). The Exchange has scrutinized this Prospectus for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Issuer. It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed that the Prospectus has been cleared or approved by NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Prospectus; nor does it warrant that the Issuer's securities will be listed or will continue to be listed on the Exchange; nor does it take any responsibility for the financial or other soundness of this Issuer, its promoters, its management or any scheme or project of this Issuer .

Every person who desires to apply for or otherwise acquire any securities of this Issuer may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.

DISCLAIMER CLAUSE OF THE STOCK EXCHANGE, MUMBAI

BSE - The Stock Exchange, Mumbai ("the Exchange") has given vide its letter dated January 17, 2005 permission to the Company to use the Exchange's name in this offer document as one of the stock exchanges on which this Company's securities are proposed to be listed. The Exchange has scrutinised this offer document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Company. The exchange does not in any manner: -

i) warrant, certify or endorse the correctness or completeness of any of the contents of this offer document; or

ii) warrant that this Company's securities will be listed or will continue to be listed on the Exchange; or

iii) take any responsibility for the financial or other soundness of this Company, its promoters, its management or any scheme or project of this Company;

and it should not for any reason be deemed or construed that this offer doccument has been cleared or approved by the Exchange. Every person who desires to apply for or otherwise acquires any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

FILING

A copy of the Prospectus, along with the documents required to be filed under Section 60B of the Companies Act, would be delivered for registration to the RoC and a copy of the Prospectus to be filed under Section 60 of the Companies Act would be delivered for registration with RoC. A copy of the Prospectus has been filed with SEBI at Ground Floor, Mittal Court, "A" Wing, Nariman Point, Mumbai 400 021.

LISTING

Applications have been made to The Stock Exchange, Mumbai and National Stock Exchange of India Limited for permission to deal in and for an official quotation of our Equity Shares. We have nominated National Stock Exchange of India Limited as the Designated Stock Exchange ("DSE") for the issue.

If the permissions to deal in and for an official quotation of our Equity Shares are not granted by any of the Stock Exchanges mentioned above, our Company shall forthwith repay, without interest, all moneys received from the applicants in pursuance of this Prospectus. If such money is not repaid within eight days after our Company becomes liable to repay it (i.e. from the date of refusal or within 70 days from the Bid/Issue Closing Date, whichever is earlier), then our Company and every director of our Company who is an officer in default shall, on and from expiry of eight days, will be jointly and severally liable to repay the money, with interest at the rate of 15% per annum on application money, as prescribed under Section 73 of the Companies Act.

Our Company shall ensure that all steps for the completion of necessary formalities for listing and commencement of trading at both the Stock Exchanges mentioned above are taken within seven working days of finalisation and adoption of the basis of allotment for the Issue.

IMPERSONATION

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 68 A of the Companies Act, which is reproduced below:

"Any person who:

(a) makes in a fictitious name, an application to a company for acquiring or subscribing for, any shares therein, or

(b) otherwise induces a company to allot, or register any transfer of shares therein to him, or any other person in a fictitious name, shall be punishable with imprisonment for a term which may extend to five years."

MINIMUM SUBSCRIPTION

If our Company does not receive the minimum subscription of 90% of the Fresh Issue amount including devolvement of the Underwriters, if any, within 60 days from the Bid/Issue Closing Date, the Company shall forthwith refund the entire subscription amount received. If there is a delay beyond 8 days after the Company becomes liable to pay the amount, the Company shall pay interest @ 15% per annum. If there is any delay in refund of amount collected, the Company and the Directors, shall be jointly and severally liable to refund the amount due by away of interest @15% per annum for the delayed period beyond 68 days from the date of closing of the Issue.

The aforesaid requirement is not applicable with respect to Offer for Sale under this Issue.

If the number of allottees in the proposed Issue (including Fresh Issue of Equity Shares plus Offer for Sale of existing Equity Shares) is less than 1,000, the Company shall forthwith refund the entire subscription amount received.

No statement made in this form shall contravene any of the provisions of the Companies Act, and the rules made thereunder.

WITHDRAWAL OF THE ISSUE

Our Company and CDP, in consultation with the BRLM, reserve the right not to proceed with the Issue anytime after the bidding, without assigning any reason thereof.

In the event that minimum subscription of 100% of the CDP Shares including devolvement of the Syndicate, if any, is not received within 12 days from the Bid/Issue Closing Date or such extended period of time as may be agreed by CDP in writing, the Company and CDP shall forthwith withdraw the Issue and refund the entire subscription amount received.

LETTERS OF ALLOTMENT OR REFUND ORDERS

Our Company shall give credit to the Beneficiary Account with Depository Participants within two working days of finalisation of the basis of allotment/transfer of Equity Shares. Our Company shall dispatch refund orders, if any, of value up to Rs.1500, by "Under Certificate of Posting", and shall dispatch refund orders above Rs.1500, if any, by registered post or speed post at the Sole or First Bidder's risk.

In accordance with the Companies Act, the requirements of the Stock Exchanges and SEBI Guidelines, the Company further undertakes that:

- Allotment of Equity Shares shall be made only in dematerialised form within 15 days from the Bid/Issue Closing Date;
- Dispatch of refund orders shall be done within 15 days from the Bid/Issue Closing Date; and
- Interest shall be paid at 15% per annum (for any delay beyond the 15 day time period as mentioned above), if allotment is not made, refund orders are not dispatched and/or demat credits are not made to investors within the 15 day time prescribed above.

Our Company will provide adequate funds required for dispatch of refund orders or allotment advice to the Registrar to the Issue.

Our Company will make refunds by cheques, pay orders or demand drafts drawn on a bank appointed by us as a refund banker and payable at par at places where bids are received. Bank charges, if any, for encashing such cheques, pay orders or demand drafts at other centres will be payable by the bidders.

ISSUE PROGRAMME

ISSUE/BID OPENS ON	**:**	**MONDAY**	**FEBRUARY 21,**	**2005**
ISSUE/BID CLOSES ON	**:**	**FRIDAY**	**FEBRUARY 25,**	**2005**

Bids and any revision in bids shall be accepted **only between 10 a.m. and 5 p.m.** (Indian Standard Time) during the Bidding Period as mentioned above at the bidding centres mentioned on the Bid-cum-Application Form except that on the Bid/Issue Closing date, the Bids shall be accepted only between 10 a.m. and 1 p.m (Indian Standard Time) or uploaded till such time as may be permitted by the BSE and NSE on the Bid/Issue closing date.

In case of revision in the Price Band, the Bid/ Issue period will be extended for three additional days after revision of price band, subject to a maximum of thirteen days. Any revision on the Price Band and the revised Bid/issue period, if applicable will be widely disseminated by notification to the BSE and NSE by issuing a press release, and also by indicating the change on the website of our Company and /or the BRLM's and at the terminals of the members of the Syndicate.

BOOK RUNNING LEAD MANAGER

Enam Financial Consultants Private Limited
801/802 Dalamal Towers
Nariman Point
Mumbai 400 021.
Tel. No.: +91 -22- 5638 1800
Fax. No.: +91 -22- 2284 6824
E-mail: utv.ipo@enam.com

CO-BOOK RUNNING LEAD MANAGER

IL&FS Investsmart Limited
The IL&FS Financial Centre
Plot C-22, g-Block, Bandra-Kurla Complex
Bandra(E)
Mumbai 400 051
Tel. : +91- 22- 2653 3333
Fax. : +91- 22- 2653 3093
Email : utv.ipo@investsmartindia.com

STATEMENT OF INTER-SE ALLOCATION OF RESPONSIBILITY

The responsibilities and co-ordination for various activities in this Issue have been distributed between the BRLM and Co-BRLM as under:

No.	Activities	Responsibility	Co-ordinator
1.	Capital structuring with the relative components and formalities such as type of instruments, etc.	ENAM	ENAM
2.	Due diligence of the Company's operations/management/business plans/legal etc. Drafting and designing the Prospectus and statutory advertisements including the memorandum containing salient features of the Prospectus. Ensuring compliance with stipulated requirements and completion of prescribed formalities with the Stock Exchanges, RoC and SEBI.	ENAM	ENAM
3.	Drafting and approving all publicity material (other than statutory advertisement as mentioned in (2) above) including corporate advertisement, brochure, etc.	ENAM	ENAM

No.	Activities	Responsibility	Co-ordinator
4.	Appointing of Registrars	ENAM INVESTSMART	INVESTSMART
5.	Appointing other intermediaries viz. printers, advertising agency and bankers to the Issue.	ENAM	ENAM
6.	Marketing the Issue, which will *inter alia* cover: ● Formulating marketing strategies, preparing publicity budget ● Finalising media & public relations strategy ● Finalising centers for holding conferences for brokers, etc. ● Finalising collection centers ● Following-up on distribution of publicity and Issue material including form, prospectus and deciding on the quantum of the Issue material.	ENAM INVESTSMART	ENAM
7.	Finalizing the list and division of investors for one to one meetings, deciding pricing and institutional allocation in consultation with CDP/ Company, finalizing Prospectus and RoC filing.	ENAM INVESTSMART	ENAM
8.	Executing post bidding activities including managing escrow accounts, coordinating non institutional allocation, intimating allocation and dispatching refunds to bidders etc.	ENAM INVESTSMART	INVESTSMART
9.	Taking follow-up steps which include finalizing the listing of instruments and dispatch of certificates and delivery of dematerialized shares, with the various agencies connected with the work such as the Registrars to the Issue and Bankers to the Issue and the bank handling refund business. Ensuring that these agencies fulfill their functions and enable the BRLM and Co-BRLM to discharge their responsibility through suitable agreements with the Company.	ENAM INVESTSMART	INVESTSMART

Even if many of these activities will be handled by other intermediaries, the designated BRLM / LM shall be responsible for ensuring that these agencies fulfill their functions and enable it to discharge this responsibility through suitable agreements with the Company.

SYNDICATE MEMBER

ENAM SECURITIES PRIVATE LIMITED
2nd Flr, Khatau Bldg, 44 Bank Street,
Off Shaheed Bhagat Singh Road, Fort,
Mumbai - 400023
Tel.: +91 22 2267 7901
Fax No. : +91 22 2265 5613

REGISTRAR TO THE ISSUE

Karvy Computershare Private Limited
"Karvy House"
46, Avenue 4, Street No. 1
Banjara Hills,
Hyderabad 500 034
Andhra Pradesh, India
Tel.: +91 40 2331 2454
Fax No. : +91 40 2331 1968
Email : utvipo@karvy.com

LEGAL ADVISOR TO THE ISSUE

J.Sagar & Associates
Advocates & Solicitors
Vakils House, 18 Sprott Road,
Ballard Estate, Mumbai –400 001
Tel. No. : +91 22 5656 1500
Fax . No.: +91 22 5656 1515/16
E-mail : mumbai@jsalaw.com

AUDITORS

Price Waterhouse & Co.,
Chartered Accountants
1102/1107 Raheja Chambers
Nariman Point
Mumbai 400 021
Telephone: + 91 (22) 2282 4242; + 91 (22) 2283 4646
Fax. No. : + 91 (22) 2204 5592; + 91 (22) 2282 4022

BANKERS TO THE ISSUE & ESCROW COLLECTION BANKS

Standard Chartered Bank
M.G.Road
Fort Mumbai 400 001
Tel: (Board) + 91 22 22670162/0706
Fax: + 91 22 22690232

ICICI Bank Limited
Capital Market Division
30 Mumbai Samachar Marg
Fort, Mumbai 400 001,
Tel: (Board) + 91 22 22655285/22655206
Fax: + 91 22 22611138

HDFC Bank
Kamala Mills Compound
2nd Floor, Senapti Bapat Marg
Lower Parel
Mumbai 400 013
Tel: (Board) + 91 22 24988484/24963871
Fax: + 91 22 24963871

IDBI Bank Limited
Cash Management Services
2nd Floor, 224-A, Mittal Court,
A-Wing, Nariman point,
Mumbai- 400 021
Tel: (Board) + 91 22 56588273/100
Fax: + 91 22 22880131

BANKERS TO THE COMPANY

Citibank N.A.
7th Floor, Plot No. C-61
Bandra Kurla Complex, G-block
Bandra (E)
Mumbai 400 051

Oriental Bank of Commerce
Mahatma Gandhi Seva Mandir Trust Bldg.
S.V. Road
Bandra (W)
Mumbai 400 050

HDFC Bank
Kamala Mills Compound
2nd Floor, Senapti Bapat Marg
Lower Parel
Mumbai 400 013

UTI Bank Limited
Central Office, Maker Towers F
13th Floor, Cuffe Parade,
Colaba
Mumbai 400 005

Kotak Mahindra Bank Ltd.
Bakhtawar, 2nd Floor
229 Nariman point
Mumbai 400 020

Standard Chartered Bank
M.G.Road
Fort Mumbai 400 001

ADVISOR TO THE ISSUE

Ambit Corporate Finance Private Limited
Ambit RSM House
449 Senapati Bapat Marg
Lower Parel
Mumbai 400 013
Tel: (Board) + 91 22 39821819
Fax: + 91 22 39823020

REGISTERED OFFICE OF THE COMPANY

UTV Software Communications Limited
Parijaat House
1076, Dr. E Moses Road
Worli Naka
Mumbai - 400 018

COMPLIANCE OFFICER

Mr. Ronald D'mello
Director
UTV Software Communications Limited
Parijaat House, 1076, Dr. E.Moses Road, Worli Naka,
Mumbai 400 018
Phone: +91 22 2490 5353 / 2490 5383 Fax: +91 22 2490 5370
E-mail: ipo@utvnet.com

Investors can contact the Compliance Officer in case of any pre-Issue or post-Issue related problems such as non-receipt of letters of allotment, share certificates, refund orders, etc.

COMPANY SECRETARY

Mr. Mohd Sajid Ali
UTV Software Communications Limited
Parijaat House, 1076, Dr. E.Moses Road, Worli Naka,
Mumbai 400 018
Phone: +91 22 2490 5353 / 2490 5386 Fax: +91 22 2490 5370
E-mail: sajid@utvnet.com

CREDIT RATING

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

TRUSTEES

As this is an Issue of Equity Shares, the appointment of Trustees is not required.

BOOK BUILDING PROCESS

Book building refers to the collection of Bids from investors, which is based on the Price Band, the Issue Price being fixed after the Closing Date. The principal parties involved in the Book Building Process are:

(1) The Company;

(2) Book Running Lead Manager

(3) Co-Book Running Lead Manager

SEBI, through its guidelines has permitted an issuer proposing to offer securities to the public to have an option to offer 100% of the Net Issue to Public through the Book Building Process, wherein up to 50% of the Net Issue to Public shall be allocated on a discretionary basis to Qualified Institutional Buyers ("QIBs") Further, not less than 25% of the Net Issue to Public shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 25% of the Net Issue to Public shall be available for allocation on a proportionate basis to Retail Individual Bidders (including HUFs), whose maximum Bid amount is not more than Rs. 50,000, subject to valid Bids being received at or above the Issue Price. Under subscription, if any, in any of the categories, will be met with spill over from the other categories. Our Company will comply with these guidelines for this Issue. In this regard, our Company has appointed Enam Financial Consultants Private Limited as the BRLM and IL&FS Investsmart Ltd as Co-BRLM, respectively, to the Issue to procure subscription to the Issue.

The process of book building, under SEBI guidelines, is relatively new and the investors are advised to make their own judgment about investment through this process prior to making a Bid in the Issue. QIBs are not allowed to withdraw their bids after bid/issue closing date. See page 245 for the section "Terms of the Issue" in this Prospectus.

Steps to be taken by the Bidders for bidding:

1. Check whether he/ she is eligible for bidding;
2. Bidder necessarily needs to have a demat account; and
3. Ensure that the Bid-cum-Application Form is duly completed as per instructions given in this Prospectus and in the Bid - cum-Application Form.

UNDERWRITING AGREEMENT

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

The Underwritten have the following number of Equity Shares:

Name and Address of the Underwriters	Indicated Number of Equity Shares to be Underwritten	Amount Underwritten (Rs. In Lakhs)
Enam Financial Consultants Pvt. Ltd.	59,32,350	7,712.06
Enam Securities Pvt. Ltd.	100	0.13
IL&FS Investsmart Limited	10,67,500	1387.75

The above underwriting agreement is dated February 28, 2005.

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

Allocation among Underwriters may not necessarily be in proportion to their underwriting commitments. Notwithstanding the above tables the BRLM and the Syndicate Members shall be responsible for ensuring the payment of the amount allocated to investors procured by them. In the event of any default in payment, the respective Underwriter, in addition to other obligations defined in the underwriting agreement, will also be required to procure/subscribe to the extent of the defaulted amount. Allocation to QIBs is discretionary as per the terms of Prospectus and may not be proportionate in any way and the patterns of allocation to the QIBs could be different for the various Underwriters.

CAPITAL STRUCTURE

(Rs. In Lakhs)

	Particulars	Value	Aggregate Value
A	**Authorised Capital** (1)		
	21,000,000 Equity Shares of Rs.10 each	2,100.00	
B	**Issued, Subscribed And Paid-Up Capital**		
	14,993,608 Equity Shares of Rs.10 each fully paid-up	1,499.36	
C	**Present Issue to the Public in terms of this Prospectus**		
	Fresh Issue – 4,500,000 Equity Shares of Rs.10 each(3)	450.00	5,850.00
	Offer for Sale –2,499,950 Equity Shares of Rs.10 each(4)	249.99	3,249.94
D	**Out of Which**		
	Reservation for Permanent Employees including whole time Directors		
	349,950 Equity Shares of Rs 10 each	34.99	454.94
	Net Issue to Public		
	6,650,000 Equity Shares of Rs. 10 each	665.00	8,645.00
E	**Equity Capital after the Issue**		
	19,493,608 Equity Shares of Rs.10 each	1,949.36	
F	**Share Premium Account**		
	Before the Issue(2)	1,471.30	
	After the issue(5)	6,871.30	

(1) The authorised share capital of our Company at the time of incorporation was Rs.10 lakhs divided into 10000 equity shares of Rs.10 each and 90,000 unclassified shares of Rs. 10 each. 50,000 unclassified shares were classified as 2% Non-Cumulative Redeemable Preference Shares of Rs10/- each on 24/1/1991.On 20/8/1991 the remaining unclassified shares were classified as 2% Non Cumulative redeemable Preference Shares of Rs10/- each. On 15/2/1993, the Authorised Share Capital was further increased to Rs. 20 Lakhs divided into 20,000 Equity Shares of Rs.10/- each and 90,000 Non cumulative redeemable preference shares of Rs. 10/- each and 90000 unclassified shares of Rs.10/- each. On 1/9/1993 it was further increased to Rs.50 Lakhs divided into 320,000 Equity shares of Rs.10/- each, 90,000 Non Cumulative Redeemable Preference Shares of Rs.10/- each and 90,000 unclassified shares of Rs10/- each. On 2/5/1994 the Authorised share capital was amended as Rs.50Lakhs divided into 500,000 shares of Rs. 10/- each. On 20/7/1995, it was further increased to Rs.15 Crores divided into 15,000,000 Equity shares of Rs.10/- each.The face value of the equity shares was reduced from Rs.10 per share to Rs.5/- per share in the extra-ordinary general meeting held on July 31, 2000. Thus, the revised authorised capital was 30,000,000 equity shares of Rs.5 each. Subsequently, vide resolutions under provisions of Section 94 read with Sections 16, 31 and all other provisions of Companies Act, 1956; passed in the Extra-Ordinary General Meeting held on February 17, 2004; the authorized share capital of our company was increased to Rs. 2100 lakhs comprising 42,000,000 shares of Rs. 5/-each. Subsequently, as per shareholders' resolution in the Extra-Ordinary General Meeting held on July 8, 2004; our equity shares have been consolidated to the face value of Rs. 10 each.

(2) The balance in share premium account before the issue comprises of Rs 1351.30 lakhs as at March 31, 2004 and Rs 120.00 lakhs premium arising out of fresh issue of 800,000 equity shares of Rs 5/- each (equivalent to 400,000 equity shares of Rs. 10/- each subsequent to consolidation of our share capital to face value of Rs. 10/- each) subsequent to the said date.

(3) Fresh Issue of 4,500,000 Equity Shares has been authorised by a special resolution adopted pursuant to Section 81(1A) of the Companies Act, at the Extra-ordinary General Meeting of our shareholders held on July 8, 2004.

(4) The Offer for Sale has been approved by CDP vide its Board resolution dated December 7, 2004. Under this resolution, CDP has approved offer for sale of 2,499,950 Equity Shares of face value of Rs. 10/- each which have been held by them for more than one year at the time of filing this Prospectus with SEBI. The Issue, comprising of the Fresh Issue and the Offer for Sale, has been authorised pursuant to a resolution of the IPO Committee, constituted by the Board of Directors of our Company, adopted on December 14, 2004.

(5) The addition to the Share Premium Account on account of the Issue and the balance in the Share Premium account after the Issue can be determined only after the Issue Price is known after the Book Building Process.

(6) Permanent Employees of our Company and our subsidiary United Entertainment Solutions Private Limited including whole time directors, as on the Bid/Issue opening date would be eligible to apply in this issue under reservation for employees on a competitive basis. The undersubscribed portion, if any, out of the Equity Shares reserved for allotment to permanent employees including whole time directors, will be added back to Net Issue to Public.

NOTES TO THE CAPITAL STRUCTURE:

1. Share Capital History of our Company (as on the date of filing)

(Figures in the brackets correspond to number of shares issued at face value of Rs 5)

Date of Allotment	No. of Shares	Cumulative Number of Shares	Face Value	Issue Price	Nature of Payment	Cum. Share Premium	Remarks
9/6/1990	200	200	10	10	Cash	0	Subscribers to the Memorandum
11/2/1991	9800	10000	10	10	Cash	0	Further allotment of shares
15/09/1993	100000	110000	10	10	Cash	0	Further allotment of shares
15/09/1993	80000	190000	10	10	Cash	0	Further allotment of shares as conversion of preference equity at par
15/7/1994	182548	372548	10	517.68	Cash	92675968.6	Further allotment of shares
20/04/1995	1	372549	10	517.68	Cash	92676476.3	Further allotment of shares
6/10/1995	6705882	7078431	10	NA	Bonus	92676476.32	Please refer explanation (a) below
15/03/1996	1500000	8578431	10	100	Cash	92676476.32	Further allotment of shares
4/10/1996	735295	9313726	10	155	Cash	199294251.3	Further allotment of shares
4/8/2000	826612 (1653224)	10140338 (20280676)	10(5)	180(90)	Share swap	339818291.3	Please refer explanation (b) below
4/8/2000	129620 (259240)	10269958 (20539916)	10(5)	180(90)	Share swap	361853691.3	Please refer explanation (c) below
4/8/2000	120000 (240000)	10389958 (20779916)	10(5)	180 (90)	Share swap	382253691.3	Please refer explanation (d) below
28/8/2000	14200 (28400)	10404158 (20808316)	10(5)	180 (90)	Share swap	384667691.3	Please refer explanation (b) below
28/08/2000	1012000 (2024000)	11416158 (22832316)	10(5)	233.46 (116.73)	Share swap	610809211.3	Please refer explanation (e) below
28/08/2000	44000 (88000)	11460158 (22920316)	10(5)	233.46 (116.73)	Share swap	620641451.3	Please refer explanation (f) below

9/12/2000	255980 (511960)	11716138 (23432276)	10(5)	180(90)	Share swap	664158051.3	Please refer explanation (c) below
22/12/2000	186000 (372000)	11902138 (23804276)	10(5)	375(187.5)	Cash	732048051.3	Further allotment of shares
30/03/2002	75000 (150000)	11977138 (23954276)	10(5)	10(5)	Share swap	732048051.3	Please refer explanation (g) below
15/04/2002	2300000 (4600000)	14277138 (28554276)	10(5)	200 (100)	Cash	1169048051	Further allotment of shares
15/04/2002	225000 (450000)	14502138 (29004276)	10(5)	122(61)	Cash & Share swap	1194248051	Please refer explanation (h) below
21/08/2003	91466 (182932)	14593604 (29187208)	10(5)	10(5)	Consider-ation other than swap	1 194248051.3	Please refer explanation (i) below
03/06/2004	400000 (800000)	14993604 (29987208)	10(5)	40(20)	Cash	1206248051	Issued to Employee Welfare Trust
08/07/2004	4(8)	14993608 (29987216)	10(5)	10(5)	Consider-ation other than cash	1206248051*	Further allotment of shares

**There is a difference between the premium amount as per capital build-up and the premium amount as shown in last audited financial statement because of the fact that adjustments have been made in the share premium account on account of consolidation exercises undertaken by us.*

Explanation

(a) On October 6, 1995; the Company issued 6,705,882 equity shares as fully paid bonus shares in the ratio of 18:1 by capitalization of Rs. 6.71 crore from its reserves.

(b) As on March 31, 2000; we were holding 54.55% stake in United Studios Limited (USL). In August 2000, we acquired the balance 45.45% stake in USL through a share swap arrangement by issuing 1,681,624 shares of Rs. 5/- each at a premium of Rs. 85 per share. Details of allottees are given below:

Name of Allottee	Number of shares of United Studios Limited	Number of our shares issued to them as a part of share swap arrangement
Century Direct Fund, Mauritius	1,775,010	710,004*
Mitsui & Co., Japan	1,170,120	468,048
Sara Fund Trustees Company Limited	274,980	109,992
Mitsui & Co Asia Investment Limited	679,870	271,948
Development Investment Trustees Company Limited	153,540	61,416
Other Resident Individuals	150,540	60,216
Total	**4,204,060**	**1,681,624****

** Includes 28,400 Equity Shares of face value Rs. 5 allotted on 28/08/2000*

***Equivalent to 840,812 shares of face value of Rs. 10/- each subsequent to consolidation of our share capital to face value of Rs. 10/- each*

(c) We acquired 9,640,000 Equity Shares of Vijay Television Limited through a share swap arrangement The purchase consideration of Rs 695.25 lakhs, determined by our Directors and Directors of the respective companies from whom we have acquired the shares. The purchase consideration was discharged by the issue of 771,200 (259,240+511,960) shares of Rs. 5 each at a premium of Rs. 85 per share. Allottee-wise break-up of those 771,200 Equity Shares are given below:

Name of Allottee	Number of shares of Vijay Television Limited	Number of our shares issued to them as a part of share swap arrangement
Resident Individuals	140,500	11,240
Sara Fund Trustee Company Limited	3,100,000	248,000
United Digital Display Systems Limited	900,000	72,000
Unilazer Export & Management Consultants Limited	5,499,500	439,960
Total	**9,640,000**	**771,200***

**Equivalent to 385,600 shares of face value of Rs. 10/- each subsequent to consolidation of our share capital to face value of Rs. 10/- each.*

(d) We also acquired 500,000 8% non-cumulative preference share of Vijay Television Limited from Sara Fund Trustee Company Limited through a share swap arrangement The purchase consideration was discharged by the issue of 240,000 shares of Rs. 5 each at a premium of Rs. 85 per share (Equivalent to 120,000 shares of Rs 10 each at a premium of Rs. 170 per shares subsequent to consolidation of our share capital to face value of Rs. 10/- each.)

(e) During August 2000, we acquired 1,869,159 Equity Shares of UTV International (Singapore) Pte from Media Ventures India Limited and UTV International Limited through a share swap arrangement. The purchase consideration of Rs. 2,362.62 lakhs was determined by our Directors and the Directors of Media Ventures Limited and UTV International Limited and, was discharged by the issue of 2,024,000 fully paid shares of Rs 5 each at a premium of Rs 111.73 per share (Equivalent to 1,012,000 shares of Rs 10 each at a premium of Rs. 223.46 per shares subsequent to consolidation of our share capital to face value of Rs. 10/- each.).

(f) During August 2000, we acquired 250000 Equity Shares of UTV International Holdings Limited – BVI from Unilazer (Hong Kong) Limited through a share swap arrangement. The purchase consideration of Rs. 102.72 lakhs was determined by the our Directors and Directors of Unilazer (Hong Kong) Limited and was discharged by the issue of 88000 fully paid shares of Rs 5 each at a premium of Rs 111.73 per share (Equivalent to 44,000 shares of Rs 10 each at a premium of Rs. 223.46 per shares subsequent to consolidation of our share capital to face value of Rs. 10/- each.)

(g) At March 31, 2001; we owned 85.37% of the issued Equity Capital of UTV Net Solutions Limited. During 2002-2003, we acquired the balance 14.63% stake in UTV Net Solutions Limited by acquisition of 50,100 shares in cash for Rs. 20.00 lakhs and by acquisition of 86,956 shares by issuing 150,000 shares at par. (Equivalent to 75,000 shares of Rs 10 each at par subsequent to consolidation of our share capital to face value of Rs. 10/- each.)

(h) At the time of issuing our 248,000 and 240,000 Equity Shares to Sara Fund Trustee Company Limited as mentioned in point (c) & (d) above, we agreed to further issue our additional Equity Shares so that total value of Equity Shares issued to Sara Fund Trustee Limited calculated at the issue price determined for our IPO, slated for April-May 2001; was equal to Rs. 122 million.

However, IPO did not take place at that point of time and consequently, in March 2002, we entered into an agreement with Sara Fund Trustee Company Limited to issue 450,000 shares at Rs. 5 (par value) for cash in full settlement of its contingent commitment described above. As the additional consideration for the Equity and Preference Shares of Vijay Television acquired from Sara Fund Trustee Limited can be reasonably estimated, we had adjusted the cost of these investments by the fair value of shares to be issued i.e the cost of investment in Vijay Television Limited has been adjusted by Rs. 25.20 lakhs and we have recorded shares to be issued at March 31, 2002. In April 2002, we have issued 450,000 Equity Shares at their fair value of Rs. 61 per share (Equivalent to 225,000 shares of Rs 10 each at their fair value of Rs 122 per shares subsequent to consolidation of our share capital to face value of Rs. 10/- each.)of which Rs. 56 per share has been adjusted against share premium from the shares to be issued account and the balance was received by us.

(i) In terms of the Scheme of Arrangement between our Company and Western Outdoor Media Technologies Limited (WOTML) which was sanctioned by the Order of the Honourable High Court, Mumbai, dated 27th June, 2003; all the assets and liabilities of Studio Division of WOMTL were transferred and vested in the Company w.e.f the appointed date – 1st March, 2003; for a consideration of Rs 9.14 lakhs by issue of 182,932 Equity Shares of Rs. 5/- each fully paid up to the shareholders of WOMTL in the ratio of one equity share of UTV Software Communications Limited for every forty five shares of WOMTL. (Equivalent to 91,466 shares of Rs 10/- each fully paid up subsequent to consolidation of our share capital to face value of Rs. 10/- each.)

2. Promoter Holding & Lock-in (Figures in the brackets correspond to number of shares issued at face value of Rs 5)

Name of the Promoter	Date of Allotment/ Acquisition	Date when made fully paid up	Consideration	No. of Equity Shares	% of Pre-Issue paid-up capital	% of post Issue Paid-up Capital	Lock-in Period
Rohinton S. Screwvala	6/10/95	6/10/95	Bonus	106,320	0.71%	0.55%	1 year
	11/3/04*	NA	Cash	666,666.5 (1,333,333)	4.45%	3.42%	666,666 number of shares for 3 years and 0.5 shares for 1 year
	26/6/2004**	NA	Cash	550,000 (1,100,000)	3.67%	2.82%	3 years
	08/07/2004	NA	Consideration other than cash	0.5(1)	0.00%	0.00%	1 year
Sub-Total				**1322987**	**8.82%**	**6.79%**	
Unilazer Exports & Management Consultants Limited	9/12/00	9/12/00	Swap	100,000 (200,000)	0.67%	0.51%	1 year lock-in
	28/2/01***	NA	Cash	2,463,799 (4,927,598)	16.43%	12.64%	960,339 no. of Equity Shares constituting 4.93% of the post issue paid-up capital for 3 years, balance 1,503,460 shares for 1 year
	12/12/01****	NA	Cash	400 (800)	0.00%	0.00%	3 year
	11/04/02 *****	NA	Cash	226,518 (453,036)	1.51%	1.16%	226,500 (453,000) shares have been pledged to Cheay Investment and will be locked-in for 1 year and 18 (36) shares will be locked-in for 3 years.
	06/12/04******	NA	Cash	1,721,299	11.48%	8.83%	3 years
Sub-Total				**4,683,016**	**31.23%**	**24.02%**	

* Shares originally allotted to International Graphic Holdings (Mauritius) Limited on 15/07/1994 and 20/04/1995, subsequently acquired by Acetic Investment Limited on 16/06/2000 and subsequently acquired by Rohinton S. Screwvala on 11/03/2004

** Shares originally allotted to International Graphic Holdings (Mauritius) Limited on 15/07/1994 and 20/04/1995, subsequently acquired by Acetic Investment Limited on 16/06/2000 and subsequently acquired by Rohinton S. Screwvala on 26/6/2004

*** Shares originally allotted to/acquired by United Digital Display Systems Limited and subsequently transferred to

Unilazer Exports & Management Consultants Limited pursuant to merger of United Digital Display Systems Limited with Unilazer Exports & Management Consultants Limited through a merger scheme approved by the Honourable High Court, Mumbai with effect from February 28, 2001.

**** Acquired by Unilazer Exports & Management Consultants Limited from resident individuals by paying consideration in cash.

***** Originally allotted to Media Ventures India Limited on 4/10/1996, subsequently acquired by Unilazer Exports & Management Consultants Limited by paying consideration in cash.

****** Originally allotted to Media Ventures India Limited on 4/10/1996, subsequently acquired by Unilazer Exports & Management Consultants Limited by paying consideration in cash

3) Details of Shareholding of the persons/entities (other than core promoters namely Rohinton S. Screwvala and Unilazer Exports & Management Consultants Limited) who constitute the promoter group

Name of the person/ entity constituting the promoter group	**Date of Allotment/ Acquisition**	**Date when made fully paid up**	**Consideration**	**No. of Equity Shares**	**Nature of Issue**	**% of Pre-Issue paid-up capital**	**% of post Issue Paid-up Capital**
Unilazer Hongkong Limited	28/8/2000	28/8/2000	Nil	31,500	Share Swap	0.21%	0.16%
	3/6/2004	3/6/2004	Nil	1,63,866	By acquisition through merger	1.09%	0.84%
	3/6/2004	3/6/2004	Nil	70,177	By acquisition through merger	0.47%	0.36%
	14/12/2004	NA	Cash	2,300,000	NA	15.34%	11.80%
Sub-total				**2,565,543**		**17.11%**	**13.16%**
United Teleshopping & Marketing Ltd.	4/8/2000	4/8/2000	Nil	20	Share Swap	0.00%	0.00%
Zarina Mehta	4/8/2000	4/8/2000	Nil	800	Share Swap	0.01%	0.00%

Other than the shares mentioned above which will be locked-in for a period of three years from the date of allotment/ transfer of shares in the present IPO and other than the shares which constitute the 'Offer for Sale' part of this IPO, the entire pre-issue share capital of our company comprising 8,594,936 number of Equity Shares shall be locked in for the period of one year from the date of allotment/transfer of Equity Shares in this issue. Under the existing SEBI (DIP) Guidelines, Equity Shares held by the persons other than the promoters may be transferred to any other person holding pre-IPO locked-in Equity Shares, subject to continuation of lock-in in the hands of the transferees for the remaining period and compliance with the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997; as applicable. Under SEBI (DIP) Guidelines, Equity Shares held by promoters i.e Mr. Rohinton S. Screwvala and Unilazer Exports & Management Consultants Limited which shall be locked-in for a period of three years from the date of allotment/transfer of Equity Shares; may be transferred to and among promoter/promoter group or to a new promoter or persons in control of our Company, subject to the continuation of lock-in with the transferees for the remaining period and in compliance with the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997; as applicable. The promoters may pledge the Equity Shares held by them, as part of Promoters contribution, with banks or financial institutions as additional security for loans whenever availed from banks or financial institutions.

4) Our promoters, their relatives and associates, and our Directors have not purchased or sold or financed, directly or indirectly, any equity shares during a period of six months preceding the date on which the Prospectus is filed with RoC save and except as follows:

Name of the promoters, their relatives and associates, and our Directors	Date of transaction	Nature of Transaction (Purchase/ Sale)	No. of Shares	Purchase/ Sale Price (Rs)	Mode of payment	Name of the counterparty
Unilazer Exports & Management Consultants Limited (Promoter)	December 6, 2004	Purchase	1,721,299	68 per share	Cash	Acetic Investments Limited
Unilazer HongKong Limited (Promoter Group Company)	December 14, 2004	Purchase	2,300,000	See the note below	Cash	CDP
Unilazer Exports & Management Consultants Limited (Promoter)	February 21, 2005	Sale	1,25,000	0.01 per share	Cash	Nishkalp Investments and Trading Company Limited
Unilazer Exports & Management Consultants Limited (Promoter)	February 21, 2005	Sale	46,000	1 per share	Cash	Ronald D'mello

CDP, a 100% subsidiary of Capital Communication CDPQ Inc, our Company, Unilazer HongKong Limited (Promoter Group Company), Unilazer Exports and Management Consultants Limited (Promoter) and Rohinton Screwvala (Promoter) signed a Share Sale Agreement, amongst themselves on November 19, 2004 ("**Share Sale Agreement**"). Pursuant to the Share Sale Agreement, CDP has transferred 2,300,000 Equity Shares ("**Sale Shares**") to Unilazer (HongKong) Limited (Promoter Group Company) on December 14, 2004 and is offering 2,499,950 ("**IPO Shares**") through the 'Offer for Sale' part of this IPO.

The aforesaid Share Sale Agreement contains the following terms and conditions:

a. The total consideration (the "**Sale Shares Consideration**") payable by Unilazer (Hongkong) Limited to CDP for the Sale Shares shall be the sum of Rs. 240,000,000. Unilazer (Hongkong) Limited will issue a Promissory Note of Rs. 240,000,000 to CDP on receipt of the share certificates and other documents for the Sale Shares from CDP, provided that CDP shall not present the Promissory Note for payment before the Due Date (Due Date shall mean the earlier of : (i) the date falling on the 90th day after the Date of the IPO; or (ii) 30 September, 2005") unless an Event of Default has occurred. Unilazer (Hongkong) Limited shall not be under any obligation to make any payments pursuant to the Promisory Note before the Due Date except on the occuraence of an Event of Default.

   The Promissory Note shall be forthwith returned to Unilazer (Hongkong) Limited upon CDP receiving the full amount of the Net Transaction Proceeds ("**Net Transaction Proceeds"** shall mean, subject to the Adjustments described below Rs. 500,000,000, provided that if either (i) this amount is not received in full by CDP on or before the Due Date; or (ii) there occurs an Event of Default, then the "Net Transaction Proceeds" shall be Rs. 624,000,000) and all other sums due to it under the Definitive Documents("any and all of : (i) this Share Sale Agreement, the Indenture signed between Unilazer (Hongkong) Limited and CDP on November 19, 2004 ("**Indenture**"), and the Indemnity signed by

Unilazer Exports & Management Consultants Limited and Rohinton S Screwvala on November 19, 2004 in favour of CDP Entities ("**Indemnity**")(any and all of: (i) CDP; (ii) Capital Communication CDPQ Inc. and other direct or indirect holding companies of CDP; (iii) the subsidiaries of the direct and indirect holding companies of CDP; and (iv) any director nominated by CDP to the board of directors of UTV, and "CDP Entity" means any of them); and (ii) other documents executed under or incidental to the foregoing documents.

b. In the event of default by UTV or any of the Covenanters ("any and all of Unilazer (Hongkong) Limited, Unilazer Exports & Management Consultants Limited and Rohinton S Screwvala, and "**Covenanter**" means any of them") in any of their obligations under any of the Definitive Documents, or if CDP becomes aware that any of the representations, warranties or undertakings of either UTV or the Covenanters under the Definitive Documents are not true or have been breached (each of such events or circumstances an "**Event of Default**"), the full amount of the Sale Shares Consideration, the Promissory Note and other sums due to CDP under the Definitive Documents shall immediately become due and payable upon written demand on Unilazer (Hongkong) Limited from CDP.

c. CDP, UTV and each of the Covenanters shall work together to obtain all consents and approvals from all relevant authorities in the relevant jurisdictions, including but not limited to the Reserve Bank of India for the consummation of the Transaction and the remittance of the Net Transaction Proceeds to CDP and all other payments arising thereof. The parties hereto agree that CDP's counsel shall take the lead in obtaining the requisite consents from the Reserve Bank of India for the approval for the creation of the pledge in the Indenture and for the approval of the sale of the IPO Shares as part of the IPO by CDP and for the remittance of the IPO proceeds. UTV and the Covenanters undertake to CDP that they shall use their reasonable endeavours to procure that CDP shall have the right to sell 2,499,950 Shares (the "**IPO Shares**") by participating in the IPO and selling the IPO Shares.

d. UTV and each of Unilazer (Hongkong) Limited, Rohinton S Screwvala, Unilazer Exports & Management Consultants Limited have undertaken to CDP that till such time as the approval from the RBI is received for the transfer of 2,499,950 shares of face value of Rs. 10/- each in the company through Offer for Sale, UTV shall not file the Prospectus with the Registrar of Companies, Mumbai or enter into the Underwriting Agreement.

e. The Net Transaction Proceeds and each and every other amount described in the Share Sale Agreement and receivable by CDP, including without limitation the payment of the Promissory Note for the Sale Shares Consideration, the payment of the proceeds from the sale of the IPO Shares and the Adjustment Sum (if any) shall be paid by the relevant paying party and received by CDP free of all conditions, withholdings, counterclaims, set-off, costs, expenses, stamp duty, charges, fees or deductions for any reason whatsoever, including: (i) all banking or similar charges for remittance to CDP; (ii) all commitment fees, commissions and sums whatsoever payable to the underwriters, legal advisors, accountants, professional advisors or other entities in relation to the IPO; and (iii) any taxes, duties and withholdings required by law.

f. The Transaction shall be deemed complete upon CDP receiving full payment without any deductions whatsoever ("**Full Payment**") of the Net Transaction Proceeds.

Clause 3 of the aforesaid Share Sale Agreement has specified the following adjustments in 'Net Transaction Proceeds' depending upon the 'Issue Price'

- If the Issue Price is less than Rs. 120 per Share, then the references to "Rs. 500,000,000" and "Rs. 624,000,000" in the definition of Net Transaction Proceeds shall each be reduced in an amount equal to the result when the Issue Price is subtracted from Rs. 120, the remainder is multiplied by 0.67 and the product is then multiplied by 4,799,950.
- If the Issue Price is greater than Rs. 160 per Share, then the references to "Rs. 500,000,000" and "Rs. 624,000,000" in the definition of Net Transaction Proceeds shall each be increased in an amount equal to the result when Rs. 160 is subtracted from the IPO Price, the remainder is multiplied by 0.67 and the product is then multiplied by 4,799,950.
- UTV shall forthwith notify the other parties of the net amount of proceeds payable to CDP from the sale of the IPO Shares. Within 15 days of the Date of the IPO, CDP shall calculate and advise Unilazer (Hongkong) Limited as to the amount (the "**Adjustment Sum**") which may be required in order to ensure that CDP receives, for selling the Sale Shares and the IPO Shares and the Net Transaction Proceeds. Thereafter and on or before the Due Date, Unilazer

(Hongkong) Limited shall (and Unilazer Exports & Management Consultants Limited and Rohinton S Screwvala undertake to CDP that Unilazer (Hongkong) Limited will) pay to CDP such Adjustment Sum.

- In the event that the total amount received by CDP for the sale of the Sale Shares and the IPO Shares is greater than the Net Transaction Proceeds, then CDP shall within 90 days of the Date of the IPO, pay to Unilazer (Hongkong) Limited the amount by which the total amount CDP has received for the Transaction exceeds the Net Transaction Proceeds.

5) Shareholding pattern of the Company before and after the Issue:

Category	Pre-Issue		Post-Issue	
	No. of Shares	Percentage of Pre-Issue Paid-up Capital	No. of Shares	Percentage of Post-Issue Paid-up Capital
Promoters				
Rohinton S. Screwvala	1,322,987	8.82%	1,322,987	6.79%
Unilazer Exports & Management Consultants Limited	4,512,016	30.09%	4,512,016	23.15%
Sub-Total	5,835,003	38.91%	5,835,003	29.94%
Other Promoter Group Entities				
Unilazer HongKong Limited	2,565,543	17.12%	2,565,543	13.17%
United Teleshopping and Marketing Company Limited	20		20	
Zarina Mehta	800		800	
Sub-Total	2,566,363	17.12%	2,566,363	13.17%
Total Holding of Promoter Group	8,401,366	56.03%	8,401,366	43.11%
Public/Others	6,592,242	43.97%	11,092,242	56.89%
Grand Total	14,993,608	100.00%	19,493,608	100.00%

6) On June 3, 2004, the Company allotted 400,000 Equity Shares of Rs. 10/- each (Equivalent to 800,000equity shares of Rs 5/- each) to UTV Employees Welfare Trust (EWT). The EWT was formed on April 16, 2004, by the employees of the company. The shares so allotted by the Company to the trust will be managed by the trust, at its sole discretion, for the benefit of its members.

7) The list of top 10 shareholders of the Company and the number of Equity Shares held by them:

a) Top ten shareholders on the date of filing the Prospectus with Registrar of Companies

Sr. No.	Name of the Shareholders	No. of Equity Shares	In % of post-issue paid-up share capital
1	Unilazer Exports & Management Consultants Limited	4512016	23.15%
2	Unilazer Hongkong Limited	2565543	13.16%
3	CDP	2500000	12.82%
4	Rohinton Screwvala	1322987	6.79%
5	Century Direct Fund (Mauritius) LLC	605002	3.10%
6	Sara Fund Trustee Co Ltd A/c Sara Fund	593731	3.05%
7	UTV Employees Welfare Trust	400000	2.05%
8	GMO Trust - A/C GMO Emerging Markets	262100	1.34%
9	Mitsui & Co. Limited	234024	1.20%
10	Subhash Arora	200000	1.03%

b) Top ten shareholders ten days prior to the date of filing the Prospectus with Registrar of Companies

Sr. No.	Name of the Shareholders	No. of Equity Shares	In % of post-issue paid-up share capital
1	Unilazer Exports & Management Consultants Limited	4512016	23.15%
2	Unilazer Hongkong Limited	2565543	13.16%
3	CDP	2500000	12.82%
4	Rohinton Screwvala	1322987	6.79%
5	Century Direct Fund (Mauritius) LLC	605002	3.10%
6	Sara Fund Trustee Co Ltd A/c Sara Fund	593731	3.05%
7	UTV Employees Welfare Trust	400000	2.05%
8	GMO Trust - A/C GMO Emerging Markets	262100	1.34%
9	Mitsui & Co. Limited	234024	1.20%
10	Subhash Arora	200000	1.03%

c) Top ten shareholders two years prior to the date of filing the Prospectus with Registrar of Companies

Sr. No.	Name of the Shareholders	Number of Equity Shares two years prior to filing	% of Post Issue Capital
1	CDP Media Holdings (India) Ltd	4800000	24.62%
2	Unilazer Exports & Management Consultants Limited	3061717	20.42%
3	Acetic Investment Ltd	2937695	19.59%
4	Century Direct Fund (Mauritius) LLC	605002	4.04%
5	Sara Fund Trustee Co Ltd A/c Sara Fund	503096	3.36%
6	GMO Trust - A/C GMO Emerging Markets	262100	1.34%
7	Mitsui & Co. Ltd	234024	1.20%
8	FRMAN Investments Pte. Ltd.	200000	1.03%
9	Niskalp Investments And Trading Co Ltd.	186000	0.95%
10	Engelwood Securities Ltd.	136866	1.09%

8) As of the date of this Prospectus, there are no outstanding warrants, options or rights to convert debentures, loans or other instruments into equity shares of our company. The shares locked in by our promoters, as part of Promoter contribution, are not pledged to any party. Our promoters may pledge the equity shares, which constitute Promoter contribution, with Banks/FI's as security for loan(s) whenever availed/guaranteed.

9) As per the SARA Fund Shareholders Agreement, IL&FS Venture Corporation shall act as the duly appointed Manager of the funds available under SARA fund and IT Fund and shall have the necessary powers for the purposes to enter into this agreement for and on behalf of SFTCL and DITCO. This agreement shall expire on listing of the shares of the company on the recognized stock exchanges in India.

Our company, Rohinton S. Screwvala controlled shareholders, CDP and Acetic Investments Limited entered into the Shareholders Agreement. Subsequently, a Share Sale Agreement was entered into amongst CDP, Unilazer HongKong Limited (Promoter Group Company), Unilazer Exports and Management Consultants Limited (Promoter) and Rohinton Screwvala (Promoter) on November 19, 2004. Please refer to 'Note' of Point No. 4 of the 'Notes to the Capital Structure' on page no. 23 of this Prospectus for further details on the said Share Sale Agreement.

10) Neither our Company and our Directors nor the BRLM and Co-BRLM have entered into any buy-back and/or standby arrangements for purchase of Equity Shares of the Company from any person.

11) Our Company has not raised any bridge loan against the proceeds of this Issue.

12) In this Issue, up to 50% of the Net Issue to Public shall be allocated on a discretionary basis to Qualified Institutional Buyers. Further, not less than 25% of the Net Issue to Public shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 25% of the Net Issue to Public shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid bids being received at or above the Issue Price. Under-subscription, if any, in any of the three categories would be allowed to be met with spill over from any other category, at the sole discretion of the Company and the BRLM.

13) A Bidder cannot make a Bid for more than the number of Equity Shares offered through 'Net Issue to Public', which is equal to 6,650,000 equity shares, subject to the maximum limit of investment prescribed under relevant laws applicable to each category of investor.

14) An oversubscription to the extent of 10% of the Issue can be retained for the purpose of rounding off while finalising the basis of allotment.

15) There would be no further issue of capital whether by way of issue of bonus shares, preferential allotment, rights issue or in any other manner during the period commencing from submission of the Draft Prospectus with SEBI until the Equity Shares issued through the Draft Prospectus have been listed

16) We presently do not have any intention or proposal to alter our capital structure for a period of six months from the date of opening of the Issue, by way of split/consolidation of the denomination of Equity Shares or further issue of Equity Shares (including issue of securities convertible into exchangeable, directly or indirectly for Equity Shares) whether preferential or otherwise, except for acquisitions and/or joint ventures where we may consider raising additional capital to fund such activity or use Equity Shares as currency for acquisition or participation in such joint ventures.

17) There shall be only one denomination for the Equity Shares of our Company, subject to applicable regulations and the Company shall comply with such disclosure and accounting norms specified by SEBI, from time to time.

18) We had 178 members as on date of filing this Prospectus.

19) In terms of loan agreements signed with HDFC Bank, Oriental Bank of Commerce, UTI Bank, ,Citibank and Kotak Mahindra Bank; we are required to obtain prior consent from them for issuing fresh Equity Shares through the IPO. We have obtained prior sanctions from the aforesaid lenders as stated below:

Name of the Lender	**Letter reference no.**	**Letter date**
HDFC Bank	NA	November 5, 2004
Oriental Bank of Commerce	BND/CB/2901/04-05/MSI	November 20, 2004
UTI Bank	UTIB/CO/RMD/DC/O679/04-05	November 24, 2004
Citibank	NA	November 5, 2004
Kotak Mahindra Bank	NA	November 19, 2004

In addition to the above, we are required to notify Standard Chartered Bank about change in our capital structure after making fresh issue of shares. We have already informed Standard Chartered Bank about our proposed IPO. Standard Chartered Bank, vide their letter dated November 10, 2004 has given their consent for the proposed IPO.

20) Please refer page no. 105-121 for details of Board of Directors of our promoter Unilazer Exports & Management Consultants Limited and other body corporates forming part of the promoter group.

OBJECTS OF THE ISSUE

The objects of the issue are as stated below:

- To finance the following
  - Capital expenditure for enhancement of Production Facility/Office Infrastructure to replace the existing leased facilities
  - Providing an unsecured loan to our subsidiary United Entertainment Solutions Private Limited for its investment in SFX/Computer Graphics and high end post production expansion
  - Investment in United Home Entertainment Private Limited for 'Hungama TV'
- To infuse working capital for Movie Production Business
- To infuse working capital for expansion in Movie Distribution Business
- To finance expenditure for General Corporate Purpose
- To meet issue expenses
- To list our Equity Shares

The main objects clause and objects incidental or ancillary to the main objects clause of our Memorandum of Association enable us to undertake our existing activities and the activities for which the funds are being raised through this Issue. In view of the present approvals, no further approval from any Government Authority/RBI is required by us to undertake the activities for which we are raising fund through the proposed issue

FUNDS REQUIREMENT

The estimated funds requirement to purchase real estate for new office; upgrading interior and sets; upgrading shooting equipments, lights and other infrastructure; investment in new youth channel and working capital infusion is set forth below:

(Rs. In Lakhs)

Sr. No.	Particulars	Fund Required
1	Capital expenditure for enhancement of Production Facility/Office Infrastructure to replace the existing leased facilities	
	A Premises, interior and set up	1000.00
	B Editing and other equipment for captive use of our content production	200.00
2	Providing an interest free loan to our subsidiary United Entertainment Solutions Private Limited for its investment in SFX/Computer Graphics and high end post production expansion	600.00
3	Investment in United Home Entertainment Private Limited for funding 'Hungama Channel'	2000.00
4	Working capital for Movie Production Business	1500.00
5	Working capital for Movie Distribution Business	1500.00
6	Funds for General Corporate Purpose	2.00
7	Issue Expenses (approximately)	598.00
	Grand-Total	**7400.00**

The project cost has been estimated by the company internally and has not been appraised by any external agency.

SCHEDULE OF IMPLEMENTATION

The break-up of utilization of issue proceeds of the above-mentioned capital expenditure programme is given below:

(Rs. In Lakhs)

Sr. No.	Particulars	Funds already deployed	Funds to be deployed				
			FY 2004-05	FY 2005-06			
			Q4	**Q1**	**Q2**	**Q3**	**Total**
1	Capital expenditure for enhancement of Production Facility/Office Infrastructure to replace the existing leased facilities						
A	Premises, interior and set up			600	400		1000
B	Editing and other equipment for captive use of UTV content production			100	100		200
2	Providing an interest free loan to our subsidiary United Entertainment Solutions Private Limited for its investment in SFX/Computer Graphics and high end post production expansion			100	400	100	600
3	Investment in United Home Entertainment Private Limited in form of Equity and Preference capital for funding 'Hungama TV'	1148	202	400	250		650
4	Working capital for Movie Production Business			400	400	700	1500
5	Working capital for Motion Picture Distribution Expansion			300	500	700	1500
6	Funds for General Corporate Purpose			2			2
7	Issue Expenses(approximately)		598				
	Total	**1148**	**800**	**1902**	**2050**	**1500**	**5452**

We have spent Rs.1,148 lakhs (up to January 31, 2005) for the objects of the issue including Share Capital of 49 lakhs of United Home Entertainment Private Limited on account of preliminary expenses incurred for launching of 'Hungama TV' by United Home Entertainment Private Limited . The same has been certified by M/L/Jethva & Co., Chartered Accountants vide their certificate dated February 28, 2005.

We intend to monitor the use of IPO proceeds through our internal monitoring system.

DETAIL BREAK-UP OF PROJECT COST

Premises, interior and set up

We, presently, operate from leased office premises in multiple locations. We propose to acquire suitable premises in Mumbai suburbs to house our office, television post production facilities and dubbing studios under one roof for better operational convenience, measuring approximately 20,000 sq. ft. floor area of interior and set up @ Rs. 5000/- per square feet totalling Rs 1000 lakhs. The said acquisition will also result in savings in lease outgoings. We are yet to finalise the location and are reviewing multiple options.

Editing and other equipment for captive use of UTV content production

We own captive postproduction facilities for our television content business. We propose to upgrade the said facilities by acquiring the following facilities:

(Rs. In Lakhs)

Sr. No.	Equipment Details	Supplier	Quotation Number	Total
1	Digibeta Recorder, Editing Control Unit and Others	Telerad	TEL/MUM/EQUIP/2003-04/005	115.53
2	Digital Video Camera, Digibeta Portable Recorder etc.	Telerad	TEL/MUM/EQUIP/2003-04/005	27.88
3	Avid Lanshares System (2 nos.)	Real Image	RI/AVID/Vivek/37A	53.00
4	Other incidental costs			3.59
Total				**200.00**

We have obtained quotations from suppliers, as mentioned above, of the said equipments and purchase orders for the same will be placed at the appropriate time.

Providing an interest free unsecured loan to our subsidiary United Entertainment Solutions Private Limited for its investment in SFX/Computer Graphics and high end post production expansion

Our subsidiary, United Entertainment Solutions Private Limited, is engaged in the business of providing high-end post production, compositing, special effects and such other facilities to media content producers and operates under "USL-WOA" brand. UESPL proposes to acquire the following facilities to upgrade its existing infrastructure situated at 15-19 Shah and Nahar Industrial Estate, Off Dr. E. Moses Road, Worli, Mumbai 400018:

Sr. No.	Equipment Details	Supplier	Make	Quotation Number	Quotation Date	Total landed cost (Rs. In Lakhs)
1	Keycode Reader for Telecine	Cinecita Comoptronics Industries Pvt. Ltd.	Aaton	CC/PGN/UEL/04-05/252-R	12.10.2004	9.81
2	Sound follower for Telecine	Cinecita Comoptronics Industries Pvt. Ltd.	Sondor	CC/PGN/UEL/04-05/253-R	10.10.04	9.71
3	Film Scanner	Film Light	Northlight	AJ134		242.74
4	Film Recorder	Rahul Commerce	Lasergraphics		17.11.04	122.89
5	Off Line Machines (Avid swaps with new Avids)					15.45
6	Off Line Machines (Edit 5/6 Swaps with FCPs)	Rahul Commerce		RC 680/02	17.11.04	71.50

Sr. No.	Equipment Details	Supplier	Make	Quotation Number	Quotation Date	Total landed cost (Rs. In Lakhs)
7	Power Tier & Defocus Plus	Cinecita Comoptronics Industries Pvt. Ltd.		CC/PGN/UESL/04-05/284	17.11.04	28.84
8	Imagemill & Grace	Cinecita Comoptronics Industries Pvt. Ltd.		CC/PGN/UESL/04-05/288	17.11.04	58.26
9	Gallery 2K	Cinecita Comoptronics Industries Pvt. Ltd.		CC/PGN/UESL/04-05/289	17.11.04	6.01
10	Other Allied Domestic Purchase					34.79
	Total					**600.00**

Items covered in 1, 2, 3, 4, 7, 8 & 9 of the above table are proposed to be imported under the Export Promotion Capital Goods (EPCG) Scheme, for which the application is yet to be made by UESPL to the relevant authorities. We propose to fund UESPL for the said acquisitions through an unsecured loan. The loan would be repaid to us by UESPL in four annual installments after one year moratorium from the date of disbursement by us and will carry interest at 11% per annum.

Investment in United Home Entertainment Private Limited for funding the 24 hours kids channel named 'Hungama TV'

Our group company, United Home Entertainment Private Limited has set up and is operating a 24 hour localized kids channel 'Hungama' targeted at Indian audience in the age group of 4-14 years.

The funding requirements of 'Hungama TV', is as under:

Rs. In Lakhs

Sr No.	Description	Amount
1	Plant & Machinery	304.71
2	Computer & Software	30.30
3	Office Equipment, Furniture & Fixtures	45.33
4	Fixed Assets	440.33
5	Working capital requirement	5403.97*
	Total	**6224.64**

***** Note: 'Hungama TV' shall utilize the working capital till the end of the Fiscal 2005-06.

We intend to deploy Rs. 2000 lakhs in the 'Hungama TV' because we believe that this market can generate reasonable revenues due to the growing phenomenon called "Pester Power"- the ability of children to influence purchase decisions of their parents across a range of products. This has enabled advertisers to target elders using kids as a via media. Hence we believe with an addressable audience of over 47 million kids spread over 44 million C&S homes, there is a good growth potential in this segment.

Accordingly, we have signed a Shareholders Agreement on December 2, 2004 with Rohinton S Screwvala and United Home Entertainment Private Limited. As per the said agreement, 'Hungama TV' will be funded in the following manner:

Rs. In Lakhs

Sr. No.	Entity	Amount
1	Investment from us	2000.00
2	Equity from Rohinton S. Screwvala	985.00
3	Further Equity/Debt Funding	3239.64
	Total	**6224.64**

As per the said Shareholders' Agreement, our funding of Rs. 2000 lakhs and Rs. 985.00 lakhs by Rohinton S Screwvala will take place in the following manner:

1. In addition to Rs. 51 lakhs already invested by Shri Rohinton S Screwvala and Rs. 49 lakhs by us by subscribing 5,10,000 and 4,90,000 shares of Rs. 10 each respectively, we shall invest Rs. 19,51,00,000 (Rupees Nineteen crores and fifty one lakhs Only) in United Home Entertainment Private Limited in accordance with the Business Plan. The investment by us shall be in proportion of 67% of the total investment of Rs. 29, 85, 00,000 (Rupees Twenty Nine Crores and Eighty five Lakhs Only) in United Home Entertainment Private Limited. RS shall invest the balance Rs. 9,34,00,000 (Rupees Nine crores Thirty four lakhs only) in United Home Entertainment Private Limited from time to time to time till October 31, 2005.("Second Investment")

   Until the entire amount of Second Investment has been invested, all sums contributed by us and Rohinton S Screwvala shall be treated as advance towards capital and recorded as such in the books of United Home Entertainment Private Limited.

   Upon the Second Investment by us and RS, UHE shall issue Preference Shares to the Shareholders. If RS fails to make full or part of RS Second Investment till the October 31, 2005, United Home Entertainment Private Limited shall allot Preference Shares to RS only to the extent of contribution made by RS towards Second Investment till October 31, 2005. RS shall not have the option to make further investments in United Home Entertainment Private Limited beyond October 31, 2005.

   United Home Entertainment Private Limited shall take steps to convert the Second Investment into Equity Shares equivalent to the amount invested by us and Rohinton S Screwvala as per the terms of conversion.

   The Parties agree that the balance funding requirements of United Home Entertainment Private Limited set out in the Business Plan shall be funded through debt and/ or further investment by a mutually acceptable private investor.

   United Home Entertainment Private Limited has made the following commercial commitments to us in the said Shareholders' Agreement:

   (i) United Home Entertainment Private Limited has commissioned us as its exclusive air-time sales agent.United Home Entertainment Private Limited shall commission us to produce significant amount of it's original content production from time to time. For removal of doubts, it is hereby clarified that United Home Entertainment Private Limited commissioning us to produce around 25% of its total requirement of original content production at any point of time shall be deemed to fulfil the Content Production commitment of United Home Entertainment Private Limited contained herein.

The aforesaid Agreement has also provided us some rights regarding Board Representation/Affirmative Rights.

Till January 31, 2005; we have made an investment of Rs. 1148 lakhs in United Home Entertainment Private Limited. Against the said investment United Home Entertainment Private Limited have issued 4,90,000 shares of face value Rs. 10/- each amounting to share capital of Rs 49 lakhs and the rest amount has been treated as advance against share capital. We have further advanced unsecured loan of Rs. 718 lakhs as on January 31, 2005; which is refundable by United Home Entertainment Private Limited upon receipt of further contribution to Equity and Preference Capital from its promoters.

Please refer to the details of our group company United Home Entertainment Private Limited on page no. 114 for further details of 'Hungama TV'.

Working capital for Movie Production

Apart from the projects in Movie Production already invested by us, we intend to use upto Rs. 1500 lakhs from IPO proceeds in further investing in future projects in Movie Production. As a part of our ongoing strategy, we will evaluate the movie projects available for investment and will invest in suitable movie projects.

Working capital for Movie Distribution

We intend to keep a corpus of Rs. 1500 lakhs out of the IPO proceeds as rolling investment in Movie Distribution business. We will invest primarily to acquire movie distribution rights from various domestic and international movie producers. We have already built a worldwide network for movie distribution by setting up subsidiaries in US, UK and Mauritius. The projects for investment will be identified from time to time on an on-going basis.

General Corporate Purpose

We would deploy a part of the issue proceeds for general corporate purposes like buying of office equipments and furniture, manpower training & development etc.

Issue expenses

The expenses of this issue include, among others, underwriting and management fees, selling commission, printing and distribution expenses legal fees, statutory advertisement expenses and listing fees. The total expenses of the issue are estimated to be around 6.57% of the issue size. All expenses with respect to the issue would be met out of the proceeds of the issue. The split of issue expenses is as under:

Expenses	**Approximate Amount (in Rs. Lakhs)**
Management Fees, Underwriting Commission and Brokerage	341.00
Marketing and Advertising Expenses	100.00
Stationary , Printing & Registrar Expenses	64.00
Legal fees, listing fees, book building charges, auditors fees	45.00
Miscelleneous	48.00
Total	**598.00**

The above expenses will be borne by our Company. Unilazer Exports and Management Consultants Limited, on behalf of Rohinton Screwvala, Unilazer (HongKong) Limited and themselves, will reimburse us the expenses related to Management Fees, Underwriting Commission and Brokerage apportionable to the Offer for Sale portion

SOURCES OF FINANCING OF OUR BALANCE FUND REQUIREMENT

We intend to fund our requirements through the proceeds of this Issue and internally generated fund break-up of which is as follows:

In Rs. Lakhs

Sr. No.	**Particulars**	**Amount**
1	Issue Proceeds	5850.00
2	Funds internally generated	1550.00
	Total	**7400.00**

Out of Rs. 1550 lakhs to be arranges by us by generating internally, we have already spent Rs. 1148 lakhs the balance Rs. 402 lakhs will be made available by utilizing unutilized bank credit limit.

INTERIM USE OF PROCEEDS

Pending any use as described above, we intend to invest the proceeds of this Issue in high quality, interest / dividend bearing short term / long term liquid instruments including deposits with banks for the necessary duration. These investments would be authorised by our Board or a duly authorised committee thereof.

SECTION III : ABOUT US

INDUSTRY OVERVIEW

The Indian entertainment industry is a subject of national pride, international interest and media hype. The entertainment industry signifies confluence of creativity and commerce. This creativity, when combined with a blend of entrepreneurial spirit and professional management, has the potential to sustain this industry that straddles the best attributes of both the old and new economies in terms of stability and scalability.

In 2003, the Indian entertainment industry continued to out-perform the economy. It has grown by 15% to an estimated Rs.19,200 crores. (USD 4,267 mn) in 2003. This growth has been driven primarily by an increase in television viewership and improved realisations from television subscriptions and film exhibition. (Source: FICCI Ernst & Young report on the Indian Entertainment Industry – 2004)[1]

As different segments of the entertainment pie are at varying stages of maturity and corporatisation, growth rates for each of them vary. In order to exploit opportunities for growth that arise out of various stages in the life cycle of segments, industry players are straddling within and across segments of the industry. The regulatory environment is also enabling change – progressive policy changes to attract new players in DTH and FM Radio, rationalization of entertainment tax in certain states, infrastructure sops offered to spur exhibition infrastructure are all contributing towards an environment conducive to growth. (Source: FICCI Ernst & Young report on the Indian Entertainment Industry – 2004)

These emerging macro trends and growth drivers for each of the business segment will lead the industry to grow from Rs 19,200 crores (USD 4,267 mn) in 2003 to Rs 42,300 crores (USD 9,400 mn) by 2008, with a CAGR of 17 %. (Source: FICCI Ernst & Young report on the Indian Entertainment Industry – 2004)

We are an integrated entertainment company, with interests in various segments of the entertainment sector which interalia includes Television Content Production and Air-Time Sales, Movie Production and Distribution, Dubbing and Advertising Films etc. In this Prospectus, we have not given the overall industry overview of all the segments in which we are operating at the same place, which is a normal practice. Instead, for each segment in which we are operating, we have given the industry overview along with description of our business in that particular segment. We believe this will help the readers of this Prospectus to relate our performance in each business segment with the overall scenario of that business segment.

[1] ***Disclaimer of FICCI with respect to 'FICCI E&Y The Indian Entertainment Sector Report 2004' and 'FICCI KPMG The Indian Entertainment Sector Report 2003', used as source in this section and elsewhere of this Prospectus:***

"These Reports have been prepared on the basis of information obtained from Industry players and discussion with them. While due care has been taken to ensure the accuracy of the information contained in these Reports, no warranty, expressed or implied, is being made, by FICCI as regards the accuracy or adequacy of the information contained in these reports. No responsibility is being accepted, or will be accepted by, FICCI for any consequences, including loss of profits, that may arise as a result of errors or omissions in these Reports. These Reports are only intended to be a general guide and professional advice should be sought before taking any action on any matter".

BUSINESS OVERVIEW

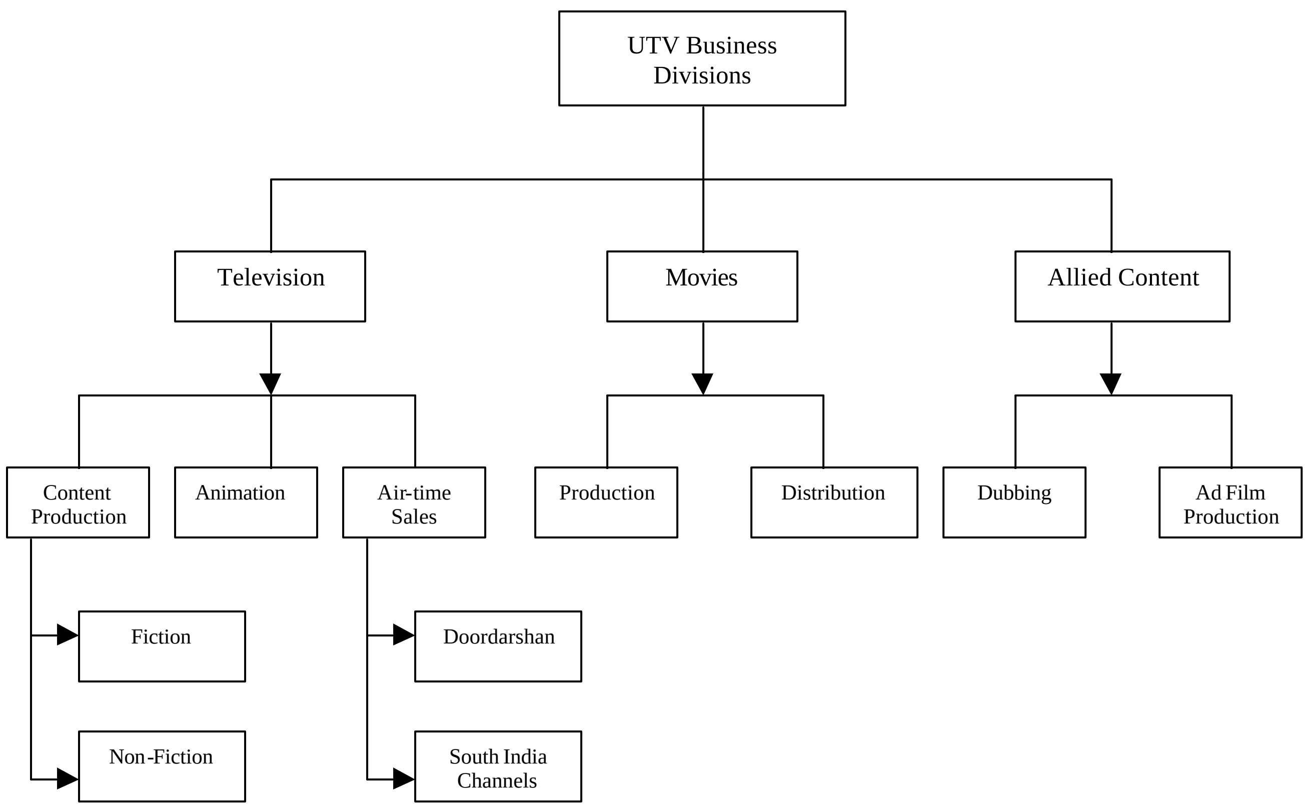
We initially began our journey in 1990 as a television content producer for Doordarshan and Advertisement film producer. In 1992, the entry of satellite TV acted as a big booster for our business. Subsequently, in order to become an integrated entertainment company, we ventured in the various area of electronic entertainment industry. In 1992-93, we ventured in the business of in-flight entertainment programming and dubbing. Next year, we expanded in the business of acquiring programs from outside producers and marketing airtimes in their programs. During 1995-97, we entered the entertainment market in Malaysia and Singapore in order to become a Pan-Asian integrated entertainment company.

Subsequently, we entered in the area of postproduction in 1995, in the area of animation in 1998. In 1998, we also ventured in the event management and motion picture production and distribution. In 2000, we entered into the area of internet content production.

Since 2000-2001, we have undergone several restructuring exercises in order to streamline our portfolios. This was primarily done to focus on areas like television content production, movie production, advertisement film production etc., where we could leverage our expertise in content creation. We are also maintaining our focus in the area of 'airtime sales & acquisition' and giving thrust in the area of 'movie distribution' in order to enable us to extract maximum possible commercial advantage in the areas of 'Television Content production' and 'movie production' respectively. We also develop content for niche segment like Kids by taking a strategic stake in the recently launched 'Hungama TV'. (Please see 'Objects of the Issue' in this regard).

At the same time, we have restructured our postproduction business in order to bring our focus back on the area of content production. We have also reduced our activity in the area of in-flight entertainment and animation and are not making any further investments in these areas.

Classification of our current business interests is given in next page.



1. TELEVISION

A. TELEVISION CONTENT PRODUCTION

INDUSTRY OVERVIEW

Brief history of Television in India

It was in 1965 when Indians were first exposed to television with the launch of the national terrestrial broadcaster Doordarshan. This undisputed position of DD continued till 1992 when CNN invaded the Asian market with the live satellite telecast of the Gulf War. Also in 1992, STAR TV beamed into India via satellite.

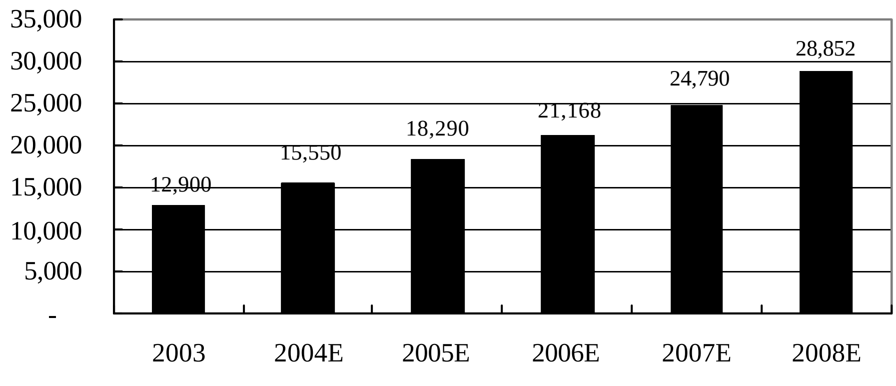
In January 1992, with the advent of STAR TV, the multi-channel revolution began. It was Zee TV, the first Hindi satellite channel that began to cater to the huge need of popular programming and entertainment. In 1993, Doordarshan launched the DD-2 Metro entertainment channel covering the four metros.

Current scenario of Indian television industry and Television Content Production Industry

The television broadcasting industry in India has undergone a major transformation over the last few years. From a single public service broadcaster, television has grown into a thriving industry with over 300 channels being beamed across the Indian footprint. With approximately 8.5 crore Television households, India is the third highest market in the world only behind China and USA. Of the total television households 4.4 crore households receive cable television services. Gradually, with increased hours of mass entertainment programming, television has now emerged as the preferred mode of entertainment for the masses. (Source:FICCI Ernst & Young report 2004)

The Indian television industry's subscription revenues from distribution, television and cable advertising and software exports accounted for 63%, 33% and 4% respectively of the total television revenues, which aggregated to Rs 12,900 crores in 2003. Revenues from television are expected to grow at a compounded annual growth rate of 17% over the next 5 years to gross Rs 28,852 crores by 2008, and significant portion of this growth is expected from the subscription stream. (Source: FICCI Ernst & Young report 2004)

Television Industry Size (Rs In Crores)



All the segments in the television value chain namely television advertising, television subscription and television content production are witnessing significant growth and changes. The advertising revenues are estimated to grow to Rs 6,545 crores by 2008 from current Rs 4,220 crores. The television subscription revenues are likely to grow to Rs 21,265 crores from the current levels of Rs 8,179 crore.

The television content production industry, which provides content to broadcasters, is pegged at Rs 2,516 crores for 2003. The increasing number of General entertainment channels, the growing popularity of daily soap, increase in the programming rates and an increased consumer interest in niche channels like news were the main drivers for this growth. As a result of the rising demand for quality content, the television software segment is expected to show an impressive growth, from Rs 2,516 crores to Rs 5,235 crores in next five years. (Source: FICCI E&Y Report 2004).

Emerging trends in the Television industry:

A few key trends have clearly emerged that will have a significant impact on the future course of the Indian television industry. These are:

- ***C & S is the future of Indian television:***

  The Cable and Satellite (C&S) penetration in India reached 410 lakhs households at the end of 2002 from about 4 lakhs households in 1992. At the same time, the number of channels on air that a representative C&S household receives on an average has increased to over 100 from only two in 1992.

  Over the past 5 years, TV households have grown at 9%, while C&S households have grown at 17%. The overwhelming dominance of C & S is also indicated by the large proportion of advertising revenue accruing to C & S industry as opposed to terrestrial channels. The private satellite broadcasters earned Rs. 290 crores from advertisement revenue while terrestrial operator earned only Rs. 60 crores from advertisement revenue.

  The current C & S penetration level of 21 per cent is very low when compared to most developed countries. As the gap between TV and C & S households remains significant (50 per cent), and the number of households with television sets continues to grow at around 9 – 10 per cent annually, the rapid growth of C & S is expected to continue. (Source: FICCI KPMG Report 2003)

- ***CAS is expected to redefine the industry paradigm:***

  The Cable and Satellite channels have adopted a strategy of forming a bouquet of diverse channels in a bid to realize higher subscription revenues. The channel charges the subscriber for the entire bouquet of services as opposed to charging for separate channels. The cable operators pass on the frequent price increases announced by different bouquets to their subscribers.

  In order to introduce a greater degree of transparency in the sector, the Government tried to introduce addressability in cable distribution services by making CAS mandatory thereby throwing the Indian cable television industry into overdrive mode. Seeing the increasing number of broadcast channel unilaterally turning pay without giving choice to viewers and spiraling monthly cable bills, both the Houses of Parliament approved “The Cable Television Networks (Regulation) Bill 2002” legislating that CAS is mandatory for cable television operators to transmit pay channels. According to the CAS bill, all pay channels would be routed only through an addressable system. The cable operator will have to provide its subscribers a basic bouquet of FTA channels. The government would reserve the right to influence the composition of these channels and fix the maximum chargeable price.

  Notwithstanding the fact that CAS has proved to be a non-starter, the amount of time, effort and money invested by multi-system operators, broadcasters, last mile operators and the government on the issue of addressability clearly indicates that the industry has felt the need to organize its distribution leg. If the year began with CAS, then it has also ended with CAS. The question now is whether CAS will resolve the issue of addressability or give way to newer technologies to address this matter.

