HOME ENTERTAINMENT FOR THE WHOLE FAMILY

WIRE AND WIRELESS (INDIA) LIMITED

ANNUAL REPORT 2006-2007

CONTENTS

VISION

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

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

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

CHAIRMAN'S STATEMENT

Dear Shareholders,

It gives me a great pleasure to present before you Company's maiden audited financial results for the period from March 24, 2006 to March 31, 2007. Digitalisation is driving a complete makeover of the Indian Entertainment Industry. The present scenario offers new challenges and opportunities to all the players.

Industry Outlook and Potential:

Indian Media and Entertainment Industry has witnessed double-digit growth in the past few years and this is expected to further increase in the coming years. As per the FICCI-PwC report released in March 2007, with the Indian economy riding high on growing income levels, consumerism, technological improvements and greater investments, the media and entertainment sector is expected to cross a turnover of Rs. 100,000 Crores by 2011 from the present Rs. 43,700 Crores thereby registering 18 per cent compounded annual growth.

Television remains the most popular medium for Indian households and the favourite form of entertainment for the Indian population. The Television market has experienced significant growth since the industry was deregulated in 1992. However, despite this strong growth, TV penetration stands at approximately 55% of households, much lower than that of developed markets. This lower penetration throws up a high growth opportunity in the coming years.

The turnover of the television industry is projected to grow by 22 per cent to Rs. 51,900 Crores by 2011 from the current size of Rs. 19,100 Crores. This will include both subscription and advertising revenues. "Subscription revenue is projected to be the key growth driver for the Television industry as the pay TV homes will increase from 71 million to over 100 Million in next four years," per the FICCI-PwC report.

The television market from a distribution and subscription perspective is divided into three categories viz: Terrestrial Television, Cable Television and Direct To Home Broadcasting. With Digital Cable television and Direct To Home and to a limited extent IPTV coming into their own, and the regulators effort to roll out Conditional Access System (CAS), the subscriber will be able to enjoy superior quality customized content at affordable prices. At the same time this will allow for all the participants in the distribution chain to realize their fair share of the subscribers rupee by generating transparency in the broadcaster – MSO – local cable operator-subscriber relationship. The CAS is shortly expected to be extended to cover the 3 metros of Delhi, Mumbai and Kolkatta fully and over the next 2 years expected to be rolled out to an additional 55 cities.

Digital Cable Services:

Amongst the alternate distribution modes, Digital cable has a host of advantages that make it the preferred choice of the consumer.

- The cable is already in place in almost all the C&S households and therefore does not require any additional installation except connecting a Set Top Box. This also makes it more economical for the subscriber.
- Digital cable is capable of delivering more then 1000 channels through a Set Top Box on any TV set of any make, any age. This is 5 fold more than other modes

of distribution offer, allowing cable households to view all the existing channels and all the new channels that are expected to be launched.

- Digital cable is able to offer local city channels covering local events that are of interest to viewers only in the city.
- In addition Digital cable offers all the benefits of a digital signal that DTH , IPTV etc. offer like:
  - Enhanced quality of transmission like DVD quality pictures & clear sound,
  - Flexibility of paying only for what they actually watch,
  - Multilingual function,
  - Electronic Program Guide, is our always available guide, enabling viewers to view programs, information and other options of interest without disrupting the program they are viewing,
  - Information Banners on screen allows the viewer to browse the schedule listing for the channel they want to watch.
  - Program Reservations & Reminders,
  - Parental Controls allows the subscriber to set password and block channels with certain ratings from being viewed.

WWIL Advantage:

In the context of Cable TV, your Company enjoys some unique advantages such as;

- WWIL is a part of ESSEL Group, which has diverse National & Global business interests encompassing media programming, broadcast & distribution, specialty packaging, entertainment, telecom and trading with a market capitalization of over $ 1.7 Billion.
- WWIL is the largest Multi System Operator (MSO) in Indian Cable Industry, the principal mode for distribution of Television Channels. Multichannel News International has rated Siticable Network Limited, the Company from whom your Company had acquired cable business undertaking, as the second largest cable network in Asia.
- The company has a presence in 43 cities of India with 76 head ends and 4000 Franchisee Local Cable Operators, the widest presence amongst all MSOs. It provides services in both the analogue and digital mode.
- In the digital mode WWIL offers over 150 channels to its subscribers. Customer service is the cornerstone of success in the Digital TV era and will provide the

WWIL IS THE LARGEST MULTI SYSTEM OPERATOR (MSO) IN INDIAN CABLE INDUSTRY, THE PRINCIPAL MODE FOR DISTRIBUTION OF TELEVISION CHANNELS.

key differentiation. WWIL has already set up 24X7 multi-lingual call centres in each of the 3 metros to provide consumers seamless best-in-class customer care. These call centres take customer calls, follow till problem resolution and call back the customer to ensure satisfaction. Information from each call is collated and analysed to ensure continuous improvement in services.

- WWIL is in the process of being the first Company in India to launch Headend In The Sky (HITS), a radically new way to provide consumers with digital cable services.

WWIL Team:

Based on the recommendations of Hay Group–well known experts in the field of Human Resources ,the Company is organising itself. We have brought in high caliber professionals from the cable and media industry as also from other industries and set up a strong team at the Company's Head Office in Mumbai and at the 7 Regional Offices . The team has been built keeping in view the huge growth opportunities before us in the digital cable business.

Corporate Governance:

Your Company's commitment to strong values and business ethics, coupled with its article of faith to augment shareholder value, is at the core of its Corporate Governance Policy. The Company believes that good governance is not just rule driven, but involves voluntary adoption of international best practices. This is done in the Company through ensuring transparency in corporate disclosures, high quality of accounting practices and adhering to the highest level of business ethics.

Future Strategy:

As touched upon earlier, digital TV is driving a structural change in the distribution of Television. We expect that over 50% of all Indian Household will be digitally connected by 2011, an estimated 56 million households. Digital Cable is expected to garner 70% share of these digitally connected Households. WWIL being the largest MSO in India is gearing up from a customer service, technology, operations and people perspective to take full advantage of this. The opportunity coupled with WWIL preparation for it augurs well for your Company's future.

Thanking you,

SUBHASH CHANDRA
21st August 2007

HIGHLIGHTS

- WWIL is India's largest Multi System Operator (MSO) in the cable industry.
- The Company has taken over the cable business of Siti Cable, a 100% subsidiary of Zee Telefilms Ltd. through the demerger route.
- WWIL has 6.7 Million subscribers across 43 cities of India and operates 76 headends.
- The WWIL operating network includes over 4000 franchisee operators called LCOs.
- WWIL has seven regional offices and around 475 employees.

BOUQUET OF SERVICES

General Entertainment

- Zee TV
- Star Plus
- Sony
- Sahara One
- Zee Smile
- SAB TV
- Star One

KIDZ

- Cartoon Network
- POGO
- Nick
- Animax
- Hungama
- Toon Disney
- Disney Channel

HINDI MOVIES

- Zee Cinema
- Filmy
- Sony
- Zee Premier
- Zee Smile
- B4U Movies
- Star One

Biz News

- Zee Biz
- CNBC Awaaz
- CNBC TV 18
- NDTV Profit

Music (Hindi & English)

- Zee Music
- ETC
- MTV
- VH1

English General Entertainment

- Discovery
- Animal Planet
- Travel & Living
- NGC

Infotainment, Lifestyle, Gaming & Religious

- Discovery
- Animal Planet
- Travel & Living
- NGC

Sports

- Zee Sports
- TEN Sports
- Set Max
- ESPN
- Star Sports

Regional Channels

- Zee Marathi
- Zee Gujarathi
- ETV Gujarathi
- Zee Bangla
- 24 Ghante
- ETV Bangla
- ETV Urdu
- Zee Punjabi
- Zee Telugu
- ETV Telugu
- Zee Kannada
- ETV Kannada

Hindi & English News

- Zee News
- NDTV 24x7
- CNN IBNZ

International News

- BBC
- CNN

GalaxZee
digital cable entertainment

WWIL PRESENCE

- 7 Digital Headends installed in Delhi, Mumbai, Kolkata, Lucknow, Banglore, Ludhiana and Pune.
- of which 20 cities come under the TRAI recommended CAS Cities in the next phase
- 43 Major cities

Contents

Bankers
The Jammu & Kashmir Bank Limited
UTI Bank Limited
IDBI Bank
Canara Bank

Subsidiary Companies
Indian Cable Net Company Limited
Central Bombay Cable Network Limited
Siticable Broadband South Limited

Registrar & Share Transfer Agent
Sharepro Services (India) Private Limited
Satam Estate, 3rd Floor,
Cardinal Gracious Road,
Chakala, Andheri (East),
Mumbai – 400 099. India.

Website: www.wwil.net

Board of Directors

Subhash Chandra
Chairman

B. K. Syngal
Independent Director

D. P. Naganand
Independent Director

Shyam Sunder Goel
Independent Director

Company Secretary
Bhagwant P. Bhargawe

Auditors
S. R. Batliboi & Associates
Chartered Accountants

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

Corporate Office
4th Floor, Madhu Industrial Estate,
Pandurang Budhkar Marg, Worli,
Mumbai - 400 013.

Senior Management

Deepak Chandnani
Chief Executive Officer

Avnindra Mohan
Executive Vice President

Harish Katyal
Sr. V. P. Operations & Commercial

Vinay K. Agarwal
Chief Financial Officer
(w.e.f. July 20, 2007)

V. K. Agarawal
Sr. V. P. Strategy/M & A
(w.e.f. July 26, 2007)

Sanjeev Kashyap
Chief Technical Officer

Ajay Gidh
Sr. V. P. Project

Prasenjit Phukan
V. P. Human Resources

Notice

Notice is hereby given that the First Annual General Meeting of the Members of Wire and Wireless (India) Limited will be held at Auditorium, 'A' wing, Ground Floor, National Stock Exchange of India Limited, Exchange Plaza, Plot No. C-1, G-Block, Bandra-Kurla Complex, Bandra (E), Mumbai - 400 051, on Tuesday, the 18th day of September, 2007 at 11.30 a.m. to transact the following businesses:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2007, the Profit & Loss Account of the Company for the period from March 24, 2006 to March 31, 2007 and the Reports of the Auditors and Directors thereon.
2. To appoint a Director in place of Shri Subhash Chandra, who retires by rotation at this meeting and being eligible, offers himself for re-appointment.
3. To appoint M/s. S. R. Batliboi & Associates, Chartered Accountants, Mumbai, as 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, the following resolution as an Ordinary Resolution:**

   "RESOLVED THAT Shri D. P. Naganand, be and is hereby appointed as a Director of the Company, whose period of office shall be liable to determination by retirement of Directors by rotation."

5. **To consider and, if thought fit, to pass, with or without modification(s), the following resolutions as Special Resolutions:**

   (i) **"RESOLVED THAT** pursuant to the provisions of Section 81(1A), and other applicable provisions, if any, of the Companies Act, 1956 ("the Act"), the provisions contained in the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 (the "SEBI Guidelines") or any statutory modification(s) or re-enactment of the Act or the SEBI Guidelines, the Articles of Association of the Company and the Listing Agreements entered into by the Company with the Stock Exchanges, where the securities of the Company are listed and subject to any applicable approval(s), permission(s) and sanction(s) as may be necessary and subject to such condition(s) and modification(s) as may be prescribed or imposed while granting such approval(s), permission(s) and sanction(s), the approval and consent of the Company be and is hereby accorded to the Board of Directors (hereinafter referred to as "the Board" which term shall include any 'Remuneration Committee' or 'Employee Stock Option Committee' of the Board), to introduce and implement an 'Employee Stock Option Scheme - 2007' ('ESOP-2007' or 'the Scheme'), and to grant, offer, issue and allot in one or more tranches at any time to or to the benefit of such permanent employees of the Company and Directors of the Company, whether Whole-time Directors or otherwise, as may be decided by the Board, Options under ESOP-2007 exercisable or convertible into equity shares (hereinafter referred to as 'the securities') of the Company not exceeding in the aggregate 2% of the issued, subscribed and paid-up capital of the Company as on March 31, 2007 i.e. up to 4,344,355 equity shares of Re. 1/- each of the Company (or such other adjusted number of shares for any bonus, consolidation or other re-organisation of the capital structure of the Company as may be applicable from time to time), on such terms and conditions as may be fixed or determined by the Board in accordance with the SEBI Guidelines or any other applicable provisions as may be prevailing at that time.

   RESOLVED FURTHER THAT

   a) the Board be and is hereby authorised to formulate, evolve, decide upon and bring into effect the scheme on such terms and conditions as contained in the Explanatory Statement to this Notice and to make any modification(s), change(s), variation(s), alteration(s), or revision(s) in the terms and conditions of the Scheme from time to time including but not limited to amendments with respect to vesting period/schedule, exercise price/period, eligibility criteria or to suspend, withdraw, terminate or revise the Scheme;
   b) the Non-Executive Directors of the Company including Independent Directors, be granted up to a maximum of 50,000 Options per annum and up to a maximum of 250,000 Options in the aggregate under the scheme;
   c) the securities may be allotted in accordance with the scheme either directly or through a trust which may be set up in any permissible manner and that the scheme may also envisage for providing any financial assistance to the trust to enable to acquire, purchase or subscribe to the securities of the Company;

d) any new equity shares to be issued and allotted upon exercise of options from time to time under ESOP-2007 shall rank *pari passu* in all respects with the then existing Equity Shares of the Company;

e) the Board be and is hereby authorised to take requisite steps for listing of the securities allotted under ESOP-2007 on the Stock Exchanges where the securities of the Company are listed; and

f) for the purpose of giving effect to this resolution, the Board be and is hereby authorised to do all such acts, deeds, matters and things, as may be necessary or expedient and to settle any questions, difficulties or doubts that may arise in this regard at any stage including at the time of listing of securities without requiring the Board to secure any further consent or approval of the Members of the Company to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this resolution."

