



EXPAND  
THE HORIZON.  
NARROW  
THE FOCUS.



WIRE AND WIRELESS

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# EXPANDING THE HORIZON. NARROWING THE FOCUS.

In the first decade of 21<sup>st</sup> century, television content distribution industry in India has made significant progress. If the decade gone by belonged to consolidation of the cable television industry, new decade will belong to innovation, expansion and digitisation.

As a leading Indian player of the cable television industry, we at WWIL, have made significant progress all these years. Having led the consolidation in a highly fragmented and disorganised sector, we are transiting into the next phase of growth. What awaits us as an opportunity is much bigger than what we have seen so far. We need to seize that opportunity to lead us to new priorities such as expanding footprints and process oriented training of the diverse pool of LCOs, optimising spends and enhancing operational efficiencies, investing in and upgrading the competence of our infrastructure built on skills of our human resources; besides advocating and spreading digitisation.

We are at a very intriguing yet exciting juncture of our business. The call of opportunity needs us to expand and contract at the same time. Expand the horizon and narrowing the focus is our new mantra.



## MESSAGE FROM THE CHAIRMAN

### **Dear Shareholders,**

Thank you for your continued support and confidence in us that you have demonstrated so far. It is with the strength of your trust, that WWIL is today amongst the leading Multi System Operators (MSO) in India and is poised to play a pivotal role in the Indian cable TV industry.

According to FICCI - KPMG Indian Media & Entertainment (M&E) Industry Report, 2010 has been the year of resurgence for the industry. Overcoming the gloom that had set in during the economic slowdown, the Indian M&E industry bounced back in 2010, registering a growth rate of 11% compared to a mere 1.4% in 2009. This growth was primarily driven by the increased spends by advertisers across all media platforms. As the industry braces for exciting times ahead, the sector is projected to grow at a CAGR of 14% by 2015.

### **THE ECONOMY TO WATCH FOR**

The consistent economic growth of the country is translating into definitive improvements of socio - economic indicators. What is even heartening is the fact that the impact is being seen at the farthest mile, courtesy the agenda of inclusive growth that the country is following. First results of Census 2011 reflected a notable improvement in literacy rate and gender ratio while the population growth rate showed a decline.

The decade gone by was the period of consolidation and the ensuing decade will mark the phase of acceleration for India, in my view. The period will be marked by rapid urbanisation, growing consumerism and disposable incomes.

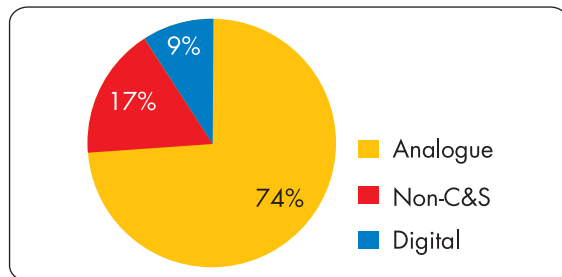
### TELEVISION WILL GO DIGITAL

Indian television industry has truly come of age and has added almost 100 million viewers in 2010 alone to reach 600 million viewers and crossed the 550 channel mark.

With close to 140 million TV households and C&S penetration of near 78%, Indian audience is fast adopting new technologies like HD, Set Top Boxes with inbuilt recorders and delivery platforms like mobiles.

The way television is accessed is also changing. A recent study by TAM Media Research estimated the share of digital access to have improved to 9% in 2010 from 7% in 2009. While broadcasters and the TV set manufacturers are facilitating viewing of HD content on television, the Indian cable TV distribution industry must undertake complete digitisation over coming years.

Access to television in India (2010)



source: TAM Media Research

As a leading Multi System Operator (MSO) of India, WWIL has actively been advocating the cause of digitisation. The cable TV industry is rapidly changing with visible signs of progress towards the digital movement. In a positive development for the Indian TV content distribution industry, the Information & Broadcasting (I&B) Ministry has recommended December 31<sup>st</sup>, 2014 as the sunset date for mandatory digitisation in the country. The move will mean that the cable TV sector will become more organised, attract better investments and inturn improve profits.

The digital wave is expected to benefit the three key players in the value chain namely the MSO, by way of increase in subscription revenues; the government, via increase in tax collections; and the customers, with an enhanced television viewing experience. With the trend expecting to reap in benefits for companies like ours, we are preparing ourselves for the digital wave!

### WWIL'S PERFORMANCE

FY 11 was a good and satisfying year for WWIL in many ways. Let me share with you the key highlights of our operational and financial performance of the year.

- The consolidated operating revenues grew by 12% to ₹3059.5 million from ₹2726.5 million during the last fiscal
- The company posted a consolidated operating profit (EBITDA) of ₹163.6 million, which was a significant achievement as compared to operating loss of ₹631.6 million during the last fiscal
- WWIL has been ranked among the best 400 mid cap companies in India by Dalal Street Investment Journal's Annual Compendium – "Mid Cap 400"
- Indian Cable Net Company Limited, a subsidiary of WWIL, was ranked among the top 500 of India's Best Performing Mid Sized Companies in the Second Annual Inc. India 500 Awards
- WWIL consolidates its pan India presence through strategic expansions in Uttar Pradesh and Andhra Pradesh

### THE PEOPLE POWER

Consistency, transparency and trust form the cornerstone of the work philosophy at WWIL. The spirit of commitment that our employees display has played a major role in bringing WWIL to the position it enjoys today. We work closely towards personal development of each of our employee and strive hard to present them with an environment that is conducive to their needs. Keeping our team of professionals and experts involved through various employee engagement programmes like *Samwad* (Dialogue), Open House and Konnect, we are keeping the morale of our employees high.

### LOOKING FORWARD

We are at an exciting juncture of our business journey. We look forward to making the most of digitisation wave and will be moving into newer geographies. The company will be investing in acquiring the latest technology and will focus on the development of the skills of its people. Company's orientation will be towards streamlining operations & cost optimisation. It is with your support that we have witnessed a transformational year, a year that we can happily dub as satisfactory.

Sincerely

Subhash Chandra

## WWIL IN BRIEF

- Wire and Wireless is one of the largest **Multi System Operator (MSO)** in the cable industry.
- In the digital mode, Wire and Wireless offers upto **225 channels** to its subscribers.
- Wire and Wireless has presence in **54 cities** of India with **50 analogue** and **10 digital head - ends**.
- Wire and Wireless operating network includes over **4000 franchisee** operators called LCOs.
- Wire and Wireless has **7 regional offices** with over **400 employees**.
- WWIL product range includes, **Analogue Cable, Digital Cable Television, Broadband and Local Television Channels**.
- All products are marketed under **SITI brand**.

## CORPORATE INFORMATION

### BOARD OF DIRECTORS

Subhash Chandra - Chairman  
B.K. Syngal - Independent Director  
Suresh Kumar Agarwal - Independent Director  
Vinod Kumar Bakshi - Independent Director  
(w.e.f. 27.10.2010)  
Amit Goenka - Whole-time Director  
Arun Kapoor - Director

### COMPANY SECRETARY

Suresh Kumar

### AUDITORS

S.R. Batliboi & Associates  
Chartered Accountants

### REGISTERED OFFICE

Continental Building,  
135, Dr. Annie Besant Road,  
Worli, Mumbai - 400018  
Ph: (022) 66971234 Fax: (022) 24900302

### CORPORATE OFFICE

Building No. FC 09, gate No. 3,  
Sector 16A, Film City,  
Noida (UP) - 201301  
Ph: (0120) 4526700 Fax: (0120) 4265232

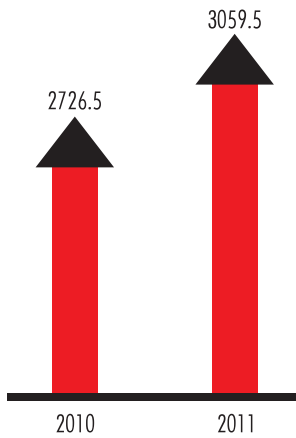
### SENIOR MANAGEMENT

Sudhir Agarwal - Chief Executive Officer (CEO)  
Raj Kumar Agarwal - Chief Financial Officer (CFO)  
Sanjay Jindal - Vice President - Technical  
Shabd Swarup Sinha - Vice President - Information Technology  
Neeraj Soni - Vice President - Content & Programming  
Colonel Pankaj Dhingra - Vice President - Human Resources  
T K Choudhary - Head Corporate Affairs & Administration

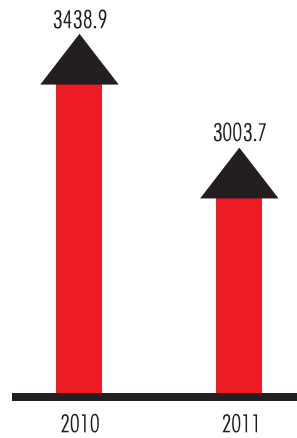
## PERFORMANCE HIGHLIGHTS



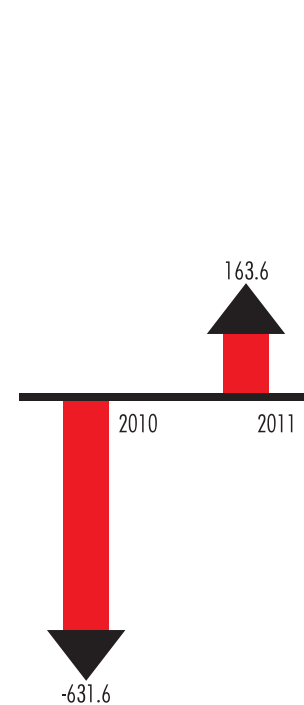
Operating Revenues (₹ Million)



Operating Expenditure (₹ Million)



EBITDA (₹ Million)



### OPERATIONAL SNAPSHOT: 2010 - 11

- WWIL has been Ranked among the best 400 MID CAP Companies in India by Dalal Street Investment Journal's annual compendium - "Mid Cap 400"
- Indian Cable Net Company Limited, a subsidiary of WWIL, was ranked among the top 500 of India's Best Performing Mid Sized Companies in the Second Annual Inc. India 500 Awards
- WWIL launched Digital Cable Television services in Hyderabad on 30<sup>th</sup> October 2010. With this auspicious

initiative, the company has positioned itself in the digital and analogue domain with renewed vigour in Hyderabad - the birth city of MSO business

- Wire and Wireless expands its SITI Cable Television Network in Eastern U. P.
- WWIL adheres to TRAI Dunning norms in CAS area: It brings transparency in the system ; It's a tool to intimate subscriber about its monthly subscription outstanding; It's the system to control credit risk of the company

A large graphic of an upward-pointing arrow. The arrow is composed of a dark grey triangle at the top, a red vertical bar in the middle, and another dark grey triangle at the bottom. The background is a solid yellow color.

# DIGITISING GROWTH




In a country of 138 million cable TV homes and over 108 million C&S customers, it is expected that by 2013 India's digital TV market will cross that of China.

With the Information and Broadcasting (I&B) Ministry accepting the recommendations for implementation of digital addressable cable television systems in India, a significant and positive development for the Indian TV distribution space is anticipated. Digitisation would pave the way for the cable distribution sector to become more organised, attract greater institutional funding and improve profitability. The government's move bring in good news for our business and its stakeholders in the value chain as they also stand to potentially benefit - WWIL by way of increase in subscription revenues, government via increase in tax collections and customers from an enhanced television viewing experience.

Our advantage lies in our reach that is pan India. Currently our world class distribution infrastructure, through over 54 centers across India, provides best-in-class TV viewing experience to our customers. Till yesterday the TV signals were carried in an analogue format which led to a fragmented and disorganised market. With viewers getting wise - economically and technically - by the day, the demand for quality time TV viewing experience is also on the rise.



 Sudhir Agarwal, CEO, at the launch of digital head-end, Hyderabad

With diverse options available in the market, it becomes imperative for the cable TV industry to embrace change and address the need of the customers through digitisation. Digitisation is the only method to integrate, streamline and tap the potential in the business segment. The entire process of digitisation will help make the TV content distribution system transparent not only for the consumers but also for the government, broadcasters, MSOs and the LCOs and also increase transparency at all levels.

At WWIL, we have 10 modern digital head-ends across the country. These head - ends are capable of carrying upto 225 channels on digital platform. This has enabled quality signal transmission both in MPEG4 and MPEG2, putting across around 14 to 18 channels per frequency.



 Team WWIL planning for digitisation


# EXPANDING FOOTPRINTS



For any business to grow, expanding the horizon, tapping potential and discovering new markets or business interests is pivotal. At WWIL, we are doing just that. As one of India's leading Multi System Operators (MSO), we are not just expanding our footprints but also reaching out to more and more people to give them an enhanced and efficient TV viewing experience.

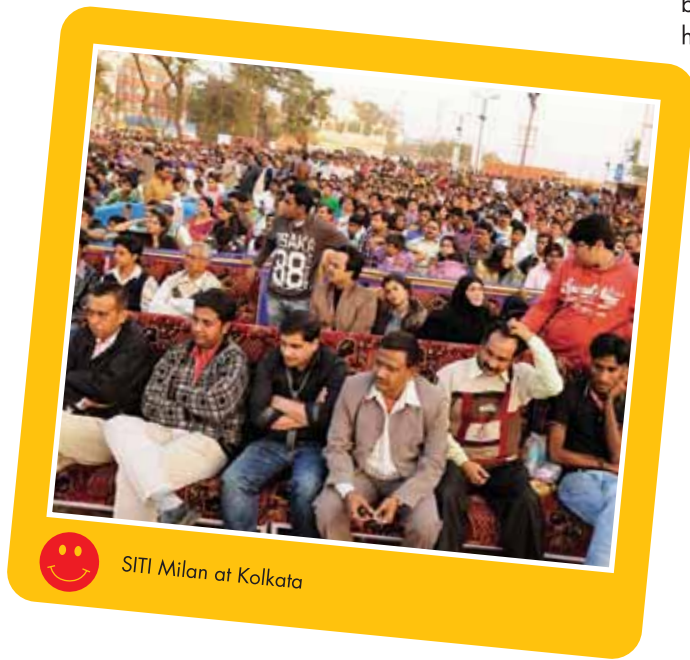
Consolidating our existing businesses by making them stable and more profitable, we continue to be focused on building processes, increase collection and bring down the operational cost through various strategic initiatives. During the year we managed to effectively and efficiently expand by putting up digital head-ends in Ludhiana, Hyderabad, Varanasi, Kanpur and Thiruvananthapuram. As the markets get ready for the next wave of growth, we are preparing to expand our networks wider and deeper. WWIL's established operations in Haryana and eastern U.P. as well as a Broadband service venture in Kolkata, stand testimony to this commitment. Considering that the Broadband penetration in India is still at a nascent stage, our strong presence in the segment is expected to reap encouraging results. Once digitisation takes place, we will be looking at cable and Broadband to increase our base and profitability.



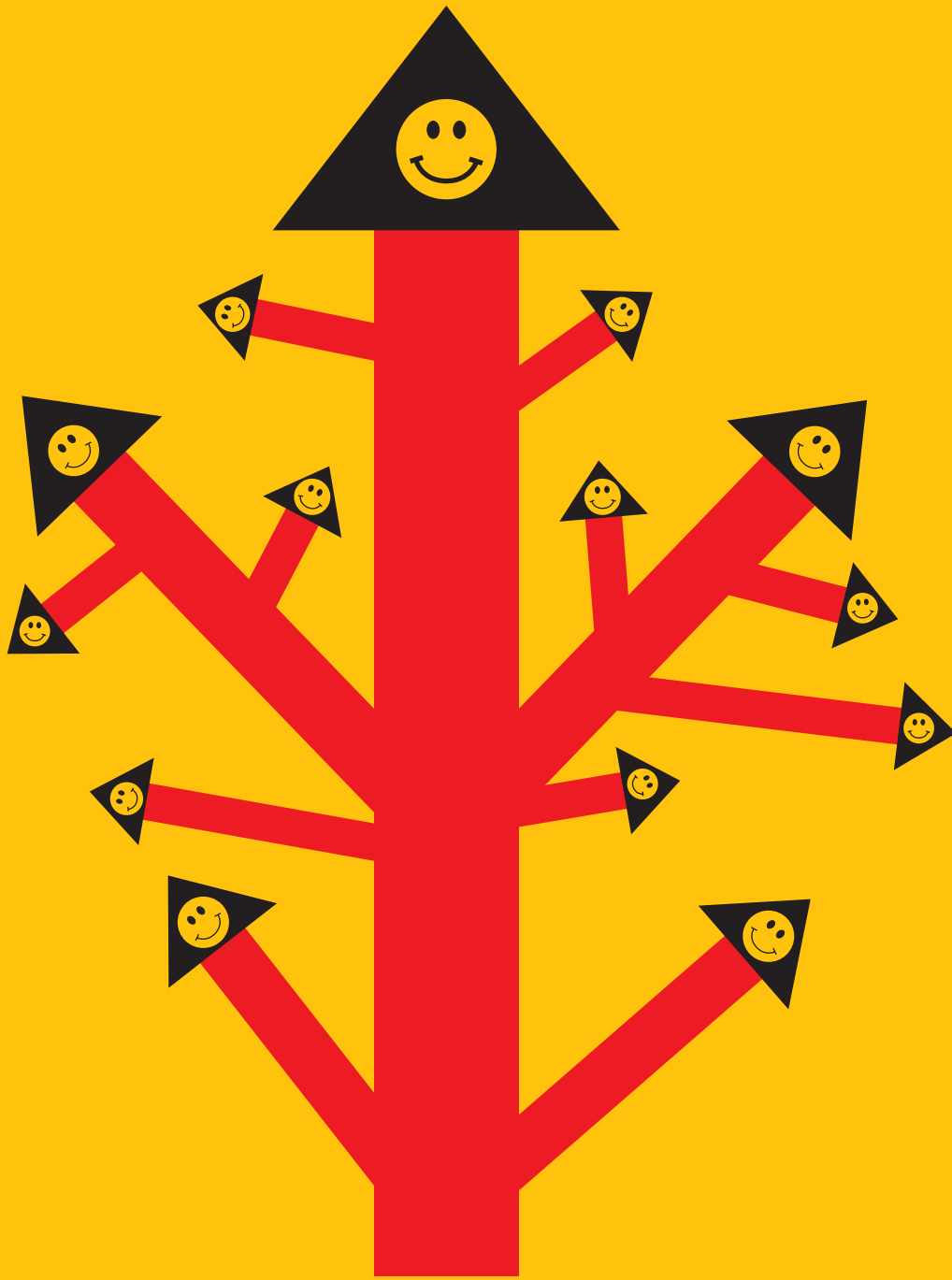
 Representatives of our broadband services

At WWIL, we explore every opportunity present to take our business reach, quality and delivery competency several notches up. Our progress reflects in majority of our units becoming operationally self-sustainable. As a result of which we have registered profits at EBITDA level.

With a good strategic plan in place, we are looking forward to developing a underground optical fibre network backbone, both in inter and intra - cities, which will help us increase the bandwidth of our existing network. Expanding our work horizon in the interest of our consumers and stakeholders, we further aim to realign our corporate and regional functions, increase focus and accountability of the company's leadership team and improve performance of our core service lines.



 SITI Milan at Kolkata



# INVESTING IN PEOPLE

At WWIL, we believe in investing more in our people as they serve as our pillar of strength. For us, our employees are our most important asset. We take pride in our employee welfare programmes as through them we not only explore the potential of our talent pool but also provide them with a platform to take ownership in their respective field of work and emerge leaders. Transforming 'talent' into 'performance' is what we aim at and as an organisation we are striving consistently to present our employees with a working environment that is conducive to their needs and match their satisfaction levels.

The employee support that we enjoy has helped us further our reach, far and wide. Our senior management team offers their valuable inputs in terms of knowledge, experience, intellect and guidance to the people at all levels. Basis this, we have streamlined our operations and hired performing professionals who deliver with confidence. To understand the needs of the employees better, our Chairman, Mr. Chandra, initiated *Samwad* (Dialogue) - an employee engagement programme aimed at an inclusive growth of the WWIL family and the rest of the group. The powerful medium is a step in the direction of getting more interactive with the employees and give them



Ace employees with their family felicitated by CEO

a platform through which they are made aware of the need to change, think creatively, react and take significant steps for the growth and benefit of the enterprise.

We believe in practicing complete transparency at all levels of the business. The development needs of the employees are captured through a comprehensive needs analysis programme and executed through internal and external trainings. Employees' efforts are rewarded through 'Ace', under which the best performing employee of the month is facilitated with a trophy and an opportunity to dine with the CEO and his family. 'Open house' and 'Konnnect' are some of the other programmes through which we encourage team work and spirit of togetherness amongst employees and keep their interest motivated. The aim of team WWIL is to give our customers best-in-class experience and for that we have people who support us in every endeavour of ours with complete determination and commitment. At WWIL, we take pride in our people and their expertise as it is they who are taking forward our vision of a successful enterprise to the next level.



Members of WWIL family spreading colours of joy



## REGIONAL OFFICES

### BENGALURU

United Mansions, 3rd Floor,  
39, Mahatma Gandhi Road  
Bengaluru 560 001  
Ph: (080) 25581234 Fax: (080) 25580099

### CHANDIGARH

SCO 230-231, 1st Floor, Sector 34-A,  
Chandigarh 160 022  
Ph: (0172) 4620425 Fax: (0172) 5018260

### DELHI

ESSEL House, B-10,  
Lawrence Road Industrial Area,  
New Delhi 100 035  
Ph: (011) 27101145 -54 Fax: (011) 27186561

### LUCKNOW

3rd Floor, Raja Ram Kumar Plaza Hazratganj  
Lucknow 226 001  
Ph: (0522) 4072601

## SUBSIDIARY COMPANIES

### INDIAN CABLE NET COMPANY LIMITED (ICNCL)

J 1/15, Block –EP, 4th Floor,  
Saltlake Electronics Complex,  
Sector V, Kolkata 700 091  
Ph: (033) 40025020 Fax: (033) 23577640

### CENTRAL BOMBAY CABLE NETWORK LIMITED (CBCNL)

EsSEL House, B -10,  
Lawrence Road Industrial Area,  
New Delhi 110 035  
Ph: (011) 27101145 -54 Fax: (011) 27186561

### SITICABLE BROADBAND SOUTH LIMITED (SBSL)

United Mansions, 3rd Floor,  
39, Mahatma Gandhi Road,  
Bengaluru 560 001  
Ph: (080) 25581234 Fax: (080) 25580099

## REGISTRAR & SHARE TRANSFER AGENT

Sharepro Services (India) Private Limited, 13 AB,  
Samhita Warehousing Complex, 2nd floor,  
Sakinaka, Andheri (East), Mumbai - 400072. India.  
Tel: (022) 67720400, Fax: (022) 28591568  
Email: sharepro@shareproservices.com  
**WEBSITE:** www.wwil.net

### HYDERABAD

6-2-929 D.B. Enclave, Behind BPCL Petrol Pump  
Raj Bhavan Road, Khairatabad  
Hyderabad 500 004  
Ph: (040) 23372158 Fax: (040) 23372822

### KOLKATA

J 1/15, Block –EP, 4th Floor,  
Saltlake Electronics Complex,  
Sector V, Kolkata 700 091  
Ph: (033) 40025020 Fax: (033) 23577640

### MUMBAI

4TH Floor, 'A' Wing,  
Madhu Industrial Estate,  
Pandurang Budhkar Marg,  
Worli, Mumbai 400 013  
Ph: (022) 4360 5555 Fax: (022) 2499 2000

### WIRE AND WIRELESS TISAI SATELLITE LIMITED (WWTSL)

3rd Floor, TISAI House,  
OPP. Ashirwad Hospital, Poona Link Road  
Kalyan (East) 421 306  
Ph: (0251) 2356255

### MASTER CHANNEL COMMUNITY NETWORK PVT. LTD (MCCNPL)

T-4 Vijaya Apartment,  
Jammichettu Centre, Mogalrajpuram,  
Vijayawada 520 010  
Ph: (0866) 2496787 / 2491955 Fax: (0866) 2496767

### SITI VISION DIGITAL MEDIA PVT LTD

6-2-935/2, 1st Floor, Zee News Building  
Behind BPCL Petrol pump, Rajbhavan Road, Khairatabad,  
Hyderabad 500 004  
Ph: (040) 23376967 Fax: (040) 23322924

## BANKERS

IDBI Bank Limited  
Axis Bank Limited

## Notice

Notice is hereby given that the Fifth Annual General Meeting of the members of Wire and Wireless (India) Limited will be held on Tuesday, the 26th day of July, 2011 at 3.30 p.m., at the 'Hall of Culture', Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai - 400 018 to transact the following businesses:

### ORDINARY BUSINESS:

1. To consider and adopt the audited Balance Sheet as at March 31, 2011, the Profit & Loss Account of the Company for the year ended on that date and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. B. K. Syngal, who retires by rotation at this meeting and being eligible, offers himself for re-appointment.
3. To appoint M/s. S. R. Batliboi & Associates, Chartered Accountants, Gurgaon, as the Statutory Auditors of the Company to hold such office from the conclusion of this meeting until the conclusion of the next Annual General Meeting at a remuneration to be determined by the Board of Directors of the Company.

### SPECIAL BUSINESS:

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

**"RESOLVED THAT** Mr. Vinod Kumar Bakshi who was appointed by the Board of Directors as an Additional Director of the Company with effect from October 27, 2010 and who holds office up to the date of this Annual General Meeting in terms of Section 260 of the Companies Act, 1956 ('Act') and in respect of whom the Company has received a notice in writing from a member under Section 257 of the Act proposing his candidature for the office of Director of the Company, be and is hereby appointed a Director of the Company, liable to retire by rotation."

By order of the Board

**Suresh Kumar**  
Company Secretary

Place: Noida

Date: May 19, 2011

### Registered Office:

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

## Notes:

1. **A member entitled to attend and vote at the meeting may appoint a proxy to attend and vote on a poll on his behalf. A proxy need not be a member of the Company.**  
**Proxies, in order to be effective, must be received at the Registered Office of the Company not less than 48 hours before the commencement of the Annual General Meeting.**
2. Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of special businesses to be transacted at the Annual General Meeting is annexed herewith.
3. Corporate Members are requested to send to the Registered Office of the Company, a duly certified copy of the Board Resolution, pursuant to Section 187 of the Companies Act, 1956, authorizing their representative to attend and vote at the Annual General Meeting.
4. Additional information, pursuant to Clause 49 of the Listing Agreement with Stock Exchanges, on Directors recommended by the Board for appointment/re-appointment at the Annual General Meeting forms part of the Report on Corporate Governance in the Annual Report.
5. Members/Proxies should fill-in the attendance slip for attending the Meeting and bring their attendance slip along with their copy of Annual Report to the Meeting.
6. The Register of Members and Share Transfer Books of the Company will remain closed from Monday, July 18, 2011 to Tuesday, July 26, 2011 (both days inclusive).
7. Queries on accounts and operations of the Company, if any, may be sent to the Company Secretary seven days in advance of the meeting so as to enable the Management to keep the information ready at the meeting.

8. Members who are holding Company's shares in dematerialised form are required to bring details of their Depository Account Number for identification.
9. Members holding equity shares in physical form are requested to notify the change of address/dividend mandate, if any, to the Company's Registrar and Share Transfer Agent, Sharepro Services (India) Private Limited, 13AB, Samhita Warehousing Complex, Second Floor, Sakinaka Telephone Exchange Lane, Off Andheri-Kurla Road, Sakinaka, Andheri (East), Mumbai-400 072 or at 912, Raheja Centre, Free Press Journal Road, Nariman Point, Mumbai-400 021.
10. As per Securities and Exchange Board of India (SEBI) notification, submission of Permanent Account Number (PAN) is compulsorily required for participation in the securities market, deletion of name of deceased shareholder or transmission/transposition of shares. Members holding shares in dematerialized mode are requested to submit the PAN details to their Depository Participant, whereas Members holding shares in physical form are requested to submit the PAN details to the Company's Registrars and Transfer Agents.
11. Under Section 109A of the Companies Act, 1956, shareholders are entitled to make nomination in respect of shares held by them in physical form. Shareholders desirous of making nominations are requested to send their requests in Form No. 2B in duplicate (which will be made available on request) to M/s. Sharepro Services (India) Pvt. Ltd.

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

##### **Item No. 4**

Mr. Vinod Kumar Bakshi was appointed on October 27, 2010, as an Additional Director of the Company in terms of Section 260 of the Companies Act, 1956 ('the Act').

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

Brief profile and other details of Mr. Vinod Kumar Bakshi forms part of the Corporate Governance Report.

The Board recommends the resolution as set out in Item No. 4 for the approval of the members.

None of the Directors of the Company, except Mr. Vinod Kumar Bakshi, is concerned or interested in this resolution.

By order of the Board

Place: Noida  
Date: May 19, 2011

**Suresh Kumar**  
Company Secretary

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

#### **IMPORTANT COMMUNICATION TO MEMBERS**

The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the companies and has issued couple of circulars stating that service of notice/documents including Annual Report can be sent by e-mail to its members. To support this green initiative of the Government in full measure, members who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses, in respect of electronic holdings with the Depository, through their concerned Depository Participants. Members who hold shares in physical form are requested to fill the requisite details in form attached with this Annual Report at page no. 99 and register the same with Sharepro Services (India) Private Limited.



## Certification on Financial Statements of the Company

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

- (a) We have reviewed the financial statements and the cash flow statement of the Company for the year ended March 31, 2011 and that to the best of our knowledge and belief:
  - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statement that might be misleading;
  - (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) To the best of our knowledge and belief, no transactions entered into by the Company during the year ended March 31, 2011, are fraudulent, illegal or violative to the Company's code of conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and have disclosed to the Auditors and Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and steps taken or proposed to be taken to rectify these deficiencies.
- (d) During the year:
  - (i) There have not been any significant changes in internal control over financial reporting;
  - (ii) There have not been any significant changes in accounting policies; and
  - (iii) There have been no instances of significant fraud of which we are aware that involve management or other employees, having significant role in the company's internal control system over financial reporting.

For Wire and Wireless (India) Limited

**Amit Goenka**  
Whole-time Director

**Raj Kumar Agarwal**  
Chief Financial Officer

Noida, May 19, 2011

## Directors' Report

To,

The Members of

**Wire and Wireless (India) Limited**

Your Directors take pleasure in presenting the Fifth Annual Report of the Company together with Audited Statement of Accounts for the year ended March 31, 2011.

### FINANCIAL PERFORMANCE (Rs. in Millions)

Particulars	For The Year Ended	
	March 31, 2011	March 31, 2010
Sales & Services	2177.5	1938.7
Other Income	100.8	79.6
Total Income	2278.3	2018.3
Total Expenses	2099.6	2692.8
Operating Profit/(Loss)	178.7	(674.5)
Less: Finance Cost	566.4	673.3
Less: Depreciation	173.0	390.3
<b>Profit/(Loss) before Tax &amp; Exceptional Item</b>	<b>(560.7)</b>	<b>(1738.1)</b>
<b>Provision for Taxation (Net)</b>	<b>6.4</b>	<b>-</b>
<b>Profit (Loss) after Tax before Exceptional Item</b>	<b>(567.1)</b>	<b>(1738.1)</b>
Less: Exceptional Item	-	-
Profit/(Loss) after Tax	(567.1)	(1738.1)
Less: Prior Period Adjustments (Net)	-	-
Add: Adjustment Pursuant to the Scheme	-	-
Add: Balance Brought Forward from Previous Year	(4043.0)	(2304.9)
<b>Balance Carried to Balance Sheet</b>	<b>(4610.1)</b>	<b>(4043.0)</b>

### BUSINESS OVERVIEW

Wire and Wireless (India) Limited (WWIL) is one of the India's largest Multi System Operators (MSOs). With 50 analogue and 10 digital head ends, it provides its analog & digital services in 54 cities of India. WWIL is a part of the Essel Group, which is amongst India's most prominent business houses with a diverse portfolio of assets in media, packaging, entertainment, technology-enabled services, infrastructure development and education.