  In conclusion, the current ground realities of the distribution framework in India indicate that mandatory implementation of CAS on a wide scale basis as planned within a time frame of six-nine months was a bit far stretched and ahead of what the industry was prepared for. The fragmented and disorganized nature of the industry with several players, non-big enough made its implementation even more challenging. Probably, if the trend of MSO’s acquiring networks of local cable operators that was visible prior to CAS had continued for a year or two more, the MSO’s would have had better direct control over the last mile in at least the urban cities and would be in a much better position to implement CAS.

- ***Television viewing will no longer be restricted to mainstream channels and prime time:***

  The consumer has become more selective than ever before, with almost 300 channels to choose from. Going forward, a bouquet that does not offer a mix of four or five important genres – general entertainment, movie, news, sports and entertainment for children- may find it difficult to survive. Popularity of a programme is transient and channels, whether mass entertainment oriented or niche, it would be required to continuously innovate and upgrade the programming mix.

Along with mass entertainment, the consumer has showed an increased preference for niche channels like news. They have also shown preference for regional channels. Regional channels together have a viewer ship of 39.6 per cent, next only to mass entertainment (viewership of 46.8 per cent). Regional channels are now a strong force to reckon with. (Source: FICCI KPMG Report 2003)

At the same time, Kids channels are also gaining popularity. Advertisers have recognized the power of children in influencing key household purchase decisions. As a result, children's programming will be an important anchor for a bouquet going forward.

While mass entertainment continues to be the biggest driver of consumer mind-share, the time bands have extended considerably. With 24 hours programming now being the norm, prime time viewing has now extended from 8.00 p.m. - 11.30 p.m. while other time bands like the afternoon time band have gained prominence.

- ***Television Content quality shall determine the winners:***

  Television content being the single largest driver for viewership; dependence of the channels on the content provider's ability to provide quality products on a sustained basis have increased manifold.

  As economic scenario and related consumer preferences are changing fast, it has become increasingly important for content houses to understand consumer tastes and preferences, and provide innovative programming. Content providers have now become a critical link in the value chain and individual production houses have achieved specialization in different genres and invested in state of the art infrastructure to improve their quality of production and scale of operations.

Revenue Model for Television Content Production Industry

In the current scenario, there are two different revenue models followed by the existing Television Content Production Industry namely revenues earned on commissioned programme and revenues earned on sponsored programme. Brief details of the said two types of programmes along with their revenue models are as follows:

- ***Commissioned Programme:***

  In case of commissioned programmes, the broadcaster commissions a television content producer to produce a program for a fee. The broadcaster earns its revenue by selling airtime to the advertiser. In return, they retain the Intellectual Property Rights (IPRs) for the programme. STAR Plus, ZEE, Sony etc follow the model of commissioned programme. In this model broadcaster bears the financial risk and the television content producers bears the production risk.

- ***Sponsored Programme:***

  In this model, the television content producer himself produces the programme. He buys slot from the broadcaster paying certain telecast fee. Along with the slot, the producer also gets some free commercial time (FCT). Typically, for a half an hour slot, FCT ranges between 2 to 4 minutes. Then the producer produces a program on that slot produced in-house and sells the free commercial time (FCT) to the advertiser. The producer covers the telecast fee, production cost of the programme and any other associated cost by the revenue earned from selling FCT to the advertisers, and surplus thereafter, if any, is his profit. In this model, television content production house, which is the producer of the programme, retains the Intellectual Property Rights (IPRs) for the programme. Doordarshan and some regional channels like Sun TV follow this model. In this model the producer, who is also the content developer bears financial risk for buying the slot as well as production risk for the content produced.

  Sponsored programme has substantially higher risks and rewards for television content production houses compared to commissioned programme. Under commissioned programme model, the production house typically works on a cost plus margin basis where margins could be in the region of 15-25% as per our estimate. In sponsored programme model, profitability depends on several key factors-(1) popularity of the program, which determines advertising revenues; (2) marketing efforts of the content production house in selling the commercial time; and (3) cost of the program (cost of production/purchase cost of program and the telecast fee).

OUR BUSINESS

Brief History

Television content production is an integral part of our business model. In fact, we started our journey as a television content producer and subsequently, ventured in other area in order to become an integrated entertainment company.

In 1985, Mr. Rohinton S. Screwvala, our Promoter and Managing Director, at pre-UTV stage, produced one of India's first independent productions called 'Mashoor Mahal' along with his team. The team went on to produce a series of award winning shows across a variety of genres including drama series like 'Life Line', pioneering quiz shows like 'The Mathemagic Show', and tele-plays like 'Wada Chirebandi & Hamidabai ki Koti'.

We, after our inception in 1990, produced around 208 half-hours of programming for Zee in 1993 and around 520 half-hours of programming in 1994. We produced shows like one of India's first game show 'Saamp Seedi', a chat show called 'Chakravyuha', etc for Zee TV in its launch period. In mid 1994, we contributed to the growth of afternoon television viewing in India by launching India's first daily soap called 'Shanti' on DD1 (the national channel). Since then Shanti has been telecast across India and the ASEAN region in seven languages including Hindi, Tamil, Bengali, Malayalam, Sinhalese, Malay and Bahasa Indonesian.

Since then we have produced numbers of programmes across several languages and all genres in order to cater to the needs of people of various taste and various linguistic groups

Details of revenue earned by our content division in last three years and six months period ended September 30, 2004, as per our audited financial statements are given below:

Year	Revenue earned from content production (Rs. In Lakhs)	Total Revenue earned (Rs. In Lakhs)	Revenue earned from content production as a percentage of total revenue
2001-2002	3165.07	9116.12	34.72%
2002-2003	2731.46	9488.54	28.79%
2003-2004	3148.57	9775.25	32.21%
Six months period ended on September 30, 2004	1910.17	6384.29	29.92%

Our achievements

We started in 1990 with a single programme on Doordarshan. Since then we have aired multiple programmes on 26 channels in 19 countries in 7 languages. Our shows, at one time or another, have been aired in almost every major satellite and terrestrial TV channel in Asia.

In our opinion, we have achieved the following key milestones in our journey so far:

1990 -'Lifeline' a reality drama show on Doordarshan.

1991 - 'Mathemagic' , children viewership quiz show on Doordarshan.

1992 - Zee TV was launched with 4 UTV shows. We produced a game show called 'Saap Seedi'. We also produced 'Chakravyuha' program and set trends for Talk Shows in India and Parivartan – a family drama.

1993 - We tripled output on Zee with 520 episodes on 10 different programmes- One of the largest single output contracts till date.

1993 - 'Shanti' – daily soap on DD1 in the newly created afternoon prime time.

1995 - STAR TV invested in us and commissioned long running Business Programme - India Business Week

1996	-	‘Shanti’ completed 800 episodes. We launched 3 more daily soaps ‘Trikaal’, ‘Yug’ and ‘Paramapadam’
1997	-	We launched Current Affairs programs with Mr. Karan Thapar as presenter on BBC/DD/STAR TV.
1997	-	Sea Hawks , reality show based on Coast Guards on DD1
2000	-	Total original content creation touches 18 hours a week of entertainment/fiction/ infotainment in December 2000. Produced children’s daily on Indian Television-Shaka Laka Boom Boom
2003	-	Jointly awarded the ‘Best TV Production House’ from indiantelevision.com
2004	-	Back to the Floor, on BBC World was awarded the Best Business Program of the Year award at the Indian Telly Awards.
2004	-	Shararat, kids programme on STAR Plus, produced by us was awarded Best Kids Programme of the year at the Indian Telly Awards.

We, today, have a library of over 5000 hours of programming across all genres – Hindi Fiction (Drama, Action, Comedy), Non-Fiction (News & Current Affairs, Documentary), Live Events and multi-lingual Fiction & Non Fiction (Tamil, Malay, Mandarin & English)

Our Television Content Development Strategy

We are perceived as a production house with multi-genre capabilities. Currently when one soap on television is indistinguishable from the other, and all content production houses are trying to replicate same success formula, we have put on air shows like ‘Shaka Laka Boom Boom’, ‘Shararat’ and ‘Salanam’ across different genres.

We consciously decided to develop content in various languages and across all genres. This, we believe, helped us to reach viewers of various tastes across different language groups. We also believe that because of this diversified content portfolio, we are in a better position to absorb the impact of any sudden change in viewers’ tastes.

Language-wise and genre-wise breakup of our revenue from television content development for last three years and six months period ended September 30, 2004 are given below for reference:

Language Wise Revenue Break Up

(Rs. In Lakhs)

	2001-02		2002-03		2003—2004		Six months period ended September 30, 2004	
	Amount	**% to Revenue**	**Amount**	**% to Revenue**	**Amount**	**% to Revenue**	**Amount**	**% to Revenue**
English	313.9	9.92%	0	0.00%	178.75	5.68%	48.88	2.56%
Gujarati	27.75	0.88%	17.25	0.63%	0	0.00%	0	0.00%
Hindi	2463.21	77.82%	2440.11	89.33%	2610.30	82.90%	1759.39	92.11%
Tamil	217.53	6.87%	274.1	10.04%	271.75	8.63%	71.25	3.73%
Other Billing	142.68	4.51%			87.77	2.79%	30.65	1.60%
Total	**3165.07**		**2731.46**		**3148.57**		**1910.17**	

Genre-wise Break-up

(Rs. In Lakhs)

	2001-02		2002-03		2003—2004		Six months period ended September 30, 2004	
	Amount	**% to Revenue**	**Amount**	**% to Revenue**	**Amount**	**% to Revenue**	**Amount**	**% to Revenue**
Action	94.5	2.98%	111.35	4.08%	0	0.00%	0	0.00%
Animation	0	0.00%	0	0.00%	97.26	3.09%	20.93	1.10%
Comedy	27.75	0.88%	211.25	7.73%	477.1	15.15%	191.45	10.02%
Countdown Show	14.4	0.45%	0	0.00%	0	0.00%	0	0.00%
Drama	634.14	20.03%	810.6	29.68%	798.27	25.35%	345.8	18.10%
Fantasy	0	0.00%	0	0.00%	48	1.52%	0	0.00%
Horror	25.7	0.81%	0	0.00%	0	0.00%	0	0.00%
Kids	252.45	7.98%	574.24	21.02%	630.55	20.03%	446.7	23.39%
Live Event	0	0.00%	18	0.66%	0	0.00%	0	0.00%
Mythological	224	7.08%	0	0.00%	0	0.00%	0	0.00%
Non-fiction	313.9	9.92%	0	0.00%	81.49	2.59%	27.95	1.46%
Reality	423.12	13.37%	15.4	0.56%	0	0.00%	0	0.00%
Soap	825.03	26.07%	984.02	36.03%	928.13	29.48%	846.69	44.33%
Youth Drama	187.4	5.92%	6.6	0.24%	0	0.00%	0	0.00%
Other Billing	142.68	4.51%			87.77	2.79%	30.65	1.60%
Total	**3165.07**		**2731.46**		**3148.57**		**1910.17**	

We follow the following steps for developing fictional content in order to make it popular to viewers as well as broadcasters:

- Understanding the need of the consumer and the broadcaster through market research
- Anticipation of upcoming trend in programming on the basis of feedback received from the market research mentioned above.
- Study of successful programming formats in the overseas market
- Development of content based on three criteria namely concept or storyline, genre, and target audience.

As a part of our content development strategy for non-fiction category, we intend to build a panel of directors and producers with experience and core competencies in various programming sub-genres such as current affairs, documentaries, travel shows, cookery shows etc.

Business Development Strategy

Currently, most of our fiction-based shows are aired on STAR. This over dependence on STAR Plus, we understand, is not good for us and makes us vulnerable vis-à-vis STAR. However, this also offers an opportunity to air our fiction-based programmes in channels owned by broadcasters like Sony, Zee, and Sahara. We are actively targeting those channels. We are doing market research to find out where the channels lack, and based on these findings, we will design programs for these broadcasters.

Further, we are also targeting other regional language channels in South India, besides re-entering Doordarshan after a gap of a few years. We arealso planning to develop and produce at least 25% of the programming content for 'Hungama', the 24 hours Kids Channel, owned by United Home Entertainment Private Limited in which we are one of the stakeholders (Please refer to 'Objects to the Issue' for further details in this regard). The programming for Hungama comprises of live action, Dubbed Animation and Studio based shows.

We are targeting the following broadcasters for all of our future content-based programmes.

- STAR, Sony, Zee & Sahara – to reach the viewers who prefer fiction based programmes in Hindi
- Sun, Gemini, Udaya & Vijay – to reach the viewers who prefer fiction based programmes in regional languages
- DD (Metro, National & Regional) – to reach to the viewers who have access to terrestrial broad casting only

We are also working on the following aspects our deals with satellite channels:

- Increase programming hours
- Improve margins
- Strengthen position on Prime Time Band
- Large output deals.

We develop our business for non-fiction category through commission based sales agent.

Pricing

Pricing of the programmes produced by us is an important aspect of our business development strategy. Based on our long experience in this business, we have set up systems and processes, which allow it to estimate accurately the cost of a show. Based on this accurate budgeting, we are able to make competitive quotations for our shows.

However, with the channels becoming more and more competitive, content developers like us are expected to get more bargaining powers vis-à-vis broadcasters. We believe that we will be able to procure good prices for its product in the long run, once such a scenario emerges. This, in our opinion, would lead to higher margin realization per show. Moreover, since we have already delivered high TRP shows, and therefore will also be benefited as the channels aggressively adopt TRP linked incentives.

Production Strategy

We have set up a strong system of processes wherein each job is budgeted, and then tracked from start to finish of the production of a particular content. This enables us to course-correct because warning signals are picked up early on. Our production system ensures timely completion of jobs, and within budget. Additionally, because of the large numbers of shows produced by us, we have the ability to leverage bulk purchases of supplies and raw materials at a discounted price, thereby to reduce the cost of the programmes produced by us.

We do not have the facility of permanent shooting studios because in our opinion that will unnecessarily increase our overhead. We have the ability to hire a shooting studio at a competitive rate for shooting any programme whenever the same is required. We believe that our strategy of hiring studio as and when required instead of going for permanent studio has made us cost efficient.

Revenue Model

Though we produce television content both for commissioned programme and sponsored programme, over a period of time, we have changed the mix heavily in favour of commissioned programmes. This is evident from the break-up of our revenue, earned from production of content, based on the said types of programmes, given below:

(Rs. In Lakhs)

	2001-02		2002-03		2003—2004		Six months period ended September 30, 2004	
	Amount	**% to Revenue**	**Amount**	**% to Revenue**	**Amount**	**% to Revenue**	**Amount**	**% to Revenue**
Commissioned Programming	2782.92	87.93%	2731.46	100.00%	2834.98	90.04%	1436.4	75.20%
Sponsored Programming	239.47	7.57%			77.17	2.45%	422.19	22.10%
Co-production					51.39	1.63%	0	0.00%
Other Programming					97.26	3.09%	20.93	1.10%
Other Billing	142.68	4.51%			87.77	2.79%	30.65	1.60%
Total	3165.07		2731.46		3148.57		1910.17	

This strategy has been adopted deliberately because of the following reasons:

- There is a shift in television advertisement revenues from Doordarshan (sponsored programming) to the C&S channels (commissioned programming). The advertising revenues of Doordarshan is estimated to have witnessed a compounded annual growth of less than 10% during the period 1993-2002, as against the television industry advertisement revenue CAGR of about 25% during the same period. The lower growth of Doordarshan as compared to the industry average has led to a steady erosion of its markets share from a approximately 90% share in 1993 to about 25% in 2002. (Source: Ernst and Young-SSKI report on Indian Advertising Industry 2002).

  Sponsored programmes are primarily aired on Doordarshan along with some other channels like Sun. Since, advertisement revenue is the only source of revenue to the television content producer for the sponsored programmes on Doordarshan, dwindling share of Doordarshan in the television advertisement pie would have a downward impact on the revenue potential for the television contents for the sponsored programmes. On the other hand, because of increasing earnings from advertisement, broadcasters like Star, Sony, Zee etc would be in a position to offer better rate for the television contents produced for the commissioned programmes aired by them.
- During the early days of television broadcasting, the main advantage of the sponsored programmes over the commissioned programmes was that in case of the sponsored programmes we were allowed to retain IPR whereas in case of commissioned programmes we had to vest IPR with the broadcasters.

Our current shows on air

We currently have Seventeen (17) programs on air. Out of these programs, sixteen are based on commissioned programming model and are aired on STAR Plus, Hungama, BBC and Vijay TV. One program namely ‘Meher’ has been launched on the national broadcaster, Doordarshan, under the sponsored category.

We, at present, have 20.5 hours of programming per week on air.Details of these programs are as under:

Show	Time Slot	Weekly Frequency	Channel	No. of episodes Tele-cast till January 31, 2005	No. of episodes delivered till January 31, 2005	Genre
Kehta Hai Dil	Tue 9 -10pm	1	STAR Plus	135	136	Family Drama
Bhabhi	Mon - Thu 1.30 - 2 pm	4	STAR Plus	601	605	Family Drama
Shararat	Friday 9.30 - 10.30 pm	1	STAR Plus	106	107	Kids Programme
Meher	Th - Sun 8.30 - 9 pm	4	Doordarshan	179	179	Family Drama
Gol Gol Gullam	Mon – Wed 5 - 5.30 pm	3	Hungama	34	36	Kids Programme
Kabhi Hero Kabhi Zero	Fri- Sun 8 – 8.30 pm	3	Hungama	33	33	Kids Programme
Shisha	Fri - sat 8.30 - 9 pm	2	Hungama	26	26	Kids Programme
Tiger	Sun 11 to 12	1	Hungama	13	13	Kids Programme
Chooha Mantar	Fri - Sat 7.30 - 8 pm	2	Hungama	24	24	Kids Programme
Kaun anari Kaun Khiladi	Sat - Sun 1 – 1.30 pm	2	Hungama	24	24	Kids Programme
Kaun Ho Tum	Sun 12 – 1 pm	1	Hungama	13	15	Kids Programme
Special Squad	Mon 10 - 11 pm	1	STAR 1	14	14	Thriller
Family Business	Fri 10 – 11 pm	1	STAR 1	11	11	Thriller
Back to the Floor	Sun 10 am	1	BBC	2	2	Business Show.
Inky Blinky	Sat 12.30 - 1 pm	1	Hungama	7	7	Kids Programme.
Full Toss	Th - Sat 5 - 6 pm	3	Hungama	27	27	Kids Programme.
Business Bytes	Sun 11-11.30 am	1	BBC	4	5	Business Show.

* We irrevocably assign to STAR India worldwide perpetual rights, including the copyright to the title, concept, segments, songs, music and episodes of the programs produced by us for STAR India.

The performance of our above mentioned programmes during the period December 20, 2004-January 15, 2005 are as follows:

Programme	Channel	Average TVR for the period
Bhabhi	STAR PLUS	4.3
Shararat	STAR PLUS	5.2
Kehta Hain Dil	STAR PLUS	11.2
Meher	DD-1	9.16
Gol Gol Gullam	Hungama	0.10
Kabhi Hero Kabhi Zero	Hungama	0.01
Shisha	Hugama	0.04
Tiger	Hungama	0.10
Chooha Mantar	Hungama	0.20
Kaun Anari Kaun Khiladi	Hungama	0.10
Kaun ho Tum	Hungama	0.10
Inky Blinky	Hungama	0.00
Full Toss	Hungama	0.15
Special Squad	STAR One	0.20
Family business	STAR One	0.10

- *Rankings for all serials except Meher are based on 4+C&S Homes (Source:TAM Media Xpress)*
- *Ranking for Meher is based on 4+All homes (Source: TAM Media Xpress)*

Further, we have recently produced a live "Telethon" show for "CRY" (Child Relief and You) involving 8 hours of content production telecast on Sony TV on January 26, 2005; (Republic Day) to raise funds for various causes supported by "CRY".

Our shows in the pipeline

Details of the shows in pipeline are as under:

Name of the Show	Channel	Tentative start date of airing by the channel	Status
Tarana	Sony	Awaiting air date	Agreement has been signed on January 7, 2005 for 208 episodes.
Shanno Ki Shaadi	STAR One	Awaiting air date	Shot eight episodes and delivered to Channel

Titles in our library

Some of the titles in our library, on which we hold worldwide perpetual rights including the copyright to the title, concept, segments, songs, music and the episodes of the programs, are as under:

Programme Name	Eps. No.	Dur. (minutes per episode)	Language	Genre
Amar Chitra Katha	001-052	30	Hindi /Tamil	Mythological
Aap ki Shanti	001-116	30	Hindi	Talk Show
Ank Ajube	001-031	30	Hindi	Quiz
Bol Phata Phat	001-014	30	Hindi	Comedy
Betaal Pachisi	001-049	60	Hindi	Fantasy
Cricket -(Balwinder Singh Sandhu benefit Cricket Match)	8 hrs	NA	NA	Event
Didi Ka Dulha	001-016	30	Hindi	Comedy
Galatnama	001-022	30	Hindi	Drama
Head over heels	001-010	30	Hindi	Kids
Kriket	001-026	60	English	Sports Based
Life Line	001-044	30	Hindi	Drama
Mathemagic Show	001-013	30	Hindi	Quiz Show
Metro Dhamaka	001-141	30	Hindi	Game Show
Metro Attam	001-121	30	Tamil	Game Show
Mile sur Mera Tumhara	001-023	60	Hindi	Drama
Mile sur Mera Tumhara	001-024	30	Hindi	Drama
Main Anari tu Anari	001-041	30	Hindi	Comedy
Main Anari tu Anari	001-041	30	Tamil	Comedy
Maya	001-029	30	Hindi	Drama
Meerabai	001-026	30	Hindi	Mythological
Meher	001-132	30	Hindi	Drama
Nehru Parliamentary Quiz	001-007	30	English	QuizKids
Param-a-padam	001-140	30	Tamil	Drama
Shanti	001-804	30	Hindi	Soap
Sea hawks	001-134	30	Hindi	Thriller
Satya	001-052	30	Hindi	Thriller
Shehnai	001-108	30	Hindi	Soap
Smriti	001-047	30	Hindi	Drama
Through The Eyes of a Child	001-010	30	English	Drama
Trikaal	001-202	30	Hindi	Soap
Vantoosh Ke Fantoosh	001-008	30	Hindi	Comedy
Working Animals	001-010	30	English	Non-Fiction

Our clients

We have worked with almost all broadcasters in India. However, we have worked extensively with STAR Plus, Sony and Zee. Our shows are also aired on Vijay TV, and Doordarshan as well. Over the years, we have built strong client relationships with various broadcasters such as STAR, Zee, Sony etc

Client wise contribution to revenues is as given below:

(Rs. In Lakhs)

	2001-02		**2002-03**		**2003—2004**		**Six months period ended September 30, 2004**	
	Amount	**% to Revenue**	**Amount**	**% to Revenue**	**Amount**	**% to Revenue**	**Amount**	**% to Revenue**
STAR Group*	885.26	27.97%	2538.86	92.95	2856.27	90.72	1273.5	66.67%
Zee	1046.25	33.06%	157.35	5.76%				
Sony	463.77	14.65%						
Sahara			12.5	0.46%				
AXN	0	0.00%			2.56	0.08%		
Disney Channel					1.67	0.05%		
BBC	39.03	1.23%			22.96	0.73%	27.95	1.46%
Channel 9	76.19	2.41%						
CNN	242.37	7.66%						
Creative Graphics	0	0.00%			97.26	3.09%		
History Channel	0	0.00%			2.91	0.09%		
DD	209.27	6.61%			77.17	2.45%	422.19	22.10%
MM Foundation			5.5	0.20%				
ETV	27.75	0.88%	17.25	0.63%				
SAB TV	25.5	0.81%						
Hungama Channel							134.95	7.06%
Honk Toot Production Inc							15.22	0.80%
Cromosoma Produccions, SA							5.71	0.30%
Other Billing	149.68	4.73%			87.77	2.79%	30.65	1.60%
Total	**3165.07**		**2731.46**		**3148.57**		**1910.17**	

* Inclusive of STAR Plus, STAR World, STAR Vijay

Our Competitors

Content providers have now become a critical link in the value chain and individual production houses have achieved specialization in different genres and invested in state of the art infrastructure to improve their quality of production and scale of operations. In this segment we compete with well-known production houses such as Balaji Telefilms, In-house Productions, Contiloe Films, Cinevistaas, Creative Eye, TV18-CNBC, Radaan Entertainment, B.A.G Films etc.

Factors behind our growth

We believe that following factors can be attributed behind our successes:

1. In the early days of C&S channels in India, we were one of the few production houses who produced substantial TV content and further built on the first mover advantage.
2. Our creative leadership is a collective one and thus we are not dependent on the creative ability of one or two key persons unlike other television content production houses.
3. Gap analysis, undertaken by us, enables us to understand the pulse of the viewers and produce programme according to their choices. This in turn converts into better TRP for the programmes produced by us and more revenue per programme.
4. Our ability to produce multi-language and multi genre programmes enables us to reach each section of the Indian viewers and protect us from any sudden change of viewers' preferences.
5. Our ability to generate large volumes of programming which in turn results in economies of scale

B. ANIMATION

INDUSTRY OVERVIEW

Background

Animation films are films without live characters but with cartoons given life by personalities lending their voices. Animation films require no real live background, set location etc. Today Animation techniques can largely be classified into two different types.

(a) Traditional Animation – Mostly hand drawn and painted with finishing touches applied using specialized software on digital platforms. Some examples of well-known works of traditional animation include: Disney's "Lion King" and "Tarzan" both of which were runaway box office successes.

(b) Digital Animation – Created using computers running software specialized for recreating and rendering 3 Dimensional spaces and objects. This technique of animation is relatively newer and some of the most successful titles that are made using this technique include: Pixar's "Finding Nemo" and Dreamwork's "Shrek".

Animation had an early start in India when Dadasaheb Phalke made one of the first stop-motion films animating coins and matchsticks as early as 1914. However, the medium stagnated through four decades until 1956 when the Films Division of the Government of India set-up the Cartoon Film Unit. Then after, animation industry has grown to a considerable size to make its presence felt.

Current Scenario

The global animation production and licensing market is set for major growth. As per a NASSCOM animation study, the global animation market will generate revenues worth US$ 50-70 billion by 2005. 2004 alone has seen the release of 5 major animation movies that are already well on their way to beat every other movie in terms of revenue collections. Between "Shrek 2", "Shark Tale", "Robots", and "The Incredibles" (all being released in 2004) animated films would have collected more than US$ 10 billion worth of revenues by the end of 2005.

As per the same study, the Indian domestic market too is throwing up revenue generation prospects for ICT solutions providers specializing in this market. Animation production from Indian producers is expected to go up from US $ 0.6 billion in 2001 to US $ 1.5 billion by 2005. (Source: www.nasscom.org)

The most compelling reasons that are shaping the development of the animation industry in India include the massive market for services and products for kids in India, increasing cost of production in the west leading to large scale outsourcing, the heavy arbitrage between the hard currencies and the Indian rupee, and low cost of infrastructure, machinery and technical manpower in India.

Animation provides great opportunity for India to capitalize on its two great competencies namely computer software and the general ability to understand and appreciate entertainment. However, for this industryto continue it current growth levels for the next 3 years, the government needs to look into and support the huge requirements of infrastructure, manpower and funding requirements. The skill sets and the infrastructure requirements of the industry are very specific, and there is urgent need for industry to work in partnership with policy makers to take strategic initiatives to fuel growth in this segment.

Advantage India

The Indian animation industry already enjoys great outsourcing opportunity. Within the Asia Pacific, India is continuously creating a substantial edge for itself in the animation production outsourcing space because of obvious benefits such as large English speaking talent base, ready availability of animation capability with more than 4500 trained animation staff, presence of a hugely successful entertainment industry, and a rapid change in the software platforms that is leveling the playing field for new comers in comparison to older software knowledge of Korea, the Philippines and even the west. Another primary advantage is that the cost of high quality animation production in India is the lowest among all countries that are major producers of Animation.

Rates of production of a half hour animated program

Countries	Cost (US$)
US and Canada	$250,000-400,000
Korea and Taiwan	$110,000-$120,000
Philippines	$90,000-100,000
India	$60,000

(Source: www.nasscom.org)

Opportunities in the Domestic Market

The various end user segments of animation that constitute the opportunity areas for animation producers in India are feature film production, TV programmes, Ad commercials, games, online education, CAD/CAE, and industry specific applications (architecture, medical, legal/ insurance, etc.). Recognizing the potential, a number of Indian software players are turning their attention to animation. Animation studios now dot the country and the industry is also witnessing the arrival of training houses that are dedicated to building skilled manpower for this market.

Emerging trends of the animation industry

Multiple revenue streams: In the last 5 years there has been an explosion in the number of kids' channels across the world. Also the internet's ability to broadcast flash animation without quality loss has led to a simultaneous rise in the number of animation titles being produced every year. More and more producers are today exploiting their animation titles licensing their characters to products and services, releasing interactive games and CD-ROM titles and substantially proliferating the publishing. Some figures that demonstrate some successes in Licensing and Merchandising are in the table below:

Animated Characters and/or Titles	Licensing & Merchandising Revenue for 2003 (All figures in US$)
Pokemon (Pokemon Inc, Japan)	$ 138.06 million
Finding Nemo (Buena Vista, US)	$ 134.60 million
Shrek & Shrek 2 (Dreamworks, US)	$ 126.03 million
Bob the Builder (Hit Entertainment, UK)	$ 91.21 million
Thomas the Tank Engine (Hit Entertainment, UK)	$ 79.04 million
The Power Puff Girls (Cartoon Network, US)	$ 78.56 million

(source: www.awn.com)

Content Explosion: A whole generation in the west and Japan has now grown up on TV animation. This generation now continues to absorb animation and we are seeing the runaway success of several animation titles whose target audience is above the age of 25. Every year an average Japanese professional in his late 20s till mid 30s buys US$ 8460 worth of animation products. (source: www.yahoo.co.jp). A title called "Cowboy Bebop" is now the largest selling animation DVD in the world and the content is seriously violent and rated for viewers above 18 only. MTV, VH1, NBC all non-kids channels already have several animated series on air. Infact the last 5 years has seen complete explosion in the amount of money being spent on producing animation content.

OUR BUSINESS

Brief History

We ventured in the area of animation in 1997 with a show for UNICEF ESARO called " Sara". Also during the same year, the erstwhile animation giant Fox Saban from Los Angeles commissioned the studio to produce `The Adventures of Oliver Twist' for Fox Channel and by this time the studio had already grown to about 75 animators.

In 1998, after successfully completing the shows for UNICEF ESARO and Saban/Fox, we got another project from TV 12 Singapore i.e. a series of 13 episodes X 24 minutes called "Jo Kilat" which grabbed the award for the Best Children's TV Programme in Malay Bahasa Awards.

At the end of 1999, our animation division diversified into new areas of its business i.e. co-production and original production. In this year the division signed a contract with SPI International, an international distribution company in New York, to co-produce 200 episodes of 1-minute interstitial called "Dr. Disaster".

Since then the business has produced a volume of animation both in the traditional and digital formats. The company has a portfolio of more than 600 episodes. The titles produced at UTV are today seen on channels across the world including Disney Channel, Teletoon, France 5, ORBF, ABC Toon Disney etc.

In July 2003, so far animation business is concerned, we moved from a fixed employment model followed till that time, to a 100% variable pay model. Now all of our animators are on contract for particular jobs that they have been signed on for. Also all remuneration is directly proportional to the output that each animator delivers every month. This breakthrough model ensures that all costs for this division are at all times directly proportional to the revenues that are billed every month. Currently on all jobs put together, we have 90 people working for animation division.

In recent past, we have signed an agreement with Cromosoma TV Productions S.S, Peru Strret, 174, 08020 Barcelona, Spain on December 17, 2004 for rendering certain Ink & Paint for animation services. The value of the contract is 175 Euros per minute of the pilot contracted (1 minute has 1500 frames).

Our Competitors

Some of our main competitors who are of comparable size include DQ Entertainment (Hyderabad), Crest Communications (Mumbai), Jadooworks (Bangalore), Toonz Animation (Trivandrum).

We also face competition from the studios in Korea, China and the Philippines.

Our strengths

- Group synergies are bountiful for animation to include requirements for advertisements, for Television, packaging requirements of all divisions and a Kids channel broadcasting 3-4 hours of animation within the group.
- We have firm business relationship with global clients including some of the biggest and most prestigious buyers of animation eg. Disney Channel, Teletoon and France 5.
- A portfolio of 620 episodes of animation that none in India can match.
- An enviable cost model that no other studio in India has been able to practice.

C. AIRTIME SALES AND SYNDICATION

INDUSTRY OVERVIEW

Background

In the initial period of television age, Doordarshan was the only broadcaster. As stated elsewhere in this document, Doordarshan follows a sponsored programming model. Therefore, the producers, who used to buy slot from Doordarshan paying telecast fees, were required to sell free commercial time (FCT) to the advertiser for earning revenue in order to cover telecast fee, production cost of the programme and other costs, if any. Since most of the producers did not have the requisite funds for paying telecast fee and the wherewithal to sell FCT to the prospective advertisers, the need for a specialized agent for selling airtime & syndication arose. Thus, the business of airtime sales & syndication began.

It received further boost because of the following factors:

- Television's share of overall advertising spending increased consistently over the last few years relative to the primary media delivery channels and thus offered more opportunity for the business of airtime sales & syndication. During the year 2002, the television sector in India accounted for approximately 41% of the total advertisement pie, as compared to 51% for print media, according to the FICCI KPMG Report 2003.

Breakdown of Ad-spend: 1990-2001

Year	TV (%)	Print (%)	Radio (%)	Cinema (%)	Outdoor (%)
1990	16%	70%	3%	1%	11%
1991	17%	70%	3%	1%	10%
1992	21%	67%	3%	1%	8%
1993	23%	66%	3%	1%	8%
1994	22%	66%	3%	1%	8%
1995	24%	65%	3%	—	7%
1996	29%	63%	3%	—	6%
1997	33%	59%	2%	—	6%
1998	35%	58%	2%	—	5%
1999	36%	55%	2%	—	7%
2000	37%	54%	2%	—	7
2001	38%	53%	2%	—	7%

Source: The Businessworld Marketing White book 2003-2004

- Producing sponsored programmes for channels like Doordarshan and Sun TV is a desirable option for television content production houses since broadcaster of the sponsored programmes allow the television content producer to retain the IPRs of the programmes, which in turn offer an opportunity of library building. However, producing sponsored programmes also requires the ability of selling FCT in order to earn revenue. Since most of the producers do not have the wherewithal to market the FCT to advertisers across the country, they take the service of airtime sales & syndication agent to sell FCT of the slots bought by them.

Market Size

In 2002-2003, the television advertising market, which accounted for 41% of the total ad-spend in the country, stood at Rs 4,220 crore.

Earlier advertisement spend through television was heavily concentrated in favour of national channels airing programmes in Hindi. In the recent past, the advertisers have started to advertise in the regional language using the upcoming regional channels as the medium of communication, which in turn has resulted in an increase in the share of South Indian regional channels in the total television advertising revenues. With the fragmentation of viewers on linguistic basis and emergence of numerous satellite channels as competition to Doordarshan, the advertiser today is forced to use multiple media vehicles to communicate with his target audience. Among all regional language market, SIRL is very important for advertisers because language barriers make these regions inaccessible for national channels. In 2002-03, the regional channels have consolidated their position showing a marginal increase of 1% in their share in the advertising pie from 17% in 2001-02. This implies that the SIRL advertising market is currently a Rs 760 crore market. (FICCI KPMG Report 2003)

Among all the South Indian markets, Tamil Nadu is Priority-One market for a lot of national brands. In fact, the Tamil Nadu market is invariably used for test marketing of various products.

Tamil Nadu also has a very evolved local market. For the local brands, advertising on the Tamil Channels is not only affordable but also provides a high return on investment..

The second most important market in the South is Andhra Pradesh. This market is fast emerging as a very big regional market in India. In fact, most advertisers who have a strong presence in the Tamil Nadu market, invariably also have a significant presence in the Andhra Pradesh market.

The Regional language channels of Karnataka are primarily used by national brands to communicate with the 'Rest of Karnataka market' (other than Bangalore) as no other channel has effective reach in these regions. The Bangalore market being largely cosmopolitan (in fact the most cosmopolitan market of all the South Indian metros and mini metros), is catered to very well by the national channels themselves.

The other factor in favour of the regional channels is that the national channels are expensive and also cause high spillovers. Advertising on regional channels ensures that the advertiser gets more value for every advertising rupee and does not tax his pocket unnecessarily. This is another reason why the regional channels win hands down over their national competitors.

Sun-TV Group controls a substantial market share in the SIRL markets. The other players in this domain include the Eenadu Group in Andhra Pradesh and Karnataka and STAR Vijay, Raj TV and Jaya TV in Tamil Nadu in addition to Doordarshan's respective language channels in these regions.

Business/Revenue model

The revenue earned from sales of airtime is dependent on the following factors:

- ***Ability of the producer to sell FCT:*** Channels like the Sun Group of Channels and Doordarshan sells programming slots to producers on receipt of telecast fees. The producers in turn sell the free commercial time, received by them on the programming slot. More often than not, some of these producers do not have the necessary infrastructure to sell airtime as they do not have the wherewithal to market the same. As a result they, outsource a major part of their Air-Time Sales function to Air-Time Sales Agents. The potential of earning for the Air-Time Sales Agents depends upon the ability of the said Air-Time Sales Agents to optimize the revenues from sale of FCT.

- ***Advertising Budgets of the clients*:** As an Industry, Airtime Sales derives its revenues from the Advertising Budgets of the clients. This Budget is fixed on a brand-wise, product wise, annualized basis. On a bigger plane, all Air-Time Sales Operators, be it on Doordarshan or on the Cable & Satellite Channels (like Star, Sony or Zee) or niche channels (like MTV, Discovery) Regional Language Channels, News Channels, Sports Channels etc., vie with each other for the same pie. Ups and Downs in any one market has a positive or negative impact on the other markets. For example, during the cricket season, sports channels that have rights to the telecast have a field day whereas the other channels suffer significantly as ad spends are diverted to the sports channels.

However, new media/entertainment vehicles like, Internet, broadband, etc. will have a bearing on the advertising spends. Currently, Internet/Broadband etc. form a minuscule portion of the advertising spend, their growth trends and growing popularity will attract sizable portion of the advertising budgets.

OUR BUSINESS

Brief Background and History

Our core business has always been providing quality content for Television. In 1994, we expanded our activities to sell advertising commercial time on various channels. This business was primarily set up with the intent of marketing the advertising commercial time on our own sponsored programms on DD. The first program under this initiative was 'Metro Dhamaka' followed by 'Shanti'. This business became our full-fledged Strategic Business Unit (SBU) in 1996. The clients of this SBU is the Advertising Agencies and media buyers. Therefore, regional sales forces were recruited to serve these National Advertising Agencies.

As a result, an opportunity arose for our sales division, which was selling airtime for our own non-commissioned programs to further expand the scope of activity. With a fully established sale force with offices in the major metros and at no incremental fixed costs or overheads, we could go into the market and sell FCT on other producer's programmes. This also enabled us to create a more diverse product basket to better meet the needs of the media buyers in advertising agencies.

Therefore, it was a logical extension for the division to acquire outside producers' programs and sell airtime (FCTs) on those programmes as well. We started this activity for programmes on DD-1 & DD-2 but soon expanded its reach to include the regional kendras of DD as well as the southern C&S channels. In addition to TV serials, we also started marketing film telecasts and live sporting events on these channels. It may be noted that this SBU continues to market the FCT of our programmes on DD and SUN as well as the FCTs acquired from outside producers.

Details of revenue earned by us from our airtime sales & acquisition division are given below:

Rs. In Lakhs

Year	Revenue earned from airtime sales & acquisition	Total revenue earned	Revenue earned from airtime sales & acquisition as a percentage of total revenue
2001-2002	1901.37	9116.12	20.86%
2002-2003	3879.31	9488.54	40.88%
2003-2004	3233.83	9775.25	33.08%
Six months period ended September 30, 2004	1735.86	6384.29	27.19%

Our Achievements

1. More than 100 clients including the entire top advertising agencies and media buyers in the Indian market.
2. Marketed 'Shanti' – an afternoon daily soap which ran for 800 episodes..
3. Marketed '1997 Pepsi Independence Cup' – international cricket event.
4. Marketed diverse genres of programmes including programmes like Live Sports, Mythological serials (Jai Veer Hanuman), daily soaps (Chithi, Annamalai, Alaigal, etc.), children's programmes (Ghee Bhoom Bha), News & Current Affairs programmes, Feature Films, etc.
5. Presently contracted to sell over Three Hundred Thousand seconds per year on Sun TV group of channels.
6. At present we are acting as airtime marketers for the following programmes:

Programme	Channel	Market	Period	Average TRP
Kolangal	Sun TV	Chennai + Tamilnadu – All C&S	December 20, 2004 –January 13, 2005	25.68

Source: MediaExpress

Business Development Strategy

Providing best service to the producers, advertiser and broadcaster:

The philosophy of our business development model is to offer the best service to the three pillars of this business namely the producer, the advertiser and the broadcaster. In order to do so, our continuous endeavor is to provide:

- Best service to our producers in terms of cash flows, optimization of revenue and information about the market
- Best value for the products to advertisers by way of packaging across multiple channels
- Market Information, TRP Analysis and other such services to the broadcaster.

We have also set the following internal targets for ourselves in order to become the best service providers to the advertisers.

- Becoming best communication vehicles at the optimum price in the South India Regional Market and Doordarshan markets.
- Providing Quality Programmes/Opportunities in these markets to the Advertisers at cost-effective rates.
- Provide advertisers with Research Analysis to help them finalize their media buying.

We aim to become a "Media Solution Provider" in the field of airtime sales and acquisition. In order to attain this, we plan to increase the size of our offerings on the current channels and expand to other linguistic markets of India.

In the future, in order to consolidate out position in the South India Regional Market, we will be acquiring top rated programmes in the Prime band of Gemini TV, afternoon programmes on Sun TV and nominal presence on Surya TV, Udaya TV and the regional Doordarshan channels.

We also plan to acquire new programmes or broadcast our in-house produced programmes across selective time bands on the national broadcasters to be able to provide a balanced and a wide basket of programmes to the advertisers.

Exploring New Avenues:

We also plan to look beyond the current domain of just being the air time sellers to a much bigger role of consultants and suppliers of all possible media carriers, viz. Channel Marketing, Events, In-film advertising, Radio, Internet, Outdoors, Print etc.

Our Clients

(Rs. In Lakhs)

	2001-02		2002-03		2003—2004		Six months period ended September 30, 2004	
Agency	**Revenue**	**As % to the total Revenue**	**Revenue**	**As % to the total Revenue**	**Revenue**	**As % to the total Revenue**	**Revenue**	**As % to the total Revenue**
HTA	177.28	9.32%	425.10	10.96%	317.44	9.82%	1.34	0.08%
Rediffusion D-Y & R	63.35	3.33%	314.46	8.11%	355.24	10.99%	158.77	9.15%
Madison Communications Pvt. Ltd.	222.85	11.72%	445.64	11.49%	351.98	10.88%	270.51	15.58%
Euro RSCG Advertising Pvt. Ltd.	51.28	2.70%	47.42	1.22%	182.30	5.64%	61.62	3.55%
Grey Worldwide India Pvt. Ltd.	133.70	7.03%	242.31	6.25%	186.66	5.77%	121.29	6.99%
TLG India Pvt. Ltd.	14.85	0.78%	136.34	3.51%	117.14	3.62%	21.62	1.25%
McCann—Erickson (India) Pvt. Ltd	169.62	8.92%	129.58	3.34%	113.08	3.50%	65.55	3.78%
Ogilvy & Mather	127.06	6.68%	126.54	3.26%	81.24	2.51%		0.00%
Interface Communication	30.22	1.59%	119.16	3.07%	66.69	2.06%	9.61	0.55%
FCB Ulka Advertising Ltd.	60.12	3.16%	86.94	2.24%	53.39	1.65%	103.88	5.98%
Vinisha Vision	34.14	1.80%	48.13	1.24%	34.11	1.05%		0.00%
Media Vision	21.59	1.14%	34.24	0.88%	29.66	0.92%		0.00%
Contract Advertising (I) Ltd.	11.48	0.60%	37.41	0.96%	19.47	0.60%		0.00%
Sky Kommercial	39.97	2.10%	125.82	3.24%	12.39	0.38%		0.00%
VV Ambigai Adds	0.00	0.00%	15.73	0.41%	13.73	0.42%	13.51	0.78%
Rite Tyaim	9.30	0.49%	54.06	1.39%	5.65	0.17%		0.00%
Others	734.57	38.63%	1490.43	38.42%	1,293.65	40.00%	908.16	52.32%
Total	**1901.37**		**3879.31**		**3233.82**		**1735.86**	

We also have strong business relationships with key agencies such as Contract Advertising, Media Vision, Starcom, Carat Media, Initiative Media, Euro RSCG, etc

In addition to the above, we are planning to increase our client base by leveraging our foothold in the national market again with an entry on to Doordarshan. Our growth plan envisages a significant chunk of the advertising pie in this market as well.

Doordarshan as a platform is used by all brands that have a rural presence. Despite the inundation of Cable and Satellite channels in the country, till date, no other channel can reach the interiors of the country as effectively as Doordarshan can. Doordarshan is the only channel that can boast of a 100% reach in the Indian market whereas it's most worthy competitors languish at reaches in the region of 30 – 40 %. Getting better rates than most channels therefore is hardly surprising for Doordarshan.

In view of the above, we sincerely believe that our re-entry into Doordarshan will enable us to increase our client base in the area of airtime sales.

We have also been appointed as the exclusive airtime selling agent for a minimum period of five years by United Home Entertainment Private Limited (the company promoting the 'Kids channel') through a termsheet dated June 24, 2004.

Our Competitors

We operate in an environment with practically no entry barrier. However, the key to success in this business is ability to sustain which in turn depends upon the following factors:

- Financial strength in order to pay telecast fee upfront to book the slot on the channels
- Marketing wherewithal to sell FCT

Our main competitors in this segment are Sun Group, Gemini TV, Vision times, New Age Media, Balaji Telefilms, and Nimbus.

Our main competitors for selling airtimes on Doordarshan are IP TV, Sri Adhikari Brothers, Reasonable Advertising, Nimbus etc.

Factors behind our growth

The following factors may be attributed behind our growth

- Our strategy has been to "operate on priority Channels" and "Operate only on prime bands of such channels". This strategy has helped us to achieve the status of single largest supplier of GRPs/commercial time during the primetime of main channels in the priority markets of Tamil Nadu and Andhra Pradesh and also Doordarshan.
- Our programme basket coupled with our ability to sell airtime better than any of the competitors has helped us to carve a niche for ourselves. Our ability to attract/retain producers and to provide them recurring opportunities gives us the competitive edge to become the market leader. As a result of our relationship with the producers, advertisers always view us as a long term and dependable player in these markets.
- Our ability to attract new and retain the old producers of television programmes plays a crucial role in achieving our objectives. Our ability to provide finance and to deliver value to the producer both monetarily and qualitatively are the two crucial factors that determined our success.
- We are not a Broadcaster and thereby have the freedom to operate on the carrier of their choice. We leverage this ability to constantly source opportunities on the Channels/Markets of Demand and position ourselves in the minds of the advertisers, as the single largest suppliers in these markets. This model provides us with the necessary flexibility and reduces our turn-around time.
- Our corporate positioning helped us to get more business vis-à-vis local players.
- We have always maintained strong relationships with the private producers by ensuring that the terms are a win-win proposition for both parties' concerned and ensuring timely payments. As a result of this, the producers allow first right of refusal to us for any new programs that they produce.

2. MOVIES

A. PRODUCTION

INDUSTRY OVERVIEW

A Brief History of the Indian Film Industry

Movie as a medium of entertainment was introduced around the turn of 20th century. The first exposure to movie came in 1896, when the Lumiere Brothers' Cinematographer exhibited six silent short movies at Watson Hotel, Esplanade Mansion, Mumbai on July 7. First exposure of celluloid by an India and its consequent screening took place in 1899, when Harishchandra Bhatvadekar (Save Dada) shot two short films and exhibited them under Edison's projecting kinetoscope.

Dada Saheb Phalke, or Dhubdiraj Govind Phalke, ushered in the era of indigenously conceived and produced movie in India. Raja Harishchandra – the first India movie – marked the birth of the India Movie Industry. The movie had titles in Hindi and English and was released on May 3, 1913 at the Coronation Cinema, Mumbai.

"Talkies" or movies with sound in India were introduced during the early 1930s. They rapidly attracted audience attention and displaced the silent movies. The first Indian talkie Alam Ara, produced by the Imperial Film Company and directed by Ardeshir Irani was released on March 14, 1931 at the Majestic Cinema in Mumbai.

The first International Film Festival of India, held in 1952 at Mumbai, brought global exposure to Indian cinema. In 1955, Pather Panchali, directed by Satyajit Ray, revolutionized the art and concept of movie making and launched Indian cinema into the international stage. This movie was accorded international recognition in the form of Cannes award for the best Human Document, followed by a series of foreign and national awards.

The evolution of the Indian movie industry continued with the changing tastes and preferences of the audiences. Till date, the Indian film industry has created for its audience about 27,000 feature films and thousands of documented short films. Movie continues to be an affordable and popular mass medium for entertainment and has a very wide reach in terms of viewer ship in India. Presently, the Indian movie industry generates about 800 movies every year, which makes it the largest film producing country in the world.

An Overview of the Present Scenario

The Indian movie industry, being an integral part of the Indian socio-economic psyche and the most popular source of entertainment, contributes about 23% to the Rs 19,200 crores entertainment pie. The influence of movie and movie-based entertainment is very strong in the Indian consumers mind share. Mainstream Hindi movie (Bollywood) accounts for a major proportion of the Indian movie industry revenues. Hence its performance issues/concerns and trends have a considerable impact upon the movie industry.

In 2003, the Indian film industry produced 877 films. While the majority of films were made in South Indian languages of Telegu (155 films); Tamil 151 (films); Kannada (109 films) and Malayalam (64 films) compared to 246 in Hindi, Hindi-language films took the largest box office share.

The year 2003 was a good year for the Hindi Film Industry. There were 16 Bollywood films that grossed more than Rs 10 crores each from domestic theatrical exploitation alone, compared to 13 films in 2002. Since a large proportion of these were medium to low budget affairs, the return on investment ratios was also higher. Revenues from international markets have been impressive with 4 films crossing USD 2 million mark in gross collections from the USA and UK markets.

Industry players are also recognizing the need for further improvements in order to unlock the significant growth potential. The transforming landscape of the Indian entertainment industry is firmly making its presence felt. The process is irreversible and the industry is expected to grow at approximately 18 per cent CAGR to reach Rs. 10,100 crores by 2008 from the existing estimated level of Rs. 4500 crores in year 2003. (Source: FICCI E&Y Report 2004)

Current Trend in Indian Movie Industry

- ***Creativity:***

  There is an increasing thrust on creativity in Indian move industry because content continues to be of critical importance and that's why industry is realizing the need of focusing on making content more appealing to customers while striking the right balance with commercial potential. In the future, the success or failure of an entertainment product will depend increasingly on the efficient management of content and talent on the one hand and operations and product marketing on the other.

- ***Progress towards Corporatization:***

  Having started over 70 years ago along the lines of Hollywood studio models, the Indian movie industry eventually became completely fragmented, with no individual entity -content producer, financier, distributor, exhibitor, music company or satellite broadcaster – commanding a unique presence in the entire value chain. As a result, the revenue earning capacity of a movie gradually became a function of the relative bargaining power of the concerned distributor, producer, financier, exhibitor as well as the performers. This has adversely impacted the creative freedom and as a result, the quality of content. The absence of corporate governance and the dominance of individual players have not helped the cause of organized business. This has hindered the inflow of organized capital from financial institutions and other organized sources, which in turn fuelled the lack of transparency with respect to funding such movies.

  However the year 2002 was a landmark year in the history of Indian movie with the industry moving towards corporatisation. Corporatisation is not only limited to the structural changes involving emergence of corporate and studios to replace individuals for movie production but also it implies a fundamental shift in the way different elements of the industry value chain including pre-production, financing, production, postproduction and distribution are managed and run. This is likely to result in a scenario where movie making is governed by transparent and enforceable contracts and is consulted in accordance with global best practices. This will convert the Indian movie industry from an aggregation of creative endeavor to a volume driven business.

  This would also encourage appointing professionals in different aspects of movie making and an emphasis on adherence to budgets/contracts while focusing on cost minimization. Movie producers will increasingly outsource across functions/ processes to control costs and concentrate on the core aspects of movie making. This would make drafting, monitoring and enforcing contracts and service level agreements (SLA's) as a critical element of the movie making process. Also, the focus on marketing and professionalism brought about by corporatisation would enable the Indian film industry to significantly step up its marketing efforts to help it foray into the global arena.

- ***Unlocking of value in the production houses:***

  The Indian movie industry is dominated by large production houses that have successfully, been in the movie business for a significant period of time. These production houses have extensive experience in managing all elements of the movie value chain. They enjoy deep relationships that give them an edge over smaller players.

  However, still there is sufficient scope for improvement even amongst the largest players. They can realize the true value of their relationships and experience by adopting global standards. A significant proportion of this value can be derived from institutionalizing best practices across the movie-making processes. There is significant scope for reduction in the overall costs of movie production that can be achieved through structured planning and better economies of scale.

  The corporatised entities and the proposed private funding vehicles will be able to bring down costs once they gather critical mass of a portfolio of movies under various stages of production. The cost reduction would be achieved through economies of scale by owning studio infrastructure and equipment and signing up multiple contracts with actors, directors, writers, composers and technicians on the one hand and distributors and exhibitors on the other. Entities which adapt a professional and corporatised approach would be in a better position to unlock value through a reduction costs. It is estimated that a 15% reduction in costs in the medium term, will result in enhancing profits. Several movies that made losses due to cost and time overruns during the past few years could have been reasonably profitable at lower costs. Hence, going forward, there will be a greater emphasis on cost control.

- ***Decreasing dependence on domestic theatre viewership:***

  Although domestic theatre viewership continues to be the largest source of income for movie industry, its share has been declining steadily. In 1999, share of income from domestic theaters viewership was 79% of the total revenues earned by movies, whereas in 2003 share of revenue earned from domestic theatre viewership was only 35% of the total revenue earned by Hindi movies with a budget of less than Rs 5 crores. For Hindi movies with a budget of more than Rs 10 crores, domestic theatrical viewership accounted for 50% of the total revenue earned in 2003. However, share of revenues earned from domestic theatrical viewership in India still continues to be higher as compared to that of developed countries. With the increased importance being accorded to newer revenue streams, the share of domestic theatre viewership is likely to shrink further. At the same time, given the socio-economic distribution of the Indian population, this will continue to be higher than that of other developed countries.

- ***Increasing focus on customer experience in the domestic theatre viewership segment:***

  The traditional distribution model is likely to undergo a radical change with the emergence of large chains that control and manage domestic theatres. Going forward, exhibition is likely to move away from traditional stand alone, poorly maintained theatres to high quality multi-screen theatres concentrating on offering an enhanced movie viewing experience, thus providing a competitive edge over other formats and increasing footfalls in theatres. Consumers' willingness to pay more for such an experience further helps in increasing revenues. The government has come forward with various tax rebates to provide incentives for growth.

  Along with the growth in multiplexes, stand-alone theatres would also undergo significant changes in the near future. Several stand-alone theatres with low capacity utilization are now finding it uneconomical to continue, especially since they do not enjoy a level playing field in terms of entertainment tax holidays. The following major shifts could be seen in the near future:

  o Up gradation and right sizing of theaters is likely to lead to better economies despite the cost of improving the infrastructure and better capturing of cash flows for both ticket and non-ticket sales

  o There is likely to be consolidation with a minor shakeout amongst the smaller theatres who are unable to invest in up gradation and are likely to be acquired by larger chains.

  o Long-term management contracts for theatres, as opposed to ownership, are likely to emerge as preferred format. Such operational alliances would lead to higher throughput of content and intelligent programming, resulting in an overall increase in occupancy levels.

- ***Increased focus on tailoring the film product as per customer needs and preferences:***

  Unlike in Hollywood, the general tendency in mainstream Indian Movies is to produce one-size-fits-all movies and me-too movies, that are expected to hedge the financiers risk better. With the changing socio-political scenario in India, the increasing urban-rural divide, the widening generation gap and move towards global markets; identifying subjects with universal appeal is becoming increasingly difficult. The movie industry is thus faced with the challenge of creating technically superior content with universal appeal. On the other hand, focused movies with niche appeal need to be taken up after a careful cost benefit analysis to ensure that the ventures are profitable. This segment can become a potentially high revenue earner and should not be ignored by filmmakers and producers.

  In the coming years, mass movies will continue to command a major market share but there will be an increased awareness among content-makers (writers, producers, directors) to identify target audiences. In future, a movie will be conceptualized and distributed after conducting a detailed market survey in determining the revenue potential of a film, and therefore the budget and the genre, on the basis of population segments.

- ***Reducing dominance of the mainstream Bollywood genre:***

  Hindi movies command a 40% share of revenues generated in the Indian movie industry. Average costs of production and distribution of a regional movie, in keeping with its revenue potential, are only a fraction of that of a mainstream bollywood movie. Bollywood movies are marketed throughout the country (on both big screen and small screen formats) and overseas. On the other hand, the market for regional films is currently completely localised. For instance, South Indian films while accounting for only 25% of the viewership, account for over 40% of the national revenues. Quality production of regional movies, aided by proper promotion campaigns and mainstream distribution, could deepen the market for such films. (FICCI KPMG Report 2003)

Crossover Indian movies having an inherent Indian theme or connection and primarily Indian protagonists, but with an international appeal also have been immensely successful recently. In a year when movies made in India, by and large did not farewell domestically, cross over movies like 'Bend it like Beckham', 'Monsoon Wedding' and others have earned a huge returns from mainstream releases in the UK and US. The pull factor of crossover movies is likely to result in mainstream Indian movies finding a wider global acceptance, which could in turn significantly increase the revenue potential of the movie industry.

- ***Redefining Marketing Strategies – Films as Brands:***

  Filmmakers today have realized the potential of their offerings as brands. There is a visible shift towards high level of marketing and promotion of films as brands before release as is done in Hollywood model. The new set of filmmakers are also exploring alternate routes for revenue generation. They are creative and market savvy and are beginning to look at merchandising and branding seriously. Corporate tie-ups, sponsorships and merchandising are part of this new trend of exploring additional source of revenue. This trend has received a boost because of multiplex phenomenon, which, besides offering a world-class cinema experiences to the viewers, are also bringing about new marketing and brand building opportunities. Multiplexes are an ideal platform for films targeted at specific audiences and for the retail/display/promotion of film merchandise.

- ***Re-emergence of Studio concept:***

  The Indian movie industry is evolving at the operational level as it begins to embrace corporatisation and organized business structure. This trend is growing as many producers can see the advantage of moving from a family business to a corporate entity. Many producers nowadays are adopting a more structured approach to movie production. This corporatised approach to movie production enables the various constituents of movie production to concentrate only on their area of contribution, which in turn ensures speedy completion of production of movie in a cost effective manner.

Segments of Hindi Films

Since we are in the business of producing Hindi movies, segments of Hindi movie industry, as per our own understanding, are given below to enable the reader to feel a perspective of our business:

A + Category: These are typically big banner movies. These movies have the best overall team. Generally a reputed production house, a strong distributor, the best star cast, exceptional quality of shooting and socially acceptable themes should result in the creation of an A+ movie. However, an A+ category movie will turn into an A category one in case the movie performance at the box-office is average.

A Category: The key factor here is that the producer and the director are strong and are able to complete the movie on time. Additionally the movie should have a good story line, good quality of shooting and the best artistes. The only difference between these and the A + Category movies is their box office performance.

B Category: In these films, either the director or the producer is relatively weak. The movie could be delayed due to lack of finance as the producer does not have his own sources of finance and usually taps the market for funds. Sometimes the director of these films is mediocre and may not have huge hits to his credit. Often the star cast may not be top grade and may include actors who have not had a big hit to their name. Again which category the movie may belong to depends on its performance at the box office

C Category: These movies lack quality, a strong storyline and good artistes. These movies are usually made on run-of-the-mill subjects and have mediocre music and virtually no market

D Category: These are movies based on adult topics like sex and horror with very low-budgets and poor quality of picture & music

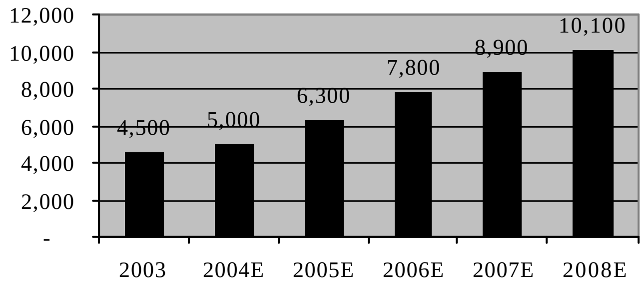
However, since no specific parameter can be applied for rating a movie, our working assumption for rating movies, based on Gross Indian Theatrical Recoveries, will be as follows:

1. Rs 15 Crore + : A +
2. Rs 10 Crore – Rs 14.99 Crore: A
3. Rs 5 Crore – Rs 9.99 Crore: B
4. Rs 1 Crore – Rs 4.99 Crore: C
5. Less than Rs 1 Crore: D

Market Size

The total revenues of the Industry in 2003 are estimated to be Rs 4500 crores. Going forward, with improvement in distribution, exhibition infrastructure, advent of digital cinema and the better exploitation of movies, the industry is likely to grow at a CAGR of 18% to gross Rs 10,100 crores in 2008.

Size of Indian Movie Industry (Rs crores)



Revenue Model

In earlier days, revenue earned from the domestic theatrical viewership was the main source of revenues for Indian Movie Industry. Revenue break-up, based on sources of revenue, of a typical Indian Movie in 1998 was as under:

Source of revenue	Percentage of total revenue
Theatre viewership – Indian	79%
Music	8%
Satellite	4%
Theatre viewership – Overseas	7%
In Cinema Ads	1%
DVD/VCD/Cable	1%

(Source: FICCI E&Y Report 2004)

However, now the revenue model of Indian Movie Industry is undergoing a fundamental change with a higher probability of exploiting alternate revenue streams as opposed to relying on the domestic theatre viewership, home video segment, satellite rights, music rights and in-cinema advertising among others. In 2003, for the category of Hindi movies with budget of less than Rs. 5 crore, only 35% of the total revenue has come from domestic theatrical viewer ship. Share of the same in the total revenue earned by Hindi movies with budget mores than Rs. 10 crore was 50%. However, regional language movies are still dependent on the revenue earned from domestic theatrical viewership. Share of revenue earned from domestic theatrical viewership for South Indian language movies was 85% in 2003.

In the year 2003, revenue break-up for a typical Indian movie, as a percentage of total revenue, was as under:

Source of revenue	Hindi Movie with a budget of less than Rs. 5 crore	Hindi Movie with a budget of more than Rs. 5 crore	South Indian Movie
Theatre viewership – Indian	35%	50%	85%
Music	5%	10%	5%
Satellite	30%	15%	-
Theatre viewership – Overseas	20%	20%	10%
DVD/VCD/Cable	10%	5%	-

(Source: FICCI E&Y Report 2004)

With the increased importance being accorded to newer revenue streams, the share of domestic theater viewership is likely to shrink further. At the same time, given the socio-economic distribution of the Indian population, this will continue to be higher than that of other developed countries.

The revenues from overseas theatre viewership are also expected to show an upward trend with more Indian films being distributed and released in mainstream international theatres. The continuing normalization in relationship with Pakistan may open a new opportunity, considering the fact that Hindi movies as well as Hindi movie actors/actresses are very much popular in Pakistan.

With over 10 million households, the Indian Diaspora is an important target segment for the Indian film industry. Assuming an annual household income of USD 40,000 per annum and share of 1% towards entertainment, the overseas theater viewership distribution currently contributes less than 1.5% (INR 2.5 billion) of the potential entertainment spends. This offers a vast potential for increase in this area.

Going forward, it is important that the Indian film producers get into distribution tie-ups with global majors for mainstream releases, as opposed to releases in India-centric theaters as has been the practice. At the same time, a more focused approach to distribution and marketing of DVD's is required to tap the potential of the overseas home video segment.

In the near future, the home entertainment segment – Broadcast TV, DVD, and VCD – is expected to increase its share, even as multiplexes emerge as a strong distribution platform. According to Euro monitor, television rights account for about 30% of the revenues for major US studios from the worldwide release of feature films to all media. The increasing penetration of C&S, propelled by developments like CAS, DTH and Broadband, which enable more effective collection and monitoring of subscription revenues, the revenue potential from the home entertainment segment is likely to grow in the years to come.

Over the last few years, the shelf life of films has reduced considerably. Hence the real challenge for the producers is to sustain and grow the overall (theatre and non-theatre viewership) revenue streams. With the rapid growth of the home video segment, coupled with the right pricing and timing of the product, the potential upside from this avenue would be significant.

The share of the music rights as a percentage of total revenues has decreased considerably in 2002 and this trend is likely to continue.

For a brief phase till late 2001, established producers of category A+ Hindi movies were able to sell their music rights for as high as INR 100 to 120 million, thus recovering 40% to 60% of the production cost upfront through this avenue. As a result of such high costs of music rights and the problem of piracy, the music industry suffered a major setback in 2002.

The sale of similar right in the near future is expected to be at significantly lower levels. Going forward, more deals will be done on a revenue sharing basis as opposed to outright purchase. (Source: FICCI KPMG Report 2003, FICCI E&Y Report 2004)

OUR BUSINESS

Our background

We, in order to become an integrated entertainment company, decided to venture into movie production and distribution in 1995-96 leveraging our expertise in content creation. The fact that our movie production business lends backward integration benefits to our movie distribution interests and forward integration benefits to our TV content creation interests indicates that movie production is an excellent fit into our overall business strategy.

Amongst all major film production houses as well as TV content creators, we have a corporatized system of work. In our opinion, we will be able to leverage the same to develop strong storylines, to do detailed planning, to have control over time and cost budgets and to do highly effective marketing and promotion activities.

Our Track Record

Since our foray into movie production business, we have been sole producers of only 'Dil Ke Jharokhon Mein', a Hindi film in 1998, starring Manisha Koirala. This film was originally conceived as a telefilm and later converted into a film for theatrical release. While the film did not do well commercially, we got an in road into the film and film related activities.

Since then, we have co-produced the popular Hindi film tilted 'Fiza' starring Hrithik Roshan and Karishma Kapoor, 'Chalte Chalte' starring Shahrukh Khan and Rani Mukherjee, 'Lakshya' starring Hrithik Roshan, Preity Zinta and Amitabh Bachchan and 'Swadesh' starring Shahrukh Khan.

Our Movie Production Strategy

Our strategy in this segment is to co-produce and produce highly researched movies with a strong story line, backed by a good star cast and director. We also take into account domestic and international and strategic tie-ups with other players including television channels at the time of producing/co-producing movies. In order to complete the movies in time and in-cost, we do have contractual agreements with directors and actors/actresses. In order to ensure that the movies do not get shelved due to shortage of funds, we would ensure that commencement of production of any movie takes place only after attaining financial closure.

We think, fresh and Innovative concepts in multiple genres will drive future growth in the Indian movie industry. We believe that our experience in TV content creation would enable us to deliver fresh concepts on a sustained basis.

We intend to give stress on the following parameters for producing aesthetically and commercially successful movies:

- Selection / Sourcing of Concept / Story / Scripting
- Director – Co producer
- Selection of Star Cast
- Adequate Finance
- Successful Soundtracks
- Completion Within Time & Cost Budgets
- Maintaining High Technical Quality
- Market Testing
- Comprehensive Marketing Plan
- Piracy Control

We intend to follow the following ground rules at the time of producing movies.

- ***Selection of Concept, Story and Script carefully:***

  In every movie, the story continues to be of critical importance and there is a need across various sectors of the movie industry to focus on making content more appealing to customers while striking the right balance with commercial potential. Our approach to script evaluation will involve a 'movie concept team' comprised of movie experts who will evaluate at least

70-80 concepts on various benchmarks every year. Concurrently, a Market research team will regularly collect and analyze data (Primary & Secondary) about the tastes and preferences amongst various demographic segments and gauge the relative popularity of all possible genres. The combined result of the movie concept team and the market research team will lead to the shortlist of at least 10-12 concepts every year of which at least 4-5 will be actually executed. In all short listed concepts there will be specific recommendations on the choice of the 'ideal' star cast and directors and alternate teams as also comprehensive information about total run-time and music composition.

Depending upon the final team selected for the movie, a team of screenplay writers will then work on the raw concept. The ready script will undergo changes and modifications through market testing. Preference will be given to creating scripts with a universal appeal so that the international salability of the movie can be achieved. In today's scenario, content is transcending geographic boundaries and increasing its reach to Indians and non-Indians residing in foreign countries. Indigenous production of content is therefore likely to open up a sizeable global market. We will resist any changes in the script by artists after production begins and will work towards basing production activity only on bound scripts.

- ***Selection of Director:***

After the concept of the story the choice of a director is the second most important part of the movie production process. Directors can be selected on a combination of various factors like previous track record (measured in terms of critical acclaim as well as box office revenues received by the movies), familiarity with the genre, production values of the movie and the success rate in maintaining cost and time budgets. Directors can be hired on fixed pay per project basis, overflow-revenue sharing bases or on a format that combines both. If directors want to co-fund the project, specific terms can be negotiated. Directors will need to sign completion guarantee contracts, which will contain a reward and penalty structure for performance with regard to cost and time budgets. We will strongly resist any changes made to the script by the director after signing the completion guarantee contract. All creative inputs from the director need to come before the script is finalized and no major changes in the script will be made without the explicit approval of us.

- ***Selection of the star cast:***

The role of a star cast in the success of the movie has been reduced but it is still an important decision in the success of the movie. The ideal star cast will be recommended in the concept stage itself. In case the ideal star cast is not available, the 1st, 2nd or 3rd alternative star cast (as recommended by the concept team) will be recruited. The actual dialogues for the movie need to be adapted as per the selected star cast. We will strongly resist script changes by the star cast once production commences and hence the company considers it important for the star cast approving the story and dialogues in full, prior to production. We will encourage the star cast to enter into completion guarantee contracts, which would involve rewards and penalties depending upon the completion of the movie within time and cost budgets.

- ***Timely arrangement for adequate finance:***

Of late Indian Government granted industry status to Movie Industry in order to ensure that movie industry gets adequate financial supports from the institutions.

However, because of the fact that movie production sector is not on a preferred finance list of the financial institutions, fund flow to the movie industry has not increased substantially and in case of many movies, lack of adequate and continuous finance often results in the project getting delayed and costs spiraling out of control. In some cases, Film Finance rates are as high as 17.5% and hefty collaterals including a lien on the producer's personal property are quite common. For every movie, we will create a comprehensive cost-budget plan that will ensure accurate assessment of various financial requirements at various periods in time. Being an established corporate house, we believe that it will be easier for us to raise resources from multiple avenues for film finance.

- ***Producing Successful Soundtracks:***

It has been seen that all top movies have at least 1-2 great soundtracks, if not an all-round great album. In order to ensure the same, we will select the music director after thorough evaluations of his past successful track record, if the script requires sound tracks. In addition to that, we will time the music release well in advance to the theatrical release of the movie and our marketing team will ensure airplay on the right channels as well as supplementary promotion activities to make the soundtrack of our movies a complete success.

- ***Keeping a tab on Time and cost overrun:***

  We shall adhere to pre-decided schedules and strictly comply with time and cost schedules to avoid time and cost overruns. We will also keep some enforcing terms of contracts in place in order to keep a tab on time and cost overrun and enforcing terms of contracts for the eventual overruns. We will treat movie production as a project management activity with severe pressure to perform in limited time and budgets. We believe that the more the time being spent on pre-production planning, the easier is the implementation of the project plan. Since movie completion guarantees from all artistes and directors will be in place, we intend to cover the only variable i.e. unforeseen difficulties by third party insurance.

- ***Maintaining High Technical Quality:***

  With the current trend of securing a global release for movies (30-40% of revenues coming in from the overseas territories) high technical quality of the movie has become a hygiene factor. Indian movie production quality is poor in areas in special effects and action sequences where international products like Independence Day, The Jurassic Park Series and Matrix Reloaded have set new standards. Hindi movies have a lot to catch up in this realm. With our past experience in content production, we believe that we are poised to bring in positive changes in technical qualities of the movie produced in India. With a considerable number of movies on the slate every year, we will also work towards deriving economies of scale benefits from all technical resource providers

- ***Involvement in Distribution & Promotion:***

  We believe that distributors should be involved in movie production planning to enable drawing up of effective distribution strategies. We also think that alignment of production values with marketing strategies is equally critical. In the US, marketing monies spent (by producers and distributors) on an average film is 50% of the production costs of the movie. Movie related advertising is the major advertising category across all media in the US. Considering the short life span of an average movie, strategic marketing and high decibel advertising is critical for success for the movie industry.

  However in India marketing spends per movie typically hover around 10-15% of the total movie cost. In this regard, comprehensive strategic marketing activities need to be initiated from the very launch of the movie. A high decibel launch is the first step followed by keeping the media interested in the movie and give it free coverage post launch through innovative PR activities.

  The success of any movie depends upon not just how well the audience is able to relate to it but also by the first impressions created on the customer by the movie. Keeping this in mind, we will be focused about the primary target audience that we plan to attract and all our movies will be positioned accordingly. The positioning exercise will be focused enough to capture the target audience's attention and interest but at the same time it will not be too narrowly focused to make non-primary target audience to lose interest. Marketing communication activities will be based on the basic positioning premise and will be interestingly delivered. With the creation of high awareness and recall as the primary objective, multiple media will be used. Fighting the existing competition during pre-release and release date period will be given priority and local and regional marketing activities will be coordinated in this regard.

- ***Optimum cash flow management:***

  We will be structuring our cash flows for the movies to be produced by us in such a manner that at least 50% of the total production budget will be incurred only at the time of / after release of the movie. This implies that, at any point of time, we will not be required to commit funds for more than 50% of the production cost and as a result there will be lesser strain on our cash flows.

- ***Conducting Market Testing:***

  Once the shooting of the movie is done, we will do market testing in areas that provide the majority of revenues. The testing will cover the Cinema Trailer, Internet Trailer, TV Trailer, Web Site, Marketing Communication Trailers, Actual Uncut Film Testing and Final Edit cut testing. Post testing the learning's will be adapted to the context as and where required and appropriate changes in the marketing planning will be arranged.

- ***Giving more thrust on promotional activity:***

  We intend to earmark 30% of the total movie budget for promotional activity in the order to create a brand for the movies to be produced by us. We believe that brand promotion coupled with our marketing abilities can be used to create opportunities for new revenue streams. It will open up opportunities for merchandising, corporate tie-ups and sponsorships to us.

- ***Checking Piracy through pro-active steps:***

  The biggest victim of piracy in the entire movie business is the producer as there is a direct impact on revenue overflow from all revenue streams. Even in case of zero overflow, lesser box-office collection due to rampant piracy results in the movie being categorized as a flop, which in turn has a direct impact on, the next movie created by the producer. Hence active measures will be taken by us to ensure that the impact of piracy stays minimal. Besides participation in the industry drive to eradicate piracy, we will bank on our own anti-piracy activity enforced by its own film distribution team equipped with better accountability and stringent process controls. However, no concrete step has been taken so far and we are liasioning with the industry association in this regard.

Revenue Model

We intend to follow the existing revenue model of the movie industry i.e. exploiting all possible avenues like domestic theatrical viewer ship, overseas theatrical viewer ship, selling of music rights, selling of TV rights, selling of DVD/VCD/Cable rights etc. Since our movie production business and movie distribution business are integral parts of our overall movie business plan, please refer to our revenue model for Movie Distribution, given in page no. 74 of this Prospectus for better understanding of the overall revenue model for the movie business.

Ongoing Projects

We have already co-produced two movies namely 'Lakhsya' and 'Swades' during the calendar year 2004. We have entered into an agreement with STAR to produce a minimum of 2 movies by March 2006 and also an agreement with MPD Films Private Limited to co-produce a feature film 'Rang De Basanti' in Hindi and 'Paint It Yellow' in world version. Details of our ongoing projects are given below:

- ***Project Rang De Basanti***

  We have entered into an agreement on December 6, 2004, with MPD Films Private Limited (MOD) for co-producing the movie 'Rang De Basanti' in Hindi) The movie will be named 'Paint It Yellow' in the world version). The movie is directed by Rakeysh Mehra and its starcast includes Aamir Khan. We will provide the total funds required for the production of the film, not exceeding Rs. Twenty-Six crores. The movie is scheduled for completion by December, 2005.

- ***Movies to be produced under STAR Agreement***

  On August 4, 2004, Rupert Murdoch's STAR signed an agreement with us to produce two movies for STAR against a total budget of Rs. 24.5 crores. Both the movies are required to be delivered to STAR within 36 months from the date of signing of the agreement dated August 4, 2004, with an extension of 6 months. As per the agreement, STAR will have exclusive, perpetual worldwide television rights including satellite, cable, terrestrial, other streaming through internet/broadband/ telephony and/or any other existing or to be invented medium in present and the future. However, the first premier telecast/exploitation of each of the movie(s) on any television worldwide shall be available to STAR one year after the first theatrical release in any part of the world of the respective movie(s).

  We will retain the domestic and international theatrical rights, music, home video, airborne rights in perpetuity on these movies.

  In relation to the movies to be co-produced with STAR, STAR shall have the right to terminate the agreement in respect of one or all the movies in the event of non-compliance by UTV of the delivery time schedule and the theatrical release of the movie(s).

  In case of such termination, STAR, shall entirely at its discretion have the right to either

  - **Seek refund of the STAR Payments paid to us for such Movies along with interest at the rate of 18% per annum from the date of STAR payments were made till the date UTV hereunder,** OR
  - Take over all the rushes, negatives, concept, formats, outlines, treatments, scripts, video rushes, stock shots, stills and title songs (if any).

Working titles, Directors, of the two movies, being produced under this agreement, are as below:

Working Title	Director	Starcast already signed up	Status
Main, meri patni or woh	Chandan Arora	Rajpal Singh Yadav, Rituparna Sengupta, Kay Kay Menon, Varun Badola	Production completed.
Thank You Kokkilla	Aatish Kapadia - Being Contracted	To be finalized	Pre-production

- ***Other Movie Productions Projects***

  There are several other movie production projects are under executions. Details of those movie production projects are as under:

Working Title	Director	Starcast already signed up	Status
To be Decided	Prakash Jha	To be finalized	Pre-production
D*	Ram Gopal Verma	Randeep Hooda, Chunky Pandey, Isha Koppikar	Production completed.
Blue Umbrella**	Vishal Bhardwaj	Pankaj Kapur	Pre-production
To be decided	David Dhawan	To be finalized	Pre-production
To be decided	Timangshu Dhulia	To be finalized	Pre-production

** to be co-produced with Ram Gopal Verma*

*** Based on Ruskin Bond's book 'Blue Umbrella'*

Further, our subsidiary UTV Communications (USA) LLC has entered into an investment agreement with Fox Searchlight Pictures Inc.,US and Entertainment Farm Inc., Japan to jointly participate in production and distribution of an English movie to be directed by Mira Nair tentatively titled 'Namesake'. Please refer page no. 110 of this Prospectus for further details in this regard.