(ii) **Special Resolution for extending the benefits to employees of subsidiary/associate Companies:**

"RESOLVED THAT the benefits of Employees Stock Option Scheme 2007 proposed under Resolution No.5 (i) contained in this Notice be extended to the eligible employees of the subsidiary/holding Companies and, if permitted by law, to the eligible employees of associate Companies of the Company on such terms and conditions as may be decided by the Board."

By Order of the Board

Place: Mumbai
Date: August 17, 2007

Bhagwant P. Bhargawe
V. P. Legal & Company Secretary

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

Notes:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY.

   The Proxy Form duly completed and signed must be deposited at the Registered Office of the Company not less than 48 hours before the Meeting.
2. 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.
3. The relative Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 relating to the Special Business to be transacted at the Annual General Meeting is annexed hereto.
4. The Register of Members and Share Transfer Books of the Company will remain closed from Tuesday, September 11, 2007 to Tuesday, September 18, 2007 (Both days inclusive.)
5. Additional information on Directors, pursuant to Clause 49 of the Listing Agreement with Stock Exchanges, on recommendation by the Board of Directors for appointment/re-appointment at the Annual General Meeting forms part of the Report on Corporate Governance in the Annual Report.
6. Members/Proxies should bring their Attendance Slips along with copy of the Annual Report to the meeting.
7. Members who are holding company's shares in dematerialised form are required to bring details of their Depository Account Number for identification.
8. 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.
9. All documents referred to in the accompanying notice are open for inspection at the Registered Office of the Company on all working days, except Saturdays between 3:00 p.m. and 5:00 p.m. upto the date of the Annual General Meeting.
10. 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 M/s. Sharepro Services (India) Pvt. Ltd., Satam Estate, 3rd Floor, Above Bank of Baroda, Cardinal Gracious Road, Chakala, Andheri (East), Mumbai – 400 099, India.
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., at above given address.

EXPLANATORY STATEMENT AS REQUIRED UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956.

Item No. 4

Under Section 260 of the Companies Act, 1956, ('the Act'), Shri D. P. Naganand was appointed as an Additional Director of the Company in the meeting of the Board of Directors held on April 16, 2007. Shri D. P. Naganand vacates his office at this Annual General Meeting. Due notice under Section 257 of the Act has been received from a Member proposing the appointment of Shri D. P. Naganand as Director of the Company. Requisite consent has been filed by Shri D. P. Naganand pursuant to the provisions of Section 264(1) of the Act, to act as such Director, if appointed.

Shri D. P. Naganand does not hold any share in the Company.

None of the Directors of the Company except Shri D. P. Naganand is concerned or interested in this resolution.

Item No. 5.

The objective of the ESOP-2007 is to reward the Employees for their continuous hardwork, dedication and performance as well as to motivate them to contribute to the growth and profitability of the Company. The Company also intends to use this Scheme to attract and retain the best talent in the organization. The Company views employee stock options as instruments that would enable the Employees to share the value they create for the Company in the years to come.

Stock Options have long been recognized internationally, as an effective instrument, to align the interest of employees with those of the Company and its shareholders, providing an opportunity to employees to share the growth of the Company, and to create long-term wealth in the hands of employees.

Stock Options create a common sense of ownership between the Company and its employees, paving the way for a unified approach to the common objective of enhancing overall shareholders value.

Your Board, therefore, proposes to evolve an Employee Stock Option Scheme – 2007 ('ESOP-2007' or the 'Scheme') for the benefit of the permanent employees including Executive/Non-Executive Directors of the Company and such other persons in accordance with the provisions of prevailing regulations. To promote the culture of employee ownership, approval of the shareholders is being sought for issue of stock options to the employees of the Company.

The following are the salient features of the Scheme, and various disclosures as required by Clause 6 of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 (the "SEBI Guidelines") :

1. **Total number of options to be granted:**

   A number of options to be granted under the Scheme shall not exceed 2% of the issued, subscribed and paid-up Equity Shares of the Company as on March 31, 2007, i.e. up to 4,344,355 Equity Shares of Re. 1/- each of the Company. In the event of any corporate action(s) viz. bonus, consolidation or other re-organisation of the capital structure of the Company, number of options/shares to be issued shall undergo fair, reasonable and appropriate adjustments pursuant to the SEBI Guidelines. Each option when exercised would be converted into one Equity Share of Re. 1/- each fully paid-up.

   Any vested option(s) that lapse due to non-exercise or unvested option(s) that get cancelled due to resignation of the employees or otherwise, would be available for being re-granted at a future date.

2. **Identification of classes of employees entitled to participate in the Employee Stock Option Scheme(s):**

   All permanent employees of the Company, including the Directors, whether Whole-Time Directors or otherwise, but excluding the promoters of the Company, as may be decided by the Remuneration Committee from time to time, would be entitled to be granted stock options under the ESOP Scheme(s).

3. **Transferability of employee stock options:**

   The stock options granted to an employee will not be transferable to any other person and shall not be pledged, hypothecated, mortgaged or otherwise alienated in any manner. However, in the event of the death of an employee/stock option holder while in employment, the right to exercise all the options granted to him till such date shall be transferred to his legal-heirs or nominees.

4. **Requirements of vesting, period of vesting and maximum period of vesting:**

   The Options granted shall vest, not earlier than one year and not later than five years from the date of grant of options, so long as the employee continues to be in the employment of the Company, as the case may be. Vesting shall happen in one or more tranches, subject to such terms and conditions of vesting as may be decided by the Board including but not limited to certain performance metrics (on the achievement of which the granted options would vest) and the proportion in which options granted would vest.

5. **Exercise Price or Pricing Formula:**

   The options would be granted at an exercise price equal to the 'market price' within the meaning as defined in the SEBI Guidelines i.e. the latest available closing market price (on that stock exchange where there is highest trading volume) on the date prior to the date on which the options are to be granted to the employees.

6. **Exercise Period and the process of Exercise:**

   The Exercise period would commence from the date of vesting and will expire on completion of four years from the date of vesting of options. The options will lapse if not exercised within the specified exercise period or such other period as may be decided by the Board.

   The options will be exercisable by the Employees by a written application to the designated officer of the Company to exercise the options in such manner, and on execution of such documents, as may be prescribed by the Board from time to time.

7. **Appraisal Process for determining the eligibility of the employees to ESOP:**

   The Company has a formal performance appraisal system established in line with emerging standards, wherein the performance of employees is assessed each year on the basis of various functional and managerial parameters. Stock Options would be granted based on performance linked parameters, value creation, leadership, role/designation of the employee, length of service with the Company, past performance record, future potential of the employee and/or such other criteria that may be determined by the Board at its sole discretion. The Board may at its sole discretion extend the benefits to a new entrant on such basis as it may deem fit.

8. **Maximum number of options to be issued per employee and in aggregate:**

   The number of options that may be granted to any specific employee under the Scheme will depend upon the rank/designation of the employee and shall be less than 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant of options.

9. **Disclosure and Accounting Policies:**

   The Company shall comply with the disclosure and the accounting policies prescribed as per SEBI Guidelines.

10. **Method of option valuation:**

    To calculate the employee compensation cost, the Company shall use the Fair Value Method for valuation of the options granted.

    In case the Company calculates the employee compensation cost using the Intrinsic Value of the stock options, the difference between the employee compensation cost so computed and the cost that shall have been recognized if it had used the Fair Value of the options, shall be disclosed in the Directors' Report and also the impact of this difference on profits and on EPS of the Company shall also be disclosed in the Directors' Report.

As the Employee Stock Option Schemes provide for issue of shares to be offered to persons other than existing shareholders of the Company, consent of the members is being sought pursuant to Section 81(1A) and all other applicable provisions, if any, of the Act and as per Clause 6(1) of the SEBI Guidelines.

As per Clause 6 (3) of the SEBI Guidelines, a separate special resolution is required to be passed if the benefits of the Scheme are to be extended to employees of subsidiary or holding company. The Company will extend the benefits of ESOP-2007 to the eligible employees of associate companies, if permitted by law.

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

By order of the Board

Place: Mumbai
Date: August 17, 2007

Bhagwant P. Bhargawe
V. P. Legal & Company Secretary

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

Certification on Financial Statements of the Company

I, V. K. Agarawal, Sr. Vice President Finance & Accounts of Wire and Wireless (India) Limited, hereby certify that:

(a) I have received financial statements and the cash flow statement for the period beginning from March 24, 2006 till March 31, 2007 and that to the best of my knowledge and belief:

(i) these statements do not contain any materially untrue or misleading statement or omit any material fact;

(ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards and/or applicable laws and regulations.

(b) There are, to the best of my knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.

(c) I am responsible for establishing and maintaining internal controls and that I have evaluated the effectiveness of internal control systems of the Company and I have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which I am aware and the steps I have taken or propose to take to rectify these deficiencies.

(d) I have indicated to the Auditors and the Audit committee;

(i) significant changes in internal control during the year;

(ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and

(iii) instances of significant fraud of which I have become aware and the involvement therein, if any, of the management or any employee having a significant role in the Company's internal control system.

V. K. Agarawal
Sr. Vice President Finance & Accounts

Mumbai , June 25, 2007

Directors' Report

To,

The Members

Your Directors take pleasure in presenting the First Annual Report together with the Audited Statement of Accounts of the Company for the period from March 24, 2006 being the date of incorporation of the Company, up to March 31, 2007.

FINANCIAL RESULTS

The Financial Performance of your Company for the period March 24, 2006 to March 31, 2007 is summarised below: (Since this is the first full financial year of the Company, the previous year's comparable figures are not given.)

(Rs. in Million)

Particulars	**Period ended 31.03.2007**
Sales & Services	1736.8
Other Income	190.2
Total Income	**1927.0**
Total Expenses	2024.5
Operating Profit/Loss	(97.5)
Less: Financial Cost	169.2
Depreciation	333.6
Profit before Tax and Exceptional Items	**(600.3)**
Provision for Taxation (net)	(51.9)
Profit/(Loss) after Tax before Exceptional Items	**(548.4)**
Add: Exceptional Items	(562.8)
Profit/(Loss) after Tax	**(1111.2)**

BUSINESS OVERVIEW

Your Company is one of the largest Multi System Operator (MSO) in the Country. The Company aims at providing quality services to its subscribers. Sustained efforts are made to maintain high standards of operational parameters. The Company has taken number of steps in this direction resulting in steady improvement in the performance of Cable Network. Your Company lays greater emphasis on customer services. With a view to serve customers better, all the application forms relating to customers have been simplified. Customer Service Centres have already been opened in many areas and the process is on for opening more such centres. In order to provide better services to high end commercially important customers, the Company has implemented/launched packages such as GalaxZee Bonanza, GalaxZee Premium etc. Digital Cable Entertainment, a new era in Cable Television has been introduced by the Company and has received good response from cable subscribers.

Conditional Access System (CAS) has been implemented in Mumbai, Delhi and Kolkata as per directives of Telecom Regulatory Authority of India (TRAI). We believe that CAS would help to increase the revenues and profitability of the Company. TRAI has already indicated that they would expand the scope of CAS to more cities and more areas in the existing cities, which would further help revenue generation for the Company.

The Company will continue to reinforce its competitive edge through sustained efforts in value addition to its customers and technological improvements.

SHARE CAPITAL & SCHEME OF ARRANGEMENT

During the year the Authorised Share Capital of your Company was re-organised and was increased to Rs. 290,000,000 of Equity Share Capital consisting of 290,000,000 of Equity Shares of Re. 1/- each and Rs. 10,000,000 of Preference Shares consisting of 10,000,000 of Preference Shares of Re. 1/- each.

Pursuant to the Scheme of Arrangement under Sections 391 to 394 read with Sections 78, 100 to 103 and other applicable provisions of the Companies Act, 1956, and with the approval of the Hon'ble Bombay High Court vide its order dated November 17, 2006, the Cable Business undertakings from Zee Entertainment Enterprises Limited (formerly known as Zee Telefilms Ltd.) and Siti Cable Networks Limited were de-merged into the Company on and from March 31, 2006.

Pursuant to and in consideration of the Scheme of Arrangement, the Company had issued and allotted 216,717,753 Equity Shares of Re. 1/- each fully paid up to the equity shareholders of Zee Entertainment Enterprises Limited and 23,436 Preference Shares of Re. 1/- each fully paid up to the shareholders of Siti Cable Networks Limited. The total issued, subscribed and paid up capital of the Company, after giving effect to allotment of shares as aforesaid currently is 217,217,753 Equity Shares of Re. 1/- each fully paid up and 23,436 Preference Shares of Re. 1/- each fully paid up.

LISTING OF SHARES

Equity shares issued by the Company in accordance with the Scheme of Arrangement along with the existing paid up shares of the Company were listed and admitted for trading on The Bombay Stock Exchange Limited and The National Stock Exchange of India Limited with effect from January 10, 2007 and on The Calcutta Stock Exchange Association Limited with effect from January 12, 2007.