WWIL product range includes Analogue TV signals, Digital TV signals, Broadband and Local Television Channels. Wire and Wireless has been providing services in analogue and digital mode, armed with technical capability to provide features like Video on Demand, Pay per View, Electronic programming Guide (EPG) and gaming through a Set Top Box (STB). All products are marketed under SITI brand name.

For the year, WWIL has consolidated its existing businesses by

making them more stable and profitable with continued focus on building processes, increased collections and strategic cost reduction initiatives. During the year majority of its units have become self-sustainable. WWIL has effectively managed expansions by putting up Digital H/Es, spreading its foot prints in parts of Haryana, eastern UP, eastern region towns, venturing into Broadband services in eastern region of the country. Every opportunity has been exploited to streamline operations, realign corporate and regional functions and improve performance of our core service lines.

FY 11 was a good and satisfying year for WWIL in many ways.

- The standalone operating revenues grew by 12% to Rs. 2177.5 million from Rs. 1938.7 million during last fiscal.
- The company posted a standalone operating profit (EBITDA) of Rs. 178.7 million, which was a significant achievement as compared to operating loss of Rs. 674.5 million during the last fiscal.
- WWIL has been ranked among the best 400 mid cap companies in India by Dalal Street Investment Journal's Annual Compendium – "Mid Cap 400".
- Indian Cable Net Company Limited, a subsidiary of WWIL, was ranked among the top 500 of India's Best Performing Mid Sized Companies in the Second Annual Inc. India 500 Awards.
- WWIL consolidates its Pan India presence through strategic expansions in Uttar Pradesh and Hyderabad.

### Media & Entertainment Industry

According to FICCI-KPMG Indian Media & Entertainment Industry Report, 2010 has been the year of resurgence for the industry. Overcoming the gloom that had set in during the economic slowdown, the Indian Media & Entertainment (M&E) industry bounced back in 2010 registering a growth rate of 11 percent compared to a mere 1.4 percent in 2009. This growth was primarily driven by the increased spends by advertisers across all media platforms. As the industry braces for exciting times ahead, the sector is projected to grow at a Compounded Annual Growth Rate (CAGR) of 14 percent by 2015.

### Cable TV Industry

Cable television has registered an impressive growth over last year. The total number of TV households grew from 129 million in 2009 to 138 million by the end of 2010, showing an increase of 6.9 per cent. The penetration of TV in the country grew from 58 per cent in 2009 to 61 per cent in 2010. The penetration for Cable & Satellite (C&S) households increased from 74 per cent of total TV households in 2009 to 78 per cent in 2010. The overall number of C&S households reached 108 million registering a growth of 14 per cent over last year.

The Cable television industry in India is rapidly changing with visible signs of progress towards the digital movement. In a positive development for the Indian TV content distribution industry, the Information and Broadcasting (I&B) Ministry has announced the final schedule for mandatory digitization in the

country. December 31, 2014 has been set as the deadline for digitization of the entire industry in a phased manner subject to approval of Cabinet. Delhi, Mumbai, Kolkata and Chennai are required to shift to digital addressability by March 31, 2012. The next phase will include cities with population greater than one million to make the transition by March 31, 2013. All urban areas are expected to convert by September 30, 2014 and the remaining areas by December 31, 2014.

#### DIVIDEND

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

#### EMPLOYEES STOCK OPTION SCHEME

Pursuant to approval from Members obtained at the First Annual General Meeting of the Company held on September 18, 2007, your Company has implemented Employees Stock Option Plan – ESOP-2007 to grant stock options to its eligible employees. Applicable disclosures pursuant to Clause 12 – ‘Disclosure in the Directors’ Report’, of the SEBI (Employees Stock Option Scheme) Guidelines, 1999, as amended, relating to employees Stock Options as at March 31, 2011, are given in ‘Annexure A’ to this Report.

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

#### GROUP

As per the communications received by the Company from the Promoters, the name of the Promoters and entities comprising ‘group’ for the purpose of Clause 3(1)(e) of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, are enclosed in this Report as ‘Annexure B’.

#### RIGHTS ISSUE OF SHARES – RECEIPTS AND UTILISATION

During the financial year 2009-10, your Company had come with Rights Issue of 23,67,67,351 equity shares of Re.1/- each issued at a price of Rs.19/- per share (including premium of Rs.18/- per share) aggregating Rs.4498.5 million to the equity shareholders in the ratio of 109 equity shares for every 100 equity shares held by them. The amount of Rs.19/- was payable in two installments i.e. Rs.9/- per share on application (including Re.0.50 towards capital) and the balance Rs.10/- per share (including Re.0.50 towards capital) was payable after six months at the option of the Company but within twelve months from the date of allotment.

Your Company had allotted 23,62,22,285 equity shares on October 29, 2009 against the said rights issue, thereby bringing the overall issue size to Rs.4,488.2 million. During the financial year under review, the Company had received First and Final Call amount of Rs.10/- per share (including Re.0.50 towards capital) on 23,49,35,546 equity shares. Consequent

upon receipt of first & final call money on 23,49,35,546 equity shares, the paid up equity shares capital of your Company has been increased from Rs.33,53,28,895.50 (as on 31.03.2010) to Rs.45,27,96,668.50 (as on 31.03.2011).

Your Company had received a sum of Rs.212,60,00,565/- towards the share application money from the aforesaid rights issue and Rs.234,93,55,460/- (excluding interest on delayed payment) towards the first & final call. The utilization of proceeds of the money received through rights issue by the Company, as on March 31, 2011 are as under:

Objects of Issue*	Rights Issue - Utilization of Total Receipts	
	figures in INR Million	
Repayment of certain of our existing unsecured loans	2000.00	2000.00
Funding our working capital requirements*	1299.40	417.00
Acquisition of MSOs and LCOs	346.70	0.00
Information technology infrastructure and ERP*	0.30	0.30
General corporate purposes	802.20	789.40
Issue expenses	50.00	39.70
<b>Total</b>	<b>4498.50</b>	<b>3246.40</b>

(\*) The Board had approved the revised utilization of Rs.119.35 Million, which were envisaged for utilization towards Information Technology and ERP but were utilized towards the working capital requirements of the Company. Accordingly, the utilisation of proceeds of rights issue as had been revised by the Board, are as per details mentioned in above stated table.

#### DIRECTORS

Mr. Parminder Singh Sandhu resigned as Director of the Company with effect from October 21, 2010. The Board places on record its appreciation for the contributions made by Mr. Parminder Singh Sandhu during his tenure as Director of the Company.

Mr. Vinod Kumar Bakshi was appointed as an Additional Director, with effect from October 27, 2010. Pursuant to the provisions of Section 260 of the Companies Act, 1956, Mr. Vinod Kumar Bakshi holds office only up to the date of the ensuing Annual General Meeting of the Company. The Company has received appropriate notice under Section 257 of the Companies Act, 1956 along with requisite deposits, proposing the candidature of Mr. Vinod Kumar Bakshi for the office of Director, liable to retire by rotation.

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

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

### **PARTIAL REDEMPTION OF SECURED REDEEMABLE NON-CONVERTIBLE DEBENTURES**

During the financial year 2009-10, your Company had issued on private placement basis 1920 number of 9.95% Secured Redeemable Non-Convertible Debentures (SRNCDs) aggregating to Rs.192 crores. These SRNCDs are listed on Wholesale Debt Market Segment of National Stock Exchange of India Limited. As per the terms of the allotment, the Company had repaid 20% of the aggregate value of the SRNCDs, constituting an amount of Rs.38.40 crores, on December 10, 2010.

### **CORPORATE GOVERNANCE**

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

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

### **SUBSIDIARIES**

During the year under review your Company acquired 51% equity stake in Siti Vision Digital Media Pvt. Ltd., effective July 21, 2010.

During the year, there were following subsidiaries of your Company with shareholding of:

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

There have been no changes either in the business or operations of these subsidiaries during the year under review. The statement pursuant to Section 212 of the Companies Act, 1956, relating to the subsidiaries is annexed to this Report as 'Annexure - C'.

As per the requirement of para (iv) of the Direction under Section 212(8) of the Companies Act, 1956, issued by the Ministry of Corporate Affairs vide General Circular No.2/2011 dated 08/02/2011, the requisite disclosures in consolidated balance sheet pertaining to each subsidiary have been made. The annual accounts of the subsidiary companies and related detailed information shall be made available to the shareholders seeking such information at any point of time. The annual accounts of the subsidiary companies shall also be kept for inspection

by any shareholders at the Registered Office of the Company situated at 135, Continental Building, Dr. Annie Besant Road, Worli, Mumbai – 400 018 and of the subsidiary companies concerned which are as follows:-

#### **Central Bombay Cable Network Limited**

B-10, Lawrence Road, Industrial Area,  
Delhi – 110035

#### **Siticable Broadband South Limited**

Regd. Office: United Mansion,  
4th Floor, 39, M. G. Road,  
Bangalore- 560001

#### **Indian Cable Net Company Limited**

J-1/15, Block-EP, 4th Floor,  
Sector-V, Salt Lake,  
Kolkata-700091

#### **Master Channel Community Network Private Limited**

T-4, Vijaya Apartments,  
Mogulrajpuram, Vijayawada,  
Andhra Pradesh

#### **Wire and Wireless Tisai Satellite Limited**

Madhu Industrial Estate,  
4th Floor, P. B Marg,  
Mumbai - 400 013, Maharashtra

#### **Siti Vision Digital Media Pvt. Ltd.**

B-10, Lawrence Road, Industrial Area,  
Delhi – 110035

### **CONSOLIDATED FINANCIAL STATEMENTS**

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

### **AUDITORS**

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

### **PUBLIC DEPOSITS**

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

### **EXPLANATION TO QUALIFICATIONS IN AUDITORS REPORT**

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

Item No. 6 of the Audit Report - The Company has given advances to its subsidiaries & other group companies for meeting working capital requirements and acquisition of MSOs/direct

points during the year. These advances would further enhance its operations in the near future.

Item No. (i)(a), of the annexure to the Auditors Report –Fixed Assets Register with respect to Network Equipments taken over pursuant to the Scheme of Arrangement are being updated.

Item No. (i)(b), of the annexure to the Auditors Report – It may be noted that the Network Equipments are spread over wide geographical areas and it is difficult to conduct the physical verification at greater frequencies. The Company has been submitting the physical verification report of major network equipments to the audit.

Item No. (iv) of the annexure to the Auditors Report – As per the industry practice written agreements are not insisted from the customers in the case of analogue business. However we initiated the process and the company has executed agreements with most of the customers of analogue business during the year.

Item No. (v)(b), of the annexure to the Auditors Report – Considering the specific nature of business, the Company is making transaction at prevailing market price at the relevant date.

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

Item No. (ix)(c) of the annexure to the Auditors Report – This case relates to Siti Cable Network Ltd.. The Company has filed appeal before ITAT.

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

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

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

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

Details of foreign exchange earnings and out go during the year under review is given in Note No. 22.4 of the Notes to Accounts.

## **PARTICULARS OF EMPLOYEES**

A statement showing the particulars of employees, pursuant to Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, as amended

vide Companies (Particulars of Employees) Amended Rules, 2011, is annexed to this Report as 'Annexure – D'.

## **DIRECTORS' RESPONSIBILITY STATEMENT**

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

- a) in the preparation of the Annual Accounts for the year ended March 31, 2011, the applicable Accounting Standards have been followed and there are no material departures;
- b) they have selected such accounting policies in consultation with the statutory auditors and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company for the year ended March 31, 2011 and the loss of the Company for that period;
- c) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- d) they have prepared the Annual Accounts on a going concern basis.

## **ACKNOWLEDGEMENTS**

Your Board wishes to convey its appreciation to all the Company's employees for their enormous personal efforts as well as their collective contribution towards success of your Company. Your Directors also express their gratitude for the valuable support and co-operation extended by various Governmental Authorities, mainly Ministry of Information and Broadcasting, Ministry of Communication and Information Technology, Department of Telecommunication (Broadcasting & Cable Services), Telecom and Regulatory Authority of India and other stakeholders including Local Cable Operators, Bankers, Financial Institutions, Viewers, Broadcasters, Vendors and Service Providers.

For and on behalf of the Board

Place : Noida  
Date : May 19, 2011

**Amit Goenka** **Arun Kapoor**  
Whole-time Director Director

## Annexure – A to Directors’ Report

Disclosures as stipulated under the SEBI (Employee Stock Option Scheme & Employee Stock Purchase Scheme) Guidelines, 1999 and forming part of Directors’ Report for the year ended March 31, 2011

Particulars		Grant of Options
a.	Options Granted (Nos.)	24,30,700
b.	Exercise Price (Rs.)	
	Options Granted (nos.)	Exercise Price (Rs.)
	3,13,300	39.75*
	21,17,400	17.45
	*Re-priced at Rs. 20 on October 22, 2009	
c.	Options Vested	4,18,980
d.	Options Exercised	NIL
e.	Total number of Shares arising as a result of Exercise of option	NIL
f.	Options Lapsed (Nos.)	4,39,800
g.	Variation in terms of Options	6,09,000
h.	Money realized by exercise of Options	NIL
i.	Total Number of Options in force	19,90,900
j.	Employee wise details of Options granted to:	
	(i) Senior Management Personnel	13,76,600
	Sudhir Agarwal	8,11,000
	Rajiv Ganju*	1,53,300
	Raj Kumar Agarwal	1,43,700
	A Mohan	1,40,700
	Neeraj Soni	63,600
	Sanjay Jindal	64,300
	*subsequently lapsed due to resignation(s)	
	(ii) Any other employee who received a grant in any one year of Options amounting to 5% or more of Options granted during that year	NIL
	(iii) Identified employees who were granted Options, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions ) of the Company at the time of grant	NIL
k.	Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of option calculated in accordance with Accounting Standard (AS) 20. ‘Earning Per Share’	(1.29)
l.	Where the Company has calculated the employee compensation cost using the intrinsic value of the stock options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the options. The impact of this difference on profits and on EPS of the Company shall also be disclosed.	The issuance of the equity shares upon exercise of option shall not affect the Profit & Loss Account of the Company, as the pricing formula as approved by the Shareholders of the Company is the market price as per the SEBI Guidelines i.e. latest available closing price prior to the date of grant of options at the Stock Exchange where there is highest trading volume
m.	Weighted-average exercise prices and weighted-average fair values of options, separately for options whose exercise price either equals or exceeds or is less than the market price of the stock	Not Applicable



n.	A description of the method and significant assumptions used during the year to estimate the fair value of options, including the following weighted-average information		
	(i)	Risk-free interest rate	7.71%
	(ii)	Expected life	5.30 years
	(iii)	Expected volatility	39.13%
	(iv)	Expected dividends	Nil
	(v)	The closing price as on date of grant	
			Date of Options Granted
			27/10/2007                      16/07/2009
			(Rs.)                                      (Rs.)
			41.10                                      16.95

## Annexure-B to Directors' Report

Entities comprising of 'Group' for the purpose of Regulation 3(1)(e)(i) of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997

Sr. No.	Name	Sr. No.	Name
1.	Churu Trading Co. Pvt. Ltd.	34.	Essel Infra Projects International Holding Ltd, Singapore.
2.	Ganjam Trading Co. Pvt. Ltd.	35.	Essel Sagar Damoh Toll Roads Limited
3.	Prajatma Trading Co. Pvt. Ltd.	36.	Essel Bhind Mihona Gopalpur Toll Roads Limited
4.	Briggs Trading Co. Pvt. Ltd.	37.	Essel Bina Khimlasi Malthon Toll Roads Limited
5.	Premier Finance and Trading Co. Ltd.	38.	Essel Damoh-Jabalpur Toll Roads Limited
6.	Jayneer Capital Pvt. Ltd.	39.	Essel Media Corporation PLC, UK
7.	Veena Investments Pvt. Ltd.	40.	Essel Ahmedabad Godhra Toll Roads Limited
8.	Ambience Business Services Pvt. Ltd.	41.	EOP PTE Limited, Singapore
9.	Essel Infracore Pvt. Ltd.	42.	Jay Properties Pvt. Ltd.
10.	Churu Enterprises LLP	43.	Edisons Continental Laboratories Pvt. Ltd.
11.	Prajatma Enterprises LLP	44.	Essel Ship Breaking Ltd.
12.	Jayneer Enterprises LLP	45.	Continental Drug Company Pvt. Ltd.
13.	Delgrada Limited, Mauritius	46.	25FPS Media Pvt. Ltd.
14.	Lazarus Investments Ltd., Mauritius	47.	Rama Associates Ltd.
15.	Buddha Films Pvt. Ltd.	48.	Essel International Ltd.
16.	Cyquator Media Services Pvt. Ltd.	49.	Essel Agro Pvt. Ltd.
17.	Intrex India Ltd.	50.	ICL Heroes Sports Pvt. Ltd.
18.	New Media Broadcast Pvt. Ltd.	51.	ICL Rockets Sports Pvt. Ltd.
19.	Pan India Network Infracore Pvt. Ltd.	52.	Lahore Badshahs Pvt. Ltd.
20.	Pan India Network Ltd.	53.	Dhaka Warriors Sports Pvt. Ltd.
21.	Prime Publishing Ltd.	54.	Royal Bengal Sports Pvt. Ltd.
22.	Mediavest India Pvt. Ltd.	55.	ICL Lions Pvt. Ltd.
23.	Vasant Sagar Properties Pvt. Ltd.	56.	Maharashtra Hydrocarbon Products Pvt. Ltd.
24.	Essel Sports Private Limited	57.	Integrated Subscriber Management Services Limited
25.	Aqualand India Ltd.	58.	Rupee Finance and Management Pvt. Ltd.
26.	Zee News Limited	59.	Essel Holdings Ltd, Mauritius.
27.	Dish TV India Ltd.	60.	Packaging Products Investments Ltd., Mauritius.
28.	Zee Entertainment Enterprises Limited	61.	Afro Asian Satellite Communications Ltd., Mauritius
29.	Zee Learn Limited	62.	Essel Media & Entertainment Limited, Mauritius
30.	Shirpur Gold Refinery Limited	63.	Agrani Holdings (Mauritius) Limited
31.	Solid Containers Ltd.	64.	Asian Satellite Broadcast Pvt. Ltd.
32.	Essel Airport Infrastructure Pvt. Ltd.	65.	Essel Corporate Resources Pvt. Ltd.
33.	Pan India Infrastructure Pvt. Ltd.	66.	Essel EM Infra Holding Co. Ltd., Mauritius

## Annexure – C of Directors' Report

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANIES AND FORMING PART OF DIRECTORS' REPORT FOR THE YEAR ENDED MARCH 31, 2011

Name of the subsidiary companies	Indian Cable Net Company Limited	Central Bombay Cable Network Limited	Siticable Broadband South Limited	Wire and Wireless Tisai Satellite Limited	Master Channel Community Network Private Limited	Siti Vision Digital Private Limited
The financial year of the subsidiary company ended on	March 31, 2011	March 31, 2011	March 31, 2011	March 31, 2011	March 31, 2011	March 31, 2011
Extent of holding company's interest %	67.69%	100.00%	100.00%	51.00%	66.00%	51.00%
Face Value of equity share (per share)	Rs. 10/-	Rs. 10/-	Rs. 10/-	Rs. 10/-	Rs. 100/-	Rs. 10/-
No. of equity shares held by the holding company and / or its subsidiaries	6,831,000	50,000	10,000	25,500	3,300	7,53,587
Net aggregate amount of profits/ (losses) of the subsidiary so far as it concerns the members of the holding company and is dealt with in accounts of holding company:	<i>For the financial year ended on March 31, 2011 (Amount Rs. in Millions)</i>	NIL	NIL	NIL	NIL	NIL
	<i>For the previous financial years of the subsidiary since it became a subsidiary (Amount Rs. in Millions)</i>	NIL	NIL	NIL	NIL	NIL
Net aggregate amount of profits/ (losses) of the subsidiary so far as it concerns the members of the holding company and is not dealt with in accounts of holding company:	<i>For the financial year ended on March 31, 2011 (Amount Rs. in Millions)</i>	9.99	(0.12)	(0.63)	(13.50)	2.26
	<i>For the previous financial years of the subsidiary since it became a subsidiary (Amount Rs. in Millions)</i>	10.61	0.17	(0.94)	(21.80)	6.57

## Annexure – D of Directors' Report

INFORMATION U/S 217(2A)(b)(ii) OF THE COMPANIES ACT, 1956 READ WITH THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES 1975, AS AMENDED AND FORMING PART OF THE DIRECTORS' REPORTS FOR THE YEAR ENDED MARCH 31, 2011

Sr. No.	Name	Designation	Total Remuneration (Rs.)	Qualification	AGE (Years)	Total Experience (Years)	Date of Commencement of Employment	Last Employment and Designation
1	Sudhir Agarwal	Chief Executive Officer	1,50,00,000	MBA & AMP The Wharton School	48	22	10-Nov-08	Haier Telecon as President (South West Asia)

### Note:

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



# Report on Corporate Governance

## COMPANY'S GOVERNANCE PHILOSOPHY

Good corporate governance is characterized by a firm commitment and adoption of ethical practices by an organization across its entire value chain and in all of its dealings with a wide group of stakeholders encompassing employees, customers, vendors, regulators and shareholders (including the minority shareholders), in both good and bad times.

Corporate Governance essentially is the system by which companies are directed and controlled by the management in the best interest of the stakeholders and others. Corporate Governance ensures fairness, transparency and integrity of the management. Corporate Governance is a way of life, rather than a mere legal compulsion. It further inspires and strengthens investor's confidence and commitment to the Company.

Your Company believes that the management is the trustee of all investors' capital and is obligated to maximize shareholders value over the long term, while preserving the interests of all its stakeholders, such as employees, customers, business partners / vendors and the society at large. It is committed to high levels of ethics and integrity in all its business dealings, that avoids all conflicts of interest. Your Company has always been guided by a strong conviction of adhering to transparency, accountability and integrity.

Your Company stands committed to good Corporate Governance, transparency, disclosure and independent supervision to increase the value of the various stakeholders. Your Company is committed to transparency in all its dealings and places high emphasis on business ethics. Our Board fully appreciates the need of increased awareness for responsibility, transparency and professionalism and focus for effective control and management of the organization.

In accordance with the requirement of Stock Exchange Regulations and provisions of the Listing Agreement, the compliance report on the Corporate Governance is reproduced hereunder:

## BOARD OF DIRECTORS

### a) Composition & Category of Directors

The Company has been in strict compliance of Board composition requirements of the Listing Agreement.

Composition of the Board as on March 31, 2011

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

Particulars of Directors, their attendance at Board meetings and the Annual General Meeting held during the financial year 2010-11 and also their other directorships in other Public Companies (excluding Foreign Companies and Section 25 Companies) & membership of other Board Committees (excluding Remuneration Committee) as at March 31, 2011 are as under:

Sr. No.	Name of Director	Category	Attendance at		No. of Directorship of other Public Companies	No. of memberships / Chairmanship of Board Committees	
			Board Meetings (Total 4 Meetings)	AGM (Held on 31.08.10)		Member-ship	Chairmanship
1.	Subhash Chandra	Non-Executive Chairman	2	Y	7	–	–
2.	B K Syngal	Independent-Non-Executive	4	Y	2	1	3
3.	Suresh Kumar Agarwal	Independent-Non Executive	2	Y	0	2	–
4.	Arun Kapoor	Non-Executive	3	Y	1	2	–
5.	Amit Goenka	Executive	2	Y	7	1	–
6.	Vinod Kumar Bakshi#	Independent-Non-Executive	1	NA	2	2	–
7.	Parminder Singh Sandhu@	Independent-Non-Executive	NIL	No	2	1	–

# appointed as an Additional Director with effect from October 27, 2010.

@ Resigned as Director with effect from October 21, 2010.

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

#### b) Board Meetings & Procedures

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

Sr. No.	Date	Board Strength	No. of Directors present
1	May 28, 2010	6	4
2	July 26, 2010	6	3
3	October 27, 2010	5	3
4	January 25, 2011	6	4

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

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

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

**Mr. B. K. Syngal**, 71, is a Non-Executive Independent member of Board of the Company. He was the Vice-Chairman of BPL Communications Limited and Chairman of Internet, broadband and technology solutions businesses at the BPL Innovation Business Group at Bangalore. Mr. Syngal was also the Chairman and Managing Director (1991-98) of VSNL Ltd. Mr. Syngal is regarded as the father of Internet and data services in India, which propelled the growth of software exports from India. In the international telecom arena, he has held the positions of Chairman, Commonwealth Telecommunications Organisation (CTO) London, Councilor for India INMARSAT Council, London, Vice Chairman and Director, ICO Boards, Chairman of Governance Committee ICO, Cayman Islands and Governor, INTELSAT Board, Washington DC. He has been recipient of many industry awards including Telecom Man of the Decade award by Wisitex Foundation, India, Partners in Progress award by Maharashtra State Government for his contributions in telecommunications both in India and abroad, and he was one of the fifty Stars of Asia, chosen by Business Week magazine for the year, 1998.

Mr. B. K. Syngal does not hold any shares in the Company.

**Mr. Vinod Kumar Bakshi** is an experienced professional with career spanning over 4 decades in domestic and overseas marketing, public relations, administration and image building, holding senior position in reputed organizations like Care India, Gabriel India Ltd., Escorts Ltd., Williamson & Magor Group, Exide Industries Ltd., BBC, etc. As BBC's Resident Director in India, he was responsible for supporting strategic directions, instilling operating standards to achieve goals, building talent and business infrastructure, as well as enhancing business growth and upholding and improving the image of BBC. Apart from being professional, Mr. Bakshi is a painter of repute and member of Lalita Kala Academy and Central Film Censor Board.

Mr. Vinod Kumar Bakshi does not hold any shares in the Company.

#### d) Code of Conduct

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

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

#### Declaration

I confirm that the Company has obtained from all Directors and Senior Management of the Company their affirmation of compliance with the 'Code of Conduct for Members of the Board of Directors and Senior Management' of the Company for the financial year ended March 31, 2011.

**Amit Goenka**  
**Whole-time Director**  
 Delhi, May 19, 2011

## BOARD COMMITTEES

### a) Audit Committee

The Board has constituted an Audit Committee, comprising of four (4) members, three (3) of whom are Independent Directors, with Mr. B.K. Syngal, a Non-Executive Independent Director as its Chairman.

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

Name of Directors	Category
Mr. B. K. Syngal	Non-Executive – Independent
Mr. Suresh Kumar Agarwal	Non-Executive – Independent
Mr. Vinod Kumar Bakshi*	Non-Executive – Independent
Mr. Arun Kapoor	Non-Executive

\*Appointed with effect from October 27, 2010.

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

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

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

During the year under review, four (4) meetings of Audit Committee were held. The details of the meetings are as under:

Sr. No.	Date	Committee Strength	No. of members present
1	May 28, 2010	3	3
2	July 26, 2010	3	3
3	October 27, 2010	3	3
4	January 25, 2011	4	3

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

### b) Remuneration Committee and Policy

The Remuneration Committee of the Company comprises of Mr. B. K. Syngal, Non-Executive Independent Director as Chairman, Mr. Arun Kapoor and Mr. Sureshkumar Agarwal as members.

The terms of reference of the Remuneration Committee, *inter alia*, consist of reviewing the overall compensation policy, service agreements and other employment conditions of Executive Director(s) and also administers grant of stock options to the employees under Company's ESOP scheme. The remuneration, if any, of Executive Director is decided by the Board of Directors on the recommendation of the Remuneration Committee as per the remuneration policy of the Company within the overall ceiling approved by shareholders. The members of remuneration committee did not meet during the year under review.

#### Remuneration to Executive Director

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

### Remuneration payable to Non-Executive Directors

Non-Executive Directors are entitled to sitting fees of Rs. 20,000/- per meeting for attending the meetings of the Board and Committees thereof.

### c) Share Transfer and Investors Grievance Committee

The Share Transfer and Investors Grievance Committee of the Company comprises of Mr. B. K. Syngal, Non Executive Independent Director as Chairman, Mr. Amit Goenka, Mr. Arun Kapoor and Mr. Sureshkumar Agarwal as members.

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

Mr. Suresh Kumar, Company Secretary of the Company is Compliance Officer of the Company.

During the year under review, Share Transfer and Investors Grievance Committee met Eight (8) times. The details of the meetings are as under:

Sr. No.	Date	Committee Strength	No. of members present
1	April 5, 2010	4	3
2	June 28, 2010	4	3
3	July 5, 2010	4	3
4	July 19, 2010	4	3
5	September 20, 2010	4	3
6	September 30, 2010	4	3
7	October 27, 2010	4	2
8	March 4, 2011	4	2

Details of number of requests/complaints received and resolved during the year ended March 31, 2011, are as under:

Nature of Correspondence	Received	Resolved/Replied	Pending
Non-receipt of Annual Report	7	7	NIL
Non-receipt of Dividend Payment	4	4	NIL
Non-receipt of Call Money Notice	3	3	NIL
Non-receipt of Fully Paid-up Shares	17	17	NIL
<b>Total</b>	<b>31</b>	<b>31</b>	<b>NIL</b>

### General Meetings

The Fifth Annual General Meeting of the Company for the financial year 2011-12 will be held on Tuesday, July 26, 2011 at 3.30 p.m. at the 'Hall of Culture', Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai – 400 018.

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

Meeting	Day, Date and Time of the Meeting	Venue
1st AGM	Tuesday September 18, 2007, 11.30 a.m.	Auditorium, National Stock Exchange of India Limited, Exchange Plaza, Plot No. C-1, G-Block, Bandra-Kurla Complex, Bandra (E), Mumbai – 400 051.
2nd AGM	Thursday, July 24, 2008, 3.00 p.m.	'Hall of Culture', Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai – 400 018
3rd AGM	Monday, August 17, 2009 2.30 p.m	'Hall of Culture', Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai – 400 018
4th AGM	Tuesday, August 31, 2010, 3:30 p.m.	'Hall of Culture', Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai – 400 018

At the last Annual General Meeting of the Company, the members had not passed any Special Resolution.

No Ordinary or Special resolutions was passed through Postal Ballot during Financial Year 2010-11. None of the resolutions proposed for the ensuing Annual General Meeting needs to be passed by Postal Ballot.

**Disclosures**

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

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

**Means of Communication**

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

**Management Discussion and Analysis:**

This annual report has a detailed section on Management Discussion and Analysis.

**General Shareholders Information**

The required information is provided in Shareholders Information Section.

## Corporate Governance Compliance Report

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

I have examined the records of the Company as to the compliance of conditions of Corporate Governance by Wire and Wireless (India) Limited, ('the Company') for the financial year ended March 31, 2011, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges.

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

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

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

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

**Satish K. Shah**  
Company Secretary  
Membership No. FCS 1313 CP 3142

Place : Mumbai,  
Dated : May 16, 2011

## Shareholders' Information

### 1. Annual General Meeting

Day : Tuesday  
 Date : 26th July  
 Time : 3:30 P.M  
 Venue : 'Hall of Culture', Nehru Centre,  
 Dr. Annie Besant Road, Worli, Mumbai –400018.

### 2. Financial Year

2010-11

### 3. Book Closure Date

July 18, 2011 to July 26, 2011 (both days inclusive)

### 4. Dividend Payment Date

The Board has not recommended any dividend for the Financial Year 2010-11.