Our competitors

At present Mukta Arts Limited, Tips Industries Limited, iDreams Productions, Verma Corporation, Venus, Yash Raj Films, Puja Films and Pritish Nandy Communications Limited are our main competitors.

Contribution of movie production business in our total revenue

Year	Revenue earned from Movie Production (in Rs. lakhs)	Total revenue earned (in Rs. lakhs)	Revenue earned from Movie Production as a percentage of Total Revenue
2001-2002	Nil	9116.12	N.A
2002-2003	Nil	9488.54	N.A
2003-2004	2157.00	9775.25	22.07%
Six months period ended September 30, 2004	2251.27	6384.29	35.26%

B. MOVIE DISTRIBUTION

INDUSTRY OVERVIEW

Existing scenario in India

The distribution element of the value chain is set to undergo a paradigm change. A large number of players exist in the distribution segment, each operating in one or two territories. Since there are only a few national players, a producer generally sells his film to more than one distributor, who bears the marketing and printing costs. Movies are sold to distributors on a cost per territory basis. Differential pricing of rights for different territories is the general norm as the revenue earning potential of different territories varies widely due to consumer preferences.

Distributors are rarely involved at the pre-production or production stage and hence get to see only the completed movie. This often leads to inappropriate marketing and release strategies that affect the performance of the movie.

Emerging trends

The distributors are feeling the need to strengthen their systems and processes and innovate continuously in order to retain their competitive advantage in a changing landscape as barriers between producers, distributors and exhibitors are collapsing. They are looking to upgrade technology to provide online revenue details to producers. They are also going for collaborative marketing with producers, exhibitors and music companies. Additionally, distributors are also embracing the opportunities enabled by technological advancements like digital distribution that can change the entire existing operating model of film distributors in the future.

As a whole, the Indian distribution business model is also transforming with small and medium distributors looking to form alliances to moving towards a commission-based model, which is prevalent in developed countries and offers better risk-reward sharing.

Major Indian/Hindi Film Distribution Circuits

As per our own understanding, the Indian/Hindi movie market can be divided into seven physical territories- six in India and one comprising the overseas market. There are 6 major Distribution circuits in India. They are as follows:

1. Bombay: This includes Bombay city and suburbs, Thane district, parts of Maharashtra, Gujarat, Saurashtra and parts of Karnataka
2. Delhi-UP: Includes Delhi city and suburbs and Uttar Pradesh
3. East Punjab: This covers Punjab, Haryana, Himachal Pradesh and Jammu and Kashmir
4. Eastern circuit: This is further sub-divided into four sub-circuits. A distributor may acquire the entire Eastern circuit rights or he may acquire one or more sub-circuit rights:
   a. West Bengal
   b. Bihar and Nepal
   c. Assam
   d. Orissa
5. CPCI Rajasthan: This, too, is actually divided into three sub-circuits. Earlier, distributors generally acquired films for the entire circuit. Today, deals are usually struck for three sub-territories with three different distributors:
   a. CP (or CP Berar): which stands for Central Province and comprises parts of Maharashtra (Amravati, Akola, Jalgaon, etc), and parts of Madhya Pradesh (Raipur, Jabalpur, etc)
   b. CI : CI stands for Central India. This consists of part of Madhya Pradesh (Indore, Ratlam, Gwalior, Ujjain, Bhopal, etc
   c. Rajasthan covers the entire desert state
6. South: This territory is today broken up into four sub-territories:
   a. Nizam - consisting of parts of Andhra Pradesh and parts of Maharashtra

b. Andhra - consisting of parts of Andhra Pradesh

c. Mysore : comprising stations like Bangalore, Davengere etc - the part of Karnataka, which is not the portion of Bombay circuit

d. Tamil Nadu and Kerala

International Circuits for Indian/Hindi Movie Distribution

International Territories for distribution of Indian/Hindi Movies can be segmented in the following territories:

1. USA
2. UK
3. Rest of the World (ROW)
   a. Middle East
   b. South Africa
   c. Mauritius
   d. South East Asia - Singapore, Malaysia, Indonesia
   e. Fiji, Trinidad & Tobago
   f. New Zealand & Australia

Trends in international distribution

▲ Target Market

a. NRI population across the world are eager viewers of Indian entertainment products including movies, television shows, star shows etc.

b. Interest is now cultivating amongst the other international audience in cross over movies made of Indian origin or Indian connection, two successful examples being Bend it Like Beckham and Lagaan.

▲ Bollywood attraction

a. Bollywood stars like Shahrukh Khan are big hits worldwide transcending all barriers of language, colour and country. Star attraction in movies works as a strong pull factor towards viewing of the movies

b. A typical Bollywood colour, festivities, song and dance flick is attractive to the International audience. Their action and thriller hunger is catered to by the Hollywood movies.

Distribution Model –Indian/Hindi Circuit

Film distribution in India takes place at two stages namely primary stage and secondary stage.

Primary Stage

At primary stage, the distributor buys the right of domestic theatrical rights of the movies in a particular circuit from the producers. For the purpose of revenue sharing between the movie producer and the movie distributor, one of the following three models is adopted.

1. The Minimum guarantee plus royalty model: Here the movie distributor gives a minimum guarantee amount to the movie producer for the rights to a particular circuit for a limited period. The distributor also pays a royalty on any additional overflow revenue that is generated. The minimum guarantee model is always adopted in case of movies produced by established big-banner or established producers. Mostly the minimum guarantee model is commonly seen in A+/A and B category films.

   The revenue earned by the distributor in this model is dependent on the circuit for which he buys the theatrical right If earning potential of a typical hindi movie for a distributor in Bombay circuit is ‘X’, then the earning potential of the same movie for the distributor in other circuits are as follows:

1. Bombay: X%
2. Delhi-UP: 80-85% of X (100% if action Film)
3. East Punjab 40% of X
4. Eastern circuit
    a. West Bengal 25-30% of X
    b. Bihar-Nepal 40-45% of X
    c. Assam - 10% of X
    d. Orissa - 10-15% of X
5. CPCI Rajasthan
    a. CP (or CP Berar) - 40% of X
    b. CI - 20-25% of X
    c. Rajasthan - 20-25% of X
6. South
    a. Nizam - 25-27 ½% of X
    b. Andhra - 7 ½-10 % of X
    c. Mysore - 10-15% of X
    d. Tamil Nadu-Kerala - 5% of X

(Source Komal Nahta Editor Film Information 2000 Figures)

2. The Commission model: Here the producer pays a commission on total amount collected by the distributor from exhibitors. The distributor operates in a relative risk-free situation in this model. If the movie distributor pays any advance to the movie producer then 20-25% commission is charged on Total Box Office collections of the movie. In the absence of any advance the distributor gets 5-10% commission on total box-office collections. Very few Movies typically C & D category movies as well as some B category movies operate through this model in India.
3. The Outright Sale Model: In this structure, the movie producer makes an outright sale of the entire rights to the film to the distributor at a flat rate. Typically small budget movies or C and D category movies are sold this way. Only 5% of all films made in India move through the outright sale model. These movies are basically art-house films or films in C & D category. (Source: FICCI, ETIG, www.rediff.com)

Secondary Stage

At the secondary stage, distributor sells the theatrical right of the movie to the exhibitor. For the purpose of revenue sharing between the movie distributor and the movie exhibitor, one of the following four models is normally adopted.

1. Theatre hiring model: Here the distributor pays the exhibitor a fixed charge for screening the film. The hire charges are paid per week and are a percentage of the maximum total revenue that a theatre can earn. The hire charges are exclusive of Taxes. Here the distributor bears the entire risk of running the film.
2. Minimum guarantee plus royalty model: In this case, the theatre owner guarantees certain revenue to the distributor for screening a film. If the film earns more than the minimum guarantee then the distribution house and the theatre owner share the profits.
3. Fixed Hiring model: Here, the theatre owner pays a fixed sum per week to the distributor house, irrespective of the films performance and the theatre's collections on screening. Here the main risk taker is the Exhibitor. This situation comes in whenever many exhibitors are in the fray for screening a particular film
4. Profit Sharing Model: Here, the exhibitors and the distributors share the box office gross earned at a fixed ratio. Thus the risk is shared equally between them

Distribution Model – Overseas

Overseas distribution model primarily works on "Minimum Guarantees" wherein the distributor gives a fixed minimum guarantee to the producer and acquires distribution rights over all overseas territories including DVD and personal video rights. The distributor then exploits the said rights through own distribution in certain territories, sub-selling certain territories, DVD releases, inflight video rights' sales, etc.

OUR BUSINESS

Brief Background

We entered into the business of movie distribution realizing the existence of following latent opportunities:

1. Hindi film producers fail to get right prices for their products across various Indian territories and in foreign markets. In the absence of a single organized player offering distribution services across territories / markets; producers have to co-ordinate with separate entities for various Indian territories and in foreign markets. Often, they are unable to secure a simultaneous release across all major markets resulting in major revenue losses. Hence, a well-organized distribution network is required to fill this 'need gap' by providing a platform for simultaneous releases all over India and abroad. The Rs. 3900 Crore Indian Motion Pictures Industry has no major organized marketing and distribution network that covers all 6 Indian circuits.
2. The age – old Minimum Guarantee model in the Hindi Motion Pictures Industry will soon give way to a new revenue sharing model. Even more likely is the shift to a commission model in which the Motion Pictures Distributor (Like the modern age Service Model) works on a commission basis at a percentage of achieved revenues and a service fee. This model reduces the risk of the distributors and success fee model also improves the quality of distribution & marketing efforts. This model is also the most dominant model in advanced Motion Pictures markets like the US. Slowly but steadily the same trend is emerging in India too.
3. The Indian Motion Pictures Industry along with the overall General Entertainment and Media Sector is poised for major growth led by vertical & horizontal integration. As a part of the prospective growth of the Entertainment Industry, Motion Pictures Production Studios will integrate with Motion Pictures Distribution Companies and at times even the Motion Pictures Exhibition Companies to create the ultimate 'Vertically Integrated Model'. The Vertically Integrated Model is the ultimate in creating synergistic benefits across various movie creation processes. International Motion Pictures Industry's growth has been largely through this evolutionary process. Operational synergies, backward and forward integration strategies have resulted in all existing studios being bought over by media conglomerates. Globally the top five studios control almost 70 per cent of the market share.
4. Being Producers ourselves, we realize that the major revenues in the Motion Picture Business lie at the Distribution and Exhibition end.
5. Digital distribution seems to be the future of Movie distribution the world over. It offers benefits in terms of speed of distribution, cost efficiency and control over piracy. Currently no individual or company in India offers digital distribution. An investment in building a marketing and distribution setup today can provide us a strong base for digital distribution in the future. Today's investment will help build competitive barriers for tomorrow.
6. Today, 20% of the Hindi Motion Pictures Revenues come from Overseas Territories. The Indian Diaspora as well as the Hindi Motion Pictures viewing public is on the rise in nations like the US and the UK. In the near future the overseas territories are expected to contribute around 30-40% of total Revenues. In this light, distribution companies with early physical presence in overseas markets will have superior prospects.
7. We believe that we are well placed to exploit those opportunities because of the following reasons:
   a. We have experience of distributing a dozen odd movies over the last 5 years.
   b. The Rs. 3900 Crore Indian film industry has no major organized marketing and distribution network that covers all 6 Indian circuits. Being the first company to enter this unorganized sphere will be a source of competitive advantage.
   c. Unlike the US, there is no organized planning of the marketing of Indian movies representing a potential area for growth with marketing abilities being used to acquire distribution rights and vice versa.

8. There would be a growth in profits due to the retention of all revenues pertaining to distribution.
9. Cross-function Benefits:
   a. A top distributor releases at least 10-12 movies a year, which enables tie-ups with exhibitors for exclusive distribution and gaining clout in terms of display requirements
   b. As more and more exhibitors join our network, the ability to enter risk-hedged revenue-sharing agreements with exhibitors grows resulting in better relationships with exhibitors
   c. Control over the distribution will help us in developing associations with reputed directors setting off a virtuous circle of strong associations with exhibitors helping us secure a continuous flow of better products (from tie-ups with reputed directors for own productions or from other outsourced venues)

Business Strategy

In order to maximize revenues, we intend to develop our own distribution network at national and international level reaching 13,500 screens in India and 47,300 screens overseas. We believe that this network will provide distribution width and depth to Hindi, English and even regional language movies in the desired markets. In our opinion, our international distribution network will enable us to distribute movies, in the markets like U.S.A and UK and also to reach markets like Dubai, South Africa, Australia, Fiji and Japan. We believe that being a single point of contact for an all India theatrical release, producers should find us a cost efficient one-stop shop for all marketing and distribution requirements.

We intend to purchase all India rights of the movies to ensure purchase cost efficiencies for the movies to be distributed by us.

As per our own estimate, the all India Box Office Gross Revenues for the top 20 movies contributes 60% of Total all India Box Office Gross Revenues. All the top 20 movies belong to either A+, A or B segments, we will be distributing these products only. Therefore, we intend to distribute 9-12 movies in a circuit in order to be a top-level distributor in India, as 3-4 movies can be self-produced per annum, there is a requirement for attracting outside directors / producers to distribute their movies through our distribution network.

We also intend to tie-in producers to our network by leveraging on our widespread distribution network, marketing campaign and film promotions and accurate and transparent reporting of revenues from the box-office.

Our Revenue Model

The distribution model presently works on a "Minimum Guarantee" (MG) model wherein the distributor acquires distribution rights by paying a fixed minimum guarantee to the producer. The distributor also parts with revenues over and above the MG, cost of prints and agreed promotion expenses, after retaining a pre agreed percentage distribution commission. We tread cautiously in acquiring distribution rights in order to minimize and mitigate the risk arising out of this model, by:

a. Acquiring movies of established Directors, Starcast and Producers
b. Acquisition of the movie rights only after substantial completion and after carrying ouot detailed analysis of the market potential of movies.
c. Involvement in promotion and publicity of movie with the producer and director thereby creating a brand.

We anticipate the distribution model to evolve over a period of time into a Commission Model from the existing MG model. We hope to be the front runners and preferred distributors to the producers by then with a strong and robust distribution network, satisfied producers and directors working with us and a transparent revenue reporting system.

Track record

We have distributed/co-distributed 20 movies till date. Details of all of the movies distributed/co-distributed by us till date are given below:

Sr. No.	Name	Leading Starcast	Territory	Year of the Movie
1	Hyderabad Blues	Nagesh Kukunoor, Rajshri Nair, Elahi Hiptoola and Others	All India	Sep-98
2	Bade Miyan Chote Miyan	Amitabh Bachchan, Govinda, Raveena Tandon, Ramiya Krishna	Bombay	Oct-98
3	Jhooth Bole Kawwa Kaate	Anil Kapoor, Juhi Chawla, Anupam Kher, Amrish Puri & others	Bombay	Dec-98
4	Sarfarosh	Aamir Khan, Naseeruddin Shah, Sonali Bendre	Bombay	Apr-99
5	Terrorist	Ayesha Darkar, Vishnu Vardhan, Bhanu Prakash	All India	Jun-99
6	Vaastav	Sanjay Dutt, Namrata Shirodkar, Paresh Rawal	Bombay	Oct-99
7	Hera Pheri	Akshay Kumar, Sunil Shetty, Tabu, Paresh Rawal	Bombay	Apr-00
8	Mission Kashmir	Hrithik Roshan, Sanjay Dutt, Jackie Shroff, Preity Zinta	Bombay	Nov-00
9	Such A Long Journey	Roshan Seth, Soni Razdan, Naseeruddin, Om Puri	All India	Mar-01
10	Lagaan	Aamir Khan, Gracy Singh & Others	Bombay	Jun-01
11	Aks	Amitabh Bachchan, Manoj Bajpai, Raveena Tandon, Nandita Das	Bombay	Jul-01
12	Asoka	Shahrukh Khan, Kareena Kapoor, Danny	Bombay	Oct-01
13	Pitaah	Sanjay Dutt, Jackie Shroff, Nandita Das	Bombay	Jan-02
14	Kaante	Sanjay Dutt, Amitabh Bachchan, Mahesh Manjrekar, Sunil Shetty, Kumar Gaurav	Bombay	Dec-02
15	LOC	Sanjay Dutt, Akshay khanna, Ajay Devgan, Saif Ali Khan , Karina Kapoor, Rani Mukherjee & others	Bombay & Delhi	Dec-03
16	Lakshya	Hrithik Roshan, Preity Zinta, Amitabh Bachchan	US, West Indies & Canada	Jun-04
17	Hyderabad Blues II	Nagesh Kukunoor, Jyoti Dogra, Elahe Hiptoola	All India	Jul-04
18	Phir Milenge	Salman Khan, Shilpa Shetty, Abhishek Bachchan	US, West Indies & Canada	Sep-04
19	Satya Bol	Manish Singh, Tina Parekh, Sachin Khedekar	All India	Oct-04
20	Morning Raga	Shabana Azmi	All India	Oct-04
21	Swades	Shahrukh Khan, Gayatri Joshi	Whole world (except India) and India (Bombay, Delhi, UP & East Punjab Territiries)	Dec-04

Our Future Expansion Plan

We plan to open our offices in Mumbai, Delhi and Hyderabad catering to film distribution business in Indian circuits. We propose to recruit "UTV Business Associates" (UBAs) representing smaller geographical areas reporting to these offices. The UBAs will be sub-distributors appointed by us to distribute our movie products within their respective region. The UBAs are independent operators having other business interests and standing in their respective region. A pre-designed operating and reporting system will be mandatorily deployed by UBAs in their respective regions, which will facilitate full monitoring by us. We are presently in the process of recruiting UBAs all over the country.

Our captive team will consist of Area Sales Managers (ASM) overseeing ten identified territories, a strong marketing team and an audit team. The recruitments are currently ongoing.

Our international distribution model would consist of operations managed from:

- US covering territories of USA, Canada, West Indies, South America etc.
- UK covering territories of UK and Europe
- Rest of the World (ROW) covering territories other than the above

These operations will be managed by independent officers and staff. We have already formed subsidiaries in US, UK and Mauritius to manage and operate the above territories respectively.

Projects in Pipeline

Name of the Movie	Producer	Director	Starcast
Domestic Territory			
Namesake*	Mira Nair and Lydia Pilcher	Mira Nair	Tp be decided
International			
Virudh	AB Corp Limited & Satyajeet Movies	Mahesh Manjrekar	Amitabh Bachchan, John Abraham, Sanjay Dutt, Sharmila Tagore

* UTV has obtained the sub-distribution rights from Fox Searchlight Pictures Inc. vide an agreement dated February 4, 2005 signed amongst Fox Serachlight Pictures Inc., UTV Communications (USA) LLC and Entertainment Farm, Inc. Please refer to 'UTV Communications (USA) LLC' in page no. 110 under 'Our Subsidiary' section for further details in this regard.

Further, our subsidiary 'UTV Communications (USA) LLC' has signed an distribution license agreement with 'Miramax Film Corporation' on November 5, 2004 for the titles owned by 'Miramax Film Corporation' for India, Nepal, Bhutan, Bangladesh and Sri Lanka. Please refer to 'UTV Communications (USA) LLC' in page no. 110 under 'Our Subsidiaries' section for further details in this regard.

Our Competitors

We face competition from various distributors such as Yashraj films, Rajshri Films, Shringar Films, Excel &AA, etc.

Contribution of Movie Distribution Business to Our Total Revenue

Year	Revenue earned from Movie Distribution (in Rs. lakhs)	Total revenue earned (in Rs. lakhs)	Revenue earned from Movie Distribution as a percentage of Total Revenue
2001-2002	Nil	9116.12	
2002-2003	200.50	9488.54	2.11%
2003-2004	534.57	9775.25	5.47%
Six months period ended September 30, 2004	97.23	6384.29	1.52%

3. ALLIED CONTENT

A. AD-FILM PRODUCTION

INDUSTRY OVERVIEW

Existing Scenario

The existing advertisement film market can be segmented on the basis of client and projects.

On the basis of clients, the market can be further segmented into the following segments

- Large customers: The large customers comprise large advertising agencies or corporate producing 40-100 films a year.
- Small customers that include small agencies and clients producing 10-40 films a year:
- Occasional and walk-ins: The occasional and walk-in customers are generally small agencies and corporate who produce 1-5 films a year

On the basis of projects, the market can be segmented in the following fashion:

- TV commercials
- Corporate films
- Event-based Advertisement:

Key trend in the market

- **Volumes and value:** The market has surged in terms of volume of films due to the explosion in media, but average value per film has come down. Overall market has seen growth, but not to the same extent as the growth in volume. Since it is a very informal industry there is a high level of fragmentation in the industry.
- **Competitive scenario:** The competitive map has changed significantly over the last decade. There was a time when there were two clear segments, that of filmmakers and the second, of those making corporate films and advertisement presentations. Earlier, the cost of media was very high therefore fewer brands needed commercials. With the explosion of channels and the opening of the market, and the close competition between channels in similar media space and offering entry barriers to television advertising have been substantially lowered. The emergence of channels that could broadcast without requiring foreign exchange clearance also led a surge in local advertising. The number of brands doing commercials, and the number of commercials for brands have leapfrogged. The antiquated model of TV leading theme advertising and promos being administered in press, have made way for even small promos being led by TV advertising. On the flip side, the number of players has grown even larger. Since the entry barrier to this industry is very low or non-existent, a large influx of various kinds of director/producers from parallel vocations and within the industry has led to a glut in the market. This has in turn manifested itself in rampant undercutting and discounting, and made realizations become smaller and smaller over time. The increased pressure on margins and the intensely competitive scenario means that for sustainable growth in the long term, the key is to drive volumes. The most successful players have cultivated a set of key clients and built long-term relationships that are driven both by business and personal interactions, as the business is a people-led creative industry.

OUR BUSINESS

Brief Background

We started producing advertisement films in 1990 with our in-house director Deven Khote. Over the years, we have produced over 250 TV commercials, both for the Indian and overseas markets, through major advertising agencies.

Details of revenue earned by advertisement film production division in last three years and six months period ended September 30, 2004, as per our audited financial statements are given below:

Year	Revenue earned from Ad Films (in Rs. lakhs)	Total Revenue earned (in Rs. lakhs)	Revenue earned from Ad Films as a percentage of Total Revenue
2001-2002	745.75	9116.12	8.18%
2002-2003	548.00	9488.54	5.78%
2003-2004	431.95	9775.25	4.42%
Six months period ended September 30, 2004	184.80	6384.29	2.89%

Track Record and Achievements

There are a number of instituted awards to recognize and commend our directors on their achievements, as well as awards given to agencies who availed our service for recognition of creative work.

We have produced award-winning advertising films like:

- Godrej Locks
- Royal Challenge
- Fiat Uno ‘Cricketers’
- Lifebuoy ‘Anthem’
- Essar Steel ‘A Positive Attitude’
- Maruti Esteem ‘Happy Birthday’
- Public Service films ‘National Anthem’
- Public Service films ‘Doodh’

We have won the following awards for advertisement films produced by us during 1999-2000

- IAAFA awards for:
- Best Production Design for “Godrej Locks”
- Best Sound Design for “Godrej Locks”
- Best Cinematography for “Godrej Locks”
- Best Editing for “Royal Challenge”
- Best Sound Recordist for “Fiat Uno”

Revenue model

Our advertisement films division is in the business of production of films and audio-visuals for agencies and direct clients. Our directorial talent and the ability of our directors to translate the creative vision from a script, into a cogent and attractive finished product, drive our business.

Clients also require performance of brands that are being advertised, and agencies need a smooth working experience and adherence to budgets and timelines. The performance of the division is judged on the basis of performance on all these fronts, and determines the quantum and frequency of repeat business.

As of now, the production-led format, which is common in mature economies, has not filtered its way down to India, since transaction in this business in India still takes place informally. We believe that with increasing corporatisation of the advertising industry and the respective client businesses, the director-led formats that are the worldwide norm today will gradually give way to production-led business.

In keeping the above probable development in mind, we have introduced a Panel of Directors format, where a number of directors are affiliated with us for production services. We revise the panel strength and composition taking market feedback into consideration. As of now, we have 18 directors who are only affiliated with us, apart from having their own production house.

We also serve smaller projects (< 0.5 mn) using internal resources from time to time when the inflow of regular projects reduces. This keeps our team active and motivated and furthers development through their growth path.

Since the business model that seems to appeal to most advertisers today is creative-led, we intend to grow in this business by adding on creative talent. We are in the process of identifying and recruiting an additional directorial talent, who will be captive and exclusive to us. We expect that the director would have appealing creative reel and at the same time not unduly burden our resources. We envisage that over time, the growth path of the director will ensure opportunities for junior directors to fit into slots left vacant by the senior director and handle projects independently, and the department can evolve into a self-sustaining structure, with a regular flow of talent up the ranks.

The overall structure that we envisage is that of an established director, who can be used to tap the large and medium projects. The second director will be leveraged for medium to smaller budget projects, and the Assistant Directors can handle the smaller projects as and when they come by.

We believe that we will be able to cover all the options in terms of client preference, with a personnel profile that is able to meet all the requirements of clients and agencies. We also believe that we will be able to market the internal talent at discrete stages in their growth path, and because of the exclusivity, will be able to ensure a higher success rate. The movement through the ranks will ensure the offering retains freshness and a cycle of key creative talent every few years.

This palette will open up new segments for us including corporate films, music videos, and promo films along with full-fledged ad film projects. The music videos will provide a platform for the creative to demonstrate their prowess.

In this scenario, we plan to market the Panel of Directors to direct clients who cannot afford the services of advertising agencies, but need to do be on television in order to succeed.

In addition to the above, we also plan to expand our footprint to other countries such as Sri Lanka and Bangladesh which are fairly active advertising markets. Apart from full-fledged projects there is also opportunity to export our production to other foreign countries, including the Middle East.

Our Key clients

The key clients that the division has worked with, through their respective agencies, are Hindustan Lever, Proctor & Gamble, Maruti Udyog, Godrej, Coca-Cola, Castrol, United Breweries and Fiat India.

Contribution of top 5 clients for the financial years 2001-02, 2002-03 and 2003-04 and for the six months period ended September 30, 2004, are given below:

2001-2002

Name of Client	**Amount (Rs. in Lakhs)**	**% Contribution to the total revenue from Ad-Films**
M/S. Coca Cola India	155.71	14.98%
Satchi & Satchi	143.55	13.81%
Mudra Communications Pvt Ltd	143.00	13.76%
Hindustan Lever Ltd.	141.34	13.60%
2002-03		
Hindustan Lever Ltd.	174.52	32.94%
Hindustan Thompson Associates	88.22	16.65%
Satchi & Satchi	50.89	9.60%
Liberty Shoes Limited	49.72	9.38%
M/S.Lowe Worldwide	32.40	6.11%
2003-04		
Hindustan Lever Ltd.	103.15	23.88%
Liberty Shoes Limited	91.00	21.07%
ITC Limited	65.45	15.15%
Percept India Pvt. Ltd.	54.50	12.62%
Capital Advertising Pvt Ltd	34.80	8.06%
Six months period ended September 30, 2004		
Ariel 'School is Cool' TVC	42.62	23.06%
Pilsbury Atta	35.78	19.36%
Tide TVF	30.00	16.23%
Johnson & Johnson	20.74	11.22%
Ayush Fairness Poshak Cream-TVC	20.22	10.94%

B. DUBBING DIVISION

INDUSTRY OVERVIEW

Dubbing as a business function primarily caters to the following:

- Movies
- Television Serials
- Documentaries
- Animation Films

At present, TV channels and movie producers are the main source of dubbing business. TV Channels however, are skeptical of being totally dependent on any one dubbing unit and therefore tend to allocate their quota amongst the dubbing units approved by them. The more difficult and premium programs are allocated on the quality criteria. In most cases, clients deal with the production directly. Here the track record of these production houses in the business and their directors become critical.

Dubbing as business is geographically concentrated around Mumbai, Chennai and New Delhi. The proximity to the feature film industry in Mumbai and Chennai along with the infrastructure support available has ensured the growth and development of the industry here. While in case of Delhi, it is the TV Channels who have encouraged growth of dubbing industry. However, dubbing activity is also present on a small scale in all other major metros.

The dubbing industry stands on the staring credentials of its team comprising Directors, Recordist, Scriptwriters and Quality Check (QC) controllers

Trends in the Industry

- Fragmentation of the industry: The industry is fragmented into several small productions houses that are proprietary or partnership concerns. This, along with the fact that small individual directors are also mushrooming, is making the dubbing market competitive. However, the competition is currently restricted to the low cost segment of the market.
- Reduction of profit margin: The fragmented and increased competition has led to each player eating into his own margins and thereby reducing the revenue pie for the industry as a whole. The margins have reduced and the industry has become highly sensitive.

OUR BUSINESS

Brief Background

Our dubbing division has existed for more than 11 years now, having started in 1992. Since then, we have several global clients like Twentieth Century Fox, Cartoon Network, Discovery Channel, Hallmark, National Geographic, Nickelodeon, Star TV, Turner International, Walt Disney and Warner Bros., amongst others.

Our state-of-the-art facilities allow us to be creative within the budget. Our dubbing studios are acoustically designed with well-versed engineers producing successful international soundtracks. We have five exclusive in-house dubbing studios with hi-end dubbing equipments. We have one of the biggest dubbing facilities in India. We also have an in-house panel specialized dubbing directors capable of handling different genres of programming.

We have a system of controlling the script internally. As apart of this process, we engaged scriptwriters for varied genres of programmes in varied languages with capability of transliterations rather than translation. As a result our scripts are acknowledged as one of the best in the market catering all genres of clients. We have over the years built a talent bank of close to 500 voices. This voice bank enables us to pitch for all genres and assignments in varying languages to match the tonal qualities of the original programmes.

Track Record and Achievements

We, for the last eleven years, have added localized voices to more than 5000 hours of Video content into various Asian languages for Movies, Television serials, Documentaries and Animation Films. Around 80% of our business is generated from non-film based programmes while 20% of our revenues are generated through dubbing of films.

Hollywood movies for theatres	English Movies for Television	Chinese movies to Hindi for Television	Dubbing services to Cartoon clips	Dubbing various programmes on English TV channels
§ Titanic § Star Wars Trilogy § X Men § Face Off § Independence Day § Brave Heart § Speed § Alladin § Baby's Day Out	§ Copland § Conair § Cliffhanger § Men In Black Good Will Hunting	§ Fist of Fury § Armour of God § Once Upon a Time in China	§ Timo Supremo § Weekender § Talespin § Mickey & Donald § Winnie the Pooh § Mickey & Friends § Quack Pack § Jungle cubs § Alladin § Dark Wing Duck § Hercules § Mouse § Honey I Shrunk the kids	§ National Geographic § History Channel § Fox Kids § Star TV o Dennis the Menace o Spiderman o Ninja o Xmen o Fantastic Four

Our wide bank of talent gives our programs an edge over the programmes of our competitors with respect to voicing and language. However, it may be noted that superior quality is also accompanied by higher overheads in the form of infrastructure. Our overhead costs are higher than the non-corporatised competitors and / or independent directors.

Business Strategy

The dubbing industry is not increasing so much in terms of the existing clients. However business potential is still on a high, as international movies want to make an entry into the India markets. There are movies that want to attract the Indian audience and even regional audiences within India.

We intend to exploit this potential based on a four -pronged effort:

1. Better utilization of studio facilities: We intend to increase capacity utilization ratio from existing 86% to 98%. We believe that this, in turn, will help us bring down the average overhead cost per program.
2. Expansion of existing business: In the current year, we plan to continue to explore existing growth opportunities with the new international channels. We will mainly try to get back our prestigious client The Discovery Channel. We will also be exploring growth opportunities with Star TV and Warner Bros.
3. Increased focus on quality: We will increase our focus on quality accompanied with value addition in adoption of programs or movies for Indian audiences.
4. Diversification into newer business segments: In 1999-2000, we have already diversified into dubbing for Tamil feature films. Also in the year 2002-2003, our dubbing department had also done dubbing from Spanish to English and Chinese to Hindi. This is an area of business that, we believe, can gain success wherein we could do more of dubbing into various languages.

Clients

Our client list includes 20th Century Fox, Discovery, Disney, Hallmark, NGC, STAR TV, Warner Brothers, Nickelodeon, and The History Channel. In the six months period ended September 30, 2004; we have dubbed a total of 925 episodes amongst the above-mentioned clients.

Ongoing Projects

- **The STAR-UTV contract**

  We entered into an agreement with Star India Private limited on 7 October 2003 whereby we will provide dubbing services to Star. The services will also include translation and transcription of the original English language scripts into Hindi language for both dialogues and lyrics and dubbing the same. However, we shall commence dubbing only after Star India approves for the following in writing – Translated script, music, songs and theme song, auditions, if any. The contract is valid for a period of one year or completion of the project whichever is earlier. The contract covers dubbing for 16 programmes.

- **The NGC-UTV Contract**

  UTV entered into an agreement with NGC Networks Asia LLC on 18 November 2003 whereby UTV will provide dubbing services to NGC. The services will also include translation and transcription of the original English language scripts into Hindi and/or Tamil language for both dialogues and lyrics and dubbing the same. However, UTV shall commence dubbing only after NGC India approves for the following in writing – Translated script, music, songs and theme song, auditions, if any. The contract is valid for a period of one year or completion of the project whichever is earlier.

- **Disney –UTV Contract**

  On April 3, 2004, the Company entered into an agreement with Disney Character Voices International INC (DCVI), effective March 1 2004, thereby commissioning our Company to provide them with services such as dialogue and vocal replacement and elated services for audio and audio-visual products in the Hindi, Tamil and Telugu languages. The agreement shall be valid for a period of two years effective from March 1, 2004. The said agreement may be renewed at any time by mutual written agreement or for one year by written notice from DCVI given no later than sixty days prior to the end of the initial term of two years.

- **Nickelodeon – UTV Contract**

  On February 23, 2004, we have entered into an agreement with Nickelodeon Asia Holdings Pte. Ltd. (Nickelodeon), whereby we will provide them with quality dubbed audio programs in Hindi language for three programs, with a total of 69 episodes. As per the agreement, all programs and copyrights, trademarks, IPR's provided to US by Nickelodeon or created by them or by our company shall be and remain the property of Nickelodeon.

- **Doordarshan**

  We have been recently appointed by Doordarshan as their panel of dubbing service providers for their dubbing requirements vide their letter dated February 4, 2005.

Our Competitors

There are about seven large Dubbing production houses (including us) that account for an estimated 80% of the total market. Among them CMM and Crest Communication mainly cater to Discovery and Walt Disney. The other key players include Sound and Vision and Mainframe.

Revenues from Dubbing Business

Details of revenue earned by advertisement film production division in last three years and six months period ended September 30, 2004, as per our audited financial statements are given below:

Year	Revenue earned from Dubbing (Rs. In Lakhs)	Total Revenue earned (Rs. In Lakhs)	Revenue earned from Dubbing as a percentage of total revenue
2001-2002	320.95	9116.12	3.52%
2002-2003	306.64	9488.54	3.23%
2003-2004	339.22	9775.25	3.47%
Six months period ended September 30, 2004	236.01	6,384.29	3.70%

OUR HISTORY

We were incorporated as 'United Software Communications Private Limited' on June 22, 1990; under the Companies Act, 1956 as a Private Limited Company. Subsequently, we became a deemed Public Limited Company and the word Private was deleted on November 27, 1995. We were renamed as 'UTV Software Communications Limited' with effect from March 19, 1998.

At the time of incorporation in 1990, we were primarily engaged in the production of television content for Doordarshan and also production of ad films. In 1992, with the entry of satellite TV, ZEE TV commissioned us for producing content of around 250 hours wherein we became one of the largest content providers. Around the same time, we also expanded into the businesses of In-flight Entertainment programming and dubbing. In 1993, we ventured into the business of acquiring programs from outside producers and marketing airtime on their programs. In 1995, we launched India's first daily soap titled 'Shanti'.

In May 1995, we acquired 54.60% stake in Laezer Production Private Limited in order to enter into the area of postproduction. Laezer Production Private Limited was incorporated on January 29, 1982. On becoming a deemed Public Limited Company, the word 'Private' was deleted on November 27, 1995. Subsequent to the acquisition of 54.60% stake by us, Laezer Production Limited was renamed as United Studios Limited in December 1995. At that point of time United Studios Limited (USL) was engaged in the business of providing post production facilities to television software houses, private producers and advertisers.

In 1996, Disney contracted us to dub its library into Indian languages. In 1996, our In-flight Entertainment division, which was hitherto catering to Air India only, also started catering to other international airlines.

In 1998, our subsidiary USL took over Ram Mohan Biographics, a well-known animation production house pioneered by Mr. Ram Mohan, one of the leading animation artistes in the country. The animation division in USL was originally called RM-USL and thereafter was rechristened as UTV Toons and remained as a division of USL.

We diversified into Broadcasting, by acquiring controlling interest in Vijay Television Limited in November 1998. Vijay Television Limited was incorporated on May 30, 1996 and operated Vijay TV, a 24 - hour Tamil language channel out of Chennai. Udayar family of Chennai initially controlled Vijay Television as "GEC" channel since 1992. In 1995, United Breweries Group acquired the operational control of the channel and the name was changed to Vijay TV. We acquired the controlling interest from United Breweries Group.

In 1995-96, we ventured into movie distribution business.

In 2000, we incorporated a group company called UTV Net Solutions Ltd. (UTVNet) in which we held an 86 % stake. UTVNet was in the business of Internet content creation and aggregation, Indian regional language portals (with dual language content) and leveraging of our audio/video library rights for Internet usage. In 2000, UTVNet started the business of broadband content aggregation under the brand name "sharkstream.com", through its subsidiary Sharkstream.com Pte. Ltd., Singapore.

Since 2000-01, we initiated a corporate restructuring exercise in order to consolidate our holdings in certain group companies and subsidiaries. The objective of these exercises was to maximize shareholder value, remove conflict of interest and build a powerful combined entity that would be involved in various aspects of the entertainment business.

As a part of the consolidation plan, during 2000-01, we augmented our share capital by swap of shares from Shareholders of group companies. In consideration of these swaps we issued 4,804,824 equity shares of Rs 5 each (Equivalent to 2,402,212 Equity Shares of face value of Rs 10 each).

At 31 March 2000, we owned 54.55% of issued equity capital of United Studios Limited and had agreed to acquire the balance 45.45% stake in United Studios Limited under a swap arrangement, subject to receipt of regulatory approvals. Subsequently, on receipt of the regulatory approvals in August 2000, UTV acquired the balance 45.45% issued capital of USL, whereby USL became a wholly owned subsidiary of the company. Pursuant to the shareholders approval granted at the court and the order of Bombay High Court sanctioning the scheme of Amalgamation of USL with our company on December 13,2000('the scheme'), the assets and liabilities of USL were transferred to and vested in our company with effect from the appointed date, i.e. April 1,2000. We issued 1,681,624 shares of face value of Rs 5 per share at a premium of Rs 85 per share (Equivalent to 840,812 Equity Shares of face value of Rs 10 each at a premium of Rs 170 per share) for acquiring 4,204,090 shares of USL pursuant to the scheme of amalgamation.

During August 2000, we acquired 1,869,159 equity shares of UTV International (Singapore) Pte Ltd. (UTVIS) from Media Ventures India Limited and Unilazer Hongkong Limited (then UTV International Limited) through a share swap. The purchase consideration of Rs 23.63 crores was determined by the directors of the respective companies and was discharged by the issue of 2,024,000 fully paid shares of Rs. 5 each at premium of Rs 111.73 per share (Equivalent to 1,012,000 Equity Shares of face value of Rs 10 each at a premium of Rs. 223.46 per share), i.e. each share of UTVIS was valued at Rs 126.4 under the swap arrangement. We further acquired 53,171 shares of UTVIS for cash. The total investment in this company was Rs 25.96 crores. In 2002-03, we further invested in 315,000 equity shares and 4,092,595 preference shares of UTVIS. However, due to depressed global economy in 2001-02, there was a slow down in the operations of UTVIS and the value of our investment was diminishing significantly. In 2001-02 we decided to write off our investment in this company against the share premium account, pursuant to a scheme approved by the Hon'ble High Court, Mumbai, vide its order dated March 8, 2002 (the said Order), for utilization of the share premium account to write off investments in the subsidiary companies. In 2001-02 and 2002-03, we wrote off investments of Rs 25.96 crores and Rs. 11.81 crores, respectively, against the share premium account, pursuant to the said Order.

Simultaneously, during August 2000, we made UTV International Holdings Limited, BVI (UTVIH) a 100% subsidiary by acquiring 250,000 shares from Unilazer Hongkong Limited, through a share swap, for a consideration of Rs 1.03 crores. The purchase consideration was determined by the directors of the respective companies and was discharged through issue of 88,000 fully paid shares of Rs 5 each of our company at a premium of Rs 111.73 per share (Equivalent to 44,000 Equity Shares of face value of Rs 10 each at a premium of Rs. 223.46 per share). During 2001-02 and 2002-03, we further invested in 3,884,000 preference shares of UTVIH. Due to the diminishing value of our investment, as stated earlier, in 2001-02 and 2002-03, we wrote off investments of Rs 1.03 crores and Rs. 17.06 crores, respectively, against the share premium account, pursuant to the said Order.

During the year 2001, we acquired the balance 80% stake in Vijay Television Private Limited represented by 9,640,000 equity shares for a purchase consideration of Rs 69.52 million. The consideration was discharged by issue of 771,200 shares of Rs 5 each at a premium of Rs 85 per share (Equivalent to 385,600 Equity Shares of face value of Rs 10 each at a premium of Rs. 170 per share). Subsequently, in 2001-02 we entered into a joint venture with SVJ Holdings Limited (Mauritius) (SVJ), an affiliate of Star India Private Limited, allowing SVJ to acquire 51% equity in Vijay Television Private Limited by subscribing to 1,99,24,000 equity shares at par for a total amount of Rs 19,92,40,000/-. This arrangement was approved by our Board of Directors and Shareholders at the Board of Directors meeting held on April 27, 2001 and the Extra-Ordinary General Meeting held on May 21, 2001 respectively.

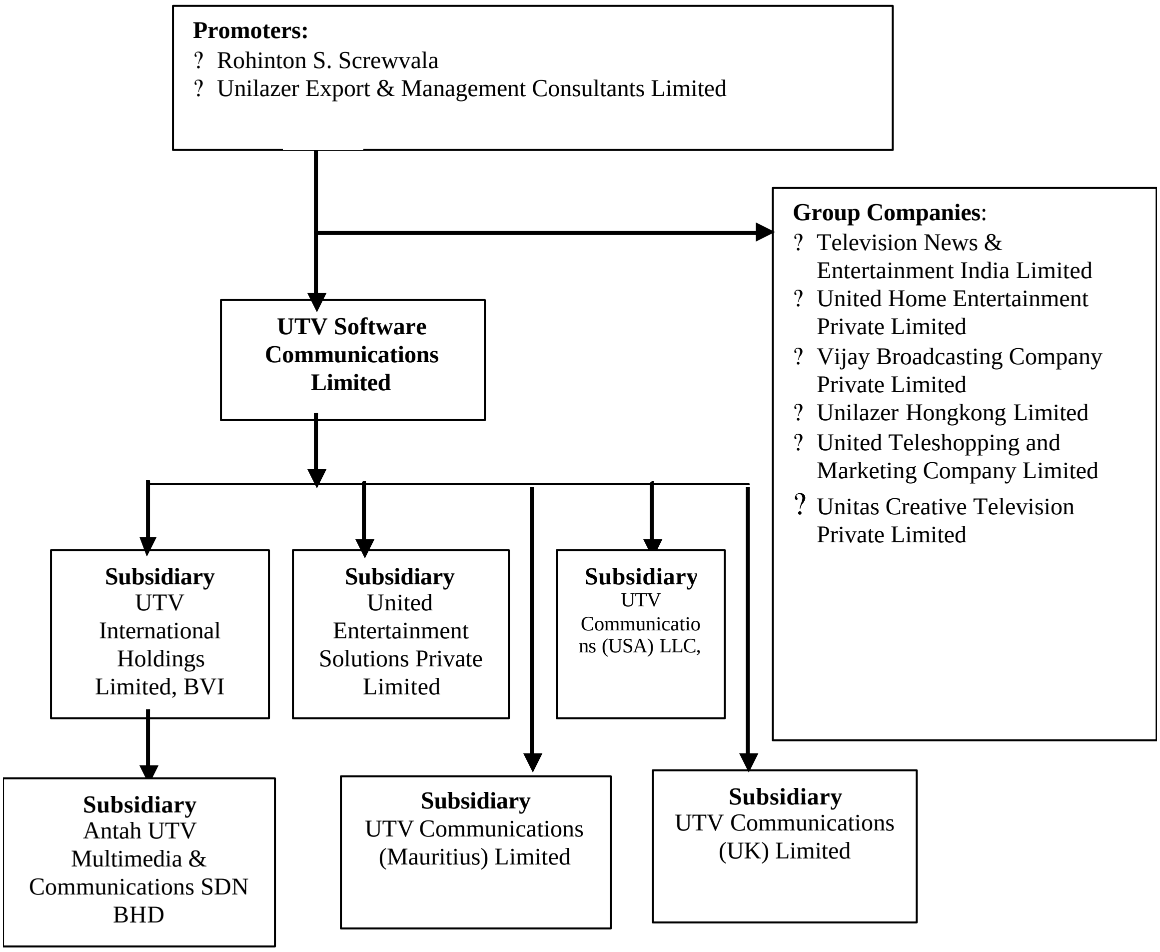
During March 2000, we acquired 99.99% of equity of UTVNet against transfer of Internet rights of our library programs. In April 2000, UTVNet issued 86,956 equity shares to a venture capital firm for Rs 8.60 crores for cash and also some equity to key employees resulting in dilution of our stake to 85.37% with a total investment value of Rs 11.23 crores. During the year 2001-02, we acquired the balance 14.63% stake in UTVNet by acquisition of 50,100 shares in cash held by an employee for Rs 20 lakhs and acquisition of 86,956 shares from a private investor, against issue of 150,000 equity shares of Rs 5 each of our Company at par (Equivalent to 75,000 Equity Shares of face value of Rs 10 each at par), and merged UTVNet into our Company pursuant to the said Order. As a result of this, Sharkstream.com Pte Ltd. a subsidiary of UTVNet became a subsidiary of our company with effect from October 1, 2001.

In 2002-03, we acquired the studio business of Western Outdoor Media Technologies Limited (WOMTL) in order to attain leadership position in Post Production, Special Effects and Animation business. The Honourable High Court of Mumbai approved the Scheme of Arrangement with effect from March 1, 2003. The Studio operations of WOMTL were thus merged with our post-production business. Pursuant to this Scheme, 182,932 shares of Rs 5 each of our Company (Equivalent to 91,466 Equity Shares of face value of Rs 10 each) were issued to the erstwhile shareholders of WOMTL.

In 2002-03, we reviewed our entire business and found that operations of UTVIS and Sharkstream.com Pte Ltd were not viable on a continuous basis. Accordingly, we sold our entire holdings in both the companies without any consideration to M/s Logic Plastic Private Ltd.

During 2003-04, we decided to restructure post-production business in order to re-focus on our core strength of content production. Accordingly, through a scheme of restructuring approved by Hon'ble High Court, Mumbai on February 20, 2004, we hived off our post-production and 2D animation business in favour of United Entertainment Solutions Private Limited (UESPL), consequently holding 99.98% equity in UESPL.

On August 4, 2004, we sold our 43.89% equity in Vijay Television Private Limited to STAR Group against a consideration of Rs. 3150 lakhs which has been received by us. As a result, Vijay Television Private Limited ceases to be our joint venture. Out of the said inflow, Rs. 1000 lakhs has been used to repay short term borrowing from IDBI Bank Limited and the balance has been used to reduce existing working capital drawdowns. On August 26, 2004 we also sold our holding in Media Capital Company (India) Limited for a consideration of Rs. 2 lakhs which has been received by us.



Our Main Objects

As set out in our Memorandum of Association, our main objects are as follows:

1) To produce, buy, sell, import, export, screen or otherwise deal in television programmes, television films, cinematographic films, radio programs, video software, animation (cartoon films) in all gauges and Audio and/or Video cassettes, Disc and Video Films and/or any other Contrivance, Tapes of all gauges, form and Contrivances.

2) To carry on the business as software consultants, advisers, experts and/or developers in the fields of computer and computer graphics, audio and video graphics, communication media, computer networking, internet and other computer related fields to deal in computer software all over India and elsewhere in the world and to establish links via satellite downlink and uplink, through various Reception Systems

3) To carry on the business of exhibiting and distributing television films, television programmes, video films, cinematographic films and acquiring of selling rights therein and to establish, purchase, take on lease or hire television and/or radio centers/ channels, studios, cinemas, picture palaces, halls, theatres for production of serials and exports thereof, exhibition, production,

processing and printing of films including reporting to any new method or process that may be developed technically and/ or technologically in future relating to all the aforesaid activity.

Changes in our Memorandum of Association

a) Change of name of the Company

The name of our company was changed from United Software Communications Pvt. Ltd to United Software Communications Ltd with effect from November 27, 1995. Subsequently, on March 19, 1998, the name of our company was further changed to UTV Software Communications Ltd.

b) Change of Authorised Share Capital

The authorised share capital of our Company at the time of incorporation was Rs.10 lakhs divided into 10000 equity shares of Rs.10 each and 90,000 unclassified shares of Rs. 10 each. 50,000 unclassified shares were classified as 2% Non-Cumulative Redeemable Preference Shares of Rs10/- each on 24/1/1991.On 20/8/1991 the remaining unclassified shares were classified as 2% Non Cumulative redeemable Preference Shares of Rs10/- each.. On 15/2/1993, the Authorised Share Capital was further increased to Rs. 20 Lakhs divided into 20,000 Equity Shares of Rs.10/- each and 90,000 Non cumulative redeemable preference shares of Rs. 10/- each and 90000 unclassified shares of Rs.10/- each. On 1/9/1993 it was further increased to Rs.50 Lakhs divided into 320,000 Equity shares of Rs.10/- each, 90,000 Non Cumulative Redeemable Preference Shares of Rs.10/- each and 90,000 unclassified shares of Rs10/- each. On 2/5/1994 the Authorised share capital was amended as Rs.50Lakhs divided into 500,000 shares of Rs. 10/- each. On 20/7/1995, it was further increased to Rs.15 Crores divided into 15,000,000 Equity shares of Rs.10/- each.The face value of the equity shares was reduced from Rs.10 per share to Rs.5 per share in the extra-ordinary general meeting held on July 31, 2000. Thus, the revised authorised capital was 30,000,000 equity shares of Rs.5 each. Subsequently, vide resolutions under provisions of Section 94 read with Sections 16, 31 and all other provisions of Companies Act, 1956; passed in the Extra-Ordinary General Meeting held on February 17, 2004; the authorized share capital of our company was increased to Rs. 21,00 lakhs comprising 42,000,000 shares of Rs. 5/-each. Subsequently, as per shareholders' resolution in the Extra-Ordinary General Meeting held on July 8, 2004; our equity shares have been consolidated to the face value of Rs. 10/- each.

Agreements related to our Shareholders

1. As per the SARA Fund Shareholders Agreement, IL&FS Venture Corporation shall act as the duly appointed Manager of the funds available under SARA fund and IT Fund and shall have the necessary powers for the purposes to enter into this agreement for and on behalf of SFTCL and DITCO. This agreement shall expire on listing of the shares of the company on the recognized stock exchanges in India.
2. The Shareholders Agreement provides for the inter se rights and obligations of the parties in relation to their shareholding in us. CDP was granted certain affirmative voting rights in relation to the business and operations of the Company under the Shareholders Agreement. The Shareholders Agreement also provides for certain rights and obligations in the event of the Company undertaking an IPO in India or outside India. Pursuant to the IPO, CDP, STAR or the Promoter can request us to file a registration statement in any jurisdiction and listing on an established exchange for the purpose of making a public offer of the shares held by them in the Company. The term of the agreement is from April, 12, 2002 and shall continue until the Company is wound up or CDP, STAR or the Company terminate the agreementor in respect of any party, the holding of such party falls below 5% or where the company passes a resolution for an Initial Public Offering subject to compliance with certain conditions under the Agreement. The parties agreed that on the Company passing a resolution to undertake an initial public offering the shareholders would take steps to amend the Articles of Association of the Company. The Articles of Association presently provide for all the rights and obligations of the parties as contained in the Shareholders Agreement. The Articles also provide for the termination of these rights under the Articles in a similar manner as provided under the Shareholders Agreement once a resolution approving the initial public offering is passed by the Company. The Articles of Association require a shareholders resolution to be passed to amend the Articles. The Company has passed a resolution under Section 81(1A) of the Companies Act, 1956 in July 8, 2004. The Company is yet to pass a resolution to amend the Articles of Association, removing the rights of the parties to the Shareholders Agreement from the Articles.

   Subsequently, CDP, our Company, Unilazer (HongKong) Limited (Promoter Group Company), Unilazer Exports and Management Consultants Limited (Promoter) and Rohinton Screwvala (Promoter) signed the Share Sale Agreement amongst themselves on November 19, 2004. Pursuant to the Share Sale Agreement, CDP has transferred 2,300,000

Equity Shares ("Sale Shares") to Unilazer HongKong Limited (Promoter Group Company) on December 14, 2004 and is offering 2,499,950 ("IPO Shares") through the 'Offer for Sale' part of this IPO.

The aforesaid Share Sale Agreement contains the following terms and conditions:

a) The total consideration (the "Sale Shares Consideration") payable by Unilazer (Hongkong) Limited to CDP for the Sale Shares shall be the sum of Rs. 240,000,000. Unilazer (Hongkong) Limited will issue a Promissory Note of Rs. 240,000,000 to CDP on receipt of the share certificates and other documents for the Sale Shares from CDP, provided that CDP shall not present the Promissory Note for payment before the Due Date ("means the earlier of : (i) the date falling on the 90^{th} day after the Date of the IPO; or (ii) 30 September, 2005") unless an Event of Default has occurred. Unilazer (Hongkong) Limited shall not be under any obligation to make any payments pursuant to the Promissory Note before the Due Date except on the occurrence of an Event of Default.

b) The Promissory Note shall be forthwith returned to Unilazer (Hongkong) Limited upon CDP receiving the full amount of the Net Transaction Proceeds ("Net Transaction Proceeds" shall mean, subject to the Adjustments described below Rs. 500,000,000, provided that if either (i) this amount is not received in full by CDP on or before the Due Date; or (ii) there occurs an Event of Default, then the "NetTransaction Proceeds" shall be Rs. 624,000,000) and all other sums due to it under the Definitive Documents("any and all of : (i) this Share Sale Agreement, the Indenture signed between Unilazer (Hongkong) Limited and CDP on November 19, 2004 ("Indenture"), and the Indemnity signed by Unilazer Exports & Management Consultants Limited and Rohinton S Screwvala on November 19, 2004 in favour of CDP Entities (any and all of: (i) CDP; (ii) Capital Communication CDPQ Inc. and other direct or indirect holding companies of CDP; (iii) the subsidiaries of the direct and indirect holding companies of CDP; and (iv) any director nominated by CDP to the board of directors of UTV, and "CDP Entity" means any of them); and (ii) other documents executed under or incidental to the foregoing documents

c) In the event of default by UTV or any of the Covenanters ("any and all of Unilazer (Hongkong) Limited, Unilazer Exports & Management Consultants Limited and Rohinton S Screwvala, and "Covenanter" means any of them") in any of their obligations under any of the Definitive Documents, or if CDP becomes aware that any of the representations, warranties or undertakings of either UTV or the Covenanters under the Definitive Documents are not true or have been breached (each of such events or circumstances an "Event of Default"), the full amount of the Sale Shares Consideration, the Promissory Note and other sums due to CDP under the Definitive Documents shall immediately become due and payable upon written demand on Unilazer (Hongkong) Limited from CDP.

d) CDP, UTV and each of the Covenanters shall work together to obtain all consents and approvals from all relevant authorities in the relevant jurisdictions, including but not limited to the Reserve Bank of India for the consummation of the Transaction and the remittance of the Net Transaction Proceeds to CDP and all other payments arising thereof. The parties hereto agree that CDP's counsel shall take the lead in obtaining the requisite consents from the Reserve Bank of India for the approval for the creation of the pledge in the Indenture and for the approval of the sale of the IPO Shares as part of the IPO by CDP and for the remittance of the IPO proceeds. UTV and the Covenanters undertake to CDP that they shall use their reasonable endeavours to procure that CDP shall have the right to sell 2,499,950 Shares (the "IPO Shares") by participating in the IPO and selling the IPO Shares.

e) UTV and each of Unilazer (Hongkong) Limited, Rohinton S Screwvala, Unilazer Exports & Management Consultants Limited have undertaken to CDP that till such time as the approval from the RBI is received for the transfer of 2,499,950 shares of face value of Rs. 10/- each in the company through Offer for Sale, UTV shall not file the Prospectus with the Registrar of Companies, Mumbai or enter into the Underwriting Agreement.

f) The Net Transaction Proceeds and each and every other amount described in the Share Sale Agreement and receivable by CDP, including without limitation the payment of the Promissory Note for the Sale Shares Consideration, the payment of the proceeds from the sale of the IPO Shares and the Adjustment Sum (if any) shall be paid by the relevant paying party and received by CDP free of all conditions, withholdings, counterclaims, set-off, costs, expenses, stamp duty, charges, fees or deductions for any reason whatsoever, including: (i) all banking or similar charges for remittance to CDP; (ii) all commitment fees, commissions and sums whatsoever payable to the underwriters, legal advisors, accountants, professional advisors or other entities in relation to the IPO; and (iii) any taxes, duties and withholdings required by law.

g) The Transaction shall be deemed complete upon CDP receiving full payment without any deductions whatsoever ("Full Payment") of the Net Transaction Proceeds.

Clause 3 of the aforesaid Share Sale Agreement has specified the following adjustments in 'Net Transaction Proceeds' depending upon the 'Issue Price'

- If the Issue Price is less than Rs. 120 per Share, then the references to "Rs. 500,000,000" and "Rs. 624,000,000" in the definition of Net Transaction Proceeds shall each be reduced in an amount equal to the result when the Issue Price is subtracted from Rs. 120, the remainder is multiplied by 0.67 and the product is then multiplied by 4,799,950.
- If the Issue Price is greater than Rs. 160 per Share, then the references to "Rs. 500,000,000" and "Rs. 624,000,000" in the definition of Net Transaction Proceeds shall each be increased in an amount equal to the result when Rs. 160 is subtracted from the IPO Price, the remainder is multiplied by 0.67 and the product is then multiplied by 4,799,950.
- UTV shall forthwith notify the other parties of the net amount of proceeds payable to CDP from the sale of the IPO Shares. Within 15 days of the Date of the IPO, CDP shall calculate and advise Unilazer (Hongkong) Limited as to the amount (the "Adjustment Sum") which may be required in order to ensure that CDP receives, for selling the Sale Shares and the IPO Shares and the Net Transaction Proceeds. Thereafter and on or before the Due Date, Unilazer (Hongkong) Limited shall (and Unilazer Exports & Management Consultants Limited and Rohinton S Screwvala undertake to CDP that Unilazer (Hongkong) Limited will) pay to CDP such Adjustment Sum.
- In the event that the total amount received by CDP for the sale of the Sale Shares and the IPO Shares is greater than the Net Transaction Proceeds, then CDP shall within 90 days of the Date of the IPO, pay to Unilazer (Hongkong) Limited the amount by which the total amount CDP has received for the Transaction exceeds the Net Transaction Proceeds.

As security against Full Payment, Unilazer (Hongkong) Limited has pledged 2,534,043 shares of our company in favour of CDP.

Our Offices

Our registered office at the time of incorporation was at Shivsagar Estate, "A" Block, Dr. A. Besant Road, Worli, Mumbai – 400 018. Subsequently, on July 1, 1996, the same was shifted to UTV House, # 7 Marwah Estate, Krishanlal Marwah Marg, Saki Naka, Andheri (E), Mumbai – 400 072. Subsequently, our Board, in its meeting held on April 27, 2001; decided to shift our registered office to Parijaat House, 1076, Dr. E.Moses Road, Worli Naka, Mumbai 400 018 as of April 27, 2001.

We, alongwith our subsidiaries, have offices at the following places:

- Parijaat House, 1076, Dr. E.Moses Road, Worli Naka Mumbai 400 018
- No. 5, Panchsheel Community Centre, Panchsheel, New Delhi 110 017
- 7 Marwah Estate, Krishanlal Marwah Marg, Saki Naka, Andheri (E), Mumbai – 400 072
- 1st Old No 3, New No. 6, Krishnaswamy Avenue Luz, Chennai - 600004
- 15-19, Shah & Nahar Industrial Estate, Off Dr. E. Moses Road, Worli, Mumbai 400018
- Lot 50, Komplex Selayang, Batu 8 1/2 Jalan Ipoh, 68100 Batu Cave Selangor Darul Ehsan, Malaysia
- 255 West 36th Street, 8th Floor, New York, NY 10018
- C/o Nagle James Associates Ltd., 51-53 Station Road, Harrow, Midlesex, HA12T4, United Kingdom
- C/o International Management (Mauritius) Limited, 4th Floor, Les Cascades, Edith Carvell Street, Point Louis, Mauritius

OUR MANAGEMENT

Board of Directors

The following table sets forth details regarding our Board of Directors.

Name, Father's Name and Address and email id	Occupation	Other Directorships
Ketan Dalal S/o Arvind Dalal G-2, Baug-E-Sara 16, Nepeansea Road Mumbai – 400 036	Practicing Chartered Accountant	1. Salora International Ltd. 2. Ambit RSM Private Limited 3. RSM Holdings Pvt. Ltd. 4. RSM Advisory Services Pvt. Ltd. 5. Ambit Corporate Finance Pte Ltd. 6. Unit Trust of India Technology Services Ltd.
D.C. Shroff S/o Cavasji. Shroff 8, Moonlight 158 M. Karve Road Mumbai 400 020 dcshroff@vsnl.com	Solicitor & Advocate	1. Avi-Oil India Pvt. Ltd. 2. Bayer Polychem (India) Ltd. 3. Ciba Speciality Chemicals (India) Ltd. 4. CMP Pvt. Ltd. 5. Everest Industries Ltd. 6. Ingersoll-Rand (India) Ltd. 7. Kulkarni Power Tools Ltd. 8. Lubrizol India Pvt. Ltd 9. Maersk Logistics India Pvt. Ltd 10. Professional Oral Care Products Pvt. Ltd. 11. Siemens Ltd. 12. SKF Bearings India Ltd. 13. Swiss Re Services India Pvt. Ltd. 14. Unifrax India Ltd. 15. Warner Bros Pictures (India) Private Limited
Rohinton S. Screwvala S/o Soli Screwvala 31, Landmark 17/738 Dhanukar Marg Mumbai 400 026 ronnie@utvnet.com	Industrialist	1. United Tele Shopping & Marketing Co. Ltd. 2. Unilazer Exports & Management Consultants Ltd. 3. Unitas Creative Television Ltd. 4. Unilazer Hongkong Ltd. 5. United Entertainment Solutions Private Ltd. 6. United Home Entertainment Private Limited
Deven Khote S/o Harendranath Khote Ashoka Apartment 1st Floor, Runghta Road Off. Napeansea Road Mumbai 400 026 deven@utvnet.com	Service	1. Unitas Creative Television Limited
Rahul Shah S/o Dinesh Shah ILFS Financial Centre 7th Floor Plot No. C-22, G-Block Bandra-Kurla Complex Bandra (East) Mumbai – 400 051 Rahul.shah@ilfsindia.com	Service	1. Investment Trustee Company (Orissa) Pvt. Ltd. 2. Investment Trustee Company (UP) Ltd 3. DQ Entertainment Limited 4. eMR Technology Ventures Pvt. Ltd.

Name, Father's Name and Address and email id	Occupation	Other Directorships
Suketu V. Shah S/o Viren Shah A-52, Darshan Apartments Mount Pleasant Road Malabar Hill Mumbai 400 006 sukie@vsnl.com	Industrialist	1. Mukand Ltd. 2. Hospet Steels Ltd. 3. Metro Dairy Ltd. 4. Jeewan Limited 5. Mukand Global Finance Limited 6. Lineage Investments Ltd. 7. Primus Investments & Finance Ltd. 8. Econium Investments & Finance Ltd. 9. Alloy Steel Producers Association of India 10. Rajvi Engineering & Investments Pvt. Ltd. 11. Valiant Investments & Trades Pvt. Ltd. 12. Akhil Investments & Trades Pvt.Ltd. 13. Kshitij Holdings & Engineering Pvt. Ltd. 14. Jyoti Shah Premises & Investments Pvt. Ltd. 15. Amar Jyoti Agro Co. Pvt. Ltd. 16. Amivir Agro Co. Pvt. Ltd. 17. Anant Jeewan Agro Co. Pvt. Ltd. 18. Sunnydays Agro Co. Pvt. Ltd. 19. Adonis Laboratories Pvt. Ltd. 20. Ceezee Foods Private Ltd. 21. Clickforsteel Services Ltd. 22. Mukand International Limited, U.K.
Sanjaya Kulkarni S/o Shrikrishna Kulkarni A-12, Technocrat Society Twin Tower Lane Prabhadevi Mumbai 400 025 sanjaya@ideaequity.com	Venture Capital Advisor	1. Time Packaging Limited 2. Drish Shoes Ltd 3. Indiaco.com Pvt Ltd. 4. S.L. Poultry Pvt. Ltd. 5. Indian Direct Equity Advisors Pvt. Ltd. 6. Mistral Software Pvt. Ltd. 7. Protect Insurance Services (I) Pvt. Ltd. 8. Tracmail (India) Pvt. Ltd. 9. Agro Tech Foods Limited
Frédéric Beauvais CDP Capital Communications Inc, 2001 Avenue Mcgill College Montreal, Quebec H3A IGI, Canada fbeauvais@cdpcapital.com	Service	1 Times Infotainment Media Limited 2 Entertainment Network (India) Limited 3 Kabel Baden – Wurttemberg (Germany)
Ronald D'Mello S/o Pascal Demello 502, Genesis Apartment St. Francis Avenue Santacruz(W) Mumbai 400 084 rd@utvnet.com	Service	1. Unitas Creative Television Limited 2. United Home Entertainment Private Limited 3. United Entertainment Solutions Private Limited

BRIEF BIOGRAPHIES OF THE DIRECTORS

Rohinton S. Screwvala

Refer to 'Our Promoter' on page 105 of this Prospectus

Rahul Shah

Rahul Shah, is currently employed as Senior Vice- President in IL&FS Investment Managers Ltd (IIML), which is a Private Equity arm of IL&FS. Overall, he has 18 years of experience in Private Equity, Capital Markets and Management Consultancy. As part of the Investment Team, he is responsible for identifying growth areas, business origination, deal structuring, and investment process and divestment strategies. He has evaluated investment opportunities across sectors and provides Management inputs to Investee Companies. He also represents IIML on the Board of various companies.

In 1990 he joined Infrastructure Leasing & Financial Services Ltd (IL&FS) in the Securities Management Group and was involved in portfolio management and investment research. In addition, he was actively involved in establishing stock-broking and mutual fund operations for IL&FS including joint ventures with overseas organizations. Rahul began his career as a Principal in a Chartered Accountancy firm followed with a stint of 2 years at A.F. Ferguson & Co. a leading Chartered Accounting firm in India in its Management Consultancy Division. He has also been a consultant to some corporates advising them on business strategy and other commercial and financial matters. Rahul has been on our Board since June 2002 as representative of IVC Corporation Limited.

Rahul is a commerce graduate and a Chartered Accountant from the Institute of Chartered Accountants of India.

Ronald D'mello

Chartered Accountant by profession, Mr. Ronald D'mello has more than 15 years of post qualification experience in manufacturing, hospitality and media Industry. One of the longest serving finance professionals in Media Industry, Ronald has been involved in media industry since 1991 when the industry was in its infancy stages. Ronald has been involved with the evolution of the Industry since then, has been active participant in various industry initiatives at various levels including State and Central Government representations.

He joined UTV in 1992 and has been part and parcel of UTV's growth since then. As Director - Operations & Finance, he works in close association with the CEO of the Company on overall strategy and operational management of all UTV businesses, apart from overseeing the Finance, Legal and HR functions. He was associated with STAR for a brief stint of 18 months in 2002/03 before starting his second stint with UTV in June 2003.

Ketan Dalal

Ketan Dalal, is a practicing Chartered Accountant and a Senior Partner in the firm of RSM & Co and a director in Ambit Corporate Finance Pte Ltd. He was a member of the working group for Non resident taxation by the Ministry of Finance, as a consequence of the Kelkar Committee recommendations.

Darius.C.Shroff

Darius, BA LLB, Attorney at Law, is a Senior Partner in Crawford Bayley & Co., Solicitors & Advocates. He has been on the Board of the Company since May 2000. Darius is also on the Board of various other companies, Associations, Chambers of Commerce, Bar Councils etc.

Deven Khote

Deven Khote has been with our company since its inception, and is currently the Director of our Advertising Films Division. Through his years with our company, he has been actively involved in all areas of the creative and film production process, in all forms of the medium.

He started his career as a Production Manager on our early TV Game and Quiz shows. He simultaneously trained as an Editor, and set up the first high-end Editing and Special Effects facility in India. He took time out to act and then assist in two feature films, and then progressed to Direction of television programming, including the multiple award-winning 'Lifeline', which he Edited and co-Directed.

He then actively pursued a career in Advertising Films, and with over 300 films to his credit, he has helped establish our company as one of the India's leading Advertising Film production companies. He has worked with all major Advertising Agencies, making films for most major national and international Clients, across all brands and market segments. These include Britannia, Coca-Cola, Colgate, Fiat, Godrej, Hero Honda, HLL, J&J, Lakme, LG, Liberty, Maruti, P&G, Pepsi, Raymonds, Tata Tea and Videocon. He has also made many films for Public Service, including the award-winning 'Doodh…Piyo Glassful' film for NDDB.

Deven is a Commerce graduate from Bombay University. His outside activities and interests include Theatre, Photography and various sports including Snooker and Rugby, which he has played competitively.

Suketu Shah

Suketu is President and Director of Mukand Limited, a special steel and alloys producer. He has worked in leading global and Indian organizations like Bajaj Auto, International Finance Corporation, American Express Bank, etc. He is also associated with various Indian and International trade bodies like Confederation of Indian Industry (CII), Alloys Steel Producers Association, Harvard Business School Association of India, etc.

Sanjaya Kulkarni

Sanjaya Kulkarni is a Banker who was associated with Citibank, 20^{th} Century Finance Corporation Limited, Centurian Bank etc. A MBA from IIM Ahmedabad, Sanjaya has varied experience in consumer finance, treasury, merchant banking, etc. He has been on our Board since December 2002.

Frederic Beauvais

Frédéric Beauvais joined CDP Capital Communications Europe in 2003, having previously been with A.T. Kearney and the BCE group. Mr. Beauvais also serves on the boards of Kabel Baden - Wurttemberg (Germany), Telenet Communications (Belgium), Entertainment Network (India) Limited and Times Infotainment Media Limited.

Compensation of Managing Director / Whole time Directors

Details of compensation of our Managing Director/Whole time Directors are given below:

Rohinton S. Screwvala

Compensation as approved by the Shareholders :

(i) Basic: In the range of Rs.200,000/- to Rs.400,000/- per month

(ii) Free furnished accommodation and expenses related thereto, or HRA upto 60% of the Basic salary

(iii) LTA subject to a ceiling of one month's basic salary

(iv) Medical expenses (including insurance premium) subject to a ceiling of one month's basic salary

(v) Encashment of Leave

(vi) Personal Accident Insurance Cover

(vii) Commission: 3% of the net profit of the Company.

(viii) Any such remuneration as determined by the Board at the end of each financial year subject to the Companies Act, 1956

Provision for minimum remuneration in accordance with the Companies Act, 1956 if the Company has no/inadequate profits in a particular financial year.

Actual current compensation paid:

Rs 600,000/- per month including all benefits.

Deven Khote

Compensation as approved by the shareholders:

(i) Basic: In the range of Rs.45,000/- to Rs.125,000/- per month

(ii) Performance allowance not exceeding 50% of the basic salary

(iii) Free furnished accommodation and expenses related thereto, or HRA upto 60% of the Basic salary

(iv) LTA subject to a ceiling of one month's basic salary

(v) Medical expenses (including insurance premium) subject to a ceiling of one month's basic salary

(vi) Encashment of Leave

(vii) Personal Accident Insurance Cover

(viii) Commission: Such remuneration by way of commission as determined by the Board at the end of each financial year subject to the Companies Act, 1956.

Provision for minimum remuneration in accordance with the Companies Act, 1956 if the Company has no/inadequate profits in a particular financial year.

Actual current compensation paid:

Rs 109,000/- per month including all benefits.

Ronald D'mello

Compensation as approved by the shareholders:

(i) Basic: Upto Rs 400,000 per month

(ii) Performance allowance: Not exceeding 50% of the salary

(ii) Free furnished accommodation and expenses related thereto, or HRA up to 50% of the Basic salary

(iii) LTA subject to a ceiling of one month's basic salary

(iv) Medical expenses (including insurance premium) subject to a ceiling of one month's basic salary

(v) Leave Encashment

(vi) Personal Accident Insurance Cover

(vii) Contribution to Provident Fund, Superannuation Fund or Annuity Fund as per the Rules of the Company

(viii) Car for use on Company's business and Telephone at Residence, Mobile phones for official use only.

(ix) Reimbursement of Entertainment, traveling and all other expenses incurred for the business of the Company.

(x) Gratuity on the basis of half month's salary for each completed year of service

(xi) Stock Options under the Employees Stock Option Plan formulated by the Company and as may be applicable, from time to time.

(xii) Commission: Such remuneration by way of commission as determined by the Board at the end of each financial year subject to the Companies Act, 1956.

Actual current compensation paid:

Rs 3,33,333/- per month plus performance linked incentives.

Shareholding of Directors

Sl.No.	Name	No. of Shares
1.	Mr. Rohinton S. Screwvala	1,322,987
2.	Mr. Deven Khote	40,800
3.	Mr. Ronald D'mello	8,844
4.	Mr. Frederic Beauvais	Nil
5.	Mr. Rahul Shah	Nil
6.	Mr. Sanjaya Kulkarni	Nil
7.	Mr. Ketan Dalal	600
8.	Mr. Darius Shroff	2,000
9.	Mr. Suketu Shah	Nil

Interest of the Directors

All our Directors may be deemed to be interested to the extent of fees, if any, payable to them for attending meetings of the Board or a Committee thereof as well as to the extent of other remuneration, reimbursement of expenses payable to them under our Articles of Association. The Chairman and Managing Director is interested to the extent of remuneration paid to him for services rendered by him. All our directors may also be deemed to be interested to extent of equity shares held, if any, already held by them or their relatives in UTV Software Communications Limited, or that may be subscribed for and allotted to them, out of the present Issue in terms of the Prospectus and also to the extent of any dividend payable to them and other distributions in respect of the said Equity Shares.

Our directors may also be regarded as interested in the Equity Shares held by them as disclosed above or that may be subscribed by and allotted to the companies, firms and trusts, in which they are interested as directors, members, partners or trustees.

All directors may be deemed to be interested in the contracts, agreements/arrangements entered into or to be entered into by us with any company in which they hold Directorships or any partnership firm in which they are partners.

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

Term of office of our Directors

Details of Terms of office of our Managing Director/Whole time Directors are given below :

Name	Duration of contracts
Rohinton S. Screwvala	August 1, 2001 to July 31, 2006
Deven Khote	For a period of three years starting from April 27, 2004
Ronald D'mello	From August 21, 2003 to August 20, 2006

Change in Board of Directors in Last Three Years

Name	Date of appointment	Date of cessation	Reason
Jayesh Merchant	27-Apr-01	12-Jun-02	Resigned upon leaving the organization
Ronald D'mello	21-Aug-03	7-Dec-01	Mr. D'mello resigned from the Board of Directors on his leaving the company and subsequently again became member of Board of Directors on his rejoining the company
Alain Fontaine	15-Apr-02	24-Nov-03	Joined the Board representing CDP
Manoj Thakur	15-Apr-02	22-Jan-04	Joined the Board representing CDP
Rahul Shah	12-Jun-02		Replaced Hetal Gandhi as a representative of IVC Corporation Limited
Ramesh Vangal		12-Jun-02	Resigned due to pre-occupation
Rajesh Khanna		12-Jun-02	Represented Warburg Pincus, resigned upon ceasing of Warburg Pincus as shareholder
Hetal Gandhi		12-Jun-02	Replaced by Rahul Shah as a representative of IVC Corporation Limited
Sanjaya Kulkarni	25-Dec-02		Joined the Board as a representative of IDEA (Century Direct Fund)
Frederic Beauvais	24-Nov-03		Replaced Alain Fontaine
Zarina Mehta	2-Apr-1991	23-Nov-04	To focus fully on Creative areas of Television content production business

Corporate Governance

We stand committed to good Corporate Governance – transparency, disclosure and independent supervision to increase the value of our various stakeholders. The Guidelines issued by SEBI in respect of Corporate Governance will be applicable to us immediately upon applying for in-principle approval for listing of our Equity Shares on the stock exchanges. Accordingly, we have undertaken steps to comply with the SEBI Guidelines on Corporate Governance. There are six non-executive members on our Board of Directors, amongst whom, five are independent members. Other committees of the Board have been constituted in order to look into the matters in respect of compensation, shareholding/Investors Grievance Redressal, Audit, etc. Details of their meetings held during 2002-2003 are as below:

1. Remuneration Committee - The Remuneration Committee currently comprises of Mr. Frederic Beauvais, Mr. Ketan Dalal and Mr. Sanjaya Kulkarni. The Remuneration Committee had one meeting during 2002-2003 and reviewed the matter in respect of remuneration paid/payable to the Managerial Personnel.
2. Share Transfer/Share Allotment/Shareholders Grievances Redressal Committee – Share Transfer/Share Allotment/ Shareholders Grievances Redressal Committee currently comprises of Mr. Rohinton S. Screwvala and Mr. Rahul Shah. The committee had five meetings during 2002-2003 and inter alia reviewed the matter in respect of transfer of shares, splitting of shares, issue of duplicate share and allotment of shares.
3. Audit Committee – Audit Committee currently comprises of four non-executive directors namely Mr. Ketan Dalal (Chairman of the Committee), Mr. Suketu Shah, Mr. Frederic Beauvais and Mr. Rahul Shah.The committee met thrice during 2002-2003 and interalia reviewed the followings:
   (a) Company's financial reporting process and disclosure of its financial information
   (b) Internal Control Systems

(c) The Scope of audit including the observations of the auditors

(d) Adequacy of the internal audit function, major accounting policies, practices and entries, compliance with accounting standards

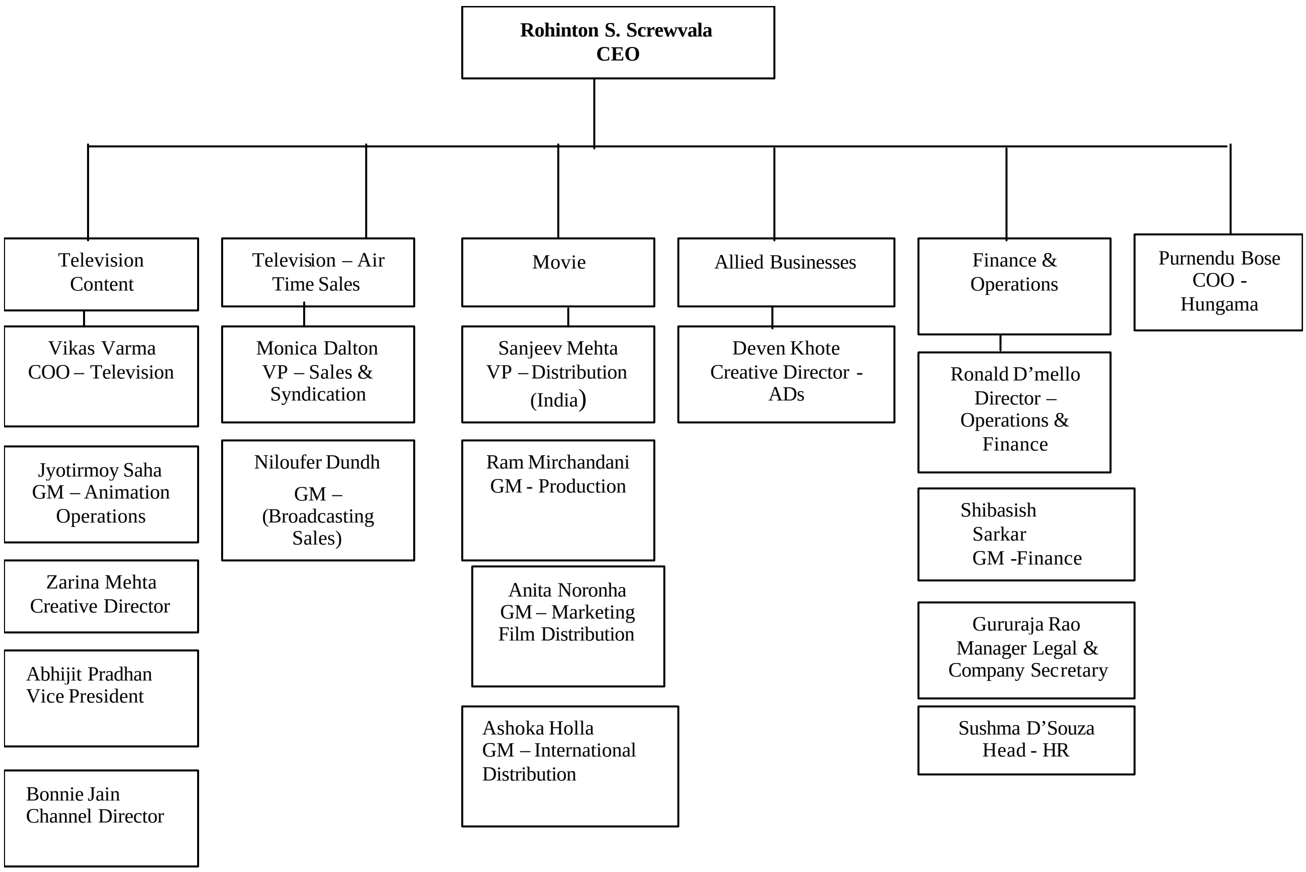
(e) Company's financial and risk management policies

(f) Quarterly, half yearly and annual financial statements of the company.