PUBLIC DEPOSITS

During the period, your Company has not accepted or renewed any Deposits within the meaning of Section 58A of the Companies Act, 1956 and Rules made thereunder.

DIRECTORS

Your Board had appointed Messrs Subhash Chandra, Brijendra K. Syngal, Shyam Sundar Goel and Jagit Singh Kohli w.e.f. December 5, 2006 as Additional Directors of the Company. Mr. Jagjit Singh Kohli was appointed as Managing Director of the Company w.e.f. December 16, 2006. The Shareholders of the Company had approved the appointments of all the Directors including appointment of Mr. Jagit Singh Kohli as the Managing Director of the Company at their meeting held on December 29, 2006.

In accordance with the provisions of Articles of Association of the Company and that of Companies Act, 1956, Mr. Subhash Chandra, Director of the Company, is liable to retire by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

During the period Mr. Himanshu Mody, Mr. Sanjay Agrawal, Mr. Subhash Chand Garg, Mr. Rajiv Garg resigned from the Directorship of the Company. Mr. Jagjit Singh Kohli, the Managing Director of the Company resigned w.e.f. May 31, 2007. Your Directors wish to place on record their sincere appreciation of the contributions made by these Directors.

Your Board had also appointed Mr. D. P. Naganand as an Additional Director of the Company w.e.f. April 16, 2007. Mr. D. P. Naganand will vacate his office at the ensuing Annual General Meeting and has filed his consent to act as Director of the Company. Notice has been received from a member of the Company under Section 257 of the Companies Act, 1956 for the appointment of Mr. D. P. Naganand as a Director. Appropriate resolution seeking your approval to his appointment is appearing in the Notice convening the First Annual General Meeting of the Company.

CORPORATE GOVERNANCE

A report on Corporate Governance together with the certificate from Satish K. Shah – Practicing Company Secretary on compliance with the conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement is provided elsewhere in this Annual Report.

SUBSIDIARIES AND JOINT VENTURES

Consequent upon de-merger of Cable Business Undertaking of Siti Cable Network Limited into the Company, following subsidiaries of Siti Cable Network Limited have become subsidiaries of the Company:

1. Central Bombay Cable Network Private Limited, a wholly owned subsidiary of the Company;
2. Siticable Broadband South Private Limited, a wholly owned subsidiary of the Company; and
3. Indian Cable Net Company Limited, wherein Company and Central Bombay Cable Network Limited jointly hold 67.99%.

A Joint Venture Company viz. Wire and Wireless Tisai Satellite Private Limited has been set up by the Company along with Tisai group at Kalyan, Maharashtra w.e.f. from June 1, 2006 to provide cable services in Kalyan area (Maharashtra). The Company holds 51% of the paid up Share Capital of Rs. 1,00,000/- in the said Company. Since the Subsidiary got incorporated on June 1, 2007, the said subsidiary is yet to prepare its financial results. Therefore, the results of the said subsidiary are not consolidated and the statement under Section 212 of the Companies Act, 1956 is not included in the Annual Report.

AUDITORS

M/s. S. R. Batliboi & Associates, Chartered Accountants, Mumbai, Statutory Auditors, were appointed as the External first-Auditors of the Company by the Board of Directors at their meeting held on March 25, 2006. First Auditors hold their office until the conclusion of this Annual General Meeting and being eligible, offer themselves for re-appointment.

Explanation on points raised in Auditors' Report

An explanation as regards the points raised by Auditors, in their report –

i) Item No. (vi) & (vii) of the main Auditors Report – Explanation is given in Note 4(B) of Schedule 22 to the financial statements which is self explanatory.

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

iii) 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 being the first year of the Company it was difficult to conduct the physical verification at greater frequencies. This will be addressed in the current year.

iv) Item No. (ii)(a) and (c) of the annexure to the Auditors Report – Being the first year of the operations of the Company, the management of the Company has not been able to conduct the physical verification of the set top boxes with distributors, however the Company has obtained the Stock Confirmations from the Distributors.

v) Item No. (iv) of the annexure to the Auditors Report – Conditional Access System (CAS) was implemented in the last quarter of the financial year and the in house development of the software for the tracking mechanism was in the nascent stage as no ready made software was available in the market for the same. The reported areas will be addressed in the current year.

vi) Item No. (ix) (a), (b), (c) of the annexure to the Auditors Report – Being the first year of operations of the Company, it took some time for registration of the Company with the different statutory authorities, hence there was a delay in payment of these dues. Most of these dues have since been paid.

RESPONSIBILITY STATEMENT

In terms of and pursuant to Section 217 (2AA) of the Companies Act, 1956, your Directors, in relation to the Annual Statement of Accounts for period ended March 31, 2007, state and confirm that:

a) the Accounts had been prepared on a 'going concern' basis and in such preparation the applicable accounting standards had been followed with proper explanation relating to material departures;

b) your Directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company for the period ended March 31, 2007 and of the profit/loss of the Company for that period; and

c) your Directors had taken proper and sufficient care for maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 as amended, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNING AND OUTGO

Information required to be provided under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, in relation to Conservation of Energy and Technology Absorption are currently not applicable to the Company.

Particulars of foreign currency earnings and outgo during the year are given in Schedule 22 Note 4(L) to the Notes to the Accounts forming part of the Annual Accounts.

PARTICULARS OF EMPLOYEES

Information required to be furnished in terms of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 is annexed and forms part of this report.

ACKNOWLEDGEMENTS

Your Directors take this opportunity to place on record their appreciation for the dedication and commitment of employees at all levels that has contributed to the success of your Company. Your Directors thank and express their gratitude for the valuable support and co-operation received from the Central and State Governments, most importantly Ministry of Communication & Information Technology, Department of Telecommunications (Broadcasting & Cable Services), Ministry of Information & Broadcasting, various regulatory authorities and other stakeholders including Local Cable Operators, Viewers, Broadcasters, Financial Institutions, Bankers, Investors and Service Providers.

On behalf of the Board

Place: Mumbai
Date: August 21, 2007

Subhash Chandra
Chairman

Annexure

Information as per Section 217 (2A) (b) (ii) read with the Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the period ended March 31, 2007

Sr. No.	Name	Designation/Nature of Duties	Gross Remuneration (Rupees)	Qualification	Age (Years)	Total Experience (Years)	Date of Commencement of Employment	Last Employment and Designation
1.	Anand C.L. , Maj. Gen. (Retd.)	Chief Operating Officer	3,888,402	B.E.	69	46	June 1, 2006	Indus Ind Media Ltd. Managing Director
2.	Bangar Bimal	Chief Financial Officer	1,802,685	B.Com., AICWA, LLB, ACS	44	19	August 28, 2006	Microcel Infocom India Pvt. Ltd. Director
3.	Goel Jawahar *	President	3,390,250	Graduate	52	26	April 1, 2006	Pan India Paryatan Ltd. Managing Director
4.	Kohli Jagjit Singh	Managing Director	2,996,250	Diploma in Textile Technology	47	21	December 1, 2006	ETC Network Ltd. Managing Director
5.	Mohan Avnindra *	Executive Vice President	2,235,260	B.Com.(Hon.), FCA, PGDBM	45	23	April 1, 2006	Reliance Infocomm Ltd. Vice President Commercial
6.	Srinivasan Suresh	Chief Financial Officer	1,255,050	B.Com., MBA	46	24	August 14, 2006	Ecity Bioscope Entertainment Pvt. Ltd. Chief Executive Officer

Notes:

1. Appointments are contractual and terminable by notice on either side.
2. None of the employees is related to any of the Directors except Mr. Jawahar Goel, who is a relative of Mr. Subhash Chandra, Director of the company.
3. Gross Remuneration includes salary, allowances, Company's contribution to provident fund and monetary value of perquisites.
4. * indicates that the employee was an existing employee of erstwhile Siti Cable Network Limited and transferred to the Company.
5. All the employees were in service for part of the period under review.

Essel GROUP

Statement pursuant to Section 212 of the Companies Act, 1956 relating to Subsidiary Companies

Name of the Subsidiary Company			Indian Cable Net Company Limited	Central Bombay Cable Network Limited	Siticable Broadband South Limited
The financial Year of the Subsidiary Company ended on			March 31, 2007	March 31, 2007	March 31, 2007
Extent of Holding Company's Interest %			67.99%	100%	100%
Face value of equity shares (per share)			Rs. 10/-	Rs. 10/-	Rs. 10/-
Number of equity shares held by the holding Company and/ or its subsidiaries			6,861,000	50,000	10,000
Net aggregate amount of profits/(losses) of the subsidiary so far as it concerns the members of the holding company and is dealt with in accounts of holding company	For the financial year ended on March 31, 2007	(Amt. in '000's)	NIL	NIL	NIL
	For the previous financial years of the subsidiary since it became a subsidiary.	(Amt. in '000's)	NIL	NIL	NIL
Net aggregate amount of profits/(losses) of the subsidiary so far as it concerns the members of the holding company and is not dealt with in accounts of holding company	For the financial year ended on March 31, 2007	(Amt. in '000's)	25,399	848	(1,345)
	For the previous financial years of the subsidiary since it became a subsidiary.	(Amt. in '000's)	58,973	4,348	(2,349)

Note: Refer Note. No. 2 (i) of Schedule 22 annexed to the accounts.

For and on behalf of the Board

Subhash Chandra
Director

Shyam Sunder Goel
Director

Bhagwant P. Bhargawe
V. P. Legal & Company Secretary

V. K. Agarawal
Sr. V. P. Finance & Accounts

Mumbai : June 27, 2007

Report on Corporate Governance

Company's Governance Philosophy

As a good corporate citizen, the Company is committed to sound corporate practices based on conscience, openness, fairness, professionalism and accountability in building confidence of its various stakeholders in it, thereby paving the way for its long -term success.

Corporate Governance assumes great importance at Wire and Wireless (India) Limited (hereinafter referred to as 'WWIL'). We have made conscious efforts to institutionalize Corporate Governance practices and we believe that it shall go beyond adherence to the regulatory framework. Our corporate structure, business and disclosure practices have been aligned to our Corporate Governance Philosophy. We will continuously endeavour to take forward the best practices to facilitate effective management and enhance stakeholders' value.

BOARD OF DIRECTORS

a) **Composition & Category of Directors**

WWIL Board has an optimum combination of Executive and Non-Executive Directors, to ensure independent functioning. More than 50% of the Board of Directors comprise of Non-Executive Directors. Non-Executive Directors include persons drawn from amongst eminent professionals with experience in business/ finance/ taxation/technology.

Composition of the Board as on March 31, 2007

Category of Directors	No. of Directors	Percentage to total No. of Directors
Executive Directors	1	20%
Non-Executive Independent Directors	3	60%
Other Non-Executive Directors	1	20%
Total	**5**	**100%**

The particulars of Directors, their attendance at Board meetings and the Annual General Meeting held during the period from March 24, 2006 to March 31, 2007 and also their other directorships in public companies & membership of other Board committees (excluding Remuneration Committee) as at March 31, 2007 are as under:

Sr. No.	Name of Director	Category	Attendance at		No. of Directorship of other companies	No. of memberships of Board Sub Committees
			Board Meetings (Total 16 Meetings)	EGM (Total 4 Meetings)		
1.	Rajiv Garg	Independent – Non-Executive	12	3	3	3
2.	* Mr. Himanshu Mody	Promoter – Non-Executive	10	2	6	NIL
3.	* Mr. Sanjay Agrawal	Promoter – Non-Executive	10	2	1	NIL
4.	* Mr. Subhash Chand Garg	Non-Executive	4	0	7	NIL
5.	# Mr. Subhash Chandra	Non-Executive	7	1	14	1
6.	# Mr. B. K. Syngal	Independent – Non-Executive	6	2	4	3
7.	## Mr. Jagjit Singh Kohli	Executive Director	7	2	13	2
8.	# Mr. Shyam Sunder Goel	Independent – Non-Executive	7	2	5	2

* Resigned as Directors w.e.f. December 05, 2006,

\# Appointed as Additional Director w.e.f. December 05, 2006.

\## Appointed as Additional Director w.e.f. December 05, 2006 and Managing Directors w.e.f. January 16, 2007.

Remarks:

None of the Directors on the Board is a member of more than 10 Committees or Chairman of more than 5 Committees across all the companies in which he is a Director.

b) Board Meetings & Procedures

During the Period under review, 16 meetings of the Board were held on March 25, 2006, March 30, 2006, June 05, 2006, June 16, 2006, June 30, 2006, August 22, 2006, September 27, 2006, October 03, 2006, November 21, 2006, December 05, 2006, December 12, 2006, December 29, 2006, January 05, 2007, January 29, 2007, February 26, 2007 and March 20, 2007, which was reconvened on March 23, 2007. The intervening period between the Board Meetings were well within the maximum time gap of 3 months prescribed under Clause 49 of the Listing Agreement.

Board Meetings of the Company are governed by a structured agenda. The Company Secretary in consultation with Managing Director/ Chairman, drafts agenda of the Board meetings. 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 are normally invited to the Board meetings to provide necessary insights into the working of the Company and for discussing corporate strategies.

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

Mr. Subhash Chandra, 57, was appointed as an Additional Director of the Company on December 5, 2006. Mr. Chandra is the Chairman of Zee Entertainment Enterprises Limited (ZEE) and Promoter of Essel Group of Companies having a market capitalization of approx. US $ 1.7 billions. He heads a diverse business empire which includes industries like Broadcasting, Packaging, Entertainment Parks, Satelite Telveision, Cable TV distribution, Movie Production, Multiplexes, Education, Animation, Publishing, Satelite and Online Lottery.