### 5. Address of Correspondence

#### Registered Office

135, Continental Building,  
 Dr. Annie Besant Road,  
 Worli, Mumbai - 400 018. India  
 Phone No.:+91- (022) 24831234  
 Fax No.: +91 -(022) 24900302  
 Website : [www.wwil.net](http://www.wwil.net).

#### Corporate Office

Building No: FC-9, Gate No -3  
 Sector 16 A, First Floor, Film City  
 Noida (UP) – 201301  
 Ph No.: +91-(0120) 4526700  
 Fax No.: +91- (0120) 4265232

### 6. Listing on Stock Exchange

**Equity Shares** : Bombay Stock Exchange Limited (BSE)

The National Stock Exchange of India Limited (NSE)

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

### 7. ROC Registration No./Company Identification Number

**L64200MH2006PLC160733**

### 8. Stock Code

**Fully Paid-up Equity Shares** BSE : 532795  
 NSE : WWIL EQ  
**Partly Paid-up Equity Shares** BSE : 890131  
 NSE : WWIL E1  
**Debentures** NSE : WWIL 12

### 9. ISIN No.

**Fully Paid-up Equity Shares** : INE965H01011  
**Partly Paid-up Equity Shares** : IN9965H01019  
**Debentures** : INE965H07018

### 10. Registrar & Share Transfer Agent

Sharepro Services (India) Private Limited

13 AB, Samhita Warehousing Complex, Second Floor, Sakinaka Telephone Exchange Lane, Off Andheri Kurla Road, Sakinaka, Andheri (East), Mumbai - 400 072.

Tel: +91-22-67720400, Fax: +91-22-28591568

Email: [sharepro@shareproservices.com](mailto:sharepro@shareproservices.com)

### 11. Investor Relation Officer

Mr. Laxman Singh Kaira – Assistant Manager Company Affairs  
 Wire and Wireless (India) Limited

Madhu Industrial Estate, "A" Wing, 4th Floor, Pandurang Budhkar Marg, Worli Mumbai-400013. Tel :-+91-22-24992020. Fax: +91-22-24992000. Email :- [csandlegal@wwil.net](mailto:csandlegal@wwil.net)

### 12. Change of Address

Members holding Equity shares in physical forms are requested to notify the change of address/dividend mandate, if any, to the Company's Registrar and Share Transfer Agents, at the address mentioned above.

Members holding equity shares in Dematerialised form are requested to notify the change of address/dividend mandate, if any, to their respective Depository Participants (DP).

### 13. Share Transfer System

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

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

To facilitate trading in demat form, the Company has made arrangement with both the depositories viz. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). Shareholder/Debenture holders may open account with any of the Depository Participants registered with any of these two depositories. As on date 99.69% of the equity shares and 100% of Non-Convertible Debentures issued by the Company are in Dematerialised form.

### 15. Shareholder's Correspondence

The Company has attended to all the investor's grievances/queries/information requested and every endeavour is made to reply all letters received from the shareholders within a period of 5 Working days.

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

### 16. Stock Market Data relating to shares Listed in India

Monthly high and Low quotation and volume of Equity shares traded on Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE) for the Financial year 2010-11 are given as under:

#### Fully Paid-up Equity Shares

Month	NSE			BSE		
	High (in Rs.)	Low (in Rs.)	Traded Quantity	High (in Rs.)	Low (in Rs.)	Traded Quantity
April 2010	18.20	16.00	2,48,22,331	18.20	16.00	1,20,60,915
May 2010	17.20	13.50	1,81,63,681	17.20	13.30	90,38,754
June 2010	16.55	13.75	3,17,88,312	16.60	13.70	1,44,39,578
July 2010	16.40	14.00	2,33,70,661	16.15	13.95	1,11,70,485
August 2010	16.60	13.50	4,43,66,076	16.59	13.50	1,57,93,157
September 2010	16.00	13.55	3,27,93,016	16.04	13.10	1,37,57,147
October 2010	14.60	13.40	2,43,66,504	14.99	13.46	1,06,07,533
November 2010	16.10	10.55	6,31,12,715	16.10	11.15	2,85,44,285
December 2010	14.00	11.00	2,33,73,107	13.35	11.00	94,05,089
January 2011	12.70	10.25	2,14,72,369	12.70	10.20	86,04,203
February 2011	11.10	7.15	2,18,22,959	11.03	7.16	90,16,393
March 2011	10.40	7.65	1,84,28,906	10.33	7.00	83,47,352

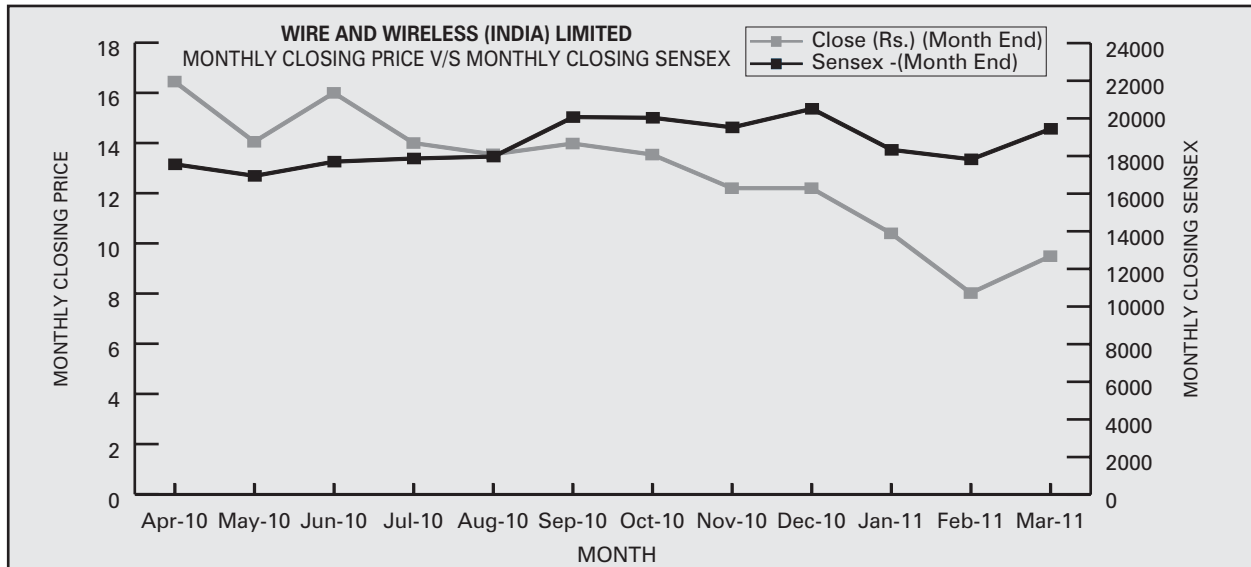
#### Partly Paid-up Equity Shares

Month	NSE			BSE		
	High (in Rs.)	Low (in Rs.)	Traded Quantity	High (in Rs.)	Low (in Rs.)	Traded Quantity
April 2010	7.25	6.2	2,24,091	6.95	6.25	3,73,379
May 2010	NA	NA	NA	NA	NA	NA
June 2010	NA	NA	NA	NA	NA	NA
July 2010	NA	NA	NA	NA	NA	NA
August 2010	NA	NA	NA	NA	NA	NA
September 2010	NA	NA	NA	NA	NA	NA
October 2010	NA	NA	NA	NA	NA	NA
November 2010	NA	NA	NA	NA	NA	NA
December 2010	NA	NA	NA	NA	NA	NA
January 2011	NA	NA	NA	NA	NA	NA
February 2011	NA	NA	NA	NA	NA	NA
March 2011	NA	NA	NA	NA	NA	NA

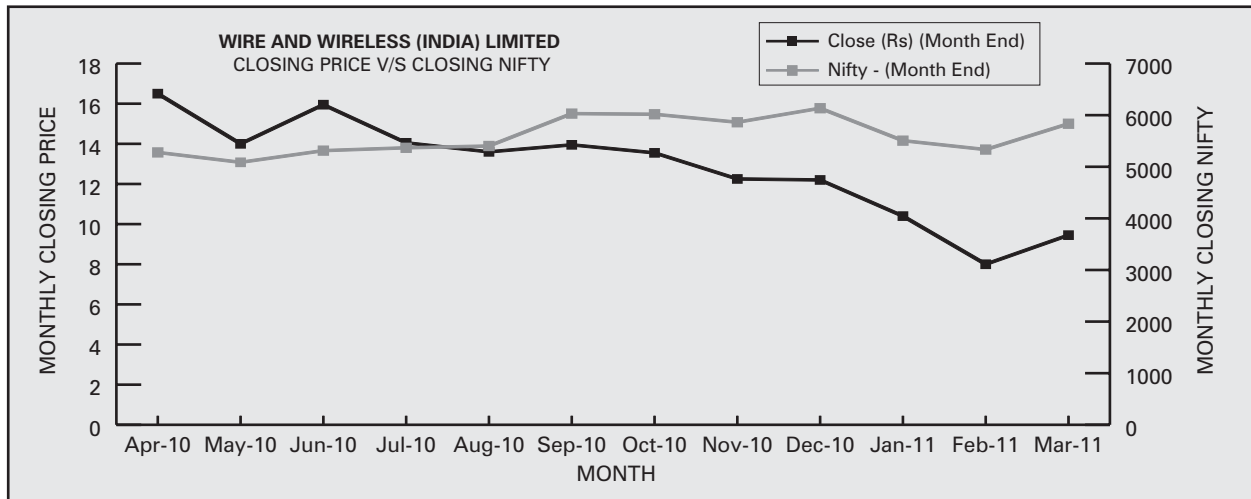


**17. Relative performance of the shares of Wire and Wireless (India) Limited Vs. BSE Sensex and Nifty Index:**

**(a) Fully paid shares**



**(b) Partly paid-up shares**



**18. Distribution of Shareholding as on 31st March 2011.**

**a) For Fully Paid-up Equity Shares**

Description	Share Holders		No. of Shares	
	Number	% of Holders	Number	% of Shares
Upto 5000	186911	98.331	72324451	15.996
5001-10000	1812	0.953	13358750	2.954
10001-20000	729	0.384	10324992	2.284
20001-30000	229	0.120	5683433	1.257
30001-40000	89	0.047	3103080	0.686
40001-50000	76	0.040	3525902	0.780
50001-100000	112	0.059	7930410	1.754
100001 and above	126	0.066	335902281	74.289
	<b>190084</b>	<b>100.00</b>	<b>452153299</b>	<b>100.00</b>

**b) For Partly Paid-up Equity Shares**

Description	Share Holders		No. of Shares	
	Number	% of Holders	Number	% of Shares
Upto 500	947	75.278	163164	12.680
501-1000	153	12.162	114806	8.922
1001-2000	94	7.472	132597	10.305
2001-3000	24	1.908	60074	4.669
3001-4000	8	0.636	29362	2.282
4001-5000	11	0.874	52767	4.101
5001-10000	14	1.113	92369	7.179
10001 and above	7	0.556	641600	49.862
	<b>1258</b>	<b>100.00</b>	<b>1286739</b>	<b>100.00</b>

**19. Categories of Equity Shareholder as on 31st March, 2011.**
**(Consolidated For Fully Paid-up & Partly Paid up)**

Particulars	Shares	% age
Promoter	28,68,38,172	63.26%
Individual	11,22,64,042	24.76%
Financial institutions/mutual fund /banks/insurance companies	44,59,748	0.98%
Indian companies	3,08,30,779	6.80%
Trust	13,502	0.00%
FII/NRI/OCBS	1,90,33,795	4.20%
<b>Total</b>	<b>45,34,40,338</b>	<b>100.00%</b>

**20. Particulars of Shareholding**
**a) Promoters Shareholding as on March 31, 2011**
**i) For Fully Paid-up Equity Shares**

Sr. No.	Name of the Shareholder	Number of Shares	% of shareholding
1	Ashok Mathai Kurien	1,021,000	0.23
2	Laxmi Narain Goel	875,000	0.19
3	Jayneer Capital Pvt. Ltd.	66,831,658	14.74
4	Premier finance and trading Co. Ltd.	79,922,319	17.63
5	Churu Trading Co. Pvt. Ltd.	37,281,549	8.22
6	Prajatma Trading Co. Pvt. Ltd.	52,390,702	11.55
7	Ganjam Trading Co. Pvt. Ltd.	10,638,251	2.35
8	Veena Investment Pvt. Ltd.	10,638,298	2.35
9	Essel Infraprojects Ltd.	3,200,000	0.71
10	Ambience Business Services Pvt. Ltd.	1,137,500	0.25
11	Briggs Trading Co. Pvt. Ltd.	720,745	0.16
12	Jayneer Enterprises LLP	50	0.00
13	Churu Enterprises LLP	50	0.00
14	Prajatma Enterprises LLP	50	0.00
15	Delgrada Ltd.	16,431,000	3.62
16	Lazarus Investments Ltd.	5,750,000	1.27
	<b>Total</b>	<b>286,838,172</b>	<b>63.26</b>

**b) Top Ten (10) Public Shareholding as on March 31, 2011**
**i) For Fully Paid-up Equity Shares**

Sr. No.	Name of Shareholder	No of Shares held	% of shareholding
1.	Oppenheimer Global Fund	9,072,951	2.01
2.	Life Insurance Corporation of India	3,454,093	0.76
3.	Dilip Kumar Lakhi	3,200,000	0.71
4.	Oppenheimer Variable Account Funds	2,281,600	0.50
5.	Manish Lakhi	2,200,000	0.49
6.	Quantum Securities Pvt. Ltd.	1,950,000	0.43
7.	Globe Capital Market Ltd.	1,627,226	0.36
8.	Ing Oppenheimer Global Portfolio	1,576,003	0.35
9.	Religare Securities Ltd.	1,038,875	0.23
10.	Angel Broking Limited	759,654	0.17
	<b>Total</b>	<b>27,160,402</b>	<b>6.01</b>

**ii) For Partly Paid-up Equity Shares**

Sr. No.	Name of Shareholder	No of Shares held	% of shareholding
1.	Manmohan Rathi	230,000	17.87
2.	Avera Properties Pvt. Ltd.	170,040	13.21
3.	Sadhna Stock & Securities Pvt. Ltd.	130,000	10.10
4.	Dhanlaxmi Cotex Ltd.	56,000	4.35
5.	Smita B. Patel	30,000	2.33
6.	Northeast Broking Services Limited	13,960	1.08
7.	Prakash Champalal Shah (HUF)	11,600	0.90
8.	Sulochana Rathi	8,319	0.65
9.	Mohit Mehta	8,000	0.62
10.	Sonal Ranawat	7,000	0.54
	<b>Total</b>	<b>664,919</b>	<b>51.65</b>

**21. Disclosure pursuant to Clause 5A of the Listing Agreement**

As per Clause 5A of the Listing Agreement inserted as per SEBI notification no. SEBI/CFD/DIL/LA/1/2009/24/04 dated April 24, 2009, the details in respect of the shares, which were issued from time to time and lying in the suspense account, are as under:

Description	Number of shareholders	Number of Equity Shares
Aggregate number of shareholders and the outstanding shares as on April 1, 2010	96	56,667
Number of shareholders who approached the Company for transfer of shares from suspense account till March 31, 2011	-	-
Number of shareholders to whom shares were transferred from the Suspense account till March 31, 2011	-	-
Aggregate number of shareholders and the outstanding shares in the suspense account lying as on March 31, 2011	96	56,667

The voting rights on the shares outstanding in the suspense account as on March 31, 2011 shall remain frozen till the rightful owner of such shares claims the shares. In compliance with the said requirements, these shares will be transferred into a single folio in the name of 'Unclaimed Suspense Account' in due course.

## Management Discussion and Analysis

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

### COMPANY OVERVIEW

Wire and Wireless (India) Limited is one of the India's largest Multi System Operator (MSO) with 50 Analogue and 10 digital head ends. It provides its cable services in 54 cities of India. Wire and Wireless (India) Limited is a part of the Essel Group, which is amongst India's most prominent business houses with a diverse portfolio of assets in media, packaging, entertainment, technology-enabled services, infrastructure development and education.

WWIL product range includes Analogue Cable, Digital Cable Television, Broadband and Local Television Channels. WWIL has been providing services in Analogue and digital mode, armed with technical capability to provide features like Video on Demand, Pay per View, Electronic programming Guide (EPG) and gaming through a Set Top Box (STB). All products are marketed under SITI brand.

WWIL is professionally run by a team of experienced senior management professional, responsible for day-to-day functioning for the business, supported by a team of qualified executives & engineers for the execution of responsibilities with vast relevant experience. WWIL has recruited several professionals with domain expertise in critical areas and has employee strength of over 400.

For the year ended March 31, 2011 the income from operations was Rs. 3,059.5 million, which was 97% of the total revenue of Rs. 3,167.3 million.

#### 1. Company Background

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

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

#### 2. Competitive Strengths

The principal competitive strengths of WWIL are as follows:

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

WWIL is one of India's largest Multi System Operator in the cable industry. WWIL is present in 54 cities across the country. It provides Television channel

signals to approximately 4000 LCOs through its 50 Analogue and 10 digital headends.

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

WWIL has qualified, experienced and highly successful promoters, management, operations and technical teams who have contributed to its growth and would help it to successfully craft and implement its strategy. WWIL believes that its competent, experienced and skilled operational, finance and technical team is its key strength in sustaining business operations and the management team is well placed to provide strategic leadership and direction to explore new emerging opportunities as well as constantly improve the current operations. WWIL has recruited several professionals with domain expertise in critical areas which provides a significant competitive edge. As on March 31, 2011, WWIL has more than 400 employees on its roll.

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

WWIL business is customer centric and hence Customer Care is given a great deal of focus. WWIL has Customer Care Centers in Mumbai, Noida, Kolkata and Bengaluru. These call centers ensure that customers, irrespective of their language preference, are given top quality service which is timely and efficient. As business expand, the customer care teams of WWIL looks forward in servicing customers across the platform that includes Digital, traditional Analogue Cable and ISP customers.

##### (iv) Forward Integration Model:

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

### BUSINESS STRATEGY

Cable television has registered an impressive growth over the last decade. There has been a tremendous growth in the C&S household and cable television networks have emerged in an un-regulated and fragmented manner. The total number of C&S households witnessed a double digit growth crossing 100 million mark, wherein a large part of growth coming from the digital homes being added.

In such a situation WWIL has identified several opportunities for growth of business and plans to grow and consolidate its position in the cable business by focusing on three key priorities viz. strengthening its presence in key markets, Digitalization of cable TV and transforming itself into a 'B to C' company with the strong focus on consumer delight. WWIL has taken multiple initiatives to build

infrastructure, systems and processes to provide the consumer with the best TV viewing experience at affordable price.

#### 1. Acquisition of subscribers:

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

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

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

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

With the intention of stay at fore-front in digital cable distribution space, WWIL has its presence in digital Cable TV distribution service in various cities across India including the CAS notified areas of Delhi, Kolkata and Mumbai. WWIL investments in digital headends, optical fiber network and related infrastructure has resulted in providing superior digital cable television and interactive value-added services (VAS) experience for its existing customers. As the market gets ready for next wave of growth, catalyzed by Government Digitalization initiatives, our focus would be to increase our foot print and invest on infrastructure and new services.

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

The Company's continued commitment to strong values and business ethics, coupled with its article of faith to augment shareholder value, is at the core of its Corporate Governance Policy. We believe that good governance is not just rule driven, but involves voluntary adoption of global best practices. This is achieved in the Company by ensuring transparency in corporate disclosures, high quality of accounting practices and adhering to the highest level of business ethics. To further improve our operating procedures and bring in the leading business practices, the company has successfully migrated to SAP ERP platform.

### BUSINESS ACTIVITIES

Primary business activities of WWIL are as follows:

1. Cable Subscription
2. Bandwidth Charges
3. Advertisement

#### 4. Leasing out infrastructure

##### 1. Cable Subscription:

WWIL provides Cable subscription service by using following models :

##### (i) Analogue Cable Model:

As a business strategy the Company has invested in headends, cable networks and cable equipments. Setting up of cable distribution is a capital intensive as well as logistically challenging venture. LCOs generally find it difficult to manage such infrastructure and logistics. In the Analogue cable model, the broadcaster sends encrypted signals via satellite which is captured by the Company's headends and further decrypted and sent across to the LCOs. The LCOs further send the decrypted signals to the end users. With the advent of guidelines for addressable cable TV system, the existing Analogue systems shall be digitized which in turn will lead to total addressability and transparency in the system.

##### (ii) CAS Model:

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

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

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

## 2. Bandwidth Charges:

WWIL is one of the largest MSOs in the country with presence in 54 cities. WWIL has created infrastructure which is capable of offering up to 225 Channel in Digital Mode and 100 Channels in Analogue mode. WWIL has entered into various agreements with broadcasters for channel placement, commanding a premium for different frequencies on which the channels are run. Bandwidth charges are an important source of revenue in both digital and Analogue services.

## 3. Advertisement:

WWIL, being one of the largest networks, has city specific channels such as SITI Delhi, SITI Mumbai, SITI Amritsar and so on. These channels aim to connect with the local audience by way of providing latest movies and local issue based programs and news. The revenue for these channels are generated by way of advertising viz. scrolls, spots, logos, astons bands etc.

All SITI channels are 24x7 infotainment or music channels. These channels are named as per the region in which they are broadcast viz. Siti Delhi, Siti Kolkata, Siti Vision (Hyderabad) and so on. These channels are total 59 in number and cater to over 10 million households in 26 cities of India.

Siti Channels are being spruced up in terms of their content and certain specific programming changes are being done locally to increase the audience connect. In its endeavor to enhance viewership, SITI 999 has been launched as an advertisers channel in these places viz. Mumbai, Delhi & Noida, Hyderabad, Ludhiana & Bengaluru.

New initiatives viz. Visibility monitoring through TAM at Kolkata, Hyderabad and Delhi have been initiated.

## 4. Leasing Out Infrastructure:

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

## STANDALONE FINANCIALS

### A. RESULTS OF OPERATIONS

Non-Consolidated Financial Information for the year ended March 31, 2011 compared to the period ended March 31, 2010.

#### Total Revenue

Total revenue increased by Rs. 260 million or 13% from Rs. 2,018.3 million to Rs. 2,278.3 million.

#### Sales/Income from Operations

Revenue from Sales/Income from Operations increased by Rs. 238.9 million or 12% from Rs. 1,938.7 million to Rs. 2,177.6 million.

## Other Income

Other income increased by Rs. 21.2 million or 27% from Rs. 79.6 million to Rs. 100.8 million.

## Total Expenditure

Total expenditure decreased by Rs. 593.2 million or 22% from Rs. 2,692.8 million to Rs. 2,099.6 million. It includes Operational Cost, Personnel cost, Administrative expenses and Selling and Distribution expenses. While the decrease in the total expenditure was partially due to closure of its HITS operations, the company also took major initiatives and scaled up efficiencies across every department during the period making majority of its units self-sustainable in the process.

## Operational Cost

Operational Cost decreased by Rs. 437.6 million or 22% from Rs. 1,948.5 million to Rs. 1,510.9 million. Pay channel subscription charges constitutes major part of operational cost.

## Personnel Cost

Personnel Cost decreased by Rs. 25.4 million or 12% from Rs. 220.9 million to Rs. 195.5 million on account of manpower rationalization.

## Administrative Expenses

Administrative Expenses decreased by Rs. 141.9 million or 29% from Rs. 483.9 million to Rs. 342.0 million.

## Selling and Distribution Expenses

Selling and Distribution Expenses increased by Rs. 11.8 million or 30% from Rs. 39.5 million to Rs. 51.3 million.

## Operating Profit/(Loss)

Our company registered Operating Profit of Rs. 178.7 million, which amounts to 8% of the sales during the year as against loss of Rs. 674.5 million last fiscal.

## Interest and Finance Charges

Interest and Finance charges decreased by Rs. 106.8 million or 16% from Rs. 673.3 million to Rs. 566.4 million on account of prudent fiscal management.

## Depreciation

Depreciation has decreased by Rs. 217.4 million from Rs. 390.3 million to Rs. 173.0 million.

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

Profit/(Loss) before exceptional items and tax has come down to Rs. (560.7) million from Rs. (1,738.1) million.

## Profit/(Loss) Before Tax

Profit/(Loss) before tax for the year ended March 31, 2011 has come down to Rs. (560.7) million from Rs. (1,738.1) million.



### Provision for Taxation

Provision for taxation for the year ended March 31, 2011 is Rs. 6.4 million as compared to Rs. 0.0 million for the period ended March 31, 2010.

### Profit/(Loss) After Tax

Profit/(Loss) after tax for the year ended March 31, 2011 has come down to Rs. (567.1) million from Rs. (1,738.1) million.

## B. FINANCIAL POSITION

Non-Consolidated Financial Position as on March 31, 2011 as compared to March 31, 2010.

### Sources of Funds

#### Share Capital, Reserves and Surplus

Equity Share Capital is Rs. 452.8 million as on March 31, 2011 increased from Rs. 335.4 million as on March 31, 2010 due to issuing Right issue Share. Reserves and Surplus including security premium received against Right Issue Share for the year ended March 31, 2011 is Rs. 4,199.5 million.

#### Loan Funds

Total loan funds as on March 31, 2011 stood at Rs. 3,480.9 million, down 27% from Rs. 4,754.6 million as on March 31, 2010.

### Application of Funds

#### Fixed Assets

During the year the Company's Gross Fixed Assets Block decreased by Rs. 27.2 million, from Rs. 2,769.8 million as on March 31, 2010 to Rs. 2,742.6 million as on March 31, 2011. The Net Block decreased by Rs. (129.2) million from Rs. 1,163.1 million as on March 31, 2010 to Rs. 1,033.9 million as on March 31, 2011. Capital Work-in-Progress including Capital Advances is Rs. 66.7 million as on March 31, 2011 as compared to Rs. 65.7 million as on March 31, 2010.

#### Investments

Total Investments of the Company were valued at Rs. 201.9 million as on March 31, 2011 as compared to Rs. 114.5 million as on March 31, 2010.

#### Net Current Assets

The Net Current Assets increased by Rs. 587.4 million to Rs. 2,133.2 million as on March 31, 2011 from Rs. 1,545.9 million on March 31, 2010.

### Current Assets

#### Inventories

Inventories of the Company decreased from Rs. 520.2 million as on March 31, 2010 to Rs. 373.6 million as on March 31, 2011.

#### Sundry Debtors

Sundry Debtors have decreased to Rs. 771.5 million as on

March 31, 2011 from Rs. 802.4 million as on March 31, 2010.

### Cash and Bank Balances

Cash and Bank Balances lying with the Company, as on March 31, 2011 were Rs. 1,156.8 million as against Rs. 350.5 million as on March 31, 2010.

### Loans and Advances

Loans and Advances as on March 31, 2011 decreased to Rs. 1241.4 million from Rs. 1395.1 million as on March 31, 2010.

### Current Liabilities and Provisions

#### Current Liabilities

Current liabilities stood at Rs. 1,393.1 million as on March 31, 2011 as against Rs. 1,505.3 million as on March 31, 2010.

#### Provisions

Provisions stood at Rs. 16.9 million as on March 31, 2011 as against Rs. 16.9 million as on March 31, 2010.

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

Miscellaneous Expenditure (to the extent not written off or adjusted) stood at Rs. 92.3 million as on March 31, 2011 as against Rs. 130.8 million as on March 31, 2010.

## CONSOLIDATED FINANCIALS

### A. RESULTS OF OPERATIONS

Consolidated Financial Information for the Year Ended March 31, 2011 compared to the Period Ended March 31, 2010.

#### Total Revenue

Total revenue increased by Rs. 360.0 million or 13% from Rs. 2,807.2 million to Rs. 3,167.3 million. The major focus was on setting up relevant infrastructure, strategic expansions, increasing collections and as well as cost rationalizations.

#### Sales/Income from Operations

Revenue from Sales/Income from Operations increased by Rs. 333.0 million or 12% from Rs. 2,726.5 million to Rs. 3,059.5 million.

#### Other Income

Other income increased by Rs. 27.0 million or 33% from Rs. 80.7 million to Rs. 100.7 million.

#### Total Expenditure

Total expenditure decreased by Rs. 435.1 million or 13% from Rs. 3,438.8 million to Rs. 3,003.7 million. It includes Operational Cost, Personnel cost, Administrative expenses and Selling and Distribution expenses. While the decrease in the total expenditure was partially due to closure of its

HITS operations, the company also took major initiatives and scaled up efficiencies across every department during the period making majority of its units self-sustainable in the process.

#### **Operational Cost**

Operational Cost decreased by Rs. 298.2 million or 12% from Rs. 2,520.3 million to Rs. 2,222.1 million. Major operational cost is due to Hits expenses. Pay channel subscription charges constitute major part of operational cost.

#### **Personnel Cost**

Personnel Cost decreased by Rs. 7.6 million or 3% from Rs. 252.7 million to Rs. 245.1 million on account of manpower rationalization.

#### **Administrative Expenses**

Administrative Expenses decreased by Rs. 158.3 million or 26% from Rs. 613.0 million to Rs. 454.7 million.

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

Selling and Distribution Expenses increased by Rs. 28.9 million or 55% from Rs. 52.9 million to Rs. 81.8 million.

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

Our company registered Operating Profit of Rs. 163.6 million, which amounts to 5% of the sales during the year as against loss of Rs. 631.6 million last fiscal.

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

Interest and Finance charges has come down by Rs. 106.3 million or 16% from Rs. 674.7 million to Rs. 568.4 million due to prudent fiscal management.

#### **Depreciation**

Depreciation has decreased by Rs. 197.7 million from Rs. 415.7 to Rs. 218.0 million.

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

Profit/(Loss) before exceptional items and tax has come down to Rs. (622.8) million from Rs. (1,722.0) million.

#### **Exceptional Items**

Exceptional Item for the year ended March 31, 2011 is Rs. 22.5 million as compared to Rs. 22.5 million during the period ended March 31, 2010.

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

Profit/(Loss) before tax for the year ended March 31, 2011 has come down to Rs. (645.3) million from Rs. (1,744.5) million.

#### **Provision for Taxation**

Provision for taxation for the year ended March 31, 2011 is Rs. 13.8 million as compared to Rs. 11.6 million for the period ended March 31, 2010.

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

Profit/(Loss) after tax for the year ended March 31, 2011 has come down to Rs. (659.1) million from Rs. (1,756.1) million.

### **B. FINANCIAL POSITION**

Consolidated financial position as on March 31, 2011 as compared to March 31, 2010.

#### **Sources of Funds**

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

Equity Share Capital increased by Rs. 117.4 million from Rs. 335.4 million as on March 31, 2010 to Rs. 452.8 March 31, 2011 due to issuing Right issue Share. Reserves and Surplus as on March 31, 2011 is Rs. 4,199.5 million as compared to Rs. 1,967.6 as on March 31, 2010.

##### **Loan Funds**

Total loan funds as on March 31, 2011 stood at Rs. 3,487.0 million, down from Rs. 4,755.0 million as on March 31, 2010.

#### **Application of Funds**

##### **Fixed Assets**

During the year the Company's Gross Fixed Assets Block increased by Rs. 213.9 million, from Rs. 3,265.7 million as on March 31, 2010 to Rs. 3,479.6 million as on March 31, 2011. The Net Block increased by Rs. 67.2 million from Rs. 1,513.2 million as on March 31, 2010 to Rs. 1,580.4 million as on March 31, 2011. Capital Work-in-Progress including Capital Advances is Rs. 110.9 million as on March 31, 2011 as against Rs. 71.1 million as on March 31, 2010.

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

The Net Current Assets has increased by Rs. 420.5 million during the year ended March 31, 2011 from Rs. 1,489.1 million on March 31, 2010 to Rs. 1,909.5 million as on March 31, 2011.