We intend to comply with SEBI guidelines in respect to corporate governance, especially with respect to the appointment of non-executive and independent directors to our board in addition to the existing non-executive and independent directors, if required, and constituting/re-constituting our board committees: the Shareholding/Investor Grievance Committee, the Audit Committee, and the Remuneration Committee, if required.

Organization Structure

Our organization structure is as follows:



Details of our Key Managerial Personnel

Rohinton S. Screwvala – Chief Executive Officer

Please refer to Our Promoter on page no. 105 of this Prospectus.

Ronald D'mello – Director, Operations & Finance

Please refer to 'Brief Biographies of The Directors' on page no. 93 of this Prospectus.

Purnendu Bose - Chief Operating Officer – 'Hungama'

Mr. Purnendu Bose is a seasoned general management professional with 15 years of successful track record. He was instrumental in launching many 'First' in the Country like 'Ceasefire', 'Easycall', 'Radio City' & 'STAR News'. Last four years with STAR TV, he spearheaded his division right from broadcast operation, engineering to special projects. Presently he heads our new broadcasting venture -UHE as Chief Operating Officer of Hungama TV , the 'Kids Channel' . The amount of compensation paid in last financial year was Rs. 12,33,333.

Vikas Varma – Chief Operating Officer, Television

Vikas has 16 years of advertising and marketing experience spanning Advertising agencies like Frank Simoes Advertising, Madison Advertising and Touche Communications in the capacity of Managing Director. Touche Communications is a part of Dialogue International (the world's 4th largest advertising agency network). He has been instrumental in strategising, media and launching a number of durable, FMCG and also Entertainment brands.

He has successfully launched a number of TV serials and Shows like Movers & Shakers, Chappad Phaad Ke, and many others .He has also been involved in the launch of events like Ms World 1996, Madhuri's Secrets launch of Emami and many others.

Zarina Mehta – Creative Director, Television

Zarina Mehta is one of the three founder directors of UTV, and is on the board of the UTV group. Over the last 15 years, Zarina has been responsible for the start-up & creation of some of UTV's major divisions and has produced over 3500 hours of high TRP, award-winning television programming in multiple languages. Zarina is also a multi-award-winning director of corporate documentaries with a passion for children's television. Mehta's initial training was as theatre actor; she has performed in several leading productions. Mehta is a graduate of St Xavier's College Mumbai where she did her BA in Eco (Honours). The amount of compensation paid in last financial year was Rs. 1,09,000 per month including all benefits.

Deven Khote - Creative Director, Advertisements

Please refer to 'Brief Biographies of The Directors' on page 93 of this Prospectus.

Sanjeev Mehta – Vice President, Films Distribution (India)

Sanjeev has over 12 years of experience handling Retail chains in 3 different industries/ categories for functions including Strategy, Concept & Business development, Consumer Marketing, Trade Marketing, Franchisee Selection, Appointment and Support .He has over 4 years experience handling South west Asia markets for Marketing, finance, sales & operations and over 7 years of experience in Consumer and Trade Marketing handling diverse products from Ice Creams, telecom retailing to Imaging and digital products /services. The amount of compensation paid in last financial year was Rs. 2,00,000.

Monica Dalton – Vice President, Sales & Syndication

Monica brings with her over 12 years of experience having worked earlier at World Phone Internet Services, Zee Telefilms and Business India. The amount of compensation paid in last financial year was Rs. 5,53,775.

Shibasish Sarkar - General Manager, Finance

Shibasish Sarkar is a Fellow Chartered Accountant, Fellow Cost Accountant & Associate Company Secretary. He comes on board with rich experience of ten years in different companies across industries - Hindustan Cables Ltd, Shaw Wallace & Company, Godrej Sara Lee (a joint venture between Godrej Group & Sara Lee Corporation of US a Fortune 500 company). The amount of compensation paid in last financial year was Rs. 10,24,597.

Gururaja Rao – Manager Legal & Company Secretary

Guru has over 6 years of experience with companies like Thomas Cook, MC Donald, Essar Power. He is a Commerce graduate and also has a Bachelor's degree in law. He is an Associate Member of the Institute of Company Secretaries of India. The amount of compensation paid in last financial year was Rs. 3,55,000.

Sushma Desouza – Head HR

Our Manager HR is a postgraduate in Human Resources from Symbiosis and a commerce graduate from Narsee Monjee. She has close to 5 years of experience across the Manufacturing and ITES industry before moving into media. During her career she has had experience in the areas of Training & Development, PMS, Career planning, Organisational Development and Recruitment. The amount of compensation paid in last financial year was Rs. 47,830.

Ram Mirchandani – General Manager, Films Production

Ram Mirchandani started his career in 1989 with Hiba Video, as Management Trainee and was involved in production of feature films like 'Scandal' & 'Lapatta'. His synopsis can be summed up with reasonably hit shows such as Thodi Si Bewafai, Apna Apna Style, Colgate Top 10, Star Bestsellers, Junior G. He was majorly involved in the setting up of the French Channel, Fashion TV in India & localizing it for the Indian palette. The amount of compensation paid in last financial year was Rs. 12,45,867.

Niloufer Dundh – General Manager (Broadcasting Sales)

Niloufer has tremendous exposure, spanning 10 years, in sales across various mediums and markets. She has experince in different markets like India, Muscat and Dubai, industries including press, internet, radio and travel. For the past two & half years she was with Radio Mirchi Mumbai as Corporate Sales Head.

Anita Noronha- General Manager, Marketing & PR in the Motion Picture Distribution Department.

During the span of her 18 year career, Anita has worked with companies like Lintertainment, Ambience, Enterprise Nexus, Contract , Mudra and Lintas among others. She brings to UTV her strong focus and valuable experience that her advertising background and her experience in film marketing, promotions and communication as a part of Lintertainment have given her.

Abhijit Pradhan- Vice President, Television

He has done his Post Graduate Diploma in Marketing from Times School of Marketing in 1992. He started his career in Contract Advertising. He has enjoyed a 12 year long career span with a focus on Marketing / Advertising spanning responsibilities across Consumer Marketing, Entertainment and Advertising with companies like Foster's India Ltd., Contract Advertising I Ltd, Ammirati Puris Lintas, Sony Music Entertainment and ABCL. Of this a cumulative of 7 years was spent in 2 stints in Contract Advertising(his last assignment) driving Account Planning and subsequently played a business head role.

Bonnie Jain – Channel Director, Television

Bonnie started his carrer with "National Centre of Films for Children & Young People" (N'CYP) now called Children's Film Society as a Ass. Festival Co-ordinator in '93. Then he joined "Amitabh Bachchan Corporation Ltd." in Jan '94 to April 98 and subsequently moved to "Cuecom Entertainment Pvt. Ltd." a TV company promoted by Tamil Director K. Balachander as a Sr. Manager Advt. Sales & Marketing (all India) between '98 to '00. After a 2 year stint with Cuecom, he joined "Nine Broadcasting India Ltd." (Channel 9 Australia) as manager-Advertising Sales (Western Region). Later he co-founded "Eternal Dreams Pvt. Ltd." a media company with active interests in Ad Sales, Events, Channel Management, etc. He has a cumulative experience of 11 years in the field of entertainment right from Advertising Sales & Marketing to Celebrity Management, TV & Film Software Production, TV Software Syndication, Event Management, etc.

Venu Gopal Chandrasekhar - Channel Director, Television

A BSc Graduate from Bombay University, Venugopal had a liking for Advertising and Media from a very early age. After a few stints with Advtg, & Sales Promotion Co., and Interact Vision, he joined Contract Advtg (a part of the WPP Group Worldwide) in 1992 as an Account Executive and in a long stint spanning 12 years,was heading his team as a Group Account Director. He was part of the core team that worked across categories on some illustrious national and multi national brands like Philips,Bajaj Auto,ICICI Bank, Asian Paints,Parke Davis,Allianz Bajaj,Singapore Tourism Board to name a few.

Ashoka Holla – General Manager, International Movie Distribution

Ashok Holla, 32, is a Graduate from Mumbai University with twin Diploma in Mass Communication and Film and TV production from XIC, Mumbai.

He spent the first 3 years in Marketing Space and Air time for Indian Express Group of Newspapers and Times Television. Then he joined Kodak in their motion picture department for the next 7.5 years handling the markets of Mumbai and Hyderabad.Also represented Kodak in the digital technology space and was instrumental in the beta testing of the Kodak Digital Cinema System in India.

He joined us in the International Movie Distribution Division from June, 2004 onwards handling our International Movie Distribution with the exception of North America

Aditya Shastri – COO, Motion Pictures (Production)

A post-graduate in Mathematics, with a diploma in Business Management, Aditya Shastri has moved from FMCG to Consumer Durable and ultimately in Media and Entertainment industry. He started his career with Godfrey Phillips in marketing and subsequently moved on to Titan Watches.

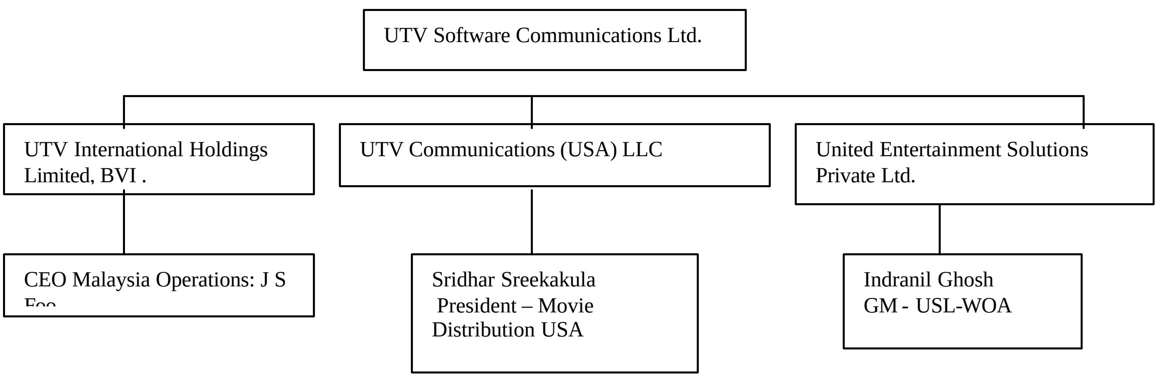
In December 1995, he joined Twentieth Century Fox, Inc. as business manager, to initiate Fox's entry into the Home Entertainment business. In 1998, he started heading Fox's overall operation, in India. In his nine years at Fox, he has handled more than 75 film releases, including Titanic which went on to become the highest grossing English film ever to be released in India. Other noted films released during his tenor in Fox include Die Another Day, Moulin Rouge, Jhankaar Beats, Pinjar etc.

Other Managerial Personnel

Jyotirmoy Saha – General Manager Operations, Animation

Jyotirmoy's educational qualifications include a bachelor's degree in Physics & a Masters in Microprocessors & Microcomputer Systems. He is a convergence media professional and has been in the industry in India, Malaysia & Singapore over the last 6 years. Among his achievements is his participation and active role in the development of computer based video manipulation hardware for Data Translation Inc. USA.

Organisation structure With Subsidiaries



Details of key managerial personnel of our Subsidiaries

J S Foo – Chief Executive Officer – Malaysia Operations

Mr. Foo has around 14 years experience. Prior to joining Antah UTV in January 2000, Mr. Foo's last assignment was as General Manager with a reputed ad agency called Peter Beaumont & Friends (PB&F) which was originally known as Leo Burnett (Malaysia). Prior to that he was the General Manager of Pacific Premium Foods based in Philippines, a joint venture between Filipino and Malaysian investors. Prior to that he has also worked as the head of the Account Management department in Euro RSCG Ball Partnership, Malaysia. Mr. Foo had also worked in the early part of his career with Leo Burnett. Mr.Foo studied Law from the City of London Polytechnics (now known as University of London)

Sridhar Sreekakula – President, Movie Distribution USA

Has almost 10 years of experience in the International Marketing of Film and Television .He has widespread knowledge and expertise in the home video and cable market of the US .He has worked in various companies like Ramoji Films, Arrow Films Internaitonal, Southern Star Studios, Cronus Entertainment and 21st Century Film Corporation. Also as an entrepreneur in the distribution of international films he started Blackstone Media Arts & Barking Cow Distribution in July 1996.

Indranil Ghosh - GM, USL-WOA

Mr. Ghosh has a Masters in Marketing. He joined UTV in April 2003 prior to which he worked in Radio Mirchi, Indya.com & rediff.com.

Shareholding of the Key Managerial Personnel

Name	No of Shares
Rohinton S. Screwvala	1,322,987
Ronald D'mello	8,844
Deven Khote	40,800
Zarina Mehta	800

Bonus or Profit Sharing Plan for Key Managerial Personnel

None

Changes in Key Managerial Personnel for the period February 1, 2004till date

Name	Designation	Date of Joining	Date of Cessation (if applicable)	Reason for Resignation (if applicable)
Sushma Desouza	Manager –HRD	1-Mar-04		
Sanjeev S Mehta	Vice President - Films Distribution	1-Mar-04		
Niloufer Dundh	GM-Sales (west & south)	5-Apr-04		
Anita Noronha	GM - Marketing - Film Distribution	27-Apr-04		
Vikas Varma	COO- TV Content	10-May-04		
Akhauri Sinha	General Manager- Operations-Televisions	4-Apr-99	13-Aug-04	Resignation
Ashoka Holla	General Manager, International Movie Distribution	15-jun-04		
Bonnie Jain	Channel Director, Television	6-Aug-04		
Venu Gopal Chandrasekhar		Channel Director, Television	16-Aug-04	
Abhijit Pradhan	Vice President, Television	1-Sep-04		
Aditya Shastri	COO, Motion Pictures (Production)	2-Jan-05		

The Key Managerial Personnel are on our rolls as employees of permanent nature. None of the Directors and Key Managerial Personnel, except for Mr. Rohinton S. Screwvala and Ms. Zarina Mehta, has any family relationship between them. Except to the extent of nomination of Directors by the major shareholders of the Company, there is no arrangement or understanding with major shareholders, customers, suppliers or others, pursuant to which any Director or Key Managerial Personnel was selected.

Employees

We have an integrated team of skilled and well-qualified professionals, who understand the viewer's needs and work seamlessly to deliver the best content to viewers. The average age of our employees is approximately 33years.

The employee strength increased from 107 as on April 1, 2003, to 164 as on November 10, 2004, comprising 18 top management people, 29 creative professionals, 13 technical professionals and 104 support staffs. The overall attrition rate was approximately 52 % for financial year 2004. This was on account of the Dubbing and Animation divisions being converted into a variable model and the corporate restructuring exercise undertaken by the Company.

We expect the number of employees to increase as our business expands. The recruitment policy of the Company is targeted towards attracting and retaining well-qualified professionals for meeting the Company's evolving needs.

Human Resources Initiatives

Manpower Planning and Recruitment & Selection

- Our Manpower planning is totally a business-plan driven process
- The recruitment process flows from the manpower planning process and is tuned to getting in the right people at the right time
- It also includes psychometric assessment and an in-depth reference check of short listed candidates before the actual selection
- The psychometric assessment process is designed to identify the ideal fit between the candidate and the job

- We are currently using the internationally acclaimed Thomas Profiling technique as a tool in the recruitment process. This tool is used in 51 countries across the world and across 30,000 clients; 300 of which are Fortune 500 companies

Induction

- The Induction process forms a platform to present the history, the current scenario and the future to all new recruits in our company.
- The entire top management team right from the CEO to all the Heads of the Department plays an active role in welcoming new recruits into the world of UTV.
- The Induction is conducted every fortnight to ensure that all employees are covered under this program.

***Performance Management Process*:**

- The Performance Management Process forms an important part of the result-oriented culture in our company.
- The current system is a combination of Management By Objectives (MBO) and Behavioral trait assessment. This ensures that both Process and Results are given adequate focus.
- Formal half yearly reviews ensure the effectiveness and continuity of the process.
- The system also builds linkages with all other HR processes ranging from career growth (both horizontal and vertical) to personal and professional development and compensation.
- Identification of top and bottom performers of the organization forms an important part of the process and plays an important role in ensuring a result-oriented culture.

Training & Development:

- We strongly believe in the power of teams, functional excellence and continuous learning & development.
- The objective of the process is to build and develop the entire UTV team in line with organizational objectives.
- The training calendar formulated at the beginning of the year is designed on the basis of Business needs, Strategic needs of the organization and individual needs identified through the PMS.

Compensation:

- We have a highly competitive compensation structure on par with the market.
- The compensation design also includes variable pay and incentives designed to bring out optimum performance.

Employee Benefits:

All our employees have life insurance, medical insurance, accident insurance coverage, provident fund and gratuity entitlements as per law.

Communication:

'UTV Times' a bi-monthly newsletter keeps all employees updated on the happenings of initiatives in our company. But the best example of openness in the organization is the Open door Policy imbibed from the Founder and Managing Director onwards.

Retention:

In addition to all of the above factors, our work culture also forms one of the major reasons for employee retention. Our work culture provides an environment conducive to creative nurturing (not imposing), sense of ownership to the product, empowerment and collective decision-making. All employees are members of UTV Employees Welfare Trust, which formulates various employee benefit schemes. We have recently allotted 800,000 Equity Shares of Rs. 5 each (Equivalent to 400,000 Equity Shares of Rs. 10 each) to the said Trust.

OUR PROMOTERS

Mr. Rohinton S. Screwvala, Age 49, (Voter ID No: NA; Driving License No: 1157902)

Rohinton S. Screwvala is the founder of our Company. Since our inception in 1990, he has helped the company evolve into a Pan-Asian Entertainment Company, within a span of fourteen years.

During the 1980's, while the national broadcaster (Doordarshan) enjoyed a monopoly in television broadcasting, he gave the Indian viewers first taste of choice, when he started India's very first Cable TVnetwork.

Today, not only has he built up one of India's first corporate media & entertainment houses, with full-fledged divisions catering to various aspects of the entertainment industry, but has also contributed to the growth of the Television, Animation, Feature Film and Broadcasting industries in India, Singapore and Malaysia.

Mr. Screwvala graduated from Mumbai's Cathedral and John Cannon School and Sydenham College of Commerce. He also has a passion for the theatre and, as a hobby, has acted in several theatre productions. Mr. Screwvala is a recognized media name in Asia, and is regularly invited to lecture and participate in global forums in the US, UK and Europe.

Unilazer Exports & Management Consultants Limited:

Unilazer Exports and Management Consultants Limited was incorporated on July 11, 1991. It is primarily an investment company.

Its authorised share capital is Rs. 100 lakhs, comprising 9,10,000 Equity Shares of Rs 10/- each, 4000 4% Non-Cumulative Preference Shares of Rs. 100/- each, and 50,000 unclassified shares of Rs 10/- each.

Its issued, subscribed and paid-up capital is Rs. 7.32 lakhs, comprising 53,190 Equity Shares of Rs. 10/- each and 2000 4% Non-Cumulative Preference Shares of Rs 100/- each.

Mr. Rohinton S. Screwvala, Ms. Trishya Screwvala and Mr. Deven Khote hold 8.46%, 85.54% and 6.00% of its paid-up Equity Share capital respectively.

The Board of Directors of the company comprises Mr. Rohinton S. Screwvala and Ms. Zarina Mehta.

Brief financial results for the years 2001-02, 2002-03 and 2003-04 are given below:

In Rs.

Particulars	2000-01	2001-02	2002-03
Income	1,974,807	26,351	3,879,452
PAT	(6,132,182)	(8,472,531)	(17,639,798)
Equity	106,380	531,900	531,900
Reserves	89,576,904	80,539,081	62,899,284
Networth *	83,667,533	75,060,775	57,426,534
EPS	(576.44)	(159.29)	(331.64)
NAV / Share	7,864.97	1,411.18	1,079.65

* Adjusted for preliminary expenses not written off

OUR SUBSIDIARIES

United Entertainment Solutions Private Limited (UESPL)

United Entertainment Solutions Private Limited was incorporated on August 27, 1997.

The main object of this company is to develop and sell all types of entertainment softwares, managing post-production facilities / infrastructure, carrying out business of software consultants, advisors, experts, etc.

As per the order dated February 20, 2004, by the The Honourable High Court, Mumbai, our postproduction and 2D animation business namely USL WOA was merged with UESPL with effect from April 1, 2003.

The authorised share capital of the company is Rs. 200 lakhs, comprising 20 lakhs Equity Shares of Rs 10/- each.

Its issued, subscribed and paid-up capital is Rs. 101 lakhs, comprising 10,10,000 Equity Shares of Rs 10/- each.

Shareholding pattern of the Company is as follows:

Name of the Shareholder	% Of shareholding
Rohinton S. Screwvala	0.01
Zarina Mehta	0.01
UTV Software Communications Limited	99.98

The Board of Directors of the company comprises Mr. Rohinton S. Screwvala, Ms. Zarina Mehta, Mr. Ronald D'mello and Ms. Lourdes Soosai.

Brief financial results are given below:

Particulars	1999-00	2000-01	2001-02	2002-03	2003-2004	Six months ended September 30, 2004
Income	Nil	Nil	Nil	Nil	116,053,000	5,26,77,000
PAT	(8,000)	(8,000)	(8,000)	(10,000)	(26,822,000)	(68,31,000)
Equity	2,000	2,000	2,000	100,000	100,000	1,01,00,000
Reserves	(24,000)	(32,000)	(40,000)	(51,000)	(26,873,000)	4,80,00,000
Networth*	(56,000)	(59,000)	(62,000)	30,000	31,227,000	2,43,96,000
EPS	(40.00)	(40.00)	(40.00)	(1.00)	(2,682.20)	(6.76)
NAV / Share	(280.00)	(295.00)	(310.00)	3.00	3122.7	24.15

*Adjusted for Preliminary Expenses not written off and and advances against share capital

The business of postproduction was started by us through our subsidiary United Studios Limited (USL) in December 1995. This was a logical extension for our company as, by 1995, we had divisions in each facet of the media & entertainment industry. The only aspect that had not been explored was production and postproduction studio facilities. Thus in 1995, USL commenced work on the first phase of its studio facilities in Mumbai and Delhi and was completed by 1996.

Since then, USL added and expanded the technological competence by adding cutting edge technology for editing and grading. USL purchased high-end linear editing software from the worlds' best technology suppliers to provide its clients with the best post experience. USL owns facilities like Telecine, Fire, Smoke, Edit Box, Flint, Flame and Inferno for color correction, editing and compositing.

In order to strengthen its presence in the post production business, on 1st March 2003, USL acquired Western Outdoor Advertising Media Technologies Limited (WOMTL), which was the oldest and most experienced player in the area of postproduction in India. Post this merger the USL Brand name was changed to USL-WOA and it continues to be USL-WOA till date.

USL-WOA's expansion plans include acquisition of technology at minimal additional capital cost and thereby running a low risk model. A case in example is acquiring the management control of STV Enterprises limited on 24th September 2003. This acquisition has enhanced USL-WOA's presence in the Film post industry. USL-WOA clientele spreads across the geographic stretches of Mumbai, majority of feature film producers located in suburban Mumbai. One of the largest motives behind STV Enterprises' acquisition was to have a suburban presence of brand USL-WOA.

The expansion continued as USL-WOA set up its Chennai branch to cater to the expanding South Indian film and advertising industry.

UESPL had no business till the year 2002-03. It's business actually commenced in the year 2003-04 when we hived off our post-production business to UESPL. UESPL incurred losses in the year 2003-04 primarily on account of animation business which it has discontinued later. The other reasons for loss were stiff competition prevailing in the post-production business in India and high rate of obsolescence of equipments required for post-production business. This high rate of obsolensence also calls for high level of investment.

We, UTV Software Communications Limited, is retaining UESPL as our subsidiary inspite of the fact that it is a loss making unit because its post production facility is an important element of our overall plan for movie production business.

Key Clients

USL-WOA's clientele include Ad Film Producers and its parent, UTV. Top10 clients of USL-WOA are all above Rs. 1 million on an annual basis. Clients have done very prestigious projects with USL-WOA including Idea Cellular, Hutch, Tata Safari EXI, Chevrolet and lots of others. Category wise clients for USL-WOA are given below:

Brands	**Television Channels**	**Advertising Agencies**	**Media Buying Companies**	**Feature film producers**	**Ad Film Producers:**
• Hindustan Lever Limited – All Brands • ITC • Marico • Parle • Rasna • Balsara • Casper • Paras • ICICI	• MTV • Star News • Star TV • Nickelodeon • Zee • Sahara • ETC	• J Walter Thompson • Ogilvy & Mather • Leo Burnett • Mudra • Contract • Lowe • IB&W • TBWA • Grey Worldwide • Ambience Publicis • Bates	• Mindshare Fulcrum • Starcom Carat India	• I Dreams • Trimurti Films • Rama Films • Two's Company • Excel Entertainment • UTV	• Mad Entertainment • Big Picture Company • Foot Candles • Green Apple • Nirvana • Highlight Films • Genesis Films • POV Films • Ravi Udyawar • Red Ice • Equinox • Velvet Light Trap • Kailash Picture Company • Dungarpur Films • UTV

Competition

USL-WOA directly deals with corporate houses and Media Buying Houses. The main competitors of USL-WOA include Famous Studios, Prime Focus, Pixion and Prasad Labs.

UTV International Holdings Limited, BVI

UTV International Holdings Limited, BVI (UTVIH) was incorporated on August 28, 1996.

UTV International Holdings Limited, BVI (UTVIH) is primarily an investment company.

The authorised share capital of the company is USD 4.425 million, comprising 3,925,000 participating, voting, non-convertible, preference shares of USD 1 each, and 500,000 common shares of USD 1 each.

Its issued, subscribed and paid-up capital is USD 4.144 million, comprising 3,894,000 participating, voting, non-convertible, preference shares of USD 1 each, and 250,000 common shares of USD 1 each.

UTV International Holdings Limited, BVI (UTVIH) is a 100% subsidiary of UTV Software Communications Limited and is the holding company of Antah UTV Multimedia & Communication Sdn Bhd. UTVIH holds 70% equity in Antah UTV Multimedia & Communication Sdn Bhd, with the balance 30% being held by the local co-promoters (Antah Family), as per local regulatory requirements.

The Board of Directors of UTV International Holdings Limited, BVI (UTVIH) comprises of Mr. Foo Joon Sang.

Brief financial results are as follows:

In Rs

Particulars	1999-00	2000-01	2001-02	2002-03	2003-2004	Six months ended September 30, 2004
Income	1,098,822	1,237,703	(1,296,856)	580,329	679,999	Nil
PAT	577,879	(147,026)	(1,936,875)	(815,387)	(176,652)	(220,250)
Equity	10,907,500	11,665,000	12,222,500	11,912,500	11,032,500	11,012,500
Reserves	Nil	Nil	Nil	Nil	Nil	Nil
Networth*	(24,050,645)	(25,867,931)	(29,041,100)	(29,119,916)	(27,145,422)	(27,316,462)
EPS	2.32	(0.59)	(7.75)	(3.27)	(0.71)	(0.88)
NAV / Share	(96.21)	(103.48)	(116.17)	(116.48)	(108.58)	(109.27)

* Adjusted for debit balance in Profit & Loss Account and excluding Preference Share Capital

Since UTVIH is the holding company of Antah UTV Multimedia & Communication Sdn Bhd and it has no other business, its financial result is entirely dependent upon performance of Antah UTV Multimedia & Communication Sdn Bhd. Since financial performance of Antah UTV Multimedia & Communication Sdn Bhd is fluctuating in the last few years, financial performance of UTVIH is also fluctuating in the last few years.

Antah UTV Multimedia & Communication Sdn Bhd

Antah UTV Multimedia & Communication Sdn Bhd was incorporated on August 28, 1996. UTV International Holdings Limited, BVI (UTVIH) holds 70% in Antah UTV Multimedia & Communication Sdn Bhd. The balance 30% is held by the local co-promoters (Antah Family), as per local regulatory requirements.

Antah UTV Multimedia & Communication Sdn Bhd was the first production house in Malaysia, outside of TV broadcasters, to have its own studio. The studio is located in Selayang on an area of 10,000 sq. feet.

It was conferred a Multi-Media System Corridor (MSC) status company by the Malaysian government that entitled it to certain privileges. Antah-UTV has been a pioneer in many of its activities. Some of these are:

a. 'City of the Rich', the first ever local serialised English drama ever produced

b. 'Idaman', the longest running local drama series (which is now been broadcast in Singapore on Suria TV12) A total of 472 episodes have been produced

c. 'Terserah Anda', the first Interactive drama

Over time, it has built a very reliable reputation as a producer of high quality programmes. This includes the ability to win awards as well as producing programmes that achieved high ratings. Some of the awards it has won lately include:

a. Bila Larut Malam, in which Aflin Shauki was judged the Best Presenter in the Asia TV Award

b. Prima Dona which won Best Producer, Best Director of Photography and Best Make-up Artist in the PPFM award 2001.

c. "Talk about…love that was" - a commendation award at the 2002 Asia TV Awards.

Most of the programmes produced by Antah-UTV have been renewed with a new season by the respective broadcasters. This is the best testimony of its ability to produce programmes that can draw audiences.

The authorised share capital of Antah UTV Multimedia & Communication Sdn Bhd is RM 11,160,003 comprising 5,000,000 ordinary shares of RM 1 each and 6,160,003 redeemable preference shares of RM 1 each.

It's issued, subscribed and paid-up capital is RM 9,360,003 comprising 3,200,000 ordinary shares of RM 1 each and 6,160,003 redeemable preference shares of RM 1 each.

The Board of Directors of Antah UTV Multimedia & Communication Sdn Bhd comprises of Foo Joon Sang, Harold Michael Joseph and Sharin Bin Mohamed Sahari.

Brief financial results are as follows:

In Rs.

Particulars	1999-00	2000-01	2001-02	2002-03	2003-2004	Six months ended September 30, 2004
Income	66,542,982	63,600,871	35,478,304	72,209,416	43,628,180	9,747,849
PAT	1,820,625	(4,092,813)	(36,460,530)	(3,413,577)	571,868	514,288
Equity	36,736,000	39,296,000	41,184,000	40,288,000	37,120,000	38,784,000
Reserves	Nil	Nil	Nil	Nil	Nil	Nil
Networth*	58219075	56910150	24518264	20571267	19,525,537	20,915,108
EPS	0.57	(1.28)	(11.40)	(1.07)	0.18	0.16
NAV / Share	18.20	17.79	7.67	6.43	6.11	6.54

*Adjusted for debit balance in Profit & Loss Account and excluding Preference Share Capital

Antah UTV Multimedia & Communication Sdn Bhd has incurred losses in 2000-01, 2001-02 and 2002-03. Since then it is booking profit. The reasons for the losses of Antah UTV Multimedia & Communication Sdn Bhd were that its sacle of operation was small and as a result it was vulnerable to cyclical downturn of the industry and it was not having enough country specific management expertise at that point of time.

UTV Communications (USA) LLC

UTV Communications (USA) LLC ("UTVUS") was incorporated on April 26, 2004.

UTVUS has been set up with the intention of carrying out film distribution business of UTV in USA.

We have, till date, remitted US$ 50,000 towards contribution to the share capital of UTVUS and UTVUS has issued 50,000 Equity Shares against the same.

Shridhar Sreekakula is the President and Principal Officer of the Company.

Brief financial results are as follows:

In Rs.

Particulars	**April 26, 2004-September 30, 2004**
Income	30,364,854
PAT	(18,007,904)
Equity	2,202,500
Reserves	Nil
Networth*	(15,805,404)
EPS	(360.15)
NAV / Share	(316.11)

*Adjusted for debit balance in Profit & Loss Account

UTV Communications (USA) LLC has just started its operation and therefore does not have enough revenue commensurating with its pre-operative expenses and therefore it has incurred losses in the year of commencement of its business.

UTV Communications (USA) LLC has recently signed an investment agreement with Fox Searchlight Pictures Inc. and Entertainment Farm Inc. in connection with the theatrical motion picture project currently entitled "Namesake" based on the novel "The Namesake" written by Jhumpa Lahiri. Brief details of the said agreements are as follows:

- Fox Searchlight Pictures Inc. is entering into a Distribution Rights agreement with 'Namesake Productions LLC' (a single-purpose production entity to be formed and controlled by Mira Nair and Lydia Pilcher) for distribution rights of the movie currently entitled "Namesake". Namesake LLC shall produce the movie and Searchlight shall make available through an approved cash flow schedule the funds necessary to fund the movies which in any case can not exceed USD 9,600,000. On completion of the movie, Namesake's all right title and interest in and to the movie (including in and to the literary property) will be assigned to Searchlight.
- The said USD 9,600,000 will be provided by Fox Searchlight Pictures Inc, UTV Communications (USA) LLC and Entertainment Farm Inc. in equal proportions i.e USD 3,200,000 each.
- Fox Searchlight Pictures Inc, UTV Communications (USA) LLC and Entertainment Farm Inc shall be entiled to 100% of the gross receipts remaining after deducting on a continuing and cumulative basis the distribution fes, distribution expenses, third-party pre-break payments, financing charges, Fox administrative charge, acquisition price, third-party contingent compensation and first breakpoint.

Fox Searchlight Pictures Inc will cause Fox (holder of international distribution rights from Serachlight) to license to UTV Motion Picture the rights of theatrical, home video and free television distribution and exhibition for the Republic of India.

Further, UTV Communications (USA) LLC' has signed a distribution license agreement with Miramax International Film Corporation, 375 Greenwich Street, New York, NY 10013 for distributing One Thirty (130) titles held by them in India, Nepal, Bhutan, Bangladesh and Sri Lanka, for a period of ten years. UTV Communications (USA) LLC' has been given the rights for

Theatrical, Non-theatrical (including hotels but excluding airlines), Pay-TV, Free-TV and Pay-Per-View subject to timely payment of consideration. However, Pay-TV, Free-TV and Pay-Per-View exhibition will be required to be restricted in India, Nepal, Bhutan, Bangladesh and Sri Lanka only,

Subsequently, UTV Communications (USA) LLC has soldthe telecast rights of eighty (80) of the above-mentioned titles to SGL International limited for a period of three years starting January, 2005.

UTV Communications (UK) Limited

UTV Communications (UK) Limited ("UTVUK") was incorporated on September 8, 2004.

UTVUK has been set up with the intention of carrying out film distribution business of UTV in UK.

We have, till date, remitted 10,001 GBP towards contribution to the share capital of UTVUK and the equity is yet to be issued by UTVUK against the same.

UTV Communications (Mauritius) Limited

UTV Communications (Mauritius) Limited ("UTVM") was incorporated on October 4, 2004.

UTVM has been set up with the intention of carrying out film distribution business of UTV in the rest of the world excluding USA and UK.

Till date, no amount has been remitted towards contribution to the share capital of UTVM.

OUR GROUP COMPANIES

Television News & Entertainment India Limited

Television News & Entertainment India Limited was incorporated on March 30, 1995.

The main object of this company was to carry on the business of audio and video software producers, consultants, advisors, experts and/or developers in the field of computer or computer graphics, audio and vedio graphics and communication media. However, at present, it is a dormant company.

The authorised share capital of the company is Rs. 50 lakhs, comprising 5 lakh Equity Shares of Rs 10/-each.

Its issued, subscribed and paid-up capital is Rs. 7000, comprising 700 Equity Shares of Rs. 10/- each.

Shareholding pattern is as follows

Name of the Shareholder	% of shareholding
Rohinton S. Screwvala	14.29
Zarina Mehta	14.29
Nina Z Screwvala	14.29
Soli Screwvala	14.29
Dolly Screwvala	14.28
Trishya Screwvala	14.28
Mohan Nair	14.28

The Board of Directors of the company comprises Mr. Mohan Nair, Mr. Murtuza Motiwala and Ms. Lourdes Soosai.

Brief financial results for the year 2001-02, 2002-03 and 2003-04 are given below

Amount in Rs

Particulars	2001-02	2002-03	2003-04
Income	-	1,021,253	847,912
PAT	(35,641)	(2,200,245)	(186,011)
Equity	7,000	7,000	7,000
Reserves	Nil	Nil	Nil
Networth*	(744,851)	(2,939,998)	(3,120,911)
EPS	(50.92)	(3,143.21)	(265.73)
NAV	(1,064.07)	(4,200.00)	(4,458.44)

* Adjusted for Preliminary Expenses not written off & debit balance in Profit & Loss Account

It is a dormant company for last few years and is incurring losses on account of fixed expenses incurred by it and writing off those receivables which are not recoverable.

United Teleshopping & Marketing Company Limited:

United Teleshopping & Marketing Company Limited was incorporated on March 30, 1995.

The main object of this company is tele-shopping & retail marketing. However, now it is a dormant company.

The authorised share capital of the company is Rs. 1000 lakhs, comprising 100 lakhs Equity Shares of Rs 10/-each.

Its issued, subscribed and paid-up capital is Rs. 631.42 lakhs comprising 6,314,200 Equity Shares of Rs. 10/- each.

Shareholding pattern is as follows

Name of the Shareholder	% of shareholding
Rohinton S. Screwvala	23.758
Zarire Screwvala	0.002
Trishya Screwvala	0.008
UTV Software Communications Limited	9.502
Trish Credits Private Limited	1.584
Draper India International	17.817
Walden Nikko	19.401
GE Capital	6.968
Intel Pacific	12.828
Edelweiss Capital Limited	0.214
Mohan Nair	7.919

The Board of Directors of the company comprises Mr. Rohinton S. Screwvala, Mr. Harjeet S Bhatia, Mr. Puneet Bhatia and Ms. Zarina Mehta.

Brief financial results for the year 2001-02, 2002-03 and 2003-04 are given below

In Rs

Particulars	2001-02	2002-03	2003-04
Income	5,913,677	48,840	646,493
PAT	(20,044,157)	(1,781,368)	143,721
Equity	63,142,000	63,142,000	63,142,000
Reserves	166,057,755	166,057,755	166,057,755
Networth*	(80,023,311)	(81,804,679)	(81,660,958)
EPS	(3.17)	(0.28)	0.02
NAV / Share	(12.67)	(12.96)	(12.93)

*Adjusted for debit balance in Profit & Loss Account

It is a dormant company for last few years and is incurring losses on account of fixed expenses incurred by it and writing off those receivables which are not recoverable.

United Home Entertainment Private Limited

United Home Entertainment Private Limited was incorporated on January 13, 2004

The main object of United Home Entertainment Private Limited is carrying out broadcasting business.

The authorised share capital of United Home Entertainment Private Limited is Rs. 500 lakhs comprising 50 lakhs Equity Shares of Rs 10/-each.

Its issued, subscribed and paid-up capital is Rs. 100 lakh, comprising 1,00,000 Equity Shares of Rs 10/-each. Shareholding pattern of the Company is as follows

Name of the shareholder	% of shareholding
Rohinton S. Screwvala	0.50
Zarina Mehta	0.50
UTV Software Communication Limited	49.00
Unilazer Exports & Management Consultants Limited	50.00

The Board of Directors of United Home Entertainment Private Limited comprises Mr. Rohinton S. Screwvala, Mr. Ronald D'mello and Ms. Zarina Mehta.

Brief financial results of United Home Entertainment Private Limited for the period January 13, 2004 – March 31, 2004 are given below

In Rs

Particulars	2003-04
Income	Nil
PAT	Nil
Equity	100,000
Reserves	Nil
Networth*	795,517
EPS	-
NAV / Share	79.55

*Adjusted for Preliminary Expenses not written off and Advance Against Share Capital

United Home Enteretainment Private Limited has recently launched 'Hungama TV' on 26th September 2004. 'Hungama TV' is a 24 hour kids channel with indianised content targetting audience in the age group of 4-14 years. An overview of market for kids channel in India alongwith details on target audience of 'Hungama TV', strategy of 'Hungama TV', and performance of 'Hungama TV' after its launch are given below.

OVERVIEW OF KIDS TELEVISION CHANNEL MARKET IN INDIA

Market Size for the Kids Channel

Approximately one-third of Indian population is under the age group of 15 years, a segment which is as big as Germany, France, Spain and all other W. European countries put together. However, if we go by Indian television we would find that there are very few channels with programming content suitable for this age group. In fact, in a country of avid television watchers (one-third of them being children) there are only a handful of programs for kids viz Disney hour, Shaktimaan, Shakalaka Boom Boom, Sonpari, Discovery Kids and few other slots on Star Plus, Zee, Sahara and Sony. With respect to a dedicated 24-hour channel for children, there are only three such channels namely Cartoon Network, Nickelodeon & POGO prior to the launch of 'Hungama TV'.

As against this there are about 20 Kids TV channels for 11 million kids in UK, 306 shows per week across 17 Kids TV channels for 61 million kids in USA and 10 Kids channel for 11million kids in France. (Source: www.factbook.com)

Revenue potential for the Kids Channel

In the US, Kids aged 4-12 years spend about $30 bn. a year on their own wants and needs and they influence what their parents spend for an additional $600 billion a year. Many multinationals such as McDonald's and Kraft Foods are looking to find every possible way to put their products in front of children and, in the process, are spending more than ever - $15 billion last year, compared to $12.5 billion in 1998 in the U.S. alone. (Source: Dom Serafini in Video Age International 2003)

In India, the qualitative as well as quantitative indicators suggest that the Kids' market place in India is set to boom and the same is true for Kids' television too. Access to information and influence of television has made the kids sharper and smarter in making their own purchase decisions as well as influence their elders'.

Kids form two markets for advertisers. As a Primary market, children have more access to money than before and are spending part or all of it on themselves. They generally spend on products like beverages, books, confectionery, snacks and sports gear. A lot more kids' brands are available in the country and advertisers are continuously increasing their spends to attract their attention.

Kids are one of the greatest influencers in making purchase decisions even in categories beyond their own. Some products like cars, air-conditioners, refrigerators and washing machines (normally an adult domain) catch their fancy and influence the decision making process. Brands such as Hyundai, Asian Paints, Nokia have begun advertising on Cartoon Network.

A survey was conducted by 'Hungama TV' to find out what is the most effective medium to reach this segment of the population. As shown in the table below, Research Conducted by Hungama TV indicates that across age groups the most effective medium to reach out to kids is Television.

Source: Indiantelevision.com, exchange4Media.com, agencyfaqs.com

	04-08yrs	09-12yrs	13-15yrs	16-18yrs
Television	97	97	94	100
POP/Window Displays	57	51	49	60
Events	37	49	54	66
Product related programming	23	34	34	46
Newspaper	6	11	26	66
Magazines	14	34	51	69
Radio	9	20	34	66
Hoarding	14	31	40	46
Celebrity endorsements	20	49	51	57
Internet	-	-	43	60

Source: AC Nielsen ORG_- MARG- Need Gap Analysis (Jan-Feb 04)

Internationally too television (broadcast & cable) remains the most powerful medium for selling to children. It is pointed out that for every five hours of commercial TV children watch, they see one hour of commercials. Advertisers reach children via Kids channels' and other activities such as Merchandise, Licensed products, Special events and publications. (Source: Dom Serafini in Video Age International 2003)

Key Players in the Kids Channel Market

At the time of launch of 'Hungama TV', there were just three established 24 hour Kids channels namely Cartoon Network, Nickelodeon and POGO. Apart from these channels, mainstream Channels have also have a block of kids programming. However, most of these channels have animated content which are either dubbed or not localized content. Content is not compelling enough to make the adult viewers join their kids in co-viewing. Additionally these channels also have a weak distribution network and a weak channel placement

Cartoon Network (CN) holds the first mover advantage in targeting 4-14 year old kids. It has been in India since eight years and is currently leading this segment with a reach of 15 million C&S HH. In this age group especially in SEC AB, CN is most popular in during the afternoon, accumulating almost half of the total GRPs accumulated by the top five C&S channels.

Its offering mainly comprises of animated content dubbed in Hindi. It has a strong international library to source content. Along with Television it has begun to offer comprehensive marketing solutions by including Promotions on the Net, Ground events and Licensing. Nickelodeon a subsidiary of the Viacom network offers 24 hours of foreign content in English. It claims a reach of 8 million C&S HH. POGO is the second kids' channel recently launched by Turner International and features Non-Animation content in English.

The mainstream channels namely Sony, Zee and Star Plus have a dedicated time slot for Kid's programming (16.00 – 20.00). The programming is a mix of animated content dubbed in Hindi and a few original programs tailored to the local tastes. Quite a few localized programs in local language command a strong viewer-ship and figure among top 50 C&S programs namely Shakalaka Boom Boom, Sonpari, Shararat, Jr K.B.C, Bornvita Quiz contest, etc. Since these channels have already been accepted in the household's daily TV viewing plans, reach is not a big issue.

New programming requirement for the Kids Segment

However, there is a lack of Kid's programming beyond the specific time band. The prime time band (19.00 – 23.00) generates healthy TVRs in the 4-14 year age group who mainly watch adult programmes (Crime, Thrillers, Comedies and Family serials) due to absence of Prime time kid's programming.

These channels also offer very few programmes in local languages and are mostly foreign animated content dubbed / anchored in Hindi. There is not much of dedicated programming for kids and there lack of focused marketing to kids. (Source: Indiantelevision.com, exchange4Media.com, agencyfaqs.com)

The above trends indicated to a certain extent that there existed a need for a channel that caters to Indian Kids in the form of Indian localized programming. However in order to understand the extent of this need and the extent to which a localized multigenre channel was appealing to the Indian audiences, research tools were used.

Our two step research approach involve the following:

- Secondary Viewership – Gap Analysis conducted: This research was presented by TAM S Group. The objective of the presentation was to understand
  - Trending in the last 3 years
  - Understanding kids viewing
  - Inputs on Channel loyalty/switching behavior
- Primary Research – Based on insights gathered from secondary research, an exploratory research to assess the need for a 24 hour channel was conducted by ACNielsen ORG-MARG Pvt. Ltd. The total sample size for this study was 3600 (2400kids +1200 Mothers) and the study was conducted in 8 cities

The key findings of the research gave us insights into emerging market opportunities as listed below:

- **Need for Multi Genre Programme**
  - Existing players do not provide the complete basket of programmes:
    - In Search of multi-genre programming 51% of kids indicate no loyalty to any particular channel (Source: TAM Sgroup Presentation)

- o Profitable genres go beyond just animation. Other genres that are considered equally profitable are K Series, Children Programmes, Mythology, Talent Search and Game Shows (Source: TAM Sgroup Presentation)
- o Dissatisfaction levels from current fare is higher among 9-15 year olds (Source: AC Nielsen ORG-MARG – Need Gap Analysis. Period: Jan-Feb04)

- **Viewership habits of 4-9 year olds and 10-14 year olds differ**
  - ▲ The younger audiences show higher preference for animation (CNW) while older audiences tend to watch more of action/thriller/comedy/adventure indicating a need for Multi Genre content
- **Localized Content is King**
  - ▲ The preferred language of viewing across age groups is Hindi (Source: AC Nielsen ORG-MARG – Need Gap Analysis. Period: Jan-Feb04)
  - ▲ Average rating of 5+TRP for localized programmes to Cartoon Networks highest 2 TRP (Source: TAM, Period: Week 40-43,03, 15 Markets 4-14 years)
- **Need for a single destination channel to bridge the gap b/w Cartoon Network and Star plus**
- **Fit of Hungama TV Concept with Current Gap – Viewers Perspective**
  - ▲ Research indicated that the concept appealed to 4-15 years. The concept was appealed better to the 4-12year olds.
  - ▲ More than 50% perceived the channel to be unique and different
  - ▲ About 70% claimed to watch the new channel often
  - ▲ Wish list of programmes of programmes on the new channel were similar to current genres viewed across different channels

Age Group	% liked very much	% perceiving it completely unique & different
04-08 years	85	61
09-12 years	82	57
13-15 years	77	51

(Source: AC Nielsen ORG-MARG – Need Gap Analysis. Period: Jan-Feb04)

Launch of Hungama TV

Based on key research findings, Hungama TV –a'Made in India' kids channel in Hindi, launched by United Home Entertainment Private Limited, made its debut on Indian television on the 26th September 2004.

Hungama TV is positioned as a kids pure entertainment channel targeted at Indian kids between the age group of 4 -14 years, Hungama TV began multi-genre programming for 24 hours, 7 days a week, for 365 days a year. Hungama TV, bridged the long standing gap of an original Hindi channel in the kids entertainment space. Hungama TV is India's first channel with content and programming designed by the consumer's themselves, the kids.

Hungama TV is being distributed by STAR India Private Limited under its distribution platform. It is a digital encrypted pay channel. As per term sheet entered by United Home Entertainment Private Limited with STAR India Private Limited, United Home Entertainment Private Limited will receive share of subscription/pay revenue from the second year of the launch.

The channel ideology is to provide children quality entertainment where kids play an integral role in all key decisions from selecting the name of the channel, programming, marketing initiatives and finally presenting their apna point of view on air, creating Hungama on screen. Exemplifying this is the recently concluded **Hungama TV** Captains Hunt where 20 children were chosen from 10 cities nationwide to constitute the **Hungama TV** Captains; these children are the decisive force in all matters related to the channel.

The **Hungama TV** launch was backed by a multimedia and marketing campaign currently underway in top 15 TRP cities. Under the marketing initiative the channel presently reaching out 22 lacs kids through a direct school contact program. This is over and above the nationwide media campaign across television, cinema, radio and outdoors. Along with the channel launch it has also launched their website www.hungamatv.com ,another vehicle where Indian kids can express their point of view.

Milestones achieved in the launch week

- Launched with reach of 9.11% (26 Sep – 2 Oct 04,) compared to 2.4 % for POGO's launch and 2.28% for Animax's launch (Source: TAM, 4-14 ABC CS, Hindi Speaking Markets)
- Channel reached 8,47,000 kids in the first week of launch (26 Sep – 2 Oct 04) (Source: TAM, 4-14 ABC CS, Hindi Speaking Markets)
- Notable clients on Hungama TV at launch time include: Rasna, Mac Donalds, Asian Paints, Parle, ICICI Pru Life, J&J, Balsara, HPCL, Britannia, ITC Foods, Agrotec, Lotte, Snow World

Current Viewership Update

- In just 15 weeks, Hungama TV has consolidated is position as number three kids channel garnering an average 4 week Channel share of 7.6. (*Source – TAM, HSM, 4-14 abc cs; Period – 5th Dec 04 to 8th Jan 05, All Day shares; Kids Base – Hungama TV, POGO, CNW, Nickelodeon, Animax, Disney, Toon Disney)*

Kids Channels	4 Week Average Channel Share
Hungama TV	7.6
POGO	15.2
Cartoon Network	72.2
Nickelodeon	2.5
Animax	0.0
Disney Channel	1.3
Toon Disney	1.3

- Channel Share of Hungama TV has shown the maximum growth compared to any other kids channels as on w/b 2nd January 04. Channel Share has jumped by 36.11%, a growth not recorded by any other kids Channel. (Source – TAM, HSM, 4-14 abc cs; Period – 26thth Dec 04 to 8th Jan 05, All Day shares; Kids Base – Hungama TV, POGO,CNW, Nickelodeon, Animax, Disney, Toon Disney)

	Channel Shares	
Kids Channel	**w/b 26th Dec 04**	**W/b 2nd Jan 05**
Hungama TV	7.1	9.7
POGO	17.9	19.4
Cartoon Network	67.9	65.3
Nickelodeon	2.4	2.8
Animax	0.0	0.0
Disney Channel	2.4	1.4
Toon Disney	2.4	1.4

- Hungama TV average walk in has grown by 31.17% (compared to Wk 47-50 walk in). Highest growth compared to any other kids channel. (Source – TAM, HSM, 4-14 abc cs; Period – 14th Nov 04 to 8th Jan 05, All Day; Kids Base – Hungama TV, POGO,CNW, Nickelodeon, Animax, Disney, Toon Disney)

	Average 4 Week Reach	
Kids Channel	**WK 47- WK 50**	**WK 51- WK 2**
Animax	2.3	1.7
Cartoon Network	47.2	45.2
Disney Channel	0.0	2.1
Hungama TV	12.9	16.9
Nickelodeon	5.9	4.8
POGO	19.6	22.3
Toon Disney	0.0	2.4

- In Just a span of 4 weeks, Channel share of Hungama TV's core prime time has grown 2.82 times (Wk 1 grown 2.82 times over wk 50). Channel Shares have grown from a mere 3.6 in week 50 to 10.1 in week 1. (Source – TAM, HSM, 4-14abc cs, Period: 5th Dec 04 to 1st Jan 05, 1830-2030 weekdays; Kids Base - Hungama TV, POGO, CNW, Nickelodeon, Animax, Disney, Toon Disney)

	Channel Share (1830-2030, Weekdays)				
	Wk 50	**Wk 51**	**Wk 52**	**Wk 1**	**Average 4 Week**
Animax	0.0	0.0	0.0	0.0	0.0
Cartoon Network	82.2	82.8	71.6	73.4	77.3
Disney Channel	0.0	0.0	0.5	2.5	0.9
Hungama TV	3.6	4.7	10.4	10.1	7.3
Nickelodeon	5.3	3.0	2.7	2.0	3.2
POGO	8.9	9.5	13.5	9.0	10.5
Toon Disney	0.0	0.0	1.4	3.0	0.9

Vijay Broadcasting Company Private Limited

The company was incorporated on December 15, 2000, as a private limited company.

The company is in the business of broadcasting.

The authorized share capital of the company is Rs 100 lakhs divided into 10,00,000 equity shares of Rs 10 each. Its issued, subscribed and paid-up capital is Rs 10 lakhs comprising 1,00,000 equity shares of face value of Rs 10 each. The shareholding pattern of the company is as follows.

Name of the Shareholder	% of shareholding
Unilazer Exports and Management Consultants Limited	99.90%
Television News and Entertainment India Limited	0.10%

The Board of Directors comprises Ms. Lourdes Soosai and Mr. Mohan Nair.

Brief financial results for the year 2001-02, 2002-03 and 2003-04 are as folllows

In Rs

Particulars	2001-02	2002-03	2003-04
Income	77,259,800	78,970,225	61,371,314
PAT	1,988,859	5,788,433	(2,535,962)
Equity	1,000,000	1,000,000	1,000,000
Reserves	1,988,859	7,777,292	5,241,330
Networth*	2,988,859	8,777,292	6,241,330
EPS	19.89	57.88	(25.36)
NAV / Share	29.89	87.77	62.41

*Adjusted for debit balance in Profit & Loss Account

Unilazer Hongkong Limited

Unilazer Hongkong Limited was incorporated on January 6, 1994.

The main object of this company is to carry on the business of telecommunication, television software, event management, etc.

The authorised share capital of the company is HK$ 5,000,000 comprising 5,000,000 Equity Shares of HK$ 1 each.

Its issued, subscribed and paid-up capital is 4,437,502 HK$ comprising 4,437,502 Equity Shares of HK$ 1 each.

The company is a 100% subsidiary of Unilazer Exports & Management Consultants Limited.

The Board of Directors of the company comprises Mr. Rohinton S. Screwvala and Mr. Hatim Ibrahim.

Brief financial results are given below:

In Rs

Particulars	31.12.2001	31.12.2002	31.12.2003
Income	120,245	5,156	21,459,393
PAT	(218,433)	(10,879,899)	19,765,869
Equity	27,512,512	27,335,012	26,048,137
Reserves	9,115,482	(1,823,227)	18,028,478
Networth*	36,627,995	25,511,786	44,076,615
EPS	(0.05)	(2.45)	4.45
NAV / Share	8.25	5.75	9.93

* Adjusted for debit balance in Profit & Loss Account

It is an investment company. In the year ended December 31, 2002; PAT of Unilazer Hongkong Limited declined heavily because of a one time write off carried out from its receivables. In the year 2002-03, the major income came from net gain dissolutions of the subsidiaries.

Unitas Creative Television Limited

Unitas Creative Television Limited was incorporated on January 16, 1997.

The main object of this company is originating, developing, producing, pre-banding, pre-selling, selling, marketing, distributing, licensing television programmes of all kinds for terrestrial and satellite channels – either on an outright sale or on time selling basis and developing concepts and formats for television programmes. However, now it is a dormant company.

The authorised share capital of the company is Rs. 100 lakhs comprising 10 lakhs Equity Shares of Rs 10/-each.

Its issued, subscribed and paid-up capital is Rs. 30.02 lakhs comprising 300,200 Equity Shares of Rs 10/-each

Shareholding pattern is as follows

Name of the Shareholder	% of shareholding
Rohinton S. Screwvala	0.03
Manjula Nanavati	0.03
Unilazer Exports & Management Consultants Private Limited	49.97
Lintas India Limited	49.97

The Board of Directors of the company comprises Mr. Rohinton S. Screwvala, Ms. Zarina Mehta, Mr, Ronald D'mello, Mr. P.R.Mehta, Mr. S.C. Munshiff, Mr. L.L. D'souza, Ms. Usha Sivdasani and Mr. Deven Khote.

Brief financial results are given below:

In Rs

Particulars	2001-02	2002-03	2003-04
Income	Nil	Nil	Nil
PAT	(13,554)	(29,979)	(32,229)
Equity	3,002,000	3,002,000	3,002,000
Reserves	Nil	Nil	Nil
Net Worth*	331,675	309,775	285,625
EPS	(0.05)	(0.10)	(0.11)
NAV / Share	1.10	1.03	0.95

* Adjusted for debit balance in Profit & Loss Account and Preliminary expenses not written off.

Though it was formed as a joint venture with Lintas, there was no business in last six years for Unitas Creative Television Limited.

COMPANIES FOR WHICH APPLICATIONS HAVE BEEN MADE TO REGISTRAR OF COMPANIES FOR STRIKING OFF NAME

No application has been made to RoC for striking off the name of any of our group companies or the ventures promoted by our Promoters.

COMPANIES OF THE PROMOTER GROUP/SUBSIDIARY REFERRED TO BIFR UNDER WINDING UP/HAVING NEGATIVE NETWORTH

None of the companies of the promoter group/subsidiary have been referred to BIFR under winding up.

None of the companies of the promoter group/subsidiary have negative networth save and except United Entertainment Solutions Private Limited (UESPL), UTV International Holdings BVI, Television News and Entertainment India Limited and United Teleshopping & Marketing Company Limited.

COMPANIES FROM WHICH PROMOTER HAVE DISASSOCIATED DURING LAST THREE YEARS

For the companies, from which promoters have disassociated themselves during last three years, the reasons for disassociation, the terms of such disassociation and the circumstances leading to the disassociation are given below:

Our promoter Unilazer Exports and Management Consultants Limited sold its stake in Trish Brushes Private Limited,on December 22, 2004.

Our promoter Mr. Rohinton S Screwvala sold his stake in United Bristlers and Brushes Private Limited and Shamsher Traders Pvt. Ltd.on December 22, 2004.

The above sale by the promoters for consideration in cash was a part of strategic sale of toothbrush manufacturing activities of the promoter group.

SECTION IV : FINANCIAL INFORMATION

UNCONSOLIDATED FINANCIAL STATEMENTS

AUDITORS' REPORT

UTV Software Communications Limited
Financial Statements for 5 years ending March 31, 2004
And half-year ended September 30, 2004

To
The Board of Directors
UTV Software Communications Limited
Parijaat House, 1076,
Dr. E.Moses Road,
Worli Naka, Mumbai – 400 018

Dear Sirs,

We have examined the Financial Information of UTV Software Communications Limited ('the company') for the half-year ended September 30, 2004 and five financial years ended March 31, 2004, as attached to this report, stamped and initialed by us for identification and as approved by the Board of Directors/ Members of the Company, which has been prepared in accordance with Paragraph B(1) of Part II of Schedule II to 'The Companies Act, 1956' of India (the 'Act'), the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines 2000 issued by the Securities and Exchange Board of India (SEBI) on January 19, 2000 and amendments from time to time thereto, to the extent applicable and in accordance with the instructions dated October 14, 2004 received from the Company, requesting us to carry out work relating to the Offer Document being issued by the Company in connection with the Initial Public Offering of Equity Shares.

A. FINANCIAL INFORMATION AS PER THE AUDITED FINANCIAL STATEMENTS

We have examined the attached restated Summary Balance Sheets of the Company for the half-year ended September 30, 2004 and the five years ended March 31, 2004 (Annexure I) and the related Summary of Profit and Loss Account for each of the period/each of the years ended on those dates (Annexure II) together referred to as 'summary statements' read with the adjustments which have been carried out for the purpose of this Offer Document as set out in Annexure II. These summary statements have been extracted from the financial statements which have been prepared by the Company and approved by the Board of Directors/ members for the respective years and audited by M/s. Arthur Andersen & Associates for the three financial years ended March 31, 2002, who have issued a qualified opinion in each of the years and audited by us for the two financial years ended March 31, 2004 and half-year ended September 30, 2004 and we have issued a qualified opinion in each of the years / half-years. Based on our examination and review of these summary statements, we confirm that:

- The summary statements of the Company have been restated with retrospective effect to reflect the significant accounting policies of the Company (as disclosed in Annexure III to this report) as adopted by the Company as at September 30, 2004
- The qualifications in auditors' reports do not require adjustments in the financial statements and are reported in Annexure IV

The adjusted financial statements do not take into account or make any adjustments for the events subsequent to audit report dated November 23, 2004, July 21, 2004, October 15, 2003, June 12, 2002, August 20, 2001 and September 6, 2000 on the financial statements for the period ended September 30, 2004 and the financial years ended March 31, 2004, March 31, 2003, March 31, 2002, March 31, 2001 and March 31, 2000, respectively. The financial statements for the three financial years ended March 31, 2002 were audited by M/s Arthur Andersen & Associates and we have relied on the same.

In accordance with paragraph 6.18.3 (ii) of the SEBI Guidelines, also attached are the summary financial statements (Annexure V) of the subsidiaries, United Entertainment Solutions Private Limited (UESPL), UTV International Holdings Limited (UIHL), Antah – UTV Multi-Media & Communications Sdn. Bhd (Antah) (subsidiary of UIHL) for the half-year ended September 30, 2004 and five financial years ended March 31, 2004 and UTV Communications (USA) LLC (UCUL) for the period ended September 30, 2004. (Company formed on April 26, 2004). The financial statements of the subsidiaries have not been consolidated into the summary statements. The financial statements of UESPL were audited by M/s M.L. Jethva & Co for the four financial years ended March 31, 2003 and were audited by us for the financial year ended March 31, 2004 and half-year ended September 30, 2004. The financial statements of UIHL and Antah were audited by M/s. Mustapha, Khoo & Co for the half-year ended September 30, 2004, financial years ended March 31, 2004, 2003, 2002 and by M/s. Arthur Andersen & Co for two financial years ended March 31, 2001. The financial statements of UCUL were audited by M/s SKD Partners LLP for the period ended September 30, 2004.

B. Other financial information

We have examined the following financial information relating to UTV Software Communications Limited to be included in the Offer Document, as approved by you and annexed to this report:

(i) Summary of accounting ratios based on the adjusted profits relating to earnings per share, net asset value and return on net worth is enclosed as Annexure VI.

(ii) Capitalisation statement of the Company as at September 30, 2004 and March 31, 2004 is enclosed as Annexure VII

(iii) Statement of taxation is enclosed as Annexure VIII

(iv) Principal terms of loans and assets charged as securities as at September 30, 2004 is enclosed as Annexure IX

(v) Rate of dividend on equity shares is enclosed as Annexure X

(vi) Details of items of other income are enclosed as Annexure XI

(vii) Tax benefits available to the Company and its shareholders are enclosed as Annexure XII

In our opinion the financial information of the Company as stated to this report as mentioned in paragraph (A) and (B) above read with respective significant accounting policies have been prepared in accordance with Part II of Schedule II of the Act and the Guidelines issued by SEBI.

This report is intended solely for your information and for inclusion in the Offer Document in connection with the Initial Public Offering by the Company and is not to be used, referred to or distributed for any other purposes without our prior written consent.

P. N. Ghatalia
Partner,
Membership No. – F09554

For and on behalf of
Price Waterhouse & Co.
Chartered Accountants

Mumbai,
December 13, 2004

ANNEXURE I

UTV SOFTWARE COMMUNICATIONS LIMITED

SUMMARY BALANCE SHEET, AS RESTATED

(Rs. in '000)

	Particulars	As at Sept. 30, 2004	As at March 31, 2004	As at March 31, 2003	As at March 31, 2002	As at March 31, 2001	As at March 31, 2000
A	**Fixed Assets**						
	Gross Block	212,726	209,097	781,372	571,522	498,424	165,257
	Less: Accumulated Depreciation	137,212	127,487	282,243	230,874	160,384	57,390
	Net Block	75,514	81,610	499,129	340,648	338,040	107,867
	Capital Work In Progress	900	-	3,223	7,887	10,089	-
		76,414	81,610	502,352	348,535	348,129	107,867
B	**Investments**	72,964	299,721	306,547	299,570	521,866	187,848
C	**Deferred Tax Asset**	119,305	45,580	64,200	39,510	29,014	58,743
D	**Current Assets, Loans & Advances**						
	Inventories	506,475	350,343	279,450	158,159	210,049	133,712
	Sundry Debtors	237,345	181,275	407,072	323,353	357,331	375,580
	Cash and Bank Balances	10,394	5,732	63,793	33,688	58,866	60,834
	Loans & Advances	423,328	353,626	95,694	203,298	296,241	168,264
	Other Current Assets	723	-	438	3,424	-	-
		1,178,265	890,976	846,447	721,922	922,487	738,390
E	**Liabilities & Provisions**						
	Secured Loans	232,058	293,727	472,634	509,117	365,161	232,670
	Unsecured Loans	10,000	20,000	60,750	16,000	124,912	186,631
	Current Liabilities	464,332	372,533	321,975	208,868	228,026	188,228
	Provisions	5,764	6,396	7,038	15,955	32,744	33,608
	Deferred Tax Liability	70,504	35,416	49,474	57,157	65,611	52,380
		782,658	728,072	911,871	807,097	816,454	693,517
F=A+B+C+D-E	**Net Assets**	**664,290**	**589,815**	**807,675**	**602,440**	**1,005,042**	**399,331**

(Rs. in '000)

	Particulars	As at Sept. 30, 2004	As at March 31, 2004	As at March 31, 2003	As at March 31, 2002	As at March 31, 2001	As at March 31, 2000
	Represented by:						
	Share Capital						
	Issued, Subscribed & Paid Up	149,936	145,936	145,021	119,771	119,021	93,137
	Shares to be issued	-	-	915	25,200	-	-
	Reserves & Surplus	514,354	445,566	663,426	463,164	893,914	316,807
		664,290	591,502	809,362	608,135	1,012,935	409,944
	Less: Miscellaneous Expenditure (To the extent not written off)	-	(1,687)	(1,687)	(5,695)	(7,893)	(10,613)
	Net Worth	**664,290**	**589,815**	**807,675**	**602,440**	**1,005,042**	**399,331**

The accompanying significant accounting policies and notes are an integral part of this statement.

REGROUPINGS

	Particulars	As at Sept. 30, 2004	As at March 31, 2004	As at March 31, 2003	As at March 31, 2002	As at March 31, 2001	As at March 31, 2000
	Other Current Assets	-	-	(5,923)	-	-	-
	Loans and Advances	-	-	5,923	-	-	-

ANNEXURE II

UTV SOFTWARE COMMUNICATIONS LIMITED

STATEMENT OF PROFIT & LOSS, AS RESTATED

(Rs. in '000)

Particulars	Period ended Sept. 30, 2004	Financial year ended March 31, 2004	Financial year ended March 31, 2003	Financial year ended March 31, 2002	Financial year ended March 31, 2001	Financial year ended March 31, 2000
Revenues	638,429	977,525	948,854	911,612	1,097,800	896,504
Other Income	24,699	9,456	9,808	18,575	4,209	56,431
TOTAL INCOME	663,128	986,981	958,662	930,187	1,102,009	952,935
Expenditure						
Production Expenses	526,576	760,270	598,042	554,903	654,110	714,184
Operating Expenses	46,210	50,120	83,111	94,099	60,063	60,742
Employee Costs	43,973	52,701	122,878	114,460	140,087	34,486
Interest Expense (net)	8,278	20,514	39,555	63,903	50,267	47,049
Depreciation	10,424	13,959	52,979	73,656	55,204	22,809
	635,461	897,564	896,565	901,021	959,731	879,270
P/(L) before Tax & Prior Period Item	27,667	89,417	62,097	29,166	142,278	73,665
Prior Period Item	-	-	2,743	-	-	(12,767)
Profit Before Tax	27,667	89,417	64,840	29,166	142,278	60,898
Provision for taxation						
Current	(2,190)	(7,174)	(5,377)	(6,687)	(14,100)	(9,226)
Prior Year	(438)	(4,541)	-	-	-	-
Deferred	38,637	(4,562)	32,374	-	-	-
P/(L) for the year (A)	63,676	73,140	91,837	22,479	128,178	51,672
ADJUSTMENTS:						
Relating to Prior years						
Discount to customers *	-	-	-	-	-	5,487
Telecast fees *	-	-	-	-	-	5,805
Tax provision	438	4,541	(186)	(290)	(3,049)	(38)
Depreciation	-	-	(1,735)	898	311	101

(Rs. in '000)

Particulars	Period ended Sept. 30, 2004	Financial year ended March 31, 2004	Financial year ended March 31, 2003	Financial year ended March 31, 2002	Financial year ended March 31, 2001	Financial year ended March 31, 2000
<u>**Changes in Accounting Policies**</u>						
Deferred Tax	-	-	-	18,948	(42,960)	(10,531)
Revenue recognition *	-	-	-	-	-	17,194
Miscellaneous expenditure *	-	-	-	-	-	1,687
Amortisation of inventories	4,227	7,012		514	9,326	1,987
(B)	4,665	11,553	(1,921)	20,070	(36,372)	21,692
Net Profit/ (Loss), as restated (A+B)	68,341	84,693	89,916	42,549	91,806	73,364
Profit & Loss Account, beginning of the year	292,148	219,008	137,171	133,640	(11,102)	(45,746)
Profit available for appropriation	355,824	292,148	229,008	156,119	117,076	5,926
Dividend	-	-	-	-	(14,878)	(18,628)
Corporate dividend tax	-	-	-	-	(1,518)	(4,098)
Transfer to General Reserve	-	-	(10,000)	-	(10,000)	(4,833)
Deferred Tax adjusted in General Reserve **	-	-	-	(18,948)	42,960	10,531
Profit & Loss Account, end of the period (C)	355,824	292,148	219,008	137,171	133,640	(11,102)
Profit/ (Loss) transferred to Balance Sheet (B+C)	360,489	303,701	217,087	157,241	97,268	10,590

The accompanying significant accounting policies and notes are an integral part of this statement.

* These figures have been taken from M/s Arthur Andersen & Associates report dated December 23, 2000 issued for the purpose of inclusion in the draft offer document of the Company in connection with its public issue and offer for sale of equity shares.

** As per Accounting Standard (AS- 22) "Accounting for Taxes on Income" issued by The Institute of Chartered Accountants of India, the Company has adjusted net deferred tax liability till March 31, 2002 as a charge to general reserve.

REGROUPINGS

	Period ended Sept. 30, 2004	Financial year ended March 31, 2004	Financial year ended March 31, 2003	Financial year ended March 31, 2002	Financial year ended March 31, 2001	Financial year ended March 31, 2000
Operating costs	-	-	-	(42,195)	-	-
Employee costs	-	-	-	42,195	-	-

ANNEXURE II contd.

UTV SOFTWARE COMMUNICATIONS LIMITED

NOTES:

1. **Changes in accounting policies**

   The company has changed its accounting policies as follows:

   (a) Inventory

   For the years preceeding financial year 1999-2000, the unamortised cost of television programmes were stated at cost or realisable value, whichever is lower. For television programmes produced on or after April 1, 2000, the entire cost of the programme is charged to income when the programmes are first exploited.

   (b) Deferred Taxation

   The Company has accounted for Deferred Tax Asset/ Liability for earlier years in order to comply with the provisions of mandatory Accounting Standard 22 - "Taxes on Income" issued by The Institute of Chartered Accountants of India.

UTV SOFTWARE COMMUNICATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1 **Significant Accounting Policies :**

a **Basis of Accounting :**

The financial statements are prepared under the historical cost convention on an accrual basis and comply with the accounting standards issued by the Institute of Chartered Accountants of India referred to in Section 211 (3C) of the Companies Act, 1956.

b **Fixed Assets and Depreciation :**

(i) Fixed assets are stated at cost of acquisition less accumulated depreciation. The Company capitalises all costs relating to the acquisition and installation of fixed assets, including financing costs.

(ii) Depreciation is provided based on management estimate of useful lives of the fixed assets, on the straight line method prorata to the period of use or at the rates presribed in Schedule XIV of the Companies Act, 1956, whichever is higher.

(iii) Leasehold Improvements are amortised over the period of lease.

c **Investments :**

Investments (all long term) are stated at cost, except where there is a diminution in value other than temporary, in which case requisite provision is made to write down the carrying value to recognise such decline.

Investments acquired under share swap arrangments are recognised at fair value of securities, issued by the company under the swap arrangment.

d **Inventories :**

(i) Unamortised Cost of programming

- Unamortised cost of completed television programs produced till March 31, 2000 are stated at cost or realisable value, whichever is lower. For television programmes produced on or after April 1, 2000, the entire cost of the programme is charged to income when the programmes are first exploited.
- The Company amortises 75% of the cost of movie rights acquired or produced by it, on first theatrical release of the movie. The said amortisation is made proportionately on Domestic Theatrical Rights, International Theatrical Rights, Television Rights, Music Rights and Video Rights based on Management estimate of revenues from each of these rights. In case of aforesaid rights not exploited alongwith or prior to the first theatrical release, proportionate appropriated cost of the said right is carried forward to be written off as and when such right is commercially exploited or at the end of One year from the date of first theatrical release, whichever occurs earlier. Balance 25% is amortised over the balance license period or based on management estimate of future revenue potential, as the case may be. The inventory, thus, comprises of unamortised cost of such movie rights.

(ii) Unutilised free commercial airtime (FCT) granted by the producer and/ or broadcaster under Airtime Sales Agreements is stated at lower of cost or net realisable value.

(iii) Projects in progress are stated at cost. Cost comprises the cost of materials, labour and overhead expenses.

(iv) Pilot episodes are stated at cost. Pilots are written off at the end of 3 years from the year of production of respective pilot, in case the same is not developed into a serial.

(v) Raw Stock and equipment spares are stated at lower of cost and net realisable value.

(vi) Borrowing costs are accounted on accrual basis.

(vii) The cost of funds borrowed specifically for the funding of a specific film is inventorised as part of cost of the film. The cost of funds borrowed generally is determined by applying a weighted average capitalization rate to the amount funded for the said film.

The Company evaluates the realisable value and/or revenue potential of year end inventory on an annual basis and appropriate write down is made in cases where accelerated write down is warranted.

e Taxation :

Provision for income tax has been made at the current tax rates based on assessable income or on the basis of Section 115JB of the Income Tax Act, 1961 (Minimum Alternate Tax) whichever is higher.

f Deferred Taxation :

Deferred Tax considering the prudence and virtual certainty resulting from timing differences between book and tax profits is accounted for under the liability method, at the current rate of tax, to the extent that the timing differences are expected to crystalise as deferred tax charges/benefits in the Profit and Loss Account and as deferred tax asset/ liability in the Balance Sheet.

g Foreign Currency Transactions :

The transactions in foreign exchange are accounted at the exchange rate prevailing on the date of transaction. Any exchange gains or losses arising out of the subsequent fluctuations of foreign currency assets and liabilities as at the period end reinstatment are accounted for in the Profit and Loss Account, except those relating to acquisition of fixed assets which are adjusted to the cost of assets.

h Revenue Recognition :

- Revenues on commissioned television programmes, commercials, in-flight programmes, dubbing and corporate documentary jobs are recognised on delivery. The amount recognised is the predetermined price, the collection of which is reasonably assured.
- Revenues from sale of airtime are recognised in the period during which the spots are aired.
- Revenues from licensing of owned television programmes and movies are recognised in accordance with the licensing agreement or on physical delivery of the programmes/movies, whichever is later.

i Miscellaneous Expenditure :

- Expenses incurred in connection with proposed initial public offering have been deferred at period-end to be adjusted against share premium arising out of this said initial public offering.

j Retirement Benefits :

- The Company has various schemes of retirement benefits such as Gratuity and Provident fund and the company's contributions are charged to the Profit and Loss Account. The gratuity scheme is administered through the Life Insurance Corporation of India (LIC). Annual contributions to the gratuity fund as determined by LIC are charged to the statement of Profit and Loss account. The additional liability arising out of difference between the acturial valuation and the fund balance with the LIC is accrued at the period end.
- The Company accrues the leave encashment liability on the basis of actuarial valuation on unavailed accumulated leave balances at the period end.