Mr. Chandra has been the recipient of numerous honorary degrees, industry awards and civic honors, including being named 'Global Indian Entertainment Personality of the Year by 'FICCI for 2004', 'Business Standard's Businessman of the Year in 1999', 'Entrepreneur of the Year by Ernst & Young in 1999' and 'Enterprises CEO of the Year by International Brand Summit'. The Confederation of Indian Industry (CII) had chosen Mr. Chandra as the Chairman of the CII Media Committee for two successive years.

Mr. Subhash Chandra does not hold any shares in the Company.

Mr. D. P. Naganand, 57, was appointed as an Additional Director of the Company on April 16, 2007. He had joined the Zee Entertainment Enterprises Ltd. (ZEE) Group in February 2000 as Chief Executive Officer of Econnect India Limited (at the time, a wholly owned subsidiary of ZEE) and was also responsible for ZEE's convergence initiative. He is a B.Tech from I.I.T. Kharagpur, M.B.A. from the University of Ontario and an AMP from Harvard University. He has more than 30 years experience working in various capacities in ITC. Prior to joining ZEE Group he was the head of the Corporate Strategic Planning Department of ITC, Calcutta.

Apart from the Company, Mr. D. P. Naganand holds Directorship in ZEE and Zee – Turner Limited.

Mr. D. P. Naganand does not hold any Shares in the Company.

d) Code of Conduct

The Board of Directors at its meeting held on January 29, 2007 have approved and adopted Code of Conduct for the Members of the Board of Directors and Senior Management of the Company.

A declaration affirming compliance with the code of conduct by the members of the board and senior management is annexed herewith and forms part of this report.

Declaration

All Directors and Senior Management of the Company have affirmed compliance with the Code of Conduct for the period from March 24, 2006 to March 31, 2007.

Shyam Sunder Goel
Independent Director

Mumbai, August 17, 2007

Board Committees

a) Audit Committee

The Board has constituted the Audit Committee, more than two-third of the Members of the Committee are Independent Directors. Mr. B. K. Syngal, an Independent Director is the Chairman of the Audit Committee.

The role and the powers of the Audit Committee are as per the guidelines set out in the Listing Agreement with the Stock Exchanges and provisions of Section 292A of the Companies Act, 1956. The Committee meets periodically and reviews:

- 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,
- 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, the Audit Committee reviews the operations of subsidiary companies viz., its financial statement, significant related party transactions, statement of investments and minutes of meeting of the Board and Committees.

The provision of Clause 49 of the Listing Agreement actually became applicable to the Company from January 10, 2007 i.e. from the date of listing of securities of the Company on the Stock Exchanges. During the period January 10, 2007 to March 31, 2007 under review, Audit Committee met on January 29, 2007, which was attended by three Independent Directors.

Composition of Audit Committee, in accordance with the applicable guidelines and rules, during the year under review was as follows:

Name of Directors	Category	Date of Appointment on Audit Committee	Date of Resignation from Audit Committee
Mr. Rajiv Garg	Non-Executive – Independent	January 05, 2007	–
Mr. Brijendra Syngal	Non-Executive – Independent	December 05, 2006	–
Mr. Shyam Sunder Goel	Non-Executive – Independent	December 05, 2006	–

Chief Financial Officer of the Company has attended the meeting of the Committee. The Company Secretary is the Secretary of 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. Rajiv Garg, Non-Executive Independent Director and Mr. Shyam Sunder Goel, Non-Executive Independent Director, the Company Secretary is the Secretary of the Committee.

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 Directors. The remuneration of Executive Directors is decided by the Board of Directors on the recommendation of the Remuneration Committee as per the remuneration policy of the Company within the overall ceiling approved by shareholders.

During the year under review, Remuneration Committee met only once on December 29, 2006, which was attended by all members.

Details of the remuneration paid to Managing Director during the period ended March 31, 2007 is as under:

Name	Position	Remuneration (Rs.)		
		Salary & Allowances	Perquisites	Employer's Contribution to Provident Fund
Mr. Jagjit Singh Kohli	Managing Director	2,366,355.00	16,250.00	253,161.00
Total		**2,366,355.00**	**16,250.00**	**253,161.00**

Remuneration payable to Non-Executive Directors

The Company has paid sitting fees of Rs. 10,000 per meeting to Non-Executive Directors for attending the meeting of the Board and Committees thereof. This is within the limit prescribed under the provisions of the Companies Act, 1956.

c) Share Transfer and Investor Grievance Committee

The Share Transfer and Investors Grievance Committee of the Board comprises of Mr. Subhash Chandra, Non-Executive Director as Chairman, Mr. B. K. Syngal, Non-Executive Independent Director as member, Mr. Jagjit Singh Kohli, Executive Director and Mr. Rajiv Garg, Non-Executive Independent Director as Members. The Company Secretary is the Secretary of the Committee.

Main function of the Share Transfer and Investor Grievance Committee is to supervise and ensure efficient transfer/ transmission of shares and proper and timely attendance of investors' grievances. Mr. Bhagwant P. Bhargawe, V. P. Legal & Company Secretary is the Compliance Officer of the Company.

During the period under review, Share Transfer and Investor Grievance Committee met three times on February 26, 2007, March 16, 2007 and March 26, 2007. These meetings were attended by all committee members.

Details of number of requests/complaints received and resolved during the period ended March 31, 2007, are as under:

Nature of Correspondence	Received	Replied/Resolved	Pending
Non-receipt of Certificates (Sub-division)	NIL	NIL	NIL
Non-receipt of Shares after transfer	NIL	NIL	NIL
Requests for transfer/ transmission/ demat/ remat	68	68	NIL
Change of address	NIL	NIL	NIL
Nomination	NIL	NIL	NIL
Legal Cases/ Cases before Consumer Forum	NIL	NIL	NIL
Letter received from SEBI/ Stock Exchanges	NIL	NIL	NIL
Miscellaneous Letters	1	1	NIL
Total	**69**	**69**	NIL

General Meetings:

Annual General Meetings

This being the first year of operations, the ensuing general meeting of the members will be the First Annual General Meeting of the Company which is scheduled to be held on Tuesday, September 18, 2007 at 11:30 a.m. at Auditorium, 'A' wing, Ground Floor, National Stock Exchange of India Limited, Exchange Plaza, Plot No. C-1, 'G' Block, Bandra-Kurla Complex, Bandra (East), Mumbai - 400 051.

Extra-Ordinary General Meetings:

Sr. No.	Date of Meeting	Venue of the Meeting	Purpose of the Meeting	Result of the Meeting
1.	June 30, 2006	Continental Building, 135 Dr. A. B. Road, Worli, Mumbai - 400 018.	● To Approve borrowing powers of the Board upto Rs. 500 crores.	Resolution passed unanimously.
2.	July 25, 2006	Continental Building, 135 Dr. A. B. Road, Worli, Mumbai - 400 018.	● To approve sub-division of Equity Share Capital into 10 equity shares of face value of Re. 1/- each. ● To increase in Authorised Share Capital of the Company from Rs. 5 lakhs to Rs. 30 crores.	Resolutions passed unanimously.
3.	December 29, 2006	Continental Building, 135 Dr. A. B. Road, Worli, Mumbai - 400 018.	● To approve increase in borrowing power of the Board upto Rs. 1500 crores. ● To approve the appointment of Mr. Jagjit Singh Kohli as Managing Director w.e.f. December 16, 2006. ● To approve keeping the register of members, index of members, copies of Annual Returns etc., at the office of the Registrar. ● To alter the Articles of Association of the Company. ● To appoint Messrs Subhash Chandra, B. K. Syngal, Shyam Sunder Goel and Jagjit Singh Kohli as Directors of the Company.	Resolution passed unanimously. Resolution passed unanimously. Resolution passed unanimously. Resolution passed unanimously. Resolution passed unanimously.
4.	February 26, 2007	Nehru Centre, Hall of Culture, Dr. A. B. Road, Worli, Mumbai - 400 018.	● To approve issue of covertible warrants as preferential issue to Jayneer Capital Pvt. Ltd. – Promoter Group company. ● To approve to issue securities through QIP to raise the fund upto Rs. 101.25 million through equity & Quasi-equity instruments.	Resolution passed unanimously Resolution passed unanimously.

At the ensuing Annual General Meeting, no Resolution is proposed to be passed through 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, during the last three years.

Compliance with Non-Mandatory requirements

The Company confirms that it has complied with all mandatory requirements of Clause 49 of the Listing Agreement. Particulars of non-mandatory requirements complied by the Company are as detailed hereunder:

Remuneration Committee – The Company has setup Remuneration Committee to recommend/review overall compensation policy, service agreements and other employment conditions of Executive Directors.

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 web site, 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 requirements of the Stock Exchange.

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

PRACTICING COMPANY SECRETARY'S CERTIFICATE

To,
The Members
Wire and Wireless (India) Limited

I have examined the Compliance of conditions of Corporate Governance by Wire and Wireless (India) Limited, ("the Company") for the period ended March 31, 2007, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges.

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

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

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

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

Satish K. Shah
Membership No. FCS 1313 CP 3142

Mumbai,
Dated: July 27, 2007

Shareholders' Information

1.	**Date, Time and Venue of Shareholder's Meeting**	Meeting : Annual General Meeting Day & Date : Tuesday, September 18, 2007 Time : 11:30 a.m. Venue : Auditorium, 'A' wing, Ground Floor, National Stock Exchange of India Limited, Exchange Plaza, Plot No. C-1, 'G' Block, Bandra-Kurla Complex, Bandra (East), Mumbai 400 051.
2.	**Financial Period**	March 24, 2006 to March 31, 2007
3.	**Date of Book Closure**	September 11, 2007 to September 18, 2007 (both days inclusive)
4.	**Dividend Payment Date**	The board has not recommended any dividend for this year
5.	**Registered office**	Continental Building, 135, Dr. Annie Besant Road, Worli, Mumbai - 400 018, India Tel: (22) 6697 1234 Fax: (22) 2490 0302 Website : www.wwil.net
6.	**Listing on Stock Exchanges**	Equity Shares: The Bombay Stock Exchange Limited (BSE) The National Stock Exchange of India Limited (NSE) The Calcutta Stock Exchange Association Limited (CSE)
7.	**Stock Code**	BSE - 532795 under B1 group. NSE - WWIL
8.	**ISIN No.**	Equity - INE965H01011
9.	**Registrar & Share Transfer Agent**	Sharepro Services (India) Private Limited, Satam Estate, 3rd Floor, Above Bank of Baroda, Cardinal Gracious Road, Chakala, Andheri (East), Mumbai - 400 099, India. Tel: +91-22-2821 5168/2832 9828 Fax: +91-22- 2837 5646 E-mail: sharepro@vsnl.com
10.	**Investor Relation Officer**	Mr. Bhagwant P. Bhargawe V. P. Legal & Company Secretary Wire and Wireless (India) Limited 4th Floor, Madhu Industrial Estate, Pandurang Budhkar Marg, Worli, Mumbai 400 013. Tel: +91-22-2499 2020 Fax: +91-22-2499 2000 E-mail: csandlegal@wwil.net

11. Dividend

Being the first year of operations, your Directors do not recommend any dividend for the period ended on March 31, 2007.

12. Change of Address

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

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

13. Share Transfer System

Equity Shares sent for physical transfer or for dematerialisation are generally registered and returned within a period of 30 days from the date of receipt of completed and validly executed documents.

14. Dematerialisation of Equity Shares & Liquidity

Trading in Equity Shares of the Company became mandatory in dematerialised form with effect from April 10, 2007. To facilitate trading in demat form, there are two depositories i.e. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). The Company has entered into agreements with both these depositories. Shareholders can open account with any of the Depository Participant registered with any of these two depositories. As on date 97.11% of the Equity Shares of the Company are in the dematerialised form.

15. Splitting of Shares

On July 25, 2006 Shareholders had approved splitting of face value of equity shares of the Company from Rs. 10/- each to Re. 1/- each. Trading in equity shares of Re.1/- each commenced on the Bombay Stock Exchange Limited and The National Stock Exchange Limited on January 10, 2007 and The Calcutta Stock Exchange Association Limited on January 12, 2007.

16. Shareholders' Correspondence

The Company has attended to all the investors' grievances/ queries/ information.

We endeavour to reply all letters received from the shareholders within a period of 5 working days.