##### **Current Assets**

###### **Inventories**

Inventories of the Company decreased from Rs. 552.2 million as on March 31, 2010 to Rs. 421.3 million as on March 31, 2011.

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

Sundry Debtors have decreased from Rs. 961.9 million as on March 31, 2010 to Rs. 959.0 million as on March 31, 2011.

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

Cash and Bank Balances lying with the Company were Rs. 1,271.6 million as on March 31, 2011 as against Rs. 404.4 million as on March 31, 2010.

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

Loans and Advances decreased to Rs. 1,216.5 million as



on March 31, 2011 from Rs. 1,548.3 million as on March 31, 2010.

### Current Liabilities and Provisions

#### Current Liabilities

Current liabilities stood at Rs. 1,896.5 million as on March 31, 2011 as against Rs. 1,906.4 million as on March 31, 2010.

#### Provisions

Provisions stood at Rs. 62.5 million as on March 31, 2011 as against Rs. 71.3 million as on March 31, 2010.

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

Miscellaneous Expenditure (to the extent not written off or adjusted) decreased by Rs. 38.6 million from Rs. 130.9 million as on March 31, 2010 to Rs. 92.3 million as on March 31, 2011.

### SEGMENTAL PERFORMANCE

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

### OTHER COMPANY INFORMATION

#### 1. Internal Control Systems :

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

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

#### 2. Human Resources :

Human Capital is a crucial asset of the company and an important business driver. The Company employs a number of well-qualified and skilled employees. The Company's senior management, including the heads of each department, is professionally qualified. The Company's staff includes management and finance professionals, engineers, marketing specialists, cost consultants, procurement officers, accountants as well as other skilled manpower commensurate with the industry requirement.

### RISK FACTORS

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

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

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

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

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

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

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

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

WWIL has a strong management and technical team to oversee the operations and growth of its business. The Company's ability to sustain its growth largely depends, partly, on its ability to attract, train, motivate and retain highly skilled personnel. Its ability to hire and retain additional qualified personnel will impact its ability to continue to expand business. There is a significant demand for personnel who possess the skills required in

cable business. An increase in WWIL's rate of attrition for its experienced employees, would adversely affect the business. The Company cannot assure that it would be successful in recruiting and retaining a sufficient number or personnel with the requisite skills to replace those personnel who leave. This may adversely affect its business and consequently, the operational results. Further the Company cannot assure that it would be able to re-deploy and re-train its personnel to keep pace with continuing changes in its business.

**5. Improved Technology.**

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

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

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

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

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

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

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

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

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

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

**10. Digitalisation**

The Cable television industry in India is rapidly changing with visible signs of progress towards the digital movement. The Information and Broadcasting (I&B) Ministry has recently announced the final schedule for mandatory Digitalisation in the country. All urban areas are expected to be converted by September 30, 2014 and the remaining areas by December 31, 2014. This will result in substantial investments by the MSOs with a risk on ROI which could depend on the ultimate policy guideline of the Government. Digitalisation may also bring down some of the existing revenue streams.

## Auditors' Report

To

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

1. We have audited the attached Balance Sheet of Wire and Wireless (India) Limited ('the Company') as at March 31, 2011 and also the Profit and Loss account and the cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
  2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
  3. As required by the Companies (Auditor's Report) Order, 2003 (as amended) issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
  4. Without qualifying our opinion and without considering the consequential effect of the matter stated in paragraph 6 below, we draw attention to Note 1 (b) of schedule 21 of accompanying financial statements related to the conditions which indicate the existence of a material uncertainty on Company's ability to continue as a going concern. In view of the mitigating factors, which have been more fully discussed in Note 1 (b) of schedule 21 of accompanying financial statements, these financial statements have been prepared under the going concern assumption.
  5. Without qualifying our opinion, we draw attention to non compliance of certain terms and conditions of the Listing agreement with Securities & Exchange Board of India (SEBI), which the management is in the process of regularizing. Pending the final outcome of this matter, no adjustments have been made to the accompanying financial statements in this regard.
  6. *Attention is drawn to note no. 19 of schedule 21 of accompanying financial statements in respect of advances of Rs. 1806.30 million (including Rs. 1,386.65 million being advanced subsequent to year end) given to various companies (including Rs. 1510.00 million to subsidiaries) for meeting working capital requirements and acquisition of MSOs / direct points etc. In view of the reasons stated in the said note, management of the Company is of the view that no provision is required there against. Having regard to the nature and size of operations of the recipients of said advances and in the absence of concrete plans for acquisition of MSO/ direct points, we are unable to*
- comment on their ability to repay/ adjustments of these advances, and consequent adjustments, if any, that may be required to the carrying values of such advances.*
7. Further to our comments in the Annexure referred to above, we report that:
    - i. *Subject to the matters stated in paragraph 6 above, we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;*
    - ii. *Subject to the matters stated in paragraph 6 above, in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;*
    - iii. *Subject to the matters stated in paragraph 6 above, the balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;*
    - iv. *Subject to the matters stated in paragraph 6 above, in our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.*
    - v. On the basis of the written representations received from the directors, as on March 31, 2011, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
    - vi. *Subject to the matters stated in paragraph 6 above; whose impact on the financial statements is presently not ascertainable, in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;*
      - a) in the case of the balance sheet, of the state of affairs of the Company as at March 31, 2011;
      - b) in the case of the profit and loss account, of the loss for the year ended on that date; and
      - c) in the case of cash flow statement, of the cash flows for the year ended on that date.

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

Firm registration number: 101049W

Chartered Accountants

**per Yogesh Midha**

Partner

Membership No.:94941

Place : Gurgaon

Date : 19-05-2011

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

Re: Wire and Wireless (India) Limited

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets, *except for some of the network equipments taken over in the Scheme of Arrangements where the records are maintained for group of similar assets and not for each individual asset. The fixed assets register does not contain item-wise depreciation and accumulated depreciation.*
- (b) All fixed assets have not been physically verified by the management during the year but there is a regular programme of verification. No material discrepancies were noticed on such verification. *In our opinion, the frequency of physical verification of the network equipment needs to be improved further having regard to the size of the Company and the nature of its assets.*
- (c) There was no disposal of a substantial part of fixed assets during the year.
- (ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year.
- (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
- (iii) (a) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4(iii)(a) to (d) of the Order are not applicable to the Company and hence not commented upon.
- (e) The Company had taken loan from two companies covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 1, 081 million and the year-end balance of loans taken from such parties was Rs. Nil.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods, advertising and carriage services. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas. However, the internal control system for the sale of services for analogue subscription is inadequate since the company does not have written agreements with customers in some cases which is an industry issue as per management. *In our opinion this is a continuing failure to correct major weakness in the internal control system.*
- (v) (a) According to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 that need to be entered into the register maintained under section 301 have been so entered.
- (b) In respect of transactions made in pursuance of such contracts or arrangements and exceeding the value of Rupees five lakhs entered into during the financial year, because of the unique and specialized nature of the items involved and absence of any comparable prices, *we are unable to comment whether the transactions were made at prevailing market prices at the relevant time.*
- (vi) The Company has not accepted any deposits from the public.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) To the best of our knowledge and as explained, the Central Government has not prescribed maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956 for the products of the Company.
- (a) Undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, sales-tax, wealth-tax, service tax, customs duty, cess and other material statutory dues have generally been regularly deposited with the appropriate authorities though there has been *slight delay in a few cases of tax deducted at source.* Excise duty is not applicable to the Company.
- Further, since the Central Government has till date not prescribed the amount of cess payable under section 441 A of the Companies Act, 1956, we are not in a position to comment upon the regularity or otherwise of the company in depositing the same.
- (b) According to the information and explanations given to us, *undisputed dues in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, cess and other material statutory dues which were outstanding, at the year end for a period of more than six months from the date they became payable are as follows:*

Name of the statute	Nature of the dues	Amount (Rs million)	Period to which the amount relates	Due Date	Date of Payment
Andhra Pradesh State Entertainment Tax, 1939	Entertainment Tax	3.32	For the months from November 2006 to September 2009	25th of each month subsequent to the month of collection	Not yet paid

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

Name of the statute	Nature of dues	Amount (Rs)	Period to which the amount relates	Forum where dispute is pending
The Income Tax Act, 1961	Income Tax Penalty	Rs.24.99 million	Assessment Year 2004-05	Income Tax Appellate Tribunal

- (x) *The Company's accumulated losses at the end of the financial year are more than fifty percent of its net worth. The Company has incurred cash losses during the year and in the immediately preceding financial year.*
- (xi) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
- (xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xvi) Based on information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of

the Company, we report that no funds raised on short-term basis have been used for long-term investment.

- (xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.
- (xix) According to the information and explanations given to us, the Company had, during the previous year, issued 1920 debentures of Rs. 1 million each. The Company has created security or charge in respect of debentures issued. We have verified the end use of money raised by way of Rights issue as disclosed in note no. 17 of Schedule 21 to the financial statements.
- (xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

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

Firm registration number: 101049W  
Chartered Accountants

**per Yogesh Midha**  
Partner  
Membership No.:94941

Place : Gurgaon  
Date : 19-05-2011



## Balance Sheet as at March 31, 2011

	Schedule	2011	2010
(Rs. million)			
<b>SOURCES OF FUNDS</b>			
<b>Shareholders' Funds</b>			
Share Capital	1	452.82	335.35
Stock Option Outstanding	2	4.85	5.39
Reserves and Surplus	3	4,199.50	1,967.61
		<u>4,657.17</u>	<u>2,308.35</u>
<b>Loan Funds</b>			
Secured Loans	4	3,437.48	3,520.03
Unsecured Loans	5	43.39	1,234.59
		<u>3,480.87</u>	<u>4,754.62</u>
<b>TOTAL</b>		<u>8,138.04</u>	<u>7,062.97</u>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets</b>			
Gross Block	6	2,742.61	2,769.80
Less: Accumulated Depreciation/Amortisation		1,708.69	1,606.68
Net Block		<u>1,033.92</u>	<u>1,163.12</u>
Capital Work-in-Progress (including Capital Advances of Rs. 13.10 million, previous year Rs. 11.14 million)		66.67	65.69
		<u>1,100.59</u>	<u>1,228.81</u>
<b>Investments</b>	7	201.87	114.50
<b>Current Assets, Loans and Advances</b>			
Inventories	8	373.57	520.16
Sundry Debtors	9	771.48	802.42
Cash and Bank Balances	10	1,156.81	350.47
Loans and Advances	11	1,241.40	1,395.10
	(A)	<u>3,543.26</u>	<u>3,068.15</u>
<b>Less: Current Liabilities and Provisions</b>			
Current Liabilities	12	1,393.09	1,505.33
Provisions	13	16.93	16.94
	(B)	<u>1,410.02</u>	<u>1,522.27</u>
<b>Net Current Assets</b>	(A-B)	<u>2,133.24</u>	<u>1,545.88</u>
<b>Miscellaneous Expenditure</b> (to the extent not written off or adjusted)	14	92.31	130.85
<b>Profit and Loss Account</b>		4,610.03	4,042.93
<b>TOTAL</b>		<u>8,138.04</u>	<u>7,062.97</u>
Significant Accounting Policies and Notes to Accounts	21		

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

As per our attached report of even date

For **S. R. Batliboi & Associates**  
Firm Registration No.: 101049W  
Chartered Accountants

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

per **Yogesh Midha**  
Partner  
Membership No.: 94941  
Place : Gurgaon  
Date : May 19, 2011

**Amit Goenka**  
Whole-time Director

**Arun Kapoor**  
Director

**Sudhir Agarwal**  
Chief Executive Officer

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

**Suresh Kumar**  
Company Secretary

## Profit and Loss Account for the year ended March 31, 2011

(Rs. Million)

	Schedule	2011	2010
<b>INCOME</b>			
Sales/Income from Operations		2,177.57	1,938.74
Other Income	15	100.77	79.55
		<b>2,278.34</b>	<b>2,018.29</b>
<b>EXPENDITURE</b>			
Operational Cost	16	1,510.93	1,948.54
Personnel Cost	17	195.45	220.90
Administrative Expenses	18	341.98	483.85
Selling and Distribution Expenses	19	51.30	39.49
		<b>2,099.66</b>	<b>2,692.78</b>
		<b>178.68</b>	<b>(674.49)</b>
<b>OPERATING PROFIT / (LOSS)</b>			
Interest and Finance Charges (Including prior period interest of Rs. 16.18 million, Previous year Rs. Nil) (Refer Schedule 20 of the financial statements)	20	566.43	673.26
Depreciation/Amortisation [net of prior period depreciation of Rs. 37.53 million written back (Previous year Rs, Nil)] (Refer Note 2 of Schedule 6 of financial statements)	6	172.96	390.34
		<b>739.39</b>	<b>1,063.60</b>
		<b>(560.71)</b>	<b>(1,738.09)</b>
<b>Profit/(Loss) Before Tax</b>			
Less : Provision for Tax			
Current Tax (Income taxes for earlier years written off)		6.39	-
		<b>(567.10)</b>	<b>(1,738.09)</b>
<b>Profit/(Loss) After Tax</b>			
Add :Balance Brought Forward from Previous year		<b>(4,042.93)</b>	<b>(2,304.84)</b>
<b>Balance Carried to Balance Sheet</b>			
		<b>(4,610.03)</b>	<b>(4,042.93)</b>
<b>Earnings/(Loss) Per Share: (Rs.)</b>			
Basic/Diluted (Nominal value of shares Re.1 (Previous Year: Re. 1))			
(Refer Note 6 of Schedule 21 to financial statements)			
Significant Accounting Policies and Notes to Accounts	21		

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

As per our attached report of even date

For **S. R. Batliboi & Associates**  
Firm Registration No.: 101049W  
Chartered Accountants

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

per **Yogesh Midha**  
Partner  
Membership No.: 94941  
Place : Gurgaon  
Date : May 19, 2011

**Amit Goenka**  
Whole-time Director

**Arun Kapoor**  
Director

**Sudhir Agarwal**  
Chief Executive Officer

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

**Suresh Kumar**  
Company Secretary



## Schedules Forming part of the Balance Sheet as at March 31, 2011

(Rs. million)

	2011	2010
<b>SCHEDULE 1 : SHARE CAPITAL</b>		
<b>Authorised</b>		
740,000,000 (Previous Year: 740,000,000) Equity Shares of Re. 1 each	740.00	740.00
10,000,000 (Previous Year: 10,000,000) Preference Shares of Re. 1 each	10.00	10.00
<b>TOTAL</b>	<b>750.00</b>	<b>750.00</b>
<b>Issued and Subscribed Capital</b>		
453,440,038 (Previous Year: 453,440,038) Equity Shares of Re. 1 each	453.44	453.44
23,436 (Previous Year: 23,436) 7.25% Non-Cumulative Redeemable Preference Shares of Re. 1 fully paid up	0.02	0.02
	<b>453.46</b>	<b>453.46</b>
<b>Paid up capital</b>		
453,440,038, (Previous Year: 217,217,753) Equity Shares of Re. 1 each fully paid-up	453.44	
Less : Calls in arrear on 1,286,738 (Previous Year: Nil) Equity Shares of Re.1 each (Rs. 0.50 paid up)	(0.64)	
Nil (Previous Year: 236,222,285) Equity Shares of Re. 1 each (Rs. 0.50 paid up)	-	118.11
23,436 (Previous Year: 23,436) 7.25% Non-Cumulative Redeemable Preference Shares of Re. 1 fully paid up	0.02	0.02
<b>TOTAL</b>	<b>452.82</b>	<b>335.35</b>
Notes:		
1) 216,717,753 (Previous Year: 216,717,753) Equity Shares of Re. 1 each Fully Paid-up are allotted for consideration other than cash pursuant to the scheme of arrangement.		
2) 23,436 (Previous Year: 23,436) 7.25% Non-Cumulative Redeemable Preference Shares of Re. 1 each Fully Paid up allotted on December 29, 2006 and redeemable at par on December 29, 2011 for consideration other than cash pursuant to the scheme of arrangement.		
<b>SCHEDULE 2 : STOCK OPTION OUTSTANDING</b>		
(Refer Note 10 of Schedule 21 to the financial statements)	4.85	5.39
	<b>4.85</b>	<b>5.39</b>
<b>SCHEDULE 3 : RESERVES AND SURPLUS</b>		
Securities Premium Account	4,199.50	1,967.61
(Refer Note 12 of Schedule 21 to the financial statements)		
<b>TOTAL</b>	<b>4,199.50</b>	<b>1,967.61</b>
<b>SCHEDULE 4 : SECURED LOANS</b>		
Debentures	1,536.00	1,920.00
1,920 (Previous Year : 1,920) 9.95% p.a Secured Redeemable Non-Convertible Debenture of Rs. 800,000/- each (Previous Year Rs. 1,000,000).		
(Refer Note no. 7 of Schedule 21 to the financial statements)		
<b>Loans and Advances from Bank</b>		
Working Capital Finance	178.93	537.28
Term Loans	1,721.88	1,000.00
Interest Accrued and Due	-	60.82
Finance Lease Obligation	0.67	1.49
Hire Purchase	-	0.44
(Refer Note No. 7 of Schedule 21 to the financial statements)		
<b>TOTAL</b>	<b>3,437.48</b>	<b>3,520.03</b>
<b>SCHEDULE 5 : UNSECURED LOANS</b>		
<b>Short Term Loans and Advances:</b>		
From Others	38.78	1,094.04
Interest Accrued and Due	4.61	140.55
<b>TOTAL</b>	<b>43.39</b>	<b>1,234.59</b>

## Schedules Forming Part of the Balance Sheet as at March 31, 2011

### SCHEDULE 6 : FIXED ASSETS (At Cost)

(Rs. million)

Description	Gross Block				Depreciation/Amortisation				Net Block	
	As At 01.04.2010	Additions	Deductions	As At 31.03.2011	Upto 01.04.2010	For the Year (Refer note 2 below)	Deduction/ Adjustment	Upto 31.03.2011	As At 31.03.2011	As At 31.03.2010
<b>TANGIBLE ASSETS</b>										
Building	31.03	-	4.07	26.96	6.79	0.46	0.91	6.34	20.62	24.24
Plant & Machinery	1,994.94	25.64	141.23	1,879.35	1,272.80	46.90	62.65	1,257.05	622.30	722.14
Computers	77.18	0.64	-	77.82	44.52	9.47	-	53.99	23.83	32.66
Office Equipment	26.05	1.38	3.12	24.31	8.43	1.12	1.20	8.35	15.96	17.62
Furniture & Fixtures	19.63	0.46	0.42	19.67	9.18	1.00	0.11	10.07	9.60	10.45
Air conditioners	13.36	0.18	2.43	11.11	4.47	0.58	0.77	4.28	6.83	8.89
Studio Equipment	31.16	0.96	5.80	26.32	25.81	0.48	4.69	21.60	4.72	5.35
Vehicles	10.86	2.62	2.04	11.44	4.90	1.15	0.62	5.43	6.01	5.96
Lease hold Improvements	36.28	0.98	-	37.26	15.35	3.54	-	18.89	18.37	20.93
STB'S	402.24	90.77	-	493.01	131.90	89.14	-	221.04	271.97	270.34
IRD Boxes	1.26	-	-	1.26	0.40	0.13	-	0.53	0.73	0.86
<b>TOTAL- (A)</b>	<b>2,643.99</b>	<b>123.63</b>	<b>159.11</b>	<b>2,608.51</b>	<b>1,524.55</b>	<b>153.97</b>	<b>70.95</b>	<b>1,607.57</b>	<b>1,000.94</b>	<b>1,119.44</b>
<b>(B) INTANGIBLE ASSETS</b>										
Goodwill	11.31	-	-	11.31	4.83	2.26	-	7.09	4.22	6.48
Cable Rights	50.35	-	-	50.35	48.58	0.91	-	49.49	0.86	1.77
Computers Software	64.15	8.29	-	72.44	28.72	15.82	-	44.54	27.90	35.43
<b>TOTAL- (B)</b>	<b>125.81</b>	<b>8.29</b>	<b>-</b>	<b>134.10</b>	<b>82.13</b>	<b>18.99</b>	<b>-</b>	<b>101.12</b>	<b>32.98</b>	<b>43.68</b>
<b>TOTAL (A+B)</b>	<b>2,769.80</b>	<b>131.92</b>	<b>159.11</b>	<b>2,742.61</b>	<b>1,606.68</b>	<b>172.96</b>	<b>70.95</b>	<b>1,708.69</b>	<b>1,033.92</b>	<b>1,163.12</b>
Previous Year 31/3/2010	2,719.23	173.35	122.78	2,769.80	1,230.03	390.34	13.69	1,606.68	1,163.12	

Note 1: Vehicle includes vehicle taken on lease.

Gross Block Value of Rs. 0.97 million (Previous Year : Rs. 2.21 million)

Net Block Value of Rs. 0.90 million (Previous Year : Rs. 1.82 million)

Note 2: Depreciation/Amortisation for the year is after adjusting:

- excess depreciation of Rs. 43.08 million charged in earlier years on Plant & Machinery, now written back; and
- prior period amortisation of Rs. 5.55 million on Computer softwares, now provided.

### SCHEDULE 7 : LONG TERM INVESTMENTS (At cost)

#### Unquoted - Trade

(Rs. million)

No. of Shares	Particulars	2011	2010
	<b>Equity Shares</b>		
480	Equity Shares of Rs. 100/- each fully paid up of Master Ads Pvt. Ltd.	0.05	0.05
	Less : Provision for diminution in value of Investments	0.05	-
9,500	Equity Shares of Rs.10/- each fully paid up of Dakshin Communication Pvt. Ltd.	1.77	1.77
	Less : Provision for diminution in value of Investments	1.77	-
3,000	Equity Shares of Rs.10/- each fully paid up of Centre Channel Pvt. Ltd.	0.23	0.23
	Less : Provision for diminution in value of Investments	0.23	-
	<b>Unquoted - Trade</b>		
	<b>6% Non-Cumulative Redeemable</b>		
	<b>Preference Shares of Rs. 100/- each fully paid up of</b>		
14,080	Haryana Communication Network Pvt. Ltd.	7.04	7.04
	Less : Provision for diminution in value of Investments	7.04	-
5,430	Bangalore Communication Network Pvt. Ltd. #	-	-
1,610	Banjara Telelinks Pvt. Ltd. #	-	-
579	Bargachh Telelinks Pvt. Ltd. #	-	-
8,420	Chanakya Communications Network Pvt. Ltd. #	-	-
9,680	Chandigarh Network Systems Pvt. Ltd. #	-	-
1,230	Chirag Telelinks Pvt. Ltd. #	-	-
5,489	Condoor Communication Pvt. Ltd. #	-	-

## Schedules Forming part of the Balance Sheet as at March 31, 2011

### SCHEDULE 7 : LONG TERM INVESTMENTS (Contd.)

 (Rs. million)  
 2010

No. of Particulars Shares	2011	2010
41,960 Dakhsin Communications Pvt. Ltd. #	-	-
8,580 Faridabad Entertainment Pvt. Ltd. #	-	-
6,270 Garden City Communication Pvt. Ltd. #	-	-
14,140 Him Mohini Communications Pvt. Ltd. #	-	-
3,659 North Bombay Cable Network Pvt. Ltd. #	-	-
12,510 North Delhi Cable Network Pvt. Ltd. #	-	-
8,118 Purvalaya Communications Pvt. Ltd. #	-	-
15,270 Purvi Communications Pvt. Ltd. #	-	-
9,820 Rajdhani Communication Network Pvt. Ltd. #	-	-
250 Satellite Communication Pvt. Ltd. #	-	-
5,730 Shri Sai Network Pvt. Ltd. #	-	-
3,290 Siti Communication Pvt. Ltd. #	-	-
1,290 Tirupathy Communication Network Pvt. Ltd. #	-	-
2,050 Trans Yamuna Communication Network Pvt. Ltd. #	-	-
3,850 Vanasthali Communication Network Pvt. Ltd. #	-	-
2,530 West Delhi Cable Network Pvt. Ltd. #	-	-
1,100 Zem Communication Pvt. Ltd. #	-	-
26,020 Ahmedabad Network System Pvt. Ltd. #	-	-
7,570 Amritsar Communication Network Pvt. Ltd. #	-	-
5,248 Delhi Prime Communication Network Pvt. Ltd. #	-	-
2,420 Divine Cable Visions Pvt. Ltd. #	-	-
4,600 Divya Communications Pvt. Ltd. #	-	-
5,699 Dwarka Telelinks Pvt. Ltd. #	-	-
1,989 East Delhi Communication Network Pvt. Ltd. #	-	-
4,469 East Ludhiana Cable Network Pvt. Ltd. #	-	-
10,280 East Patel Communication Network Pvt. Ltd. #	-	-
4,760 Jabalpur Cable Network Pvt. Ltd. #	-	-
2,990 Jalandhar Multimedia Pvt. Ltd. #	-	-
6,820 Jammu Communications Network Pvt. Ltd. #	-	-
12,930 Karnal Communications Pvt. Ltd. #	-	-
14,220 Maninagar Network Pvt. Ltd. #	-	-
590 Nizamabad Communication Pvt. Ltd. #	-	-
6,580 Noida Network Systems Pvt. Ltd. #	-	-
10,898 Panchsheel Communication Network Pvt. Ltd. #	-	-
8,880 Panipat Communications Pvt. Ltd. #	-	-
4,180 Pink City Communication Network Pvt. Ltd. #	-	-
23,010 Sabarmati Network Pvt. Ltd. #	-	-
15,440 Space Channel Communication Pvt. Ltd. #	-	-
7,070 Vasant Kunj Cable Network Pvt. Ltd. #	-	-
4,390 Vision Network Pvt. Ltd. #	-	-
Less : Provision for diminution in value of Investments	-	-
<b>Unquoted - Trade</b>		
<b>In Subsidiaries - Wholly owned</b>		
10,000 Equity shares of Rs. 10/- each fully paid up of Siticable Broadband South Ltd.	<b>0.10</b>	0.10
50,000 Equity shares of Rs. 10/- each fully paid up of Central Bombay Cable Network Ltd.	<b>0.50</b>	0.50
	<b>0.60</b>	0.60

## Schedules Forming part of the Balance Sheet as at March 31, 2011

### SCHEDULE 7 : LONG TERM INVESTMENTS (Contd.)

No. of Particulars Shares		2011	(Rs. million) 2010
<b>Unquoted - Trade</b>			
<b>In Subsidiaries - Others</b>			
6,831,000	Equity Shares of Rs. 10/- each fully paid up of Indian Cable Net Company Ltd.	111.14	111.14
25,500	Equity Shares of Rs. 10/- each fully paid up of Wire and Wireless Tisai Satellite Pvt. Ltd.	0.26	0.26
748,487	Equity shares of Rs. 10/- each fully paid up of Siti Vision Digital Media Pvt. Ltd.	82.33	–
<b>TOTAL</b>		<b>194.33</b>	<b>112.00</b>
<b>Unquoted- Non Trade</b>			
Units 500,404 (Previous Year: 14650.404 Units) of face value of Rs.10 each of ICICI Prudential Flexible Income Premium Growth		5.04	2.50
Units 196,765.18 (Previous Year: Nil) of face value of Rs.10 each of UTI Fixed Income Interval Fund		2.50	–
<b>TOTAL</b>		<b>201.87</b>	<b>114.50</b>

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

		2011	(Rs. million) 2010
<b>SCHEDULE 8 : INVENTORIES (at lower of cost and net realisable value)</b>			
Stock-in-trade		299.73	482.06
Store and Spares		73.84	38.10
<b>TOTAL</b>		<b>373.57</b>	<b>520.16</b>
<b>Schedule 9 : Sundry Debtors</b>			
<b>Debts outstanding for a period exceeding six months</b>			
– Unsecured, considered good		298.91	380.36
– Unsecured, considered doubtful		1,616.41	1,486.31
<b>Other debts</b>			
– Unsecured, considered good		472.57	422.06
		<b>2,387.89</b>	<b>2,288.73</b>
Less : Provision for Doubtful Debts		1,616.41	1,486.31
<b>TOTAL</b>		<b>771.48</b>	<b>802.42</b>
Included in Sundry Debtors are dues from :			
Indian Cable Net Company Limited		7.96	41.10
Master Channel Community Network Private Limited		5.30	–
Wire and Wireless Tisai Satellite Limited		50.48	29.34
Zee Entertainment Enterprise Limited		38.42	45.85
Zee News Limited		114.56	151.60
Dish TV Limited		–	92.60
Zee Turner Limited		–	1.68

## Schedules Forming part of the Balance Sheet as at March 31, 2011

	2011	(Rs. million) 2010
<b>SCHEDULE 10 : CASH AND BANK BALANCES</b>		
Cash in hand	5.17	3.54
Balance with Scheduled Banks		
– On Current Accounts	784.82	169.94
– On Deposit Accounts (for facilities provided by banks)*	275.37	129.87
– In Margin Money*	0.54	0.54
Cheques and Drafts On Hand / Transit	90.91	46.58
(*includes Rs. 275.91 million (Previous Year : Rs. 130.41 million) pledged with various authorities/given as margin money, which are not available for use by the Company.)		
<b>TOTAL</b>	<b>1,156.81</b>	<b>350.47</b>
<b>SCHEDULE 11 : LOANS AND ADVANCES</b>		
<b>Unsecured, Considered Good</b>		
Advances and Loan to Subsidiaries	607.32	637.66
Advances Recoverable in cash or in kind or for value to be received	142.46	131.15
Inter Corporate Deposits	–	0.45
Balances with Excise Custom etc.	55.23	211.05
Deposit - Others	333.67	333.10
Advance Tax	102.72	81.69
<b>Unsecured, Considered Doubtful</b>		
Advances to Distribution Companies	731.77	738.38
Deposit - Others	2.81	2.81
Other Advances	162.12	134.49
	<b>2,138.10</b>	<b>2,270.78</b>
Less : Provision for Advances to Distribution Companies	731.77	738.38
Provision for Deposits - Others	2.81	2.81
Provision for Other Advances	162.12	134.49
<b>TOTAL</b>	<b>1,241.40</b>	<b>1,395.10</b>
<b>Included under loans and advances are :</b>		
Central Bombay Cable Network Ltd.	34.92	33.84
(Maximum amount outstanding during the year Rs. 34.92 (Previous Year Rs. 33.84))		
Siticable Broadband South Ltd.	123.70	3.91
(Maximum amount outstanding during the year Rs. 254.00 (Previous Year Rs. 4.00))		
Wire & Wireless Tisai Satellite Limited	–	1.45
(Maximum amount outstanding during the year Rs. 1.45 (Previous Year Rs. 1.45))		
Indian Cable Net Company Limited	434.85	598.46
(Maximum amount outstanding during the year Rs. 1,348.46 (Previous Year Rs. 1,483.5))		
Zee Entertainment Enterprise Limited	40.15	–
(Maximum amount outstanding during the year Rs. 40.15 (Previous Year Rs. Nil))		
Siti Vision Digital Media Private Limited	4.50	–
(Maximum amount outstanding during the year Rs. 4.50 (Previous Year Rs. Nil))		
Master Channel Community Network Private Limited	9.35	–
(Maximum amount outstanding during the year Rs. 9.35 (Previous Year Rs. Nil))		
Zee Turner Ltd.	13.44	14.01
(Maximum amount outstanding during the year Rs. 14.01 (Previous Year Rs. 14.01))		
Zee News Ltd.	0.04	0.16
(Maximum amount outstanding during the year Rs. 0.16 (Previous Year Rs. 0.74))		
ETC Networks Limited	0.05	0.14

## Schedules Forming Part of the Balance Sheet as at March 31, 2011

(Rs. million)  
2010**Schedule 11 : Loans and Advances (Contd.)**

(Maximum amount outstanding during the year Rs. 0.23 (Previous Year Rs. 0.23))