2 Contingent liabilities not provided for :

		As at September 30, 2004 Rs. in Thousands	As at March 31, 2004 Rs. in Thousands
(a)	Claims against the Company not acknowledged as debts	34,400	34,400
(b)	Sales Tax and Lease Tax	13,938	13,827
(c)	Appeals filed in respect of disputed demands :		
	Income Tax *	29,635	29,635
(d)	Bank guarantees/corporate guarantees/outstanding letter of credit for which the Company has given counter guarantees	145,798	39,038
(e)	Bank Guarantee against EPCG Commitment	9,614	8,863
(f)	Legal cases and claims filed against the Company	32,123	282

* Income Tax Department has passed the order of Block Assessement (April 1, 1995 to September 4, 2001) under section 158BC. The balance demand on undisclosed income of Rs.63286 ('000) amounts to Rs 29635 ('000). Further, the penalty proceedings are directed under section 158 BFA(2). No liability is provided by the company for the same as appeal against the same is filed.

3 The Company has discontinued its erstwhile ESOP Scheme. As on the 31st March 2004, the Company had 109270, options outstanding under the scheme, each option carrying the right to acquire two equity shares of the Company. Subsequent to the termination of the ESOP scheme, the Company has allotted 800000 Equity Shares of Rs.5/- each to an Employee Welfare Trust formed for the benefit of the employees of the Company.

4 During the period, Rs.58000 ('000) and Rs.4900 ('000) have been adjusted from advance against share capital to shares allotted in United Entertainment Solutions Private Limited and United Home Entertainment Private Limited. Vide Term Sheet dated June 28, 2004 between the Company, United Home Entertainment Private Limited and R.S. Screwvala, the Company has comitted to invest a further amount of Rs.194100 ('000) in aggregate in Equity and Convertible Preferance Capital of United Home Entertainment Private Limited. Advances to the Company were Rs.79441 ('000) as on September 30, 2004.

5 The Company has divested it's entire stake in Vijay Television Private Limited to Star India Private Limited for an amount of Rs 315000 ('000), thereby making a profit on sale of investment for Rs 22877 ('000).

6 Advances recoverable in cash or kind include interest - free advances of Rs. 27,395 (Rs. '000) due from M/s Western Outdoor Media Technologies Limited (WOMTL) whose Studio Division was acquired by the Company during the year 2002-2003 through a process of demerger sanctioned by the Order of the Hon'ble Bombay High Court dated June 27, 2003. The said outstanding is considered good and recoverable by the management, from the continuing business operations of WOMTL.

7 Related Party Disclosures as required by Accounting Standard AS 18" Related Parties Disclosures" issued by the Institute of Chartered Accountants of India are given below :

Parties where control exists

United Entertainment Solutions Private Limited	Subsidiary Company
United Tele-Shopping & Marketing Limited	Shareholders in the Company
Unilazer Exports & Management Consultants Limited	Shareholders in the Company
Unilazer Hongkong Limited	Shareholders in the Company
Lazer Brushes Private Limited	Common Control
United Bristlers and Brushes Private Limited	Common Control
Trish Brushes Private Limited	Common Control

Unitas Creative Television Limited	Common Control
Television News and Entertainment (I) Limited	Common Control
Trish Credit Private Limited	Common Control
Shamsher Traders Private Limited	Common Control
Vijay Broadcasting Private Limited	Common Control
United Home Entertainment Private Limited	Common Control
Other Related Parties :	
Subsidiaries :	
UTV International Holdings Limited - (BVI)	Wholly owned Subsidiary
UTV Communications (USA) LLC	Wholly owned Subsidiary
Antah-UTV Multi-Media & Communications Sdn. Bhd	Subsidiary of UTV International Holdings Limited - (BVI)
Associate	
Vijay Television Pvt. Limited (upto August 4, 2004)	
Key Management Personnel :	
Whole-time Directors	
Rohinton Screwvala	CEO
Deven Khote	Creative Director
Zarina Mehta	Creative Director
Ronald D'mello	Director Operations & Finance
Non-Executive Directors	
Suketu Shah	
Darius Shroff	
Ketan Dalal	
Sanjaya Kulkarni	
Rahul Shah	
Frederic Beauvais	

Transactions with Related Parties : **(Rs. in Thousands)**

	Subsidiaries		Associates		Management Personnel	
	Period ended Sept. 30, 2004	**Year ended March 31, 2004**	**Period ended Sept. 30, 2004**	**Year ended March 31, 2004**	**Period ended Sept. 30, 2004**	**Year ended March 31, 2004**
Sale of goods						
- Vijay Television Pvt. Ltd. *	-	-	5,100	27,175	-	-
- UTV Communications (USA) LLC	6,960	-	-	-	-	-
- United Home Entertainment Private Limited	-	-	19,898	-	-	-
Purchase of Fixed Assets / Inventory					-	-
- United Entertainment Solutions Private Limited	-	41	-	-	-	-
- United Home Entertainment Private Limited	-	-	-	897	-	-
Sale of Fixed Assets /Inventory						
- United Entertainment Solutions Private Limited	4,786	7,224	-	-	-	-
- United Home Entertainment Private Limited	-	-	793	-	-	-
Receiving of services			-	-	-	-
- United Entertainment Solutions Private Limited	8,136	12,945	-	-	-	-
Finance (including loans & Equity contributions in cash or in kind)	-	-	4,900	-	-	-
Remuneration						
- Rohinton Screwvala	-	-	-	-	3,605	1,600
- Zarina Mehta	-	-	-	-	1,200	1,308
- Ronald D'mello	-	-	-	-	2,186	1,912
- Deven Khote	-	-	-	-	776	1,528
Guarantees and Collaterals			-	-	-	-
- Antah- UTV Multi- Media & Communications Sdn. Bhd.	29,345	27,802	-	-	-	-
- United Entertainment Solutions Private Limited	9,614	-	-	-	-	-
- United Home Entertainment Private Limited	-	-	100,000	-	-	-

(Rs. in Thousands)

	Subsidiaries		Associates		Management Personnel	
	Period ended Sept. 30, 2004	Year ended March 31, 2004	Period ended Sept. 30, 2004	Year ended March 31, 2004	Period ended Sept. 30, 2004	Year ended March 31, 2004
Expenses Charged to						
- United Entertainment Solutions Private Limited	18,493	48,032	-	-	-	-
- United Bristlers & Brushes Private Limited	-	-	244	538	-	-
- United Home Entertainment Private Limited	-	-	4,524	6,357	-	-
- UTV Communications (USA) LLC	2,674	-	-	-	-	-
- Others	-	-	-	277	-	-
Expenses Charged by	-	-	-	-	-	-
- United Entertainment Solutions Private Limited	730	10,156	-	-	-	-
- UTV Communications (USA) LLC	362	-		-	-	-
- United Home Entertainment Private Limited			380	-	-	-
- Others			5	-	-	-
Advances Taken		-		-	-	-
- United Entertainment Solutions Private Limited	29,709	9,247	-	-	-	-
- Unilazer Exports & Management Consultants Limited	-	-	40,500	32,400	-	-
- Television News & Entertainment India Limited	-	-	12,500	30,000	-	-
- Others	-	-	6,700	1,486	-	-
Advances Given						
- United Entertainment Solutions Private Limited	29,634	123,018	-	-	-	-
- Television News & Entertainment India Limited	-	-	12,500	30,000	-	-
- Unilazer Exports & Management Consultants Limited	-	-	67,500	1,000	-	-
- United Home Entertainment Private Limited	-	-	76,637	2,000	-	-
Collections by						
- United Entertainment Solutions Private Limited	994	2,308	-	-	-	-
Payments for						
- United Entertainment Solutions Private Limited	-	10,631	-	-	-	-

(Rs. in Thousands)

	Subsidiaries		Associates		Management Personnel	
	Period ended Sept. 30, 2004	Year ended March 31, 2004	Period ended Sept. 30, 2004	Year ended March 31, 2004	Period ended Sept. 30, 2004	Year ended March 31, 2004
Payments for services						
- United Entertainment Solutions Private Limited	18,967	-	-	-	-	-
Collections against services rendered/sale of goods						
- Vijay Television Pvt. Ltd. *	-	-	5,695	-	-	-
- UTV Communications (USA) LLC	3,328	-	-	-	-	-
Other Assets						
- United Entertainment Solutions Private Limited	-	74,922	-	-	-	-
Other Liabilities		-	-	-	-	-
- United Entertainment Solutions Private Limited	-	49,634	-	-	-	-
- Unilazer Exports & Management Consultants Limited	-	-	-	495	-	-
Outstanding Balance						
- **Payable**						
- Unilazer Exports & Management Consultants Limited	-	-	-	24,840	-	-
- Others	-	-	137	137	-	-
- **Receivable**						
- United Entertainment Solutions Private Limited	205,825	171,525	-	-	-	-
- Television News & Entertainment India Limited	-	-	11,543	11,543	-	-
- Vijay Television Pvt. Ltd. *	-	-	6,030	6,625	-	-
- United Home Entertainment Private Limited	-	-	99,339	7,767	-	-
- UTV Communications (USA) LLC	5,944	-	-	-	-	-
- Others	590	590	2,840	2,142	-	-

* Vijay Television Pvt. Limited has ceased to be an associate w.e.f August 4, 2004.

8 Pursuant to the approval of the Shareholders of the Company at the Extra Ordinary General Meeting held on July 08, 2004; 29,187,208 Equity Shares of Rs. 5/- each have been consolidated into 14,593,608 Equity Shares of Rs. 10/- each fully paid up, after allotting 8 fresh shares of Rs. 5/- each to 8 Equity Shareholders who originally held odd number of shares to facilitate the consolidation, without receiving any payment in cash.

UTV Software Communications Limited

Observations in Auditor's report

1. **Financial Year 1999 – 2000**

   MAOCARO

   The frequency of physical verification of fixed assets needs to be improved.

   The company has provided an interest-free unsecured deposit to a Director of the Company for residential premises to be leased from him. Further, the Company has also provided interest free advances to certain parties listed in the register maintained under section 301 of the Companies Act, 1956

   The Company did not have an internal audit system in place during the year.

2. **Financial Year 2000 -2001**

   The Company's investments include an amount of Rs. 259,593 ('000) in UTV International (Singapore) Pte Limited and Rs.23,082 ('000) in UTV International Holdings Limited, BVI, which are wholly owned subsidiaries. The Company has committed to provide continuing financial support to these subsidiaries for their funding requirements and has guaranteed the repayment of the loans taken by these subsidiaries .The realisability of the carrying amounts of these investments is dependent on the success of their future operations, including the restructuring of the loans taken by these subsidiaries. The accompanying Financial Statements do not include any adjustments that could result from the outcome of these uncertainties.

   The Company has not provided for interest aggregating to Rs.34,400 ('000) for delayed payment made to a broadcaster, as the Company is in discussions with the broadcaster for waiver of this claim. Accordingly, the net profit and shareholders' funds are higher by Rs. 34,400 ('000).

   MAOCARO

   The Company has provided interest-free advance to a company listed in the register maintained under section 301 of the Companies Act, 1956.In connection with advances recoverable from Television News and Entertainment (I) Limited, the Company has made an application to the Central Government for the approval under Section 295 of the Companies Act, 1956.

   Except for advances recoverable from Vijay Television, parties to whom loans or advances in the nature of loans, have been given by the Company, are repaying the principal amounts as stipulated and are also regular in payment of interest, where applicable.

   The Company needs to strengthen its internal audit system to make it commensurate with its size and nature of its business.

   The Company needs to strengthen its system of allocating man-hours utilised to the relative jobs, commensurate to its size and nature of its business.

3. **Financial Year 2001 -2002**

   MAOCARO

   The scope of internal audit needs to be expanded to make it commensurate with its size and nature of its business. During the year Company has taken steps to strengthen its internal audit system.

   The company needs to strengthen its system of allocating man-hours utilized to the relative jobs, commensurate to its size and nature of its business.

4. **Financial Year 2002-2003**

   Company had paid remuneration of Rs 9989('000) to directors for the year ended March 31, 2002 which is in excess of the maximum remuneration guidelines as per schedule XIII of the Companies Act, 1956, by Rs 2874('000). Company had made an application to the Central Government of India on July 22, 2002 for excess remuneration paid to directors for the year for which approval is pending 150,000 equity shares held in Unitas Creative Television Pvt Limited had not been made available for physical verification.

MAOCARO

The scope of internal audit needs to be expanded to make it commensurate with its size and nature of its business. During the year Company has taken steps to strengthen its internal audit system and have decided to cover it in phased manner.

The company needs to strengthen its system of allocating man-hours utilized to the relative jobs, commensurate to its size and nature of its business.

5. **Financial Year 2003-2004**

   Approval of Central Government is pending for excess managerial remuneration paid during financial year 2001- 2002 and additional details have been submitted during the year.

   CARO

   Funds raised on a long term basis of Rs. 2295.92 lakhs have been used for short term investment.

6. **Period ended 30 September 2004**

   Approval of Central Government is pending for excess managerial remuneration paid during financial year 2001- 2002 and additional details, as required, have been submitted to the Central Government.

ANNEXURE V

UNITED ENTERTAINMENT SOLUTIONS PRIVATE LIMITED

SUMMARY OF BALANCE SHEET

(Rs. in '000)

	Particulars	As at Sept. 30, 2004	As at March 31, 2004	As at March 31, 2003	As at March 31, 2002	As at March 31, 2001	As at March 31, 2000
A	**Fixed Assets**						
	Gross Block	255,961	231,013	-	-	-	-
	Less: Accumulated Depreciation	(42,299)	(25,894)	-	-	-	-
	Net Block	213,662	205,119	-	-	-	-
	Capital Work In Progress	-	-	-	-	-	-
		213,662	205,119	-	-	-	-
B	**Investments**	-	-	-	-	-	-
C	**Deferred Tax Asset**	32,520	26,199	-	-	-	-
D	**Current Assets, Loans & Advances**						
	Inventories	738	1,597	-	-	-	-
	Sundry Debtors	23,894	32,333	-	-	-	-
	Cash and Bank Balances	2,450	510	100	2	2	2
	Loans & Advances	8,547	5,333	-	-	-	-
		35,629	39,773	100	2	2	2
E	**Liabilities & Provisions**						
	Secured Loans	-	-	-	-	-	-
	Unsecured Loans	205,825	191,770	-	-	-	-
	Current Liabilities	36,588	36,794	70	64	61	58
	Provisions	842	562	-	-	-	-
	Deferred Tax Liability	14,160	10,738	-	-	-	-
		257,415	239,864	70	64	61	58
F=A+B+C+D-E	**Net Assets**	**24,396**	**31,227**	**30**	**(62)**	**(59)**	**(56)**

(Rs. in '000)

Particulars	As at Sept. 30, 2004	As at March 31, 2004	As at March 31, 2003	As at March 31, 2002	As at March 31, 2001	As at March 31, 2000
Represented by:						
Share Capital						
Issued, Subscribed & Paid Up	10,100	100	100	2	2	2
Advance against Share Capital	-	58,000	-	-	-	-
Reserves & Surplus	14,296	(26,873)	(51)	(40)	(32)	(24)
	24,396	31,227	49	(38)	(30)	(22)
Less: Preliminary Expenses not W/off	-	-	(19)	(24)	(29)	(34)
Net Worth	**24,396**	**31,227**	**30**	**(62)**	**(59)**	**(56)**

NOTE:

1. UTV Software Communications Limited holds substantially the entire share capital of United Entertainment Solutions Private Limited as at September 30, 2004.

REGROUPINGS

Particulars	As at Sept. 30, 2004	As at March 31, 2004	As at March 31, 2003	As at March 31, 2002	As at March 31, 2001	As at March 31, 2000
Unsecured loans	-	171,525	-	-	-	-
Current liabilities	-	(171,525)	-	-	-	-

UNITED ENTERTAINMENT SOLUTIONS PRIVATE LIMITED

STATEMENT OF PROFIT & LOSS

(Rs. in '000)

Particulars	Period ended Sept. 30, 2004	Financial year ended March 31, 2004	Financial year ended March 31, 2003	Financial year ended March 31, 2002	Financial year ended March 31, 2001	Financial year ended March 31, 2000
Revenues	50,501	114,650	-	-	-	-
Other Income						
Gain on Foreign Exchange Transactions	-	157	-	-	-	-
Misc. Income	2,176	1,246	-	-	-	-
	2,176	1,403	-	-	-	-
TOTAL INCOME	52,677	116,053	-	-	-	-
Expenditure						
Production Expenses	12,286	13,950	-	-	-	-
Operating Expenses	17,658	39,786	10	8	8	8
Employee Costs	16,019	58,313	-	-	-	-
Interest Expense (net)	39	20,335	-	-	-	-
Depreciation	16,405	25,944	-	-	-	-
	62,407	158,328	10	8	8	8
P/(L) before Tax & Prior Period Item	(9,730)	(42,275)	(10)	(8)	(8)	(8)
Prior Period Item	-	-	-	-	-	-
Profit Before Tax	(9,730)	(42,275)	(10)	(8)	(8)	(8)
Provision for taxation						
Current	-	8	-	-	-	-
Deferred	(2,899)	(15,461)	-	-	-	-
P/(L) for the year	(6,831)	(26,822)	(10)	(8)	(8)	(8)
Balance P/(L) brought forward	(26,873)	(51)	(41)	(33)	(25)	(17)
Balance carried to Balance Sheet	**(33,704)**	**(26,873)**	**(51)**	**(41)**	**(33)**	**(25)**

UNITED ENTERTAINMENT SOLUTIONS PRIVATE LIMITED

Notes to the financial statements

1 Significant Accounting Policies :

a Basis of Accounting :

The financial statements are prepared under the historical cost convention on an accrual basis and comply with the accounting standards issued by the Institute of Chartered Accountants of India referred to in Section 211 (3C) of the Companies Act, 1956.

b Fixed Assets and Depreciation :

(i) Fixed assets are stated at cost of acquisition less accumulated depreciation. The Company capitalises all costs relating to the acquisition and installation of fixed assets, including financing costs.

(ii) Depreciation is provided based on management estimate of useful lives of the fixed assets, on the straight line method prorata to the period of use or at the rates presribed in Schedule XIV of the Companies Act, 1956, whichever is higher.

(iii) Leasehold improvements are amortised over the period of lease.

c Inventories :

(i) Projects in progress are stated at cost. Cost comprises the cost of materials, labour and overhead expenses.

(ii) Raw Stock and equipment spares are stated at lower of cost and net realisable value.

d Taxation :

In the absence of taxable profit, no provision has been made for Income Tax for the current period.

e Deferred Taxation :

Deferred Tax considering the prudence and virtual certainity resulting from timing differences between book and tax profits is accounted for under the liability method, at the current rate of tax, to the extent that the timing differences are expected to crystalise as deferred tax charges/benefits in the Profit and Loss Account and as deferred tax asset/liability in the Balance Sheet.

f Foreign Currency Transactions :

The transactions in foreign exchange are accounted at the exchange rate prevailing on the date of transaction. Any exchange gains or losses arising out of the subsequent fluctuations of foreign currency assets and liabilities as at the period end on reinstatement are accounted for in the Profit and Loss Account.

g Revenue Recognition :

- Revenues for utilization of post production, studio facilities and technical services are recognized when the services are rendered.

h Retirement Benefits :

- The Company has various schemes of retirement benefits such as Gratuity and Provident Fund and the company's contributions are charged to the Profit and Loss Account. The gratuity scheme is administered through the Life Insurance Corporation of India (LIC). Annual contributions to the gratuity fund as determined by LIC are charged to the statement of profit and loss account. The additional liability arising out of difference between the acturial valuation and the fund balance with the LIC is accrued at the period end.
- The Company accrues the leave encashment liability on the basis of acturial valuation on unavailed accumulated leave balances at the period end.

2 **Contingent liabilities not provided for :**

	As at September 30, 2004 Rs. in Thousands	As at March 31, 2004 Rs. in Thousands
a Legal claims against the Company not acknowledged as debts	**2,850**	**2,850**
	2,850	**2,850**

3 **Deferred Tax Asset**

The Company has accounted for deferred tax in accordance with Accounting Standard 22- “Accounting for Taxes on Income” issued by The Council of Institute of Chartered Accountants of India. Accordingly, the company has recognised a deferred tax asset of Rs. 18,360 (‘000) [Rs. 15,461 (‘000)] for the period ended September 30, 2004 in its Profit & Loss Account. The management is of the opinion there will be sufficient future income against which the deferred tax asset will be fully realised.

	As at September 30, 2004 Rs. in Thousands	As at March 31, 2004 Rs. in Thousands
Deferred Tax Liability		
Depreciation	**14,160**	**10,738**
	14,160	**10,738**
Deferred Tax Asset		
Unabsorbed Losses and Depreciation	**29,174**	**24,970**
Others	**3,346**	**1,229**
	32,520	**26,199**
Net Deferred Tax Asset	**18,360**	**15,461**

4 Related Party Disclosures as required by Accounting Standard AS 18" Related Parties Disclosures” issued by the Institute of Chartered Accountants of India are given below :

Parties where control exists

UTV Software Communications Limited	Holding Company
United Home Entertainment Private Limited	Common Control
UTV Communication (USA)LLC	Fellow Subsidiary

Key Management Personnel :

Directors

Rohinton Screwvala

Zarina Mehta

Gururaja Rao (upto 31.08.04)

Lourdes Soosai (w.e.f 31.08.04)

Ronald D’mello

Transactions with Related Parties : **(Rs. in Thousands)**

	Holding Company		Associates Company		Management Personnel	
	Period ended Sept. 30, 2004	**Year ended March 31, 2004**	**Period ended Sept. 30, 2004**	**Year ended March 31, 2004**	**Period ended Sept. 30, 2004**	**Year ended March 31, 2004**
Purchase of fixed assets / Inventory						
- UTV Software Communications Limited	4,786	7,224			-	-
Sale of fixed assets						
- UTV Software Communications Limited	-	41			-	-
Rendering of services						
- UTV Software Communications Limited	8,136	12,945			-	-
- United Home Entertainment Pvt Limited			1,125			
Expenses Charged by						
- UTV Software Communications Limited	18,493	48,032			-	-
Expenses Charged to						
- UTV Software Communications Limited	730	10,156			-	-
Advances Taken						
- UTV Software Communications Limited	29,634	123,018			-	-
- United Home Entertainment Pvt Limited			114			
Advances Given						
- UTV Software Communications Limited	29,709	9,247			-	-
Remuneration						
- Rohinton Screwvala	-	-			-	3,600
- Ronald D'mello	-	-			-	139
- Gururaja Rao	-	-			-	170
- **Guarantees and Collaterals received**						
- UTV Software Communications Limited	9,614					
Collections from Debtors						
- UTV Software Communications Limited		10,631			-	-
Receipt for services						
- UTV Software Communications Limited	18,967					
Payments for						
- UTV Software Communications Limited	994	2,308			-	-
Other Assets						
- UTV Software Communications Limited		49,634			-	-
Other Liabilities						
- UTV Software Communications Limited		74,922			-	-
Outstanding Balance						
- **Receivable**			1,125			
- United Home Entertainment Pvt Limited						
Outstanding Balance						
- **Payable**						
- UTV Software Communications Limited	205,825	171,525			-	-
- United Home Entertainment Pvt Limited			114			

UTV INTERNATIONAL HOLDINGS LIMITED

STATEMENT OF ASSETS AND LIABILITIES

(Amounts in US $)

	Particulars	As at Sept. 30, 2004	As at March 31, 2004	As at March 31, 2003	As at March 31, 2002	As at March 31, 2001	As at March 31, 2000
	ASSET						
A	Investment in subsidiary company	1,752,926	1,752,926	1,752,926	1,752,926	1,752,926	1,752,926
B	**CURRENT ASSETS**						
	Other receivables						
	Other debtors, deposits & prepayments	413,205	414,586	439,386	73,691	73,691	72,244
	Amount owing by a Director	337,932	337,932	-	361,576	361,576	369,950
	Amount owing by Related Companies	795,497	801,425	1,106,880	765,443	817,147	527,256
		1,546,634	1,553,943	1,546,266	1,200,710	1,252,414	969,450
	Cash and bank balances	125	125	110	868	898	368
		1,546,759	1,554,068	1,546,376	1,201,578	1,253,312	969,818
C	**CURRENT LIABILITY**						
	Other payables						
	Other creditors and accruals	21,539	23,848	26,423	3,273,513	3,285,630	3,273,985
	Amount owing to ultimate holding company	4,270	4,270	-	-	-	-
		25,809	28,118	26,423	3,273,513	3,285,630	3,273,985
D=B-C	**NET CURRENT ASSETS**	**1,520,950**	**1,525,950**	**1,519,953**	**(2,071,935)**	**(2,032,318)**	**(2,304,167)**
E=A+D	**TOTAL ASSETS**	**3,273,876**	**3,278,876**	**3,272,879**	**(319,009)**	**(279,392)**	**(551,241)**
	FINANCED BY:						
	SHARE CAPITAL	4,144,000	4,144,000	4,134,000	525,000	525,000	250,000
	ACCUMULATED LOSSES	(870,124)	(865,124)	(861,121)	(844,009)	(804,392)	(801,241)
	NET WORTH	**3,273,876**	**3,278,876**	**3,272,879**	**(319,009)**	**(279,392)**	**(551,241)**

NOTE:

1. UTV Software Communications Limited holds 100% of Equity Share Capital of UTV International Holdings Limited, BVI as at September 30, 2004.

UTV INTERNATIONAL HOLDINGS LIMITED

INCOME STATEMENTS

(Amounts in US $)

Particulars	Period ended Sept. 30, 2004	Financial year ended March 31, 2004	Financial year ended March 31, 2003	Financial year ended March 31, 2002	Financial year ended March 31, 2001	Financial year ended March 31, 2000
Revenues (A)	-	-	-	-	-	-
Production Costs	-	-	-	-	-	-
Gross Profit/ (Loss)	-	-	-	-	-	-
Other Income						
Gain on foreign exchange- unrealised	-	15,409	12,179	-	-	-
Dividend income	-	-	-	(26,526)	26,526	-
Other Operating Income	-	-	-	-	-	25,185
(B)	-	15,409	12,179	(26,526)	26,526	25,185
Total Income (A+B)	-	15,409	12,179	(26,526)	26,526	25,185
Administrative and Operating Expenses	5,000	19,412	29,291	20,518	22,250	11,940
Profit/(Loss) before Taxation	(5,000)	(4,003)	(17,112)	(47,044)	4,276	13,245
Taxation	-	-	-	7,427	(7,427)	-
Net Profit/(Loss) for the Year after Taxation	(5,000)	(4,003)	(17,112)	(39,617)	(3,151)	13,245
Accumulated Loss brought forward	(865,124)	(861,121)	(844,009)	(804,392)	(801,241)	(814,486)
Accumulated Loss carried forward	**(870,124)**	**(865,124)**	**(861,121)**	**(844,009)**	**(804,392)**	**(801,241)**

UTV INTERNATIONAL HOLDINGS LIMITED
(Incorporated in British Virgin Islands)

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 APRIL 2004 TO 30 SEPTEMBER 2004

1. PRINCIPAL ACTIVITIES AND GENERAL INFORMATION

The Company, incorporated in the British Virgin Islands on 28 August, 1996, is a wholly owned subsidiary of UTV Software Communications Ltd., a company incorporated in India. The Company's principal activity is that of an investment holding.

The principal activities of its subsidiary company are to carry on the business of television programme production and related activities.

There have been no significant changes in the nature of these activities during the financial period.

The registered office of the Company is situated at Craigmuir Chambers, PO Box 71, Road Town, Tortola, British Virgin Islands.

The principal place of business of the Company is located at 610, Block G, Pusat Dagangan Phileo Damansara I, 9, Jalan 6/ 11, 46350 Petaling Jaya, Selangor.

All the amounts stated in the financial statements are in US Dollars.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of accounting

The financial statements are prepared under the historical cost convention and comply with the applicable approved accounting standards in Malaysia.

The Company relies on its holding company for continued financial support and has obtained an undertaking from the holding company to enable it to operate as a going concern.

(b) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and of the subsidiary company made up to 30 September 2004.

Subsidiary company is consolidated using the acquisition method of accounting. On acquisition, the assets and liabilities of the relevant subsidiary company is measured at their fair values at the date of acquisition. The interest of minority shareholders is stated at the minority's proportion of the fair values of the assets and liabilities recognised.

The results of subsidiary company acquired or disposed of during the financial year is included in the consolidated financial statements from the effective date of acquisition or up to the effective date of disposal.

All significant intercompany transactions and balances are eliminated on consolidation.

(c) Plant and equipment

The carrying amounts of plant and equipment are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such an indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an item of plant and equipment exceeds its recoverable amount. The recoverable amount of plant and equipment is based on the lower of market value or replacement cost.

The impairment loss is charged to the profit and loss accounts (income statement), unless if it reverses a previous revaluation, in which case it is charged to equity. Any subsequent increase in recoverable amount is reduced by the amount that would have been recognised as depreciation had the write-down or write-off not occured. Such subsequent increase in recoverable amount is recognised in the profit and loss accounts (income statement), unless if it reverses an impairment loss on a revalued asset, in which case it is taken to equity.

(d) Depreciation

Plant and equipment are stated at cost less accumulated depreciation. Depreciation of the plant and equipment is provided on a straight line basis calculated so as to write off the cost of each asset over its estimated useful life. The principal annual rates are:-

Furniture, fittings and office equipment	4.75% - 6.33%
Computer equipment	16.21%
Renovations	10%
Studio equipment	12.5%

(e) Investment in subsidiary

A subsidiary company is an enterprise that is controlled by another enterprise. Control is the power to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities.

Investment in unquoted shares of the subsidiary company, which is eliminated on consolidation, is stated at cost. Where there is an indication of impairment in the value of the investments, the carrying amount of the investment is assessed and written down immediately to its recoverable amount.

(f) Inventories

Inventories comprise inventories of film accessories and production costs of television programmes.

Inventories of films accessories are stated at the lower of cost or net realisable value.

Production costs of television programmes comprise direct costs of production and other production overheads. Production costs are stated at the lower of cost net of accumulated amortisation and net realisable value.

Production costs are amortised on an individual television programme basis in the ratio that the estimated revenues from specific income source exploited during the period, bear to management's estimate of aggregate revenues that the Company expects to earn from the programme from all sources.

(g) Trade and other receivables

Trade and other receivables are carried at anticipated realisable values. Bad debts are written off when identified. An estimate is made for doubtful debts based on review of all outstanding amounts as at the balance sheet date.

(h) Cash and cash equivalents

Cash and cash equivalents are cash and short term funds held for the purposes of meeting short term commitments and readily convertible into cash with insignificant risk of changes in value.

(i) Foreign Currency Transaction and balances

Transactions in foreign currencies are recorded in US Dollar at rates of exchange ruling at the time of the transactions. Foreign currency monetary assets and liabilities are translated at exchange rates ruling at balance sheet date.

Gains and losses from conversion of short term assets and liabilities, whether realised or unrealised, are included in operating profit as they arise.

The assets and liabilities of the foreign entity, including goodwill and fair value adjustments arising on the acquisitions, is translated to US Dollar at the closing rates. The operating results are translated to US Dollar at the exchange rates at the dates of the transactions. Gains and losses arising on translation are taken directly to the foreign exchange translation reserve.

All other foreign exchange differences are taken to the income statement in the period in which they arise.

The exchange rates ruling at the balance sheet date used (denominated in units of United States Dollar per foreign currency) are as follows :

	30/9/2004 USD	31/3/2004 USD
Singapore Dollar	0.5947	0.5949
Ringgit Malaysia	0.2632	0.2632

(j) Income taxes

Income tax on the profit or loss for the year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rate that have been enacted at the balance sheet date.

(k) Deferred taxation

Deferred taxation is provided for, using the liability method, on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is recognised in the profit and loss account (income statement), except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also recognised directly in equity.

(l) Assets under hire purchase

Asset acquired under hire purchase agreement is included in plant and equipment and capital element of the hire purchase commitment is shown as hire purchase creditor. The capital element of the hire purchase is applied to reduce the outstanding obligations and the interest element is charged to the profit and loss account over the period of hire purchase on a straight line basis. Assets acquired under hire purchase are depreciated over the useful lives of equivalent owned assets.

(m) Revenue Recognition

Revenue on commissioned television programmes are recognised on substantial completion of production of the programmes. The amount recognised is the predetermined price, the collection of which is reasonably assured.

(n) Financing costs

All interest and other costs incurred in connection with borrowings are expensed as incurred as part of financing costs in the profit and loss accounts (income statement).

(o) Financial instruments

Fair value in respect of cash and cash equivalents, trade and other receivables, trade and other payables which carrying amount approximately to the fair value due to the relatively short term nature of these financial instruments.

(p) Financial risk management

The Company's activities is exposed to some financial risks and risk management is carried out under policies approved by the board of directors.

i) Interest rate risk

The Company's income and operating cashflows are substantially independent of the changes in market interest risks.

ii) Credit risk

Trade receivables may give rise to credit risk which require the loss to be recognised if a counter party fails to perform as contracted. It is the Company's policy to monitor the financial standing of these counter-parties on an going basis to ensure that the Company is exposed to minimal credit risk.

iii) Liquidity risk

It is the Company's policy to ensure continuity in servicing its cash obligations in the future by way of measuring and forecasting its cash commitments, and monitoring and maintaining a level of cash and cash equivalents deemed adequate to the Company's operations.

(iv) Foreign currency risk

The Company is exposed to foreign currency risk as a result of its normal daily transactions, where the currency denomination differs from the local currency, US Dollar. There is no specific policy to mitigate this risk as the management is of the opinion that the exposure to this risk is insignificant.

ANTAH-UTV MULTI-MEDIA & COMMUNICATIONS SDN. BHD.

BALANCE SHEET

(Amounts in RM)

	Particulars	As at Sept. 30, 2004	As at March 31, 2004	As at March 31, 2003	As at March 31, 2002	As at March 31, 2001	As at March 31, 2000
	ASSET						
A	Plant and Equipment	818,643	1,114,786	1,323,192	1,445,467	1,846,366	1,132,013
B	**CURRENT ASSETS**						
	Cash at Bank	9,130	22,706	1,106	2,079	24,226	1,219,976
	Deposit with a licensed Bank	-	-	-	480,000	-	-
	Trade and Other Receivables						
	Trade Debtors	1,264,925	2,192,250	1,708,829	706,325	2,966,614	1,718,940
	Other Debtors, prepayments and deposits	10,547,920	9,933,270	7,676,179	6,502,122	7,842,137	7,100,076
	Due from a related company	-	-	561,197	903,244	123,246	
	Stocks	275,302	279,522	3,188,164	3,385,870	1,824,136	3,036,710
		12,097,277	12,427,748	13,135,475	11,979,640	12,780,359	13,075,702
C	**CURRENT LIABILITIES**						
	Short term borrowings	1,290,018	1,487,756	1,940,983	1,665,255	-	-
	Trade and Other Payables						
	Trade creditors	138,627	381,221	699,268	720,494	763,123	110,388
	Other creditors and accruals	580,433	610,473	812,721	663,938	1,161,852	1,249,338
	Amount owing to a Director	-	-	10,331	-	-	-
	Amount owing to Holding Company	3,021,170	3,122,699	3,092,377	1,754,795	1,803,690	1,616,638
	Hire Purchase Creditor	-	53,457	42,123	266,672	-	-
	Proposed Dividend	-	-	-	-	103,680	-
		5,030,248	5,655,606	6,597,803	5,071,154	3,832,345	2,976,364
D=B-C	**NET CURRENT ASSETS**	**7,067,029**	**6,772,142**	**6,537,672**	**6,908,486**	**8,948,014**	**10,099,338**
E=A+D	**TOTAL ASSETS**	**7,885,672**	**7,886,928**	**7,860,864**	**8,353,953**	**10,794,380**	**11,231,351**
	SHAREHOLDERS' FUNDS						
	SHARE CAPITAL	**9,360,003**	**9,360,003**	**9,360,003**	**9,360,003**	**9,360,003**	**9,360,003**
	RETAINED PROFITS / (ACCUMULATED LOSSES)	**(1,474,331)**	**(1,516,764)**	**(1,566,063)**	**(1,294,929)**	**1,434,377**	**1,871,348**
	HIRE PURCHASE CREDITORS	**-**	**43,689**	**66,924**	**288,879**	**-**	**-**
		7,885,672	**7,886,928**	**7,860,864**	**8,353,953**	**10,794,380**	**11,231,351**

NOTE:

1. UTV International Holdings Limited, BVI holds 69.99% of Equity Share Capital of Antah- UTV Multi- Media & Communications Sdn. Bhd. as at September 30, 2004.

ANNEXURE V contd

ANTAH-UTV MULTI-MEDIA & COMUUNICATIONS SDN. BHD.

PROFIT AND LOSS ACCOUNT

(Amounts in RM)

Particulars	Period ended Sept. 30, 2004	Financial year ended March 31, 2004	Financial year ended March 31, 2003	Financial year ended March 31, 2002	Financial year ended March 31, 2001	Financial year ended March 31, 2000
Turnover	678,125	3,761,050	5,553,926	2,579,578	4,880,889	5,661,246
Production costs	534,982	2,696,036	3,778,924	3,582,981	3,743,273	4,100,161
Gross Profit	**143,143**	**1,065,014**	**1,775,002**	**(1,003,403)**	**1,137,616**	**1,561,085**
Other Income	126,153	300,129	181,532	177,089	298,335	135,181
Total Income	**269,296**	**1,365,143**	**1,956,534**	**(826,314)**	**1,435,951**	**1,696,266**
Administrative and operating expenses	223,547	1,182,923	2,020,822	1,909,894	1,726,472	1,454,794
Profit / (Loss) before finance costs and taxation	**45,749**	**182,220**	**(64,288)**	**(2,736,208)**	**(290,521)**	**241,472**
Finance costs	3,316	132,921	206,846	137,098	2,450	82,881
Profit / (Loss) before taxation	**42,433**	**49,299**	**(271,134)**	**(2,873,306)**	**(292,971)**	**158,591**
Taxation	-	-	-	(40,320)	40,320	-
Profit / (Loss) after taxation	**42,433**	**49,299**	**(271,134)**	**(2,832,986)**	**(333,291)**	**158,591**
Retained profit brought forward	(1,516,764)	(1,566,063)	(1,294,929)	1,434,377	1,871,348	1,712,757
(Accumulated loss) / Retained profit carried forward	(1,474,331)	(1,516,764)	(1,566,063)	(1,398,609)	1,538,057	1,871,348
Proposed / (Revocation) of dividend	-	-	-	(103,680)	103,680	-
Retained profit / (accumulated loss) carried forward	**(1,474,331)**	**(1,516,764)**	**(1,566,063)**	**(1,294,929)**	**1,434,377**	**1,871,348**

NOTE:

1. The Previous Year's figures have been re- grouped, wherever necessary.

ANTAH-UTV MULTI-MEDIA & COMMUNICATIONS SDN. BHD. (413514 - U)

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS

1. PRINCIPAL ACTIVITIES AND GENERAL INFORMATION

The Company is principally engaged in the business of television programmes production and related activities.

The Company converted its operation into 100% variable cost model, hence the Company terminated employment contract of all employees with effect from 15 September 2004 and paid requisite retrenchment compensation.

The Company is a private limited company, incorporated and domiciled in Malaysia. The registered office of the Company is situated at 9577, Jalan SS 16/1, Subang Jaya, 47500 Petaling Jaya, Selangor Darul Ehsan.

The principal place of business of the Company is located at 610, Block G, Pusat Dagangan Phileo Damansara I, 9, Jalan 16/11, 46350 Petaling Jaya, Selangor.

The Company regards UTV International Holdings Ltd., a company incorporated in The British Virgin Islands as its holding company.

The Company regards UTV Software Communications Ltd., a company incorporated in India as its ultimate holding company.

All the amounts stated in the financial statements are in Ringgit Malaysia.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 22 November 2004.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of accounting

The financial statements are prepared in accordance with the applicable approved accounting standards issued by the Malaysian Accounting Standard Board and the provisions of the Companies Act, 1965.

(b) Plant and equipment

The carrying amounts of plant and equipment are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such an indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an item of plant and equipment exceeds its recoverable amount. The recoverable amount of plant and equipment is based on the lower of market value or replacement cost.

The impairment loss is charged to the profit and loss accounts (income statement), unless if it reverses a previous revaluation, in which case it is charged to equity. Any subsequent increase in recoverable amount is reduced by the amount that would have been recognised as depreciation had the write-down or write-off not occured. Such subsequent increase in recoverable amount is recognised in the profit and loss accounts (income statement), unless if it reverses an impairment loss on a revalued asset, in which case it is taken to equity.

(c) Depreciation

Plant and equipment are stated at cost less accumulated depreciation. Depreciation of the plant and equipment is provided on a straight line basis calculated so as to write off the cost of each asset over its estimated useful life. The principal annual rates are:-

Furniture, fittings and office equipment	4.75% - 6.33%
Computer equipment	16.21%
Renovations	10%
Studio equipment	12.5%

(d) Inventories

Inventories comprise inventories of film accessories and production costs of television programmes.

Inventories of films accessories are stated at the lower of cost and net realisable value.

Production costs of television programmes comprise direct costs of production and other production overheads. Production costs are stated at the lower of cost net of accumulated amortisation and net realisable value.

Production costs are amortised on an individual television programme basis in the ratio that the estimated revenues from specific income source exploited during the financial period, bear to management's estimate of aggregate revenues that the Company expects to earn from the programmes from all sources.

(e) Trade and other receivables

Trade and other receivables are carried at anticipated realisable values. Bad debts are written off when identified. An estimate is made for doubtful debts based on review of all outstanding amounts as at the balance sheet date.

(f) Cash and cash equivalents

Cash and cash equivalents are cash and short term funds held for the purpose of meeting short term commitments and readily convertible into cash with insignificant risk of changes in value.

(g) Foreign currency conversion

Foreign currency assets and liabilities at the balance sheet date have been converted into Malaysian Ringgit at the rate of exchange ruling at the balance sheet date.

Foreign currency transactions during the financial period have been converted into Malaysian Ringgit at the rate of exchange ruling at the date of transactions.

Gain or loss on exchange are charged to the profit and loss accounts (income statement).

The principal closing rates used in translation of foreign currency amounts were as follows:

	30/9/2004 RM	31/3/2004 RM
1 Singapore dollar	2.260	2.261
1 US dollar	3.800	3.800
100 Indian Rupee	8.635	8.635

(h) Income taxes

Income tax on the profit or loss for the financial period comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rate that have been enacted at the balance sheet date.

(i) Deferred taxation

Deferred taxation is provided for, using the liability method, on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is recognised in the profit and loss account (income statement), except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also recognised directly in equity.

(j) **Assets under hire purchase**

Asset acquired under hire purchase agreement is included in plant and equipment and capital element of the hire purchase commitment is shown as hire purchase creditor. The capital element of the hire purchase is applied to reduce the outstanding obligations and the interest element is charged to the profit and loss accounts (income statement) over the period of hire purchase on a straight line basis. Assets acquired under hire purchase are depreciated over the useful lives of equivalent owned assets.

(k) **Revenue recognition**

Revenue on commissioned television programmes are recognised on substantial completion of production of the programmes. The amount recognised is the predetermined price, the collection of which is reasonably assured.

(l) **Financing costs**

All interest and other costs incurred in connection with borrowings are expensed as incurred as part of financing costs in the profit and loss accounts (income statement).

(m) **Financial instruments**

Fair value in respect of cash and cash equivalents, trade and other receivables, trade and other payables which carrying amount approximately to the fair value due to the relatively short term nature of these financial instruments.

(n) **Financial risk management**

The Company's activities is exposed to some financial risks and risk management is carried out under policies approved by the board of directors.

i) **Interest rate risk**

The Company's income and operating cashflows are substantially independent of the changes in market interest risks

ii) **Credit risk**

Trade receivables may give rise to credit risk which require the loss to be recognised if a counter party fails to perform as contracted. It is the Company's policy to monitor the financial standing of these counter-parties on an going basis to ensure that the Company is exposed to minimal credit risk.

iii) **Liquidity risk**

It is the Company's policy to ensure continuity in servicing its cash obligations in the future by way of measuring and forecasting its cash commitments, and monitoring and maintaining a level of cash and cash equivalents deemed adequate to the Company's operations.

(iv) **Foreign currency risk**

The Company is exposed to foreign currency risk as a result of its normal daily transactions, where the currency denomination differs from the local currency, Malaysian Ringgit. There is no specific policy to mitigate this risk as the management is of the opinion that the exposure to this risk is insignificant.

UTV COMMUNICATIONS (USA) LLC

BALANCE SHEET

(Amounts in US $)

	Particulars	As at Sept. 30, 2004	As at March 31, 2004	As at March 31, 2003	As at March 31, 2002	As at March 31, 2001	As at March 31, 2000
A	**FIXED ASSETS**	3,547	-	-	-	-	-
B	**INVESTMENTS**	**-**	**-**	**-**	**-**	**-**	**-**
C	**CURRENT ASSETS, LOANS AND ADVANCES**						
	Inventories	33,542	-	-	-	-	-
	Accounts receivables	135,970	-	-	-	-	-
	Cash and bank balances	80,178	-	-	-	-	-
	Security Deposits	2,950					
	Advances to employees	1,023	-	-	-	-	-
	Other current assets	20,090	-	-	-	-	-
		273,753	-	-	-	-	-
D	**LIABILITIES AND PROVISIONS**						
	Accrued expenses and income taxes payable	19,692	-	-	-	-	-
	Due to a related party	582,756					
	Accounts payable	33,658	-	-	-	-	-
		636,106	-	-	-	-	-
E=C-D	**NET CURRENT ASSETS**	**(362,353)**	**-**	**-**	**-**	**-**	**-**
F=A+B +E	**NET ASSETS (LIABILITIES)**	**(358,806)**	**-**	**-**	**-**	**-**	**-**
	Represented by:						
	SHARE CAPITAL	**50,000**	**-**	**-**	**-**	**-**	**-**
	RETAINED PROFITS / (ACCUMULATED LOSSES)	**(408,806)**	**-**	**-**	**-**	**-**	**-**
		(358,806)	**-**	**-**	**-**	**-**	**-**

NOTE

(1) UTV Communications (USA) LCC is a 100% subsidiary of UTV Software Communications Limited.

(2) UTV Communications (USA) LCC was incorporated on 26 April 2004.

ANNEXURE V contd.

UTV COMMUNICATIONS (USA) LLC

PROFIT AND LOSS ACCOUNT

(Amounts in US$)

Particulars	Period ended Sept. 30, 2004	Financial year ended March 31, 2004	Financial year ended March 31, 2003	Financial year ended March 31, 2002	Financial year ended March 31, 2001	Financial year ended March 31, 2000
Revenue	689,327	-	-	-	-	-
Production costs	988,831	-	-	-	-	-
Gross Profit	**(299,504)**	**-**	**-**	**-**	**-**	**-**
Other Income	-	-	-	-	-	-
Total Income	**(299,504)**	**-**	**-**	**-**	**-**	**-**
Administrative and operating expenses	108,977	-	-	-	-	-
Profit / (Loss) before finance costs and taxation	**(408,481)**	**-**	**-**	**-**	**-**	**-**
Finance costs	-	-	-	-	-	-
Profit / (Loss) before taxation	**(408,481)**	**-**	**-**	**-**	**-**	**-**
Taxation	325	-	-	-	-	-
Profit / (Loss) after taxation	**(408,806)**	**-**	**-**	**-**	**-**	**-**
Retained profit brought forward	-	-	-	-	-	-
(Accumulated loss) / Retained profit carried forward	(408,806)	-	-	-	-	
Proposed / (Revocation) of dividend	-	-	-	-	-	-
Retained profit / (accumulated loss) carried forward	**(408,806)**	**-**	**-**	**-**	**-**	**-**

UTV COMMUNICATIONS (USA) LLC

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

Nature of Business

UTV Communications (USA) LLC ('the Company'') was formed on April 26,2004 under the laws of the State of Delaware. The Company engages in distribution, marketing and sale of cinematographic films, including manufacturing, sale and distribution of films in video cassettes, video discs, video compact discs and DVD format throughout the United States and other countries. The Company's sole member is UTV Software Communications Ltd., Mumbai, India.

Accounts Receivable

The Company provides an allowance for doubtful accounts equal to the estimated uncollectible amounts. The Company's estimate is based on historical collection experience and a review of the current status of trade accounts receivable. It is reasonably possible that the Company's estimate of the allowance for doubtful accounts will change. At September 30, 2004, the Company has not provided for any provision for doubtful accounts.

Inventories

Inventories consist of video cassettes and/or DVDs and are stated at the lower of average cost or market.

Amortization of Acquisition and Distribution Costs and Revenue Recognition

The Company amortizes the acquisition and distribution costs and accrue (expense) related costs using the individual-film-forecast-computation method,which amortizes or accrues (expenses) such costs in the same ratio that current period actual revenue (numerator) bears to estimated remaining unrecognized ultimate revenue as of the beginning of the current fiscal year (denominator). The Company begins amortization of such capitalized costs when a film is released and begins to recognize the revenue from that film. At September 30, 2004, the Company considers that both films purchased during the period have no future revenue potential, except for the costs of DVDs included in inventories.

Property, Equipment and Depreciation

Property and equipment is stated at cost. Major expenditures for property and expenditures, which substantially increase useful lives, are capitalized. Maintenance repairs and minor renewals are expensed as incurred. When assets are retired or otherwise disposed of, their costs and related accumulated depreciation is removed from the accounts and resulting gains or losses are included in operations. Depreciation is computed by using straight-line methods over the estimated useful lives of the related assets.

Cash and Cash Equivalents

For the purpose of the statement of cash flows, the Company considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

Income Taxes

The Company is treated as a disregarded entity for the income tax purposes. Consequently, income taxes are not payable by, or provided for the Company. The Company, however provides New York State franchise fees, for doing business in New York. The member is taxed individually on Company earnings and losses.

Shipping Costs

Shipping costs are included in cost of operations.

Advertising and Promotion Costs

Advertising and promotion costs are expensed as incurred and included in cost of operations. For the period ended September 30, 2004, such costs totaled $ 69,145.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumption that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

UTV SOFTWARE COMMUNICATIONS LIMITED

ACCOUNTING RATIOS

(Rs. in '000)

Particulars		Period ended Sept 30th, 2004	Financial year ended March 31, 2004	Financial year ended March 31, 2003	Financial year ended March 31, 2002	Financial year ended March 31, 2001	Financial year ended March 31, 2000
Net profit/ (loss), as restated (Note 3)	A	136,682	84,693	89,916	42,549	91,806	73,364
Weighted Average No. of Equity Shares							
Pre Consolidation (Note 1 and 2)	B	29,711,802	29,115,735	28,811,986	23,879,276	21,735,652	18,627,452
Post Consolidation (Note 1 and 2)	C	14,855,901	14,557,868	14,405,993	11,939,638	10,867,826	9,313,726
Net worth or net assets	D	664,290	589,815	807,675	602,440	1,005,042	399,331
Key Accounting Ratios							
Earnings Per Share							
Pre Consolidation	A/B	4.60	2.91	3.12	1.78	4.22	3.94
Post Consolidation	A/C	9.20	5.82	6.24	3.56	8.45	7.88
Return on Net Worth	A/D	20.6%	14.4%	11.1%	7.1%	9.1%	18.4%
Net Asset Value Per Share							
Pre Consolidation	D/B	22.36	20.26	28.03	25.23	46.24	21.44
Post Consolidation	D/C	44.72	40.52	56.07	50.46	92.48	42.88

NOTES:

1. The shareholders in the EGM held on July 31, 2000 had approved the sub- division of equity shares of face value of Rs. 10/- each into 2 equity shares of face value of Rs. 5/- each. Subsequent to this sub- division, the authorized equity share capital of Rs. 1,50,000 (Rs. in '000) was divided into 30,00,000 shares of Rs. 5/- and the issued, subscribed and paid up capital of Rs. 93,137 (Rs. in '000) had been divided into 18,627,452 equity shares of Rs. 5/- each.
2. Pursuant to the approval of the Shareholders of the Company at the Extra Ordinary General Meeting held on July 08, 2004; 29,187,208 Equity Shares of Rs. 5/- each have been consolidated into 14,593,608 Equity Shares of Rs. 10/- each fully paid up, after allotting 8 fresh shares of Rs. 5/- each to 8 Equity Shareholders who originally held odd number of shares to facilitate the consolidation.

   Accordingly, in view of Notes 1 and 2 above, the ratios have been computed on the basis of no. of Equity Shares both post split as well as post consolidation.
3. For ratio analysis, net profit for the half year ended September 30, 2004 has been annualised for comparison purposes. The results for the six months ended September 30, 2004 may not be indicative of the results of the entire year.

UTV SOFTWARE COMMUNICATIONS LIMITED

CAPITALISATION STATEMENT

(Rs. in '000)

Particulars	As at Sept 30, 2004	As adjusted for the issue*
Loan Funds		
Long Term	52,553	52,553
Short term	189,505	189,505
	242,058	**242,058**
Shareholder's Funds		
Share Capital	149,936	194,936
Reserves & Surplus	514,354	1,054,354
Less: Miscellaneous Expenditure	-	-
	664,290	**1,249,290**
Debt/ Equity	**0.36**	**0.19**
Long term Debt/ Equity Ratio	**0.08**	**0.04**

NOTE:*

1. Adjustment is made considering that the enter (Fresh) issue is fully subscribed
2. The Financial investors are selling their stake in the Company to the extent of 2,499,950 Equity Share and accordingly no money is received by the Company from this offer. Therefore, to the this extent their is no change in the capitalisation statement, pre and post issue.

The issue price of Rs. 130 has been determined on the basis of the demand from the investors through the book-building process and is justified based on the above accounting ratios.

UTV SOFTWARE COMMUNICATIONS LIMITED

STATEMENT OF TAXATION

(Rs. in '000)

Particulars		Period ended Sept 30th, 2004	Financial year ended March 31, 2004	Financial year ended March 31, 2003	Financial year ended March 31, 2002	Financial year ended March 31, 2001	Financial year ended March 31, 2000
Profit before tax as per books	**A**	27,667	89,417	64,840	29,166	142,278	60,898
Tax rate (%) (Normal)	**B**	36.593	35.875	36.75	35.70	39.55	38.50
Tax at Normal Rate	**C=A*B**	10,124	32,078	23,829	10,412	56,271	23,446
Adjustments:							
Permanent Differences							
Deduction U/s 80-HHF		-	-	-	-	(12,768)	(17,266)
Dividend		-	-	-	-	-	(13,625)
Sale of Music Right		-	-	-	-	-	35,000
Animation prog w/off		-	-	-	(52,034)	-	-
Misc. disallowances		-	-	100	206	1,215	3,793
	D	-	-	100	(51,828)	(11,553)	7,902
Temporary Differences							
Difference between Tax & Book depreciation		4,161	9	(16,498)	(17,391)	(14,849)	6,430
Provision for Gratuity		966	2,493	(6,984)	521	(218)	1,026
Provision for Doubtful Debts		3,559	(4,562)	-	20,000	(17,941)	(6,304)
Bonus disallowed in last year		-	-	-	(1,147)	-	-
Provision for Leave Encashment		443	(1,976)	(2,052)	-	-	-
Deferred Revenue Expenses		-	-	-	-	-	-
C/f Loss/ Depreciation		-	-	(40,965)	-	(67,381)	(139,690)
P/ (L) on Sale of Assets		565	1,829	1,119	2,024	107	526
Development Cost			(316)	(316)	(316)	(316)	-
Gain on Sale of Investments not pertaining to PY		(22,878)	(2,164)	-	(4,407)	-	
Provision- dimunition in value of assets		-	-	-	-	-	1,500

(Rs. in '000)

Particulars		Period ended Sept 30th, 2004	Financial year ended March 31, 2004	Financial year ended March 31, 2003	Financial year ended March 31, 2002	Financial year ended March 31, 2001	Financial year ended March 31, 2000
Donation		1,200	500	2,025	-	20	(3)
Provision for Loans & Advances		6,720	6,779	-	-	-	-
Provision for Irrecoverable Deposits		-	-	-	-	-	4,379
Provision for TDS Penalty			382	-	-	-	-
Amortised cost of programmes allowed in previous years		(101,742)	(48,935)	(1,269)	(2,958)	5,575	63,336
Amortisation of amalgamation expenses		(158)					
Receivables, inventories and other current assets written off (Refer Note 2)		-	(110,274)	-	-	-	-
	E	(107,164)	(156,235)	(64,940)	(3,674)	(95,003)	(68,800)
Net Adjustments	**F=D+E**	(107,164)	(156,235)	(64,840)	(55,502)	(106,556)	(60,898)
Tax Saving thereon	**G=F*B**	(39,214)	(56,049)	(23,829)	(19,814)	(42,143)	(23,446)
Profit/(Loss) as per Income Tax as returned	**H=A+D+E**	(79,497)	(66,818)	-	(26,336)	35722	-
Tax payable at Normal rates		-	-	-	-	14128	-
Taxable Income as per MAT		27,667	89,417	64,840	29,166	142,342	12,081
Tax rate (%) (MAT)		7.84%	7.69%	7.88%	7.65%	8.48%	38.5%
Tax as per MAT		2,169	6,874	5,106	2,231	12,064	4,651
Tax payable - Higher of Normal rate /MAT as per return		2,169	6,874	5,106	2,231	14,128	4,651

NOTE:

1. The above statement has been prepared based on information from Income Tax Computations filed with the tax returns for the Previous years 2003-04, 2002-03, 2001-02, 2000-01, 1999-2000 and the provisional computation for the six months ended September 30, 2004 and not based on assessed income. Further Income Tax Department has passed the order of Block Assessement (April 1, 1995 to September 4, 2001) under section 158BC. The balance demand on undisclosed income of Rs.63286 ('000) amounts to Rs 29635 ('000). Further, the penalty proceedings are directed under section 158 BFA(2). No liability is provided by the company for the same as appeal against the same is filed.
2. The above timing difference was not considered for the purpose of Deferred Tax Computation at the time of finalising the financial statements for the year ended March 31, 2004. The same has been considered while filing the Income Tax return for the year ended March 31, 2004 and finalising the financial statement for the period ended September 30, 2004.

ANNEXURE IX

UTV SOFTWARE COMMUNICATIONS LIMITED

PRINCIPAL TERMS OF LOANS & ASSETS CHARGED AS SECURITY

(Rs. in '000)

Name of the Bank/ Party	Nature of Loan	Loan Amount Sanctioned	Amount O/s as on 31.09.2004	Rate of Interest	Repayment Schedule	Security Offered
Secured Loan						
Citibank N. A.	Cash Credit	5,000	-	13%	Rolling	First Charge on Inventories, Debtors & moveable Fixed Assets on pari pasu basis. Personal Guarantee of Director
Citibank N. A.	Bill Discounting	65,000	-	10.5%	60 days	
Standard Chartered	Cash Credit	25,000	5,416	12.50%	Rolling	-Do-
	Working Capital Demand Loan	45,000	-	10.60%	Rolling	
Oriental Bank of Commerce	Cash Credit	55,000	53,471	10.50%	Rolling	-Do-
HDFC Bank	Cash Credit	10,000	4,873	15.50%	Rolling	-Do-
	Working Capital Demand Loan	40,000	40,000	10.50%	Rolling	
UTI Bank	Cash Credit	50,000	48,369	10.50%	Rolling	-Do-
	Working Capital Term Loan	50,000	50,000	10.50%	12 months moratorium. Payment in twelve monthly instalments	-Do-
Kotak Mahindra Bank	Bills Discounting	53,770	27,375	7.50%	75 days	Nil Charge
	A	**398,770**	**229,505**			
Obligations under Hire Purchase						
Kotak Mahindra Primus Ltd.	Obligations under hire purchase	**1,423**	**1,423**	-	36 monthly instalments	Vehicles acquired under hire purchase
ICICI Bank Ltd.	-Do-	**1,130**	**1,130**	-	-Do-	-Do-
	B	**2,553**	**2,553**			
Unsecured Loan						
Sakura Capital India Ltd		10,000	10,000	11%	90 days	Nil Charge
	C	**10,000**	**10,000**			
	D=A+B+C	**411,323**	**242,058**			

UTV SOFTWARE COMMUNICATIONS LIMITED

DIVIDENDS

We further report that the dividends (subject to deduction of tax at source) declared by UTV Software Communications Limited in respect of the five financial years ended March 31, 2004 and the six months period ended September 30, 2004 are as under:

(Rs. in '000)

Particulars	As at Sept 30, 2004	As at March 31, 2004	As at March 31, 2003	As at March 31, 2002	As at March 31, 2001	As at March 31, 2000
Equity Share Capital	149,936	145,936	145,021	119,771	119,021	93,137
Rate of Dividend	-	-	-	-	12.50%	20%
Amount of Dividend	-	-	-	-	14,878	18,628
Dividend Tax	-	-	-	-	1,518	4,098

UTV SOFTWARE COMMUNICATIONS LIMITED

OTHER INCOME

(Rs. in '000)

Particulars	Period ended Sept 30th, 2004	Financial year ended March 31, 2004	Financial year ended March 31, 2003	Financial year ended March 31, 2002	Financial year ended March 31, 2001	Financial year ended March 31, 2000	Nature of Income
Dividend from Subsidiaries	-	-	-	-	-	13,625	Recurring
Gain on Foreign Exchange Transactions	29	-	-	1,298	3,972	2,692	Recurring
Provision no longer required written back	276	2,000	3,615	-	-	2,286	Non-recurring
Writeback of creditors	-	-	5,927	-	-	-	Non-recurring
Provision for doubtful debts no longer reqd. w/back	-	4,562	-	-	-	-	Non-recurring
Misc. Income	1,516	730	266	1,596	237	328	Non-recurring
Sale of Import License	-	-	-	-	-	-	Non-recurring
Gain on sale of Investments	22,878	2,164	-	15,681	-	-	Non-recurring
Gain on sale of Internet Rights	-	-	-	-	-	37,500	Non-recurring
	24,699	**9,456**	**9,808**	**18,575**	**4,209**	**56,431**	

Annexure XII

STATEMENT OF POSSIBLE BENEFITS AVAILABLE TO UTV SOFTWARE COMMUNICATIONS LIMITED AND ITS SHAREHOLDERS

Under the Income-tax Act, 1961 (' the Act')

1. Benefits to the company

1.1. Dividends exempt under section 10(34)

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

1.2. Computation of capital gains

1.2.1 Capital assets may be categorised into short term capital assets and long term capital assets based on the period of holding. All capital assets (except shares held in a company or any other listed securities or units of UTI or specified Mutual Fund units) are considered to be long term capital assets if they are held for a period more than 36 months. Shares held in a company, any other listed securities, units of UTI and specified mutual fund units are considered as long term capital assets if these are held for a period more than 12 months. The gains arising from the sale / transfer of long term capital assets would be considered as long term capital gains and in case of short term capital assets it would be considered as short term capital gains.

1.2.2 Section 48 of the Act, which prescribes the mode of computation of capital gains, provides for deduction of cost of acquisition / improvement and expenses incurred in connection with the transfer of a capital asset, from the sale consideration to arrive at the amount of capital gains. However, in respect of long term capital gains, arising on capital assets excluding bond or debentures other than capital indexed bonds issued by the Government, it offers a benefit by permitting substitution of cost of acquisition / improvement with the indexed cost of acquisition / improvement, which adjusts the cost of acquisition / improvement by a cost inflation index, as prescribed from time to time. Further, as per the proviso to section 48 inserted by the Finance (No. 2) Act, 2004 no deduction would be allowed for any sum paid on account of securities transaction tax while computing capital gains.

1.2.3 As per the provisions of section 112(1)(b) of the Act, long term gains (in cases not covered under section 10(38) of the Act) would be subject to tax at a rate of 20 percent (plus applicable surcharge and education cess). However, as per the proviso to section 112(1), if the tax payable on long term capital gains resulting on transfer of listed securities or units, calculated at the rate of 20 percent with indexation benefit exceeds tax payable on the gains computed at the rate of 10 percent without indexation benefit, then such gains are chargeable to tax at the rate of 10 percent without indexation benefit (plus applicable surcharge and education cess).

1.2.4 Under the newly inserted section 111A of the Act short term capital gains arising on sale of share or a unit of an equity oriented fund where the transaction of sale is entered into on a recognized stock exchange in India, on or after the date on which Chapter VII of the Finance Act, 2004 comes into force shall be subject to tax at the rate of 10 percent (plus surcharge and education cess).

1.3 Exemption of capital gain from income tax

1.3.1 The Finance (No. 2) Act, 2004 has inserted section 10(38) exempting long-term capital gains arising from the sale of equity shares in a company or a unit of an equity oriented fund subject to the following conditions:

- the sale transaction has been entered on or after the notified date i.e. October 01, 2004; and
- the transaction is chargeable to securities transaction tax ('STT').

1.3.2 As per the provisions of section 54EC of the Act and subject to the conditions specified therein, capital gains arising to the company on transfer of a long term capital asset (in cases not covered under section 10(38) of the Act) shall not be chargeable to tax to the extent such capital gains are invested in certain notified bonds within six months from the date of transfer. However, if the company transfers or converts the notified bonds into money within a period of three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the bonds are transferred or converted into money.

1.3.3 As per the provisions of section 54ED of the Act and subject to the conditions and extent specified therein, capital gains arising from transfer of long term assets (in case not covered under section 10(38) of the Act)being listed securities or units shall not be chargeable to tax to the extent such gains are invested in acquiring equity shares forming part of an "eligible issue of share capital" within six months from the date of transfer of the long term assets. Eligible issue of share capital has been defined as an issue of equity shares which satisfies the following conditions:

- the issue is made by a public company formed and registered in India; and
- the shares forming part of the issue are offered for subscription to the public.

There is a legal uncertainty over whether the benefit under this section can be extended to shares forming part of the offer for sale by the selling shareholders.

1.4 As per section 88E of the Act, the securities transaction tax paid in respect of the taxable securities transactions entered into in the course of business would be eligible for rebate from the amount of income-tax on the income chargeable under the head 'Profit and gains of business or profession' arising from taxable securities transactions.

2. Benefits to resident shareholders

2.1 Dividends exempt under section 10(34)

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

2.2 Computation of capital gains

2.2.1 Capital assets may be categorised into short term capital assets and long term capital assets based on the period of holding. All capital assets (except shares held in a company or any other listed securities or units of UTI or specified Mutual Fund units) are considered to be long term capital assets if they are held for a period more than 36 months. Shares held in a company, any other listed securities, units of UTI and specified Mutual Fund units are considered as long term capital assets if these are held for a period more than 12 months. The gains arising from the sale / transfer of long term capital assets would be considered as long term capital gains and in case of short term capital assets it would be considered as short term capital gains.

2.2.2 Section 48 of the Act, which prescribes the mode of computation of capital gains, provides for deduction of cost of acquisition / improvement and expenses incurred in connection with the transfer of a capital asset, from the sale consideration to arrive at the amount of capital gains. However, in respect of long term capital gains, arising on capital assets excluding bond or debentures other than capital indexed bonds issued by the Government, it offers a benefit by permitting substitution of cost of acquisition / improvement with the indexed cost of acquisition / improvement, which adjusts the cost of acquisition / improvement by a cost inflation index as prescribed from time to time. Further, as per the proviso to section 48 inserted by the Finance (No. 2) Act, 2004 no deduction would be allowed for any sum paid on account of securities transaction tax while computing capital gains.

2.2.3 As per the provisions of section 112(1)(a) of the Act, long term gains (in cases not covered under section 10(38) of the Act) would be subject to tax at a rate of 20 percent (plus applicable surcharge and education cess). However, as per the proviso to section 112(1), if the tax payable on long term capital gains resulting on transfer of listed securities or units, calculated at the rate of 20 percent with indexation benefit exceeds the tax payable on gains computed at the rate of 10 percent without indexation benefit, then such gains are chargeable to tax at a concessional rate of 10 percent (plus applicable surcharge and education cess).

2.2.4 Under the newly inserted section 111A of the Act, short term capital gains arising on sale of share or a unit of an equity oriented fund where the transaction of sale is entered into on a recognized stock exchange in India, on or after the date on which Chapter VII of the Finance Act, 2004 comes into force shall be subject to tax at the rate of 10 percent (plus surcharge and education cess).

2.3 *Exemption of capital gain from income tax*

2.3.1 The Finance (No. 2) Act, 2004 has inserted section 10(38) exempting long-term capital gains arising from the sale of equity shares in a company or a unit of an equity oriented fund subject to the following conditions:

- the sale transaction has been entered on or after the notified date i.e. October 01, 2004; and

- the transaction is chargeable to securities transaction tax ('STT').

2.3.2 As per the provisions of section 54EC of the Act and subject to the conditions specified therein, capital gains arising on transfer of a long term capital asset (in case not covered under section 10(38) of the Act) shall not be chargeable to tax to the extent such capital gains are invested in certain notified bonds within six months from the date of transfer. However, if the said bonds are transferred or converted into money within a period of three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the bonds are transferred or converted into money.

2.3.3 As per the provisions of section 54ED of the Act and subject to the conditions specified therein, capital gains arising from transfer of long term assets (in cases not covered under section 10(38) of the Act) being listed securities or units shall not be chargeable to tax to the extent such gains are invested in acquiring equity shares forming part of an "eligible issue of share capital" within six months from the date of transfer of the long term assets (provided they are not transferred within one year of acquisition). Eligible issue of share capital has been defined as an issue of equity shares which satisfies the following conditions:

- the issue is made by a public company formed and registered in India; and
- the shares forming part of the issue are offered for subscription to the public.

There is a legal uncertainty over whether the benefit under this section can be extended to shares forming part of the offer for sale by the selling shareholders.

2.3.4 As per the provisions of section 54F of the Act and subject to the conditions specified therein, in the case of an individual or a Hindu Undivided Family ('HUF'), gains arising on transfer of a long term capital asset, not being a residential house (in cases not covered under section 10(38) of the Act) are not chargeable to tax if the entire net consideration received on such transfer is invested within the prescribed period in a residential house. If part of such net consideration is invested within the prescribed period in a residential house, then such gains would not be chargeable to tax on a proportionate basis. For this purpose, net consideration means full value of the consideration received or accrued as a result of the transfer of the capital asset as reduced by any expenditure incurred wholly and exclusively in connection with such transfer.

Further, if the residential house in which the investment has been made is transferred within a period of three years from the date of its purchase or construction, the amount if capital gains tax exempted earlier would become chargeable to tax as long term capital gains in the year in which such residential house is transferred.

2.4 As per section 88E of the Act, the securities transaction tax paid in respect of the taxable securities transactions entered into in the course of business would be eligible for rebate from the amount of income-tax on the income chargeable under the head 'Profit and gains of business or profession' arising from taxable securities transactions.

3. Benefits to Non-Resident / Non-Resident Indian shareholders

3.1. Dividends exempt under section 10(34)

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

3.2 Computation of capital gains

3.2.1 Capital assets may be categorised into short term capital assets and long term capital assets based on the period of holding. All capital assets (except shares held in a company or any other listed securities or units of UTI or specified Mutual Fund units) are considered to be long term capital assets if they are held for a period more than 36 months. Shares held in a company, any other listed securities, units of UTI and specified Mutual Fund units are considered as long term capital assets if these are held for a period more than 12 months. The gains arising from the sale / transfer of long term capital assets would be considered as long term capital gains and in case of short term capital assets it would be considered as short term capital gains.

3.2.2 Section 48 of the Act contains special provisions in relation to computation of long term capital gains on transfer of an Indian company's shares by non-residents. Computation of long-term capital gains arising on transfer of shares in case of non-residents has to be done in the original foreign currency, which was used to acquire the shares. The capital gain (i.e., sale proceeds less cost of acquisition/ improvement) computed in the original foreign currency is then converted into Indian Rupees at the prevailing rate of exchange. Further, as per the proviso to section 48 inserted by the Finance (No. 2) Act, 2004 no deduction would be allowed for any sum paid on account of securities transaction tax while computing capital gains.

3.2.3 In case investment is made in Indian rupees, the capital gains is to be computed after indexing the cost. As per the provisions of section 112(1)(c) of the Act, long term gains (in cases not covered under section 10(38) of the Act) would be subject to tax at a rate of 20 percent (plus applicable surcharge and education cess). However, as per the proviso to section 112(1), if the tax payable on long term capital gains resulting on transfer of listed securities or units, calculated at the rate of 20 percent with indexation benefit exceeds the tax payable on gains computed at the rate of 10 percent without indexation benefit, then such gains are chargeable to tax at a concessional rate of 10 percent (plus applicable surcharge and education cess).

3.2.4 Under the newly inserted section 111A of the Act, short term capital gains arising on sale of share or a unit of an equity oriented fund where the transaction of sale is entered into on a recognized stock exchange in India, on or after the date on which Chapter VII of the Finance Act, 2004 comes into force shall be subject to tax at the rate of 10 percent (plus surcharge and education cess).

3.3 Capital gains tax - Options available to a Non-resident Indian under the Act

Where shares have been subscribed in convertible foreign exchange, the non-resident indians [as defined in section 115C(e) of the Act], being shareholders of an Indian company, have the option of being governed by the provisions of Chapter XII-A of the Act, which *inter alia* entitles them to the following benefits in respect of income from shares of an Indian company acquired, purchased or subscribed to in convertible foreign exchange:

As per the provisions of section 115D read with section 115E of the Act and subject to the conditions specified therein, long term capital gains (in cases not covered under section 10(38) of the Act) arising on transfer of an Indian company's shares, will be subject to tax at the rate of 10 percent (plus applicable surcharge and education cess), without indexation benefit.

As per the provisions of section 115F of the Act and subject to the conditions specified therein, gains arising on transfer of a long term capital asset (in cases not covered under section 10(38) of the Act) being shares in an Indian company shall not be chargeable to tax if the entire net consideration received on such transfer is invested within the prescribed period of six months in any specified asset or savings certificates referred to in section 10(4B) of the Act. If part of such net consideration is invested within the prescribed period of six months in any specified asset or savings certificates referred to in section 10(4B) of the Act then such gains would not be chargeable to tax on a proportionate basis. For this purpose, net consideration means full value of the consideration received or accrued as a result of the transfer of the capital asset as reduced by any expenditure incurred wholly and exclusively in connection with such transfer.

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

As per the provisions of section 115G of the Act, non-resident indians are not obliged to file a return of income under section 139(1) of the Act, if their only source of income is income from investments or long term capital gains earned on transfer of such investments or both, provided tax has been deducted at source from such income as per the provisions of Chapter XVII-B of the Act.

Under section 115H of the Act, where the non-resident indian becomes assessable as a resident in India, he may furnish a declaration in writing to the Assessing Officer, along with his return of income for that year under section 139 of the Act to the effect that the provisions of the Chapter XII-A shall continue to apply to him in relation to such investment income derived from the specified assets for that year and subsequent assessment years until such assets are converted into money.

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

3.4 Exemption of capital gain from income tax

3.4.1 The Finance (No. 2) Act, 2004 has inserted section 10(38) exempting long-term capital gains arising from the sale of equity shares in a company or a unit of an equity oriented fund subject to the following conditions:

- the sale transaction has been entered on or after the notified date i.e. October 01, 2004; and
- the transaction is chargeable to securities transaction tax ('STT').

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

3.4.3 As per the provisions of section 54ED of the Act and subject to the conditions specified therein, capital gains arising from transfer of long term assets, (in cases not covered under section 10(38) of the Act) being listed securities or units shall not be chargeable to tax to the extent such gains are invested in acquiring equity shares forming part of an "eligible issue of share capital" within six months from the date of transfer of the long term assets. Eligible issue of share capital has been defined as an issue of equity shares which satisfies the following conditions:

- the issue is made by a public company formed and registered in India; and
- the shares forming part of the issue are offered for subscription to the public.

There is a legal uncertainty over whether the benefit under this section can be extended to shares forming part of the offer for sale by the selling shareholders.

3.4.4 As per the provisions of section 54F of the Act and subject to the conditions specified therein, in the case of an individual or a Hindu Undivided Family ('HUF'), gains arising on transfer of a long term capital asset, not being a residential house (in cases not covered under section 10(38) of the Act) are not chargeable to tax if the entire net consideration received on such transfer is invested within the prescribed period in a residential house. If part of such net consideration is invested within the prescribed period in a residential house, then such gains would not be chargeable to tax on a proportionate basis. For this purpose, net consideration mean full value of the consideration received or accrued as a result of the transfer of the capital asset as reduced by any expenditure incurred wholly and exclusively in connection with such transfer.

Further, if the residential house in which the investment has been made is transferred within a period of three years from the date of its purchase or construction, the amount of capital gains tax exempted earlier would become chargeable to tax as long term capital gains in the year in which such residential house is transferred.

3.5 As per section 88E of the Act, the securities transaction tax paid in respect of the taxable securities transactions entered into in the course of business would be eligible for rebate from the amount of income-tax on the income chargeable under the head 'Profit and gains of business or profession' arising from taxable securities transactions.

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

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

4. Benefits to Foreign Institutional Investors ('FIIs')

4.1. Dividends exempt under section 10(34)

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

4.2 Taxability of capital gains

4.2.1 The income by way of short term capital gains or long term capital gains (in cases not covered under section 10(38) of the Act) realized by FIIs on sale of shares in the company would be taxed @ 10% as per section115AD of the Act. However in case of such long term capital gains, the tax is levied on the capital gains computed without considering the cost indexation and protection against foreign exchange fluctuation)

4.2.2 Under the newly inserted section 111A of the Act, short term capital gains arising on sale of share or a unit of an equity oriented fund where the transaction of sale is entered into on a recognized stock exchange in India, on or after the date on which Chapter VII of the Finance Act, 2004 comes into force shall be subject to tax at the rate of 10 percent (plus surcharge and education cess).

4.3 Exemption of capital gain from income tax

4.3.1 The Finance (No. 2) Act, 2004 has inserted section 10(38) exempting long-term capital gains arising from the sale of equity shares in a company or a unit of an equity oriented fund subject to the following conditions:

- the sale transaction has been entered on or after the notified date i.e. October 01, 2004; and
- the transaction is chargeable to securities transaction tax ('STT').

4.3.2 As per the provisions of section 54EC of the Act and subject to the conditions specified therein, capital gains arising to the FII on transfer of a long term capital asset (in cases not covered under section 10(38) of the Act) shall not be chargeable to tax to the extent such capital gains are invested in certain notified bonds within six months from the date of transfer. However, if the FII transfers or converts the notified bonds into money within a period of three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the bonds are transferred or converted into money.

4.3.3 As per the provisions of section 54ED of the Act and subject to the conditions specified therein, capital gains arising from transfer of long term assets, (in cases not covered under section 10(38) of the Act) being listed securities or units shall not be chargeable to tax to the extent such gains are invested in acquiring equity shares forming part of an "eligible issue of share capital" within six months from the date of transfer of the long term assets. Eligible issue of share capital has been defined as an issue of equity shares which satisfies the following conditions:

- the issue is made by a public company formed and registered in India; and
- the shares forming part of the issue are offered for subscription to the public.