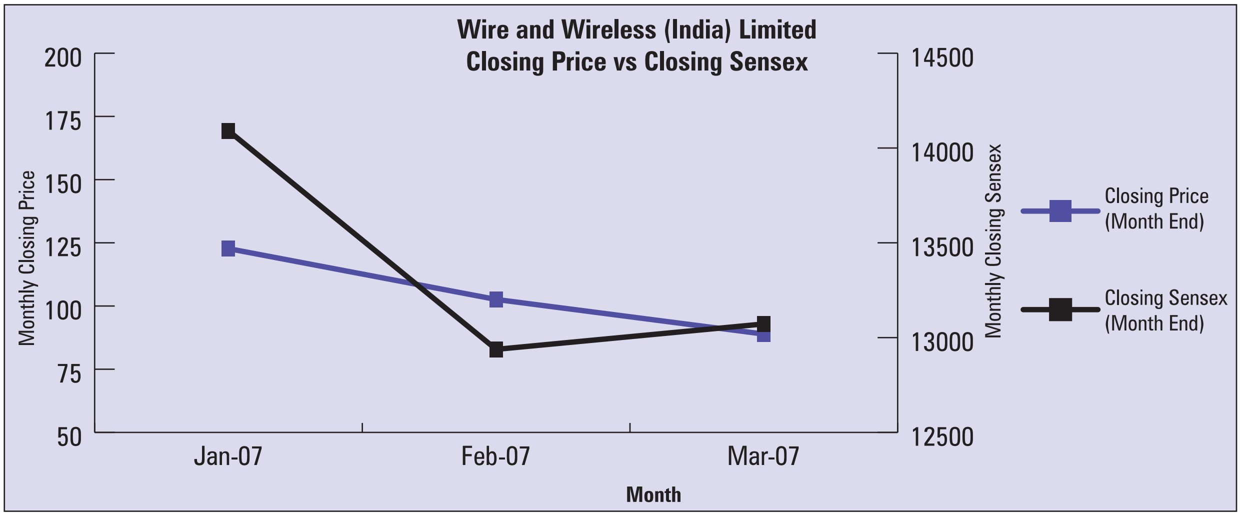
All correspondence may please be addressed to the Company's Registrar & Share Transfer Agent at the address given above. In case any shareholder is not satisfied with the response or do not get any response within reasonable period, they may approach the Investor Relation Officer at the address given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

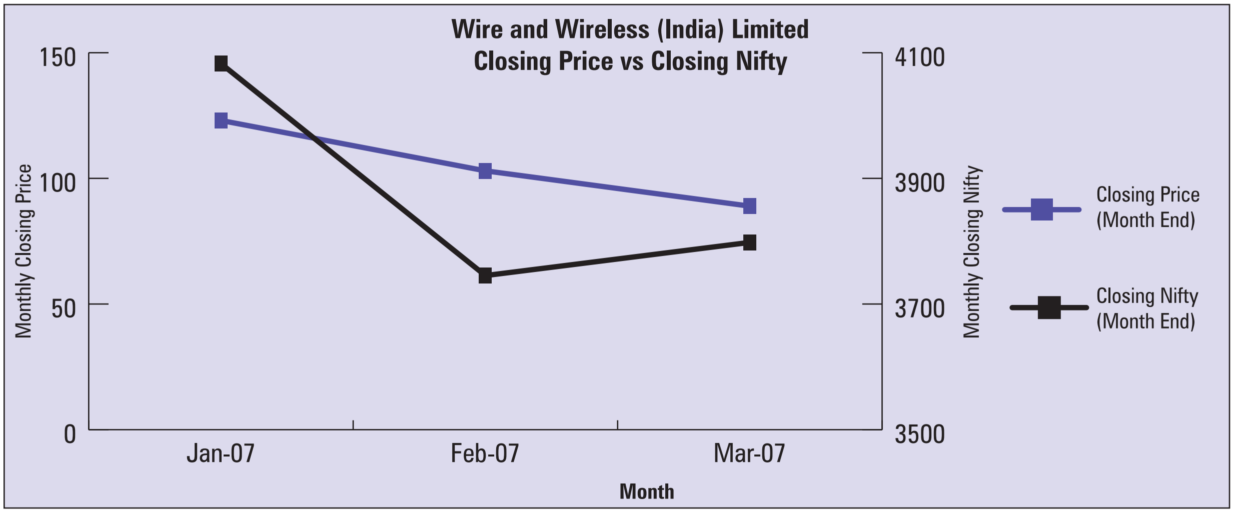
17. Market Price Data

The Shares of the Company have been admitted for listing and trading on Stock Exchanges w.e.f. January 10, 2007, monthly high and low quotations and volume of shares traded on BSE & NSE from that date till March 31, 2007 are given as under:

	BSE			NSE		
Month	High (Rs.)	Low (Rs.)	Volume of Shares Traded	High (Rs.)	Low (Rs.)	Volume of Shares Traded
January 2007	139.90	80.00	24,937,949	139.75	100.20	41,831,299
February 2007	127.90	92.05	12,949,142	127.40	92.50	21,821,916
March 2007	109.65	83.55	7,030,360	109.90	83.25	12,175,004

18. Relative Performance of WWIL Shares Vs. BSE Sensex & Nifty Index





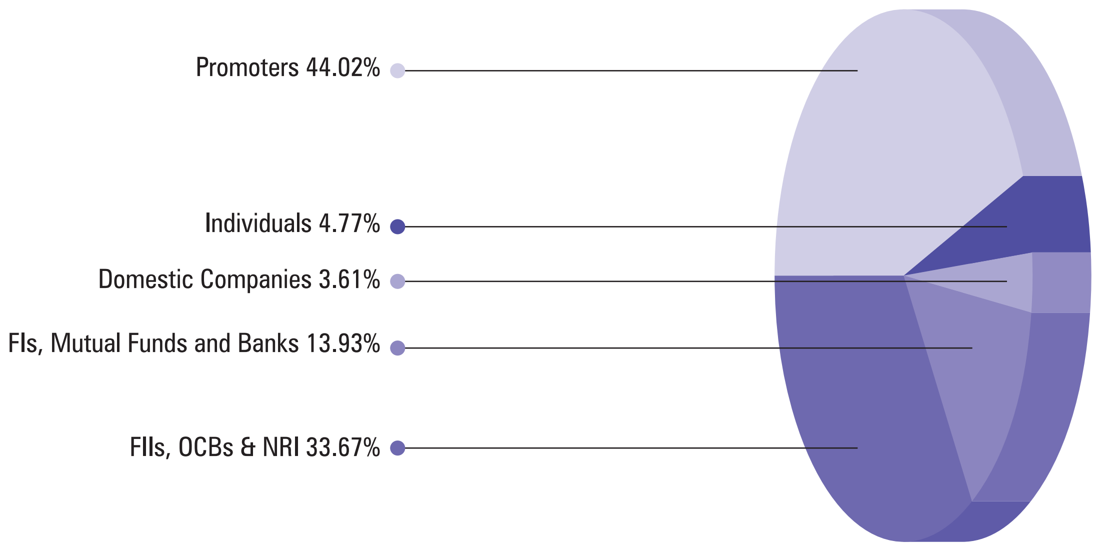
19. Distribution of Shareholding as on March 31, 2007

No. of Equity Share	Share Holders		No. of Shares	
	Number	% of Holders	Number	% of Shares
Upto 5000	109,975	99.592	10,644,272	4.900
5001-10000	167	0.151	1,237,812	0.570
10001-20000	78	0.071	1,148,553	0.529
20001-30000	37	0.034	899,443	0.414
30001-40000	13	0.012	448,696	0.207
40001-50000	12	0.011	534,351	0.246
50001-100000	29	0.026	2,088,824	0.962
100001 and Above	115	0.104	200,215,802	92.173
Total	**110,426**	**100.00**	**217,217,753**	**100.00**

20. Categories of Shareholders as on March 31, 2007

Category	March 31, 2007	
	% of shareholding	No. of shares held
Promoters	44.02	95,623,699
Individuals	4.77	10,350,544
Domestic companies	3.61	7,841,874
FIs, Mutual Funds and Banks	13.93	30,267,859
FIIs, OCBs & NRI	33.67	73,133,777
Total	**100.00**	**217,217,753**

WIRE AND WIRELESS (INDIA) LTD. SHAREHOLDING PATTERN AS ON MARCH 31, 2007



21. Top ten (10) Shareholders as on March 31, 2007

Sr. No.	Name of Shareholder	Number of Shares held	Percentage of Shareholding
1.	Jayneer Capital Private Limited	51,059,053	23.51
2.	Delgrada Limited	16,631,000	7.66
3.	Fid Funds (Mauritius) Limited	13,404,044	6.17
4.	Life Insurance Corporation of India Limited	10,190,905	4.69
5.	Oppenheimer Funds Inc. A/c. Oppenheimer Global India	9,508,121	4.38
6.	Lazarus Investments Limited	5,750,000	2.65
7.	Prajatma Trading Company Private Limited	4,162,250	1.92
8.	The Master Trust Bank of Japan A/c. The Master Trust Bank of Japan Limited, As Trustee of Blackrock India Equity Fund	3,328,034	1.53
9.	Ganjam Trading Company Private Limited	3,283,250	1.51
10.	Pan India Paryatan Limited	3,200,000	1.47
	Total	**120,516,657**	**55.49**

Management Discussion and Analysis

The figures have been stated as Rs. in Million in the MD&A for better readability instead of Rs. in Thousands as stated in the financial statements.

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.

OVERVIEW

Wire and Wireless (India) Limited (WWIL) is one of the group companies of Essel Group. Essel Group has diverse national and global business interests, encompassing media programming, broadcast and distribution, specialty packaging, entertainment, telecom and trading, having close synergies particularly with ventures active in the areas of content, distribution and infrastructure. Essel Group is headed by Mr. Subhash Chandra. WWIL is involved in the distribution of TV channels through cable network and is known as Multi System Operator (MSO), which provides the content from the broadcaster to the Local Cable Operators (LCOs). Historically, WWIL has been providing content through analog cable system. Recently, with the implementation of CAS (Conditional Access System) in Delhi, Kolkata and Mumbai, WWIL started providing content through digital cable system.

WWIL is engaged in the distribution of television channels through analog and digital cable distribution network, primary internet and allied services.

WWIL, one of the largest multi system operators in the cable industry, delivers approximately 200 analog channels on the existing network. As on March 31, 2007 its network reaches to approximately 6.7 million cable homes. WWIL operates from 7 regional offices 69 analog headends and 7 digital headends.

For the period ended March 31, 2007 (March 24, 2006 to March 31, 2007) the income from operations was Rs. 2,081 million, which was 91% of the total revenue of Rs. 2,288 million.

1. Company History

Zee Entertainment Enterprises Limited (ZEEL formerly known as Zee Telefilms Limited) is the flagship company of the Essel Group and is amongst the largest vertically integrated media and entertainment Company. ZEEL and Siticable Network Limited (SCNL) operated one of the largest cable distribution systems in India. With a view to consolidate the Cable Businesses of all group companies into a single entity, the management of the Group thought it prudent to de-merge the cable business undertaking of ZEEL and SCNL into WWIL, pursuant to a Scheme of Arrangement under Sections 391 and 394 and other relevant provisions of the Companies Act, 1956. As per the scheme WWIL took over the complete cable business of ZEEL and SCNL.

2. Competitive Strengths

The principal competitive strengths of WWIL are as follows:

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

WWIL is one of India's largest Multi System Operator in the cable business. WWIL is present in 43 cities. It operates 69 analog headends and 7 digital headends to provides input to approximately 4,000 LCOs. It also has an affiliation to approximately 200 independent MSOs. These features give WWIL direct access to a ready customer base of approximately 6.7 million subscribers.

(ii) Strong operational, technical and management team:

WWIL has qualified and experienced promoters, management and technical teams who have contributed to its growth and would help it to successfully implement its strategy. WWIL believes that it's competent, experienced and skilled technical team is it's key strength in sustaining business operations and the management team is well placed to provide strategic leadership and direction to explore new emerging opportunities in these sectors 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, 2007, WWIL has around 475 employees on its roll.

(iii) 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. Not only has there been tremendous growth in the C & S households who view pay television but also number of cable television networks have emerged. The tremendous growth of Cable Television has developed in an un-regulated and fragmented manner. In such a situation, WWIL has taken multiple initiatives in its strategic policies.

1. **Acquisition of subscribers through a combination of acquisition and partnership with LCOs:**

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

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

   WWIL has upgraded its various cable facilities and aims to provide multiple value added services to it's customers through it's upgradation of infrastructural facilities. WWIL has converted its entire backbone into fiber optics and all LCOs are given inputs through a fiber node. It has improved the scope for providing better picture quality, increased the number of channels and other add-on services.

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

   With the intention of expanding its operation in digital cable distribution, WWIL has launched digital Cable TV distribution services in various cities across India including Delhi, Kolkata and Mumbai. Currently, WWIL has presence in 43 cities and provides cable TV on analog frequency. WWIL has invested in setting up of digital headends, optical fiber network and provides Set Top Boxes (STB) to consumers in order to enable them to access digital cable television and interactive value-added services (VAS) and would roll-out these services in cities with existing presence and propose to launch in new cities.

4. **Headend in The Sky (HITS):**

   HITS are comparable technology to DTH. WWIL is in the process of launching the HITS in India. Using this technology, WWIL would be able to provide digital TV services anywhere in India. WWIL plans to market the product across India, mainly focusing on large housing projects, townships, hotels etc. HITS can also be implemented to service smaller towns/villages, which will increase its scope. WWIL would also be able to acquire smaller LCOs and replace their redundant analog headend with a HITS installation which would provide a significant advantage to capture the market on a pan-India basis.

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

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

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

BUSINESS ACTIVITIES

Primary business activities of WWIL are as follows:

1. Cable Subscription
2. Channel Placement
3. Advertisement
4. Leasing out infrastructure

1. **Cable Subscription:**

   WWIL provides Cable subscription service by using following models:

   (i) Analog Cable Model:

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

(ii) New 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 by its headends and delivered to LCOs. The LCOs further send the encrypted signals to subscribers. Subscribers need a special device called Set Top Box (STB) to decrypt/ decode the signals so that these could be viewed on the conventional television set. STB keeps track of the programmes/channels watched by the subscribers, which get recorded by a subscriber management system at the MSO's facility leading to proper discovery of the number of subscribers actually watching a channel. CAS is beneficial to subscribers as they pay only for the channels they want to view thereby establishing transparency in the system. TRAI has mandated CAS in notified areas of Delhi, Kolkata and Mumbai.