Zee Interactive Learning System

**0.44**

0.44

(Maximum amount outstanding during the year Rs. 0.44 (Previous Year Rs. 0.44))

Dish TV India Limited

**217.82**

226.41

(Maximum amount outstanding during the year Rs. 231.50 (Previous Year Rs. 231.50))

Agrani Satellite Services Limited

**0.22**

0.22

(Maximum amount outstanding during the year Rs. 0.22 (Previous Year Rs. 0.22))

Intrex India Limited

**0.59**

0.09

(Maximum amount outstanding during the year Rs. 0.59 (Previous Year Rs. 0.09))

Rama Associates Limited

**50.03**

50.03

(Maximum amount outstanding during the year Rs. 50.03 (Previous Year Rs. 50.03))

**SCHEDULE 12 : CURRENT LIABILITIES**

Sundry Creditors :

a) total outstanding dues of Micro and Small Enterprises

b) total outstanding dues of creditors other than Micro and Small Enterprises

(Refer Note 16 of Schedule 21)

**830.43**

805.65

Other Liabilities

**139.05**

324.14

Trade Advances / Deposits received

**238.94**

220.96

Book Overdraft

-

25.78

Advance from Customers

**128.52**

112.86

Interest Accrued and Not due

**56.15**

15.94

**TOTAL****1,393.09****1,505.33****SCHEDULE 13 : PROVISIONS**

Provision for Employee Benefits

**16.82**

16.89

Provision for Wealth Tax

**0.11**

0.05

**TOTAL****16.93****16.94****SCHEDULE 14 : MISCELLANEOUS EXPENDITURE**

(to the extent not written off or adjusted)

Unamortised Finance Cost

**92.31**

130.41

Preliminary Expenses

-

0.44

**TOTAL****92.31****130.85**

## Schedules Forming part of the Profit and Loss Account for the year ended March 31, 2011

	2011	(Rs. million) 2010
<b>SCHEDULE 15 : OTHER INCOME</b>		
Interest Income		
Bank deposits (Gross tax deducted at source Rs. 0.94 million Previous Year Rs. 0.58 million)	9.34	2.58
Others - Interest on inter corporate deposits (Gross tax deducted at source Rs. 1.70 million, Previous Year Rs.0.72 million)	7.50	3.80
Miscellaneous Income (Refer Note 22.5 of Schedule 21)	3.17	7.34
Profit on sale of Fixed Assets (net)	5.88	-
Excess provision written back	74.88	65.83
<b>TOTAL</b>	<b>100.77</b>	<b>79.55</b>
<b>SCHEDULE 16 : OPERATIONAL COST</b>		
Program Production Expenses	14.53	20.33
Distribution Charges	448.51	373.74
Pay Channel Subscription	865.59	895.04
Other Operational Cost	66.62	604.44
Repairs and Maintenance - Network	6.30	10.30
Rent	35.42	33.38
Cost of Goods Sold	73.96	11.31
<b>TOTAL</b>	<b>1,510.93</b>	<b>1,948.54</b>
<b>SCHEDULE 17 : PERSONNEL COST</b>		
Salaries, Allowances and Bonus	176.20	199.79
Contribution to Provident and other Funds	10.79	12.25
Gratuity Expenses	2.60	1.83
Workmen and Staff Welfare Expenses	5.86	7.03
<b>TOTAL</b>	<b>195.45</b>	<b>220.90</b>
<b>SCHEDULE 18 : ADMINISTRATIVE EXPENSES</b>		
Rent	12.70	19.08
Rates and Taxes	2.06	2.09
Communication Expenses	11.61	11.93
Repairs and Maintenance		
– Building	0.27	0.38
– Others	8.33	4.71
Electricity Expenses & Water Charges	13.14	20.41
Legal, Professional and Consultancy Charges	41.13	32.87
Printing and Stationery	7.38	8.02
Service Charges	37.80	33.71
Travelling and Conveyance Expenses	16.63	21.74
Vehicle Expenses	6.67	7.88
Insurance Expenses	2.88	2.47
Miscellaneous Expenses	12.63	15.63
Provision for Doubtful Debts	147.29	208.49
Provision for Doubtful Advances	21.02	63.69
Loss on Sale/Discard/Write off of Assets (net)	-	30.31
Preliminary expenses written off	0.44	0.44
<b>TOTAL</b>	<b>341.98</b>	<b>483.85</b>



## Schedules Forming part of the Profit and Loss Account for the year ended March 31, 2011

	2011	(Rs. million) 2010
<b>SCHEDULE 19 : SELLING AND DISTRIBUTION EXPENSES</b>		
Advertisement and Publicity Expenses	20.15	6.16
Commission Charges and Incentives	21.92	25.33
Rebate and Discount	1.78	6.65
Business and Sales Promotion	7.45	1.35
<b>TOTAL</b>	<b>51.30</b>	<b>39.49</b>
<b>SCHEDULE 20 : INTEREST AND FINANCIAL CHARGES</b>		
Interest on		
– Term Loan	329.29	267.41
– Others (Including prior period interest of Rs.16.18 million, Previous Year Rs. Nil)	180.03	356.92
Financing Expenses	57.11	48.93
<b>TOTAL</b>	<b>566.43</b>	<b>673.26</b>

## Schedule 21 : Notes to Accounts

(All amounts in Rs. million, unless otherwise stated)

### Significant Accounting Policies and Notes to Accounts

#### 1. a) Background

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

- b) The Company's accumulated losses aggregate to Rs 4,610.03 million as at March 31, 2011 (Rs. 4,042.93 million as at March 31, 2010) while the shareholders' funds are Rs 4,657.17 (Rs. 2,308.35 million as at March 31, 2010). This has resulted in complete erosion of net worth of the Company (after considering the impact of fictitious assets of Rs. 92.31 million lying in 'Miscellaneous Expenditure Account'). As per the revised business plan, the Company will increase/expand the subscriber base of its analogue business & convert the existing universe of analog into digital customers which will yield higher subscription income and improve operational efficiency. Based on the business plan, the Company expects to have positive cash flows and earnings before interest, depreciation and tax (EBIDTA) from operations from year 2011-12. Further, the Company has been adopting and implementing significant cost rationalization measures including right sizing of its work force, the benefit of which will be more significant in future years.

Based on the above, management expects to earn higher revenues and improved profitability which will enable the Company to strengthen its financial position. Also one of the promoter companies has provided assurance that it intends to provide financial and operational support to the Company, to continue its operations for the foreseeable future.

Based on above, the management is of the opinion that it is appropriate to prepare these financial statements on going concern basis.

#### 2. Statement of Significant Accounting Policies

##### a) Basis of preparation

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

##### b) Use of Estimates

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

##### c) Fixed Assets

- (i) Fixed Assets are stated at cost less accumulated depreciation if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.
- (ii) Borrowing costs relating to acquisition of fixed assets which takes substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to be put to use.

##### d) Intangible Assets

- a) Goodwill on acquisition is amortized using the straight-line method over a period of five years.
- b) Softwares are amortized lower of useful life or over a period of six years on straight line basis.
- c) Program/ Film/ Cable rights are stated at net cost (cost less accumulated amortization/impairment)

##### e) Depreciation/Amortization

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

	Rates used
Building	1.63%
Plant and Machinery	10% to 20%
Furniture and Fixtures	6.33%
Studio Equipments	7.07%
Computers	16.21%
Vehicles	9.50%
Office Equipments	4.75%

	Rates used
Softwares (Intangible Assets)	16.21%
Set-top Boxes	20.00%

- (ii) Leasehold improvements are amortized over the lease term, which is 10 years.
- (iii) Plant and Machinery taken over under scheme of arrangement in the earlier years are depreciated over the management's estimate of remaining useful life, a period of 5 years.
- (iv) Cost of news/current affairs/chat shows/events including sports events etc. are fully expensed on first telecast.
- (v) Program/Film/Cable rights are amortized on a straight-line basis over the license period or 60 months from the date of purchase, whichever is shorter.
- (vi) Assets costing less than Rs. 5,000 are fully depreciated in the year of purchase.

#### f) Impairment

- (i) The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.
- (ii) After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

#### g) Leases

##### Where the company is the Lessee

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

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

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

##### Where the Company is the lessor

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

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

#### h) Investments

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

#### i) Inventories

Inventories are valued as follows:

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

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

#### j) Revenue Recognition

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

### **Income from Services**

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

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

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

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

### **Sale of Goods**

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

### **Interest**

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

#### **k) Miscellaneous Expenditure**

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

#### **l) Foreign Currency Transaction**

##### **(i) Initial Recognition**

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

##### **(ii) Conversion**

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

##### **(iii) Exchange Differences**

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

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

Retirement benefits in the form of Provident Fund is a defined contribution scheme and the contributions are charged to the Profit & Loss Account of the year when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the respective trusts.

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

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

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

#### **n) Income Tax**

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

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

virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

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

**o) Employees Stock Compensation Cost**

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

**p) Earning Per Share**

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

**q) Provisions**

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

**r) Cash and Cash Equivalents**

Cash and Cash equivalents in the Cash Flow Statement comprise cash at bank and in hand, cheques in hand and short-term investments with an original maturity of three months or less.

**s) Borrowing Costs**

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

**3. Segment Reporting Polices**

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

**4. Related Party Disclosure**

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

**(a) Individual having significant influence**

Mr. Ashok Mathai Kurien, Mr. Laxmi Goel and Ms. Sushila Goel.

**(b) Subsidiary Companies**

Central Bombay Cable Network Ltd., Indian Cable Net Company Ltd., Siti Cable Broadband South Ltd., Wire and Wireless Tisai Satellite Ltd., Master Channel Community Network Pvt. Ltd. And Siti Vision Digital Media Pvt. Ltd.

**(ii) Key Management Personnel**

Mr. Subhash Chandra, Director, Mr. Amit Goenka, Whole-Time Director, Mr. Sudhir Agarwal, Chief Executive Officer, Mr. Arun Kapoor, Director, Parminder Singh Sandhu, Director (Resigned w.e.f. Dec 21, 2010), Suresh Kumar Aggarwal, Director, Vinod Kumar Bakshi, Director ( w.e.f. Dec 21, 2010)

**(iii) Other Related parties (in which directors are interested) with whom transactions have taken place during the year**

Agrani Satellite Services Ltd., Dakshin Media Gaming Solutions Pvt. Ltd., Diligent Media Corporation Limited, Dish TV India Ltd., Essel Propack Ltd., Essel Corporate Resources Pvt Ltd., ETC Networks Limited, Integrated Subscriber Management Services Limited, Intrex India Ltd., Pan India Network Infravest Pvt. Ltd., Rama Associates Limited, Zee Entertainment Enterprises Limited (ZEEL), Zee Interactive Learning System, Zee News Limited, ZeeTurner Ltd., Churu Trading Co. Private Limited, Essel Minerals Pvt. Ltd., Jayneer Capital Pvt. Ltd.

(Rs. million)

Sr. No.	Particulars Nature of Expenses/Names of the Parties	March 31, 2011	Major Parties March 31, 2011	March 31, 2010	Major Parties March 31, 2010
1.	<b>Sale, Services and other Recoveries (Net)</b> Indian Cable Net Company Ltd. ZEEL Zee News Ltd.	<b>356.50</b>	91.37 170.00 40.01	326.09	71.83 134.60 80.09
2.	<b>Operational Cost</b> Zee Turner Ltd. Dish TV India Ltd. Rama Associates Limited	<b>190.56</b>	156.80 1.63 15.89	839.24	184.42 624.12
3.	<b>Sale of Fixed Assets &amp; Capital Work in progress</b> Indian Cable Net Company Ltd. Dish TV India Ltd. Siti Vision Digital Media Private Limited	<b>94.54</b>	– – 94.54	75.36	0.065 75.179
4.	<b>Interest Received</b> Central Bombay Cable Network Ltd.	<b>2.37</b>	2.37	3.81	3.81
5.	<b>Interest Paid</b> Zee News Limited ZEEL Churu Trading Co.Pvt. Ltd. ETC Networks Ltd.	<b>113.42</b>	95.98 – 4.61 12.83	298.25	142.21 127.10 12.57 16.36
6.	<b>Investment</b> Siti Vision Digital Media Pvt Ltd	<b>82.33</b>	82.33	–	–
7.	<b>Advances given</b> Indian Cable Net Company Ltd. Central Bombay Cable Network Ltd. Siticable Broadband South Ltd.	<b>1,006.50</b>	– 750.00 252.00	1,484.05	1,483.50 – –
8.	<b>Receipts towards loans/advances given</b> Dish TV India Ltd. Central Bombay Cable Network Ltd. Indian Cable Net Company Ltd. Siticable Broadband South Ltd.	<b>1,260.85</b>	– 750.00 378.50 132.35	854.19	15.00 3.39 820.00 –
9.	<b>Loans/Deposits received from</b> Churu Trading Co.Pvt. Ltd. Zee News Ltd.	<b>29.00</b>	29.00	2,622.89	740.26 1,876.00
10.	<b>Repayment of Loans/Deposits received</b> Churu Trading Co.Pvt. Ltd. Zee News Ltd. ZEEL	<b>1,096.82</b>	16.70 988.32 –	4,411.41	952.50 1,041.00 2,399.72
11.	<b>Expenses Recovered</b> Siti Vision Digital Media Pvt Ltd Zee News Ltd. Zee Turner Ltd. Wire and Wireless Tisai Satellite Ltd.	<b>6.32</b>	1.15 3.96 0.54 –	5.56	– 1.38 0.62 3.42
12.	<b>Expenses Reimbursed</b> Indian Cable Net Company Ltd. ZEEL Zee News Limited Zee Turner Limited Siti Vision Digital Media Pvt Ltd	<b>22.01</b>	6.56 – 3.15 0.08 12.22	10.29	2.80 4.99 1.39 1.05 –
13.	<b>Remuneration to Key Managerial Personnel:</b> Sudhir Agarwal	<b>15.0</b>	15.0	12.5	12.5

Sr. No.	Particulars Nature of Expenses/Names of the Parties	March 31, 2011	Major Parties March 31, 2011	March 31, 2010	Major Parties March 31, 2010
14.	<b>Balances Outstanding</b>				
a)	<b>Sundry Debtors</b> Indian Cable Net Company Ltd. Dish TV India Limited ZEEL Zee News Ltd. Wire and Wireless Tisai Satellite Ltd.	<b>212.31</b>	7.96 – 38.42 114.56 50.48	362.16	41.10 92.60 45.85 151.60 29.34
b)	<b>Sundry Creditors</b> ZEEL Zee Turner Ltd. Essel Corporate Resource Pvt Ltd.	<b>354.13</b>	– 319.16 14.54	284.80	12.101 245.23 –
c)	<b>Loans/Deposits/Advances given</b> Central Bombay Cable Network Ltd. Dish TV India Ltd. Zee Turner Ltd. Indian Cable Net Co. Ltd. Siticable Broadband South Ltd. ZEEL Rama Associates Limited	<b>930.45</b>	34.92 217.82 13.44 434.85 123.70 40.15 50.03	938.78	33.84 226.41 14.01 598.46 3.91 – 50.03
d)	<b>Loans / Deposits / Advances received</b> Churu Trading Co. Pvt. Ltd. ETC Networks Ltd. Zee News Ltd	<b>38.78</b>	38.78 – –	1,234.59	26.48 91.81 988.316
e)	<b>Interest Accrued on Loans/Deposits</b> Advances received Churu Trading Co. Pvt. Ltd. Zee News Ltd	<b>4.61</b>	4.61 –	150.43	12.56 123.15

## 5. Leases

### In case of assets taken on lease

#### Finance Lease

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

#### Operating Lease

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

(Rs.million)

Particulars	Finance Lease		Operating Lease	
	March 31, 2011	March 31, 2010	March 31, 2011	March 31, 2010
<b>Carrying amount of the Leased asset</b>	<b>0.90</b>	1.82		
Total minimum lease payments at the year end	<b>0.79</b>	1.75	–	–
Less : amount representing finance charges	<b>0.12</b>	.26	–	–
Present value of minimum lease payments	<b>0.67</b>	1.49	–	–
Lease payment for the year	–	–	<b>48.12</b>	52.46
<b>Minimum Lease Payments :</b>				
Not Later than one year	<b>0.24</b>	0.68	<b>1.52</b>	1.38
Later than one year and not later than five years	<b>0.55</b>	1.07	<b>3.51</b>	5.03
Later than 5 years		–		–



## In case of assets given on lease

### Operating Lease

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

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

(Rs. million)

Description of Assets	Gross Block	Depreciation for the year ended March 31, 2011	Accumulated Depreciation
Plant and Machinery	99.58	0.32	94.71
Equipments	0.25	0.01	0.24
Furniture and Fixtures	0.07	0.00	0.05
Studio Equipments	0.65	0.04	0.46
Air-conditioners	0.40	0.02	0.09
Set Top Boxes	493.01	89.14	221.05
<b>Total</b>	<b>593.96</b>	<b>89.53</b>	<b>316.6</b>
Previous Year	504.45	72.17	227.45

## 6. Earning per Share

In accordance with AS - 20 "Earnings per Share"(EPS) as notified by Companies (Accounting Standard) Rules, 2006,(as amended) basic earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of shares outstanding during the year.

Particulars	March 31, 2011	March 31, 2010
Weighted average number of equity shares (no.)	437,919,888	274,382,626
Nominal Value of equity shares (Re.)	1	1
Profit/(Loss) after Tax (Rs. million)	(567.10)	(1,738.09)
Basic (loss) per share (Rs.)	(1.29)	(6.33)

There are potential equity shares as on March 31, 2011 in the form of stock options granted to employees. As these are anti dilutive they are ignored in the calculation of diluted earning per share and accordingly the diluted earning per share is the same as basic earnings per share.

## 7. Secured Loans

### i. Non-Convertible Debentures

Non convertible debentures are secured by first ranking pari passu mortgage and/or charge/assignment of all the Company's immovable properties, present and future and all the Company's movable, including movable plant and machinery, machinery spares, tools and accessories, furniture, fixture, vehicles and all other movable assets, present and future and the Company's cash flow, receivables, bank account (other than the reserve account) wherever mentioned, all monies lying in and to the credit of such account, book debts, revenue of whatsoever nature and wherever arising, present and future and insurance policies. An exclusive charge over the reserve account and all amount lying there in and the credit thereof, present and future. The debentures are redeemable at par in four six monthly installments starting from December 2010, 2 each of 20% of the issue size and 2 each of 30% of the issue size.

### ii. Working Capital Finance From Banks

Secured by first pari passu charge on the fixed assets and current assets of the Company. All the loans are further secured by corporate guarantee of Zee Entertainment Enterprises Ltd. (ZEEL).

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

**From IDBI Bank** - Term loans are secured by mortgage and charge in favour of lender in a form satisfactory to the lender of all the borrowers immovable properties, both present and future, and as well as movable properties and first charge by way of hypothecation and/ or pledge of the borrowers current assets. Also secured by corporate guarantee of ZEEL.

**From Axis Bank** - Term loans are secured by pari-passu first charge on entire movable, both present and future, of the Company and on the receivables, cash flow and account of the Company. Also secured by corporate guarantee of ZEEL for maintaining revolving Debt Service Reserve Account (DSRA) for 1 quarter of the interest and principal repayment to be funded 10 days before each due date, for the entire tenure of the loan.

### iv. Finance lease and Hire Purchase

Secured by hypothecation of vehicles purchased thereunder.

## 8. Capital Commitments

Estimated amount of Contracts remaining to be executed on capital account and not provided for (Net of Advances) amounting to Rs 63.16 million (Previous Year Rs. 20.60 million).

## 9. Contingent Liabilities not provided for

- i) Claims against the Company not acknowledged as debts Rs 62.84 million (Previous Year Rs. 93.45 million)
- ii) Income Tax matters : The Assessing Officer had levied penalty under Section 271(1) (c) of the Act of Rs 24,990,210 in Assessment Year 2004-05 on account of additions confirmed by the CIT(A) in respect of the non-deduction of tax on bandwidth charges of Rs. 2,23,59,985 and advance to management companies written off of Rs. 5,09,64,244. The CIT(A) had affirmed the penalty and the company has further filed an appeal before the Tribunal against the order of CIT(A).

The Company contends that all the relevant facts material to the computation of the total income were disclosed in the assessment proceedings and hence feels that there would be no tax liability.

- iii) The Company has undertaken to provide continuing financial support to subsidiaries (including in the previous year).

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

The Company instituted the Employee Stock Option Plan – ESOP-2007 to grant equity based incentives to its eligible employees. The ESOP-2007 (“The Scheme”) has been approved by the Board of Directors of the Company at their meeting held on June 27, 2007 and by the shareholders of the Company by way of special resolution passed at their Annual General Meeting held on September 18, 2007 to grant aggregating 4,344,355 options (not exceeding 2% of the issued, subscribed and paid-up equity share capital of the Company as on March 31, 2007, representing one share for each option upon exercise by the employee of the Company at an exercise price determined by the Board/Remuneration committee. The Scheme covers grant of options to the specified permanent employees of the Company and Directors of the Company, whether Whole-time Directors or otherwise as may be decided by the Board. Pursuant to the Scheme, the Remuneration Committee has on July 16, 2009 granted 2,808,800 options (Previous year grant of 150,000 Options on June 16, 2008 ) to specified eligible employee of the Company at the market price determined as per the SEBI Guidelines.

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

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

	Plan 3	Plan 2	Plan 1
Date of grant	July 16, 2009	June 16, 2008	October 22, 2007
Date of Board Approval	July 16, 2009	June 17, 2008	October 22, 2007
Date of Shareholder’s approval	–	August 17, 2009	September 18, 2007
Number of options granted	2,808,800	150,000	2,987,300
Method of Settlement (Cash/Equity)	Equity	Equity	Equity
Vesting Period	Five Years	Five Years	Five Years

\* Vesting under the Scheme: not less than one year and not more than five years.

Particulars	March 31, 2011		March 31, 2010	
	Number of options	Weighted Avg Ex. Price	Number of options	Weighted Avg Ex. Price
Outstanding at the beginning of the year	313,300	20	922,700	39.75
Granted during the year	–	–	–	–
Forfeited during the year	–	–	–	–
Exercised during the year	–	–	–	–
Expired/Lapsed during the year	–	–	609,400	39.75
Outstanding at the end of the year	313,300	20	313,300	20.00
	187,980	20		20.00 *
Exercisable at the end of the year		–	125,320	–
Weighted average fair value of options granted on the date of grant		–		7.61

\* Re-pricing of the exercise price to Rs. 20 in the remuneration committee dated 22-10-2009

\* The Shareholders of the Company in the Annual General Meeting held on August 17, 2009 approved to re-price the unexercised options already granted by the Company under the Employees Stock Option -2007. The Remuneration Committee decided to re-price outstanding stock options at a price of Rs. 20/- being the closing price of the equity shares of the Company on October 21, 2009 at the National Stock Exchange of India Limited.

The details of activity under Plan 2 have been summarized below:

Particulars	March 31, 2011		March 31, 2010	
	Number of Options	Weighted Avg. Ex. Price	Number of Options	Weighted Avg. Ex. Price
Outstanding at the beginning of the year	–	–	150,000	30.65
Granted during the year	–	–	–	–
Forfeited during the year	–	–	–	–
Exercised during the year	–	–	–	–
Expired/Lapsed during the year	–	–	150,000	30.65
Outstanding at the end of the year	–	–	–	–
Exercisable at the end of the year	–	–	–	–
Weighted average remaining contractual life (in years)	–	–	–	–

The details of activity under Plan 3 have been summarized below:

Particulars	March 31, 2011		March 31, 2010	
	Number of Options	Weighted Avg. Ex. Price	Number of Options	Weighted Avg. Ex. Price
Outstanding at the beginning of the year	2,117,400	17.45	–	–
Granted during the year	–	–	2,808,800	17.45
Forfeited during the year	–	–	–	–
Exercised during the year	–	–	–	–
Expired/Lapsed during the year	439,800	17.45	691,400	17.45
Outstanding at the end of the year	1,677,600	–	2,117,400	17.45
Exercisable at the end of the year	335,520	–	–	–
Weighted average remaining contractual life (in years)	–	–	–	5
Weighted average fair value of options granted	–	–	–	5.76

The details of exercise price for stock options outstanding at the end of the year March 31, 2011:

Particulars	Plan 1	Plan 2	Plan 3
Range of exercise prices (Rs.)	20	30.65	17.45
Number of options outstanding	313,300	–	1,677,600
Weighted average remaining contractual life of options (in years)	2 years	–	4 years
Weighted average exercise price (Rs.)	20	30.65	17.45

The details of exercise price for stock options outstanding at the end of the year March 31, 2010:

Particulars	Plan 1	Plan 2	Plan 3
Range of exercise prices (Rs.)	20	30.65	17.45
Number of options outstanding	313,300	–	2,117,400
Weighted average remaining contractual life of options (in years)	3 years	–	5 years
Weighted average exercise price (Rs.)	20	30.65	17.45

#### Stock Options Granted:

The Black Scholes valuation model has been used for computing the weighted average fair value considering the following inputs:

Particulars	March 31, 2011	March 31, 2010
Weighted average share price	–	16.05
Exercise Price	–	17.45
Expected Volatility	–	29.12%
Historical Volatility	–	29.12%
Life of the options granted (Vesting and exercise period) in years	–	4 years
Expected dividends	–	–
Average risk-free interest rate	–	7.10%
Expected dividend rate	–	0%

The expected volatility was determined based on historical volatility data; historical volatility includes early years of the Company's life; the Company expects the volatility of its share price to reduce as it matures. To allow for the effects of early exercise, it was assumed that the employees will exercise the options after the vesting date when the share price was twice the exercise price.

## 11. Employee Benefits

### Defined Contribution Plan

Contribution to Defined Contribution Plan, recognized as expense for the year are as under Employer's Contribution to Provident Fund Rs 10.18 million (Rs. 11.71 Million as at March 31, 2010).

### Defined Benefit Plan

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

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

### Profit and Loss Account

#### Net employee benefit expense (recognized in the Employee cost)

(Rs. million)

Particulars	Gratuity	
	March 31, 2011	March 31, 2010
Current service Cost	3.01	3.44
Interest cost on benefit obligation	0.70	0.87
Actuarial (gain) / loss recognized in the year	(1.11)	(2.48)
Net benefit expense	2.6	1.83
Actual return on plan asset	-	-

#### Details of Provision for gratuity

(Rs. million)

Particulars	Gratuity	
	March 31, 2011	March 31, 2010
Defined Benefit Obligations	9.99	8.42

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

(Rs. million)

Particulars	Gratuity	
	March 31, 2011	March 31, 2010
Defined Benefit Obligation at the beginning of the year	8.42	8.13
Current service cost	3.01	3.44
Interest cost	0.70	0.87
Actuarial (gain)/loss	(1.11)	(2.48)
Benefits paid	(1.03)	(1.55)
Defined Benefit Obligation at the end of the year	9.99	8.42

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

(Rs. million)

Particulars	Gratuity	
	March 31, 2011	March 31, 2010
Opening Fair Value of Plan assets as on March 31	-	-
Expected return	-	-
Contribution by employers	-	1.55
Benefits Paid	-	(1.55)
Actuarial (gains)/losses	-	-
Closing Fair Value of Plan Assets	-	-

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

(Rs. million)

Particulars	Gratuity	
	March 31, 2011	March 31, 2010
Discount Rate (per annum)	8.30%	8.30%
Rate of escalation in salary (per annum)	6.00%	6.00%

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

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

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

(Rs. million)

Particulars	Gratuity				
	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008	March 31, 2007
Defined benefit obligation	9.99	8.42	8.13	6.13	4.93
Plan assets	-	-	-	-	-
Surplus/(deficit)	(9.99)	(8.42)	(8.13)	(6.13)	(4.93)
Experience adjustments on plan liabilities	1.11	(1.83)	(0.18)	0.23	(0.25)
Experience adjustments on plan assets	-	-	-	-	-

Enterprise best estimate of contribution during the next year is Rs. 3,711,970

## 12. Movement in Securities Premium Account

(Rs. million)

Particulars	March 31, 2011	March 31, 2010
Opening Balance	1967.61	-
Add: Premium received*	2,231.89	2,007.89
Less: Utilized to set off right issue expenses	-	40.28
Closing Balance	4,199.50	1,967.61

\* Excluding Rs. 12.22 million, being security premium of Rs. 9.50/share not received in respect of second call on 1,286,738 equity shares.

## 13. Unhedged Foreign Currency Exposure

(Rs. million)

Particulars	March 31, 2011		March 31, 2010	
	Foreign Currency (USD)*	Amount in Rs.	Foreign Currency (USD)*	Amount in Rs.
Sundry Debtors for carriage fee	0.07	3.34	0.04	1.69

\* Closing rate as at March 31, 2011 – (1 USD = Rs 44.65 (March 31, 2010 1 USD – Rs.45.14)

## 14. The breakup of year end tax assets and liabilities into major components of the respective balance is as under

(Rs. million)

Particulars	March 31, 2011	March 31, 2010
<b>Deferred Tax Liabilities</b>		
Deferred revenue expenses/Other difference	23.33	35.08
<b>Gross Deferred Tax Liabilities (A)</b>	<b>23.33</b>	<b>35.08</b>
<b>Deferred Tax Assets</b>		
Differences in depreciation and other differences in block of fixed assets as per tax books and financial books	36.94	28.63
Unabsorbed depreciation	464.85	503.09
Carry forward of losses	473.17	541.70

Particulars	March 31, 2011	March 31, 2010
Effect of expenditure debited to profit and loss account in the current year but allowed for tax purposes in following years	100.58	13.04
Provision for doubtful debts	499.47	459.27
Provision for doubtful advances	277.08	270.59
<b>Gross Deferred Tax Assets (B)</b>	<b>1852.10</b>	<b>1,816.32</b>
<b>Net Deferred Tax Liability/(Assets)</b>	<b>(1,828.77)</b>	<b>(1,781.24)</b>

The Company has accounted deferred tax assets to the extent of deferred tax liability since there is no virtual certainty of sufficient future taxable income available in future.