There is a legal uncertainty over whether the benefit under this section can be extended to shares forming part of the offer for sale by the selling shareholders.

4.4 As per section 88E of the Act, the securities transaction tax paid in respect of the taxable securities transactions entered into in the course of business would be eligible for rebate from the amount of income-tax on the income chargeable under the head 'Profit and gains of business or profession' arising from taxable securities transactions.

5. **Benefits to Mutual Funds**

As per the provisions of section 10(23D) of the Act, any income of mutual funds ('MF') registered under the Securities and Exchange Board of India Act, 1992 or regulations made thereunder, MF set up by public sector banks or public financial institutions or MF authorised by the Reserve Bank of India would be exempt from income tax, subject to the conditions as the Central Government may by notification in the Official Gazette specify in this behalf.

6. **Benefits to Venture Capital Companies / Funds**

As per the provisions of section 10(23FB) of the Act, any income of venture capital companies / funds registered with the Securities and Exchange Board of India, would be exempt from income tax, subject to the conditions specified.

7. **Benefits available under the Wealth-tax Act, 1957**

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

8. **Benefits available under the Gift-tax Act**

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

However, the Finance (No. 2) Act, 2004 has inserted clause (v) of sub-section 2 of section 56 stating that any sum exceeding Rupees Twenty-five thousand received without consideration by an individual or a Hindu undivided family from any person other than that specified in the clause, on or after September 01, 2004 would be taxed as income from other sources.

Notes:

1. All the above benefits are as per the current tax law as amended by the Finance (No. 2) Act, 2004.
2. In respect of non-residents, the tax rates and the consequent taxation mentioned above shall be further subject to any benefits available under the Double Taxation Avoidance Agreements, if any, between India and the country in which the non-resident has fiscal domicile.
3. In view of the general nature of tax consequences, each investor is advised to consult his/her own tax advisor with respect to specific tax consequences of his/her participation in the scheme.

Auditors’ Report to the Members of UTV Software Communications Limited

The Board of Directors,
UTV Software Communications Limited,
Parijaat House, 1076,
Dr. E. Moses Road,
Worli Naka,
Mumbai-400018

1. We have audited the attached Balance Sheet of UTV Software Communications Limited as at September 30, 2004, the related Profit and Loss Account and Cash Flow Statement for the six months ended on that date annexed thereto, which we have signed under reference to this report. These financial statements are the responsibility of the management of the Company. 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 check 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 further 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, 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, 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 Act;
   e. In our opinion and to the best of our information and according to the explanations given to us, the said financial statements read together with the notes thereon subject to Note 10 Schedule 23 relating to excess remuneration of Rs 2874 (‘000) paid to directors for the year ended 31st March, 2002 for which application is made to Central Government of India with consequential effect thereof on the accounts, give a true and fair view:
      i. in the case of the Balance Sheet, of the state of affairs of the Company as at September 30, 2004;
      ii. in the case of the Profit and Loss Account, of the profit for the six month period ended on that date; and
      iii. in the case of the Cash Flow Statement, of the cash flows for the six month period ended on that date.

For and on behalf of
Price Waterhouse & Co.
Chartered Accountants

P . N. Ghatalia
Partner
Membership No.- F09554

Mumbai,
November 23, 2004

UTV SOFTWARE COMMUNICATIONS LIMITED

Balance Sheet as at September 30, 2004

	Schedule No.		As at September 30, 2004 Rs. in Thousands		As at March 31, 2004 Rs. in Thousands
SOURCES OF FUNDS					
Shareholders' Funds					
Share Capital	**1**	**149,936**		**145,936**	
Share to be issued	**1a**	**-**		**-**	
Reserves and surplus	**2**	**509,689**	**659,625**	**434,013**	**579,949**
Loan Funds					
Secured Loans	**3**	**232,058**		**293,727**	
Unsecured Loans	**4**	**10,000**	**242,058**	**20,000**	**313,727**
Deferred Tax Liability	**5**		**70,504**		**35,416**
TOTAL			**972,187**		**929,092**
APPLICATION OF FUNDS					
Fixed Assets	**6**				
Gross Block		**212,726**		**209,097**	
Less : Accumulated Depreciation		**(137,212)**		**(127,487)**	
Net Block		**75,514**		**81,610**	
Capital Work In Progress		**900**	**76,414**	**-**	**81,610**
Investments	**7**		**72,964**		**299,721**
Deferred Tax Asset	**8**		**119,305**		**45,580**
Current Assets, Loans and Advances					
Inventories	**9**	**502,248**		**343,331**	
Sundry Debtors	**10**	**237,345**		**181,275**	
Cash and Bank Balances	**11**	**10,394**		**5,732**	
Other Current Assets	**12**	**723**		**-**	
Loans and Advances	**13**	**423,328**		**353,626**	
		1,174,038		**883,964**	

	Schedule No.		As at September 30, 2004 Rs. in Thousands		As at March 31, 2004 Rs. in Thousands
Less : Current Liabilities and Provisions					
Current liabilities	**14**	**464,770**		**377,074**	
Provisions	**15**	**5,764**		**6,396**	
		470,534		**383,470**	
Net Current Assets			**703,504**		**500,494**
Miscellaneous Expenditure (To the extent not written off or adjusted)	**16**		**-**		**1,687**
TOTAL			**972,187**		**929,092**

NOTES TO THE FINANCIAL STATEMENTS 23

Schedules referred to above and notes attached thereto form an integral part of the Balance Sheet

This is the Balance Sheet referred to in our report of even date.

P.N.Ghatalia
Partner
Membership No : F-09554

Ronald D'mello
Director Operations & Finance

Rohinton Screwvala
Managing Director

For and on behalf of
Price Waterhouse & Co.
Chartered Accountants

Gururaja Rao
Company Secretary

Ketan Dalal
Director

Place : Mumbai

Date : November 23, 2004

UTV SOFTWARE COMMUNICATIONS LIMITED

Profit and Loss Account for the period ended September 30, 2004

	Schedule No.		Period Ended September 30, 2004 Rs. in Thousands		Year Ended March 31, 2004 Rs. in Thousands
INCOME					
Sales and Services	17	638,429		977,525	
Other Income	18	24,699	663,128	9,456	986,981
EXPENDITURE					
Direct Cost	19	526,576		760,270	
Staff Cost	20	43,973		52,701	
Other Expenses	21	46,210	616,759	50,120	863,091
PROFIT BEFORE INTEREST, DEPRECIATION AND TAX			46,369		123,890
Less : Interest (net)	22		8,278		20,514
PROFIT BEFORE DEPRECIATION AND TAX			38,091		103,376
Less : Depreciation			10,424		13,959
PROFIT BEFORE TAX			27,667		89,417
Less : Provision for Taxation					
- Current (Includes Wealth Tax Rs. 21 ('000), Previous Year Rs.300 ('000))		2,190		7,174	
- Prior Years		438		4,541	
- Deferred		(38,637)	(36,009)	4,562	16,277
PROFIT AFTER TAX			63,676		73,140
Balance Profit brought forward			291,240		218,100
NET PROFIT AVAILABLE FOR APPROPRIATION			354,916		291,240

	Schedule No.		Period Ended September 30, 2004 Rs. in Thousands		Year Ended March 31, 2004 Rs. in Thousands
BALANCE CARRIED TO BALANCE SHEET			**354,916**		**291,240**
Earnings Per Share (Refer Note 18 (a) of Sch. 23)					
Basic			**4.29**		**5.02**
Diluted			**4.29**		**5.02**

NOTES TO THE FINANCIAL STATEMENTS 23

Schedules referred to above and notes attached thereto form an integral part of the Profit and Loss Account

This is the Profit and Loss Account referred to in our report of even date.

P.N.Ghatalia
Partner
Membership No : F-09554

Ronald D'mello
Director Operations & Finance

Rohinton Screwvala
Managing Director

For and on behalf of
Price Waterhouse & Co.
Chartered Accountants

Gururaja Rao
Company Secretary

Ketan Dalal
Director

Place : Mumbai

Date : November 23, 2004

UTV SOFTWARE COMMUNICATIONS LIMITED

CASH FLOW STATEMENT FOR THE PERIOD ENDED SEPTEMBER 30, 2004

		Sept 30, 2004 Rs. in Thousands	March 31, 2004 Rs. in Thousands
A.	**Cash flow from operating activities:**		
	Net Profit before Tax	27,667	89,417
	Adjustments for:		
	Depreciation	10,424	13,959
	Interest Expense	9,351	26,659
	Interest Income	(1,073)	(6,145)
	Loss on sale of Fixed Assets (Net)	565	1,829
	(Profit)/Loss on sale of Investments	(22,878)	(2,164)
	Amortisation of Television Programmes	8,202	10,936
	Irrecoverable Deposits, Employee Loans and Advances written off/ provided	7,120	7,387
	Bad & Doubtful Debts written off	3,559	-
	Provision for doubtful debt no longer required written back	-	(4,562)
	Provision no longer required written back	(276)	(2,000)
	Provision for Gratuity & Leave Encashment	(652)	(823)
	Amortisation of movie copyrights	10,294	6,682
	Loss/ (Gain) on Foreign Exchange transactions	(66)	(545)
	Other Provision	21	181
	Miscellaneous Expenditure written off	1,687	-
	Operating profit before working capital changes	**53,945**	**140,811**
	Adjustments for changes in working capital :		
	- (INCREASE)/DECREASE in Sundry Debtors	(59,629)	87,751
	- (INCREASE)/DECREASE in Other Receivables	(72,725)	(240,029)
	- (INCREASE)/DECREASE in Inventories	(168,310)	(81,037)
	- INCREASE/(DECREASE) in Trade and Other Payables	89,006	187,196
	Cash generated from operations	**(157,713)**	**94,692**
	- Taxes (Paid) / Received (Net of Tax Deducted at source)	(7,440)	(18,270)
	Net cash from operating activities (A)	**(165,153)**	**76,422**
B.	**Cash flow from Investing activities:**		
	Purchase of Fixed Assets		
	Additions during the period	(5,305)	(8,197)
	Capital Work in Progress	(900)	-
	Proceeds from Sale of Fixed Assets	413	2,844
	Proceeds from Sale of Investments	314,804	10,000
	Purchase of Investments	(65,169)	(1,020)
	Interest Received (Revenue)	1,063	6,371
	Net cash used in investing activities (B)	**244,906**	**9,998**

		Sept 30, 2004 Rs. in Thousands	March 31, 2004 Rs. in Thousands
C.	**Cash flow from financing activities:**		
	Proceeds form fresh issue of Share Capital (including Share Premium)	16,000	-
	Proceeds from Long Term Borrowings		
	RECEIPTS	-	156,233
	PAYMENTS	(101,197)	(36)
	Proceeds from short term borrowings		
	RECEIPTS	30,000	28,250
	PAYMENTS	-	(257,750)
	Proceeds from Cash Credits (NET)	(473)	(7,401)
	Interest Paid	(10,319)	(30,395)
	Interest Paid – Capitalised	(9,102)	(21,298)
	Net cash used in financing activities (C)	**(75,091)**	**(132,397)**
	Net Increase/(Decrease) in Cash & Cash Equivalents (A) + (B) + (C)	**4,662**	**(45,977)**
	Cash and Cash Equivalents as at 31.03.2004	**5,732**	**63,793**
	Cash transferred to United Entertainment Solutions Private Limited	**-**	**12,084**
	Cash and cash equivalents as at 30.09.2004	**10,394**	**5,732**
	Cash and Cash Equivalents Comprise		
	Cash, Cheques & Drafts (in hand) and Remittances in transit	1,242	1,115
	Balance with Scheduled Banks	9,152	4,617
		10,394	**5,732**

Notes :

1 The above Cash Flow Statement has been prepared under the indrect method setout in Accounting Standarad - 3 issued by the Institute of Chartered Accountants of India.

2 Figures in brackets indicate cash outgo.

This is the Cash Flow Statement referred to in our report of even date.

P.N.Ghatalia
Partner
Membership No : F-09554

Ronald D'mello
Director Operations & Finance

Rohinton Screwvala
Managing Director

For and on behalf of
Price Waterhouse & Co.
Chartered Accountants

Gururaja Rao
Company Secretary

Ketan Dalal
Director

Place : Mumbai

Date : November 23, 2004

UTV SOFTWARE COMMUNICATIONS LIMITED

Schedules forming part of the Balance Sheet and Profit and Loss Account

			As at September 30, 2004 Rs. In Thousands	As at March 31,2004 Rs. in Thousands
1	**SHARE CAPITAL**	**Notes**		
	AUTHORISED			
	21,000,000 Equity Shares of Rs.10/- each (Previous Year 42,000,000 Equity Shares of Rs.5/- each)	1	**210,000**	**210,000**
	ISSUED AND SUBSCRIBED (Refer Note 3 of Sch. 23)			
	14,993,608 Equity Shares of Rs. 10/- each (Previous Year 29,187,208 Equity Shares of Rs.5/- each)	2 & 3	**149,936**	**145,936**
	TOTAL		**149,936**	**145,936**
1a	**SHARES TO BE ISSUED**			
	As per last Balance Sheet		-	915
	Less : Issued during the year		-	(915)
	TOTAL		**-**	**-**

Notes:

1. Authorised Capital has reduced on account of consolidation of shares pursuant to shareholders approval in the Extraordinary General Meeting held on July 8, 2004
2. During the period 8,00,000 Equity Shares of Rs.5/- each were issued to the UTV Employees Welfare Trust at a premium of Rs.15/- per share, which were subsequently consolidated into 4,00,000 Equity Shares of Rs.10/- each.
3. Out of the issued and subscribed Share Capital, 67,05,882 Equity Shares of Rs.10/- each were issued without consideration in cash as Bonus Shares by capitalization of Share Premium in the F.Y. 1995-96 to the then existing Shareholders of the Company, 46,64,824 Equity Shares of Rs.5/- each (23,32,412 Equity Shares of Rs.10/- each) were issued without consideration in cash to various shareholders under a share swap arrangement in the F.Y. 2000-01 as part of consolidation exercise carried out in the said year and 182,932 Equity Shares of Rs.5/- each (91,466 Equity Shares of Rs.10/- each) were issued to shareholders of Western Outdoor Media Technologies Limited as per the Scheme of Arrangement for demerger of its studio division to the company in F.Y. 2003-04.

		As at September 30, 2004 Rs. In Thousands	As at March 31,2004 Rs. in Thousands
2	**RESERVES AND SURPLUS**		
	SHARE PREMIUM ACCOUNT		
	As per last Balance Sheet	135,130	439,604
	Add : Premium on shares issued (Refer Note 2 of Sch. 1)	12,000	-
		147,130	**439,604**
	Less : Write down pursuant to Scheme of Arrangement	**-**	(304,474)
		147,130	**135,130**
	GENERAL RESERVE		
	As per last Balance Sheet	7,643	7,643
		7,643	**7,643**
	PROFIT & LOSS ACCOUNT		
	As per annexed Profit and Loss Account	**354,916**	**291,240**
	TOTAL	**509,689**	**434,013**

UTV SOFTWARE COMMUNICATIONS LIMITED

Schedules forming part of the Balance Sheet and Profit and Loss Account

			As at September 30, 2004 Rs. In Thousands	As at March 31,2004 Rs. in Thousands
3	**SECURED LOANS**			
	Cash Credit From Banks [Includes Bill Discounting Account]	1	**139,505**	**139,977**
	Working Capital Demand Loan	1	**40,000**	
	Term Loan From Banks	2	**50,000**	**151,571**
	Others	3	**2,553**	**2,179**
	TOTAL		**232,058**	**293,727**

Notes :

1. Cash Credit and Working Capital Demand Loans from banks, repayable on demand, are secured by hypothecation of moveable fixed assets, inventories, book debts, programing properties and the personal guarantee of a director of the company.
2. Term loan facility represents twenty four months facility extended by UTI Bank. This facilitiy is secured by a pari passu charge on moveable fixed assets, inventories, book debts and programming properties of the company. These facilities, are further secured by the personal guarantee of a director of the company.
3. Secured against the hypothecation of vehicles.

4	**UNSECURED LOANS**		
	Inter Corporate Deposits	**10,000**	**20,000**
	TOTAL	**10,000**	**20,000**
5	**DEFERRED TAX LIABILITY (Refer Note 6 of Sch 23)**		
	Deferred Tax Liability		
	Arising on account of timing difference in :		
	- Depreciation	**6,227**	**7,225**
	- Inventories	**64,277**	**28,191**
	TOTAL	**70,504**	**35,416**

UTV SOFTWARE COMMUNICATIONS LIMITED

Schedule 6

Schedules forming part of the Balance Sheet As at September 30, 2004

	COST					DEPRECIATION / AMORTISATION					NET BLOCK	
Particulars	**Opening As at 01/04/04**	**Adjust- ments**	**Addi- tions**	**Dedu- ctions**	**As at 30/09/ 04 (A)**	**Opening As at 01/04/04**	**Adjust- ments**	**For the period #**	**Dedu- ctions**	**As at 30/09/ 04 (B)**	**As at 30/09/ 04 (A-B)**	**As at 31/03/04**
Leasehold Improvements	27,792	-			**27,792**	18,115	-	1,600	-	19,715	**8,077**	9,677
Plant & Machinery (a)	93,800	-	2,155		**95,955**	66,243	-	2,352	-	68,595	**27,360**	27,557
Furniture & Fixtures	44,523	-	570		**45,093**	19,804	-	4,695	-	24,499	**20,594**	24,719
Computers and Software	21,952	-	763		**22,715**	16,913	-	1,014	-	17,927	**4,788**	5,039
Office Equipments	11,140	-	387	25	**11,502**	3,417	-	262	-	3,679	**7,823**	7,723
Motor Vehicles (b)	9,890	-	1,431	1,652	**9,669**	2,995	-	501	699	2,797	**6,872**	6,895
Grand Total	**209,097**	**-**	**5,306**	**1,677**	**212,726**	**127,487**	**-**	**10,424**	**699**	**137,212**	**75,514**	**81,610**
Previous Year	781,372	573,578	8,196	6,893	209,097	280,508	164,760	13,959	2,220	127,487		
Capital work-in-progress (including capital advances)											**900**	**-**
											76,414	**81,610**

Refer Note 1 b (ii) of Sch. 23

Notes:

(a) The Net Book value of Plant and Machinery includes air conditioning plant amounting to Rs. 264 ('000) [2004 - Rs. 528 ('000)]. Although, the Company terminated its lease for the air conditioning in the year ended March 31, 1998, the title to the assets has yet to pass to the Company. The Company is seeking to obtain the title to these assets.

(b) The Net Book value of Motor Vehicles includes value of vehicles acquired under loan amounting to Rs 4083 ('000) [2004 - Rs. 2847 ('000)].

UTV SOFTWARE COMMUNICATIONS LIMITED

Schedule 7

Schedules forming part of the Balance Sheet as at September 30, 2004

	Nos. as at Sept 30, 2004	Nos. as at Mar 31, 2004	Face Value Rupees	As at Sept 30, 2004 Rs.in Thousands	As at Mar 31, 2004 Rs.in Thousands
INVESTMENTS (Long Term, Trade and Others)					
Equity Shares of Companies					
a) Subsidiary Companies (Unquoted)					
(i) UTV International Holdings Limited - BVI	250,000	250,000	1 USD	1	1
(ii) United Entertainment Solutions Private Limited	5,809,800	9,800	10	58,098	98
(iii) UTV Communications (USA) LLC	50,000	-	1 USD	2,271	-
b) Others (Quoted)					
Radaan Mediaworks India Limited	62,500	12,500	10	500	500
c) Others (Unquoted)					
(i) United Teleshopping and Marketing Company Limited	600,000	600,000	10	-	-
(ii) Unitas Creative Television Pvt. Limited	150,000	150,000	10	-	-
(iii) Vijay Television Pvt. Ltd. (Refer Note 5 of Sch. 23)	-	18,642,617	10	-	291,726
(iv) Homland Network Corporation	352,000	352,000	0.001 USD	2	2
(v) Media Capital Company (India) Private Limited	-	20,000	10	-	200
(vi) United Home Entertainment Private Limited (Refer Note 4 of Sch. 23)	490,000	-	10	4,900	-
Preference Shares of Companies					
a) Subsidiary Companies (Unquoted)					
(i) UTV International Holdings Limited - BVI	3,894,000	3,894,000	1 USD	7,187	7,189
b) Others (Unquoted)					
Homland Network Corporation	125,000	125,000	0.001 USD	5	5
TOTAL				**72,964**	**299,721**

	Cost Rs. in Thousands	Market value as at September 30, 2004 Rs. In Thousands	Cost Rs. in Thousands	Market value as at March 31, 2004 Rs. In Thousands
Aggregate Value of Quoted Investments	500	488	500	596
Aggregate Value of Unquoted Investments	72,464		299,721	
Total	**72,964**		**300,221**	

		As at September 30, 2004 Rs. In Thousands	As at March 31, 2004 Rs. In Thousands
8	**DEFERRED TAX ASSETS (Refer Note 6 of Sch 23)**		
	Deferred Tax Assets		
	Arising on account of timing difference in :		
	- Provision for Doubtful Debts	**20,509**	**18,831**
	- Provision for Loans and Advances	**4,940**	**2,432**
	- Unabsorbed losses & Depreciation	**87,198**	**17,407**
	- Provision for Gratuity	**988**	**1,248**
	- Provision for Leave encashment	**961**	**897**
	- Mat credit	**4,651**	**4,651**
	- Other	**58**	**114**
	TOTAL	**119,305**	**45,580**
9	**INVENTORIES**		
	(As certified by the Management)		
	Raw Stocks- Tapes and Films	**2**	**401**
	Unamortised cost of Completed		
	- Television Programmes	**1,373**	**8,039**
	- Movie Copyrights	**176,190**	**74,448**
	Unutilised Free Commercial Time	**28,082**	**10,516**
	Projects in Progress	**52,058**	**18,950**
	Films Under Productions (Refer Note 19 of Sch. 23)	**244,543**	**230,977**
	TOTAL	**502,248**	**343,331**

			As at September 30, 2004 Rs. In Thousands		As at March 31, 2004 Rs. In Thousands
10	**SUNDRY DEBTORS**				
	(Refer Note 7 of Sch. 23)				
	i. Over Six months				
	Billed				
	- considered good	4,537		10,485	
	- considered doubtful	56,051		52,492	
		60,588		62,977	
	Less : Provision for doubtful debts	56,051	4,537	52,492	10,485
	ii. Other Debts - considered good				
	Billed	227,755		156,361	
	Unbilled	5,053	232,808	14,429	170,790
	TOTAL		237,345		181,275
11	**CASH AND BANK BALANCES**				
	i. Cash and cheques on hand		1,242		1,115
	ii. Balance with Scheduled Banks				
	- Current Account		2,789		564
	- Fixed Deposit Account		6,271		3,961
	- Others		92		92
	TOTAL		10,394		5,732
12	**OTHER CURRENT ASSETS**				
	Interest Receivable		723		-
	TOTAL		723		-

		As at September 30, 2004 Rs. In Thousands		As at March 31, 2004 Rs. In Thousands
13 LOANS AND ADVANCES				
Unsecured & Considered Good unless otherwise stated				
Advances recoverable in cash or in kind or for value				
to be received (Refer Note 8 c of Sch. 23)		**37,863**		**32,126**
Unsecured Loan to United Entertainment Solutions Private Limited *		**205,825**		**171,525**
Loan to UTV Employees Welfare Trust		**16,000**		**-**
Advance to Suppliers	**32,977**		**32,584**	
Less : Provision for irrecoverable advance	**13,499**	**19,478**	**6,779**	**25,805**
Advance towards Share Capital (Refer Note 4 of Sch. 23)		**-**		**65,767**
Advances to Companies under the same management (Refer Note 8 of Sch. 23)		**96,136**		**16,844**
Advance Tax Less Provision		**26,352**		**21,533**
Other Deposits		**21,674**		**20,026**
TOTAL		**423,328**		**353,626**

* Maximum amount Outstanding during the year Rs.213761 ('000) (Previous Year Rs.171525 ('000))

14 CURRENT LIABILITIES		
Sundry Creditors for Capital Good , Materials & Expenses		
- Small Scale Industrial Undertakings (Refer Note 16 of Sch. 23)	-	**-**
- Advance from Associate Company	-	**28,000**
- Others	**152,968**	**129,085**
Advances from customers	**277,868**	**214,743**
Advance Billings	**18,567**	**3,205**
Unpaid Dividend *	**142**	**142**
Interest accrued but not due	**226**	**1,194**
Other Liabilities	**14,999**	**705**
TOTAL	**464,770**	**377,074**

* (There are no amounts due and outstanding to be credited to Investor Education and Protection Fund)

		As at September 30, 2004 Rs. In Thousands	As at March 31, 2004 Rs. In Thousands
15	**PROVISIONS**		
	Provision for Wealth Tax less payment	**54**	**34**
	Provision for Employees retirement benefits	**5,328**	**5,980**
	Others	**382**	**382**
	TOTAL	**5,764**	**6,396**
16	**MISCELLANEOUS EXPENDITURE (To the extent not written off or adjusted)**		
	Share Issue Expenses (Refer Note 1 i of Sch. 23)	**-**	**1,687**
	TOTAL	**-**	**1,687**

UTV SOFTWARE COMMUNICATIONS LIMITED

Schedules forming part of the Balance Sheet and Profit and Loss Account

		For the Period ended September 30, 2004 Rs. in Thousands	For the year ended March 31, 2004 Rs. in Thousands
17	**SALES AND SERVICES**		
	Sales and Service Revenues	**638,429**	**977,525**
	TOTAL	**638,429**	**977,525**
18	**OTHER INCOME**		
	Provision no longer required Written Back	**276**	**2,000**
	Provision for doubtful debt no longer required Written Back	**-**	**4,562**
	Gain on Foreign Exchange Fluctuation (Net)	**29**	**-**
	Miscellaneous Income	**1,516**	**730**
	Profit on Sale of investments	**22,878**	**2,164**
	TOTAL	**24,699**	**9,456**
19	**DIRECT COST**		
	Telecast Fees	**106,591**	**151,378**
	Cast and technicians' fees and commission	**87,428**	**122,636**
	Equipment hire,sets,costumes and venue hire	**30,732**	**53,249**
	Footage expenses	**376,230**	**416,225**
	Consumption of Rawstock of video tapes and films	**4741**	**18,032**
	Post production charges	**7,881**	**11,348**
	Traveling expenses	**1,578**	**3,407**
	Advertisement & publicity	**3,000**	**6,868**
	Amortisation of television programmes	**8202**	**10,936**
	Amortisation of movie copyrights	**10,294**	**6,682**
	Director's Commission	**80**	**135**
	Miscellaneous expenses	**23,607**	**25,340**
		660,364	**826,236**
	Less: Amounts inventorised		
	Towards Free Commercial Time and Unexploited Movie rights	**133788**	**65,966**
	TOTAL	**526,576**	**760,270**
20	**STAFF COST**		
	Salaries, wages, bonus and gratuity	**42,045**	**50,384**
	Contribution to Provident and other funds	**931**	**1,629**
	Staff Welfare	**997**	**688**
	TOTAL	**43,973**	**52,701**

		For the Period ended September 30, 2004 Rs. in Thousands		For the year ended March 31, 2004 Rs. in Thousands
21 OTHER EXPENSES				
Rent - Premises		**4,281**		**6,232**
Repairs and Maintenance				
Plant and Machinery	**61**		**231**	
Others	**1,801**	**1,862**	**2348**	**2,579**
Rates & Taxes		**163**		**156**
Insurance		**1,085**		**1,638**
Electricity Charges		**1,982**		**2,582**
Traveling & Conveyance Expenses		**3,683**		**3,842**
Communication & Postage Expenses		**1,978**		**2,229**
Provision for doubtful debts		**3,559**		**-**
Advertisement and Business Promotion Expenses		**4066**		**1,228**
Loss on sale on fixed assets (Net)		**565**		**1,829**
Loss on Foreign Exchange Fluctuation (Net)		**-**		**340**
Irrecoverable deposits, employees loans and advances written off / provided		**7120**		**7,387**
Directors' Sitting Fees		**35**		**105**
Miscellaneous Expenditure Written off		**1687**		**-**
Miscellaneous expenses (Refer Note 13 of Sch. 23)		**14144**		**19,973**
TOTAL		**46,210**		**50,120**
22 INTEREST (Net)				
Interest on Loan				
On Fixed Loans	**4,520**		**1,519**	
Others	**4,831**	**9,351**	**25,140**	**26,659**
Less : Interest Received :				
On Receivables and Others		**1,073**		**6,145**
Tax Deducted at Source Rs 10 ('000) [2004- Rs 212('000)]				
TOTAL		**8,278**		**20,514**

SCHEDULE 23 - NOTES TO THE FINANCIAL STATEMENTS

1 **Significant Accounting Policies :**

a **Basis of Accounting :**

The financial statements are prepared under the historical cost convention on an accrual basis and comply with the accounting standards issued by the Institute of Chartered Accountants of India referred to in Section 211 (3C) of the Companies Act, 1956.

b **Fixed Assets and Depreciation :**

(i) Fixed assets are stated at cost of acquisition less accumulated depreciation. The Company capitalises all costs relating to the acquisition and installation of fixed assets, including financing costs.

(ii) Depreciation is provided based on management estimate of useful lives of the fixed assets, on the straight line method prorata to the period of use or at the rates prescribed in Schedule XIV of the Companies Act, 1956, whichever is higher.

(iii) Leasehold Improvments are amortised over the period of lease.

c **Investments :**

Investments (all long term) are stated at cost, except where there is a diminution in value other than temporary, in which case requisite provision is made to write down the carrying value to recognise such decline.

Investments acquired under share swap arrangements are recognised at fair value of securities, issued by the company under the swap arrangement.

d **Inventories :**

(i) Unamortised Cost of programming

- Unamortised cost of completed television programs produced till March 31, 2000 are stated at cost or realisable value, whichever is lower. For television programmes produced on or after April 1, 2000, the entire cost of the programme is charged to income when the programmes are first exploited.
- The Company amortises 75% of the cost of movie rights acquired or produced by it, on first theatrical release of the movie. The said amortisation is made proportionately on Domestic Theatrical Rights, International Theatrical Rights, Television Rights, Music Rights and Video Rights based on Management estimate of revenues from each of these rights. In case of aforesaid rights not exploited alongwith or prior to the first theatrical release, proportionate appropriated cost of the said right is carried forward to be written off as and when such right is commercially exploited or at the end of One year from the date of first theatrical release, whichever occurs earlier. Balance 25% is amortised over the balance license period or based on management estimate of future revenue potential, as the case may be. The inventory, thus, comprises of unamortised cost of such movie rights.

(ii) Unutilised free commercial airtime (FCT) granted by the producer and/ or broadcaster under Airtime Sales Agreements is stated at lower of cost or net realisable value.

(iii) Projects in progress are stated at cost. Cost comprises the cost of materials, labour and overhead expenses.

(iv) Pilot episodes are stated at cost. Pilots are written off at the end of 3 years from the year of production of respective pilot, in case the same is not developed into a serial.

(v) Raw Stock and equipment spares are stated at lower of cost and net realisable value.

(vi) Borrowing costs are accounted on accrual basis.

(vii) The cost of funds borrowed specifically for the funding of a specific film is inventorised as part of cost of the film. The cost of funds borrowed generally is determined by applying a weighted average capitalization rate to the amount funded for the said film.

The Company evaluates the realisable value and/or revenue potential of year end inventory on an annual basis and appropriate write down is made in cases where accelerated write down is warranted.

e **Taxation :**

Provision for income tax has been made at the current tax rates based on assessable income or on the basis of Section 115JB of the Income Tax Act, 1961 (Minimum Alternate Tax) whichever is higher.

f **Deferred Taxation :**

Deferred Tax considering the prudence and virtual certainty resulting from timing differences between book and tax profits is accounted for under the liability method, at the current rate of tax, to the extent that the timing differences are expected to crystalise as deferred tax charges/benefits in the Profit and Loss Account and as deferred tax asset/ liability in the Balance Sheet.

g **Foreign Currency Transactions :**

The transactions in foreign exchange are accounted at the exchange rate prevailing on the date of transaction. Any exchange gains or losses arising out of the subsequent fluctuations of foreign currency assets and liabilities as at the period end reinstatment are accounted for in the Profit and Loss Account, except those relating to acquisition of fixed assets which are adjusted to the cost of assets.

h **Revenue Recognition :**

- Revenues on commissioned television programmes, commercials, in-flight programmes, dubbing and corporate documentary jobs are recognised on delivery. The amount recognised is the predetermined price, the collection of which is reasonably assured.
- Revenues from sale of airtime are recognised in the period during which the spots are aired.
- Revenues from licensing of owned television programmes and movies are recognised in accordance with the licensing agreement or on physical delivery of the programmes/movies, whichever is later.

i **Miscellaneous Expenditure :**

- Expenses incurred in connection with proposed initial public offering have been deferred at period-end to be adjusted against share premium arising out of this said initial public offering.

j **Retirement Benefits :**

- The Company has various schemes of retirement benefits such as Gratuity and Provident fund and the company's contributions are charged to the Profit and Loss Account. The gratuity scheme is administered through the Life Insurance Corporation of India (LIC). Annual contributions to the gratuity fund as determined by LIC are charged to the statement of Profit and Loss account. The additional liability arising out of difference between the actuarial valuation and the fund balance with the LIC is accrued at the period end.
- The Company accrues the leave encashment liability on the basis of actuarial valuation on unavailed accumulated leave balances at the period end.

		As at September 30, 2004 Rs. in Thousands	As at March 31, 2004 Rs. in Thousands
2	**Contingent liabilities not provided for :**		
(a)	Claims against the Company not acknowledged as debts	34,400	34,400
(b)	Sales Tax and Lease Tax	13,938	13,827
(c)	Appeals filed in respect of disputed demands :		
	Income Tax *	29,635	29,635
(d)	Bank guarantees/corporate guarantees/outstanding letter of credit for which the Company has given counter guarantees	145,798	39,038
(e)	Bank Guarantee against EPCG Commitment	9,614	8,863
(f)	Legal cases and claims filed against the Company	32,123	282

* Income Tax Department has passed the order of Block Assessement (April 1, 1995 to September 4, 2001) under section 158BC. The balance demand on undisclosed income of Rs.63286 ('000) amounts to Rs 29635 ('000). Further, the penalty proceedings are directed under section 158 BFA(2). No liability is provided by the company for the same as appeal against the same is filed.

3 The Company has discontinued its erstwhile ESOP Scheme. As on the 31st March 2004, the Company had 109270, options outstanding under the scheme, each option carrying the right to acquire two equity shares of the Company. Subsequent to the termination of the ESOP scheme, the Company has alloted 800000 Equity Shares of Rs.5/- each to an Employee Welfare Trust formed for the benefit of the employees of the Company.

4 During the period, Rs.58000 ('000) and Rs.4900 ('000) have been adjusted from advance against share capital to shares allotted in United Entertainment Solutions Private Limited and United Home Entertainment Private Limited. Vide Term Sheet dated June 28, 2004 between the Company, United Home Entertainment Private Limited and R.S. Screwvala, the Company has comitted to invest an further amount of Rs.194100 ('000) in aggregate in Equity and Convertible Preference Capital of United Home Entertainment Private Limited. Advances to the Company were Rs.79441 ('000) as on September 30, 2004.

5 The Company has divested it's entire stake in Vijay Television Private Limited to Star India Private Limited for an amount of Rs 315000 ('000s), thereby making a profit on sale of investment for Rs 22877 ('000s).

6 Deferred Tax

During the current period, the Company has accounted for deferred tax asset of Rs 48,801 ('000) for the period in the Profit & Loss Account in accordance with Accounting Standard 22- "Accounting for Taxes on Income " issued by The Council of Institute of Chartered Accountants of India.The management is of the opinion there will be sufficient future income against which the cumulative defered tax asset will be fully realised.

	As at September 30, 2004 (Rs. in Thousands)	As at March31, 2004 (Rs. in Thousands)
Deferred Tax Liability		
Depreciation	6,227	7,225
Inventories	64,277	28,191
	70,504	**35,416**
Deferred Tax Asset		
Provision for Doubtful debts	20,509	18,831
Provision for Loans and advances	4,940	2,432
Unabsorbed Losses & Depreciation	87,198	17,407
Provision for Gratuity	988	1,248
Provision for Leave Encashment	961	897
MAT credit	4,651	4,651
Other	58	114
	119,305	**45,580**
Net Deferred Tax Asset	**48,801**	**10,164**

7 Debtors include amounts due from bodies corporate under the same management: (All amounts in thousands of Indian Rupees)

Due from Subsidairies	**Maximum Amount O/s During the period**	**As at September 30, 2004**	**As at 31st March 2004**
Antah-UTV Multi-Media & Communications Sdn. Bhd	158	158	158
UTV Communications (USA) LLC	3,632	3,632	-
Due from Associate Companies :			
United Home Entertainment Private Limited	19,898	19,898	-
Vijay Television Pvt. Ltd.	6,900	2,521	6,625
Total		**26,209**	**6,783**

8 a) Advances/ Other Receivables from subsidiary / associate companies are as follows : (All amounts in thousands of Indian Rupees)

Associate/Subsidiary Companies	Maximum Amount O/s During the period	As at September 30, 2004	As at March 31, 2004
Television News & Entertainment (India) Limited.	11,543	11,543	11,543
Unilazer Export & Management Consultants Private Limited.	3,160	2,160	3,160
United Bristlers & Brushes Private Limited.	2,329	679	2,141
United Home Entertainment Private Limited	79,441	79,441	-
UTV Communications (USA) LLC	2,674	2,313	-
Total		**96,136**	**16,844**

b) Advances from/ Other Payables to subsidiary / associate companies are as follows : (All amounts in thousands of Indian Rupees)

Associate/Subsidiary Companies	Maximum Amount O/s During the period	As at September 30, 2004	As at March 31, 2004
Unilazer Export & Management Consultants Private Limited.	28,000	-	28,000
Television News & Entertainment (India) Limited.	12,500	-	-
Total		**-**	**28,000**

c) Advances recoverable in cash or kind include interest - free advances of Rs. 27,395 (Rs. '000) due from M/s Western Outdoor Media Technologies Limited (WOMTL) whose Studio Division was acquired by the Company during the year 2002-2003 through a process of demerger sanctioned by the Order of the Hon'ble Bombay High Court dated June 27, 2003. The said outstanding is considered good and recoverable by the management, from the continuing business operations of WOMTL.

9 **Remuneration to Directors :**

		Period ended September 30, 2004 Rs. in thousands	Year ended March 31, 2004 Rs. in thousands
(i)	Managerial Remuneration :		
	(a) Salaries	6,735	5,069
	(b) Perquisites	952	1,144
	(c) Commission	80	135
	Total	**7,767**	**6,348**

(ii)	Calculation of net profit under Section 198/349 of the Companies Act, 1956:		
	Profit before tax	**27,667**	**89,417**
	Add : Managerial remuneration	7,767	6,348
	In accordance with Section III of Schedule XIII of the Companies Act, 1956, remuneration drawn by a director from another company is also to be added for the purpose of ascertaining the overall limits.		
	Managerial remuneration drawn by Mr. Rohinton S Screwvala and Mr.Ronald D'mello from United Entertainment Solutions Private Limited [Salaries Rs.Nil (Previous Year Rs.3,264 ('000)) & Perquisites Rs.Nil (Previous Year Rs.475 ('000))]		3,739
	Loss on sale of fixed assets (net)	565	1,829
	Less:		
	Profit on sale of investments	22,878	-
	Net Profit under Section 198/349 of the Companies Act, 1956	**13,121**	**101,333**
	Remuneration Payable to Managing Director / Whole-time Directors :		
	At 10% of Net Profit Restricted to Rs. 1312 ('000)	**7,767**	**10,087**

(iii) Rs. 9,989 ('000) paid to directors for the year ended March 31, 2002 is in excess of the maximum remuneration guidelines as per schedule XIII of the Companies Act, 1956, by Rs. 2,874 ('000) for which the Company has made an application to the Central Government of India on July 22, 2002 and submitted details as required for excess remuneration paid to directors for the year.

		Period ended September 30, 2004 Rs. in Thousands	**Year ended March 31, 2004 Rs. in Thousands**
10	Value of imports calculated on CIF basis :		
	Capital equipment	-	501
11	Expenditure in foreign currency on account of		
(a)	Travelling	969	1,166
(b)	Footage Costs	1,717	1,331
(c)	Professional Fees	57	1,802
(d)	Others	697	850
12	Earning in foreign exchange on account of		
(a)	Exports Calculated on FOB basis	26,902	16,644
(b)	Royalty	820	2,033
(c)	Others	-	-
13	Miscellaneous Expenses include :		
	Auditors' remuneration in respect of :		
(a)	Audit Fees	700	1,400
(b)	Reimbursement of Out of Pocket Expenses	20	19
(c)	Other services	-	-

14 Related Party Disclosures as required by Accounting Standard AS 18" Related Parties Disclosures" issued by the Institute of Chartered Accountants of India are given below :

	Parties where control exists
United Entertainment Solutions Private Limited	Subsidiary Company
United Tele-Shopping & Marketing Limited	Shareholders in the Company
Unilazer Exports & Management Consultants Limited	Shareholders in the Company
Unilazer Hongkong Limited	Shareholders in the Company
Lazer Brushes Private Limited	Common Control
United Bristlers and Brushes Private Limited	Common Control
Trish Brushes Private Limited	Common Control
Unitas Creative Television Limited	Common Control
Television News and Entertainment (I) Limited	Common Control
Trish Credit Private Limited	Common Control
Shamsher Traders Private Limited	Common Control
Vijay Broadcasting Private Limited	Common Control
United Home Entertainment Private Limited	Common Control
Other Related Parties :	
Subsidiaries :	
UTV International Holdings Limited - (BVI)	Wholly owned Subsidiary
UTV Communications (USA) LLC	Wholly owned Subsidiary
Antah-UTV Multi-Media & Communications Sdn. Bhd	Subsidiary of UTV International Holdings Limited - (BVI)
Associate	
Vijay Television Pvt. Limited (upto August 4, 2004)	
Key Management Personnel :	
Whole-time Directors	
Rohinton Screwvala	CEO
Deven Khote	Creative Director
Zarina Mehta	Creative Director
Ronald D'mello	Operations & Finance
Non-Executive Directors	
Suketu Shah	
Darius Shroff	
Ketan Dalal	
Sanjaya Kulkarni	
Rahul Shah	
Frederic Beauvais	

Transactions with Related Parties : **(Rs. in Thousands)**

	Subsidiaries		Associates		Management Personnel	
	Period ended Sept. 30, 2004	Year ended March 31, 2004	Period ended Sept. 30, 2004	Year ended March 31, 2004	Period ended Sept. 30, 2004	Year ended March 31, 2004
Sale of goods						
- Vijay Television Pvt. Ltd. *	-	-	5,100	27,175	-	-
- UTV Communications (USA) LLC	6,960	-	-	-	-	-
- United Home Entertainment Private Limited	-	-	19,898	-	-	-
Purchase of Fixed Assets / Inventory					-	-
- United Entertainment Solutions Private Limited	-	41	-	-	-	-
- United Home Entertainment Private Limited	-	-	-	897	-	-
Sale of Fixed Assets /Inventory						
- United Entertainment Solutions Private Limited	4,786	7,224	-	-	-	-
- United Home Entertainment Private Limited	-	-	793	-	-	-
Receiving of services			-	-	-	-
- United Entertainment Solutions Private Limited	8,136	12,945	-	-	-	-
Finance (including loans & Equity contributions in cash or in kind)	-	-	4,900	-	-	-
Remuneration						
- Rohinton Screwvala	-	-	-	-	3,605	1,600
- Zarina Mehta	-	-	-	-	1,200	1,308
- Ronald D'mello	-	-	-	-	2,186	1,912
- Deven Khote	-	-	-	-	776	1,528
Guarantees and Collaterals	-	-	-	-		
- Antah- UTV Multi- Media & Communications Sdn. Bhd.	29,345	27,802	-	-	-	-
- United Entertainment Solutions Private Limited	9,614	-	-	-	-	-
- United Home Entertainment Private Limited	-	-	100,000	-	-	-

(Rs. in Thousands)

	Subsidiaries		Associates		Management Personnel	
	Period ended Sept. 30, 2004	Year ended March 31, 2004	Period ended Sept. 30, 2004	Year ended March 31, 2004	Period ended Sept. 30, 2004	Year ended March 31, 2004
Expenses Charged to						
- United Entertainment Solutions Private Limited	18,493	48,032	-	-	-	-
- United Bristlers & Brushes Private Limited	-	-	244	538	-	-
- United Home Entertainment Private Limited	-	-	4,524	6,357	-	-
- UTV Communications (USA) LLC	2,674			-	-	-
- Others			277	-	-	
Expenses Charged by						
- United Entertainment Solutions Private Limited	730	10,156	-	-	-	-
- UTV Communications (USA) LLC	362	-		-	-	-
- United Home Entertainment Private Limited			380	-	-	-
- Others			5	-	-	-
Advances Taken		-		-	-	-
- United Entertainment Solutions Private Limited	29,709	9,247	-	-	-	-
- Unilazer Exports & Management Consultants Limited	-	-	40,500	32,400	-	-
- Television News & Entertainment India Limited	-	-	12,500	30,000	-	-
- Others	-	-	6,700	1,486	-	-
Advances Given						
- United Entertainment Solutions Private Limited	29,634	123,018	-	-	-	-
- Television News & Entertainment India Limited	-	-	12,500	30,000	-	-
- Unilazer Exports & Management Consultants Limited	-	-	67,500	1,000	-	-
- United Home Entertainment Private Limited	-	-	76,637	2,000	-	-
Collections by						
- United Entertainment Solutions Private Limited	994	2,308	-	-	-	-

(Rs. in Thousands)

	Subsidiaries		Associates		Management Personnel	
	Period ended Sept. 30, 2004	Year ended March 31, 2004	Period ended Sept. 30, 2004	Year ended March 31, 2004	Period ended Sept. 30, 2004	Year ended March 31, 2004
Payments for						
- United Entertainment Solutions Private Limited	-	10,631	-	-	-	-
Payments for services						
- United Entertainment Solutions Private Limited	18,967	-	-	-	-	-
Collections against services rendered/ sale of goods						
- Vijay Television Pvt. Ltd. *	-	-	5,695	-	-	-
- UTV Communications (USA) LLC	3,328	-	-	-	-	-
Other Assets						
United Entertainment Solutions Private Limited	-	74,922	-	-	-	-
Other Liabilities	-	-	-	-	-	
- United Entertainment Solutions Private Limited	-	49,634	-	-	-	-
- Unilazer Exports & Management Consultants Limited	-	-	-	495	-	-
Outstanding Balance						
- Payable						
- Unilazer Exports & Management Consultants Limited	-	-	-	24,840	-	-
- Others	-	-	137	137	-	-
- Receivable						
- United Entertainment Solutions Private Limited	205,825	171,525	-	-	-	-
- Television News & Entertainment India Limited	-	-	11,543	11,543	-	-
- Vijay Television Pvt. Ltd. *	-	-	6,030	6,625	-	-
- United Home Entertainment Private Limited	-	-	99,339	7,767	-	-
- UTV Communications (USA) LLC	5,944	-	-	-	-	-
- Others	590	590	2,840	2,142	-	-

* Vijay Television Pvt. Limited has ceased to be an associate w.e.f August 4, 2004.

15 The Company is engaged in the production/making of media software, which requires various types, qualities and quantities of raw materials and inputs in different denominations. Due to the multiplicity and complexity of items, it is not practicable to maintain the quantitative record/continuous stock register, as the process of making program software is not amenable to it. Hence quantitative details are not maintained by the company as is the practice generally followed by companies in the Industry. Physical stock is taken at the end of the year.

		As at September 30, 2004	As at March 31, 2004
a	Licensed Capacity	N.A.	N.A.
b	Installed Capacity	N.A.	N.A.
c	Actual Production	N.A.	N.A.

16 Total Amount due to small scale industrial undertaking is Rs.Nil (Previous Year Rs.Nil). The names of the small scale industrial undertakings to whom the Company owes a sum which is outstanding for more than 30 days are not known since the requisite information is not available with the Company.

17 The Company's significant leasing arrangements are mainly in respect of residential / office premises. The aggregate lease rentals payable on these leasing arrangements are charged as rent under "Other Expenses" in Schedule 21.

These leasing arrangements are for a period not exceeding 5 years and are in most cases renewable by mutual consent, on mutually agreeable terms. The Company has placed a refundable deposit of Rs. 18051 ('000) [Previous Year Rs.18461 ('000)] in respect of these leasing arrangements.

18 a) The earning considered in ascertaining the Company's earnings per share comprise the net profit after tax. The number of shares used in computing basic earnings per share is the weighted average number of shares outstanding during the period. The number of shares used in computing diluted earnings per share comprises the weighted average shares considered for deriving basic earning per share, and also the weighted average number of shares, if any, which would have been issued on the conversion of all dilutive potential equity shares. The number of shares and potentially dilutive equity shares are adjusted for consolidation of shares.

	Period ended September 30, 2004	Year ended March 31, 2004
Profit after tax (Rs. In '000)	63,676	73,140
Weighted average number of shares for basic earnings per share (nos.)		
- Equity Shares of Rs. 10/- each fully paid up	14,855,901	14,557,868
Dilutive potential of		
- Deemed exercise of options lapsed (nos.)	-	43,732
Weighted average number of shares for diluted earnings per share (nos.)		
- Equity Shares of Rs. 10/- each fully paid up	14,855,901	14,579,734
Earning Per share (Rs)		
Basic	4.29	5.02
Diluted	4.29	5.02

b) Pursuant to the approval of the Shareholders of the Company at the Extra Ordinary General Meeting held on July 08, 2004; 29,187,208 Equity Shares of Rs. 5/- each have been consolidated into 14,593,608 Equity Shares of Rs. 10/- each fully paid up, after allotting 8 fresh shares of Rs. 5/- each to 8 Equity Shareholders who originally held odd number of shares to facilitate the consolidation, without receiving any payment in cash.

19 In accordance with the Company's accounting policy, 'Films under production' include Rs. 14,299 (Rs. In '000) as interest capitalised on movie projects under production.

SCHEDULE 23 (Contd.)

20 The business segment has been considered as the primary segment. The Company is organised into five main business segments namely 'Television', 'Acquisition & Sales', 'Movies', Advertisements & Documentaries' & 'Dubbing'.

The above business segments have been identified considering the different nature of activities carried on by these business divisions. Segment revenue, results, assets and liabilities have been accounted for on the basis of their relationship to the related business activities of the segment and amounts allocated on a reasonable basis to the business segment.

(Rs. In Thousands)

Particulars	**Television**		**Acquisition & sales**		**Movies**		**Dubbing**		**Advertisement & Documentaries**		**Others**		**Inter Segment Adjst**		**Total**	
	Sep 30, 2004	**March 31, 2004**	**Sep 30, 2004**	**March 31, 2004**	**Sep 30, 2004**	**March 31, 2004**	**Sep 30, 2004**	**March 31, 2004**	**Sep 30, 2004**	**March 31, 2004**	**Sep 30, 2004**	**March 31, 2004**	**Sep 30, 2004**	**March 31, 2004**	**Sep 30, 2004**	**March 31, 2004**
REVENUE																
External Revenue	**187,952**	307,123	**173,586**	323,383	**234,850**	269,157	**23,601**	33,922	**18,440**	43,195		745	-	-	**638,429**	**977,525**
Intersegment Revenue	**3,065**	7,734	-	-	-	-	-	-	-	-	-		**(3,065)**	(7,734)	-	-
Total Revenue	**191,017**	314,857	**173,586**	323,383	**234,850**	269,157	**23,601**	33,922	**18,440**	43,195	**-**	745	**(3,065)**	(7,734)	**638,429**	**977,525**
RESULT																
Segment Result	**6,570**	53,015	**20,806**	41,766	**15,041**	47,166	**3,959**	10,286	**4,132**	**7,586**	**(373)**	**128**			**50,135**	**159,947**
Less :																
Interest															**(8,278)**	**(20,514)**
Unallocable Other Expenditure															**(38,889)**	**(59,472)**
Add :Unallocable Other Income															**24,699**	**9,456**
Profit Before Taxation															**27,667**	**89,417**

(Rs. In Thousands)

Particulars	Television		Acquisition & sales		Movies		Dubbing		Advertisement & Documentaries		Others		Inter Segment Adjst		Total	
	Sep 30, 2004	March 31, 2004	Sep 30, 2004	March 31, 2004	Sep 30, 2004	March 31, 2004	Sep 30, 2004	March 31, 2004	Sep 30, 2004	March 31, 2004	Sep 30, 2004	March 31, 2004	Sep 30, 2004	March 31, 2004	Sep 30, 2004	March 31, 2004
OTHER INFORMATION																
Segment Assets	**141,216**	105,984	**147,117**	109,442	**450,038**	318,732	**20,668**	12,849	**6,967**	6,455	**553**	409	-	-	**766,559**	**553,871**
Unallocable Assets															**676,162**	**758,691**
Total Assets	**141,216**	105,984	**147,117**	109,442	**450,038**	318,732	**20,668**	12,849	**6,967**	6,455	**553**	409	-	-	**1,442,721**	**1,312,562**
Segment Liabilities	**56,184**	35,433	**50,954**	43,167	**277,053**	224,745	**23,001**	11,322	**9,203**	6,504	**456**	5,272		-	**416,851**	**326,443**
Unallocable Liabilities															**366,245**	**406,170**
Total Liabilities	**56,184**	35,433	**50,954**	43,167	**277,053**	224,745	**23,001**	11,322	**9,203**	6,504	**456**	5,272	-	-	**783,096**	**732,613**
Capital Expenditure (Excluding Capital Work in Progress)																
Segment capital Expenditure	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Unallocable capital Expenditure															-	
Total Capital Expenditure	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation																
Segment Depreciation	-	-	-	-	-	-	-	-	-	-	-	-		-	-	-
Unallocable Depreciation	-	-	-	-											**10,424**	**13,959**
Total Depreciation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**10,424**	**13,959**
Non Cash Expenses other than Depreciation																
Segment Non Cash Expenditure	**8,202**	10,936	-	-	**10,294**	6,682	-	-	-	-	-				**18,496**	**17,618**
Unallocable Non Cash Expenditure	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Non Cash Expenses other than Depreciation	**8,202**	10,936	-	-	**10,294**	6,682	-	-	-	-	-	-	-	-	**18,496**	**17,618**

(Rs. In Thousands)

Particulars	Television		Acquisition & sales		Movies		Dubbing		Advertisement & Documentaries		Others		Inter Segment Adjst		Total	
	Sep 30, 2004	March 31, 2004	Sep 30, 2004	March 31, 2004	Sep 30, 2004	March 31, 2004	Sep 30, 2004	March 31, 2004	Sep 30, 2004	March 31, 2004	Sep 30, 2004	March 31, 2004	Sep 30, 2004	March 31, 2004	Sep 30, 2004	March 31, 2004
GEOGRAPHICAL SEGMENT																
Revenue																
India	**191,017**	300,275	**173,586**	323,383	**227,890**	207,962	**23,601**	22,445	**18,440**	43,195	**-**	31	**(3,065)**	(7,734)	**631,469**	**889,557**
Outside India		14,582	-	-	**6,960**	61,195		11,477			**-**	714	-	-	**6,960**	**87,968**
	191,017	314,857	**173,586**	323,383	**234,850**	269,157	**23,601**	33,922	**18,440**	43,195	**-**	745	**(3,065)**	(7,734)	**638,429**	**977,525**
Assets																
India																
Segment Assets	**141,216**	105,984	**147,117**	109,442	**450,038**	318,732	**20,668**	12,849	**6,967**	6,455	**553**	409	-	-	**766,559**	**553,871**
Unallocable Assets															**676,162**	**758,691**
	141,216	105,984	**147,117**	109,442	**450,038**	318,732	**20,668**	12,849	**6,967**	6,455	**553**	409	-	-	**1,442,721**	**1,312,562**
Outside India	-	-	-	-							-	-	-	-	-	-

21 The previous year's figures are not strictly comparable with the current period. Further, the previous year's figures have been re-grouped, wherever necessary.

Signature to Schedules 1 to 23

P.N. Ghatalia
Partner
Membership No : F-09554
For and on behalf of

Price Waterhouse & Co.
Chartered Accountants

Place: Mumbai
Date: November 23, 2004

Ronald D'mello
Director Operations & Finance

Rohinton Screwvala
Managing Director

Gururaja Rao
Company Secretary

Ketan Dalal
Director

CONSOLIDATED FINANCIAL STATEMENTS

To,
The Board of Directors,
UTV Software Communications Limited,
Parijaat House,
1076, Dr. E. Moses Road,
Worli Naka,
Mumbai – 400 018

Dear Sirs,

1. We have audited the attached consolidated Balance Sheet of UTV Software Communications Limited and its subsidiaries (the group) as at September 30, 2004 and also the consolidated Profit and Loss Account for the half year ended on that date. The consolidated financial statements are the responsibility of the UTV Software Communications Limited's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. 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 the Subsidiary Companies, UTV International Holdings Ltd. and UTV Communications (USA) LLC whose financial statements reflect the Group's share of total assets of Rs. 1909.09 lakhs as at September 30, 2004 and the Group's share of total revenues of Rs. 387.99 lakhs for the half year ended on that date. These financial statements and other information of the subsidiaries have been audited by other auditors whose reports have been furnished to us, and our opinion, in so far as it relates to the amounts included in respect of these subsidiaries, is based solely on the report of the other auditors.
4. We report that the consolidated financial statements have been prepared by the UTV Software Communications Limited's management in accordance with the requirements of Accounting Standard 21, Consolidated Financial Statements, issued by the Institute of Chartered Accountants of India.
5. Based on our audit and on consideration of the reports of other auditors on separate financial statements and on the other financial information of the components, of subsidiaries as stated in Para 3 a) above, in our opinion and to the best of our information and according to the explanations given to us, the attached consolidated financial statements, read in particular with Note B 1 of Annexure 1 to the 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 UTV Software Communications Limited group as at September 30, 2004; and
   b) in the case of the consolidated Profit and Loss Account, of the profit for the half-year ended on that date.
6. This report is solely for your information and as required by the Securities and Exchange Board of India from you, for inclusion in the offer document being issued by UTV Software Communications Limited in connection with the public issue of shares and is not to be used for any other purpose without our consent.

For and on behalf of
Price Waterhouse & Co.
Chartered Accountants

Natraj Ramkrishna
Partner
Membership No. F-032815
Place : Mumbai,
Dated: January 17, 2005

Key Financials on Consolidated Numbers

Rs in '000

Particulars	30-Sep-04	31-Mar-04
Income	739,515	1,139,837
Equity	149,936	145,936
Capital Reserve	175,287	175,664
Other Reserves (Incl. Share Premium)	406,422	355,373
Profit After Tax attributable to the shareholders of the Company	38,947	46,553
Net Worth	731,645	675,286
Net Fixed Assets	299,722	299,674
Basic Earnings per Equity Share of Rs. 10 each (in Rs.)	2.62	3.20
Net Asset Value per Equity Share of Rs.10 each (in Rs.)	49.25	46.39

Ronald D'mello
Director Operations & Finance

Rohinton Screwvala
Managing Director

Place : Mumbai
Date : January 17, 2005

UTV SOFTWARE COMMUNICATIONS LIMITED
Consolidated Balance Sheet As at September 30, 2004

	As at September 30, 2004 Rs. in Thousands		As atMarch 31, 2004 Rs. in Thousands	
SOURCES OF FUNDS				
Shareholders' Funds				
Share Capital	149,936		145,936	
Reserves and surplus	406,422		355,373	
Capital Reserve	175,287	731,645	175,664	676,973
Minority Interest		27,420		27,319
Loan Funds				
Secured Loans	247,013		311,510	
Unsecured Loans	10,000	257,013	40,245	351,755
Deferred Tax Liability		84,664		46,154
TOTAL		1,100,742		1,102,201
APPLICATION OF FUNDS				
Fixed Assets				
Gross Block	497,991		471,447	
Less : Accumulated Depreciation	199,169		171,773	
Net Block	298,822		299,674	
Capital Work In Progress	900	299,722	-	299,674
Investments		5,407		292,433
Deferred Tax Asset		151,825		71,779
Current Assets, Loans and Advances				
Inventories	507,654		348,172	
Sundry Debtors	414,285		367,328	
Cash and Bank Balances	16,487		6,511	
Other Current Assets	723		-	
Loans and Advances	239,683		144,345	
	1,178,832		866,356	
Less : Current Liabilities and Provisions				
Current liabilities	528,438		422,770	
Provisions	6,606		6,958	
	535,044		429,728	
Net Current Assets		643,788		436,628
Miscellaneous Expenditure		-		1,687
TOTAL		1,100,742		1,102,201

Notes attached thereto form an integral part of the Balance Sheet (Refer Annexure 1)

This is the Balance Sheet referred to in our report of even date.

Natraj Ramkrishna
Partner
Membership No : F-032815

For and on behalf of
Price Waterhouse & Co.
Chartered Accountants

Place : Mumbai
Date : January 17, 2005

Ronald D'mello
Director Operations & Finance

Rohinton Screwvala
Managing Director

UTV SOFTWARE COMMUNICATIONS LIMITED

Consolidated Profit and Loss Account for the period ended September 30, 2004

	Period Ended September 30, 2004 Rs. in Thousands		Year Ended March 31, 2004 Rs. in Thousands	
INCOME				
Sales and Services	712,093		1,124,647	
Other Income	27,422		15,190	
		739,515		1,139,837
EXPENDITURE				
Direct Cost	572,652		793,831	
Staff Cost	60,309		115,664	
Other Expenses	71,089		96,820	
		704,050		1,006,315
PROFIT BEFORE INTEREST,DEPRECIATION AND TAX		35,465		133,522
Less : Interest (net)		8,356		42,454
PROFIT BEFORE DEPRECIATION AND TAX		27,109		91,068
Less : Depreciation		26,924		43,517
PROFIT BEFORE TAX		185		47,551
Less : Provision for Taxation				
- Current	2,190		7,182	
[Includes Wealth Tax Rs. 21 ('000),				
(Previous Year Rs 308('000)]				
- Prior Years	438		4,541	
- Deferred	(41,536)	(38,908)	(10,899)	824
PROFIT FOR THE YEAR BEFORE MINORITY INTEREST		39,093		46,727
Minority Interest		146		174
PROFIT AFTER MINORITY INTEREST		38,947		46,553
Balance Profit brought forward		214,206		167,653
NET PROFIT AVAILABLE FOR APPROPRIATION		253,153		214,206
BALANCE CARRIED TO BALANCE SHEET		253,153		214,206

Notes attached thereto form an integral part of the Profit and Loss Account (Refer Annexure 1)

This is the Profit and Loss Account referred to in our report of even date.

Natraj Ramkrishna
Partner
Membership No : F-032815

Ronald D'mello
Director Operations & Finance

Rohinton Screwvala
Managing Director

For and on behalf of
Price Waterhouse & Co.
Chartered Accountants

Place : Mumbai
Date : January 17, 2005

ANNEXURE-1

SIGNIFICANT ACCOUNTING POLICES AND NOTES TO ACCOUNTS FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

A. Background

UTV Software Communications Limited was incorporated under the laws of India on June 22, 1990 and has three subsidiaries as at September 30, 2004- United Entertainment Solutions Private Limited, UTV International Holdings Limited, and UTV Communications (USA) LLC.

Following are the date of the incorporation of the company's subsidiaries :

Subsidiary	Date of Incorporation	Place of Incorporation
United Entertainment Solutions Private Limited.	August 27, 1997	India
UTV International Holdings Limited	August 28, 1996	British Virgin Islands
UTV Communications (USA) LLC	April 26, 2004	United States of America

B Significant Accounting Policies

1 Basis of preparation of Consolidated Financial Statements

The Consolidated Financial Statements are prepared with references to Accounting Standard 21-"Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India. The Consolidated Financial Statements of UTV Software Communciations Limited include the accounts of UTV Software Communications Limited and its subsidiaries United Entertainment Solutions Private Limited, UTV International Holdings Limited and UTV Communications (USA) LLC and are prepared under historical cost convention in accordance with generally accepted accounting principles applicable in India. Joint Venture, United Home Entertainment Private Limited is not consolidated as per Accounting Standard 27- "Financial Reporting of Interests in Joint Ventures" as this Joint Venture operates under severe long-term restrictions that significantly impair the Joint Venture's ability to transfer funds to the Joint Venture partners. Joint Venture, Unitas Creative Television Limited (Unitas) is not consolidated as it is not a material entity on the date of Consolidated Balance Sheet. Further, the Company has, on January 3, 2005, divested its entire stake in the said Unitas to Unilazer Exports and Management Consultants Limited. Also investments in associate companies are not accounted for as per Accounting Standard 23 - " Accounting for Investments in Associates in Consolidated Financial Statements" as UTV Software Communications Limited does not have significant control over the financial and operating policies of such associates.

All inter-company accounts and transactions between group companies are eliminated. Reserves shown in the consolidated balance sheet represent the Group's share in the respective reserves of the Group companies.

The notes and Significant Accounting Policies to the Consolidated Financial Statements are intended to serve as a guide for better understanding of the Group's position. In this respect, the Group has disclosed such notes and policies, which represent the require disclosure.

In accordance with Accounting Standard 21, Clause 26, the losses applicable to the Minority, to the extent,if it exceeds, the Minority's Interest in the Equity of the subsidiary, has been adjusted against the Majority Interest.

2 Basis of Accounting :

The financial statements are prepared under the historical cost convention on an accrual basis and are drawn as per Schedule VI of the Companies Act, 1956 of India. Financial Statements of UTV International Holdings Limited comply with applicable approved accounting standards of Malaysia while the Financial Statements of UTV Communications (USA) LLC comply with the accounting principles generally accepted in the United States of America.

3 **Fixed Assets and Depreciation :**

(i) Fixed assets are stated at cost of acquisition less accumulated depreciation. The Company capitalises all costs relating to the acquisition and installation of fixed assets, including financing costs.

(ii) Depreciation is provided based on management estimate of useful lives of the fixed assets, on the straight line method prorata to the period of use or at the rates prescribed in Schedule XIV of the Companies Act, 1956, whichever is higher. The principal annual rates are :

Asset Head	Depreciation Rates
Vehicles	9.50%
Furniture	4.75%-10%
Office Equipment	4.75%
Computers	16.21% - 20%
Plant & Machinery	12.50%

(iii) Leasehold Improvments are amortised over the period of lease.

4 **Investments :**

Investments (all long term) are stated at cost, except where there is a diminution in value other than temporary, in which case requisite provision is made to write down the carrying value to recognise such decline.

Investments acquired under share swap arrangements are recognised at fair value of securities, issued by the company under the swap arrangement.

5 **Inventories :**

(i) Unamortised Cost of programming

- Unamortised cost of completed television programs produced till March 31, 2000 are stated at cost or realisable value, whichever is lower. For television programmes produced on or after April 1, 2000, the entire cost of the programme is charged to income when the programmes are first exploited.
- The Company amortises 75% of the cost of movie rights acquired or produced by it, on first theatrical release of the movie. The said amortisation is made proportionately on Domestic Theatrical Rights, International Theatrical Rights, Television Rights, Music Rights and Video Rights based on Management estimate of revenues from each of these rights. In case of aforesaid rights not exploited alongwith or prior to the first theatrical release, proportionate appropriated cost of the said right is carried forward to be written off as and when such right is commercially exploited or at the end of One year from the date of first theatrical release, whichever occurs earlier. Balance 25% is amortised over the balance license period or based on management estimate of future revenue potential, as the case may be. The inventory, thus, comprises of unamortised cost of such movie rights.
- UTV Communications (USA) LLC amortizes the acquisition and distribution costs and accrue (expense) related costs using the individual-film-forecast-computation method, which amortizes or accrues (expenses) such costs in the same ratio that current '- period actual revenue bears to estimated remaining unrecognized ultimate revenue as of the beginning of the current fiscal year.
- Production costs of television programmes of UTV International Holdings Limited. comprise direct costs of production and other production overheads. Production costs are stated at the lower of cost net of accumulated amortisation and net realisable value. Production costs are amortised on an individual television programme basis in the ratio that the estimated revenues from specific income source exploited during the period, bear to management's estimate of aggregate revenues that the Company expects to earn from the programme from all sources

(ii) Unutilised free commercial airtime (FCT) granted by the producer and/ or broadcaster under Airtime Sales Agreements is stated at lower of cost or net realisable value.

(iii) Projects in progress are stated at cost. Cost comprises the cost of materials, labour and overhead expenses.

(iv) Pilot episodes are stated at cost. Pilots are written off at the end of 3 years from the year of production of respective pilot, in case the same is not developed into a serial.

(v) Raw Stock and equipment spares are stated at lower of cost and net realisable value while that of video cassettes and/or DVDs pertaining to UTV Communications (USA) LLC are stated at the lower of average cost or market value

(vi) Borrowing cost are accounted on accrual basis.

(vii) The cost of funds borrowed specifically for the funding of a specific film is inventorised as part of cost of the film. The cost of funds borrowed generally is determined by applying a weighted average capitalization rate to the amount funded for the said film.

(viii) Inventories of films accessories of UTV International Holdings Limited are stated at the lower of cost or net realisable value

The Company evaluates the realisable value and/or revenue potential of year end inventory on an annual basis and appropriate write down is made in cases where accelerated write down is warranted.

6 Taxation :

Provision for income tax has been made on the taxable profit for the period and is measured using the tax rate that have been enacted at the balance sheet date.

7 Deferred Taxation :

Deferred Tax considering the prudence and virtual certainty resulting from timing differences between book and tax profits is accounted for under the liability method, at the current rate of tax, to the extent that the timing differences are expected to crystalise as deferred tax charges/benefits in the Profit and Loss Account and as deferred tax asset/liability in the Balance Sheet.

8 Foreign Currency Transactions :

The translation of financial statements relating to foreign operations has been done using the following procedures :

- assets and liabilities have been translated at closing rates;
- income and expense items have been translated at an average rate;
- all resulting exchange differences have been transferred to foreign currency translation reserve.

9 Revenue Recongnition :

- Revenues on commissioned television programmes, commercials, in-flight programmes, dubbing and corporate documentary jobs are recognised on delivery. The amount recognised is the predetermined price, the collection of which is reasonably assured.
- Revenues from sale of airtime are recognised in the period during which the spots are aired.
- Revenues from licensing of owned television programmes and movies are recognised in accordance with the licensing agreement or on physical delivery of the programmes/movies, whichever is later.
- Revenue of UTV International Holdings Limited on commissioned television programmes are recognised on substantial completion of production of the programmes. the amount recognised is the predetermined price, the collection of which is reasonably assured.

10 Miscellaneous Expenditure :

- Expenses incurred in connection with proposed initial public offering have been deferred at period-end to be adjusted against share premium arising out of this said initial public offering.

11 Retirement Benefits :

- The Company has various schemes of retirement benefits such as Gratuity and Provident fund and the company's contributions are charged to the Profit and Loss Account. The gratuity scheme is administered through the Life Insurance Corporation of India (LIC). Annual contributions to the gratuity fund as determined by LIC are charged to the statement of Profit and Loss account. The additional liability arising out of difference between the actuarial valuation and the fund balance with the LIC is accrued at the period end.
- The Company accrues the leave encashment liability on the basis of actuarial valuation on unavailed accumulated leave balances at the period end.

C . NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 The List of subsidiaries included in the consolidated financial statements is as under :

Subsidiary	Proportion of ownership as at September 30,2004	Auditors
United Entertainment Solutions Private Limited	99.98%	Price Waterhouse & Co., Mumbai - India
UTV International Holdings Limited	100%	Mustapha, Khoo & Co. - Kuala Lumpur, Malaysia
UTV Communications (USA) LLC	100%	SKD Partners LLP, New York

Financial statements of UTV International Holdings Limited. (UTVIH) include results of Antah UTV MultiMedia & Communication Sdn.Bhd., a 69.99 % subsidairy of UTVIH, incorporated in Malayasia.

2 Capital Reserve /Goodwill

The Capital Reserve in the Consolidated Financial Statement is net of Goodwill and is arrived at as under :

Particulars	September 30,2004	March 31,2004
Investments in UTV International Holdings Limited	7,188	7,190
UTV Software Communications Limited shareholding in UTV International Holdings Limited	182,543	182,854
Capital Reserve (A)	**175,355**	**175,664**
Investments in UTV USA LLC	2,271	-
UTV Software Communications Limited shareholding in UTV USA LLC	2,203	-
Goodwill (B)	**68**	**-**
Capital Reserve (A-B)	**175,287**	**175,664**

		As at September 30, 2004 Rs. in Thousands	As at March 31, 2004 Rs. in Thousands
3	Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of advances)	-	-
4	Contingent liabilities not provided for :		
	(a) Claims against the Company not acknowledged as debts	34,400	34,400
	(b) Sales Tax and Lease Tax	13,938	13,827
	(c) Appeals filed in respect of disputed demands :		
	Income Tax *	29,635	29,635
	(d) Bank guarantees/corporate guarantees/outstanding letter of credit for which the Company has given counter guarantees	130,844	21,762
	(e) Bank Guarantee against EPCG Commitment	9,614	8,863
	(f) Legal cases and claims filed against the Company	34,973	3,132

* Income Tax Department has passed the order of Block Assessement (April 1, 1995 to September 4, 2001) under section 158BC. The balance demand on undisclosed income of Rs.63286 ('000) amounted to Rs 29635 ('000) as on 31st march 2004. Further, the penalty proceedings are directed under section 158 BFA(2). No liability is provided by the company for the same as appeal against the same is filed.

5 The Company has discontinued its erstwhile ESOP Scheme. As on the 31st March 2004, the Company had 109270, options outstanding under the scheme, each option carrying the right to acquire two equity shares of the Company. Subsequent to the termination of the ESOP scheme, the Company has alloted 800000 Equity Shares of Rs.5/- each to an Employee Welfare Trust formed for the benefit of the employees of the Company.

6 During the period, Rs.58000 ('000) and Rs.4900 ('000) have been adjusted from advance against share capital to shares allotted in United Entertainment Solutions Private Limited and United Home Entertainment Private Limited. Vide Term Sheet dated June 28, 2004 between the Company, United Home Entertainment Private Limited and R.S. Screwvala, the Company has comitted to invest an further amount of Rs.194100 ('000) in aggregate in Equity and Convertible Preferance Capital of United Home Entertainment Private Limited. Advances to the Company were Rs.79441 ('000) as on September 30, 2004.

7 The Company has divested it's entire stake in Vijay Television Private Limited to Star India Private Limited for an amount of Rs 315000 ('000s), thereby making a profit on sale of investment for Rs 22877 ('000s).

8 In the case of UTV International Holdings Limited, 95% of the administrative expenses have been transferred to Antah UTV Malaysia Sdn. Bhd.in which certain directors of Antah-UTV Multi-Media & Communications Sdn. Bhd. have financial interest.

9 Advances recoverable in cash or kind include interest - free advances of Rs. 27,395 (Rs. '000) due from M/s Western Outdoor Media Technologies Limited (WOMTL) whose Studio Division was acquired by the Company during the year 2002-2003 through a process of demerger sanctioned by the Order of the Hon'ble Bombay High Court dated June 27, 2003. The said outstanding is considered good and recoverable by the management, from the continuing business operations of WOMTL.

10 Deferred Tax

Components of Deferred Tax assets and liabilites are shown in the following table :

Description	**As at September 30, 2004 Rs. in Thousands**	**As at March 31, 2004 Rs. in Thousands**
Deferred Tax Liability		
Depreciation	20,387	17,963
Inventories	64,277	28,191
	84,664	**46,154**
Deferred Tax Asset		
Provision for Doubtful debts	20,509	18,831
Provision for Loans and advances	4,940	2,432
Unabsorbed Losses & Depreciation	116,372	42,377
Provision for Gratuity	988	1,248
Provision for Leave Encashment	961	897
MAT credit	4,651	4,651
Other	3,404	1,343
	151,825	**71,779**
Net Deferred Tax Asset	**67,161**	**25,625**

11 Calculation of Earnings Per Share

a) The earning considered in ascertaining the Company's earnings per share comprise the profit after minority interest. The number of shares used in computing basic earnings per share is the weighted average number of shares outstanding during the period.

Description	As at September 30, 2004	As at March 31, 2004
Profit After Tax (in '000)	38,947	46,553
Weighted average number of shares for basic earnings per share (nos.)		
- Equity Shares of Rs. 10/- each fully paid up	14,855,901	14,557,868
Dilutive potential of		
'- Deemed exercise of options lapsed (nos.)	-	43,732
Weighted average number of shares for diluted earnings per share (nos.)		
- Equity Shares of Rs. 10/- each fully paid up	4,855,901	14,579,734
Earning Per share (Rs)		
Basic	2.62	3.20
Diluted	2.62	3.19

b) Pursuant to the approval of the Shareholders of the Company at the Extra Ordinary General Meeting held on July 08, 2004; 29,187,208 Equity Shares of Rs. 5/- each have been consolidated into 14,593,608 Equity Shares of Rs. 10/- each fully paid up, after allotting 8 fresh shares of Rs. 5/- each to 8 Equity Shareholders who originally held odd number of shares to facilitate the consolidation, without receiving any payment in cash.

12 Related Party Disclosures as required by Accounting Standard AS 18" Related Parties Disclosures" issued by the Institute of Chartered Accountants of India are given below :

Parties where control exists

United Tele-Shopping & Marketing Limited	Shareholders in the Company
Unilazer Exports & Management Consultants Limited	Shareholders in the Company
Unilazer Hongkong Limited	Shareholders in the Company
Lazer Brushes Private Limited	Common Control
United Bristlers and Brushes Private Limited	Common Control
Trish Brushes Private Limited	Common Control
Television Limited	Common Control
Television News and Entertainment (I) Limited	Common Control
Trish Credit Private Limited	Common Control
Shamsher Traders Private Limited	Common Control
Vijay Broadcasting Private Limited	Common Control
United Home Entertainment Private Limited	Common Control

Other Related Parties :

Associate

Vijay Television Pvt. Limited (upto August 4, 2004)

Key Management Personnel :

Whole-time Directors

Rohinton Screwvala	CEO
Deven Khote	Creative Director
Zarina Mehta	Creative Director
Ronald D'mello	Director Operations & Finance

Non-Executive Directors
Suketu Shah
Darius Shroff
Ketan Dalal
Sanjaya Kulkarni
Rahul Shah
Frederic Beauvais

Transactions with related parties, other than subsidiaries who have been considered for consolidation, are provided below:

	Period ended September 30, 2004	Year ended March 31, 2004
Sale of goods		
- Vijay Television Pvt. Limited *	5,100	27,175
- United Home Entertainment Private Limited	19,898	
Purchase of Fixed Assets / Inventory		
- United Home Entertainment Private Limited	-	897
Rendering of services		
- United Home Entertainment Private Limited	1,125	
Sale of Fixed Assets /Inventory		
Sale of fixed assets		
- United Home Entertainment Private Limited	793	-
Finance (including loans & Equity contributions in cash or in kind)	4,900	
Remuneration		
- Rohinton Screwvala	3,605	1,600
- Zarina Mehta	1,200	1,308
- Ronald D'mello	2,186	1,912
- Deven Khote	776	1,528
Guarantees and Collaterals		
- United Home Entertainment Private Limited	100,000	-
Expenses Charged to		
- United Bristlers & Brushes Private Limited	244	538
- United Home Entertainment Private Limited	4,524	6,357
- Others	-	277
Expenses Charged by		
- United Home Entertainment Private Limited	380	-
- Others	5	-

	Period ended September 30, 2004	Year ended March 31, 2004
Advances Taken		
- Unilazer Exports & Management Consultants Limited	40,500	32,400
- Television News & Entertainment India Limited	12,500	30,000
- United Home Entertainment Private Limited	114	
- Others	6,700	1,486
Advances Given		
- Television News & Entertainment India Limited	12,500	30,000
- Unilazer Exports & Management Consultants Limited	67,500	1,000
- United Home Entertainment Private Limited	76,637	2,000
Collections against services rendered/sale of goods		
- Vijay Television Private Limited *	5,695	-
Other Liabilities		
- Unilazer Exports & Management Consultants Limited	-	495
Outstanding Balance		
- Payable		
- Unilazer Exports & Management Consultants Limited	24,840	
- United Home Entertainment Private Limited	114	
- Others	137	137
- Receivable		
- Television News & Entertainment India Limited	11,543	11,543
- Vijay Television Private Limited *	6,030	6,625
- United Home Entertainment Private Limited	100,464	7,767
- Others	2,840	2,142

* Vijay Television Pvt. Limited has been ceased to be an associate w.e.f August 4, 2004.