(iii) Internet over Cable Project:

WWIL has launched Internet over Cable services in Bangalore. Internet over Cable provides internet through cable lines. It is approximately 100 times faster than the traditional dial-up. It provides high speed internet with better quality and at economical cost.

For the period ended March 31, 2007 its income from cable subscription was Rs. 1,250 million, which was 60% of the total sales revenue of Rs. 2,081 million.

2. Channel Placement:

WWIL is one of the largest MSOs in the country having a presence in 43 cities. WWIL has created infrastructure which is capable of running 80-100 channels. There are different frequencies on which these channels are run. Some frequencies command premium in the market. The broadcasters pay premium for placing their channels on these frequencies. WWIL have entered into various agreements with broadcasters for channel placement.

For the period ended March 31, 2007 its income from channel placement was Rs. 553 million, which was 27% of the total sales revenue of Rs. 2,081million.

3. Advertisement:

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

For the period ended March 31, 2007 its income from advertisement was Rs. 75 million, which was 4% of the total sales revenue of Rs. 2,081 million.

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 MSOs.

For the period ended March 31, 2007 its income from leasing out infrastructure was Rs. 83 million, which was 4% of the total sales revenue of Rs. 2,081 million.

STANDALONE FINANCIALS

A. RESULTS OF OPERATIONS

Non-Consolidated Financial Information for the period Ended March 31, 2007.

As per the Scheme of Arrangement approved by the Hon'ble High Court, Bombay Cable Business was demerged from ZEEL w.e.f. March 31, 2006. There was no effect on the Operational results for the year.

Total Revenue

Total revenue is Rs. 1,927 million during the first year of its operation.

Sales & Services

Revenue from Sales & Services is Rs. 1,737 million from 7 sources. The two major sources of the revenue are Subscription Income and Carriage Income which comprised of 86% of the total sales.

Interest & Other Income

Interest and Other income for the period ended March 31, 2007 was Rs. 190 million.

Total Expenditure

Total expenditure was Rs. 2,024 million for the period ended March 31, 2007. It included Operational cost, Personnel cost, Administrative & Other expenses and Selling & Distribution expenses. The major component of total expenditure comprised of pay channel subscription charges, distribution charges and provisioning for doubtful debts.

Operational Cost

Operational Cost was Rs. 1,562 million for the period ended March 31, 2007. Major operational cost was due to pay channel subscription charges and distribution charges.

Personnel Cost

Personnel Cost was Rs. 113 million for the period ended March 31, 2007.

Administrative and Other expenses

Administrative and Other expenses were Rs. 312 million for the period ended March 31, 2007.

Selling and Distribution expenses

Selling and Distribution expenses were Rs. 37 million for the period ended March 31, 2007. Major component was towards advertisement & publicity expenses.

Operating Profit/(Loss)

Operating Profit/(Loss) for the period ended March 31, 2007 was Rs. (97) million, which amounted to (6)% of the sales during the same period.

Interest and Finance Charges

Interest and Finance charges for the period ended March 31, 2007 were Rs. 169 million.

Depreciation

The depreciation on fixed assets was Rs. 334 million for the period ended March 31, 2007.

Profit/(Loss) Before Exceptional Items and Tax

Profit/(Loss) before exceptional items and tax for the period ended March 31, 2007 was Rs. (600) million.

Exceptional Items

Exceptional items for the period ended March 31, 2007 was Rs. 563 million.

Deferred Tax

Reversal of deferred tax liability for the period ended March 31, 2007 was Rs. 54 million.

Fringe Benefit Tax

Fringe benefit tax for the period ended March 31, 2007 was Rs. 2 million.

Net Profit/(Loss) After Tax

Net Profit/(Loss) after tax for the period ended March 31, 2007 was Rs. (1,111) million.

B. FINANCIAL POSITION

Non-Consolidated Financial Position as on March 31, 2007.

As per the Scheme of Arrangement approved by the Hon'ble High Court, Bombay, Cable Business was demerged from ZEEL w.e.f. March 31, 2006 and the related Assets and Liabilities were transferred/adjusted pursuant to the Scheme of Arrangement. The figures are not comparable as it is the first year of operation.

Sources of Funds

Share Capital, Reserves and Surplus

Pursuant to the Scheme of Arrangement under Section 391 to 394 read with Section 78, 100 to 103 between ZEEL and the Company approved by the Hon'ble High Court of Judicature at Bombay on November 17, 2006 and filed with the Registrar of Companies on November 22, 2006, the Company has taken over the cable business undertaking of ZEEL and cable business undertaking of ZEEL's wholly owned subsidiary, SCNL, which includes it's subsidiary companies, with effect from March 31, 2006. Pursuant to the above, the Company has allotted 216,717,753 Equity Shares of Re. 1/- each fully paid up and 23,436 7.25% Non-Cumulative Redeemable Preference Shares of Re. 1/- each fully paid up on December 29, 2006.

As per the Accounting treatment described in the Scheme of Arrangement, the value of the Net Assets of the Cable Business demerged undertakings of ZEEL and SCNL have been transferred to the Company and is adjusted against the face value of the Equity and Preference Shares issued. The difference is adjusted in the Profit and Loss Account of the Company.

Loan Funds

Total loan funds as on March 31, 2007 stood at Rs. 2,647 million. Loan funds of Rs. 1,114 million have been transferred/ adjusted pursuant to the Scheme of Arrangement.

Application of Funds

Fixed Assets

The Gross block was Rs. 1,802 million as on March 31, 2007. Fixed assets worth Rs. 1,741 million have been transferred/ adjusted pursuant to the Scheme of Arrangement.

Investments

Total Investments as on March 31, 2007 were Rs. 198 million.

Net Current Assets

The Net Current Assets were Rs. 1,595 million as on March 31, 2007.

Current Assets

Inventories

Inventories for the period ended March 31, 2007 were valued at Rs. 721 million. Inventories of Rs. 58 million have been transferred/adjusted pursuant to the Scheme of Arrangement.

Sundry Debtors

Sundry debtors consist of receivables from LCOs, carriage fees from broadcasters and advertisement & lease rental dues. Total Debtors as on March 31, 2007 were Rs. 618 million Sundry Debtors of Rs. 325 million have been transferred/adjusted pursuant to the Scheme of Arrangement.

Cash and Bank Balances

The cash and bank balances lying with the Company, as on March 31, 2007 were Rs. 154 million. Cash and Bank balance of Rs. 61 million have been transferred/adjusted pursuant to the Scheme of Arrangement.

Loans and Advances

Loans and Advances as on March 31, 2007 were Rs. 1,521 million. Loans and Advances of Rs. 1,180 million have been transferred/adjusted pursuant to the Scheme of Arrangement.

Current Liabilities and Provisions

Current Liabilities

Current liabilities stood at Rs. 1,406 million as on March 31, 2007. Current liabilities of Rs. 873 million have been transferred/adjusted pursuant to the Scheme of Arrangement.

Provisions

Provisions stood at Rs. 13 million as on March 31, 2007. Provisions of Rs. 7 million have been transferred/adjusted pursuant to the Scheme of Arrangement.

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

Miscellaneous Expenditure (to the extent not written off or adjusted) was Rs. 10 million as on March 31, 2007.

CONSOLIDATED FINANCIALS

A. RESULTS OF OPERATIONS

Consolidated Financial Information for the Period Ended March 31, 2007.

As per the Scheme of Arrangement approved by the High Court, Cable Business was demerged from ZEEL w.e.f. March 31, 2006. There was no effect on the Operational results for the year.

Total Revenue

Total revenue was Rs. 2,288 million during the first year of its operation.

Sales & Services

The revenue from Sales & Services was Rs. 2,081 million from 7 sources. The two major sources of revenue are Subscription Income and Carriage Income which comprised of 87% of the total sales.

Interest & Other Income

Interest and Other income for the period ended March 31, 2007 was Rs. 207 million.

Total Expenditure

Total expenditure amounted to Rs. 2,314 million for the period ended March 31, 2007. It included Operational Cost, Personnel cost, Administrative & Other expenses and Selling & Distribution expenses. The major component of total expenditure comprised of pay channel subscription charges, distribution charges and provisioning for doubtful debts.

Operational Cost

Operational Cost was Rs. 1,787 million for the period ended March 31, 2007. Major operational cost comprised of pay channel subscription charges and distribution charges.

Personnel Cost

Personnel Cost was Rs. 128 million for the period ended March 31, 2007.

Administrative and Other expenses

Administrative and Other expenses were Rs. 361 million for the period ended March 31, 2007.

Selling & Distribution expenses

Selling & Distribution expenses were Rs. 38 million for the period ended March 31, 2007. Major component was towards advertisement & publicity expenses.

Operating Profit/(Loss)

Operating Profit/(Loss) for the period ended March 31, 2007 was Rs. (26) million, which amounted to (1)% of the sales during the same period.

Interest and Finance Charges

Interest and Finance charges for the period ended March 31, 2007 was Rs. 170 million.

Depreciation

The depreciation on fixed assets was Rs. 344 million for the period ended March 31, 2007.

Profit/(Loss) Before Exceptional Items and Tax

Profit/(Loss) before exceptional items and tax for the period ended March 31, 2007 was Rs. (540) million.

Exceptional Items

Exceptional Items for the period ended March 31, 2007 was Rs. 563 million.

Current Tax

Current tax for the period ended March 31, 2007 was Rs. 7 million.

Deferred Tax

Reversal of deferred tax liability for the period ended March 31, 2007 was Rs. 39 million.

Fringe Benefit Tax

Fringe benefit tax for the period ended March 31, 2007 was Rs. 3 million.

Net Profit/(Loss) After Tax

Net Profit/(Loss) after tax for the period ended March 31, 2007 was Rs. (1,086) million.

B. FINANCIAL POSITION

Consolidated Financial Position as on March 31, 2007.

As per the Scheme of Arrangement approved by the Hon'ble High Court, Cable Business was demerged from ZEEL w.e.f. 31.03.2006 and the related Assets and Liabilities were transferred/adjusted pursuant to the scheme of arrangement. The figures are not comparable as it is the first year of operation.

Sources of Funds

Share Capital, Reserves and Surplus

Pursuant to the Scheme of Arrangement under Section 391 to 394 read with Section 78, 100 to 103 between ZEEL and the Company approved by the Hon'ble High Court of Judicature at Bombay on November 17, 2006 and filed with the Registrar of Companies on November 22, 2006, the Company has taken over the cable business undertaking of ZEEL and the cable business undertaking of ZEEL's wholly owned subsidiary, SCNL, which includes it's subsidiary companies, with effect from March 31, 2006. Pursuant to the above, the Company has allotted 216,717,753 Equity Shares of Re. 1/- each fully paid up and 23,436 7.25% Non-Cumulative Redeemable Preference Shares of Re. 1/- each fully paid up on December 29, 2006.

As per the Accounting treatment described in the Scheme of Arrangement, the value of the Net Assets of the Cable Business demerged undertakings of ZEEL and SCNL have been transferred to the Company and adjusted against the face value of the Equity and Preference Shares issued. The difference is adjusted in the Profit and Loss Account of the Company.

Loan Funds

Total loan funds as on March 31, 2007 stood at Rs. 2,647 million. Loan funds of Rs. 1,114 million have been transferred/adjusted pursuant to the Scheme of Arrangement.

Application of Funds

Fixed Assets

The Gross block was Rs. 2,135 million as on March 31, 2007. Fixed assets worth Rs. 1,741 million have been transferred/adjusted pursuant to the Scheme of Arrangement.

Investments

Total Investments as on March 31, 2007 were Rs. 86 million.

Net Current Assets

The Net Current Assets were Rs. 1,505 million as on March 31, 2007.

Current Assets

Inventories

Inventories for the period ended March 31, 2007 were valued at Rs. 747 million respectively. Inventories of Rs. 58 million have been transferred/adjusted pursuant to the Scheme of Arrangement.

Sundry Debtors

Sundry debtors consist of receivables from LCOs, carriage fees from broadcasters and advertisement & lease rental dues. Total Debtors as on March 31, 2007 were Rs. 629 million. Sundry Debtors of Rs. 325 million have been transferred/adjusted pursuant to the Scheme of Arrangement.

Cash and Bank Balances

The cash and bank balances lying with the Company, as on March 31, 2007 were Rs. 160 million. Cash and Bank balance of Rs. 61 million has been transferred/adjusted pursuant to the Scheme of Arrangement.

Loans and Advances

Loans and Advances as on March 31, 2007 were Rs. 1,522 million. Loans and Advances of Rs. 1,180 million have been transferred/adjusted pursuant to the Scheme of Arrangement.

Current Liabilities and Provisions

Current Liabilities

Current liabilities stood at Rs. 1,529 million as on March 31, 2007. Current Liabilities of Rs. 873 million have been transferred/adjusted pursuant to the Scheme of Arrangement.

Provisions

Provisions stood at Rs. 24 million as on March 31, 2007. Provisions of Rs. 7 million have been transferred/adjusted pursuant to the Scheme of Arrangement.

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

Miscellaneous Expenditure (to the extent not written off or adjusted) was Rs. 10 million on March 31, 2007.