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

Loans and Advances to Companies in which Directors are interested/ subsidiaries

(Rs. millions)

Sr. No.	Name of the Enterprise	Balance as on March 31, 2011	Maximum outstanding during the year	Balance as on March 31, 2010	Maximum outstanding during the year
<b>Associates/Parties in which directors are interested</b>					
1.	Agrani Satellite Services Ltd.	0.22	0.22	0.22	0.22
2.	Dish TV India Ltd.	217.82	226.41	226.41	226.41
3.	ETC Networks Ltd.	0.05	0.14	0.14	0.14
4.	Intrex India Ltd.	0.59	-	-	0.63
5.	Zee Interactive Learning Systems Ltd.	0.44	0.44	0.44	0.44
6.	Zee News Ltd.	0.04	0.16	0.16	0.74
7.	Zee Turner Ltd.	13.44	14.01	14.01	14.01
8.	Zee Entertainment Enterprise Limited	40.15	46.89	-	-
9.	Rama Associates Limited	50.03	50.03	50.03	50.03
<b>Subsidiaries</b>					
1.	Central Bombay Cable Network Ltd.	34.92	34.92	33.84	33.84
2.	Siticable Broadband South Ltd.	123.71	123.71	3.91	4.00
3.	Indian Cable Net Co. Ltd.	434.85	1,348.46	598.46	1,483.50
4.	Siti Vision Digital Media Pvt Ltd	4.50	4.50	-	-
5.	Master Channel Community Network Pvt. Ltd.	9.35	9.35	-	-

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

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

**17.** The Company has issued 236,222,285 equity shares of Re. 1 each at a premium of Rs. 18 per share for cash to the existing equity shareholders of the Company. The terms of payment of right issue are as under:

Particulars	Total amount due (per share)	Towards Share Capital (per share)	Towards Securities Premium (per share)	Total amount	Due on (after the date of allotment, at the option of the Company)
On Application	9	0.50	8.50	2,126	Along with application
On Final call	10	0.50	9.50	2,362	After 6 months but within 12 months
<b>Total</b>	<b>19</b>	<b>1</b>	<b>18</b>	<b>4,488</b>	

The utilization of the right issue proceeds aggregating to Rs. 3,245.62 million received along with application is as under:

(Rs million)

Particulars	March 31, 2011	March 31, 2010
Repayment of unsecured loans	2,000	1,888
Working Capital	417	204
Issue expenses	40	34
General Corporate purposes	788	-
<b>Total</b>	<b>3,245</b>	<b>2,126</b>

18. Capital-Work In Progress and Loans & Advances include amounts of Rs. 18.64 million and Rs. 51.80 million respectively as outstanding for more than 2 years. The management of the company is making all possible efforts to adjust/recover these amounts and also initiated appropriate legal action against some of the parties, and therefore no provision there against has been considered necessary. The impact, if any, which in the opinion of the management would not be material, would be made in the year of adjustment/settlement.
19. The Company had given advances under a guarantee of Promoter Group Company to its subsidiaries and other group Companies for meeting working capital requirements and for acquisition of MSOs/ direct points to the extent of Rs. 419.65 million as at year end (after receipt of Rs 1524.35 million at year end). The outstanding as on date of signing of financial statements is Rs. 1806.30 million.
- The Company firmly believes that these interest free facilities/ advances of Rs. 1806.30 million given as such to be good of recovery and would further enhance its operations on standalone and consolidated basis over near future; therefore does not believe any provisions to be created on these amounts
20. The Company is in the process of reconciling the Service Tax Account. Necessary adjustments, if any, which in the opinion of the management will not be material, will be made as and when the accounts are finally reconciled.
21. During the year, the Company had acquired 50.65% stake in Siti Vision Digital Media Private Limited w.e.f. June 30, 2010 by way of subscription of 7,484,870 equity shares of Rs 10 each at a premium of Rs 100 per share in consideration of Rs. 82.33 million, which has been discharged by transfer of fixed assets of the Company. This transaction was accounted for by following the purchase method and resulted in goodwill amounting to Rs 1.32 million. The said goodwill has been shown as 'goodwill on consolidation'.
22. Additional information pursuant to the provision of paragraphs 3, 4, 4C and 4D of Part II of Schedule VI to the Companies Act, 1956.

#### 22.1. Quantitative Information

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

(Rs million)

Particulars	March 31, 2011		March 31, 2010	
	Qty. (Nos.)	(Rs. million)	Qty. (Nos.)	(Rs. million)
<b>Opening Stock</b>				
VC Cards	41,336	7.28	83,137	15.90
Set Top Boxes	257,093	474.78	313,607	597.13
<b>Total</b>		<b>482.06</b>		<b>613.03</b>

Particulars	Qty. (Nos.)	(Rs. million)	Qty. (Nos.)	(Rs. million)
<b>Sales</b>				
VC Cards	9,410	1.69	6,600	1.18
Set Top Boxes (net of returns)	30,267	67.21	4,039	8.67
<b>Total</b>		<b>68.90</b>		<b>9.85</b>

Particulars	Qty. (Nos.)	(Rs. million)	Qty. (Nos.)	(Rs. million)
<b>Consumption</b>				
VC Cards	2,310	0.40	35,201	6.40
Set Top Boxes	51,527	90.77	52,475	114.85
<b>Total</b>		<b>91.17</b>		<b>121.25</b>

Particulars	Qty. (Nos.)	(Rs. million)	Qty. (Nos.)	(Rs. million)
<b>Closing Stock</b>				
VC Cards	29,616	5.05	41,336	7.28
Set Top Boxes	175,299	294.68	257,093	474.78
<b>Total</b>		<b>299.73</b>		<b>482.06</b>



**22.2. Director's Remuneration**

(Rs. million)

Particulars	2011	2010
Salaries	–	–
Perquisites	–	–
Contribution to Provident fund	–	–
Sitting Fees	<b>0.24</b>	0.45

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

**22.3. Auditors' Remuneration**

(Rs. million)

Particulars	2011	2010
Audit fees	<b>3.05</b>	3.05
Certification services	<b>0.00</b>	0.66
Out of Pocket Expenses	<b>0.13</b>	0.31
<b>Total</b>	<b>3.18</b>	4.02

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

(Rs. million)

**Earnings in foreign currency**

Particulars	2011	2010
Carriage Income	<b>13.14</b>	13.13
<b>Total</b>	<b>13.14</b>	13.13

**Expenditure in foreign currency**

Particulars	2011	2010
Repair and Maintenance – Network	<b>6.26</b>	8.43
<b>Total</b>	<b>6.26</b>	8.43

**Value of imports calculated on CIF basis**

Particulars	2011	2010
Plant and machinery	<b>12.14</b>	1.79
<b>Total</b>	<b>12.14</b>	1.79

22.5. Miscellaneous income includes foreign exchange gain/(loss) as on March 31, 2011 amounts to Rs. 0 .06 million; (Previous Year Rs. 0.92 million).

**23. Previous year Comparatives:**

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

As per our attached report of even date

For **S. R. Batliboi & Associates**  
Firm Registration No.: 101049W  
Chartered Accountants

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

**per Yogesh Midha**  
Partner  
Membership No.: 94941  
Place : Gurgaon  
Date : May 19, 2011

**Amit Goenka**  
Whole-time Director

**Arun Kapoor**  
Director

**Sudhir Agarwal**  
Chief Executive Officer

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

**Suresh Kumar**  
Company Secretary

## Cash Flow Statement for the year ended March 31, 2011

	2011	2010
(Rs. million)		
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Net Profit/(Loss) before taxation , and exceptional items</b>	<b>(567.10)</b>	<b>(1,738.07)</b>
Adjustments for :		
Depreciation/Amortisation	172.97	390.34
Interest Income	(9.34)	(3.80)
Interest And Financial Charges	509.32	624.33
Liabilities Written Back	(74.88)	(35.83)
Foreign Exchange Loss/Gain	(0.06)	(0.91)
Loss/(Profit) on Sale/Discard of Fixed Assets	(5.88)	30.30
Preliminary Expenses Written Off	0.44	0.44
Finance Cost Amortised	55.40	46.99
ESOP Cost	(0.55)	-
Provision for Doubtful Debts	147.29	272.18
Provision for Doubtful Advances	21.02	-
Advance tax written off	6.39	-
<b>Operating profit before working capital changes</b>	<b>255.02</b>	<b>(414.04)</b>
<b>Movement in Working Capital</b>		
Decrease/(Increase) in Sundry Debtors	(99.15)	108.77
Decrease/(Increase) in Inventories	43.45	13.27
Decrease/(Increase) in Loans and Advances	111.02	(687.42)
Increase/(Decrease) in Current Liabilities & Provisions	(94.70)	(673.30)
<b>Cash Flow from Operating Activities Before tax &amp; prior period adjustment</b>	<b>215.64</b>	<b>(1,652.72)</b>
Direct Taxes paid	(21.03)	9.16
<b>Net Cash Flow from Operating Activities</b>	<b>194.61</b>	<b>(1,643.56)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets/Capital Work in Progress	(29.75)	(59.97)
Proceeds from sale of Fixed Assets	94.04	78.78
Deposits (with maturity more than three months)	(145.50)	(90.41)
Purchase of Investments in Subsidiaries	(82.33)	-
Purchase of Investments	(5.04)	(2.50)
Loans/Advances to Subsidiary Companies (Net)	45.64	(1.70)
<b>Net Cash Flow from Investing Activities</b>	<b>(122.94)</b>	<b>(75.80)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Interest and Finance Expenses paid	(669.32)	(744.25)
Right Issue Expenses	-	(29.04)
Proceeds from Right Issue Shares	2,349.36	2,126.00
Proceeds from Long-Term Borrowing	1,659.69	6,494.10
Repayment of Term borrowings	(2,750.55)	(6,028.55)
<b>Net Cash Flow from Financing Activities</b>	<b>589.18</b>	<b>1,818.26</b>
<b>Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)</b>	<b>660.85</b>	<b>98.90</b>
Opening Cash and Cash Equivalents	220.06	121.16

## Cash Flow Statement for the year ended March 31, 2011

(Rs. million)

### CLOSING CASH AND CASH EQUIVALENTS

Cash and Cash Equivalents at the end of the year

Cash on Hand

Cheques and Drafts on Hand/Transit

Balances with Scheduled Banks on Current Accounts

Balances with Scheduled Banks on Deposit Accounts/Margin Money

	2011	2010
	<b>880.91</b>	220.06
	<b>5.17</b>	3.54
	<b>90.91</b>	46.58
	<b>784.82</b>	169.94
	<b>880.91</b>	<b>220.06</b>

### Notes:

- 1 Figure in brackets indicates cash outgo.
- 2 Previous year figure have been regrouped and recast wherever necessary to confirm to the current year classification.
- 3 Cash and cash equivalents excludes Rs. 275.91 million (previous year Rs. 130.41 million) pledged with various authorities/ given as margin moneys, which are not available for use by the Company.

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

As per our attached report of even date

For **S. R. Batliboi & Associates**  
Firm Registration No.: 101049W  
Chartered Accountants

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

per **Yogesh Midha**

Partner

Membership No.: 94941

Place : Gurgaon

Date : May 19, 2011

**Amit Goenka**

Whole-time Director

**Arun Kapoor**

Director

**Sudhir Agarwal**

Chief Executive Officer

**R. K. Agarwal**

Chief Financial Officer

**Suresh Kumar**

Company Secretary

## Balance Sheet Abstract and Company's General Business Profile

### I Registration Details

 Registration No. 

1	6	0	7	3	3
---	---	---	---	---	---

 State Code 

1	1
---	---

 Date Month Year  
 Balance Sheet Date 

3	1
---	---

0	3
---	---

2	0	1	1
---	---	---	---

### II Capital raised during the year (Amount Rs. in Millions)

 Public Issue 

						N	I	L
--	--	--	--	--	--	---	---	---

 Right Issue 

1	1	7	.	4	7
---	---	---	---	---	---

 Bonus Issue 

						N	I	L
--	--	--	--	--	--	---	---	---

 Private Placement 

						N	I	L
--	--	--	--	--	--	---	---	---

### III Position of Mobilisation and Deployment of Funds (Amount Rs. in Millions)

 Total Liabilities 

		9	5	4	8	.	0	6
--	--	---	---	---	---	---	---	---

 Total Assets 

		9	5	4	8	.	0	6
--	--	---	---	---	---	---	---	---

 Sources of Funds  
 Paid-up Capital 

		4	5	7	.	6	7
--	--	---	---	---	---	---	---

 Reserves and Surplus 

		4	1	9	9	.	5	0
--	--	---	---	---	---	---	---	---

 Secured Loans 

		3	4	3	7	.	4	8
--	--	---	---	---	---	---	---	---

 Unsecured Loans 

				4	3	.	3	9
--	--	--	--	---	---	---	---	---

 Application of Funds  
 Net Fixed Assets 

		1	1	0	0	.	5	9
--	--	---	---	---	---	---	---	---

 Investments 

				2	0	1	.	8	7
--	--	--	--	---	---	---	---	---	---

 Net Current Assets 

		2	1	3	3	.	2	4
--	--	---	---	---	---	---	---	---

 Miscellaneous Expenditure 

				9	2	.	3	1
--	--	--	--	---	---	---	---	---

 Accumulated Losses 

		4	6	1	0	.	0	3
--	--	---	---	---	---	---	---	---

### IV Performance of the Company (Amount Rs. in Millions)

 Turnover 

		2	1	7	7	.	5	7
--	--	---	---	---	---	---	---	---

 Total Expenditure 

		2	8	3	9	.	0	5
--	--	---	---	---	---	---	---	---

 + - Profit/(Loss) Before Tax 

	-	5	6	0	.	7	1
--	---	---	---	---	---	---	---

 + - Profit/(Loss) After Tax 

	-	5	6	7	.	7	1
--	---	---	---	---	---	---	---

 Earnings Per Share (Rs.) 

		-	1	.	2	9
--	--	---	---	---	---	---

 Dividend Rate (%) 

		N	I	L
--	--	---	---	---

### V Generic Name of Principal Products / Services of the Company (as per monetary terms)

 Item Code No. (ITC Code) 

N	A
---	---

  
 Product Description 

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

 For **S. R. Batliboi & Associates**  
 Firm Registration No.: 101049W  
 Chartered Accountants

 For and on behalf of the Board of Directors of  
**Wire and Wireless (India) Limited**
**per Yogesh Midha**  
 Partner  
 Membership No.: 94941  
 Place : Gurgaon  
 Date : May 19, 2011

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

**Arun Kapoor**  
 Director  
  
**R. K. Agarwal**  
 Chief Financial Officer  
  
**Suresh Kumar**  
 Company Secretary

# Auditors' Report

The Board of Directors

## Wire and Wireless (India) Limited

1. We have audited the attached consolidated balance sheet of Wire and Wireless (India) Limited ('the Company') and its subsidiaries (collectively known as 'the Group'), as at March 31, 2011, and also the consolidated profit and loss account and the consolidated cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding 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 certain subsidiaries, whose financial statements reflect total assets of Rs.1,537.49 million as at March 31, 2011, the total revenue of Rs. 1,028.29 million and net cash flow from operating activities amounting to Rs. 651.01 million for the year then ended. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion is based solely on the report of other auditors.
4. We report that the consolidated financial statements have been prepared by the Company's management in accordance with the requirements of Accounting Standards (AS) 21, Consolidated financial statements, notified pursuant to the Companies (Accounting Standards) Rules, 2006, (as amended).
5. Without qualifying our opinion and without considering the consequential effect of the matter stated in paragraph 7 & 8 below, we draw attention to Note 1 (b) of schedule 22 of accompanying financial statements related to the conditions which indicate the existence of a material uncertainty on Company's ability to continue as a going concern. In view of the mitigating factors, which have been more fully discussed in Note 1 (b) of schedule 22 of accompanying financial statements, these financial statements have been prepared under the going concern assumption.
6. Without qualifying our opinion, we draw attention to non compliance of certain terms and conditions of the Listing agreement with Securities & Exchange Board of India (SEBI), which the management is in the process of regularizing. Pending the final outcome of this matter, no adjustments have been made to the accompanying financial statements in this regard.
7. *Attention is drawn to note no. 27 of schedule 22 of accompanying financial statements in respect of advances of Rs. 1806.30 million (including Rs. 1,386.65 million being advanced subsequent to year end) given to various companies (including Rs. 1510.00 million to subsidiaries) for meeting working capital requirements and acquisition of MSOs / direct points etc. In view of the reasons stated in the said note, management of the Company is of the view that no provision is required there against. Having regard to the nature and size of operations of the recipients of said advances and in the absence of concrete plans for acquisition of MSO/ direct points, we are unable to comment on their ability to repay/ adjustments of these advances, and consequent adjustments, if any, that may be required to the carrying values of such advances.*
8. *Attention is drawn to note no. 12 of schedule 22 of the accompanying financial statements regarding non provision of amusement tax liability of Rs. 1.86 million.*
9. Based on our audit and on consideration of reports of other auditors on separate financial statements and on the other financial information of the components, and to the best of our information and according to the explanations given to us, subject to our comment in Paragraph 7 and 8 above, we are of the opinion that the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
  - (a) in the case of the consolidated balance sheet, of the state of affairs of Wire and Wireless (India) Group as at 31st March 2011;
  - (b) in the case of the consolidated profit and loss account, of the loss for the year ended on that date; and
  - (c) in the case of the consolidated cash flow statement, of the cash flows for the year ended on that date.

### For S.R. BATLIBOI & ASSOCIATES

Firm Registration Number: 101049W

Chartered Accountants

**per Yogesh Midha**

Partner

Membership No.: 94941

Place : Gurgaon

Date : May 19, 2011

## Consolidated Balance Sheet as at March 31, 2011

Particulars	Schedule	2011	2010
(Rs. million)			
<b>SOURCES OF FUNDS</b>			
<b>Shareholders' Funds</b>			
Share Capital	1	452.82	335.35
Stock Option Outstanding	2	4.85	5.39
Reserves and Surplus	3	4,199.50	1,967.61
		<u>4,657.17</u>	<u>2,308.35</u>
Minority Interest		133.78	90.59
<b>Loan Funds</b>			
Secured Loans	4	3,437.48	3,520.06
Unsecured Loans	5	49.52	1,234.94
		<u>3,487.00</u>	<u>4,755.00</u>
<b>Deferred Tax Liability (net)</b>		-	2.06
(refer note 7 of Schedule 22 to financial statements)			
<b>TOTAL</b>		<u><u>8,277.95</u></u>	<u><u>7,156.00</u></u>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets</b>			
Gross Block	6	3,479.62	3,265.67
Less: Accumulated Depreciation/Amortisation		<u>1,899.20</u>	<u>1,752.44</u>
Net Block		1,580.42	1,513.23
Capital Work-in-Progress (including Capital Advances of Rs. 13.10 million, previous year Rs. 11.14 million)		<u>110.94</u>	<u>71.06</u>
		<u>1,691.36</u>	<u>1,584.29</u>
<b>INVESTMENTS</b>	7	7.54	2.50
<b>Deferred Tax Assets</b>		3.61	-
(Refer note 7 of Schedule 22 to financial statements)			
<b>Current Assets, Loans and Advances</b>			
Inventories	8	421.32	552.15
Sundry Debtors	9	958.96	961.93
Cash and Bank Balances	10	1,271.62	404.38
Loans and Advances	11	1,216.53	1,548.30
<b>(A)</b>		<u>3,868.43</u>	<u>3,466.76</u>
<b>Less: Current Liabilities and Provisions</b>			
Current Liabilities	12	1,896.45	1,906.40
Provisions	13	62.46	71.30
<b>(B)</b>		<u>1,958.91</u>	<u>1,977.71</u>
<b>Net Current Assets (A-B)</b>		<u>1,909.52</u>	<u>1,489.05</u>
<b>Miscellaneous Expenditure</b>	14	92.31	130.87
(to the extent not written off or adjusted)			
<b>Profit and Loss Account</b>		<u>4,573.61</u>	<u>3,949.28</u>
<b>TOTAL</b>		<u><u>8,277.95</u></u>	<u><u>7,156.00</u></u>
Significant Accounting Policies and Notes to Accounts	22		

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

As per our attached report of even date

For **S. R. Batliboi & Associates**  
Firm Registration No.: 101049W  
Chartered Accountants

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

**per Yogesh Midha**  
Partner  
Membership No.: 94941  
Place : Gurgaon  
Date : May 19, 2011

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

**Arun Kapoor**  
Director  
  
**R. K. Agarwal**  
Chief Financial Officer

**Suresh Kumar**  
Company Secretary

## Consolidated Profit and Loss Account for the year ended March 31, 2011

(Rs. Million)

Particulars	Schedule	2011	2010
<b>INCOME</b>			
Sales/Income from Operations		<b>3,059.54</b>	2,726.54
Other Income	15	<b>107.72</b>	80.69
		<b>3,167.26</b>	2,807.23
<b>EXPENDITURE</b>			
Operational Cost	16	<b>2,222.11</b>	2,520.25
Personnel Cost	17	<b>245.09</b>	252.71
Administrative Expenses	18	<b>454.68</b>	612.86
Selling and Distribution Expenses	19	<b>81.79</b>	52.91
		<b>3,003.67</b>	3,438.73
<b>OPERATING PROFIT/(LOSS)</b>			
Interest and Finance Charges (Including prior period interest of Rs. 16.18 million, Previous year Rs. Nil) (Refer Schedule 20 of Financial Statement)	20	<b>568.41</b>	674.71
Depreciation/Amortisation [net of prior period depreciation of Rs. 37.53 million (net) written back (previous year Rs, Nil)] (Refer Note 2 of Schedule 6 of Financial Statements)	6	<b>217.99</b>	415.71
		<b>786.40</b>	1,090.42
<b>Profit/(Loss) Before Exceptional Items and tax</b>		<b>(622.81)</b>	(1,721.92)
<b>Exceptional Items</b>	21	<b>22.49</b>	22.49
<b>Profit/(Loss) Before Tax</b>		<b>(645.30)</b>	(1,744.41)
Less: Provision for Tax			
Current Tax		<b>13.12</b>	20.37
Deferred Tax (Credit)		<b>(5.67)</b>	(8.81)
Income taxes for earlier years written off		<b>6.39</b>	–
<b>Profit/(Loss) after Tax</b>		<b>(659.13)</b>	(1,755.97)
Less : Minority Interest		<b>(34.80)</b>	1.96
<b>Net Profit/(Loss) for the year</b>		<b>(624.33)</b>	(1,757.93)
Add: Balance brought forward from previous year		<b>(3,949.28)</b>	(2,191.35)
<b>Balance Carried to Balance Sheet</b>		<b>(4,573.61)</b>	(3,949.28)
<b>Earnings/(Loss) Per Share: (Rs.)</b>			
Basic/Diluted (Nominal value of shares Re. 1 (Previous Year: Re. 1))		<b>(1.43)</b>	(6.41)
(Refer Note 6 of Schedule 22 to Financial Statements)			
<b>Significant Accounting Policies and Notes to Accounts</b>	22		

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

As per our attached report of even date

For **S. R. Batliboi & Associates**  
Firm Registration No.: 101049W  
Chartered Accountants

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

**per Yogesh Midha**  
Partner  
Membership No.: 94941  
Place : Gurgaon  
Date : May 19, 2011

**Amit Goenka**  
Whole-time Director

**Arun Kapoor**  
Director

**Sudhir Agarwal**  
Chief Executive Officer

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

**Suresh Kumar**  
Company Secretary



## Schedules Forming Part of the Consolidated Balance Sheet as at March 31, 2011

(Rs. million)

	2011	2010
<b>SCHEDULE 1 : SHARE CAPITAL</b>		
<b>Authorised</b>		
740,000,000 (Previous Year: 290,000,000) Equity Shares of Re. 1 each	740.00	740.00
10,000,000 (Previous Year: 10,000,000) Preference Shares of Re. 1 each	10.00	10.00
<b>TOTAL</b>	<b>750.00</b>	<b>750.00</b>
<b>Issued, Subscribed and Paid-up Capital \ Issued and Subscribed Capital</b>		
453,440,038 (Previous year 453,440,038) Equity shares of Re. 1 each	453.44	453.44
23,436 (Previous Year: 23,436) 7.25% Non-Cumulative Redeemable Preference shares of Re. 1 fully paid-up	0.02	0.02
	<b>453.46</b>	<b>453.46</b>
<b>Paid up capital</b>		
453,440,038, (Previous Year: 217,217,753) Equity Shares of Re. 1 each fully paid-up 453.44	452.80	217.22
Less : Calls in arrear on 1,286,738 (Previous Year Nil) equity shares of Re. 1 each (Rs. 0.50 paid up) (0.64)	-	-
Nil (Previous year: 236,222,285) Equity Shares of Re. 1 each (Rs. 0.50 paid up)	0.02	118.11
23,436 (Previous Year: 23,436) 7.25% Non-Cumulative Redeemable Preference shares of Re. 1 fully paid-up	0.02	0.02
<b>TOTAL</b>	<b>452.82</b>	<b>335.35</b>
<b>Notes:</b>		
1) 216,717,753 (Previous Year: 216,717,753) Equity Shares of Re. 1 each Fully Paid up are allotted for consideration other than cash pursuant to the scheme of arrangement.		
3) 23,436 (Previous Year: 23,436) 7.25% Non-Cumulative Redeemable Preference Shares of Re. 1 each Fully Paid up allotted on December 29, 2006 and redeemable at par on December 29, 2011 for consideration other than cash pursuant to the scheme of arrangement.		
<b>SCHEDULE 2 : STOCK OPTION OUTSTANDING</b>		
(Refer Note 15 of Schedule 22 to the financial statements)	4.85	5.39
	<b>4.85</b>	<b>5.39</b>
<b>SCHEDULE 3 : RESERVES AND SURPLUS</b>		
Securities Premium Account	4,199.50	1,967.61
(Refer Note 17 of Schedule 22 to Financial Statements)		
<b>TOTAL</b>	<b>4,199.50</b>	<b>1,967.61</b>
<b>SCHEDULE 4 : SECURED LOANS</b>		
Debentures		
1,920 (Previous Year : 1920) 9.95% p.a Secured Redeemable Non-Convertible Debenture of Rs. 800,000 each (Previous Year Rs. 1,000,000).	1,536.00	1,920.00
(Refer Note 8 of Schedule 22 to Financial Statements)		
<b>Loans and Advances from Bank</b>		
Working Capital Finance	178.93	537.28
Term Loans	1,721.88	1,000.00
Interest Accrued and Due on Term Loans	-	60.85
Finance Lease Obligation	0.67	1.49
Hire Purchase	-	0.44
(Refer Note 8 of Schedule 22 to Financial Statements)		
<b>Total</b>	<b>3,437.48</b>	<b>3,520.06</b>
<b>SCHEDULE 5 : UNSECURED LOANS</b>		
Short Term Loans and Advances:		
From Others	44.91	1,094.39
Interest Accrued and Due	4.61	140.55
<b>TOTAL</b>	<b>49.52</b>	<b>1,234.94</b>

# Schedules Forming Part of the Consolidated Balance Sheet as at March 31, 2011

(Rs. million)

## SCHEDULE 6 : FIXED ASSETS (at Cost)

Description	GROSS BLOCK				DEPRECIATION / AMORTISATION				NET BLOCK	
	As at 01-04-2010	Additions	Deductions	As at 31-03-2011	Up to 01-04-2010	For the year	Deductions	Up to 31-03-2011	As at 31-03-2011	As at 31-03-2010
<b>(A) TANGIBLE ASSETS</b>										
Building	31.67	-	4.09	<b>27.58</b>	7.05	0.49	0.91	<b>6.63</b>	<b>20.95</b>	24.62
Plant and Machinery	2,072.88	137.92	141.23	<b>2,069.57</b>	1,301.21	59.13	62.66	<b>1,297.68</b>	<b>771.89</b>	771.67
Computer	97.71	8.03	-	<b>105.74</b>	55.90	12.52	-	<b>68.42</b>	<b>37.32</b>	41.81
Equipments	28.07	3.41	3.12	<b>28.36</b>	9.09	1.28	1.20	<b>9.17</b>	<b>19.19</b>	18.98
Furniture and Fixtures	29.67	5.40	0.42	<b>34.65</b>	12.84	1.69	0.11	<b>14.42</b>	<b>20.23</b>	16.83
Air-conditioners	13.70	1.10	2.43	<b>12.37</b>	4.51	0.64	0.77	<b>4.38</b>	<b>7.99</b>	9.19
Studio Equipment	38.86	3.86	5.79	<b>36.93</b>	30.75	0.92	4.69	<b>26.98</b>	<b>9.95</b>	8.11
Vehicles	13.22	4.52	3.07	<b>14.67</b>	5.23	1.40	0.77	<b>5.86</b>	<b>8.81</b>	7.99
Ground Distribution Network	201.95	51.09	2.00	<b>251.04</b>	68.39	10.74	0.12	<b>79.01</b>	<b>172.03</b>	133.56
Networking	1.51	-	-	<b>1.51</b>	1.06	0.23	-	<b>1.29</b>	<b>0.22</b>	0.45
Leasehold Improvements	43.05	0.98	-	<b>44.03</b>	15.93	3.61	-	<b>19.54</b>	<b>24.49</b>	27.12
STB'S	480.35	150.18	-	<b>630.53</b>	158.25	106.35	-	<b>264.60</b>	<b>365.93</b>	322.10
Decoders	1.00	-	-	<b>1.00</b>	0.11	-	-	<b>0.11</b>	<b>0.89</b>	0.89
<b>Total - (A)</b>	<b>3,053.64</b>	<b>366.49</b>	<b>162.15</b>	<b>3,257.98</b>	<b>1,670.32</b>	<b>199.00</b>	<b>71.23</b>	<b>1,798.09</b>	<b>1,459.89</b>	<b>1,383.32</b>
<b>(B) INTANGIBLE ASSETS</b>										
Goodwill	44.79	-	-	<b>44.79</b>	4.83	2.26	-	<b>7.09</b>	<b>37.70</b>	39.96
Cable Rights	50.35	-	-	<b>50.35</b>	46.27	0.91	-	<b>47.18</b>	<b>3.17</b>	4.08
Softwares	64.18	8.29	-	<b>72.47</b>	31.02	15.82	-	<b>46.84</b>	<b>25.63</b>	33.16
Goodwill on Consolidaion	52.71	1.32	-	<b>54.03</b>	-	-	-	<b>-</b>	<b>54.03</b>	52.71
<b>Total - (B)</b>	<b>212.03</b>	<b>9.61</b>	<b>-</b>	<b>221.64</b>	<b>82.12</b>	<b>18.99</b>	<b>-</b>	<b>101.11</b>	<b>120.53</b>	<b>129.91</b>
<b>Total (A+B)</b>	<b>3,265.67</b>	<b>376.10</b>	<b>162.15</b>	<b>3,479.62</b>	<b>1,752.44</b>	<b>217.99</b>	<b>71.23</b>	<b>1,899.20</b>	<b>1,580.42</b>	<b>1,513.23</b>
Previous Year 31.03.2010	3,179.57	216.46	130.36	<b>3,265.67</b>	1,350.84	415.71	14.11	<b>1,752.44</b>	<b>1,513.23</b>	
<p>Note 1: Vehicle includes vehicle taken on lease. Gross Block Value of Rs. 0.97 million (Previous year : Rs. 2.21 million). Net Block Value of Rs. 0.90 million (Previous year : Rs. 1.82 million).</p> <p>Note 2: Depreciation for the year is after adjusting: - excess depreciation of Rs. 43.08 million charged in earlier years on Plant &amp; Machinery, now written back; and - prior period depreciation of Rs. 5.55 million on Computer softwares, now provided.</p>										

## SCHEDULE 7 : INVESTMENTS - Long Term - At Cost

### Unquoted - Trade

No. of Particulars Shares	2011		2010	
<b>Equity Shares</b>				
480 Equity Shares of Rs. 100/- each fully paid up of Master Ads Pvt. Ltd.	<b>0.05</b>		0.05	
Less : Provision for diminution in value of Investments	<b>0.05</b>	-	0.05	-
9,500 Equity Shares of Rs.10/- each fully paid up of Dakshin Communication Pvt. Ltd.	<b>1.77</b>		1.77	
Less : Provision for diminution in value of Investments	<b>1.77</b>	-	1.77	-
3,000 Equity Shares of Rs.10/- each fully paid up of Centre Channel Pvt. Ltd.	<b>0.23</b>		0.23	
Less : Provision for diminution in value of Investments	<b>0.23</b>	-	0.23	-
<b>Unquoted - Trade</b>				
6% Non-Cumulative Redeemable Preference Shares of Rs. 100/- each fully paid up of 14,080 Haryana Communication Network Pvt. Ltd.	<b>7.04</b>		7.04	
Less : Provision for diminution in value of Investments	<b>7.04</b>	-	7.04	-
5,430 Bangalore Communication Network Pvt. Ltd. #	-		-	
1,610 Banjara Telelinks Pvt. Ltd. #	-		-	
579 Bargachh Telelinks Pvt. Ltd. #	-		-	
8,420 Chanakya Communications Network Pvt. Ltd. #	-		-	
9,680 Chandigarh Network Systems Pvt. Ltd. #	-		-	