SIGNIFICANT ACCOUNTING POLICES AND NOTES TO ACCOUNTS FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

13 The business segment has been considered as the primary segment. The Company is organised into five main business segments namely ‘Television’, ‘Acquisition & Sales’, ‘Movies’, Advertisements & Documentaries’ & ‘Dubbing’.

The above business segments have been identified considering the different nature of activities carried on by these business divisions. Segment revenue, results, assets and liabilities have been accounted for on the basis of their relationship to the related business activities of the segment and amounts allocated on a reasonable basis to the busines segments.

Particulars	Television		Acquisition & sales		Post Production		Animation		Movies		Dubbing		Advertisement Documentaries		Others		Inter Segment Adjst		Total	
	Sep 30,2004	March 31,2004	Sep 30,2004	March 31,2004	Sep 30,2004	March 31,2004	Sep 30,2004	March 31,2004	Sep 30,2004	March 31,2004	Sep 30,2004	March 31,2004	Sep 30,2004	March 31,2004	Sep 30,2004	March 31,2004	Sep 30,2004	March 31,2004	Sep 30,2004	March 31,2004
REVENUE																				
External Revenue	**195,820**	352,540	**173,586**	323,383	**42,365**	100,451		14,199	**258,281**	269,157	**23,601**	33,922	**18,440**	43,195		745		(12,945)	**712,093**	**1,124,647**
Intersegment Revenue	**3,065**	7,734	-	-	**8,136**	–	-		**6,960**	-	-	-	-	-	-	`	**(18,161)**	(7,734)	-	-
Total Revenue	**198,885**	360,274	**173,586**	323,383	**50,501**	100,451	-	14,199	**265,241**	269,157	**23,601**	33,922	**18,440**	43,195	**-**	745	**(18,161)**	(20,679)	**712,093**	**1,124,647**
RESULT																				
Segment Result	**9,147**	65,876	**20,806**	41,766	**4,538**	9,371		(6,770)	**1,837**	47,166	**3,959**	10,286	**4,132**	7,586	**(373)**	128			**44,047**	**175,409**
Less :Interest																			(8,356)	**(42,454)**
Unallocable Other Expenditure																			**(62,928)**	**(100,594)**
Add :																				
Unallocable Other Income																			**27,422**	**15,190**
Profit Before Taxation																			**185**	**47,551**

Particulars	Television		Acquisition & sales		Post Production		Animation		Movies		Dubbing		Advertisement Documentaries		Others		Inter Segment Adjst		Total	
	Sep 30,2004	March 31,2004	Sep 30,2004	March 31,2004	Sep 30,2004	March 31,2004	Sep 30,2004	March 31,2004	Sep 30,2004	March 31,2004	Sep 30,2004	March 31,2004	Sep 30,2004	March 31,2004	Sep 30,2004	March 31,2004	Sep 30,2004	March 31,2004	Sep 30,2004	March 31,2004
OTHER INFORMATION																				
Segment Assets	**319,910**	292,319	**147,117**	109,442	**32,409**	47,229		2,640	**462,253**	318,732	**20,668**	12,849	**6,967**	6,455	**553**	409	-	-	**989,877**	**790,075**
Unallocable Assets																			**645,909**	**741,854**
Total Assets	**319,910**	292,319	**147,117**	109,442	**32,409**	47,229	**-**	2,640	**462,253**	318,732	**20,668**	12,849	**6,967**	6,455	**553**	409	**-**	**-**	**1,635,786**	**1,531,929**
Segment Liabilities	**76,468**	63,361	**50,954**	43,167	**243,255**	25,290		1,021	**305,073**	224,745	**23,001**	11,322	**9,203**	6,504	**456**	5,272	-	-	**708,410**	**380,682**
Unallocable Liabilities																			**195,731**	**474,274**
Total Liabilities	**76,468**	63,361	**50,954**	43,167	**243,255**	25,290	**-**	1,021	**305,073**	224,745	**23,001**	11,322	**9,203**	6,504	**456**	5,272	**-**		**904,141**	**854,956**
Capital Expenditure (Excluding Capital Work in Progress)																				
Segment capital Expenditure	-	-	-	-	-	-	-	-	-	-	-	–	-	-	-	-	-	-	-	
Unallocable capital Expenditure	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**17,089**
Total Capital Expenditure	–	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		**17,089**
Depreciation																				
Segment Depreciation	-	-	-	-	-	-	-	-	-	-	-	–	-	-	-	-	-	-	-	-
Unallocable Depreciation																			**26,924**	**43,518**
Total Depreciation																			**26,924**	**43,518**

Particulars	Television		Acquisition & sales		Post Production		Animation		Movies		Dubbing		Advertisement Documentaries		Others		Inter Segment Adjst		Total	
	Sep 30,2004	March 31,2004	Sep 30,2004	March 31,2004	Sep 30,2004	March 31,2004	Sep 30,2004	March 31,2004	Sep 30,2004	March 31,2004	Sep 30,2004	March 31,2004	Sep 30,2004	March 31,2004	Sep 30,2004	March 31,2004	Sep 30,2004	March 31,2004	Sep 30,2004	March 31,2004
Non Cash Expenses other than Depreciation																				
Segment Non Cash Expenditure	8,202	10,936							10,294	6,682									18,496	17,618
Unallocable Non Cash Expenditure																				
Total Non Cash Expenses other than Depreciation	8,202	10,936							10,294	6,682									18,496	17,618
GEOGRA PHICAL SEGMENT																				
Revenue																				
India	191,017	300,275	173,586	323,383	50,501	100,451	-		227,890	207,962	23,601	22,445	18,440	43,195	-	31	(18,161)	(20,679)	666,874	977,063
Outside India	7,868	59,999		-	-		-	14,199	37,351	61,195		11,477				714		-	45,219	147,584
	198,885	360,274	173,586	323,383	50,501	100,451	-	14,199	265,241	269,157	23,601	33,922	18,440	43,195	-	745	(18,161)	(20,679)	712,093	1,124,647
Assets India																				
Segment Assets	141,216	105,984	147,117	109,442	32,409	47,229	-	2,640	450,038	318,732	20,668	12,849	6,967	6,455	553	409			798,968	603,740
Unallocable Assets																			645,909	741,854
	141,216	105,984	147,117	109,442	32,409	47,229	-	2,640	450,038	318,732	20,668	12,849	6,967	6,455	553	409			1,444,877	1,345,594
Outside India	178,694	186,335							12,215										190,909	186,335
	178,694	186,335							12,215										190,909	186,335

14 Figures pertaining to the subsidiary companies have been reclassified wherever necessary to bring them in line with the Parent Company's financial statements

Signatures to the Financial Statements and Notes attached thereto (Refer Annexure 1)

Natraj Ramkrishna
Partner Director Operations & Finance
Membership No : F-032815

Ronald D'mello
Managing Director

Rohinton Screwvala

For and on behalf of
Price Waterhouse & Co.
Chartered Accountants

Place : Mumbai
Date : January 17, 2005

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (AS PER UNCONSOLIDATED RESTATED FINANCIAL STATEMENT)

You should read the following discussion of our financial condition and results of operations together with our restated financial statements for the financial year ended March 31, 2000; March 31, 2001; March 31, 2002; March 31, 2003; March 31, 2004 and six months period ended September 30, 2004 including the notes thereto and the reports thereon, which appear elsewhere in this Prospectus. These financial statements have been prepared in accordance with Indian GAAP, the Companies Act and the SEBI (DIP) Guidelines and restated as described in Auditor's report of M/s Pricewaterhouse & Co. dated December 13, 2004, in section IV titled "Financial Information".

The following discussions is based on our restated financial statements for the financial year ended March 31, 2002; March 31, 2003; March 31, 2004 and September 30, 2004 which have been prepared in accordance with Indian GAAP, the Companies Act and the SEBI (DIP) Guidelines and on information available from other sources. Our fiscal year ends on each year, so all references to a particular fiscal year are to the twelve-month period ended on March 31 of that year.

OVERVIEW

Since our inception in 1990, we have focused on being an integrated entertainment company with interests in Television content production and Air-time sales, Movie production and distribution, Dubbing, Ad film making and post-production services, with a specific thrust on Television content and Movie production. Our promoter, Rohinton S. Screwvala, has a longstanding track record in producing creative content for television.

We initially began our journey as a content producer for television. We have over 10 years of experience in Television content production of multi-genres such as Kids, Drama, Comedy, Regional theme, Fantasies, Action, Horror, Mythological, Non-fiction etc. Since 1990, we have produced number of programmes across several languages and all genres in order to cater to the needs of people of various taste and various linguistic groups. We produced innovative shows like one of India's first game show 'Saamp Seedi', a chat show called 'Chakravyuha', etc for Zee during its launching period. In mid 1994, we produced India's first daily afternoon soap called 'Shanti' on DD1 (the national channel). Since then Shanti has been telecast across India and the ASEAN region in seven languages including Hindi, Tamil, Bengali, Malayalam, Sinhalese, Malay and Bahasa Indonesian. Till date, we have aired multiple programmes on 26 channels in 19 countries in 7 languages and have a library of over 5000 hours of programming. In 2003, we have been jointly awarded as the Best Television Production house at the Indian Telly Awards organized by Indiantelevision .com

Our core business has always been providing content for Television. In 1994, we expanded our activities to sell advertising commercial time on various channels. The first program under this initiative was 'Metro Dhamaka' followed by 'Shanti'. This business became our full-fledged Business division in 1996. Over the years, we have exploited television content through airtime marketing on DD and Sun group. We have a base of more than 100 clients.

As a logical extension to the television content production, we decided to venture into movie production and distribution in 1995-96, with the sole idea of being an integrated entertainment company with a focus on content creation. We have entered into Movie production by producing movie 'Dil Ke Jharokhon Mein' in 1998. Since then, we have co-produced 'Fiza' in 2000-2001, 'Chalte Chalte' in 2003-2004 and 'Lakshya' and 'Swades' in 2004-05. We have also distributed movies such as 'LOC', 'Sarfarosh', 'Hera Pheri', 'Hyderabad Blues', 'Jhooth Bole Kawwa Kaate', 'Hyderabad Blues II', 'Morning Raga', 'Lakshya' and 'Swades', etc. On August 4, 2004; we signed an agreement with STAR to produce two movies with an investment budget by STAR of Rs. 245 million. The agreement will give STAR the exclusive television and broadcast rights in perpetuity for the said movie products. On the other hand, the theatrical, home video and music rights will vest with us in perpetuity. We have also signed co-production agreement with 'MPD Films Private Limited' to co-produce a movie tentatively titled 'Rang De Basanti' in Hindi and 'Paint it Yellow' in English starring Aamir Khan. Further, one of our subsidiaries has entered into an investment agreement with Fox Searchlight Pictures Inc.,US and Entertainment Farm Inc., Japan to jointly participate in production and distribution of an English movie to be directed by Mira Nair tentatively titled 'Namesake'.

We have also produced advertising films. Our advertising films division is in the business of production of films and audio-visuals for agencies and direct clients. Under the leadership of Mr. Deven Khote, we have produced over 250 TV commercials, both for the Indian and overseas markets, advertising agencies. Some of our key clients include Hindustan Lever, Proctor &

Gamble, Maruti Udyog, Godrej, Coca-Cola, Castrol, United Breweries and Fiat India.

Our dubbing division has existed for more than 11 years now, having started in 1992. Our dubbing studios are producing domestic and international soundtracks. Our dubbing division has added localized voice to more than 5000 hours of Video content into various Asian languages for Movies, Television serials, Documentaries and Animation Films. We have over the years built a talent bank of close to 500 voices. Some of our key clients include global names like Twentieth Century Fox, Cartoon Network, Discovery Channel, Hallmark, National Geographic, Nickelodeon, Star TV, Turner International, Walt Disney and Warner Bros., amongst others.

Our unconsolidated restated total income and profit after tax for the six month period ended September 30, 2004, was Rs 6631.28 lakhs and Rs 683.41 lakhs respectively. For details on our financial statements, refer to the 'Section IV: Financial Information' on page 123 of this Prospectus. The break-up of our revenues from the various business segments for the last 4 years, as per our audited unconsolidated financial statement, is as under.

(Rs In Lakhs)

Business Segment	**For the year**				**For the period ended on September 30, 2004**
	2001	**2002**	**2003**	**2004**	
Television content	2,721.03	3,165.07	2,731.46	3148.57	1910.17
Airtime sales & marketing	2,314.30	1901.37	3,879.31	3233.83	1735.86
Movie production & Distribution	2,078.81	*	200.50	2,691.57	2,348.50
Dubbing	332.00	*	423.61	339.22	236.01
Ad films	642.22	*	548.00	431.95	184.40
Others	2,889.64	4,281.48	2,003.20	7.45	-
Inter segment Adjustment	-	(231.80)	(297.54)	(77.34)	(30.65)
Total	**10,978.00**	**9,116.12**	**9,488.54**	**9775.25**	**6384.29**

* For the period ended March 31, 2002, the revenues from movie production and distribution, dubbing, Ad films have been included as a part of income from "Others".

Other Income

In past years, other income mainly comprised of sale of import licenses, gain on sale of investments, sale of internet rights on programming, gain on foreign exchange transactions, excess provisions written back, etc. Our revenue from other income for the financial year ended on March 31, 2000; March 31, 2001; March 31, 2002; March 31, 2003; March 31, 2004 and six months period ended September 30, 2004 was Rs. 564.31 lakhs, Rs 42.09 lakhs, Rs. 185.75 lakhs, Rs. 98.08 lakhs, Rs. 94.56 lakhs and 246.99 lakhs respectively.

Depreciation

Our depreciation policy is as under:

i) Fixed assets are stated at cost of acquisition less accumulated depreciation. The Company capitalises all costs relating to the acquisition and installation of fixed assets, including financing costs.

ii) Depreciation is provided based on management estimate of useful lives of the fixed assets, on the straight line method pro rata to the period of use or at the rates prescribed in Schedule XIV of the Companies Act, 1956, whichever is higher

iii) Leasehold Improvements are amortized over the period of lease

Taxation/Deferred Tax

Provision for income tax has been made at the current tax rates based on assessable income or on the basis of section 115JB of the Income Tax Act, 1961 (Minimum Alternate Tax) whichever is higher.

Deferred Tax considering the prudence and virtual certainty resulting from timing differences between book and tax profits is accounted for under the liability method, at the current rate of tax, to the extent that the timing differences are expected to crystalise as deferred tax charges/benefits in the Profit and Loss Account and as deferred tax asset/liability in the Balance Sheet.

Earnings before Interest, Depreciation, Tax and Amortization (EBITDA)

A comparison of EBITDA (in Rs. lakhs) in absolute amount as well as a percentage of total income is as under:

(Rs In Lakhs)

Items	As on 31 March,				As on September 30, 2004
	2001	2002	2003	2004	
Total Income	11,020.09	9,301.87	9,586.62	9,869.81	6,631.28
Profit/(Loss) before Tax & Prior period Items	1,422.78	291.66	620.97	894.17	276.67
Add: Interest Expense, net	502.67	639.03	395.55	205.14	82.78
Add: Depreciation	552.04	736.56	529.79	139.59	104.24
EBITDA	2,477.49	1,667.25	1,546.31	1,238.90	463.69
EBITDA as percentage of Total Income	22.48%	17.92%	16.13%	12.56%	6.99%

EBITDA for the year ended March 31, 2001 included profits from successful release of movie "Fiza" co-produced by the company with The Culture Company. During the six months period ended 30 September 2004, we broad based the business of movie production from erstwhile co-productions to own productions and also setup full fledged domestic and international movie distribution network. All startup costs of these businesses and related overheads are fully amortised.

Restated Profit after Tax (PAT)

A comparison of restated PAT (in Rs. lakhs) in absolute amount as well as a percentage of total income is as under:

(Rs. In Lakhs)

Items	or the financial year ended 31 March,				For six months period ended September 30, 2004
	2001	2002	2003	2004	
Total Income	11,020.09	9,301.87	9,586.62	9,869.81	6,631.28
PAT	919.66	428.27	899.16	846.93	683.41
PAT as percentage of Total Income	8.35%	4.60%	9.38%	8.58%	10.31%

Lower PAT for the year ended March 31, 2002, is primarily due to higher interest on account of increase in higher cost secured borrowings as compared to a low cost unsecured borrowings availed in the previous year. Also the depreciation was higher due to increase in block of fixed assets on account of procurement of Telecine facility in our postproduction business division.

Reserve & Surplus

Our Reserve & Surplus has increased from Rs. 4340.13 lakhs as on March 31, 2004 to Rs. 5096.89 lakhs as on September 30, 2004 on account of profitable operation during six months period ended September 30, 2004.

Fixed Asset

Gross block of our Fixed Asset has marginally increased from Rs 2,090.97 lakhs as on March 31, 2004 to Rs. 2127.26 lakhs as on September 30, 2004. Net block of the same has reduced from Rs 816.10 lakhs as on March 31, 2004 to Rs. 755.14 lakhs for the same period.

Sundry Debtors

The following table presents the details of our debtors:

(Rs In Lakhs)

Particular	**As on 31st March,**				**As on September 30, 2004**
	2001	**2002**	**2003**	**2004**	
Total Income	11020.09	9301.87	9586.62	9869.81	6631.28
Outstanding debtors at the end of the period	3573.31	3233.53	4070.72	1812.75	2373.45
Outstanding debtors as a percentage of Total Income	32.43%	34.76%	42.46%	18.37%	35.79%
Debtors less than 180 days	2998.01	2389.06	2672.18	1707.90	2328.08
Debtors more than 180 days	575.30	844.47	1398.54	104.85	45.37
Debtors less than 180 days as a percentage of total debtors	83.91%	73.88%	65.64%	94.22%	98.09%
Debtors more than 180 days as a percentage of total debtors	16.09%	26.12%	34.36%	5.78%	1.91%
Provision for Doubtful Debts as at end of the year	165.53	365.53	570.54	524.92	560.51
Provision for bad/doubtful debts during the year as % to Total Income	-	2.15%	2.14%	-	0.54%
No. of days outstanding Debtors (Days) on an average	118	127	155	67	64

Industry average for debtors' turnover is 123 days (Based on the audited Balace Sheet figures of five listed companies of same sector)

Loans & Advances

Our loans & Advances has increased from Rs. 3536.26 lakhs as on March 31, 2004 to 4233.28 lakhs as on September 30, 2004 mainly on account of advances to our group company United Home Entertainment Private Limited.

Liquidity

Our primary liquidity needs have been historically to finance our working capital requirement and capital expenditure. We have relied on cash flows from operations to meet our working capital needs. We relied on proceeds received from issuance of fresh Equity Shares for meeting capital expenditure.

For our cash flows for Fiscal 2004 and six months period ended September 30, 2004 refer page no. 177 of this Propsectus.

Indebtedness

For details on our indebtedness, please refer page no. 180 of this Propsectus.

Provisions

For the period ended September 30, 2004 provisions have marginally came down from Rs 63.96 lakhs to Rs. 57.64 lakhs. This happended mainly on account of reduction of Provision for Employees retirement benefits from Rs. 59.80 lakhs to Rs. 53.28 lakhs.

Related Party Transaction

Please refer to point no. 7 of Annexure III of 'Auditor's Report' on page 132 for further details on 'Related Party Transaction'.

Contingent Liability

Our contingent liability as on September 30, 2004 vis-à-vis that as on March 31, 2004 is given below

(Rs In Lakhs)

Sr. No.	Particulars	As on September 30, 2004	As on March 31, 2004	Remarks
1	Claims against us not acknowledged as debts	344.00	344.00	Pertains to claim by a broadcaster made in 2000-01 towards interest on delayed payments of dues. Though the claim is not pursued anymore by the broadcaster, contingent liability continues as we do not have any written communication from the broadcaster.
2	Sales Tax and Lease Tax	139.38	138.27	Pertains to potential liability arising out of sales tax/lease tax on sale / assignment of copyright of movies, the levy of which is being disputed by the industry.
3	Appeals filed in respect of disputed demands: Income Tax	296.35	296.35	Pertains to additional income assessed by Income Tax Authority in relation to Block Assessment for the period April 1, 1995 to September 4, 2000. We have filed an appeal against this order on January 20, 2004 and we are in possession of an opinion from a senior Counsel confirming that the said additional income assessed by the department is not tenable under law.

Sr. No.	Particulars	As on September 30, 2004	As on March 31, 2004	Remarks
4	Bank Guarantees/Corporate Guarantees/Outstanding Letter of credit for which the company has given counter guarantees	1457.98	390.38	Details given below.
5	Legal cases and claims filed against the company	321.23	2.82	Contingent liability to the tune of Rs. 293 lakhs has been provided in respect of the winding up petition filed by Mr. L. Suresh against our company alleging that the aforesaid amount is due and payable to him.
6	Bank Guarantee against EPCG commitment	96.14	88.63	

Break-up of the Bank Guarantees/Corporate Guarantees/Outstanding Letter of credit for which the company has given counter guarantees is as under:

Rs. In Lakhs

Sr no	Bank guarantee Details /no	Provided on behalf of	In favour of	Amount
1	529020163771-AO	Self	Prasar Bharti	45.60
2	529020172654-AO	Self	Prasar Bharti	3.00
3	529020177141-AO	Self	Prasar Bharti	38.76
4	529020176552-AO	Self	Prasar Bharti	25.00
5	529020200428-AO	Self	Prasar Bharti	10.84
6	529020192455-AO	Self	The Director Doordarshan Kendra	2.15
7	529020192464-AO	Self	The Director Doordarshan Kendra	1.20
8	529020188353-AO	Self	The Director Doordarshan Kendra	6.45
9	529010135465-AO	Self	Radan Mediaworks (India) Ltd	28.52
10	529020184302-AO	Self	The President of India Acting through Asst Commissioner	3.00
11	529010071050-AO	Antah UTV Multimedia & Communications SDN,BHD	Standard Chartered Bank, Malysia	251.53
12	529010084983-AO	Antah UTV Multimedia & Communications SDN,BHD	Standard Chartered Bank, Malysia	41.93
13	Corporate Guarantee	United Home Entertainment Private Limited	UTI Bank	1000.00
	TOTAL			**1457.98**

Group Companies and Subsidiaries

Some of our group companies and subsidiaries are loss making. Please refer to the Sections title 'Our Group Company' and 'Our Subsidiary' for the resons of the same.

OUR RESULTS OF OPERATION

The table below sets forth various line items from our restated financial statements for fiscal 2001, 2002, 2003 and 2004, as a percentage of Total Income.

(Rs In Lakhs)

Particulars	As on 31st March,			As on September 30,
	2002	2003	2004	2004
Total Income	9301.87	9586.62	9869.81	6631.28
Production Expense	5549.03	5980.42	7602.70	5265.76
Production Expense as a percentage of total income	59.65%	62.38%	77.03%	79.41%
Operating Expenses	940.99	831.11	501.20	462.10
Operating Expenses as a percentage of total income	10.12%	8.67%	5.08%	6.97%
Employee Costs	1144.60	1228.78	527.01	439.73
Employee Costs as a percentage of total income	12.31%	12.82%	5.34%	6.63%
Interest Expense, net	639.03	395.55	205.14	82.78
Interest Expense, net as a percentage of total income	6.87%	4.13%	2.08%	1.25%
Depreciation	736.56	529.79	139.59	104.24
Depreciation as a percentage of total income	7.92%	5.53%	1.41%	1.57%
Profit/(Loss) before Tax & Prior Period Item	291.66	620.97	894.17	276.67
Profit/(Loss) before Tax & Prior Period Item as a percentage of total income	3.14%	6.48%	9.06%	4.17%
Restated Net Profit/ (Loss)	425.49	899.16	846.93	683.41
Restated Net Profit/ (Loss) as a percentage of total income	4.57%	9.38%	8.58%	10.31%

COMPARISON OF FISCAL 2003 WITH FISCAL 2002

SOME OF THE KEY DEVELOPMENTS THAT OCCURRED DURING FISCAL 2003 INCLUDE THE FOLLOWINGS

Total Income

Though the Entertainment Industry in the Fiscal 2003 has been hit by the sluggish economy, advertising recession, and slowdown on collection of receivables, our total income increased by 3.06 % from Rs 9301.87 lakhs in Fiscal 2002 to Rs. 9586.62 lakhs in Fiscal 2003. During this period, revenues from operation increased by 4.09% from Rs 9116.12 lakhs to Rs. 9488.54 lakhs. Other income decreased by 47.20% from Rs 185.75 lakhs to Rs. 98.08 lakhs.

Production Expenses

Production Expense as a percentage of total income was higher by 2.73% as compared to previous year.on account of change of revenue mix in favour of low margin business of air time sales.

Operating Expenses

Operating expense as a percentage of total income decreased by 1.45% in comparison to previous year on account of rationalization of operating costs like rent, electricity, insurance, communication expenses, etc and lower provision for doubtful debts/ irrecoverable advances.

Employee Costs

Employee costs increased by 7.35% in absolute terms due to inflationary increments and changes in headcount. However, as a percentage of total income it remained constant.

Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA)

EBITDA decreased by 7.25% from Rs 1667.25 lakhs in 2001-2002 to Rs. 1546.31 lakhs in 2002-2003. It has also decreased as a percentage of total income by 1.79% from 17.92% in 2001-2002 to 16.13% in 2002-2003. This was primarily due to change in revenue mix in favour of low margin business of airtime sales.

Interest Expense, net

Net Interest Expense has decreased by 38.10% due to lower average debt outstandings during the year on account of fresh equity capital raised during the year by way of allotment of 46,00,000 shares of Rs 5 each to CDP Media Holdings India Ltd., Mauritius.

Depreciation

Depreciation decreased by 28.07% from Rs 736.56 lakhs in 2001-2002 to Rs. 529.79 lakhs in 2002-2003. During the year, we reassessed the useful life of all our plant and machinery.

Income Tax

Provision for current Income Tax has decreased by 19.59% from Rs 66.87 lakhs to Rs. 53.77 lakhs, as a result of carry forward of unabsorbed losses and depreciation from erstwhile Western Outdoor Media Technologies Limited through demerger and amalgamation of its studio business with our Company.

Profit After Tax (PAT)

PAT increased by 111.32% from Rs. 425.49 lakhs in Fiscal 2002 to Rs. 899.16 lakhs in Fiscal 2003 mainly on account of significant savings in Interest outflows and lower depreciation.

COMPARISON OF FISCAL 2004 WITH FISCAL 2003

SOME OF THE KEY DEVELOPMENTS THAT OCCURRED DURING FISCAL 2004 INCLUDE THE FOLLOWING:

Total Income

Revenues in the Fiscal 2004 were Rs. 9775.25 lakhs compared to Rs. 9488.54 lakhs for Fiscal 2003. Revenues for the current period included revenues from release of movie "Chalte Chalte" co-produced with Dreamz Unlimited. Also, the business of post-production and animation was demerged with effect from April 1, 2003 and hence the revenues from the said business are not reflected in the current period revenues.

Other income in the Fiscal 2004 was Rs. 94.56 lakhs compared to Rs. 98.08 lakhs for the Fiscal 2003 due to writing back of Provision for Doubtful Debts to the tune of Rs 111.35 lakhs.

Production Expenses

Production Expenses, as a percentage of total income, increased to 77.03% in the Fiscal 2004 compared to 62.38% in the Fiscal 2003, which is attributable to demerger of higher realization post-production business, lower realization of airtime sales business compared to previous year, and net loss of Rs 58 lakhs recorded on distribution of movie "LOC".

Operating Expenses

Operating Expenses, as a percentage of total income, has decreased by 5.08% during the current period, largely on account of demerger of post-production business, which had higher operating costs.

Employee Costs

Employee costs, as a percentage of total income, has decreased by 5.34% during the current period on account of demerger of the post-production and animation business, which employed over 100 personnel, and senior-level management restructuring carried out by us resulting in rationalization of costs.

Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA)

EBITDA, as a percentage of total income, has decreased to 12.56% in the Fiscal 2004 compared to 16.13% in the Fiscal 2003. This is largely attributable to lower realization of airtime sales business and net loss of Rs 58 lakhs recorded on distribution of movie "LOC".

Interest Expense, net

Net Interest Expense, as a percentage of total income, has decreased by 2.05% during the current period because of restructuring of existing high cost debt and improved receivables management.

Depreciation

Depreciation, as a percentage of total income, has decreased by 4.12% during the current period, because of the demerger of the post-production business.

Income Tax

Provision for current Income Tax for the financial year 2003-2004 is Rs 117.15 lakhs, as compared to Rs 53.77 lakhs for the financial year 2002-03, on account of increased profitability.

Profit After Tax (PAT)

PAT as a percentage of total income has marginally decreased by 0.80% in financial year 2003-2004 on account of increased provision for tax.

COMPARISON OF FIRST SIX MONTHS ENDED SEPTEMBER 30, 2004 WITH FISCAL 2004

SOME OF THE KEY DEVELOPMENTS THAT OCCURRED DURING FISCAL 2004 INCLUDE THE FOLLOWING:

Total Income

Revenues in the the six month period ended September 30, 2004 was Rs. 6631.28 lakhs compared to that of Rs. 9869.81 lakhs for the Fiscal 2004. Revenues for the current period included revenues from release of movie "Lakshya" co-produced with Excel Entertainment Private Limited.

Other income in the the six month period ended September 30, 2004 was Rs. 246.99 lakhs compared to that of Rs. 94.56 in the Fiscal 2004 mainly on account of profit of Rs. 228.78 lakhs on sale of investment of Vijay Television Private Limited.

Production Expenses

Production Expenses, as a percentage of total income, has marginally increased to 79.41% in the six months period ended September 30, 2004 compared to that of 77.03% in the Fiscal 2004.

Operating Expenses

Operating Expenses, as a percentage of total income, has increased from 5.08% in Fiscal 2004 to 6.97% in the six months period ended September 30, 2004 mainly on account of amortization of all start-up cost incurred for setting up for new businesses.

Employee Costs

Employee costs, as a percentage of total income, has increased from 5.34% in Fiscal 2004 to 6.63% in the six month period ended September 30, 2004 because of recruitment of new employees for new business ventures.

Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA)

EBITDA, as a percentage of total income, has decreased to 6.99% in the six month period ended September 30, 2004 from 12.56% in the Fiscal 2004.

During the six months period ended 30 September 2004, we broad based the business of movie production from erstwhile co-productions to own productions and also setup full fledged domestic and international movie distribution network. All startup costs of these businesses and related overheads are fully amortised.

Interest Expense, net

Net Interest Expense, as a percentage of total income, has decreased by 0.83% during the current period because of restructuring of existing high cost debt.

Depreciation

Depreciation, as a percentage of total income, has marginally increased by 0.16%.

Income Tax

Provision for current Income Tax for the financial year was 2003-2004 is Rs 117.15 lakhs. The same for the first six months ended September 30, 2004 was Rs. 26.28 lakhs.

Profit After Tax (PAT)

PAT as a percentage of total income has increased by 1.73% mainly on account of deferred tax assets created during the period.

SECTION V : LEGAL AND REGULATORY INFORMATION

OUTSTANDING LITIGATIONS & DEFAULTS

There is no pending litigation including disputed tax liability, prosecution under any enactment in respect of Schedule XIII of the Companies Act, 1956 against the company other than those stated below:

I. Litigation initiated by UTV

Sr. No.	Brief Particulars	Claim amount	Court/Forum/Case Number	Current Status
1.	The Company has asserted its title to the serial "Bhabhi" against Shekhar TV & Video, which was the executive producer of the television serial 'Bhabhi'. As contractually stipulated the Company had invoked the arbitration clause and had sought the appointment of an arbitrator to resolve disputes between the Company and Shekhar TV & Video and to secure the interests of the Company to the title and intellectual property in respect of the production, software and brand of the TV serial Bhabhi and the potential disruption of the same. The Company has also prayed for the sum of Rs. 88.63 lakh to be secured in favour of the Company, and to appoint a court receiver in respect of the property of Ashok Shekhar, proprietor of Shekhar TV & Video and to prevent disruption of the telecast of the same.	Rs. 88,63,000[1]	Arbitration Petition No. 518 of 2004 under section 9 of the Arbitration and Conciliation Act, 1996 Arbitration Petition No. 281 of 2003 under section 11 of the Arbitration and Conciliation act, 1996 Both applications have been made before the Bombay High Court.	Justice Jhunjhunwalla has been appointed as the arbitrator. The Company has already filed its Statement of Claim. The Respondents have filed their written statement and Counter Claim to the Statement of Claim. The company is in the process of filing its reply to the Counter Claim and a rejoinder. The next date in the matter is March 7 ,2005.
2.	The Company has filed a complaint under Section 138 of the Negotiable Instruments Act, 1881 against Ricky International for dishonor of cheque dated September 8, 2000 in the sum of Rs. 4,90,000 and a cheque dated August 22, 2000 for a sum of Rs. 288723 issued to the Company pursuant to an agreement for distribution of Fiza in Bihar and Nepal.	Rs. 4,90,000 and Rs.4,00,000	CC No. 4288/S/2002 (previously 1771/S/2000) CC No. 640/S/2002 (previously 443/S/2001) Before the Additional Chief Metropolitan Magistrate, Esplanade, Mumbai	The complaints are pending and proceedings are underway. The next date in the matter is June 6, 2005. The next date in the matter is April 4, 2005.

[1] It may be pertinent to note that the said amount has already been provided for in the books of accounts.

Sr. No.	Brief Particulars	Claim amount	Court/Forum/Case Number	Current Status
3.	The Company has filed a complaint under Section 138 of the Negotiable Instruments Act, 1881 for dishonor of cheque dated August 27, 2000 for a sum of Rs. 8,72,865 issued by Headstart Advertising & Marketing Pvt. Ltd. towards purchase of air time	Rs. 8,72,865	3699/1 of 20.12.1000 before the Additional Chief Metropolitan Magistrate, New Delhi	The matter with respect to the complaint filed under Section 138 of the Negotiable Instruments Act, 1881 was listed for hearing on February 23, 2005 for last defence. However, it got adjourned to April 4, 2005
	The Company has also filed a summary suit in the High Court of New Delhi against Headstart Advertising & Marketing Pvt. Ltd. for recovery of Rs. 29,02,175/ with interest @ 24% p.a.	Rs. 29,02,175 with interest at the rate of 24% per annum until recovery	Suit No. 1665 of 2001 before the Delhi High Court	The matter with respect to the summary suit is listed for hearing on July 25, 2005 for final arguments.
4.	Two cases have been filed by the Company against M/s Embassy Video Channel for dishonor of 4 cheques issued to the Company towards payment for the commercial airtime purchased by M/s Embassy Video Channel.	Rs. 2,00,000	Case Nos. 5534 and 5535 filed before the XVII Metropolitan Magistrate, Saidapet, Chennai-15	The court has issued a bailable warrant against the accused. The date of the next hearing is on March 10, 2005.
5.	Two cases have been filed by the Company against M/s Embassy Video Channel for dishonor of 5 cheques issued to the Company towards payment for the commercial airtime purchased by M/s Embassy Video Channel.	Rs. 2,50,000	Case Nos. 4258/ 4259 before the XVII Metropolitan Magistrate, Saidapet, Chennai-15	The court has issued a bailable warrant against the accused. The date of the next hearing is on March 10, 2005.
6.	UTV vs. Integrated Technology Solutions Pvt. Ltd. and Ors.	Rs. 12,34,177 along with interest @ 18% p.a	Winding up Petition Lodged in the High Court of Judicature at Bombay. Lodg. No. 445 of 2004	The Company has lodged a Winding Up Petition in the High Court of Judicature at Bombay. The Petition has been accepted for admission and will come up on board in due course.
7.	UTV vs. Mukul Dev. The Company has filed a suit against Mukul Dev for recovery of Rs. 31,79,250 with interest @ 18% p.a.	Rs. 31,79,250 with interest a@ 18% p.a.	Suit No. 3168 of 2004 dated October 28, 2004 before the High Court of Judicature at Mumbai	The matter is pending and proceedings are underway.

Sr. No.	Brief Particulars	Claim amount	Court/Forum/Case Number	Current Status
8.	A civil suit has been filed against M/s. Radaan Media Works Limited. The suit was filed in order to obtain ad interim relief against M/s. Radaan from in any manner dealing with, or creating any third party rights, title or interest and utilizing the commercial slots in respect of a programme titled *'Chelvi'* on Sun TV for which the Company had the first right of refusal contained in an agreement for marketing the free commercial time for the said programme.	Claim to re instate the Company's rights under the agreement dated June 21, 2001	In the High Court of Judicature at Bombay (Mumbai) Lodging No. 29 of 2005 in Arbitration Petition of 2005. The Petition is yet to be numbered	The matter was heard before the Hon'ble Court on January 25, 2005 wherein the petition was dismissed. The Company has filed an appeal before the division bench of the Hon'ble court and the appeal had been partly heard on February 7, 2005 and February 8, 2005. However, the appeal had been dismissed by the Hon'ble court on February 10, 2005 A certified copy of the order is awaited.

II. Litigation initiated against UTV

Sr. No.	Brief Particulars	Claim amount	Court/Forum/Case Number	Current Status
1.	A complaint of wrongful termination of service has been filed by one Meghraj Bhattarai alias Kamal Sharma against the Company. The Delhi General Mazdoor Union has demanded reinstatement of the employee	Claim for reinstatement of employment	Presiding Officer, Labour Court, Karkardoma	The written Statement on behalf of the Company has been filed. Framing of issues is complete. The matter has now been listed for hearing on April 20, 2005.
2	Deuro Broadcast has filed two summary suits against the Company for a sum of Rs.10,18,866 and Rs. 8,78,084 together with interest @6% p.a. from the date of filing of the suit till payment and/or realization.	Rs. 10,18,866 with interest at the rate of 6%	Summary Suit No. 190 of 2004 before the Bombay High Court	Vakalatnamas have been filed in respect of both the suits and the same awaits issuance of directions of the court.
	The said amounts are allegedly due towards services rendered/ products supplied by Deuro Broadcast to the Company.	Rs. 8,78,084 with interest at the rate of 6%	Summary Suit No. 4034 of 2003 before the Bombay High Court	The Company is in the process of filing its written statement.
3	Deuro Electronic Systems Pvt. Ltd. has filed two summary suits against the Company claiming a sum of Rs.5,21,141/- and Rs. 4,32,164/- together with interest @6% p.a. from the date of filing			

Sr. No.	Brief Particulars	Claim amount	Court/Forum/Case Number	Current Status
	of the suit till payment and/or realisation and cost of the suit. The said amounts are allegedly due towards services rendered/ products supplied by Deuro Broadcast to the Company.	Rs.5,21,141/- together with interest @6% p.a. And Rs. 4,32,164 together with	interest @ 6% Summary Suit No. 4005 of 2003 before the Bombay High Court Summary Suit No. 4031 of 2003	Vakalatnamas have been filed in respect of both the suits and the same awaits issuance of directions of the court. The Company is in the process of filing its written statement.
4.	Periasamy Kaliappan has filed a suit against A.R.Rehman and the Company, amongst others, for breach committed in violation of certain agreements relating to the ownership and assignment of certain music rights.	Rs. 3,00,00,000 together with interest @ 24%	Chamber Summons No. 904 of 2003 before the Madras High Court	Plaint and affidavit have been filed. Interim reliefs have not been granted
5.	Winding up petition against the Company has been filed by Mr. L. Suresh for non-payment of monies in accordance with the bills of exchanges/Hundies alleged to have been accepted by the Company between May 2000 and April 2002.. The Hundies were purported to have been drawn by Kalaimlar Television for the production of the television serial Ganga Yamuna Saraswati, for which the Company had acted as a marketing agent.	Rs. 2,93,77,256/-	Company Petition no. 679 of 2004 under Section 433 and 434 of the Companies Act, 1956 was lodged before the Honb'le High Court of Bombay.	The Company contends that it has not authorised the signing of any Bills of Exchanges in favour of any party by the name Mr. L. Suresh and that all amounts payable to M/s Kalaimalar Television have been fully paid by the Company and all obligations under the Agreement of Assignment of Marketing Rights dated April 20, 2000 entered into between the Company and M/s Kalaimalar Television in respect of marketing of the said Program "Ganga Yamuna Saraswati" have been fully and finally satisfied. The Winding up Petition has not come up on board. The Company is ready to defend the said Petition and is in the process of filing its Affidavit in reply to the Petition.
6	The Appellate Authority for Industrial and Financial Reconstruction ("AAIFR") has forwarded to the Company documents pertaining to an Appeal filed by M/s Amitabh Bachchan Corporation Limited ("ABCL") against the Board for Industrial and Financial Reconstruction ("BIFR") wherein		Appeal No. 244/04 before the AAIFR.	The AAIFR has passed an order dated December 22, 2004 hearing and admitting the appeal filed by M/s ABCL The appeal matter has now been listed for hearing on March 22, 2005.

Sr. No.	Brief Particulars	Claim amount	Court/Forum/Case Number	Current Status
	the Company is being named a Respondent along with 13 other respondents. This Appeal has been made by ABCL under section 25 of the Sick Industrial Companies (Special Provisions) Act 1985 ("SICA") against the Order dated October 27, 2004 passed by the Bench of the BIFR, for setting aside the said order and praying for deregistration of M/s ABCL from the purview of the BIFR, which has been registered as Case No. 60/99. M/s ABCL was referred to BIFR and was declared a sick industrial company under section 3(1)(o) of SICA. The Company was at one time a creditor of M/s ABCL and the outstanding amounts payable to the Company were duly settled subsequently. Now M/s ABCL has filed an Appeal against the order of the BIFR for setting aside the same and deregistering M/s ABCL from the purview of the BIFR. The Company is not in any manner whatsoever concerned/ affected by the said Appeal.			

Sr. No.	Brief Particulars	Claim amount	Court/Forum/Case Number	Current Status
7.	M/s. Suresh Television has filed a petition under Order 39 Rules 1 & 2 of the Civil Procedure Code, 1908 ("CPC") read with section 151 of CPC before the City Civil Court at Chennai. The suit was filed to restrain the Company from in any manner interfering with the telecast, marketing and exploitation of the free commercial time of the programme titled "Maa Inti Maalakshmi" through Gemini TV of which the Company was the sole marketing agent contractually appointed by M/s. Suresh Television.	No claim made in this petition Prayer for: (a) declaring the agreement dated June 16, 2004 entered into between M/s. Suresh Television and the Company stands lawfully and validly terminated and (b) permanent injunction restraining the Company from interfering with the telecast, marketing and exploitation of free commercial time of the programme " Maa Inti Maalakshmi"	In the City Civil Court at Chennai, I.A No685 of 2005 in O.S. No. 181 of 2005	Order dated January 18, 2005 was passed against the Company wherein the City Civil Court Magistrate has passed an injunction restraining the Company from in any manner interfering with the telecast, marketing and exploitation of free commercial time of the of the programme titled "Maa Inti Maalakshmi" The Company has filed a reply to this petition praying for vacation of this order and or dismissal of the suit on *inter alia* grounds of lack of jurisdiction. The same has been filed with the City Civil Court Magistrate. The matter awaits to be heard.
8.	M/s. Suresh Television has filed a suit before the High Court of Judicature at Madras (Chennai). The suit was filed to obtain a prohibitory order restraining the garnishees to the petition from making any payments to the Company pending disposal in this matter	Rs. 69,85000/-	In the High Court of Madras (Chennai) Application No. 180 of 2005 in C.S. No. 32 of 2005	An Ex Parte Order dated January 19, 2005 was passed wherein the Respondent Garnishees (numbering 12) were restrained from making payments to the Company in any manner pending disposal of this present suit. The Company has filed its affidavit in reply as well as another affidavit in support of an application to vacate the exparte prohibitory order passed by the High Court of Madras. The Honb'le High Court of Madras was pleased to vacate the ex-parte prohibitory order and re-insate payments to the Company by the Garnishees.

Sr. No.	Brief Particulars	Claim amount	Court/Forum/Case Number	Current Status
9.	Writ Petition against the Company was filed by Vision Marketing & Information Services Pvt. Ltd directing the Respondent Nos. 1 & 8, i.e. SEBI and ROC to stop the issue of the Respondent No. 3, i.e. the Company or to make a lien on the proceeds of the issue of the Company. The Company has issued a public announcement in the newspapers with respect to this matter.	Rs. 23,56,978.32 as well as interest amount till January 2005	Writ Petition (L) no. 518 of 2005 before the Hon'ble Court, Mumbai	The matter was listed for hearing on February 18, 2005 wherein the Hon'ble Court directed that such a petition should be moved before a regular bench. The matter was ultimately heard on February 23, 2005 wherein the Hon'ble Court passed an order since the Advocate for the Petitioner seeked to withdraw the petition with a view to make appropriate representation before the Respondent No. 2, i.e. Chairman of SEBI, who is expected to look into all the representations with all seriousness. The Advocate for the Petitioner may as well take appropriate steps against the Respondent No. 5, i.e. United Teleshopping & Marketing Co. Ltd. Hence, the petition is allowed to be withdrawn.
10.	A criminal complaint has been filed by Shri Ashok Shekhar, a proprietor of M/s. Shekhar T.V. & Video against the CEO, UTV and Mr. Ronny. Screwvala on February 13, 2004 under Sections 341, 403, 406 and 506(ii) of the Indian Penal Code, 1860 for wrongful restraint, dishonest misappropriation of property and criminal breach of trust. The Company has issued a public announcement in the newspapers with respect to this matter.	Rs. 30,00,000 for loss of property	44th Metropolitan Magistrates Court, Andheri	Case No. 97 /SW/05. The summons was served on February 26, 2005. The next date in the matter is April 2, 2005.

III. Litigation initiated by Group Companies/ Subsidiaries:

Sr. No.	Brief Particulars	Claim amount	Court/Forum/Case Number	Current Status
1.	Western Outdoor Media Technologies Ltd.[2] (now merged with United Entertainment Solutions Private Limited, a subsidiary of UTV) has filed a summary suit against Broadcast Worldwide Ltd. for non-payment of dues for the supply of equipment.	Rs. 8,32,186.50	Summary Suit No. 753 of 2002 before the High Court of Judicature at Bombay	The petitioners had to apply for amendment of the petition to reflect their merger with UTV Software Communications Ltd. which application for amendment was registered in the Court in Feb-March 2004. The petitioners have filed a fresh summon for judgement which were served on the advocates of the respondents on June 10, 2004 and the Respondents have filed their reply to the same.
2.	Western Outdoor Media Technologies Ltd.[3] (now merged with United Entertainment Solutions Private Limited, a subsidiary of UTV) has filed a summary suit against Hi-Class Communications Pvt. Ltd. for non-payment of dues for the supply of equipment.	Rs. 10,76,166	Summary Suit No. 714 of 2001 before the High Court of Judicature at Bombay Summons for Judgment No 1138 of 2001.	The court has passed a decree dated February 25, 2003 in favour of the petitioner in the summons for judgment holding Hi-Class Communications Pvt. Ltd. liable for payment of all amounts due to the petitioner along with interest and costs. The Company is in the process of executing the decree.

IV. Litigation initiated against Group Companies/ Subsidiaries:

Sr. No.	Brief Particulars	Claim amount	Court/Forum/Case Number	Current Status
1.	Satellite Television Asian Region Ltd. has filed a winding up petition against United Teleshopping & Marketing Co. Ltd., which is part of the group to which UTV belongs, for alleged Non-payment of dues for commercial spots booked on television channel.	Rs. 95,24,169 plus interest and finance charges of Rs. 1,24,32,538	Company Petition No. 740 of 2002 under Sections 433 and 434 of the Companies Act, 1956 before the Hon'ble High Court of Bombay.	The proceedings are pending.
2.	An application has been filed by the Commissioner of Central Excise against M/s Aarem Enterprises, and United Teleshopping & Marketing Co. Ltd. inter alia for evasion of excise dues.	Unquantified	Excise Application No. 7 of 2004 filed before the High Court of Judicature at Bombay	A Notice of Motion has been filed by the Commissioner of Central Excise for condonation of delay in filing the Application. Proceedings are pending.

1 This litigation was inherited from the slump sale of the Studio Division of Western Outdoor Media Technologies Ltd. to UTV.

2 This litigation was inherited from the slump sale of the Studio Division of Western Outdoor Media Technologies Ltd. to UTV.

Sr. No.	Brief Particulars	Claim amount	Court/Forum/Case Number	Current Status
3.	A notice of hearing in connection with three show cause notices issued by the Commissioner of Central Excise – Sales Tax Division has been received by the United Teleshopping & Marketing Co. Ltd.	Unascertainable	Show Cause notices: (i) ST/MII/Powai/AA/UTSM/ SCN/2000 dt. 21/6/2000 (ii) ST/MII/SCN/2001-02/ 32dt. 20/7/2001 (iii) ST/MII/Powai/AA/UTSM/ SCN/2000 dt. 21/6/2000	Proceedings are pending.
4.	Writ Petition against the Company was filed by Vision Marketing & Information Services Pvt. Ltd directing the Respondent Nos. 1 & 8, i.e. SEBI and ROC to stop the issue of the Respondent No. 3, i.e. the Company or to make a lien on the proceeds of the issue of the Company. The Company has issued a public announcement in the newspapers with respect to this matter.	Rs. 23,56,978.32 as well as interest amount till January 2005	Writ Petition (L) no. 518 of 2005 before the Hon'ble Court, Mumbai	The matter was listed for hearing on February 18, 2005 wherein the Hon'ble Court directed that such a petition should be moved before a regular bench. The matter was ultimately heard on February 23, 2005 wherein the Hon'ble Court passed an order since the Advocate for the Petitioner seeked to withdraw the petition with a view to make appropriate representation before the Respondent No. 2, i.e. Chairman of SEBI, who is expected to look into all the representations with all seriousness. The Advocate for the Petitioner may as well take appropriate steps against the Respondent No. 5, i.e. United Teleshopping & Marketing Co. Ltd. Hence, the petition is allowed to be withdrawn.

V. Litigation initiated against Directors:

Sr. No.	Brief Particulars	Claim amount	Court/Forum/Case Number	Current Status
1.	A case has been filed against Mr. Rohinton S. Screwvala by International Factors (Singapore) Ltd.	SG$ 181,842.34	DC Case No. 452/2002 in the Subordinate Court in Singapore	Proceedings are currently pending.
2.	A case has been filed against Mr. Sanjay S. Kulkarni by Ginni International Ltd. in his capacity as director of World Tex Ltd. for the dishonor of cheques by World Tex Ltd.	Not ascertainable	Civil Court – Alwar Bahrod Case No. 20-1 – 2001	Proceedings are currently pending.
3.	A case has been filed against Mr. Sanjay S. Kulkarni by K.C.Fibers Ltd. in his capacity as director of World Tex Ltd. for the dishonor of cheques by World Tex Ltd.	Not ascertainable	Civil Court – Sonepat Case No. 578/2 –2001	Proceedings are currently pending.
4.	A case has been filed against Mr. Sanjay S. Kulkarni by K.C.Fibers Ltd. in his capacity as director of World Tex Ltd. for the dishonor of cheques by World Tex Ltd.	Not ascertainable	Civil Court – Sonepat Case No. 5772 –2001	Proceedings are currently pending.
5.	A case has been filed against Mr. Sanjay S. Kulkarni by Smt. Manda Shailesh Panchamatia in his capacity as director of Sun-Earth Ceramics Ltd. for the dishonor of cheques by Sun-Earth Ceramics Ltd.	Not ascertainable	City Magistrate Court Girgaon No. 40 Case No. 614/2002	Proceedings are currently pending.
6.	A case has been filed against Mr. Sanjay S. Kulkarni by Smt. Manda Shailesh Panchamatia in his capacity as director of Sun-Earth Ceramics Ltd. for the dishonor of cheques by Sun-Earth Ceramics Ltd.	Not ascertainable	City Magistrate Court Girgaon No. 40 Case No. 615/2002	Proceedings are currently pending.

Sr. No.	Brief Particulars	Claim amount	Court/Forum/Case Number	Current Status
7.	Writ Petition against the Company was filed by Vision Marketing & Information Services Pvt. Ltd directing the Respondent Nos. 1 & 8, i.e. SEBI and ROC to stop the issue of the Respondent No. 3, i.e. the Company or to make a lien on the proceeds of the issue of the Company. The Company has issued a public announcement in the newspapers with respect to this matter.	Rs. 23,56,978.32 as well as interest amount till January 2005	Writ Petition (L) no. 518 of 2005 before the Hon'ble Court, Mumbai	The matter was listed for hearing on February 18, 2005 wherein the Hon'ble Court directed that such a petition should be moved before a regular bench. The matter was ultimately heard on February 23, 2005 wherein the Hon'ble Court passed an order since the Advocate for the Petitioner seeked to withdraw the petition with a view to make appropriate representation before the Respondent No. 2, i.e. Chairman of SEBI, who is expected to look into all the representations with all seriousness. The Advocate for the Petitioner may as well take appropriate steps against the Respondent No. 5, i.e. United Teleshopping & Marketing Co. Ltd. Hence, the petition is allowed to be withdrawn.
8.	A criminal complaint has been filed by Shri Ashok Shekhar, a proprietor of M/s. Shekhar T.V. & Video against the CEO, UTV and Mr. Ronny. Screwvala on February 13, 2004 under Sections 341, 403, 406 and 506(ii) of the Indian Penal Code, 1860 for wrongful restraint, dishonest misappropriation of property and criminal breach of trust. The Company has issued a public announcement in the newspapers with respect to this matter.	Rs. 30,00,000 for loss of property	44th Metropolitan Magistrates Court, Andheri Case No. 97 /SW/05.	The summons was served on February 26, 2005. The next date in the matter is April 2, 2005.

VI. Potential Litigation

Sr. No.	Brief Particulars	Claim amount	Court/Forum/Case Number	Current Status
1.	A non-cognizable complaint has been filed by Ms. Jenobia Doctor of M/s. Vision Marketing & Information Services Pvt. Ltd. against Mr. Rohinton S. Screwvala on July 14, 2004 under Section 417, 418, 420, 421 and 422 of the Indian Penal Code for cheating and misappropriation. The complaint is in respect of non-payment of dues amounting to Rs. 13,24,154.32 by United Teleshopping and Marketing Company Ltd., a UTV group company, for setting up 5 call centers.	Rs. 13,24,154.32	A non-cognizable complaint has been filed with the Saki Naka Police Station, Andheri, East, Mumbai 400 072.	The Company has replied to M/s Vision Marketing & Information Services Pvt. Ltd on July 29, 2004 and has filed a copy of the said reply with the Saki Naka Police Station, for their information. Subsequently, M/s Vision Marketing & Information Services Pvt. Ltd vide their letter dated August 19, 2004 intimated that they would not reply to UTV's letter of July 29, 2004. Letter received by Mr. S. Screwvala on February 14, 2005 from Saki Naka Police Station, Andheri, Mumbai requesting his presence to answer the complaint. No formal proceedings have been instituted to date.
2.	A notice dated September 1, 2004 was received from D.H. Law Associates on behalf of its client Sanjay Bhattacharjii (an ex employee of the company) claiming a share of 5% in the net profits of the Movie Division towards his commission in terms of the Agreement dated July 26, 2002 entered into between Sanjay Bhattacharjii and the Company setting out the professional arrangement with UTV valid w.e.f. April 1, 2002 till April 1, 2004, i.e. two years. The said agreement having been terminated by the Company vide their notice dated April 10, 2003.	5% in the net profits of the Movie Division of the Company	No formal proceedings have been initiated till date.	The Company through its advocates, sent a reply dated September 17, 2004 to D.H. Law Associates, *inter alia* stating that the agreement was terminated on May 10, 2003 and hence, Sanjay Bhattacharjii is not entitled to payment of any commission post his termination. Moreover the letter also stated the fact that the movie division of the Company has already incurred a loss during the term of Sanjay Bhattacharjii and hence there was no question of sharing the profits. There has been no further communication received from the other party.

Our company, its promoters, subsidiaries and group companies have, in the course of its regular business, from time to time, received notices from various parties alleging outstanding dues from the company, its promoters, subsidiaries and group companies. Some such matters were also taken up by certain trade associations and Advocates, from whom the Company, its promoters, subsidiaries and group companies received notices. None of these notices have currently matured into litigation.

VII. Penalties

No penalties have been imposed by SEBI or any other regulatory bodies in India or abroad against the Company, Directors, Associates and other ventures promoted by the Directors of the Company.

Our Company, our promoters and their relatives, our subsidiaries, our group companies, other companies promoted by our promoters have not been detained by RBI/Government Authorities.

MATERIAL DEVELOPMENTS

In the opinion of the Board of Directors of the Company, there have not arisen, since the date of the last financial statement disclosed in this Prospectus, any circumstancesthat materially or adversely affect or are likely to affect the profitability of the Company and its subsidiaries or their ability to pay the material liabilities within the next 12 months.

GOVERNMENT APPROVALS

The Company has received the following approvals:

a. In-principle RBI approval dated April 29, 1994 and final RBI approval dated July 8, 1994, Ref No.EC.BY.FITT.39/04.05.01/U-10/94-95 for issue of 1,82,549 equity shares of Rs.10 face value, at a premium of Rs.507.68 to its foreign collaborator, M/s.International Graphics Holdings Limited, Mauritius.

b. RBI approval dated September 25, 1995, Ref. No.EC.BY.FITT/329/04.05.01/U-10/95/96 for issue of 32,85,882 Bonus Shares of Rs.10 face value to its foreign collaborator M/s. International Graphics Holdings Limited, Mauritius on repatriation basis in the proportion of 18 bonus shares for every 1 equity shares held.

c. GoI approval dated August 22, 1996 (No. FC II 615(96)/807(96)) (and amendment letter dated September 6, 1996) for induction of foreign equity upto 24% in the Company by Media Ventures India Limited, Mauritius, a wholly owned subsidiary of M/s Warburg Pincus Ventures LP, USA) as well as by preferential allotment of new shares to Media Ventures India Limited, by the Company.

d. GOI approval letter dated May 11, 2000 No. FC II 639(96)/362(96) amending GOI approval letter dated August 26, 1996 of M/s United Studios Limited and subsequent amendments dated October 27, 1998 and March 10, 2000 whereby the approval letter of October 27, 1998 stands amended for:

- Transfer of 11,70,119 equity shares of Rs.10/- each held by M/s. Mitsui & Co. Ltd. in M/s. United Studios Ltd to M/s. UTV Software Communications Ltd.
- Transfer of 6,79,871 equity shares of Rs.10/- each held by M/s. Mitsui & Co. Asia Investment Ltd. in M/s. United Studios Ltd. to M/s. UTV Software Communications Ltd.; and
- Transfer of 17,75,010 equity shares of Rs.10/- each held by M/s. Century Direct Fund (Mauritius) LLC in M/s. United Studios Ltd. to M/s. UTV Software Communications Ltd.

e. In-principle RBI approval dated September 25, 1996 and final RBI approval dated October 1, 1996, Ref. No.EC.BY.C1.885/04.01.01/ U-12/96/97, for issue of 7,35,295 fully paid up equity shares of Rs.10 face value to its foreign collaborator viz. M/s. Media Ventures India Limited, Mauritius, at a premium of Rs.145 per share.

f. RBI approval dated March 7, 2000, EC.CO.FI.D(II)/4552/10.02.61/47b(Rep)/99-2000, (and RBI amendment letter dated March 15, 2000) for the purchase of upto 13,55,000 Shares of Rs.10 face value of the Company by M/s.Fleming India Investment Company (Mauritius), a sub A/c. of M/s.Robert Fleming Nominees Limited and seven others (all eight FIIs) from M/s.Media Ventures India Limited, a foreign company on repatriation basis as follows:

Sr. No.	Name of the Foreign Institutional Investors (FII)	Sub A/c.	No. of shares of Rs.10 face value
1.	Robert Fleming Nominees Limited	Fleming India Investment Co., Mauritius	1,50,000
2.	Jardine Fleming International Management Inc.	Jardine Fleming India Fund A/c.	1,50,000
3.	OCBC Asset Management Limited	OAI Mauritius Limited – Savers India Fund	1,74,000
4.	Lloyd George Investment Management (Bermuda) Limited	L G India Fund Limited	98,000
5.	Lloyd George Investment Management (Bermuda) Limited	South Asia Portfolio	98,000
6.	Lloyd George Investment Management (Bermuda) Limited	Asian Smaller Companies Portfolio	2,51,000
7.	(a) Emerging Markets Management	Emerging Markets, South Asian Fund, Mauritius	1,04,000

7.	(b) Emerging Markets Management	Sub A/c. Emerging Markets South Asian Fund, Mauritius	1,60,000
8.	Fledging Nominees International Limited	Cophall Mauritius Investments Limited	1,70,000
	Total	**Eight FIIs**	**13,55,000**

g. RBI approval dated March 11, 2000, EC.CO.FI.D(II)/ 10.02.61/47b(Rep)/99-2000, for the purchase of upto 2,90,000 shares of Rs.10 face value of the Company by M/s. GMO Emerging Market Fund, a sub A/c. of M/s. GMO Trust from M/s.Media Ventures India Limited, a foreign company on repatriation basis.

h. FIPB approval dated May 11, 2000, No.FCII:216(2000)/195(2000), and subsequent amendment dated July 4, 2000, for the following:

   i. For issue of 904,323 equity shares of Rs.10 face value of the Company to Media Ventures India Limited, Mauritius against an acquisition of 16,70,281 equity shares of Singapore $1 each of UTV International (Singapore) Pte. Limited.

   ii. For issue of 1,07,677 equity shares of Rs.10 face value of the Company to UTV International Limited, against an acquisition of 1,98,878 equity shares of Singapore $1 each of UTV International (Singapore) Pte. Limited.

   iii For issue of 44,000 equity shares of Rs.10 face value of the Company to Unilazer (Hongkong) Limited, against an acquisition of 2,50,000 equity shares of US$1 each of UTV International Holdings Limited.

   iv For issue of 2,34,024 equity shares of Rs.10 face value of the Company to Mitsui & Co.Limited, Japan, against an acquisition of 11,70,119 equity shares of Rs.10/- of United Studios Limited.

   v For issue of 1,35,974 equity shares of Rs.10 face value of the Company to Mitsui & Co.Asia Investment Limited, Japan, against an acquisition of 6,79,871 equity shares of Rs.10/- of United Studios Limited.

   vi For issue of 3,55,002 equity shares of Rs.10 face value of the Company to Century Direct Fund (Mauritius) LLC, against an acquisition of 17,75,010 equity shares of Rs.10/- of United Studios Limited.

i. RBI approval dated May 31, 2000, Ref.No.EC.CO.FID (1)/4316/10.1.07.02.200(170)/99-2000 for transferring 36,25,000 equity shares of Rs.10/- each in United Studios Limited, Mumbai held by Mitsui & Co. Limited, Japan (11,70,119 shares), Mitsui & Co., Asia Investment Limited, Singapore (6,79,871 shares) Century Direct Fund (Mauritius), LLC Mauritius (17,75,010 shares), in favour of UTV Software Communications limited, Mumbai under swap of shares by issuing fresh shares of UTV at a ratio of 1:5 (2:5).

j. RBI approval dated August 22, 2000, No.BYWRN20000316 for acquisition of 100% equity of UTV International Holdings Ltd. BVI(UIHL), by issue of the equity shares of UTV to the existing shareholders of UIHL.

k. RBI approval dated August 22, 2000, No.BYWRN0000315 for acquisition of 100% equity of UTV International (Singapore) Pte. Ltd. (UTVIS), by issue of the equity shares of UTV to existing shareholders of UTVIS.

l. RBI notification Ref.No.EC.CO/FII/5867/11.01.08/1999-2000 dated June 14, 2000 under FEMA for investment by FIIs in the Company upto 40% of the paid up capital.

m. RBI APPROVAL Ref. No.EC.CO.OID 2349/19.21.139-140/2000-01 dated December 12, 2000 to subscribe to 4,092,595, 4% redeemable preference shares of S$1.00 each aggregating to S$4.09 million of UTV International (Singapore) Pte. Limited and to subscribe 3,250,000, 4% redeemable preference shares of USD 1.00 each aggregating to USD 3.25 million of UTV International Holdings Limited.

n. GOI approval dated March 28, 2002 No. FC II 25(2002)/73(2002) (and amendment dated April 1, 2002) for induction of foreign equity of 96,00,000 equity shares of Rs 5 each (Equivalent to 48,00,000 Equity Shares of Rs 10 each) accounting for 33.80% of the revised equity of the Company by M/s. CDP Media Holdings (India) Ltd. by way of purchase of 17,73,800 equity shares of Rs 5 each (Equivalent to 886,900 Equity Shares of Rs. 10 each) from FII's, purchase of 32,26,200 equity shares of Rs 5 each (Equivalent to 1613100 Equity Shares of Rs. 10 each) from Media Ventures (India) Limited and fresh issue of 46,00,000 equity shares of Rs 5 each (Equivalent to 2,300,000 Equity Shares of Rs. 10 each). RBI approval dated April 9, 2002 for the purchase of 17,73,800 equity shares from FII's (Equivalent to 886,900 Equity Shares of Rs 10 each).

The Company can undertake its present activities in view of the material approvals obtained.

DIVIDEND POLICY

The declaration and payment of dividends will be recommended by our Board of Directors and our shareholders, in their discretion, and will depend on a number of factors, including but not limited to our earnings, capital requirements and overall financial condition. The dividend paid by our company in respect of the five financial years ended March 31, 2004 and the six months period ended September 30, 2004 are as under:

(Rs. In thousands)

	Period ended Sept 30th, 2004	Financial year March 31, 2004	Financial year ended March 31, 2003	Financial year ended March 31, 2002	Financial year ended March 31, 2001	Financial year ended March 31, 2000
Equity Share Capital	149,936	145,936	145,021	119,771	119,021	93,137
Rate of Dividend	-	-	-	-	12.50%	20%
Amount of Dividend	-	-	-	-	14,878	18,628
Dividend Tax	-	-	-	-	1,518	4,098

Please note that the figures mentioned above are not indicative of the dividends that may be paid by our company in future.

STATEMENT OF TAX BENEFIT

Please refer to Annexure XII of Auditor's report on page no. 165of this Prospectus for tax benefits available to our company and to our shareholders.

SECTION VI : OFFERING INFORMATION

TERMS OF THE ISSUE

The Equity Shares being offered are subject to the provisions of the Companies Act, the Memorandum and Articles of the Company, the terms of this Prospectus, Bid-cum-Application Form, the Revision Form, the Confirmation of Allocation Note ("CAN") and other terms and conditions as may be incorporated in the Allotment Advice, and other documents/certificates that may be executed in respect of the Issue. The Equity Shares shall also be subject to laws, guidelines, notifications and regulations relating to the issue of capital and listing and trading of securities issued from time to time by SEBI, Government of India, Stock Exchanges, RBI, RoC and/or other authorities, as in force on the date of the Issue and to the extent applicable.

Authority for the Issue

The Fresh Issue of 4,500,000 Equity Shares has been authorised by a special resolution adopted pursuant to Section 81(1A) of the Companies Act, at the Extra-Ordinary General Meeting of our shareholders held on July 8, 2004. CDP has confirmed its interest to Offer for Sale 2,499,950 Equity Shares, as part of this Issue through its board resolution dated December 7, 2004. The Issue, comprising of the Fresh Issue and the Offer for Sale, have been authorised pursuant to a resolution of the IPO Committee, constituted by the Board of Directors, adopted on December 14, 2004.

Ranking of Equity Shares

The Equity Shares being offered shall be subject to the provisions of our Memorandum and Articles and shall rank *pari passu* in all respects with the other existing shares of the Company including rights in respect of dividend. The Allottees/Transferees will be entitled to dividend, voting rights or any other corporate benefits, if any, declared by the Company after the date of Allotment by the Company. In respect of the Equity Shares transferred under the Issue , the dividend, if any, for the entire year shall be paid by the Company to the transferees.

Face Value and Issue Price

The Equity Shares with a face value of Rs.10 each are being offered in terms of this Prospectus at a total price of Rs. [·] per share. At any given point of time, there shall be only one denomination for the Equity Shares of the Company, subject to applicable laws.

Compliance with SEBI Guidelines

The Company shall comply with all requirements of the SEBI (Disclosure and Investor Protection) Guidelines, 2000 as amended from time to time.

Rights of the Equity Shareholder

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

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

For further details on the main provisions of the Company's Articles of Association dealing with voting rights, dividend, forfeiture and lien, transfer and transmission and/or consolidation/splitting, see "Main Provisions of Articles of Association of the Company".

Market Lot

In terms of Section 68B of the Companies Act, the Equity Shares of the Company shall be allotted only in dematerialised form. In terms of existing SEBI Guidelines, the trading in the Equity Shares of the Company shall only be in dematerialised form for all investors.

Since trading of our Equity Shares is in dematerialised form/mode, the tradable lot shall be one equity share. Allocation and allotment in this Issue will be done only in electronic form in multiples of one Equity Shares with a minimum allotment of 50 Equity Shares to the successful bidders.

For details of allocation and allotment, see "Statutory and Other Information - Basis of Allotment and Allocation".

Jurisdiction

The jurisdiction for the purpose of this Issue is with competent courts/authorities in Mumbai, India.

Nomination Facility to the Investor

In accordance with Section 109A of the Companies Act, the sole or first bidder, along with other joint bidders, may nominate any one person in whom, in the event of the death of sole bidder or in case of joint bidders, death of all the bidders, as the case may be, the Equity Shares transferred/allotted, if any, shall vest. A person, being a nominee, entitled to the Equity Shares by reason of the death of the original holder(s), shall in accordance with Section 109A of the Companies Act, be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the equity share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to equity share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale/ transfer/ alienation of equity share(s) by the person nominating.

In accordance with Section 109B of the Companies Act, any person who becomes a nominee by virtue of the provisions of Section 109A of the Companies Act, shall upon the production of such evidence as may be required by the Board, elect either:

a. to register himself or herself as the holder of the equity shares; or

b. to make such transfer of the equity shares, as the deceased holder could have made.

Further, the Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the equity shares, and if the notice is not complied with within a period of ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the equity shares, until the requirements of the notice have been complied with.

Since the allotment of Equity Shares in the Issue will be made only in dematerialised mode, there is no need to make a separate nomination with us. Nominations registered with respective depository participant of the applicant would prevail. If the investors require to change the nomination, they are requested to inform their respective depository participant.

Application to RBI for offer for sale of shares by CDP

CDP has applied on November 24, 2004 to RBI for approval for transfer of up to 2,499,950 shares of face value of Rs. 10 each of our company from CDP to person resident in India as well as to persons resident outside India, i.e FII's through this Issue. UTV and each of Unilazer Hongkong Limited, Rohinton Screwvala, Unilazer Exports & Management Consultants Limited have undertaken to CDP that they shall use their reasonable endeavours to procure that CDP shall have the right to sell 2,499,950 Shares by participating in the IPO and selling the IPO Shares. UTV and each of Unilazer (Hongkong) Limited, Rohinton S Screwvala, Unilazer Exports & Management Consultants Limited have undertaken to CDP that till such time as the approval from the RBI is received for the transfer of 2,499,950 shares of face value of Rs. 10/- each in the company through Offer for Sale, UTV shall not file the Prospectus with the Registrar of Companies, Mumbai or enter into the Underwriting Agreement.

RBI has given CDP the approval to transfer upto 2,499,950 shares vide their letter dated January 11, 2005.

US Laws

The Equity Shares have not been and will not be registered under the U.S. Securities Act 1933, as amended (the "Securities Act") or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account or benefit of, "U.S. persons" (as defined in Regulation S of the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Equity Shares will be offered and sold only (i) in the United States to "qualified institutional buyers", as defined in Rule 144A of the Securities Act, and (ii) outside the United States in compliance with Regulation S and the applicable laws of the jurisdiction where those offers and sales occur.

ISSUE STRUCTURE

The present Issue is of 6,999,950 Equity Shares of Rs. 10 each for cash at a price of Rs.130 per Equity Share aggregating Rs.909.99 million. The Issue is being made through a 100% book building process.

The overall Issue size comprises the followings:

- Net Issue to Public: 6,650,000 Equity Shares
- Reservation for permanent employees on a competitive basis: 349,950 Equity Shares

Details about 'Net Issue to Public' portion are given below:

	QIB	**Non-Institutional Buyer**	**Retail Individual Buyer**
Number of Equity Shares[1]	Higher of 3,325,000 Equity Shares and 'Issue Size' less allocation to Non-Institutional Bidders and Retail Individual Bidders.	'Issue Size' less allocation to QIBs and Retail Individual Bidders subject to minimum of 1,662,500 Equity Shares.	'Issue Size' less allocation to QIBs and Non-Institutional Bidders subject to minimum of 1,662,500 Equity Shares.
Percentage of Issue Size available for allocation	Higher of 50% of 'Net Issue to Public' and Issue Size less allocation to Non Institutional Bidders and Retail Individual Bidders	Minimum of 25% of 'Net Issue to Public' and Issue Size less allocation to QIBs and Retail Individual Bidders.	Minimum of 25% of 'Net Issue to Public' and Issue Size less allocation to QIBs and Non Institutional Bidders.
Basis of Allocation or Allotment if respective category is oversubscribed	Discretionary	Proportionate	Proportionate
Minimum Bid	In multiples of 50 Equity Shares such that the Bid Amount exceeds Rs. 50,000	In multiple of 50 Equity Shares such that the Bid Amount exceeds Rs. 50,000	50 Equity Shares
Maximum Bid	Not exceeding Net Issue to Public subject to applicable limits.	Not exceeding Net Issue to Public subject to applicable limits.	In multiples of 50 Equity Shares such that the Bid Amount does not exceed Rs.50,000.
Allotment Mode	Compulsory in Dematerialised form	Compulsory in Dematerialised form	Compulsory in Dematerialised form
Market Lot/Trading Lot	One	One	One
Bidding lot	50 Equity Shares	50 Equity Shares	50 Equity Shares
Who can Apply	Public financial institutions as specified in Section 4A of the Companies Act, FIIs registered with SEBI, scheduled commercial banks, mutual funds registered	Resident Indian Individuals, HUF (in the name of Karta), companies, corporate bodies, NRIs, scientific institutions, societies and trusts	Individuals (including NRIs and HUFs) applying for up to Rs 50,000 amount

	QIB	Non-Institutional Buyer	Retail Individual Buyer
	with SEBI, multilateral and bilateral development financial institutions, venture capital funds registered with SEBI, foreign venture capital investors registered with SEBI, state industrial development corporations, insurance companies registered with Insurance Regulatory and Development Authority, provident funds with minimum corpus of Rs 2500 Lakhs and pension funds with minimum corpus of Rs 2500 Lakhs.		
Terms of Payment	Margin Amount applicable to QIB Bidders at the time of submission of Bid cum Application Form to the members of the Syndicate	Margin Amount applicable to Non Institutional Bidders at the time of submission of Bid cum Application Form to the members of the Syndicate	Margin Amount applicable to Retail Individual Bidders at the time of submission of Bid cum Application Form to the members of the Syndicate
Margin Money	Nil	Full Bid Amount	Full Bid Amount

(1) Subject to valid bids being received at or above the Issue Price. Undersubscription, if any, in any of the categories, would be allowed to be met with spill over from any of the other categories, at the discretion of the Company, in consultation with the BRLM.

(2) In the event of under-subscription in the Issue, the procedure for allotment shall be as follow:

- *all valid Bids received at or above the Issue Price, shall be first allotted Equity Shares upto their total entitlement, out of the CDP shares;*
- *after alloting all the CDP shares, in the event there are any valid bids against which Equity Shares have not been allotted, such valid bids will be allotted shares from the Fresh Issue.*

In the event that minimum subscription of 100% of the CDP Shares including devolvement of the Syndicate, if any, is not received within 12 days from the Bid/Issue Closing Date or such extended period of time as may be agreed by CDP in writing, the Company and CDP shall forthwith withdraw the Issue and refund the entire subscription amount received.

ISSUE PROCEDURE

Book Building Procedure

The Issue is being made through the 100% Book Building process wherein upto 50% of the 'Net Issue to Public' shall be allocated on a discretionary basis to Qualified Institutional Buyers. Further, not less than 25% of the 'Net Issue to Public' shall be available for allocation on a proportionate basis to Non Institutional Bidders and not less than 25% of 'Net Issue to Public'shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid bids being received at or above the Issue Price. Our Permanent employees would be allotted 5% of the Issue Size, under reserved category on a competitive basis, subject to valid bids being received at or above the Issue Price.

Bidders are required to submit their Bids through the members of the Syndicate. Our Company, in consultation with the BRLMs and CDP, reserves the right to reject any Bid procured by any or all members of the Syndicate without assigning any reasons therefor in case of QIBs. In case of Non Institutional Bidders and Retail Individual Bidders, our Company would have a right to reject the Bids only on technical grounds.

Investors should note that Equity Shares would be alloted to all successful Bidders only in dematerialized form.

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

Bidders can bid at any price within the price band. For instance, assume a price band of Rs 20 to Rs 24 per share, issue size of 3000 equity shares and receipt of five bids from bidders out of which one bidder has bid for 500 shares at Rs.24 per share while another has bid for 1,500 shares at Rs.22 per share. A graphical representation of the consolidated demand and price would be made available at the bidding centers during the bidding period. The illustrative book as shown below shows the demand for the shares of the company at various prices and is collated from bids from various investors.

Bid Quantity	Bid Price (Rs.)	Cumulative Quantity	Subscription
500	24	500	27.77%
1000	23	1500	83.33%
1500	22	3000	166.67%
2000	21	500	277.78%

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

Bid cum Application Form

Bidders shall only use the Bid cum Application Form bearing the stamp of a member of the Syndicate for the purpose of making a Bid in terms of this Prospectus. The Bidder shall have the option to make a maximum of three Bids in the Bid cum Application Form and such options shall not be considered as multiple bids. Upon the allocation of Equity Shares, dispatch of the CAN and filing of the Prospectus with the RoC, the Bid cum Application Form shall be considered as the Application Form. Upon completing and submitting the Bid cum Application Form to a member of the Syndicate, the Bidder is deemed to have authorised our Company to make the necessary changes in this Prospectus and the Bid cum Application Form as would be required for filing the Prospectus with the RoC and as would be required by the RoC after such filing, without prior or subsequent notice of such changes to the Bidder.