SEGMENTAL PERFORMANCE

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

OTHER COMPANY INFORMATION

1. **Internal Control Systems:**

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

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

2. **Human Resources:**

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

   The Company's workforce presently consists of a growing number of employees, in addition to outsourced staff. As at March 31, 2007, the Company had around 475 employees.

3. **Corporate Restructuring:**

   Pursuant to the Scheme of Arrangement between ZEEL, SCNL and WWIL, which was approved by the Hon'ble High Court of Bombay on November 17, 2006, WWIL has taken over the cable business undertaking of ZEEL and its wholly owned subsidiary SCNL, which includes its subsidiary companies w.e.f. March 31, 2006.

   As a result of the demerger, shareholders of erstwhile ZEEL have been allotted equity shares in WWIL. WWIL has allotted 216,717,753 equity shares of Re. 1/- each fully paid up and 23,436 7.25% Non-Cumulative Redeemable Preference Shares of Re. 1/- each fully paid up on December 29, 2006. The equity shares of the Company have been listed on the National Stock Exchanges and Bombay Stock Exchane on January 10, 2007 and on Calcutta Stock Exchange on January 12, 2007.

4. **Events after Balance Sheet Date:**

   a) **Mandatory CAS Rollout in 55 Cities:**

      The Group on 'Digitalization and Introduction of Voluntary CAS' in it's report dated June 12, 2007 submitted to Telecom Regulatory Authority of India recommended that the date of roll out of CAS should be mandated for 55 cities in the country i.e. all state capitals and all other cities with a population of one million and above. This would be done in phases beginning with October 2008 and ending with September 2011.

      WWIL eyes this announcement as a great opportunity to launch its digital services in the 55 cities of the country.

b) Joint Venture:

A Joint Venture Company named Wire and Wireless Tisai Satellite Private Limited has been set up by the Company along with Shree Tisai Satellite Services (Tisai Group) at Kalyan, Maharashtra to provide Cable services in the Kalyan area. WWIL holds 51% in the Joint Venture.

RISK FACTORS

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

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

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

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

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

3. **Significant Competition from new entrants and existing players:**

   Significant additional competition in the C & S industry may result in reduced ARPU and thereby negatively affect the Company's revenues and profitability. Further, the introduction of foreign participation in the C&S sector will result in the entry of multinational C&S companies into the Indian market. Competitors 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 it's ability to attract, train, motivate and retain highly skilled personnel. Its ability to hire and retain additional qualified personnel will impact its ability to continue to expand business. There is a significant demand for personnel who possess the skills required in cable business. An increase in WWIL's rate of attrition for its experienced employees, would adversely affect the business. The Company cannot assure that it would be successful in recruiting and retaining a sufficient number or personnel with the requisite skills to replace those personnel who leave. This may adversely affect its business and consequently, the operational results. Further the Company cannot assure that it would be able to re-deploy and re-train its personnel to keep pace with continuing changes in its business.

5. **Improved Technology:**

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

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

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

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

The MSO business has a large number of independent operators and from whom we directly face competition. There is no readily available external information (whether from trade or industry associations, government bodies or other organizations) to validate market-related analysis and estimates, so it relies on internally developed estimates, particularly in relation to subscriber base and revenues. While it believes its internal estimates to be reasonable, such estimates have not been verified by any independent sources and it cannot assure you of its accuracy. In the event, the Company's estimates differ materially from actual performance; it may adversely impact its results of operations.

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

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

9. The business largely dependent 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 it's ability to offer MSO services and could adversely affect it's results of operations.

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

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

Auditors' Report

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

1. We have audited the attached balance sheet of Wire and Wireless (India) Limited ("the Company") as at March 31, 2007 and also the profit and loss account and the cash flow statement for the period from March 24, 2006 (date of incorporation of the Company) to March 31, 2007 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. Further to our comments in the Annexure referred to above, we report that:
   i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
   ii. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
   iii. The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;
   iv. In our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
   v. On the basis of the written representations received from the directors, as on March 31, 2007, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2007 from being appointed as a director in terms of Clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
   vi. *Reference is drawn to Note 4(B) to Schedule 22 to the financial statements, wherein the preference share investments in distribution companies and advances receivable from them aggregating to Rs. 479.7 million is considered recoverable by the management, which is dependant on the future profitability of these companies.*
   vii. In our opinion and to the best of our information and according to the explanations given to us, subject to our comment in paragraph 4(vi) above, the resultant impact on these financial statements, if any, which is not ascertainable at this stage, 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, 2007;
      b) in the case of the profit and loss account, of the loss for the period March 24, 2006 (date of incorporation of the Company) to March 31, 2007; and
      c) in the case of cash flow statement, of the cash flows for the period March 24, 2006 (date of incorporation of the Company) to March 31, 2007.

For S. R. Batliboi & Associates
Chartered Accountants

per Amit Majmudar
Partner
Membership No.: 36656

Place: Mumbai
Date: June 27, 2007

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 furniture and fixtures and network equipment capitalised from the assets taken over in the Scheme of Arrangement (refer Note 2 to Schedule 22). The fixed assets register does not contain item-wise depreciation and accumulated depreciation.*

(b) All fixed assets have not been physically verified by the management during the year but there is a regular programme of verification. *As informed, material discrepancies were identified on such verification.* These have been properly dealt with in the books of account. *In our opinion, the frequency of the physical verification of the network equipment needs to be improved having regard to the size of the Company and the nature of its assets.*

(c) There was no substantial disposal of fixed assets during the year.

(ii) (a) The management has conducted physical verification of inventory at year end *except for set top boxes with distributors, which have not been verified during or at the end of 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 *except in case of set top boxes with the distributors for which the management did not conduct physical verification of inventory during or at the end of the year.*

(iii) (a) The Company has granted a loan to one firm covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 40 million and the year-end balance of loan granted to the party was nil.

(b) In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions for such loans are not prima facie prejudicial to the interest of the Company.

(c) In respect of loans granted, repayment of the principal amount is as stipulated and payment of interest have been regular.

(d) There is no overdue amount of loans granted to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956.

(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. 455.29 million and the year-end balance of loans taken from such parties was Rs. 409.74 million.

(f) In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions for such loans are not prima facie prejudicial to the interest of the Company.

(g) Out of the loans taken from parties covered in the register maintained under Section 301 of the Companies Act, 1956, loan of Rs. 110 million is repayable alongwith interest on demand. As informed, the lenders have not demanded repayment of the loan repayable on demand during the year, thus, there has been no default on the part of the Company. The loan aggregating to Rs. 299.74 million has not yet fallen due for repayment or for payment of interest.

(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 fixed assets and inventory and sale of advertising 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 set top boxes is inadequate as the Company does not have an adequate tracking mechanism for their dispatch to the customer. Further, the internal control system for sale of services for subscription revenues and carriage income is inadequate since the Company does not have written agreements with customers in all cases.*

(v) (a) According to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in Section 301 of the Act that need to be entered into the register maintained under Section 301 have been so entered.

(b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements exceeding value of Rupees five lakhs have been entered into during the financial year at prices which are reasonable having regard to the prevailing market prices at the relevant time except for fees for placement of channels which because of the unique and specialized nature the services 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.

(ix) (a) Undisputed statutory dues including provident fund, investor education and protection fund, or employees' state insurance, income tax, sales tax, wealth tax, service tax, customs duty, excise duty, cess have *not been regularly deposited with the appropriate authorities and there have been serious delays in large number of cases.*

(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, excise duty, cess and other statutory dues which were outstanding, at the year end for a period of more than six months from the date they became payable are as follows:

Name of the statute	Nature of the dues	Amount (Rs.)	Period to which the amount relates	Due Date	Date of Payment
Chapter V of Finance Act 1994	**Service Tax**	8,322	**September 2004**	25/10/2004	25/06/2007
	Service Tax	157,045	**October 2004**	25/11/2004	25/06/2007
	Service Tax	284,145	**November 2004**	25/12/2004	25/06/2007
	Service Tax	344,889	**December 2004**	25/01/2005	25/06/2007
	Service Tax	287,980	**January 2005**	25/02/2005	25/06/2007
	Service Tax	401,481	**February 2005**	25/03/2005	25/06/2007
	Service Tax	644,941	**March 2005**	31/03/2005	25/06/2007
	Service Tax	1,004,073	**April 2005**	25/05/2005	25/06/2007
	Service Tax	1,167,683	**May 2005**	25/06/2005	25/06/2007
	Service Tax	946,297	**June 2005**	05/07/2005	25/06/2007
	Service Tax	54,349	**July 2005**	05/08/2005	Not yet paid
	Service Tax	215,684	**August 2005**	05/09/2005	25/06/2007
	Service Tax	427,831	**November 2005**	05/12/2005	25/06/2007
	Service Tax	107,257	**December 2005**	05/01/2006	25/06/2007
	Service Tax	212,169	**January 2006**	05/02/2006	25/06/2007
	Service Tax	163,496	**February 2006**	05/03/2006	25/06/2007
	Service Tax	2,666,795	**March 2006**	31/03/2006	25/06/2007
	Service Tax	518,198	**May 2006**	05/06/2006	30/04/2007
	Service Tax	5,557	**June 2006**	05/07/2006	24/04/2007
	Service Tax	891,135	**July 2006**	05/08/2006	30/04/2007
	Service Tax	520,037	**August 2006**	05/09/2006	30/04/2007
	Service Tax	36,532	**September 2006**	05/10/2006	24/04/2007

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

Name of the statute	Nature of dues	Amount (Rs.)	Period to which the amount relates	Forum where dispute is pending
Chapter V of Finance Act 1994	**Service Tax**	5,35,468	**October, 2004 to March, 2005**	**Commissioner of Customs and Central Excise (Appeals) Kanpur**

(x) The Company has been registered for a period of less than five years and hence we are not required to comment on whether or not the accumulated losses at the end of the financial year is fifty per cent or more of its net worth and whether it has incurred cash losses in such financial year and in the immediately preceding financial year.

(xi) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institution or bank. The Company has not issued any debentures.

(xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

(xiii) In our opinion, the Company is not a chit fund or a nidhi/ mutual benefit fund/ society. Therefore, the provisions of Clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.

(xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of Clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.

(xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.

(xvi) Based on information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.

(xvii) According to the information and explanations given to us and on overall examination of the balance sheet and cash flow statement 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) The Company did not have any outstanding debentures during the year.

(xx) The Company has not raised money by public issues during the year.

(xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

For S. R. Batliboi & Associates

Chartered Accountants

per Amit Majmudar
Partner
Membership No.: 36656

Place: Mumbai
Date: June 27, 2007

Essel GROUP

BALANCE SHEET AS AT MARCH 31, 2007

	Schedule	(Rs. in '000) 2007
SOURCES OF FUNDS		
Shareholders' Funds		
Share Capital	1	217,241
Reserves and Surplus	2	284,192
		501,433
Loan Funds		
Secured Loans	3	2,212,266
Unsecured Loans	4	434,995
		2,647,261
TOTAL		**3,148,694**
APPLICATION OF FUNDS		
Fixed Assets		
Gross Block	5	1,802,394
Less: Accumulated Depreciation/Amortization		671,352
Net Block		1,131,042
Capital Work-in-Progress		214,234
		1,345,276
Investments	6	198,170
Current Assets, Loans and Advances		
Inventories	7	720,360
Sundry Debtors	8	617,843
Cash and Bank Balances	9	154,260
Loans and Advances	10	1,521,306
		3,013,769
Less:		
Current Liabilities and Provisions		
Current Liabilities	11	1,405,837
Provisions	12	13,029
		1,418,866
Net Current Assets		1,594,903
Miscellaneous Expenditure (to the extent not written off or adjusted)	13	10,345
TOTAL		**3,148,694**
Significant Accounting Policies and Notes to Accounts	22	

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

As per our attached report of even date
For **S. R. Batliboi & Associates**
Chartered Accountants

per Amit Majmudar
Partner
Membership No.: 36656

Place: Mumbai
Date: June 27, 2007

For and on behalf of the Board

Subhash Chandra
Director

Shyam Sunder Goel
Director

Bhagwant P. Bhargawe
V. P. Legal & Company Secretary

V. K. Agarawal
Sr. V. P. Finance & Accounts

PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED MARCH 24, 2006 (DATE OF INCORPORATION) TO MARCH 31, 2007

(Rs. in '000)

	Schedule	2007
INCOME		
Sales/Income from operations	14	1,736,788
Other Income	15	190,229
		1,927,017
EXPENDITURE		
Operational Cost	16	1,562,101
Personnel Cost	17	113,012
Administrative Expenses	18	311,977
Selling and Distribution Expenses	19	37,385
		2,024,475
OPERATING PROFIT/(LOSS)		**(97,458)**
Interest and Finance Charges	20	169,230
Depreciation		333,614
		502,844
Profit/(Loss) Before Exeptional Items and tax		**(600,302)**
Exeptional Items	21	562,755
Profit/(Loss) Before Tax		**(1,163,057)**
Less: Provision for Tax		
Deferred Tax		(54,316)
Fringe Benefit Tax		2,413
Profit/(Loss) After Tax for the Period		**(1,111,154)**
Add: Adjustment Pursuant to the Scheme (Refer Note 2 of Schedule 22)		1,395,346
Balance Carried to Balance Sheet		**284,192**
Earning/(Loss) Per Share: (Rs.)		
Basic/Diluted (Nominal value of shares Re.1/- each)		
Basic & Diluted earnings/(Loss) per share (Refer Note 4 H of Schedule 22)		(5.21)
Significant Accounting Policies and Notes to Accounts	22	