## Schedules Forming Part of the Consolidated Balance Sheet as at March 31, 2011

No. of Shares	Particulars	(Rs. million)	
		2011	2010
1,230	Chirag Telelinks Pvt. Ltd. #	-	-
5,489	Condoor Communication Pvt. Ltd. #	-	-
41,960	Dakhsin Communications Pvt. Ltd. #	-	-
8,580	Faridabad Entertainment Pvt. Ltd. #	-	-
6,270	Garden City Communication Pvt. Ltd. #	-	-
14,140	Him Mohini Communications Pvt. Ltd. #	-	-
3,659	North Bombay Cable Network Pvt. Ltd. #	-	-
12,510	North Delhi Cable Network Pvt. Ltd. #	-	-
8,118	Purvalaya Communications Pvt. Ltd. #	-	-
15,270	Purvi Communications Pvt. Ltd. #	-	-
9,820	Rajdhani Communication Network Pvt. Ltd. #	-	-
250	Satellite Communication Pvt. Ltd. #	-	-
5,730	Shri Sai Network Pvt. Ltd. #	-	-
3,290	Siti Communication Pvt. Ltd. #	-	-
1,290	Tirupathy Communication Network Pvt. Ltd. #	-	-
2,050	Trans Yamuna Communication Network Pvt. Ltd. #	-	-
3,850	Vanasthali Communication Network Pvt. Ltd. #	-	-
2,530	West Delhi Cable Network Pvt. Ltd. #	-	-
1,100	Zem Communication Pvt. Ltd. #	-	-
26,020	Ahmedabad Network System Pvt. Ltd. #	-	-
7,570	Amritsar Communication Network Pvt. Ltd. #	-	-
5,248	Delhi Prime Communication Network Pvt. Ltd. #	-	-
2,420	Divine Cable Visions Pvt. Ltd. #	-	-
4,600	Divya Communications Pvt. Ltd. #	-	-
5,699	Dwarka Telelinks Pvt. Ltd. #	-	-
1,989	East Delhi Communication Network Pvt. Ltd. #	-	-
4,469	East Ludhiana Cable Network Pvt. Ltd. #	-	-
10,280	East Patel Communication Network Pvt. Ltd. #	-	-
4,760	Jabalpur Cable Network Pvt. Ltd. #	-	-
2,990	Jalandhar Multimedia Pvt. Ltd. #	-	-
6,820	Jammu Communications Network Pvt. Ltd. #	-	-
12,930	Karnal Communications Pvt. Ltd. #	-	-
14,220	Maninagar Network Pvt. Ltd. #	-	-
590	Nizamabad Communication Pvt. Ltd. #	-	-
6,580	Noida Network Systems Pvt. Ltd. #	-	-
10,898	Panchsheel Communication Network Pvt. Ltd. #	-	-
8,880	Panipat Communications Pvt. Ltd. #	-	-
4,180	Pink City Communication Network Pvt. Ltd. #	-	-
23,010	Sabarmati Network Pvt. Ltd. #	-	-
15,440	Space Channel Communication Pvt. Ltd. #	-	-
7,070	Vasant Kunj Cable Network Pvt. Ltd. #	-	-
4,390	Vision Network Pvt. Ltd. #	-	-
	<b>Unquoted - Non Trade</b>		
	Units 500,404 (Previous Year 14650.404 Units) of face value of Rs.10 each of ICICI Prudential Flexible Income Premium Growth	5.04	2.50
	Units 196,765.18 (Previous Year Nil) of face value of Rs.10 each of UTI Fixed Income Interval fund	2.50	-
	<b>Total</b>	<b>7.54</b>	<b>2.50</b>

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

## Schedules Forming Part of the Consolidated Balance Sheet as at March 31, 2011

(Rs. million)

Particulars	2011	2010
<b>SCHEDULE 8 : INVENTORIES (at lower of cost or net realisable value)</b>		
Stock-in-trade	347.47	499.66
Store and Spares	73.85	52.49
<b>TOTAL</b>	<b>421.32</b>	<b>552.15</b>
<b>SCHEDULE 9 : SUNDRY DEBTORS</b>		
<b>Debt outstanding for a period exceeding six months</b>		
- Unsecured Considered Good	344.77	472.17
- Unsecured Considered Doubtful	1,708.51	1,562.93
	<b>2,053.28</b>	<b>2,035.10</b>
Less : Provision for Doubtful Debts	1,708.51	1,562.93
	<b>344.77</b>	<b>472.17</b>
<b>Other Debts</b>		
- Unsecured Considered Good	614.19	489.76
- Unsecured Considered Doubtful	1.26	4.62
	<b>615.45</b>	<b>494.38</b>
Less : Provision for Doubtful Debts	1.26	4.62
	<b>614.19</b>	<b>489.76</b>
<b>TOTAL</b>	<b>958.96</b>	<b>961.93</b>
<b>SCHEDULE 10 : CASH AND BANK BALANCES</b>		
Cash on hand	77.09	46.65
Balance with Scheduled Banks		
- On Current Accounts	794.50	179.02
- On Deposit Accounts (for facilities provided by banks)*	306.02	130.01
- On Margin Money*	1.20	1.67
Cheques and Drafts On Hand / in Transit	92.81	47.03
(* includes Rs. 275.91 million (previous year Rs. 130.41 million) pledged with various authorities/ given as margin moneys, which are not available for use by the Company.)		
<b>TOTAL</b>	<b>1,271.62</b>	<b>404.38</b>
<b>SCHEDULE 11 : LOANS AND ADVANCES</b>		
<b>Unsecured, Considered Good</b>		
Advances Recoverable in cash or in kind or for value to be received	614.43	834.17
Inter Corporate Deposits	-	0.45
Balance with Excise, customs, etc.	149.33	236.31
Deposit - Others	339.36	337.47
Advance Tax (Net of Provision)	113.41	139.90
<b>Unsecured, Considered Doubtful</b>		
Advances to Distribution Companies	732.50	738.38
Deposit - Others	2.81	2.81
Other Advances	162.12	136.40
	<b>2,113.96</b>	<b>2,425.89</b>
Less : Provision for Advances to Distribution Companies	732.50	738.38
Provision for Deposit Others	2.81	2.81
Provision for Other Advances	162.12	136.40
<b>TOTAL</b>	<b>1,216.53</b>	<b>1,548.30</b>

## Schedules Forming Part of the Consolidated Balance Sheet as at March 31, 2011

Particulars	2011	2010
(Rs. million)		
<b>SCHEDULE 12 : CURRENT LIABILITIES</b>		
Sundry Creditors :		
a) total outstanding dues of Micro and Small Enterprises		
b) total outstanding dues of creditors other than Micro and Small Enterprise	1,242.71	1,278.93
(Refer Note 22 of Schedule 22 to Financial Statements)		
Other Liabilities	146.57	325.75
Trade Advances / Deposits received	289.00	253.21
Bank Overdraft	158.27	32.57
Interest Accrued but not Due	59.90	15.94
<b>TOTAL</b>	<b>1,896.45</b>	<b>1,906.40</b>
<b>SCHEDULE 13 : PROVISIONS</b>		
Provision for Employee Benefits	19.81	20.18
Provision for Taxation (Net of Advance Tax)	42.65	51.12
<b>TOTAL</b>	<b>62.46</b>	<b>71.30</b>
<b>SCHEDULE 14 : MISCELLANEOUS EXPENDITURE</b>		
(to the extent not written-off or adjusted)		
Unamortised Finance Cost	92.31	130.41
Preliminary Expenses	–	0.46
<b>TOTAL</b>	<b>92.31</b>	<b>130.87</b>

## Schedules Forming Part of the Consolidated Profit and Loss Account for the Year Ended March 31, 2011

Particulars	2011	2010
(Rs. million)		
<b>SCHEDULE 15 : OTHER INCOME</b>		
Interest Income		
Bank deposits (Gross; tax deducted at source Rs. 0.94 million Previous Year Rs. 0.58 million)	8.25	2.83
Others - Interest on inter corporate deposits (Gross tax deducted at source Rs. 1.70 million, Previous Year Rs.0.72 million)	7.50	–
Miscellaneous Income (Refer Note 28 of Schedule 22)	3.17	39.16
Profit on sale of fixed assets (net)	5.23	–
Excess provision written back	83.57	38.70
<b>TOTAL</b>	<b>107.72</b>	<b>80.69</b>
<b>SCHEDULE 16 : OPERATIONAL COST</b>		
Program Production Expenses	15.61	21.37
Distribution Charges	672.78	499.26
Pay Channel Subscription	1,360.46	1,283.30
Other Operational Cost	115.69	658.69
Repairs and Maintenance - Network	21.72	23.76
Rent	35.85	33.87
<b>TOTAL</b>	<b>2,222.11</b>	<b>2,520.25</b>

## Schedules Forming Part of the Consolidated Profit and Loss Account for the Year Ended March 31, 2011

(Rs. million)

Particulars	2011	2010
<b>SCHEDULE 17 : PERSONNEL COST</b>		
Salaries, Wages, Allowances and Bonus	222.92	227.78
Contribution to Provident and Other Funds	12.79	14.50
Workmen and Staff Welfare Expenses	9.38	10.43
<b>TOTAL</b>	<b>245.09</b>	<b>252.71</b>
<b>SCHEDULE 18 : ADMINISTRATIVE EXPENSES</b>		
Rent	22.94	26.00
Rates and Taxes	3.35	2.40
Communication Expenses	13.57	13.99
Repairs and Maintenance		
- Building	0.28	0.88
- Others	14.46	9.34
Electricity Expenses and Water Charges	21.56	26.59
Legal, Professional and Consultancy Charges	46.08	37.27
Printing and Stationery	8.53	8.68
Service Charges	47.52	40.93
Travelling and Conveyance Expenses	22.95	28.49
Vehicle Expenses	12.15	7.88
Miscellaneous Expenses	59.77	24.62
Bad debts	-	47.76
Provision for Doubtful Debts	160.50	236.86
Provision for Doubtful advances	21.02	64.86
Loss on Sale/Discard/Write-off of Assets (net)	-	36.41
<b>TOTAL</b>	<b>454.68</b>	<b>612.96</b>
<b>SCHEDULE 19 : SELLING AND DISTRIBUTION EXPENSES</b>		
Advertisement and Publicity Expenses	22.21	6.83
Commission Charges and Incentives	25.82	28.34
Rebate and Discount	4.96	13.06
Business and Sales Promotion	28.80	4.68
<b>TOTAL</b>	<b>81.79</b>	<b>52.91</b>
<b>SCHEDULE 20 : INTEREST AND FINANCE CHARGES</b>		
Interest on		
- Term Loan and Debentures	329.29	267.41
- Others (Including prior period interest of Rs.16.18 million, Previous year Rs. Nil)	178.08	358.21
Financing Expenses	61.04	49.09
<b>TOTAL</b>	<b>568.41</b>	<b>674.71</b>
<b>SCHEDULE 21 : EXCEPTIONAL ITEMS</b>		
Amusement Tax (Paid against demand notice of earlier years)	22.49	22.49
<b>TOTAL</b>	<b>22.49</b>	<b>22.49</b>

## SCHEDULE 22: Consolidated Notes to Accounts for the year ended March 31, 2011

(All amounts in Rupees Unless otherwise stated)

### Significant Accounting Policies and Notes to Accounts

#### 1. a) Background

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

- b) The Group's accumulated losses aggregate to Rs 4,573.61 million as at March 31, 2011 (Rs. 3,949.28 million as at March 31, 2010); while the shareholder funds aggregate to Rs. 4,657.17 million at that date (Rs 2,308.35 million as at March 31, 2010). As per the revised business plan, the Company will increase/ expand the subscriber base of its analogue business & convert the existing universe of analog into digital customers which will yield higher subscription income and improve operational efficiency. Based on the business plan, the Company expects to have positive cash flows and earnings before interest, depreciation and tax (EBIDTA) from operations from year 2011-12. Further, the Company has been adopting and implementing significant cost rationalization measures including right sizing of its work force, the benefit of which will be more significant in future years.

Based on the above, management expects to earn higher revenues and improved profitability which will enable the Company to strengthen its financial position. Also one of the promoter companies has provided assurance that it intends to provide full financial and operational support to the Company, to continue its operations for the foreseeable future.

Based on above, the management is of the opinion that it is appropriate to prepare these financial statements on going concern basis.

#### 2. Statement of Significant Accounting Policies:

##### a) Basis of preparation

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

The consolidation of the financial statements of the parent company and its subsidiaries is done, to the extent possible, on a line-by-line basis by adding together like items of assets, liabilities, income and expenses. All inter-group transactions, balances and unrealized inter-company profits have been eliminated in the process of consolidation and the consolidated financial statement have been prepared using uniform accounting policies except that in case of one of the subsidiaries, Central Bombay Cable Network Limited, fixed assets are depreciated using written down value method instead of straight-line method. The total amount of net block of these items of fixed assets represents 2.24% of the total consolidated fixed assets of the group at year end.

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

Name of the Subsidiaries	Extent of holding %	Place of incorporation
Indian Cable Net Company Limited. ( hereinafter referred as "ICNCL")	68	India
Central Bombay Cable Network Limited. ( hereinafter referred as "CBCNL")	100	India
Siticable Broadband South Limited. ( hereinafter referred as "SBSL")	100	India
Wire and Wireless Tisai Satellite Private Limited ( hereinafter referred as "WWTSP")	51	India
Master Channel Community Network Pvt. Ltd. (hereinafter referred as "MCCNPL")	66	India
Siti Vision Digital Media Private Limited. (hereinafter referred as "SVDMP")	51	India

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

Minorities' interest in net profit of consolidated subsidiaries for the year has been identified and adjusted against the income in order to arrive at the net income attributable to the shareholders of the Company. Their share of net assets has been identified and presented in the Consolidated Balance Sheet separately. Where accumulated losses attributable to



the minorities are in excess of their equity, in the absence of the contractual obligation on the minorities, the same have been accounted for by the holding Company.

**b) Use of Estimates**

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

**c) Fixed Assets**

- (i) Fixed Assets are stated at cost less accumulated depreciation and impairment if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.
- (ii) Borrowing costs relating to acquisition of fixed assets which takes substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to be put to use.

**d) Intangible Assets**

- a) Goodwill on acquisition is amortized using the straight-line method over a period of five years.
- b) Softwares are amortized at lower of useful life or over a period of six years on straight line basis.
- c) Program/Film/Cable rights are stated at net cost (cost less accumulated amortization/impairment).

**e) Depreciation/Amortisation**

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

	<b>Rates used</b>
Building	1.63%
Plant and Machinery	10.00% - 20.00%
Furniture and Fixtures	6.33%
Studio Equipments	7.07%
Computers	16.21%
Vehicles	9.50%
Office Equipments	4.75%
Software	16.21%
Set-top Boxes	20.00%

- (ii) Leasehold improvements are amortized over the lease term, which is 10 years.
- (iii) Plant and Machinery taken over under scheme of arrangement in the earlier years are depreciated over the management's estimate of remaining useful life, a period of 5 years.
- (iv) Cost of news/current affairs/chat shows/events including sports events, etc. are fully expensed on first telecast.
- (v) Program/Film/Cable rights are amortized on a straight-line basis over the license period or 60 months from the date of purchase, whichever is shorter.
- (vi) Assets costing less than Rs. 5,000 are fully depreciated in the year of purchase.
- (vii) In case of ICNCL, Set Top Boxes given on operating lease are amortized over the effective period of lease.
- (viii) In case of Siti Vision Digital Media Private Limited, Studio Equipments are depreciated at the rate of 4.75%.

**f) Impairment**

- (i) The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal / external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

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

#### g) Leases

##### Where the Group is the Lessee:

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

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

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

##### Where the Group is the lessor:

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

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

In case of ICNCL, Assets given under Operating Leases are capitalized at an amount equal to cost arrived on simple average method and the rental income is recognized on a equal monthly rental billed to subscriber. The initial security deposit received has been recognized as current liability net of statutory monthly deduction. The statutory monthly deduction has been recognized as other income.

#### h) Investments

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

#### i) Inventories:

##### Inventories are valued as follows:

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

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

#### j) Revenue Recognition

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

##### Income from Services:

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

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

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

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

The followings revenue recognition policies are specific to ICNCL:

- a. Income from rendering technical services is recognized on accrual basis.
- b. Income from dark fiber leasing is recognized on accrual basis as per terms of the respective contracts.
- c. Telecast fees are recognized as evenly accruing over the term of the contract of telecast, unless the contracts specify a different basis of recognition of such telecast fees.
- d. Income from broadband services recognized on accrual basis.
- e. Subscription Income from Cable Service (net of applicable taxes and duties) are recognized on accrual basis from the date of commencement of supply at the signal injection points(s) of the customers after an initial 'free-viewing' period, if any, as per schedule of rates.

#### **Sale of Goods**

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

#### **Interest**

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

#### **k) Miscellaneous Expenditure**

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

In case of Siticable Broadband South limited, Preliminary Expenses are amortized over a period of 10 years.

#### **l) Foreign Currency Transaction**

##### **(i) Initial Recognition**

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

##### **(ii) Conversion**

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

##### **(iii) Exchange Differences**

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

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

Retirement benefit in the form of provident fund is a defined contribution scheme and the contributions are charged to the Profit & Loss Account of the year when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the respective trusts.

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

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

In case of ICNCL, Cost of accumulating compensated absences that are expected to be availed within a period of 12 months from the period end are recognized when the employees render the service that increases their entitlement to future compensated absences. Cost is computed based on past trends and is not discounted. Hitherto, costs of such compensated absences were recognized when the absences occurred. The financial impact of the change in accounting policy is not significant.

Cost of non-accumulating compensated absences is recognized when absences occur. Costs of other short term employee benefits are recognized on accrual basis based on the terms of employment contract and other relevant compensation policies followed by the Company.

In respect of ICNCL, Cost of a long term benefit by way of accumulating compensated absence that are expected to be availed after a period of 12 months from the period end are recognized when the employees render the service that increases their entitlement to future compensated absences. Such cost is recognized based on actual valuation of related obligation on the reporting date. Actuarial gains and losses for the period are recognized in the profit and loss account as income or expense.

In respect of ICNCL, gratuity which is in the nature of non contributory defined benefit plan, is administered by the Trustees. Trustees of the scheme have entrusted the administration of the related fund to the Life Insurance Corporation of India (LIC). ICNCL provides gratuity benefit through annual contributions to a fund managed by LIC. Under this plan settlement obligation remains with it, although LIC administers the plan and determines the contribution premium required to be paid by ICNCL. The contribution to the fund with LIC is debited to the provision for gratuity which is created by the difference between the balance in the fund with LIC and the amount of fund required at the end of a relevant period as determined by external actuarial valuation.

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

**n) Income Tax**

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

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

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

**o) Earning Per Share**

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

**p) Employees Stock Compensation Cost**

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

**q) Provisions**

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

**r) Cash and Cash Equivalents**

Cash & Cash Equivalents in the Balance Sheet comprises cash in hand and at Bank and short-term investments with an original maturity of three months or less.

**s) Borrowing Costs**

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

**3) Segment Reporting Policies:**

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

**4) Related Party Disclosure:**

(i) Names of Related Parties where control exists:

**(a) Individuals having significant influence**

Mr. Ashok Mathai Kurien, Mr. Laxmi Goel and Ms. Sushila Goel.

**(b) Key Management Personnel:**

Mr. Subhash Chandra, Director; Mr. Amit Goenka, Whole-Time Director; Mr. Sudhir Agarwal, Chief Executive Officer; Mr. Arun Kapoor, Director; Parminder Singh Sandhu, Director (Resigned w.e.f. Dec 21, 2010); Brijendra Kumar Syngal, Director; Suresh Kumar Aggarwal, Director; Vinod Kumar Bakshi, Director ( w.e.f. Dec. 21, 2010), Mr. Avindra Mohan, Director, Director, Mr. Suresh Kumar, Director, Mr. Suresh Kumar Sethia, Director, Mr. Sudhir J. Agarwal, Director, Mr. Raj Kumar Agarwal, Mr. Surendra Kumar Agarwala (Joined w.e.f. July 29, 2010), Mr. Somen Roy Choudhary (Joined w.e.f. July 01, 2010), Mr. B.K. Singh Deo (resigned w.e.f. Nov 15, 2010), Director, Mr. R.K. Singh, Director, Mr. Sandeep Kumar Jain, Director, Mr. V.Kumar, Director, Mr. Anil Jain (Joined w.e.f. Nov 15, 2010), Mr. Mukesh Mittal, Director, Mr. S.K. Gupta, Director, Mrs. Sulbha Gaekwad, Director, Mr. P. Sai Babu, Smt. P. Kiranmayee, Mr. Shio Kumar Gupta, Mr.V.K.Gupta, Mr. Jain Kumar, Mr. Sandeep Kumar Jain, Mr. K. Sivaramakrishna, Mr. B. Satish Kumar, Mr. J. Gopalarao, Mr. I.S. Ramakrishna.

**ii. Other Related parties with whom transactions have taken place during the year**

Agrani Satellite Services Ltd., Dakshin Media Gaming Solutions Pvt. Ltd., Diligent Media Corporation Limited, Dish TV India Ltd., Essel Propack Ltd., Essel Corporate Resources Pvt Ltd., ETC Networks Limited, Integrated Subscriber Management Services Limited, Intrex India Ltd., Pan India Network Infravest Pvt. Ltd., Rama Associates Limited, Zee Entertainment Enterprises Limited (ZEEL), Zee Interactive Learning System, Zee News Limited, Zee Turner Ltd., Churu Trading Co. Private Limited, Essel Minerals Pvt. Ltd., Briggs Trading Company Pvt. Ltd., Ganjam Trading Company Pvt. Ltd., Jayneer Capital Pvt. Ltd., Shree Jarimari Satellite Services, Shree Tisai Satellite Services, Siti Dharshan Cable Net Co. Private Limited, Mr. Kasi Viswanadha Rao, Mrs. P. Damyanthi Rao, Megha Satellite Service, Mrs. Bharti P., Siti Royal Heritage Network Cable Pvt. Ltd, Sri Satya O & M Services, Silpi Tech, Mr. B. Parvathi, Mr. J. Parvathi, Mrs. M. Sujatha.

(Rs. in millions)

Sr. No.	Particulars Nature of Expenses / Names of the Parties	March 31, 2011	Major Parties March 31, 2011	March 31, 2010	Major Parties March 31, 2010
1	<b>Sale. Services and other Recoveries (Net)</b> ZEEL Zee News Ltd. Zee Turner Ltd	<b>218.29</b>	<b>170.00</b> <b>40.01</b> -	223.98	134.60 80.09 0.40
2	<b>Purchase of Programs, Goods &amp; Services</b> Dish TV India Limited Zee Turner Ltd.	<b>253.55</b>	- <b>156.80</b>	849.71	624.12 184.42
4	<b>Sale of Fixed Assets &amp; Capital Goods</b> Dish TV India Ltd.	-	-	75.36	75.18
5	<b>Interest Paid</b> Zee News Limited ZEEL Churu Trading Company Private Ltd.	<b>113.42</b>	<b>95.98</b> <b>12.83</b> -	301.97	142.21 127.10 12.57
6	<b>Receipts towards advances given</b> Dish TV India Ltd.	-	-	15.00	15.00

(Rs. in millions)

Sr. No.	Particulars Nature of Expenses / Names of the Parties	March 31, 2011	Major Parties March 31, 2011	March 31, 2010	Major Parties March 31, 2010
7	<b>Loans / Deposits received from</b> Zee News Ltd. Churu Trading Co.Pvt. Ltd. ZEEL	<b>33.25</b>	– <b>29.00</b> –	2,616.26	1,876.00 740.26 –
8	<b>Repayment of Loans / Deposits received</b> Churu Trading Co.Pvt. Ltd. Zee News Limited ZEEL	<b>1,096.82</b>	<b>16.70</b> <b>988.32</b> <b>91.80</b>	4,411.41	952.50 1,041.00 2,399.72
9	<b>Expenses Recovered</b> Zee News Ltd. Zee Turner Ltd. Dish TV India Ltd.	<b>5.42</b>	<b>3.96</b> <b>0.54</b> <b>0.15</b>	2.13	1.38 0.62 –
10	<b>Expenses Reimbursed</b> Zee News Limited Zee Turner Limited ZEEL	<b>3.24</b>	<b>3.15</b> <b>0.08</b> –	2.73	1.39 1.05 4.99
11	<b>Remuneration to Key Managerial Personnel</b> Sudhir Agarwal	<b>17.25</b>	<b>15.00</b>	4.33	12.5
12	<b>Balances Outstanding as on 31st March 2011</b>				
a.	<b>Sundry Debtors</b> Zee News Ltd. Dish TV India Limited ZEEL	<b>154.59</b>	<b>114.56</b> – <b>38.42</b>	293.33	151.60 92.60 45.85
b.	<b>Sundry Creditors</b> ZEEL Shree Tisai Satellite Services Zee Turner Ltd Siti Darshan Cable Net Co. Pvt. Ltd.	<b>393.84</b>	<b>4.79</b> <b>34.36</b> <b>319.16</b> <b>10.92</b>	306.13	12.10 35.72 245.23 –
c.	<b>Loans / Deposits/Advances given</b> Zee Turner Ltd. Dish TV India Limited Rama Associates Limited	<b>323.38</b>	<b>13.44</b> <b>217.82</b> <b>50.03</b>	291.67	14.01 226.41 50.03
d.	<b>Loans/Deposits/Advances received</b> ETC Networks Ltd. Churu Trading Co. Pvt. Ltd. Zee News Limited	<b>44.85</b>	– <b>38.78</b> –	1,106.61	91.81 26.48 988.32
e.	<b>Interest Accrued on Loans/Deposits/ Advances received</b> Churu Trading Co. Pvt. Ltd. Zee News Limited	<b>4.61</b>	<b>4.61</b> –	150.43	12.56 123.15

## 5) Leases:

### In case of assets taken on lease

#### Finance Lease

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

#### Operating Lease

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

(Rs in millions)

Particulars	Finance Lease		Operating Lease	
	2011	2010	2011	2010
<b>Carrying amount of the Leased asset</b>	<b>0.90</b>	1.82		
Total minimum lease payments at the year end	<b>0.79</b>	1.75	–	–
Less : amount representing finance charges	<b>0.12</b>	.26	–	–
Present value of minimum lease payments	<b>0.67</b>	1.49	–	–
Lease payment for the year	–	–	<b>67.48</b>	52.95
Minimum Lease Payments :		–		
Not Later than one year	<b>0.24</b>	0.68	<b>4.90</b>	1.82
Later than one year and not later than five years	<b>0.55</b>	1.07	<b>3.97</b>	5.11
Later than 5 years	–	–	–	–

**In case of assets given on Lease****Operating Lease**

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

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

(Rs. in millions)

Description of Assets	Gross Block	Depreciation for the year ended March 31, 2011	Accumulated Depreciation
Plant and Machinery	99.58	0.32	94.71
Equipments	0.25	0.01	0.24
Furniture and Fixtures	0.07	0.00	0.05
Studio Equipments	0.65	0.04	0.46
Air-conditioners	0.40	0.02	0.09
Set Top Boxes	509.68	92.48	234.39
<b>Total</b>	<b>610.63</b>	<b>92.87</b>	<b>329.94</b>
Previous Year	561.16	81.69	247.67

In Case of ICNCL, The Company has given Set Top Boxes under Operating Lease which is included above, particulars of which as required under AS –19 are disclosed here under:

- i) Further, ICNCL has been leasing out certain portion of its Ground Distribution Network to various parties on terms and conditions as to value and length of the lease set out in the respective contract with the said parties which is flexible. The total lease rental income out of such lease is aggregating to Rs 12.34 million (previous year Rs. 17.06 million). The Capital value of such assets is not separately identifiable as the same network is also used for its own cable distributions. The said leases are in the nature of Operating Lease.

**6) Earning Per Share:**

In accordance with AS - 20 "Earnings Per Share" as notified by Companies (Accounting Standards) Rules, 2006, (as amended) basic earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of shares outstanding during the year.

Particulars	March 31, 2011	March 31, 2010
Weighted average number of equity shares (No.)	<b>437,919,888</b>	274,382,626
Nominal Value of equity shares (Re.)	<b>1</b>	1
Profit/(Loss) after Tax (Rs. in millions)	<b>(624.33)</b>	(1,757.93)
Basic/Diluted earnings/(loss) per share (Rs.)	<b>(1.43)</b>	(6.41)



There are potential equity shares as on March 31, 2011 in the form of stock options granted to employees. As these are anti dilutive they are ignored in the calculation of diluted earnings per share and accordingly the diluted earnings per share is the same as basic earnings per share.

## 7) Taxation:

In accordance with the Accounting Standard 22 on "Accounting for taxes on income" (AS 22) as notified by Companies (Accounting Standards) Rules, 2006, (as amended), deferred tax assets and liability should be recognized for all timing differences in accordance with the said standard.

Further, Deferred Tax Assets are not recognized in standalone financials of Wire & Wireless India Limited (Net Rs. (1,828.77) million, Previous Year Rs. 1,781.24 million) since it is not virtually certain that Deferred Tax Assets can be realized against future taxable profits. However, in case of subsidiaries the same are taken as per AS-22.

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

(Rs. in millions)

Particulars	March 31, 2011	March 31, 2010
<b>Deferred Tax Liabilities</b>		
Differences in depreciation and other differences in block of fixed assets as per tax books and financial books	-	31.10
Deferred revenue expenses/Other difference	23.33	35.08
<b>Total (A)</b>	<b>23.33</b>	<b>66.18</b>
<b>Deferred Tax Assets</b>		
Differences in depreciation and other differences in block of fixed assets as per tax books and financial books	8.24	-
Unabsorbed Depreciation	464.85	503.09
Carry forward of losses	473.17	541.70
Expenditure debited to profit & loss account in the current year but allowed for tax purposes in following years	101.84	14.16
Provision for doubtful debts	530.58	487.14
Provision for doubtful advances	277.08	270.59
<b>Total (B)</b>	<b>1,855.77</b>	<b>1,845.35</b>
<b>Net Deferred Tax Assets/(Liability) (A-B)</b>	<b>1,832.44</b>	<b>1,779.18</b>

## 8) Secured Loans

### i. Non-Convertible Debentures

Non-convertible debentures are secured by first ranking *pari passu* mortgage and/ or charge/assignment of all the Company's immovable properties, present and future and all the Company's movable, including movable plant and machinery, machinery spares, tools and accessories, furniture, fixture, vehicles and all other movable assets, present and future and the Company's cash flow, receivables, bank account (other than the reserve account) wherever mentioned, all monies lying in and to the credit of such account, book debts, revenue of whatsoever nature and where ever arising, present and future and insurance policies. An exclusive charge over the reserve account and all amounts lying there in and the credit thereof, present and future. The debentures are redeemable at par in four six-monthly installments starting from Dec. 2010, 2 each of 20% of the issue size and and 2 each of 30% of the issue size.

### ii. Working Capital Finance from Banks

Secured by first *pari passu* charge on the fixed assets and current assets of the Company. All the loans are further secured by corporate guarantee of Zee Entertainment Enterprises Ltd. (ZEEL).

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

**From IDBI Bank** - Term loans are secured by mortgage and charge in favour of lender in a form satisfactory to the lender of all the borrowers immovable properties, both present and future, and as well as movable properties and first charge by way of hypothecation and/ or pledge of the borrowers current assets. Also secured by corporate guarantee of ZEEL.

**From Axis Bank** - Term loans are secured by *pari-passu* first charge on entire movable, both present and future, of the

Company and on the receivables, cash flow and account of the company. Also secured by corporate guarantee of ZEEL for maintaining revolving Debt Service Reserve Account (DSRA) for 1 quarter of the interest and principal repayment to be funded 10 days before each due date, for the entire tenure of the loan.