The prescribed colour of the Bid cum Application Form for various categories, is as follows:

Category	Colour of Bid cum Application Form
Indian Public or NRIs applying on a non-repatriation basis	White
Non-residents including NRIs or FIIs applying on a repatriation basis, Foreign Venture Capital Fund registered with the SEBI	Blue
Employees	Pink

Who Can Bid

- Indian nationals resident in India who are majors, in single or joint names (not more than three);
- Minors, acting through their natural/legal guardians;
- Hindu undivided families or HUFs, in the individual name of the Karta. The Bidder should specify that the Bid is being made in the name of the HUF in the Bid cum Application Form as follows: "Name of Sole or First bidder: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the Karta". Bids by HUFs would be considered at par with those from individuals;
- Companies, corporate bodies and societies registered under the applicable laws in India and authorised to invest in Equity Shares;
- Indian mutual funds registered with SEBI;
- Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission, as applicable);
- Venture capital funds registered with SEBI;
- Foreign venture capital investors registered with SEBI;
- State Industrial Development Corporations;
- Insurance companies registered with Insurance Regulatory and Development Authority;
- Provident funds with minimum corpus of Rs 2500 lakhs who are authorized under their constitution to hold and invest in Equity Shares;
- Pension funds with minimum corpus of Rs 2500 lakhs;
- Multilateral and bilateral development financial institutions;
- Trusts/Societies registered under the Indian Trust Act, 1882/Societies Registration Act, 1860, as amended, or under any other law relating to Trusts/Society and who are authorised under their constitution to hold and invest in Equity Shares;
- Eligible Non-residents including NRIs and FIIs on a repatriation basis or a non-repatriation basis subject to applicable laws; and
- Scientific and/ or industrial research organisations authorised to invest in Equity Shares.

Note: The members of the Syndicate and any associate of the members of the Syndicate (except asset management companies on behalf of mutual funds, Indian financial institutions and public sector banks) cannot participate in that portion of the Issue where allocation is discretionary. Further, the BRLM and the Co-BRLM shall not be entitled to subscribe to this Issue in any manner except towards fulfilling their underwriting obligation.

Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law.

As per the current regulations, the following restrictions are applicable for investments by mutual funds:

- No mutual fund scheme shall invest more than 10% of its net asset value in the Equity Shares or equity related instruments of any company provided that the limit of 10% shall not be applicable for investments by index funds or sector or industry specific funds. No mutual fund under all its schemes should own more than 10% of any company's paid-up capital carrying voting rights.

As per the current regulations, the following restrictions are applicable for investments by FIIs:

- No single FII can hold more than 10% of the post-Issue paid up capital of the Company. In respect of an FII investing in our Equity Shares on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10% of our post-issue paid-up capital. As of now, the aggregate FII holding in our Company cannot exceed 24% of the total issued capital of the Company. However, with approval of shareholders by way of a special resolution, the aggregate FII holding can go up to 100%. In case of our Company a resolution has been passed by a shareholder approving FII holding upto 40% of our issued capital .

As per the current regulations, the following restrictions are applicable for investments by SEBI registered VCFs and FVCIs.

- The SEBI (Venture Capital) Regulations, 1996 and the SEBI (Foreign Venture Capital Investor) Regulations, 2000 prescribe investment restrictions on venture capital funds and foreign venture capital investors registered with SEBI. Accordingly, the holding by any individual venture capital fund or foreign venture capital investor registered with SEBI should not exceed 25% of the corpus of the venture capital fund/ foreign venture capital investor. Equity Shares allotted to venture capital fund/ foreign venture capital investor through this IPO shall be locked-in for a period of one year.

The above information is given for the benefit of the Bidders. The information provided above is based on the provisions of applicable law as on the date of this Prospectus. The Company, CDP and BRLMs are not liable for any amendments or modifications or changes in applicable laws or regulations, which may happen after the date of filing of this Prospectus. Bidders are advised to make their independent investigations and ensure that their number of Equity Shares bid for do not exceed the applicable limits under laws or regulations.

Maximum and Minimum Bid Size

For Retail Individual Bidders

The Bid must be for 50 number of Equity Shares and in multiples of 50 Equity Shares thereafter, such that the Bid Amount does not exceed Rs. 50,000. In case of revision of Bids, the Retail Bidders have to ensure that the revised Bid Amount does not exceed Rs.50,000. In case the maximum Bid amount is more than Rs.50,000, then the same would be considered for allocation under the Non-Institutional Bidders category. In case the Bid Amount is over Rs. 50,000 due to revision or on exercise of Cut-off option, the Bid would be considered for allocation under the Non Institutional Bidders category. The cut-off option is an option given only to the Retail Individual Bidders indicating their agreement to bid and purchase at the final Issue Price as determined at the end of the Book Building Process.

For Non-Institutional and QIB Bidders

The Bid must be in multiples of 50 Equity Shares , such that the Bid Amount exceeds Rs.50,000. A Bid cannot be submitted for more than the size of the Issue. However, the maximum Bid by a QIB investor should not exceed the investment limits prescribed for them by applicable laws. Under existing SEBI guidelines, a QIB Bidder cannot withdraw its bid after the Bid/Issue Closing Date.

In case of revision in Bids, the Non Institutional Bidders who are individuals have to ensure that the Bid Amount is greater than Rs.50,000. In case the Bid Amount reduces to Rs.50,000 or less due to a revision in Bids, the same would be considered for allocation under the Retail Portion.

For Employees under Reserved Category

The Bid must be for a minimum 50 number of Equity Shares and in multiples of 50 Equity Shares thereafter. However, the maximum Bid by an employee should not exceed 349,950 Equity Shares reserved for the employees.

Information for the Bidders:

1. Our Company will file the Prospectus with the RoC.
2. The members of the Syndicate will circulate copies of the Prospectus along with the Bid cum Application Form to potential investors.
3. Any investor who would like to obtain the Prospectus and/or the Bid cum Application Form can obtain the same from our

corporate office or from any of the members of the Syndicate.

4. Investors who are interested in subscribing to our Company's Equity Shares may approach any of the members of the Syndicate or their authorised agent(s) to register their Bid.
5. The Bids should be submitted on the prescribed Bid cum Application Form only. Bid cum Application Forms should bear the stamp of the members of the Syndicate. Bid cum Application Forms that do not bear the stamp of the members of the Syndicate are liable to be rejected.

Method and Process of bidding

1. Our Company, CDP and the BRLM shall declare the Bid/Issue Opening Date, Bid/Issue Closing Date and Price Band in the Prospectus filed with the RoC and publish the same in two national newspapers (one each in English and Hindi) and a regional newspaper (Marathi). This advertisement shall contain the salient features of the Prospectus as specified under Form 2A of the Companies Act, the method and process of bidding and the names, addresses and telephone numbers of the members of the Syndicate and the bidding centers. The members of the Syndicate shall accept Bids from the Bidders during the Issue Period.
2. The Bidding Period shall be open for at least 5 days and not more than 10 days. In case the Price Band is revised, the revised Price Band and the Bidding Period will be published in two national newspapers (one each in English and Hindi) and one regional newspaper (Marathi) and the Bidding Period shall be extended for a further period of three days, subject to the total Bidding Period not exceeding thirteen days.
3. During the Bidding Period, the Bidders may approach the members of the Syndicate to submit their Bid. Every member of the Syndicate shall accept Bids from all clients/investors who place orders through them and shall have the right to vet the bids.
4. Each Bid cum Application Form will give the Bidder the choice to bid for up to three optional prices (for details refer to the following paragraph entitled "Bids at Different Price Levels" of this Prospectus) within the Price Band and specify the demand (i.e., the number of Equity Shares bid for). The price and demand options submitted by the Bidder in the Bid cum Application Form will be treated as optional demands from the Bidder and will not be cumulated. After determination of the Issue Price, the maximum number of Equity Shares bid for by a Bidder at or above the Issue Price will be considered for allocation and the rest of the Bid(s), irrespective of the bid price, will become automatically invalid.
5. The Bidder cannot bid on another Bid cum Application Form after Bids on one Bid cum Application Form have been submitted to any member of the Syndicate. Submission of a second Bid cum Application Form to either the same or to another member of the Syndicate will be treated as multiple bidding and is liable to be rejected either before entering the Bid into the electronic bidding system, or at any point of time prior to the allotment of Equity Shares in this Issue. However, the Bidder can revise the Bid through the Revision Form, the procedure for which is detailed in the paragraph "Build up of the Book and Revision of Bids" on page 255 of this Prospectus.
6. The members of the Syndicate will enter each option into the electronic bidding system as a separate Bid and generate a Transaction Registration Slip (TRS), for each price and demand option and give the same to the Bidder. Therefore, a Bidder can receive up to three TRSs for each Bid cum Application Form.
7. Along with the Bid cum Application Form, all Bidders will make payment in the manner described under the paragraph "Terms of Payment and Payment into the Escrow Account" on page 253 of the Prospectus.

Bids at Different Price Levels

1. The Price Band has been fixed at Rs.115 to Rs. 130 per Equity Share, Rs. 115 being the floor of the Price Band and Rs. 130 being the cap of the Price Band. The Bidders can bid at any price within the Price Band, in multiples of Re.1.
2. Our Company and CDP, in consultation with the BRLM and Co-BRLM, can revise the Price Band during the Bidding Period, in which case the Bidding Period shall be extended further for a period of three days, subject to the total Bidding Period not exceeding thirteen days. The cap on the Price Band should not be more than 20% of the floor of the Price Band. Subject to compliance with the immediately preceding sentence, the floor of Price Band can move up or down to the extent of 20% of the floor of the Price Band disclosed in the Prospectus.
3. Any revision in the Price Band will be widely disseminated by informing the stock exchanges, by issuing a public notice in

two national newspapers (one each in English and Hindi), and one regional newspaper (Marathi) and also indicating the change on the relevant websites and the terminals of the members of the Syndicate.

4. Our Company and CDP, in consultation with the BRLM and Co-BRLM, can finalise the Issue Price within the Price Band without the prior approval of, or intimation, to the Bidders.
5. The Bidder can bid at any price within the Price Band. The Bidder has to bid for the desired number of Equity Shares at a specific price. **Retail Individual Bidders may bid at "Cut-off". However, bidding at "Cut-off" is prohibited for QIB and Non Institutional Bidders and such Bids from QIBs and Non Institutional Bidders shall be rejected.**

Retail Individual bidders who bid at the Cut-off agree that they shall purchase the Equity Shares at the Issue Price, as finally determined which will be a price within the Price Band. Retail Individual Bidders bidding at Cut-off shall deposit in the Escrow Account the Bid Amount based on cap of the Price Band. In the event the Bid Amount is higher than the allocation amount payable by the Retail Individual Bidders (i.e., the total number of Equity Shares allocated in the Issue multiplied by the Issue Price), Retail Individual Bidders shall receive the refund of the excess amounts from the Escrow Account.

In case of an upward revision in the Price Band announced as above, Retail Individual Bidders who had bid at Cut-off could either (i) revise their bid or (ii) make additional payment based on the Cap of the Revised Price Band, with the member of the Syndicate to whom the original bid was submitted. In case the total amount (i.e. original Bid Amount plus additional payment) exceeds Rs. 50,000, the bid will be considered for allocation under the Non-Institutional category in terms of this Prospectus. If, however, the bidder does not either revise the bid or make additional payment and the Issue Price is higher than the Cap of the Price Band prior to revision, the number of shares bid for shall be adjusted for the purpose of allocation, such that the no additional payment would be required from the bidder.

In case of a downward revision in the Price Band, announced as above, Retail Individual Bidders who have bid at Cut-off could either revise their bid or the excess amount paid at the time of bidding would be refunded from the Escrow Account.

Escrow Mechanism

Our Company and CDP shall open Escrow Accounts with Escrow Collection Banks in whose favour the Bidders shall make out the cheque or demand draft in respect of his or her Bid and/or revision of the Bid. Cheques or demand drafts received for the full Bid amount from Bidders in a certain category would be deposited in the Escrow Account of the Company. The Escrow Collection Banks will act in terms of the Prospectus and an Escrow Agreement. The monies in the Escrow Account of the Company and CDP shall be maintained by the Escrow Collection Bank(s) for and on behalf of the Bidders. The Escrow Collection Bank(s) shall not exercise any lien whatsoever over the monies deposited therein and shall hold the monies therein in trust for the Bidders. On the Designated Date, the Escrow Collection Banks shall transfer the monies from the Escrow Account to the Public Issue Account as per the terms of the Escrow Agreement with the Company.

The Escrow Collection Banks, as per the terms of the Escrow Agreement and this Prospectus, if any, shall also make payment of refund, from the Escrow Account. The Bidders shall note that the escrow mechanism is not prescribed by SEBI and has been established as an arrangement between the Escrow Collection Bank(s), the Company, CDP, the Registrar to the Issue, the BRLM and the Syndicate Members to facilitate collections from the Bidders.

Terms of Payment and Payment into the Escrow Account

Each Bidder shall, with the submission of the Bid cum Application Form draw a cheque or demand draft for the maximum amount of the Bid in favour of the Escrow Account of the Escrow Collection Bank (for details refer to the paragraph "Payment Instructions" on page no. 259 of this Prospectus) and submit the same to the member of the Syndicate with whom the Bid is being deposited. Bid cum Application Forms accompanied by cash shall not be accepted. The maximum Bid price has to be paid at the time of submission of the Bid cum Application Form based on the highest bidding option of the Bidder.

The members of the Syndicate shall deposit the cheque or, demand draft with the Escrow Collection Bank. The Escrow Collection Bank will hold all monies collected for the benefit of the Bidders until the Designated Date. On the Designated Date, the Escrow Collection Bank shall transfer the funds in respect of those Bidders whose Bids have been accepted from the Escrow Account, as per the terms of the Escrow Agreement, into the Public Issue Account. The balance amounts after the transfer to the Public Issue Account, lying credited with the Escrow Collection Banks shall be held for the benefit of the Bidders who are entitled to a refund. On the Designated Date and no later than 15 days from the Bid/Issue Closing Date, the Escrow Collection Bank shall also refund all amounts payable to unsuccessful Bidders and also the excess amount paid on bidding, if any, after adjustment for allocation, to the Bidders.

Each category of Bidders (i.e., QIBs, Non Institutional Bidders and Retail Individual Bidders) would be required to pay their applicable Margin Amount at the time of the submission of the Bid-cum-Application Form. The details of the Margin Amount payable will be available with the members of the Syndicate and will be as per the Syndicate Agreement. Where the Margin Rate applicable to the Bidder is less than 100% of the Bid Amount, any difference between the amount payable by the Bidder for Equity Shares allocated at the Issue Price and the Margin Amount paid at the time of Bidding, shall be payable by the Bidder no later than the Pay-in-Date, which shall be a minimum period of 2 days from the date of communication of the allocation list to the members of the Syndicate by the BRLMs. If the payment is not made favoring the Escrow Account within the time stipulated above, the Bid of the Bidder is liable to be cancelled. However, if the applicable Margin Rate for Bidders is 100%, the full amount of payment has to be made at the time of submission of the Bid Form.

Where the Bidder has been allocated lesser number of Equity Shares than they had bid for, the excess amount paid on bidding, if any, after adjustment for allocation, will be refunded to such Bidder within 15 days from the Bid/Issue Closing Date.

Electronic Registration of Bids

1. The members of the Syndicate will register the Bids using the on-line facilities of NSE and BSE. There will be at least one on-line connectivity in each city where a Stock Exchange Centre is located in India, and where Bids are accepted.
2. NSE and BSE will Issue a screen-based facility for registering Bids for the Issue. This facility will be available on the terminals of the members of the Syndicate and their authorised agents during the Bidding Period. Members of the Syndicate can also set up facilities for off-line electronic registration of Bids subject to the condition that they will subsequently upload the off-line data file into the on-line facilities for book building on a half-hourly basis. On the Bid Closing Date, the members of the syndicate shall upload the Bids until such time as permitted by the Stock Exchanges.
3. The aggregate demand and price for Bids registered on each of the electronic facilities of NSE and BSE will be uploaded on an hourly basis and consolidated. A graphical representation of consolidated demand and price would be made available at the bidding centres during the Bidding Period.
4. At the time of registering each Bid, the members of the Syndicate shall enter the following details of the investor in the on-line system:
   - Name of the investor;
   - Investor Category – Individual, Corporate, NRI, FII, or Mutual Funds, etc.;
   - Numbers of Equity Shares bid for;
   - Bid price;
   - Bid cum Application Form number;
   - Whether payment is made upon submission of Bid cum Application Form; and
   - Depository Participant Identification number and Client Identification number of the demat account of the Bidder.
5. A system generated TRS will be given to the Bidder as a proof of the registration of each of the bidding options. **It is the Bidder's responsibility to obtain the TRS from the members of the Syndicate.** The registration of the Bid by the member of the Syndicate does not guarantee that the Equity Shares shall be allocated either by the members of the Syndicate or the Company, or CDP.
6. Such TRS will be non-negotiable and by itself will not create any obligation of any kind.
7. The members of the Syndicate have the right to vet the bid. Consequently, the members of the Syndicate also have the right to accept the bid or reject it without assigning any reason in case of QIBs. In case of non-institutional Bidders, Retail Individual Bidders and Employees under Reserved Category, Bids would not be rejected except on the technical grounds listed on page no. 261 of this Prospectus.
8. It is to be distinctly understood that the permission given by NSE and BSE to use their network and software of the online IPO system should not in any way be deemed or construed that the compliance with various statutory and other requirements by our Company or CDP or the BRLM are cleared or approved by NSE; nor does it in any manner warrant, certify or endorse

the correctness or completeness of any of the compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of our Company, CDP, promoters, management or any scheme or our project.

9. It is also to be distinctly understood that the approval given by NSE and BSE should not in any way be deemed or construed that this Prospectus has been cleared or approved by NSE and BSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Prospectus; nor does it warrant that the Equity Shares will be listed or will continue to be listed on the NSE and BSE.

Build Up of the Book and Revision of Bids

1. Bids registered by various Bidders through the members of the Syndicate shall be electronically transmitted to the NSE or BSE mainframe on an on-line basis. Data would be uploaded on a regular basis.
2. The Price Band can be revised during the Bidding Period, in which case the Bidding Period shall be extended further for a period of three days, subject to the total Bidding Period not exceeding thirteen days. The cap on the Price Band should not be more than 20% of the floor of the Price Band. Subject to compliance with the immediately preceding sentence, the floor of Price Band can move up or down to the extent of 20% of the floor of the Price Band disclosed in the Prospectus
3. Any revision in the Price Band will be widely disseminated by informing the stock exchanges, by issuing a public notice in two national newspapers (one each in English and Hindi) and one regional newspaper (Marathi) and also indicating the change on the relevant websites and the terminals of the members of the Syndicate.
4. During the Bidding Period, any Bidder who has registered an interest in the Equity Shares at a particular price level is free to revise the Bid within the Price Band using the printed Revision Form, which is a part of the Bid cum Application Form.
5. Revisions can be made in both the desired number of Equity Shares and the Bid Price by using the Revision Form. The Bidder must complete the details of all the options in the Bid cum Application Form or earlier Revision Form and revisions for all the options as per the Bid cum Application Form or earlier Revision Form. For example, if a Bidder has bid for three options in the Bid cum Application Form or the earlier Revision Form and is changing only one of the options in the Revision Form, the Bidder must still complete the details of the other two options that are not being revised in the Revision Form. Incomplete or inaccurate Revision Forms will not be accepted by the members of the Syndicate.
6. The Bidder can make this revision any number of times during the Bidding Period. However, for any revision(s) in the earlier Bid, the Bidders will have to use the services of the same member of the Syndicate through whom the original Bid was placed. **Bidders are advised to retain copies of the blank Revision Form and the revised Bid must only be made on that Revision Form.**
7. Any revision of the Bid shall be accompanied by payment in the form of cheque or demand draft for the incremental amount, if any, to be paid on account of the upward revision of the Bid. The excess amount, if any, resulting from downward revision of the Bid would be returned to the Bidder at the time of refund in accordance with the terms of this Prospectus. In case of QIBs, the members of the Syndicate may at their sole discretion waive the payment requirement at the time of one or more revisions by the QIB Bidder.
8. When a Bidder revises a Bid, the Bidder shall surrender the earlier TRS and get a revised TRS from the member of the Syndicate. It is the responsibility of the Bidder to request for and obtain the revised TRS, which will act as proof of having revised the Bid.
9. In case of discrepancy of data between NSE or BSE and the members of the syndicate, the decision of the BRLM and Co-BRLM based on physical records of the Bid cum Application Forms shall be final and binding to all concerned.

Price Discovery and Allocation

1. After the Bid/Issue Closing Date, the BRLM shall analyse the demand generated at various price levels and discuss pricing strategy with our Company and CDP.
2. We and CDP, in consultation with the BRLM, shall finalize the Issue Price and the number of Equity Shares to be allocated and the allocation to successful QIB Bidders. The allocation to QIBs will be decided based on the quality of the QIB Bidder determined broadly by the size, price and date of the Bid.
3. The allocation to QIBs of upto 50% of the 'Net Issue to Public' would be discretionary. The allocation to Non Institutional

Bidders and Retail Individual Bidders of not less than 25% and not less than 25% of the 'Net Issue to Public', respectively, would be on a proportionate basis, in consultation with the Designated Stock Exchange and subject to valid Bids being received at or above the Issue Price. The allocation to our permanent employees of not less than 5% would be on a proportionate basis, in consultation with the Designated Stock Exchange and subject to valid bids being received at or above the Issue Price

4. Undersubscription, if any, in any category, would be allowed to be met with spill over from any of the other categories, at the sole discretion of the Company and CDP, in consultation with the BRLM.
5. The BRLM, CDP and the Company, shall notify the members of the Syndicate of the Issue Price and allocations to their respective Bidders where the full Bid Amount has not been collected from the Bidders.
6. **We reserve the right to cancel the Issue any time after the Bid/Issue Opening Date without assigning any reason therefore.**

Signing of Underwriting Agreement and RoC Filing

1. Subsequent to the receipt of the approval from the RBI for the transfer of 2,499,950 shares of Rs. 10/- each by CDP, the Company and CDP, on its own behalf, the BRLM, the Co-BRLM and the other members of the Syndicate shall enter into an Underwriting Agreement on reaching agreement upon the Issue Price and allocation(s) to the Bidders.
2. After the Underwriting Agreement is signed among our Company and CDP, on its own behalf, the BRLM, the Co-BRLM and the other members of the Syndicate, we will file the Prospectus with RoC, which then would be termed 'Prospectus'. The Prospectus would have details of the Issue Price, size of the Issue, underwriting arrangements and would be complete in all material respects.

Advertisement regarding Issue Price and Prospectus

We will issue a statutory advertisement after the filing of the Prospectus with the RoC. This advertisement, in addition to the information that has to be set out in the statutory advertisement, shall indicate the Issue Price along with a table showing the number of Equity Shares to be issued. Any material updates between the Prospectus and the Prospectus will be included in such statutory advertisement.

Issuance of Confirmation of Allocation Note

1. The BRLM/Co-BRLM/Registrar to the Issue shall send to the members of the Syndicate a list of their Bidders who have been allocated Equity Shares in the Issue.
2. The Members of the Syndicate would then send the CAN to their Bidders who have been allocated Equity Shares in the Issue. The despatch of a CAN shall be deemed a valid, binding and irrevocable contract for the Bidder to pay the entire Issue Price for all the Equity Shares allocated to such Bidder. Those Bidders who have not paid the full Bid Amount into the Escrow Account on or prior to the time of bidding shall pay the full amount into the Escrow Account on or prior to the Pay-in Date specified in the CAN.
3. Bidders who have been allocated Equity Shares and who have already paid the full Bid Amount into the Escrow Account at the time of bidding shall directly receive the CAN from the Registrar to the Issue subject, however, to realisation of their cheque or demand draft paid into the Escrow Account. The despatch of a CAN shall be a deemed a valid, binding and irrevocable contract for the Bidder to pay the entire Issue Price for all the Equity Shares allotted/transferred to such Bidder.

Designated Date and Transfer of Funds to Public Issue Account

After the funds are transferred from the Escrow Account of the Company to the Issue Account on the Designated Date, we would ensure allotment and transfer the Equity Shares to the allottees within two days of the finalisation of the basis of allotment.

Successful Bidders will receive credit for the Equity Shares directly in their depository account. **Equity shares will be allotted/ transferred only in the dematerialised form to the allottees/transferees**. Successful Bidders will have the option to re-materialise the Equity Shares so allotted, if they so desire, as per the provisions of the Companies Act and the Depositories Act.

Our Company will ensure the allotment/transfer of Equity Shares within 15 days of the Bid/ Issue Closing Date and also ensure that credit is given to the Successful Bidders' depository accounts within two working days from the date of allotment.

General Instructions

Do's:

- Check whether you are eligible to apply;
- Read all the instructions carefully and complete the Resident Bid cum Application Form (white in colour) or Non-Resident Bid cum Application Form (blue in colour) or Bid cum Application Form for the employees under reserved category (pink in colour), as the case may be;
- Ensure that you Bid only in the Price Band;
- Ensure that the details about Depository Participant and Beneficiary Account are correct as there will be no allotment of Equity Shares in physical form;
- Ensure that the Bids are submitted at the bidding centres only on forms bearing the stamp of a member of the Syndicate;
- Ensure that you have collected a TRS for all your Bid options; and
- Submit Revised Bids to the same member of the Syndicate through whom the original Bid was placed and obtain a revised TRS.

Don'ts:

- Do not bid for lower than the minimum Bid size;
- Do not bid/revise the Bid to a price that is less than the floor of the Price Band or higher than the cap of the Price Band;
- Do not bid on another Bid cum Application Form after you have submitted the Bid to the members of the Syndicate;
- Do not pay the Bid Amount in cash;
- Do not send Bid cum Application Forms by post; instead hand them over to a member of the Syndicate only;
- Do not bid at Cut-off price (for Non Institutional bidders and QIB bidders);
- Do not fill up the Bid cum Application Form for an amount that exceeds the investment limit or maximum number of Equity Shares that can be held by a Bidder under applicable law.

Instructions for Completing the Bid cum Application Form

Bidders can obtain Bid cum Application Forms and / or Revision Forms from the members of the Syndicate.

Bids and Revision of Bids

Bids and revision of Bids must be:

1. Made only in the prescribed Bid cum Application Form or Revision Form, as applicable (white colour for Resident Indians and NRIs applying on non-repatriation basis, blue colour for NRIs or FIIs applying on repatriation basis and pink colour for employees).
2. Completed in full, in BLOCK LETTERS in ENGLISH and in accordance with the instructions contained herein, in the Bid cum Application Form or in the Revision Form. Incomplete Bid cum Application Forms or Revision Forms are liable to be rejected.
3. For Retail Individual Bidders, the Bids must be for a minimum of 50 Equity Shares and in multiples of 50 thereafter subject to a maximum Bid Amount of Rs. 50,000.
4. For Non-Istitutional and QIB Bidders, the Bid must be in multiples of 50 Equity Shares , such that the Bid Amount exceeds Rs.50,000.. Bids cannot be made for more than the size of the 'Net Issue to Public'. Bidders are advised to ensure that a single Bid from them should not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable laws.
5. In single name or in joint names (not more than three).
6. Thumb impressions and signatures other than in the languages specified in the Eight Schedule in the Constitution of India

must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.

Bidder's Bank Details

The name of the sole or first Bidder's bank, branch, type of account and account numbers must be mandatorily completed in the Bid cum Application Form. This is required for the Bidder's own safety so that these details can be printed on the refund orders. These bank account details should be the same as those mentioned in the Bidder's depository account, as those details will be printed on the refund orders. Bid cum Application Forms without these details are liable to be rejected. It is the Bidder's responsibility to ensure that the details of the Bidder's depository account are correct.

Bidders Depository Account Details

Equity Shares shall be allotted/transferred only in dematerialised form. All Bidders should mention their Depository Participant's name, Depository Participant-Identification number and Beneficiary Account Number in the Bid cum Application Form. Please ensure that in case of joint names, the names stated in the Bid cum Application Form should be in the same order as the names stated in the Bidders' depository account.

Bids under Power of Attorney

In case of Bids made pursuant to a Power of Attorney or by limited companies, corporate bodies, registered societies, a certified copy of the Power of Attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the Memorandum and Articles of Association and/or bye laws must be submitted with the Bid cum Application Form. Failing this, we reserve the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefor.

In case of Bids made pursuant to a Power of Attorney by FIIs, a certified copy of the Power of Attorney or the relevant resolution or authority, as the case may be, along with a certified copy of their SEBI registration certificate must be submitted with the Bid cum Application Form. Failing this, the Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefore.

We, in our absolute discretion, reserve the right to relax the above condition of simultaneous lodging of the Power of Attorney along with the Bid cum Application form, subject to such terms and conditions as we may deem fit.

Bids by NRIs

NRI Bidders to comply with the following:

1. Individual NRI Bidders can obtain the Bid cum Application Forms from our Registered Office at Parijaat House, 1076, Dr. E. Moses Road, Worli Naka, Mumbai – 400 018, or from members of the Syndicate or the Registrar to the Issue.
2. NRI Bidders may please note that only such Bids as are accompanied by payment in free foreign exchange shall be considered for allotment. NRIs who intend to make payment through Non-Resident Ordinary (NRO) accounts shall use the Bid Cum Application form meant for Resident Indians (white in colour).

Bids by Non Residents, NRIs or FIIs on a repatriation basis

Bids and revision to Bids must be made:

1. On the Bid cum Application Form or the Revision Form, as applicable (blue in colour), and completed in full in BLOCK LETTERS in ENGLISH in accordance with the instructions contained therein.
2. In a single name or joint names (not more than three).
3. **By NRIs** -Bids for a Bid Amount of up to Rs.50,000 would be considered under the Retail Individual Bidders Portion for the purposes of allocation and bids for a Bid Amount of more than Rs.50,000 would be considered under Non Institutional Bidder Portion for the purposes of allocation; **By FIIs** – The Bid must be in multiples of 50 Equity Shares , such that the Bid Amount exceeds Rs.50,000. For further details see "Issue Procedure - Maximum and Minimum Bid Size".
4. In the names of individuals, or in the names of FIIs but not in the names of minors, OCBs, firms or partnerships, foreign nationals or their nominees.
5. Refunds, dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and / or commission. In case of Bidders who remit money through Indian Rupee drafts purchased abroad, such payments in Indian

Rupees will be converted into U.S. Dollars or any other freely convertible currency as may be permitted by the RBI at the rate of exchange prevailing at the time of remittance and will be dispatched by registered post or if the Bidders so desire, will be credited to their NRE accounts, details of which should be furnished in the space provided for this purpose in the Bid cum Application Form. We will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

Bids by permanent employees/Whole time member of Board of Directors

Bids by permanent employees shall be made only in the prescribed Bid-cum Application Form or Revision Form (i.e pink colour Form marked "Employees"). The sole/first Bidder shall be a Permanent Employee of the Company. Only permanent employees of the Company as on the cut-off date i.e February 21, 2005 would be eligible to apply in this Issue under reservation for Permanent Employees on competitive basis. Permanent employees will have to Bid like any other Bidder. Only those Bids, which are received at or above the Issue Price, would be considered for allocation under this category. The undersubscribed portion, if any, out of the Equity Shares reserved for allotment to permanent employees will be added back to the Net Offer to Public. A permanent employee shall not make an application for a number of Equity Shares that exceed the 349,950 Equity Shares reserved for allotment to permanent employees.

Payment Instructions

The Company and CDP shall open an Escrow Account of the Company with the Escrow Collection Banks for the collection of the Bid Amounts payable upon submission of the Bid cum Application Form.

Each Bidder shall draw a cheque or demand draft for the amount payable on the Bid and/or on allocation as per the following terms:

1. The Bidders for whom the applicable margin is equal to 100% shall, with the submission of the Bid cum Application Form, draw a payment instrument for the Bid Amount in favour of the Escrow Account of the Company and CDP and submit the same to the member of the Syndicate.
2. In case the above margin amount paid by the Bidders during the Bidding Period is less than the Issue Price multiplied by the Equity Shares allocated to the Bidder, the balance amount shall be paid by the Bidders into the Escrow Account of the Company and CDP within the period specified in the CAN which shall be subject to a minimum period of two days from the date of communication of the allocation list to the members of the Syndicate by the BRLM.
3. The payment instruments for payment into the Escrow Account of the Company and CDP should be drawn in favour of:
   (a) In case of Resident Bidders: **"Escrow Account – UTV Issue"**
   (b) In case of Non Resident Bidders: **"Escrow Account – UTV Issue -NR"**
   - In case of Bids by NRIs applying on repatriation basis, the payments must be made through Indian Rupee Drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in Non-Resident External (NRE) Accounts or Foreign Currency Non-Resident (FCNR) Accounts, maintained with banks authorised to deal in foreign exchange in India, along with documentary evidence in support of the remittance. Payment will not be accepted out of a Non-Resident Ordinary (NRO) Account of a Non-Resident bidder bidding on a repatriation basis. Payment by drafts should be accompanied by a bank certificate confirming that the draft has been issued by debiting an NRE or FCNR Account.
   - In case of Bids by FIIs, the payment should be made out of funds held in a Special Rupee Account along with documentary evidence in support of the remittance. Payment by drafts should be accompanied by a bank certificate confirming that the draft has been issued by debiting the Special Rupee Account.
4. Where a Bidder has been allocated a lesser number of Equity Shares than the Bidder has Bid for, the excess amount, if any, paid on bidding, after adjustment towards the balance amount payable on the Equity Shares allocated, will be refunded to the Bidder from the Escrow Account of the Company.
5. The monies deposited in the Escrow Account of the Company and CDP will be held for the benefit of the Bidders till the Designated Date.
6. On the Designated Date, the Escrow Collection Banks shall transfer the funds from the Escrow Account of the Company as

per the terms of the Escrow Agreement into the Public Issue Account with the Bankers to the Issue.

7. No later than 15 days from the Bid/Issue Closing Date, the Escrow Collection Bank shall refund all amounts payable to unsuccessful bidders and also the excess amount paid on Bidding, if any, after adjusting for allocation to the Bidders

Submission of Bid cum Application Form

All Bid cum Application Forms or Revision Forms duly completed and accompanied by account payee cheques or drafts shall be submitted to the members of the Syndicate at the time of submission of the Bid cum Application Form. **The BRLM/Co-BRLM/members of the Syndicate may at their discreation waive the requirement of payment at the time of submission of the Bid cum Application Form and Revision Form**.

The collection center of the members of the Syndicate will acknowledge the receipt of the Bid cum Application Forms or Revision Forms by stamping and returning to the Bidder the acknowledgement slip. This acknowledgement slip will serve as the duplicate of the Bid cum Application Form for the records of the Bidder.

No separate receipts shall be issued for the money paid on the submission of Bid cum Application Form or Revision Form.

OTHER INSTRUCTIONS

Joint Bids in the case of Individuals

Bids may be made by individuals in single or joint names (not more than three). In the case of joint Bids, all refund amounts will be made only in favour of the Bidder whose name appears first in the Bid cum Application Form or Revision Form ("First Bidder"). All communications will be addressed to the First Bidder and will be despatched to his or her address.

Multiple Bids

A Bidder should submit only one Bid (and not more than one) for the total number of Equity Shares required. Two or more Bids will be deemed to be multiple Bids if the sole or First Bidder is one and the same.

In case of a mutual fund, a separate Bid can be made in respect of each scheme of the mutual fund registered with SEBI and such Bids in respect of more than one scheme of the mutual fund will not be treated as multiple bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made. Applications made by AMCs or custodians of a mutual fund shall clearly indicate the name of the concerned scheme for which the application is being made.

We/CDP/BRLM/Co-BRLM reserve the right to reject, in our absolute discretion, all or any multiple Bids in all or any categories.

'Permanent Account Number' or 'PAN'

Where Bid(s) is/are for Rs. 50,000 or more, the Bidder or in the case of an Bid in joint names, each of the Bidders, should mention his/her Permanent Account Number (PAN) allotted under the I.T. Act. The copy of the PAN card or PAN allotment letter is required to be submitted with the application form. Applications without this information and documents will be considered incomplete and are liable to be rejected. **It is to be specifically noted that Bidders should not submit the GIR number instead of the PAN as the Bid is liable to be rejected on this ground.** In case the Sole/First Bidder and Joint Bidder(s) is/are not required to obtain PAN, each of the Bidder(s) shall mention "Not Applicable" and in the event that the sole Bidder and/or the joint Bidder(s) have applied for PAN which has not yet been allotted each of the Bidder(s) should mention "Applied for" in the Bid cum Application Form. Further, where the Bidder(s) has mentioned "Applied for" or "Not Applicable", the Sole/First Bidder and each of the Joint Bidder(s), as the case may be, would be required to submit Form 60 (Form of declaration to be filed by a person who does not have a permanent account number and who enters into any transaction specified in rule 114B), or, Form 61 (form of declaration to be filed by a person who has agricultural income and is not in receipt of any other income chargeable to income-tax in respect of transactions specified in rule 114B), as may be applicable, duly filled along with a copy of any one of the following documents in support of the address: (a) Ration Card (b) Passport (c) Driving License (d) Identity Card issued by any institution (e) Copy of the electricity bill or telephone bill showing residential address (f) Any document or communication issued by any authority of the Central Government, State Government or local bodies showing residential address (g) Any other documentary evidence in support of address given in the declaration. **It may be noted that Form 60 and Form 61 have been amended vide a notification issued on December 1, 2004 by the Ministry of Finance, Department of Revenue, Central Board of Direct Taxes. All Bidders are requested to furnish, where applicable, the revised Form 60 or 61 as the case may be.**

Unique Identification Number- MAPIN

In terms of SEBI, (Central Database of Market Participants) Regulations 2003, as amended from time to time and SEBI Notification dated November 25, 2003 and July 30, 2004, circular dated August 16, 2004 and press release dated December 31, 2004, no specified investor being a body coporate shall subscribe to securities which are proposed to be listed in any recognized stock exchange unless such specified investor, its Promoters and directors have been allotted unique identification numbers (UIN) save and except: (i) those Promoter or Directors who are persons resident outside India, who are required to obtain UIN before December 31, 2004; and (ii) where such specified investor being a body corporate has applied for allotment of a UIN before December 31, 2004 and has not yet been allotted the UIN until the disposable of his application or, where he has filed an appeal, til the disposable of the appeal, as the case may be.

In terms of the above it shall be compulsory for specified investor being a body corporate making application in this Issue to give their UIN. Incase where a body corporate has made an application for such number before December 31, 2004 but the same has not been allotted, or where an appeal has been fileed, but not disposed off, the investor shall indicate the same in the space provided in the Application form.

Application forms from specified investors being body corporate not providing their UIN or UIN application status incases which have applied for such UIN before December 31, 2004, shall be liable to be rejected.

Our Right to Reject Bids

Our Company, CDP and the members of the Syndicate reserve the right to reject any Bid without assigning any reason therefore in case of QIBs. In case of Non Institutional Bidders, Retail Individual Bidders and Employees under Reserved Category, our Company and CDP would have the right to reject Bids only on technical grounds. Consequent refunds shall be made by cheque or pay order or draft and will be sent to the Bidder's address at the Bidder's risk.

Grounds for Technical Rejections

Bidders are advised to note that Bids are liable to be rejected on technical grounds, including the following:

1. Amount paid does not tally with the amount payable for the highest value of Equity Shares bid for;
2. Bank account details (for refund) are not given;
3. Age of First Bidder not given;
4. Bids by minors;
5. PAN Number not given if Bid is for Rs. 50,000 or more and GIR number given instead of PAN number;
6. Bids for Equity Shares lower than the minimum bid size.
7. Bids at a price less than the floor of the Price Band and higher than the cap of the Price Band;
8. Bids at cut-off price by a QIB or a Non Institutional Bidder;
9. Bids for number of Equity Shares, which are not multiples of 50;
10. Category not ticked;
11. Multiple Bids;
12. In case of Bid under power of attorney or by limited companies, corporate, trust, etc., relevant documents are not submitted;
13. Bid cum Application Form does not have the stamp of a member of the Syndicate;
14. Bid cum Application Form does not have the Bidder's depository account details;
15. Bid cum Application Forms are not submitted by the Bidders within the time prescribed as per the Bid cum Application Form, Bid/Issue Opening Date advertisement and this Prospectus and as per the instructions in this Prospectus and the Bid cum Application Form; or
16. Bids for amounts greater than the maximum permissible amounts prescribed by the regulations.
17. Bids not duly signed by the sole/joint Bidders

18 Bids by OCBs

Equity Shares in Dematerialised Form with NSDL and CDSL

In terms of Section 68B of the Companies Act, the Equity Shares in this Issue shall be allotted/transferred only in dematerialized form (i.e., not in the form of physical certificates but be fungible and be represented by the statement issued through electronic mode).

In this context, two tripartite agreement have been signed between the Registrar to the Issue, the Depositories and the Company:

- An agreement dated December 7, 2000 among NSDL, the Company and Karvy Computershare Private Limited;
- An agreement dated December 29, 2000 among CDSL, the Company and Karvy Computershare Private Limited

Bids from any Bidder without the following details of his or her depository account are liable to be rejected.

1. A Bidder applying for Equity Shares must have at least one beneficiary account with either of the Depository Participants of NSDL or CDSL prior to making the Bid.
2. The Bidder must necessarily fill in the details (including the beneficiary account number and Depository Participant's Identification number) appearing in the Bid cum Application Form or Revision Form.
3. Equity Shares allotted/transferred to a Bidder will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Bidder.
4. Names in the Bid cum Application Form or Revision Form should be identical to those appearing in the account details in the Depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the depository account of the Bidder(s).
5. If incomplete or incorrect details are given under the heading 'Bidders Depository Account Details' in the Bid cum Application Form or Revision Form.
6. The Bidder is responsible for the correctness of his or her demographic details given in the Bid cum Application Form vis-à-vis those with his or her Depository Participant.
7. It may be noted that Equity Shares in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL or CDSL. All the stock exchanges where our Equity Shares are proposed to be listed are connected to NSDL and CDSL.

8 The trading of our Equity Shares would only be in dematerialized form for all investors.

Communications

All future communications in connection with Bids made in the Issue should be addressed to the Registrar to the Issue quoting the full name of the sole or First Bidder, Bid cum Application Form number, number of Equity Shares applied for, date of Bid form, name and address of the member of the Syndicate where the Bid was submitted and cheque or draft number and issuing bank thereof.

Despatch of Refund Orders

Our Company shall ensure depatch of refund orders of value over Rs. 1,500/- by registered post/speed post only and adequate funds for the purpose shall be made available to the Registrars by the Company.

Undertaking by our Company

Our Company undertakes as follows:

- that the complaints received in respect of this Issue shall be attended to by us expeditiously and satisfactorily;
- that we shall take all steps to ensure that the dispatch of refund orders and demat credt is completed and the allotment and listing documents submitted to stock exchanges within 2 working days of finalization of basis of allotment.
- that we shall take all steps for the completion of the necessary formalities for listing and commencement of trading at all the stock exchanges where the Equity Shares are to be listed within seven working days of finalisation of the basis of allotment;

- that the funds required for despatch of refund orders or allotment advice by registered post or speed post shall be made available to the Registrar to the Issue by us;
- that the refund orders or allotment advice to the NRIs or FIIs shall be dispatched within specified time; and
- that no further Issue of Equity Shares shall be made until the Equity Shares issued through this Prospectus are listed or until the Bid moneys are refunded on account of non-listing, under-subscription, etc.

Utilisation of Issue Proceeds

The Board of Directors of the Company certify that

- all monies received out of the Fresh Issue shall be transferred to a separate bank account other than the bank account referred to in sub-section (3) of Section 73 of the Companies Act;
- details of all monies utilised out of Fresh Issue referred above shall be disclosed under an appropriate separate head in the balance sheet of the Company indicating the purpose for which such monies have been utilised; and
- details of all unutilised monies out of the Fresh Issue, if any shall be disclosed under the appropriate separate head in the balance sheet of the Company indicating the form in which such unutilised monies have been invested.

The Board of Directors of the Company certify that

- details of all utilised money out of the fund received from reservation shall be disclosed under an appropriate separate head in the balance sheet of the Company indicating the purpose for which such monies have been utilised; and
- details of all unutilised money out of the fund received from reservation, if any shall be disclosed under the appropriate separate head in the balance sheet of the Company indicating the form in which such unutilised monies have been invested.

Our Company and CDP shall not have recourse to the Issue proceeds until approval for trading of Equity Shares from all the stock exchanges where listing is sought is received. Our Company shall pay to CDP proceeds arising from the 'Offer for Sale' fortheith on the same being permited to be released in accordance with the applicable SEBI Regulations and Guidelines and the Companies Act, being no later than two business days after receipt of approval for trading of Equity Shares from all the Stock Exchanges where listing is sought.

Pending utilisation of net proceeds of the Fresh Issue as specified under the section "Objects of the Issue" the net proceeds will be invested by the Company in high quality interest bearing liquid instruments including but not limited to deposits with banks for the necessary duration.

Procedure and Time Schedule for Allotment of Equity Shares

In case a Bid is rejected in full, the whole of the Bid Amount will be refunded to the Bidder within 15 days of the Bid/Issue Closing Date. In case a Bid is rejected in part, the excess Bid Amount will be refunded to the Bidder within 15 days of the Bid/Issue Closing Date. We will ensure the allotment of the Equity Shares within 15 days from the Bid/Issue Closing Date. The Company shall pay interest at the rate of 15% per annum (for any delay beyond the periods as mentioned above), if allotment is not made, refund orders are not dispatched and/ or demat credits are not made to investors within two working days from the date of allotment.

Disposal of Applications and Application Money

We shall ensure dispatch of allotment advice or refund orders and giving of benefit to the Beneficiary Account with Depository Participants and submission of the allotment and listing documents to the Stock Exchanges within two working days of **finalisation of the basis of allotment of Equity Shares**. Our Company shall ensure the dispatch of refund orders, if any, of value up to Rs. 1,500, "Under Certificate of Posting", and dispatch of refund orders above Rs. 1,500, if any, by Registered Post or Speed Post at the sole or First Bidder's sole risk.

We shall use our best efforts to ensure that all steps for completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed are taken within seven working days of finalisation of the basis of allotment.

In accordance with the Companies Act, the requirements of the stock exchanges and SEBI Guidelines, our Company, further undertakes that:

- Allotment of Equity Shares shall be made only in dematerialised form within 15 days of the Bid/Issue Closing Date;
- Our Company would ensure despatch of refund orders within 15 days of the Bid/Issue Closing Date; and
- Our Company shall pay interest at 15% per annum (for any delay beyond the 15 day time period as mentioned above), if allotment/transfer is not made, refund orders are not dispatched and/or demat credits are not made to investors within the 15 day time prescribed above.

Our Company will provide adequate funds required to the Registrar to the Issue for dispatch of refund orders or allotment advice.

Refunds will be made by cheques, pay orders or demand drafts drawn on a bank appointed by us as a refund banker and payable at par at places where Bids are received. Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

Interest in case of delay in Refund of excess Bid Amount

Our Company shall pay interest at the rate of 15% per annum on the excess Bid Amount received by us if refund orders are not dispatched within 15 days from the Bid/Issue Closing Date as per the Guidelines issued by the GoI, Ministry of Finance pursuant to their letter no. F-8/6/SE/79 dated July 21, 1983, as amended by their letter no. F/14/SE/85 dated September 27, 1985, addressed to the stock exchanges, and as further modified by SEBI's Clarification XXI dated October 27, 1997, with respect to the SEBI Guidelines.

Restrictions on Foreign Ownership of Indian Securities

Foreign investment in Equity Shares of Indian companies is regulated by the provisions of the Foreign Exchange Management Act, 1999 (FEMA) and the rules and regulations framed thereunder read with the Industrial Policy of the Government of India as amended from time to time. While the Industrial Policy prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian Economy, FEMA regulates the precise manner in which such investments may be made. Under the Industial Policy of Government of India, unless specifically restricted, foreign investment is freely permitted in Indian companies up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment. As per the current foreign investment policy, foreign investment is allowed up to 100% in the Entertainment Sector. The government bodies responsible for granting foreign investment approvals are FIPB and RBI. As per the existing regulations, FIIs are permitted to subscribe to shares of an Indian company in a public issue without prior RBI approval, so long as the price of the equity shares to be issued is not less than the price at which equity shares are issued to residents. The maximum permissible FII investment in the Company is restricted to 24% of its total issued capital. This can be raised to 100% by adoption of a special resolution by the our Company's Shareholders; however, as of the date thereof, no such resolution has been recommended to the shareholders of our company for adoption.

BASIS FOR ISSUE PRICE

The Issue price will be determined by the Company, CDP and BRLM and Co-BRLM on the basis of market demand for the equity shares by way of book building.

Qualitative Factors

- **Diversified and scalable business model**

  We are one of the few companies in the media and entertainment industry who offer a well-diversified business model comprising content production and exploitation across television and movies.

  We have a track record of producing multiple language and multi-genre TV content. This, we believe, helped us to reach viewers of various tastes across different language groups. Our Multi location presence in India as well as South East Asia helps us develop content for the domestic as well as international markets. We also believe our investment in the upcoming Kids channel will further provide impetus to our television content revenues. Thus, we offer a scalable television business built on own channel, sponsored and commissioned programming.

  Our movies business model is built on own productions, co-productions and distribution of own/other movies. We believe that we are well placed in the industry to leverage on our experience of producing quality content and therefore, capable of producing quality movies with good storylines. We already have a pipeline of 8 movies to be produced and released over the next two years.

- **Depth of Management**

  Our promoter Mr. Rohinton S. Screwvala has a long-standing track record in the entertainment industry. Since inception, Mr. Screwvala has played a key role in helping us to grow into a Pan Asian entertainment Company with full-fledged divisions catering to every aspect of entertainment industry.

  We have an in-house innovative creative team. Our ability to produce content in diverse genres confirms the ability of our creative team to deliver quality content. One of our key creative personnel, Zarina Mehta has been instrumental in setting up the creative department. In an industry where it is extremely important to retain creative people, we believe that we are well placed in the industry to retain creative talent, given our brand.

  Our organization structure comprises the top management, creative and technical team and support staff. Thus, our professional management set-up has helped us to build a company with a strong brand.

- **Strong relationships with domestic and international client base**

  We have a diverse clientele spanning from domestic to international clients. We have a client base of over 100 clients. Over the years, we have serviced clients such as National Geographic channel, Disney, Nickelodeon, TNT, 20th Century Fox, Star India, Zee, Sony etc. Our ability to provide a host of services such as dubbing, ad films and airtime marketing has helped us build such a diverse client base. This has also helped us to maintain our relationships with existing clients over the years.

Quantitative Factors

Information presented in this section is derived from our audited financial statements.

1. **Adjusted earning per share (EPS)**

	Face Value per Share (Rs. 10 per share)	
Particulars	**Rupees**	**Weights**
Year ended March 31, 2001	8.45	1
Year ended March 31, 2002	3.56	2
Year ended March 31, 2003	6.24	3
Year ended March 31, 2004	5.82	4
Six months ended September 30, 2004 (Annualised)	9.20	5
Weighted Average	**6.90**	

A. The earning per share has been computed on the basis of adjusted profits & losses for the respective years/ periods after considering the impact of accounting policy changes and prior period adjustments/ regroupings pertaining to earlier years.

B. The denominator considered for the purpose of calculating earning per share is the weighted average number of Equity Shares outstanding during the period.

2. Price/Earning (P/E) ratio in relation to Issue Price of Rs. 130

a. Based on six months ended September 30, 2004; annualized EPS is 9.20

b. P/E based on six months ended on September 30, 2004 is **14.13**

c. Industry P/E[1]

Highest	48.9
Lowest	0.6
Industry Composite	26.1

Source: Capital Market (Vol XIX-18)(Nov 8- Nov 21 , 2004)

Category: Entertainment/ Electronic Media Software

3 Average Return on Net Worth

Particulars	**Percent**	**Weights**
Year ended March 31, 2001	9.1%	1
Year ended March 31, 2002	7.1%	2
Year ended March 31, 2003	11.1%	3
Year ended March 31, 2004	14.4%	4
Six months ended September 30, 2004 (Annualised)	20.6%	5
Weighted Average	**14.5%**	

The average return on net worth has been computed on the basis of adjusted profits & losses for the respective year/ period after considering the impact of accounting policy changes and prior period adjustments/ regroupings pertaining to earlier years.

4. **Minimum Return on Increased Net Worth Required to Maintain Pre- Issue EPS.**

The minimum return on increased net worth required to maintain pre- Issue EPS is 14.36%.

5. **Net Asset Value per Equity Share of face value Rs. 10 as at September 30, 2004 - Rs.44.72**

Net Asset Value per Equity Share represents shareholders' equity as per restated financial statements less revaluation reserves and miscellaneous expenses as divided by number of Equity Shares outstanding at the end of the period.

6. **Net Asset Value per Equity Share after Issue**

The net asset value per Equity Share after the Issue is Rs.64.54

Issue Price per Equity Share: Rs.130

Issue Price per Share will be determined on conclusion of book building process.

7. Comparison of Accounting Ratios

Name of the Company	Face value per share (in Rs.)	EPS (in Rs.)	P/E	RONW	NAV (Rs./share)
UTV	10	9.20	14.13	20.6%	44.72
Industry Average			26.1		
Peer Group					
Balaji Telefilms Limited	2	10.37	10.5	44.10%	28.03
Mukta Arts Limited	5	1.37	1032.2	2.54%	58.12
Pritish Nandy Communications Limited	10	2.35	106.2	4.39%	56.25
Zee Telefilms Limited	1	2.66	44.3	3.86%	49.63

EPS, RONW and NAV are based on last audited balance sheet.

Source: Capital Market Vol XIX-18)(Nov 8- Nov 21 , 2004)

The Issue price of Rs. 130 has been determined on the basis of the demand from the investors through the book building process and is justified based on the above accounting ratios.

SECTION VII: OTHER INFORMATION

STATUTORY AND OTHER INFORMATION

Consents

Consents in writing of: (a) the Directors, the Company Secretary, the Auditors, Legal Advisors to the Issue, Bankers to the Company and Bankers to the Issue; and (b) Book Running Lead Manager to the Issue, Co-Book Running Lead Managers to the Issue, Syndicate Members and Registrars to the Issue, to act in their respective capacities, have been obtained and filed along with a copy of the Prospectus with the Registrar of Companies,Mumbai, as required under Section 60 and Section 60 B of the Companies Act and such consents have not been withdrawn up to the time of delivery of the offer document for registration.

Price Waterhouse, Chartered Accountants and our statutory auditors have given their written consent to the inclusion of their report in the form and context in which it appears in the Prospectus and such consent and report has not been withdrawn up to the time of filing of the Prospectus to SEBI for registration.

Price Waterhouse, Chartered Accountants, have given their consent to the tax benefits accruing to us and our members in the form and context in which it appears in the Prospectus and has not withdrawn the same up to the time of filing of the Prospectus to SEBI.

Minimum Subscription

If our Company does not receive the minimum subscription of 90% of the Fresh Issue amount including devolvement of the Members of the Syndicate, if any, within 60 days from the Bid/Issue Closing Date, the Company shall forthwith refund the entire subscription amount received. For delay beyond 8 days from the Bid/Issue Closing date, if any, in refund of such subscription, our Company shall pay interest as per Secton 73 of the Companies Act. If there is a delay beyond 8 days after the Company becomes liable to pay the amount, the Company shall pay interest as per Section 73 of the Companies Act.

If the number of allottees in the propose issue is less than 1000 allottees, our Company shall forthwith refund the entire subscription amount received.

Expert Opinion

Except for the opinion stated elsewherein this Prospectus, our Company has not obtained any expert opinion.

Changes in Auditors during the last three financial years and reasons thereof

In the Annual General Meeting held on September 12, 2002 M/s. Price Waterhouse & Co. was appointed as the statutory auditor replacing the earlier statutory auditor M/s. Arthur Andersen & Associates because of the developments regarding M/s. Arthur Andersen & Associates.

Other than the above, there was no change in Auditors during preceeding three years.

Basis of Allocation

Net Issue to Public portion

(A) For Retail Individual Bidders

- Bids received from the Retail Individual Bidders at or above the Issue Price shall be grouped together to determine the total demand under this category. The allocation to all the successful Retail Individual Bidders will be made at the Issue Price.
- The Issue size less allocation to Non-Institutional Bidders and QIBs shall be available for allocation to Retail Individual Bidders who have bid in the Issue at a price, which is equal to or greater than the Issue Price.
- If the aggregate demand in this category is less than or equal to 1,662,500 Equity Shares at or above the Issue Price, full allocation shall be made to the Retail Individual Bidders to the extent of their demand.
- If the aggregate demand in this category is greater than 1,662,500 Equity Shares at or above the Issue Price, the allocation shall be made on a proportionate basis subject to minimum allocation being equal to the minimum bid/application size. For

the method of proportionate basis of allocation, refer below.

- Any under subscription in the reservation of Equity Shares for permanent employees/whole time directors of our Company would be added to this category.

(B) For Non-Institutional Bidders

- Bids received from Non-Institutional Bidders at or above the Issue Price shall be grouped together to determine the total demand under this category. The allocation to all successful Non-Institutional Bidders will be made at the Issue Price.
- The Issue size less allocation to Retail Individual Bidders and QIBs shall be available for allocation to Non-institutional Bidders who have bid in the Issue at a price, which is equal to or greater than the Issue Price.
- If the aggregate demand in this category is less than or equal to 1,662,500 Equity Shares at or above the Issue Price, full allocation shall be made to Non-Institutional Bidders to the extent of their demand.
- In case the aggregate demand in this category is greater than 1,662,500 Equity Shares at or above the Issue Price, allocation shall be made on a proportionate basis subject to minimum allocation being equal to the minimum bid/application size. For the method of proportionate basis of allocation refer below.

(C) For QIB Bidders

- Bids received from QIBs at or above the Issue Price shall be grouped together to determine the total demand under this category. The allocation to all successful QIBs will be made at the Issue Price.
- The Issue size less allocation to Retail Individual Bidders and Non-institutional Bidders shall be available for allocation to QIBs who have bid in the Issue at a price, which is equal to or greater than the Issue Price.
- The allocation would be broadly decided based on the quality of the Bidder determined by the size, price and date of the Bid. The Company, in consultation with the BRLM, would have the discretion for any allocation.
- The aggregate allocation to QIB Bidders shall not be more than 3,325,000 Equity Shares

Portion reserved for Employees on a competitive basis

- Bids received from Employees under Reserved Category at or above the Issue Price shall be grouped together to determine the total demand under this category. The allocation to all successful Employees under Reserved Category will be made at the Issue Price.
- The Issue size less allocation to Retail Individual Bidders, Non-Institutional Bidders and QIBs shall be available for allocation to Employees under Reserved Category who have bid in the Issue at a price, which is equal to or greater than the Issue Price.
- If the aggregate demand in this category is less than or equal to 349,950 Equity Shares at or above the Issue Price, full allocation shall be made to Employees under Reserved Category to the extent of their demand.
- In case the aggregate demand in this category is greater than 349,950 Equity Shares at or above the Issue Price, allocation shall be made on a proportionate basis of allotment of Equity Shares. For the method of proportionate basis of allotment refer below.

Undersubscription, if any, in any of the three categories would be allowed to be met with the spill over from any of the other categories, at our sole discretion and in consultation with the BRLM.

Method of Proportionate Basis of Allocation

In the event the Issue is over-subscribed, the basis of allotment to Retail Individual Bidders, Non-Institutional Bidders and Employees under Reserved Category shall be finalised by us in consultation with the BRLM and Designated Stock Exchange. The Executive Director of the Designated Stock Exchange along with the BRLM and the Registrar to the Issue shall be responsible for ensuring that the basis of allotment is finalised in a fair and proper manner.

The allocation shall be made in multiples of marketable lot, on a proportionate basis as explained below subject to minimum allocation being equal to the minimum application size:

a. Bidders will be categorised according to the number of Equity Shares applied for.

b. The total number of Equity Shares to be allocated to each category as a whole shall be arrived at on a proportionate basis, which is the total number of Equity Shares applied for in that category (number of Bidders in the category multiplied by the number of Equity Shares applied for) multiplied by the inverse of the over-subscription ratio.

c. Number of Equity Shares to be allocated to the successful Bidders will be arrived at on a proportionate basis, which is total number of Equity Shares applied for by each Bidder in that category multiplied by the inverse of the over-subscription ratio subject to allocation being equal to the minimum application size.

d. In all Bids where the proportionate allocation is less than 50Equity Shares per Bidder:
   - Each successful bidder shall be allocated a minimum 50 number of shares;
   - However, the successful Bidders out of the total Bidders for a category shall be determined by draw of lots in a manner such that the total number of Equity Shares allotted in that category is equal to the number of Equity Shares calculated in accordance with (b) above.

Expenses of the Issue

The expenses of this issue include, among others, underwriting and management fees, selling commisiion, printing and distribution expenses legal fees, statutory advertisement expenses and listing fees. The total expenses of the issue are estimated to be around 6.57% of the issue size. All expenses with respect to the issue would be met out of the proceeds of the issue. The split of issue expenses is as under:

Expenses	Approximate Amount (in Rs. Lakhs)
Management Fees, Underwriting Commission and Brokerage	341.00
Marketing and Advertising Expenses	100.00
Stationary, Printing & Registrar Expenses	64.00
Legal fees, listing fees, book building charges, auditors fees	45.00
Miscalleneous	48.00
Total	**598.00**

The above expenses will be borne by our Company. Unilazer Exports and Management Consultants Limited, on behalf of Rohinton Screwvala, Unilazer (HongKong) Limited and themselves, will reimburse us the expenses related to Management Fees, Underwriting Commission and Brokerage apportionable to the Offer for Sale portion.

Fees Payable to the BRLM and Co-BRLM

The total fees payable to the BRLM and Co-BRLM will be as per the Memorandum of Understanding signed amongst us, CDP, BRLM and Co-BRLM, a copy of which is available for inspection at our Registered Office.

Fees Payable to the Co-Book Running Lead Manager

The total fees payable to the Co-Book Running Lead Manager will be as per the Memorandum of Understanding signed amongst us, CDP and the Co-Book Running Lead Manager, a copy of which is available for inspection at our Registered Office.

Fees Payable to the Registrar to the Issue

The fees payable to the Registrar to the Issue will be as per the Memorandum of Understanding signed with the Company, a copy of which is available for inspection at our Registered Office.

The Registrar will be reimbursed for all relevant out-of-pocket expenses including such as cost of stationery, postage, stamp duty, communication expenses. Adequate funds will be provided to the Registrar to the Issue to enable them to send refund orders or allocation advice by registered post/ Speed Post. Refund Orders up to Rs.1,500 would be send under certificate of posting.

Underwriting Commission, Brokerage and Selling Commission

The underwriting commission and selling commission for the Issue is as set out in the Syndicate Agreement amongst us, CDP, the BRLM, Co-BRLM and Syndicate Members.

The underwriting commission shall be paid as set out in the Syndicate Agreement based on the Issue Price and amount underwritten in the manner mentioned elsewhere in the Prospectus.

Commission and Brokerage on Previous Issues

No sum has been paid or is payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription for any of our Equity Shares since its inception.

Previous Rights and Public Issues

We have not made any rights or public issue since our inception.

Outstanding Debenture or Bond Issues

As of date, we do not have any outstanding Debenture or Bond Issue.

Outstanding Preference Shares

As of date, we did not have any outstanding preference shares.

Capitalisation of Reserves or Profits

We have not capitalised its reserves or profits at any time since its inception.

Issues otherwise than for Cash

We have not issued any Equity Shares for a consideration otherwise than for cash save and except as mentioned in point no. 1 of Notes To The Capital Structure on page no. 19 of this Prospectus.

Option to Subscribe

Equity Shares being issued to this Prospectus can be applied for in the Dematerialised form only.

Details of Directors

Please refer to the paragraph 'Our Management' on page no. 91 of this Prospectus, for details about the members of our Board of Directors.

Purchase of Property

Except as stated in "Objects of the Issue" in this Prospectus and save in respect of the property purchased or acquired or to be purchased or acquired in connection with the business or activities contemplated by the Objects of the Issue, there is no property which we have purchased or acquired or propose to purchase or acquire which is to be paid for wholly or partly out of the proceeds of the present Issue or the purchase or acquisition of which has not been completed on the date of this Prospectus, other than property in respect of which:

- the contracts for the purchase or acquisition were entered into in the ordinary course of the business, and the contracts were not entered into in contemplation of the Issue nor is the Issue contemplated in consequence of the contracts; or
- the amount of the purchase money is not material.

Except as elsewhere stated in this Prospectus, we have not purchased any property in which any of its promoters and/or Directors, have any direct or indirect interest in any payment made thereof.

Revaluation of Assets

We have not revalued any of our assets since our inception.

Classes of Shares

Our issued capital is Rs. 1499.36 lakhs divided into 14993608 Equity Shares of Rs.10 each.

Payment or Benefit to Promoters or Officers of the Company

Except as stated otherwise in this Prospectus, no amount or benefit has been paid or given within the two preceding years or is intended to be paid or given to any of our promoters or officers except the normal remuneration for services rendered as directors and officers of the Company.

MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION OF THE COMPANY

1.1 Specific Provisions of the Articles Of Association:

1.1.1 General Authority: Wherever the Companies Act, 1956 provides that the Company shall have any right, privilege or authority to carry out any transaction subject to the AOA of the Company, the Company shall have the right, privilege or authority to carry out such transactions without there being any specified Articles regarding such right, privilege or authority in the AOA.

1.1.2 Issue of Additional Shares & Share Equivalents: If at any time the Company issues any new Shares or Share Equivalents (other than stock options/Shares granted/issued under the ESOP), such new shares/share equivalents shall be allocated to each existing Shareholder4 of the Company in proportion to the Shareholder's current shareholding at a price to be decided by the Board. If the pre-emptive right is waived by any of the Shareholders, the shares/share equivalents shall be offered to the remaining existing Shareholders in proportion to their current Shareholding.

1.1.3 **Transfer and Transmission of Shares:** Under the AOA, the Shareholders have a right of first refusal i.e. if any of the Shareholders wish to transfer all or any portion of the shares held by them to any third party prior to the initial public offer, the remaining shareholders shall have the right to purchase or to designate a third party (who is not a competitor) to purchase all of the shares that the Shareholder wishes to transfer in proportion to the shares held by each of the remaining shareholders, in accordance with the procedure laid down in Article 58 of the AOA. This article also lays down that the aforesaid procedure shall not be applicable to the transfer of shares in the events listed out in Article 58.6.

1.1.4 **Tag Along Right:** If the Principals5 or its Affiliates wish to undertake a Significant Transfer (as defined in the AOA), prior to the completion of the initial public offer, CDP and STAR shall have the option individually to participate in the transfer by electing to sell their respective shares in the Company in accordance with the procedure laid down in Article 59 of the AOA. This article also lays down that the aforesaid procedure shall not be applicable to the transfer of shares in the events listed out in Article 59.6.

1.1.5 **Restriction on transfer of shares:** Any transfer of shares shall be made in accordance with the AOA and shall require the transferee to execute a Deed of Adherence. The restriction on the transfer of shares shall be applicable to all holdings of shares indirectly through a company or other entity that can itself be sold in order to dispose of an interest in the shares free of the restrictions. Any transfer or other disposal of any shares resulting in the existing shareholder of a Shareholder or any company having direct or indirect control over that Shareholder ceasing to be the only largest shareholder of such Shareholder or of the Company or any other entity having direct or indirect control over such Shareholder or any change in Control directly or indirectly of a Shareholder or of any company having Control, directly or indirectly, over that Shareholder shall be treated as being a transfer of all of the equity shares held by that Shareholder and the provisions of the shareholder agreement dated April 12, 2002 and the AOA in respect of such transfer shall apply in respect of the Shares so held. Article 60.5 lays down that the aforesaid procedure shall not be applicable to the transfer of shares to or by certain entities as detailed therein.

The articles also provide for steps to be taken by the Company in the event that it becomes unlawful for STAR or CDP to continue to hold all or some portion of the Shares held by them in the Company.

1.1.6 **Pledge of Shares:** The Principals may, either individually or collectively, pledge the Shares held by them or their affiliates for the purpose of securing the working capital funding, with the prior written approval of the Board and on such conditions as laid down in Article 63.

1.1.7 **Power to Borrow**: The Directors have the power, by a resolution passed at a meeting of the Board, to raise or borrow any sum or sums of monies. If the monies borrowed exceed the aggregate paid up capital of the Company and its free reserves, approval of the Company in a general meeting shall be obtained before any further borrowing.

1.1.8 **Voting Rights of Members:** The affirmative vote of any Shareholder shall not be required before any action is taken by the shareholders in a general meeting for issuance of Shares for the purposes of an initial public offer or for undertaking any steps in this regard and the Shareholders shall exercise their voting rights in a general meeting in favour of the issuance of Shares by the Company for the purposes of an initial public offer.

The Shareholders shall exercise their voting rights to effect the issuance of Shares for the purpose of Company-Sara

Fund Issuance.

The Shareholders shall exercise their respective voting rights at a general meeting to give effect to the provisions of the shareholders agreement dated April 12, 2002 and the Registration Rights Agreement.

Directors: CDP and the Principals shall be entitled to nominate the number of directors that is obtainable by multiplying the total number of directors of the Company by the ratio of its Shareholding over the total issued equity Share capital of the Company.

In any event, CDP shall be entitled to nominate at least one director for so long as the Shareholders agreement dated April 12, 2002 is in effect or that CDP owns 5% or more of the Company's Shares and the Principals shall be entitled to nominate at least one director for so long as the Shareholders Agreement dated April 12, 2002 is in effect.

STAR shall be entitled to nominate one director to the Board as long as its Shareholding in the Company is above 5%.

All other external/professional/non-shareholder appointed directors of the Company shall be appointed by the Shareholders by simple majority voting.

Century Director Fund (Mauritius) Ltd and Mitsui and Company Ltd shall jointly have the right to appoint a single director until such time that the Company undertakes an initial public offer.

Sara Fund Trustee Company Ltd and the Development Investment Trustee Company Ltd shall have the right to appoint a single director until such time as the Company under takes an initial public offer.

1.1.9 **Affirmative vote:** The affirmative vote of one director nominated by a Shareholder holding atleast 21% shares in the Company shall be necessary before passing a resolution in respect of matters listed out in Article 156 of the AOA. If the shareholding is reduced below 21% but is above 5%, the affirmative vote of the director nominated by such Shareholder shall be necessary for the matters listed in Article 156.2.

1.1.10 **Dividends:** The Company may declare dividends in general meetings. The dividends declared shall not exceed the amount recommended by the Board. The Board may, from time to time, pay to the members of the company an interim dividend. The Board may retain the dividend payable upon Shares until the Person becomes a member in respect of such Shares.6

1.1.11 **Public Offer:** In the event that an initial public offer has not taken place by March 31, 2007, CDP and STAR shall have the right to cause the Company to undertake an initial public offer. No initial public offer shall, taken together with the ESOP, increase the Companys total issued share capital by more than 25% unless agreed to by the Shareholders.

If at any time after the earlier of (i) December 30, 2006 and (ii) the expiration of the six month period following the closing of the initial public offer, CDP, Mr. Rohinton Screwvala and STAR request the Company to file a registeration statement in any jurisdiction for making a public offering of and listing all or any portion of the Shares or other securities of the Company held by them, the Company shall use its best efforts to cause such Shares or securities to be so registered and listed.

1.1.12 Termination of Rights of Shareholders: The rights of the Shareholders shall continue for an indefinite period, until the Company is wound up or the shareholders agreement dated April 12, 2002 is terminated or a resolution is passed authorising the Company to effect an initial public offer in terms of the articles and the shareholders agreement dated April 12, 2002, provided that the Shareholders hold at least 5% of the shares in the Company. The consequences of termination of the shareholders agreement dated April 12, 2002 by any of the Shareholders has been detailed in the AOA.

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTIONS

The following contracts (not being contracts entered into in the ordinary course of business carried on by us or entered into more than two years before the date of this Prospectus) which are or may be deemed material have been entered or to be entered into by us. These contracts, copies of which have been attached to the copy of this Prospectus have been delivered to the Registrar of Companies, Mumbai for registration and also the documents for inspection referred to hereunder, may be inspected at our registered office located at Parijaat House, 1076, Dr. E.Moses Road, Worli Naka, Mumbai 400 018, India, from 10.00 a.m. to 4.00 p.m. on working days (Monday to Friday) from the date of this Prospectus until the date of closure of the Issue.

Material Contracts

1. Engagement Letter executed with Enam Financial Consultants Private Limited as BRLM and IL&FS Investsmart Limited as Co-BRLM by UTV.
2. Agreement executed with Karvy Computershare Private Limited appointing them Registrar to the Issue and Share Transfer Agent.
3. Memorandum of Understanding amongst UTV, CDP, BRLM and Co-BRLM.

Material Documents

1. Our Memorandum and Articles of Association as amended from time to time.
2. Certificate of Incorporation of the Company dated June 22, 1990.
3. Agreement dated April 12, 2002 entered amongst our company, Rohinton Screwvala, Rohinton Screwvala controlled shareholders, CDP Media Holdings (India) Limited and Acetic Investment Limited
4. Agreement dated March 4, 2002 entered amongst our company, SARA Fund Trustee Company Limited and Development Investment Trustee Company Limited
5. The Share Sale Agreement dated November 19, 2004 signed amongst our Company, CDP Media Holdings (India) Limited, Unilazer HongKong Limited, Unilazer Exports and Management Consultants Limited and Rohinton Screwvala.
6. Shareholder Agreement dated December 2, 2004 signed amongst our company, United Home Entertainment Private Limited and Rohinton S Screwvala.
7. Copies of Annual reports of UTV and its subsidiaries for the years ended March 31, 2000, 2001, 2002 , 2003 and 2004 and the audited accounts for the period ended September 30, 2004.
8. Special Resolution of the Members of the Company, adopted pursuant to Section 81(1A) of the Companies Act, at the Extra-ordinary General Meeting held on July 8, 2004 authorising the Fresh Issue
9. Ratification of appointment of Enam Consultants Private Limited as BRLM for the proposd Public Issue of the Company by Board Resolution dated February 18, 2004.
10. Resolution of the IPO Committee, constituted by the Board of Directors of the Company, passed at its Meeting held on July 8, 2004 approving the Issue and also for appointing Co-BRLM, Registrar to the Issuer and other intermediaries
11. Resolution of the Members of the Company at the Annual General Meeting held on September 18, 2002 appointing M/s. Pricewaterhouse & Co, Chartered Accountants, as statutory auditors of the Company for the year 2003-04.
12. Report of the Auditors M/s. Pricewaterhouse & Co, Chartered Accountants dated December 13, 2004.
13. Consents of Auditors, BRLM, Co-BRLM, Syndicate Members, Legal Counsel, Directors, Company Secretary and Compliance Officer, Registrars, Bankers to the Issue, Bankers to the Company, Escrow Collection Bankers, as referred to, in their respective capacities;
14. Listing application filed with BSE and NSE on December 16, 2004;
15. In principle-listing approvals from BSE dated January 17, 2005 and NSE dated January 18, 2005;
16. Tripartite agreement between the NSDL, our Company and Karvy Computershare Private Limited (formerly known as Karvy Consultants Limited) dated December 7, 2000;

17. Tripartite agreement between the CDSL, our Company and Karvy Computershare Private Limited (formerly known as Karvy Consultants Limited) dated December 29, 2000;
18. Due Diligence Certificate dated December 16, 2004 to SEBI from Enam Financial Consultants Private Limited;
19. SEBI observation letter no. CFD/DIL/ISSUES/PR/33067/2005 dated February 7, 2005.
20. Resolution of the IPO committee, constituted by the Board of Directors, approving the Prospectus.
21. General Power of Attorney executed by the Directors of the Company in favour of the person(s) for signing and making the necessary changes to the Prospectus, the Prospectus and the Prospectus.
22. Resolutions appointing the Managing Director and Wholetime Directors.
23. RBI letter FE.CO.FID/4521/10.1.07.02.200(170)/2004/05 approving transfer of 24,99,950 Equity Shares by CDP through Offer for Sale as a part of this Public Issue.
24. a. Complaint dated February 16, 2005 filed by M/s. Vision Marketing and Information Services Pvt. Ltd.
    b. Respond dated February 18, 2005 by Enam Financial Consultants Pvt. Ltd. filed with SEBI
    c. Writ Petition dated February 17, 2005 filed by M/s. Vision Marketing and Information Services Pvt. Ltd. in the Honorable High Court.
    d. Letter from Deven Dwarakadas & Parnters, Advocats and Solicitiors, giving a summer of the proceedings in the High Court.
    e. Intimation received from Mahesh Thorat, Advocate for petitional, stating that the aforesait writ petition will come up for hearing in the Honorable High Court on February 21, 2005.
25. Escrow agreement dated February 17, 2005, syndicate agreement dated February 17, 2005 and underwriting agreement dated February 28, 2005 and letters from IL&FS Investsmart Ltd., Enam Financial Consultants Pvt. Ltd., Enam Securities Pvt. Ltd., indicating number of shares to be underwriten as per their letter dated March 1, 2005.

Any of the contracts or documents mentioned in this Prospectus may be amended or modified at any time if so required in our interest or if required by the other parties, without reference to the shareholders, subject to compliance of the provisions contained in the Companies Act and other relevant statutes.

DECLARATION

All relevant provisions of the Companies Act and the guidelines issued by the GoI or the guidelines issued by the Securities and Exchange Board of India, established under Section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Prospectus is contrary to the provisions of the said Acts and rules framed there under. We further certify that all the statements in this Prospectus are true and fair.

Signed pursuant to the approval of this Prospectus by the IPO Committee, constituted by the Board of Directors of the company.

SIGNED BY THE DIRECTORS

Rohinton S. Screwvala

Rahul Shah*

Ronald D'Mello

Ketan Dalal*

Darius.C.Shroff*

Deven Khote

Suketu Shah*

Sanjaya Kulkarni*

Frederic Beauvais*

*Through their constituted attorney Ronald D' Mello

SIGNED BY THE CHIEF EXECUTIVE OFFICER

(Rohinton S. Screwvala)

SIGNED BY DIRECTOR – OPERATIONS & FINANCE

(Ronald D'Mello)

SIGNED BY THE SELLING SHAREHOLDER - CDP MEDIA HOLDING (INDIA) LIMITED

DISCLAIMER BY CDP MEDIA HOLDING (INDIA) LIMITED

Notwithstanding anything stated in this Prospectus, the responsibility of CDP Media Holding (India) Limited and/or its affiliates under this Prospectus is limited to the statements as appearing in the following sections of the Prospectus made in its capacity as the selling shareholder and the statements relating to CDP in the section titled 'Terms of the Issue' and "Our History". CDP Media Holding (India) Limited and/or its affiliates shall not be responsible for and disclaim all responsibility for all other sections of this Prospectus. CDP Media Holding (India) Limited and its affiliates assume no responsibility for the statements made by the Company or any other person, relating to the Company, its businesses, the promoters, the financial information or any other related disclosures.

Date: March 4, 2005.

Place: Mumbai

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