**iv. Finance lease and Hire Purchase facility**

Secured by hypothecation of vehicles purchased thereunder.

**9) Capital Commitments:**

Estimated amount of Contracts remaining to be executed on capital account and not provided for (Net of Advances) amounting to Rs. 75.78 million (Previous Year: Rs. 20.60 million).

**10) Contingent Liabilities not provided for**

- i) Claims against the group not acknowledged as debts Rs.77.06 million (Previous Year Rs. 127.93 million).
- ii) Income Tax matters : The Assessing Officer had levied penalty under Section 271(1) (c) of the Act of Rs 24.99 million in Assessment Year 2004-05 on account of additions confirmed by the CIT(A) in respect of the non deduction of tax on bandwidth charges of Rs. 22.36 million and advance to management companies written off of Rs. 50.96 million. The CIT(A) had affirmed the penalty and the company has further filed an appeal before the Tribunal against the order of CIT(A).

The Company contends that all the relevant facts material to the computation of the total income were disclosed in the assessment proceedings and hence feels that there would be no tax liability.

- iii) In case of ICNCL,
  - a) for counter guarantees in respect of outstanding bank guarantees & FD pledged Rs. 0.64 million (Previous Year Rs. 1.13).
  - b) In respect of unexpired contracts Rs 3.33 million (Previous Year Rs 3.50 million).
- iv) In case of WWTSP:
  - a) The management does not expect any liability towards interest, penalty etc. requiring any provision in the accounts in respect of delay in depositing statutory dues to government and local authorities beyond the time allowed.
  - b) Paychannel fees payable to broadcasters for the period January 2011 to March 2011 as per agreements executed shall be recorded after negotiation taking into account the prevailing situation.
- v) The Company has undertaken to provide continuing financial support to subsidiaries (including in the previous year).

**11)** In case of ICNCL, the Commercial Tax authorities, Government of West Bengal, by an order dated June 9, 2003, sought to impose sales tax, with retrospective effect from April 2, 1997, on the Company's income from cable TV services. The Company has filed an application before the Hon'ble West Bengal Taxation Tribunal on July 15, 2003, seeking, *inter alia*, that the aforesaid order be set aside. The Hon'ble West Bengal Taxation Tribunal by its order dated August 1, 2003 has directed that pending disposal of the application, assessment proceedings may continue but that no demand notice will be issued. The matter had come for hearing on several occasions but has been adjourned, pending State's submissions. In view of the fact that neither assessment proceedings have been completed nor demand notice has been issued, the alleged liability for Sales tax cannot be ascertained. Consequently no liability on account of sales tax has been recognized by the Company in the books of accounts.

**12)** In case of ICNCL, pursuant to an Order passed by the Hon'ble Supreme Court, The Entertainment Tax Department, West Bengal, has imposed entertainment/amusement tax, *inter alia*, on Multi System Operators (MSOs) as a percentage of gross receipts from Cable TV service from April, 1998 and has accordingly made Assessments up to 31.03.2006 and raised a demand of Rs.72.61 million towards Amusement Tax payable. Out of the said Rs.72.61 million, no provision has been made for Rs.72.16 million. Against the said unprovided liability of Rs.72.16 million, the Company has paid Rs.2 million during the year ended 31. 03.2008, Rs. 23.32 million during the year ended 31.03.2009, Rs. 22.49 million during the year ended 31.03.2010 and Rs. 22.49 million during the year ended 31.03.2011 and the same has been debited to profit and loss account for respective years and balance of Rs.1.86 million is not yet provided and the same shall be provided in the books as and when paid.

**13)** ICNCL has entered into a Memorandum of Understanding dated 25th September, 2009 (subsequently amended vide Addendum MOU dated 30th December, 2009) during the year with another company M/S Jay Properties Pvt. Ltd. for purchase of office space in Mumbai, at the terms & conditions set forth in the said MOU. ICNCL had given a sum of Rs. 30 million as an advance for the purchase / acquisition of the said Office Space and the amount is lying as Loans and Advances in Schedule 11.

- 14) WWTSPL has taken over networks on Right to Use basis from (Shree Jarimari Star Vision, the partnership concern where one of the directors of WWTSPL is a partner, Shree Tisai Satellite Service, proprietary concern of Mrs. Sulbha Gaikwad, Shree Jarimari Satellite Services, proprietary concern of Mr. Ganpat Gaikwad, and Shree Tisai Star Vision). WWTSPL is in the process of transferring registrations to itself. Pending the same, it has paid Entertainment tax to Statutory authorities.

#### 15) Employee Stock Option Plan – ESOP-2007

The Company instituted the Employee Stock Option Plan – ESOP-2007 to grant equity based incentives to its eligible employees. The ESOP-2007 (“The Scheme”) has been approved by the Board of Directors of the Company at their meeting held on June 27, 2007 and by the shareholders of the Company by way of special resolution passed at their Annual General Meeting held on September 18, 2007 to grant aggregating 4,344,355 options (not exceeding 2% of the issued, subscribed and paid up equity share capital of the Company as on March 31, 2007, representing one share for each option upon exercise by the employee of the Company at an exercise price determined by the Board / Remuneration committee. The Scheme covers grant of options to the specified permanent employees of the Company and Directors of the Company, whether Whole time Directors or otherwise as may be decided by the Board. Pursuant to the Scheme, the Remuneration Committee has on July 16, 2009 granted 2,808,800 options (Previous year grant of 150,000 Options on June 16, 2008) to specified eligible employee of the Company at the market price determined as per the SEBI Guidelines.

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

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

	Plan 3	Plan 2	Plan 1
Date of grant	July 16, 2009	June 16, 2008	October 22, 2007
Date of Board Approval	July 16, 2009	June 16, 2008	October 22, 2007
Date of Shareholder’s approval	–	August 17, 2009	September 18, 2007
Number of options granted	2,808,800	150,000	2,987,300
Method of Settlement (Cash/Equity)	Equity	Equity	Equity
Vesting Period	Five Years	Five Years	Five Years

\* Vesting under the Scheme: not less than one year and not more than five years.

The details of activity under plan 1 have been summarized below:

Particulars	March 31, 2011		March 31, 2010	
	Number of Options	Weighted Average Ex. Price	Number of options	Weighted Average Ex. Price
Outstanding at the beginning of the year	313,300	20	922,700	39.75
Granted during the year	–	–	–	–
Forfeited during the year	–	–	–	–
Exercised during the year	–	–	–	–
Expired/Lapsed during the year	–	–	609,400	39.75
Outstanding at the end of the year	313,300	20	313,300	20.00 *
Exercisable at the end of the year	187,980	–	125,320	–
Weighted average fair value of options granted on the date of grant	–	–		7.61

\* The Shareholders of the Company in the Annual General Meeting held on August 17, 2009 approved to re-price the unexercised options already granted by the Company under the Employees Stock Option -2007. The Remuneration Committee decided to re-price outstanding stock options at a price of Rs. 20/- being the closing price of the equity shares of the Company on October 21, 2009 at the National Stock Exchange of India Limited.

The details of activity under Plan 2 have been summarized below:

Particulars	March 31, 2011		March 31, 2010	
	Number of Options	Weighted Average Ex. Price	Number of options	Weighted Average Ex. Price
Outstanding at the beginning of the year	–	–	150,000	30.65
Granted during the year	–	–	–	–
Forfeited during the year	–	–	–	–
Exercised during the year	–	–	–	–
Expired/Lapsed during the year	–	–	150,000	30.65
Outstanding at the end of the year	–	–	–	–
Exercisable at the end of the year	–	–	–	–
Weighted average remaining contractual life (in years)	–	–	–	–

The details of activity under Plan 3 have been summarized below:

Particulars	March 31, 2011		March 31, 2010	
	Number of Options	Weighted Average Ex. Price	Number of options	Weighted Average Ex. Price
Outstanding at the beginning of the year	2,117,400	17.45	–	–
Granted during the year	–	–	2,808,800	17.45
Forfeited during the year	–	–	–	–
Exercised during the year	–	–	–	–
Expired/Lapsed during the year	439,800	17.45	691,400	17.45
Outstanding at the end of the year	1,677,600	–	2,117,400	17.45
Exercisable at the end of the year	335,520	–	–	–
Weighted average remaining contractual life (in years)	–	–	–	5
Weighted average fair value of options granted	–	–	–	5.76

The details of exercise price for stock options outstanding at the end of the year March 31, 2011 :

Particulars	Plan 1	Plan 2	Plan 3
Range of exercise prices (Rs.)	20	30.65	17.45
Number of options outstanding	313,300	–	1,677,600
Weighted average remaining contractual life of options (in years)	2 years	–	4 years
Weighted average exercise price (Rs.)	20	30.65	17.45

The details of exercise price for stock options outstanding at the end of the year March 31, 2010 :

Particulars	Plan 1	Plan 2	Plan 3
Range of exercise prices (Rs.)	20	30.65	17.45
Number of options outstanding	313,300	–	2,117,400
Weighted average remaining contractual life of options (in years)	3 years	–	5 years
Weighted average exercise price (Rs.)	20	30.65	17.45

**Stock Options Granted:**

The Black Scholes valuation model has been used for computing the weighted average fair value considering the following inputs:

Particulars	March 31, 2011	March 31, 2010
Weighted average share price	–	16.05
Exercise Price	–	17.45
Expected Volatility	–	29.12%
Historical Volatility	–	29.12%
Life of the options granted (Vesting and exercise period) in years	–	4 years
Expected dividends	–	–
Average risk-free interest rate	–	7.10%
Expected dividend rate	–	0%

The expected volatility was determined based on historical volatility data; historical volatility includes early years of the Company's life; the Company expects the volatility of its share price to reduce as it matures. To allow for the effects of early exercise, it was assumed that the employees will exercise the options after the vesting date when the share price was twice the exercise price.

**16) Employee Benefits:**
**Defined Contribution Plan**

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

Employer's Contribution to Provident Fund Rs. 12.79 million (Rs 14.50 million as at March 31, 2010).

**Defined Benefit Plan**

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

The following table summarizes the components of net benefit expenses recognized in the profit and loss account and amounts recognized in the balance sheet for the respective plans.

**Profit and Loss account**

Net employee benefit expense (recognized in the Employee cost)

(Rs in million)

Particulars	Gratuity	
	March 31, 2011	March 31, 2010
Current service Cost	3.51	3.84
Interest cost on benefit obligation	0.87	1.07
Expected Return on Plan Asset	(0.07)	(0.10)
Actuarial (gain)/loss recognized in the year	(1.14)	(2.54)
Net benefit expense	2.74	2.37
Actual return on plan asset	0.28	0.10

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

(Rs in million)

Particulars	Gratuity	
	March 31, 2011	March 31, 2010
Defined Benefit Obligation at the beginning of the year	11.48	10.24
Current service cost	3.69	3.84
Interest cost	0.90	1.07
Actuarial (gain) / loss	(1.56)	(2.54)
Benefits paid	(1.03)	(1.55)
Defined Benefit Obligation at the end of the year	13.49	11.07

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

(Rs. in million)

Particulars	Gratuity	
	March 31, 2011	March 31, 2010
Opening Fair Value of Plan assets as on March 31	–	1.10
Expected return	–	0.10
Contribution by employers	–	1.55
Benefits Paid	–	(1.55)
Actuarial (gains) / losses	–	–
Assets acquired on acquisition	–	–
Closing Fair Value of Plan Assets		1.21

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

(Rs.in million)

Particulars	Gratuity	
	March 31, 2011	March 31, 2010
Discount Rate (per annum)	8.30%	8.30%
Rate of escalation in salary (per annum)	6.00%	6.00%

However, in case of one of the subsidiaries (ICNCL), where the gratuity is in the nature of non contributory defined benefit, the following actuarial assumptions have been followed:

Particulars	Gratuity	
	March 31, 2011	March 31, 2010
Expected rate of return on assets (per annum)	7.50%	7.50%
Rate of escalation in salary (per annum)	8.00%	8.00%

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

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

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

(Rs in million)

Particulars	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008	March 31, 2007
Defined benefit obligation	13.49	11.07	10.24	7.57	5.94
Plan assets *	1.10	1.10	1.10	1.06	0.98
Surplus / (deficit)	(12.39)	(9.97)	(9.14)	(6.51)	(4.96)

\*pertains to ICNCL only (refer note 1(m) of Schedule 22 to financial statements).

**17) Movement in Securities Premium Account**

(Rs in million)

Particulars	March 31, 2011	March 31, 2010
Opening Balance	1,967.61	–
Add: Premium received*	2,231.89	2,007.89
Less: Utilized to set off right issue expenses	–	40.28
Closing Balance	4,199.50	1,967.61

\*excluding Rs. 12.22 million, being security premium of Rs. 9.50 per share not received in respect of second call on 12,86,738 equity share.

**18) Unhedged Foreign Currency Exposure**

(Rs. in million)

Particulars	March 31, 2011		March 31, 2010	
	Foreign Currency (USD)	Amount in Rs.	Foreign Currency (USD)	Amount in Rs.
Sundry Debtors for carriage fee	0.07	3.34	0.04	1.69

\* Closing rate as at March 31, 2011: 1 USD = Rs. 44.65 (March 31, 2010: 1 USD = Rs. 45.14)

**19) Supplementary statutory information required to be given pursuant to clause 32 of the listing agreement:**
**Loans and Advances to Companies in which Directors are interested**

(Rs. in million)

Sr. No.	Name of the Enterprise	Balance as on March 31, 2011	Maximum outstanding during the year	Balance as on March 31, 2010	Maximum outstanding during the year
<b>Associates/Parties in which directors are interested</b>					
1.	Agrani Satellite Services Ltd.	0.22	0.22	0.22	0.22
2.	Dish TV India Ltd.	217.82	226.41	226.41	226.41
3.	ETC Networks Ltd.	0.05	0.14	0.14	0.14
4.	Intrex India Ltd.	0.59	–	–	0.63
5.	Zee Interactive Learning Systems Ltd.	0.44	0.44	0.44	0.44
6.	Zee News Ltd.	0.04	0.16	0.16	0.74
7.	Zee Turner Ltd.	13.44	14.01	14.01	14.01
8.	Zee Entertainment Enterprise Limited	40.15	46.89	–	–
9.	Rama Associates Limited	50.03	50.03	50.03	50.03

- 20) The Company has issued 236,222,285 paid up equity shares of Re. 1 each at a premium of Rs. 18 per share for cash to the existing equity shareholders of the Company. The terms of payment of right issue are as under:

Particulars	Total amount due (per share)	Towards Share Capital (per share)	Towards Securities Premium (per share)	Total amount	Due on (after the date of allotment, at the option of the Company)
On Application	9	0.50	8.50	2,126	Along with application
On Final call	10	0.50	9.50	2,362	After 6 months but within 12 months
<b>Total</b>	<b>19</b>	<b>1</b>	<b>18</b>	<b>4,488</b>	

The utilization of the right issue proceeds aggregating to Rs. 3,245.62 million (Previous Year Rs 2126 million) received by the company is as under:

(Rs. in million)

Particulars	March 31, 2011	March 31, 2010
Repayment of unsecured loans	2,000	1,888
Working Capital	417	204
Issue expenses	40	34
General Corporate purposes	788	–
<b>Total</b>	<b>3,245</b>	<b>2,126</b>

- 21) In case of WWTSPL, MCCNPL, SVDMPPL and ICNCL, Balances of Debtors & Creditors are subject to confirmation.
- 22) There is no amount due to Micro, Small and Medium Enterprises as per the Micro, Small and Medium Enterprises Development Act, 2006.

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



- 23)** In case of MCCNPL, SVDMPL and ICNCL, In the opinion of the Board of Directors the current assets, loans and advances shown in the Balance Sheet as on March 31, 2011 are considered good and fully recoverable, except otherwise stated and provision for all known liabilities has been made in the accounts.
- 24) In case of SVDMPL:**
- The subscription and carriage income of Rs. 4.85 million has been treated as trade advance in view of pending finalization of agreements/MOU.
  - Bank overdraft represents cheques overdrawn for Rs. 1.57 million.
  - The Company has not provided for the liability on account of Bonus.
  - In view of the nature of business, where the necessary documentary evidence does not support the payment made/ expenses incurred, the same are accounted for on the basis of certification of the Management.
  - The Entertainment Tax liability of Rs. 0.59 million has not been paid/provided by the Company.
- 25)** Capital Work In Progress and Loans & Advances of the Company include amounts of Rs. 18.64 million and Rs. 51.80 million respectively as outstanding for more than 2 years. The management of the Company is making all possible efforts to adjust/ recover these amounts and also initiated appropriate legal action against some of the parties, and therefore no provision there against has been considered necessary. The impact, if any, which in the opinion of the management would not be material, would be made in the year of adjustment/settlement.
- 26)** During the year, the Company has acquired 50.65% stake in Siti Vision Digital Media Private Limited w.e.f. June 30, 2010 by way of subscription of 7,484,870 equity shares of Rs 10 each at a premium of Rs 100 per share in consideration of Rs. 82.33 million which has been discharged by transfer of fixed assets of the company. This transaction was accounted for by following the purchase method and resulted in goodwill amounting to Rs. 1.32 million. The said goodwill has been shown as 'goodwill on consolidation'.
- 27)** The Company had given advances under a guarantee of Promoter Group Company to its subsidiaries and other group Companies for meeting working capital requirements and for acquisition of MSOs/ direct points to the extent of Rs. 419.65 million as at year end (after receipt of Rs 1524.35 million at year end). The outstanding as on date of signing of financial statements is Rs. 1806.30 million.
- The Company firmly believes that these interest free facilities/ advances of Rs. 1806.30 million given as such to be good of recovery and would further enhance its operations on standalone and consolidated basis over near future; therefore does not believe any provisions to be created on these amounts.
- 28)** Miscellaneous income includes foreign exchange gain/(loss) as on March 31, 2011 amounts to Rs. 0.06 million; (Previous Year Rs. 0.92 million).
- 29)** The Company is in the process of reconciling the Service Tax Account. Necessary adjustments, if any, which in the opinion of the management will not be material, will be made as and when the accounts are finally reconciled.

**30) Previous year Comparatives:**

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

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As per our attached report of even date

For **S. R. Batliboi & Associates**  
Firm Registration No.: 101049W  
Chartered Accountants

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

**per Yogesh Midha**  
Partner  
Membership No.: 94941  
Place : Gurgaon  
Date : May 19, 2011

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

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

**Arun Kapoor**  
Director  
  
**Suresh Kumar**  
Company Secretary

## Consolidated Cash Flow Statement for the year ended March 31, 2011

(Rs. million)

Particular	March 31, 2011	March 31, 2010
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit/(Loss) before taxation, and exceptional items	(629.35)	(1,722.02)
Adjustments for :	-	
Depreciation/Amortisation	217.99	415.71
Interest Income	(8.25)	(0.35)
Foreign Exchange Fluctuations	509.32	(0.91)
Interest and Finance Expenses	(74.91)	625.62
Liabilities Written Back	(0.14)	(38.70)
Leave Encashment & Gratuity Provided	(0.78)	(0.20)
Loss or (profit) on Sale / Discard of Fixed Assets	(5.22)	36.41
Preliminary Expenses Written Off	0.45	0.43
Finance Cost Amortised	55.40	46.99
ESOP Cost	(0.55)	-
Provision for Doubtful Debts	160.50	301.72
Provision for Doubtful Advances	19.85	-
Advance tax written off	6.39	-
<b>Operating profit before working capital changes</b>	<b>250.70</b>	<b>(335.30)</b>
<b>Movement in Working Capital</b>		
Decrease/(Increase) in Sundry Debtors	60.78	(688.53)
Decrease/(Increase) in Inventories	27.70	1.56
Decrease/(Increase) in Loans and Advances	268.41	(685.57)
Increase/(Decrease) in Current Liabilities	(8.93)	158.63
<b>Cash Flow from Operating Activities Before tax &amp; prior period adjustment</b>	<b>598.66</b>	<b>(1,549.21)</b>
Net Prior Period Adjustment	0.08	0.10
Taxes paid	(67.36)	(34.42)
<b>Net Cash Flow from Operating Activities</b>	<b>531.39</b>	<b>(1,583.53)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets/Capital Work-in-Progress	(311.52)	(107.40)
Proceeds from sale of Fixed Assets	96.15	78.90
Deposits (with maturity more than three months)	(145.50)	-
Advances Given	(251.95)	-
Refund received back against advances given	132.35	-
Interest Income Received	1.29	0.25
Purchase of Investments	(5.04)	(2.50)
<b>Net Cash Flow from Investing Activities</b>	<b>(484.23)</b>	<b>(30.75)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Interest and Finance Expenses paid	(669.29)	(745.45)
Right Issue Expenses	-	(29.04)
Proceeds from Right Issue Shares	2,349.36	2,126.00
Proceeds from Issued Equity Shares	79.17	-
Proceeds from Long Term Borrowing	1,665.77	6,491.03
Repayment of Term borrowings	(2,750.55)	(6,028.55)
<b>Net Cash Flow from Financing Activities</b>	<b>674.46</b>	<b>1,813.95</b>

## Consolidated Cash Flow Statement for the year ended March 31, 2011

(Rs. million)

Particular	March 31, 2011	March 31, 2010
<b>Net Increase / (Decrease) in Cash and Cash Equivalents (A+B+C)</b>	<b>721.62</b>	199.67
Opening Cash and Cash Equivalents	<b>274.09</b>	204.71
<b>CLOSING CASH AND CASH EQUIVALENTS</b>	<b>995.71</b>	404.38
Cash and cash Equivalents at the end of the year		
Cash on Hand	<b>77.09</b>	3.59
Cheques and Drafts on Hand/Transit	<b>92.81</b>	45.21
Balances with Scheduled Banks on Current Accounts	<b>794.50</b>	230.95
Balances with Scheduled Banks on Deposit Accounts/Margin Money	<b>31.31</b>	124.64
	<b>995.71</b>	404.38

### Notes

- Figure in brackets indicates cash outgo.
- Previous year figure have been regrouped and recast wherever necessary to confirm to the current year classification.
- Cash and cash equivalents excludes Rs. 275.91 million (Previous Year Rs. 130.41 million) pledged with various authorities/ given as margin moneys, which are not available for use by the Company.

As per our attached report of even date

For **S. R. Batliboi & Associates**  
Firm Registration No.: 101049W  
Chartered Accountants

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

**per Yogesh Midha**

Partner

Membership No.: 94941

Place : Gurgaon

Date : May 19, 2011

**Amit Goenka**

Whole-time Director

**Sudhir Agarwal**

Chief Executive Officer

**R. K. Agarwal**

Chief Financial Officer

**Arun Kapoor**

Director

**Suresh Kumar**

Company Secretary

Details pertaining to Subsidiary Companies as per the requirement of para (iv) of the Direction under Section 212(8) of the Companies Act 1956, issued by the Ministry of Corporate Affairs vide General Circular No.2/2011 dated 08/02/2011 are as follows:-

Particulars	Rs. In Million						
	Indian Cable Net Company Limited	Central Bombay Cable Network Limited	Siticable Broadband South Limited	Wire and Wireless Tisai Satellite Limited	Master Channel Community Network Private Limited	Siti Vision Digital Media Private Limited	
Summary Balance Sheet							
Share Capital	100.91	0.50	2.33	0.50	0.50	14.78	
Reserve and Surplus	182.43	6.58	-	-	6.77	146.76	
<b>Total Assets</b>	<b>1,097.03</b>	<b>50.08</b>	<b>126.93</b>	<b>154.74</b>	<b>34.90</b>	<b>225.00</b>	
Total Liabilities	813.69	43.00	124.60	154.24	27.63	63.46	
Investment (excluding Subsidiaries)	-	-	-	-	-	-	
Summary Profit and Loss Account							
Turnover	819.70	3.98	0.61	95.13	68.29	40.45	
Profit/(loss) before Tax	19.08	(0.10)	(0.63)	(26.33)	4.73	(81.44)	
Provision for Tax	4.31	0.03	-	0.13	1.31	-	
Profit/(loss) after Tax	14.77	(0.13)	(0.63)	(26.46)	3.42	(81.44)	
Proposed Dividend	-	-	-	-	-	-	



**WIRE AND WIRELESS (INDIA) LIMITED**



**Important message from the Company Secretary**

May 19, 2011

Dear Shareholder,  
Sub: Green Initiative in Corporate Governance

The Ministry of Corporate Affairs has taken a "Green Initiative in Corporate Governance" by allowing paperless compliances by Companies through electronic mode. In accordance with the recent circular no. 17/2011 dated 21.04.2011 and circular no. 18/2011 dated 29.04.2011 issued by the Ministry, Companies can now send various notices and documents, including annual report, to its shareholders through electronic mode to the registered e-mail addresses of shareholders.

It is a welcome move for the society at large, as this will reduce paper consumption to a great extent and allow shareholders to contribute towards a Greener Environment. This is a golden opportunity for every shareholder of Wire And Wireless (India) Limited to contribute to the Corporate Social Responsibility initiative of the Company.

**We therefore invite all our shareholders to contribute to the cause by filling up the form given below and send it back in the attached postage prepaid envelope at below stated address:**

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

**You can also download the attached registration form from Company's website [www.wwil.net](http://www.wwil.net)**

**Let's be part of this 'Green Initiative'!**

Please note that as a member of the Company you will be entitled to receive all such communication in physical form, upon request.

Thanking you  
Yours truly,  
**For Wire And Wireless (India) Limited**

**Suresh Kumar  
Company Secretary**



**WIRE AND WIRELESS (INDIA) LIMITED  
E-Communication Registration Form**



Folio No. / DP ID & Client ID : .....

Name of 1st Registered Holder : .....

Name of the Joint Holder(s) : .....

Registered Address : .....

.....

.....

**Email ID (to be registered)** : .....

I/We shareholder(s) of Wire And Wireless (India) Limited agree to receive Communication from the Company in electronic mode. Please register my above e-mail id in your record for sending all future communication through e-mail.

Dated: .....

-----  
Signature of Shareholder

**Shareholder(s) are requested to keep the Company informed as and when there is any change in the e-mail address.**





# WIRE AND WIRELESS (INDIA) LIMITED

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

## PROXY FORM

I/We.....of.....  
.....being a member/members of  
WIRE AND WIRELESS (INDIA) LIMITED hereby appoint.....

.....of.....  
or failing him/her.....of.....

as my/our proxy to attend and vote for me/us on my/our behalf at the Fifth Annual General Meeting of the Company to be held on Tuesday, July 26, 2011 at 3.30 p.m. at 'Hall of Culture', Nehru Center, Dr. Annie Besant Road, Worli, Mumbai - 400 018 and at any adjournment(s) thereof.

Signed this.....day of....., 2011.

Signature of Shareholder.....

Reg. Folio No. ....

DP ID No. ....

Client ID No. ....

No. of Shares .....

Affix  
Re. 1/-  
Revenue  
Stamp

**NOTE:** The Proxy completed in all respects must be deposited at the Registered Office of the Company not less than 48 hours before the meeting.



# WIRE AND WIRELESS (INDIA) LIMITED

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

## ATTENDANCE SLIP

(To be presented at the entrance)

I hereby record my presence at the Fifth Annual General Meeting of the Company held on Tuesday, July 26, 2011 at 3.30 p.m. at 'Hall of Culture', Nehru Center, Dr. Annie Besant Road, Worli, Mumbai - 400 018.

-----  
Name of the Shareholder/Proxy (IN BLOCK LETTERS)

-----  
Signature of Shareholder/Proxy

Reg. Folio No. ....

DP ID No. ....

Client ID / Demat A/c No .....

No. of Shares .....

**NOTE:** Please carry your copy of Annual Report at the Annual General Meeting.

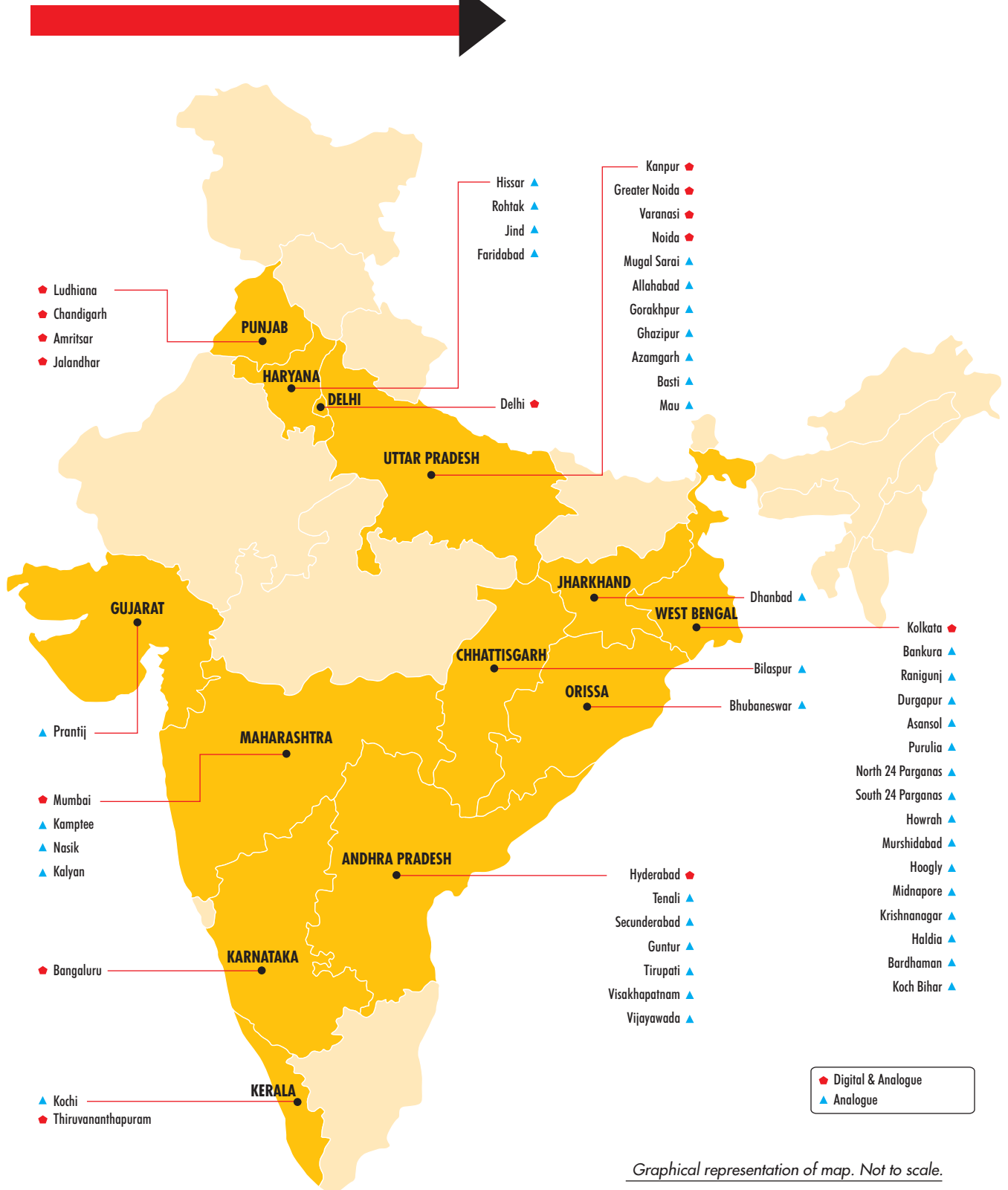








# PAN INDIA NETWORK



*Graphical representation of map. Not to scale.*



**WIRE AND WIRELESS**

CORPORATE OFFICE

Wire and Wireless (India) Limited

Building No.: FC 9, Gate No. 3, Sector 16 A, First Floor, Film City, Noida U.P., 201 301

Ph: (0120) 4526700, Fax: (0120) 4265232

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