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

As per our attached report of even date
For **S. R. Batliboi & Associates**
Chartered Accountants
per Amit Majmudar
Partner
Membership No.: 36656
Place: Mumbai
Date: June 27, 2007

For and on behalf of the Board

Subhash Chandra
Director

Shyam Sunder Goel
Director

Bhagwant P. Bhargawe
V. P. Legal & Company Secretary

V. K. Agarawal
Sr. V. P. Finance & Accounts

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2007

	(Rs. in '000) **2007**
SCHEDULE 1 : SHARE CAPITAL	
Authorised	
290,000,000 Equity Shares of Re. 1/- each	290,000
10,000,000 Preference Shares of Re. 1/- each	10,000
TOTAL	**300,000**
Issued, Subscribed and Paid-up	
21,72,17,753 Equity Shares of Re. 1/- each fully paid up	217,218
23,436 7.25% Non Cumulative Redeemable Preference shares of Re. 1/- fully paid up	23
TOTAL	**217,241**

Notes:

1) 216,717,753 Equity Shares of Re. 1/- each Fully Paid up are alloted for consideration other than cash pursuant to the scheme of arrangement. (Refer Note 2 of Schedule 22)
2) 23,436 7.25% Non-Cumulative Redeemable Preference Shares of Re. 1/- each Fully Paid up alloted on 29.12.06 and redeemable at par at the end of two years from the date of allotment for consideration other than cash pursuant to the scheme of arrangement. (Refer Note 2 of Schedule 22)

SCHEDULE 2 : RESERVES AND SURPLUS	
Profit and Loss Account	284,192
TOTAL	**284,192**
SCHEDULE 3 : SECURED LOANS	
Loans and Advances from Banks	
The Jammu & Kashmir Bank Ltd.	903,826
UTI Bank Ltd.	499,998
IDBI Bank Ltd.	248,932
(Refer Note 4A of Schedule 22)	
Term Loan	
Infrastructure Development Finance Co. Ltd.	500,000
(Refer Note 4A of Schedule 22)	
Working Capital Finance	
Canara Bank	56,242
(Refer Note 4A of Schedule 22)	
Others	
Hire Purchase	3,268
(Refer Note 4A of Schedule 22)	
TOTAL	**2,212,266**

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2007

	(Rs. in '000) 2007
SCHEDULE 4 : UNSECURED LOANS	
Short term Loans and Advances	
From Group Companies	110,000
Others Loans and Advances	
From Group Companies	299,737
Interest Accrued and due	25,258
Total	**434,995**

SCHEDULE 5 : FIXED ASSETS (at Cost)

(Rs. in '000)

	Gross Block				Depreciation/Amortisation				Net Block
Particulars	**Transferred Pursuant to Scheme of Arrangement (Refer Note below)**	**Additions**	**Deductions**	**As at 31.03.07**	**Transferred Pursuant to Scheme of Arrangement (Refer Note below)**	**For the Period**	**Deductions**	**Up to 31.03.07**	**As at 31.03.07**
(A) Tangible Assets									
Building	29,856	423	–	30,279	4,775	489	–	5,264	25,015
Lease hold Land and Improvements	4,687	28,776	–	33,463	2,565	2,196	–	4,761	28,702
Plant and Machinery	1,217,709	383,211	137,001	1,463,918	447,094	227,947	98,179	576,862	887,056
Furniture and Fixture	9,291	3,289	975	11,605	5,560	535	587	5,508	6,097
Studio Equipment	34,929	91	7,025	27,995	22,510	2,463	5,513	19,460	8,535
Computers	28,012	47,408	2,619	72,801	22,324	3,471	2,480	23,315	49,486
Set Top Boxes	-	73,926	–	73,926	–	1,972	–	1,972	71,954
Vehicle	8,266	3,899	481	11,684	3,107	876	171	3,812	7,872
Office Equipment	21,542	6,558	106	27,994	6,953	1,178	60	8,071	19,923
Decorders	378,580	34,975	413,555	–	87,785	74,095	161,880	–	–
TOTAL - (A)	**1,732,872**	**582,556**	**561,762**	**1,753,665**	**602,673**	**315,222**	**268,870**	**649,025**	**1,104,640**
(B) Intangible Assets									
Cable Rights	39,828	–	–	39,828	–	17,040	–	17,040	22,788
Software	8,155	746	–	8,901	3,936	1,352	–	5,288	3,613
TOTAL - (B)	**47,983**	**746**	**–**	**48,729**	**3,936**	**18,392**	**–**	**22,328**	**26,401**
TOTAL (A+B)	**1,780,855**	**583,302**	**561,762**	**1,802,394**	**606,609**	**333,614**	**268,870**	**671,352**	**1,131,042**

Note: These Assets have been transferred to the Company pursuant to the Scheme of Arrangement (See Note 2 of Schedule 22).

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2007

			(Rs. in '000) 2007
SCHEDULE 6 : INVESTMENTS			
Long Term - At Cost			
Unquoted - Trade			
Equity Shares			
480	Equity Shares of Rs. 100/- each fully paid up of Master Ads Pvt. Ltd.	48	
	Less: Provision for diminution in value of Investments	48	–
9,500	Equity Shares of Rs.10/- each fully paid up of Dakshin Communication Pvt. Ltd.	1,770	
	Less: Provision for diminution in value of Investments	1,770	–
3,000	Equity Shares of Rs.10/- each fully paid up of Centre Channel Pvt. Ltd.	228	
	Less: Provision for diminution in value of Investments	228	–
Investments in 6% Non-Cumulative Redeemable Preference Shares of Rs. 100/- each fully paid up of			
5,430	Bangalore Communication Network Pvt. Ltd.		2,715
1,610	Banjara Telelinks Pvt. Ltd.		805
579	Bargachh Telelinks Pvt. Ltd.		290
8,420	Chanakya Communications Network Pvt. Ltd.		4,210
9,680	Chandigarh Network Systems Pvt. Ltd.		4,840
1,230	Chirag Telelinks Pvt. Ltd.		615
5,489	Condoor Communication Pvt. Ltd.		2,745
41,960	Dakhsin Communications Pvt. Ltd.		20,980
8,580	Faridabad Entertainment Pvt. Ltd.		4,290
6,270	Garden City Communication Pvt. Ltd.		3,135
14,140	Him Mohini Communications Pvt. Ltd.		7,070
3,659	North Bombay Cable Network Pvt. Ltd.		1,830
12,510	North Delhi Cable Network Pvt. Ltd.		6,255
8,118	Purvalaya Communications Pvt. Ltd.		4,058
15,270	Purvi Communications Pvt. Ltd.		7,635
9,820	Rajdhani Communication Network Pvt. Ltd.		4,910
250	Satellite Communication Pvt. Ltd.		125
5,730	Shri Sai Network Pvt. Ltd.		2,865
3,290	Siti Communication Pvt. Ltd.		1,645
1,290	Tirupathy Communication Network Pvt. Ltd.		645
2,050	Trans Yamuna Communication Network Pvt. Ltd.		1,025
3,850	Vanasthali Communication Network Pvt. Ltd.		1,925
2,530	West Delhi Cable Network Pvt. Ltd.		1,265
1,100	Zem Communication Pvt. Ltd.		550
14,080	Haryana Communication Network Pvt. Ltd.	7,040	
	Less: Provision for diminution in value of Investments	7,040	–
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. #		

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2007

(Rs. in '000)

SCHEDULE 6 : INVESTMENTS (Contd.)

		2007
10,280	East Patel Communication Network Pvt. Ltd. #	
4,760	Jabalpur Cable Network Pvt. Ltd. #	
2,990	Jalandhar Multimedia Pvt. Ltd. #	
6,820	Jammu Communications Network Pvt. Ltd. #	
12,930	Karnal Communications Pvt. Ltd. #	
14,220	Mani nagar Network Pvt. Ltd. #	
590	Nizamabad Communication Pvt. Ltd. #	
6,580	Noida Network Systems Pvt. Ltd. #	
10,898	Panchsheel Communication Network Pvt. Ltd. #	
8,880	Panipat Communications Pvt. Ltd. #	
4,180	Pink City Communication Network Pvt. Ltd. #	
23,010	Sabarmati Network Pvt. Ltd. #	
15,440	Space Channel Communication Pvt. Ltd. #	
7,070	Vasant Kunj Cable Network Pvt. Ltd. #	
4,390	Vision Network Pvt. Ltd. #	
		86,428
	In Subsidiaries - Wholly owned	
	10,000 Equity shares of Rs. 10/- each fully paid up of Siticable Broadband South Ltd.	100
	50,000 Equity shares of Rs. 10/- each fully paid up of Central Bombay Cable Network Ltd.	500
		600
	In Subsidiaries - Partially owned	
	68,31,000 Equity shares of Rs. 10/- each fully paid up of Indian Cable Net Company Ltd.	111,142
	TOTAL	**198,170**

Note: Dimunition in the value of these investments has been written off

CURRENT ASSETS, LOANS AND ADVANCES

CURRENT ASSETS

SCHEDULE 7 : INVENTORIES

	2007
Stock in trade	677,125
Store and Spares	43,235
TOTAL	**720,360**

SCHEDULE 8 : SUNDRY DEBTORS

	2007
(Unsecured, Considered Good unless otherwise stated)	
More than six months	
– Considered Good	131,672
– Considered Doubtful	350,275
	481,947
Less: Provision for Doubtful Debts	350,275
	131,672
Others	
Considered Good	486,171
[Refer Note 4 N (ii) (a) of Schedule 22]	
TOTAL	**617,843**

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2007

	(Rs. in '000) **2007**
SCHEDULE 9 : CASH AND BANK BALANCES	
Cash on hand	3,864
Balance with Scheduled Banks	
– On Current Accounts	33,623
– On Deposits Accounts	100,889
Cheques and Drafts on Hand/Transit	15,884
TOTAL	**154,260**

SCHEDULE 10 : LOANS AND ADVANCES	
Unsecured, Considered Good	
Advances and Loan to Subsidiaries	24,900
Advances to Distribution Companies	393,270
Advances Recoverable in cash or in kind or for value to be received	155,283
Inter Corporate Deposits	784,959
Deposit - Others	77,878
Tax Advances	85,016
Unsecured, Considered Doubtful	
Advances and Loan to Distribution Companies	136,210
Deposit - Others	2,230
Others Advances	26,240
	1,685,986
Less: Provision for Advances to Distribution Companies,	136,210
Provision for Deposits Others	2,230
Provision for Other Advances [Refer Note 4 N (i) & 4 N (ii) (b) of Schedule 22]	26,240
TOTAL	**1,521,306**

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2007

	(Rs. in '000) 2007
SCHEDULE 11 : CURRENT LIABILITIES	
Sundry Creditors :	
– For Programmes & Goods	392,646
– For Expenses and Other Liabilities	910,533
Trade Advances/Deposits received	56,839
Bank Overdraft	44,515
Interest Accrued but not Due	1,304
(Refer Note 4L of Schedule 22)	
TOTAL	**1,405,837**
SCHEDULE 12 : PROVISIONS	
Provision for Fringe Benefit Tax	1,886
Provision for LTA, Medical and Others	1,049
Provision for Retirement Benefits	10,094
TOTAL	**13,029**
SCHEDULE 13 : MISCELLANEOUS EXPENDITURE	
(to the extent not written off or adjusted)	
Unamortised Finance Cost	8,577
Preliminary Expenses	1,768
TOTAL	**10,345**

SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT FOR THE PERIOD FROM MARCH 24, 2006 (DATE OF INCORPORATION) TO MARCH 31, 2007

	(Rs. in '000) **2007**
SCHEDULE 14 : SALES AND SERVICES	
NETWORK REVENUE	
Subscription Income	1,060,779
Carriage Income	424,786
Lease Rental Income	66,088
Advertisement Income	74,590
Sale of Set Top Boxes and others	107,327
Rental Income	2,561
Other Networking Receipts	657
TOTAL	**1,736,788**
SCHEDULE 15 : OTHER INCOME	
Interest (Gross)	79,770
Miscellaneous Income	110,459
TOTAL	**190,229**
SCHEDULE 16 : OPERATIONAL COST/COST OF GOODS	
Programme Production Expenses	33,571
Raw Stock Consumed	860
Carriage Fees Sharing	124,940
Pay Channel Subscription	374,688
Local Cable Operator Charges	3,468
Other Operational Cost	79,323
Distribution Charges	694,422
Repairs and Maintenance - Network	13,239
Right of Way Charges	17,753
Rent	16,129
Power and Fuel	3,691
Cost of Goods Sold	190,208
Bandwith Charges	9,809
TOTAL	**1,562,101**
SCHEDULE 17 : PERSONNEL COST	
Salaries, Allowances and Bonus	95,021
Contribution to Provident, Other Funds	6,600
Staff Welfare Expenses	9,112
Recruitment and Training Expenses	2,279
TOTAL	**113,012**

SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT FOR THE PERIOD FROM MARCH 24, 2006 (DATE OF INCORPORATION) TO MARCH 31, 2007

	(Rs. in '000) 2007
SCHEDULE 18 : ADMINISTRATIVE EXPENSES	
Rent	15,928
Rates and Taxes	4,521
Brokerage	2,730
Comunication Expenses	8,321
Repairs and Maintenance	
– Building	3,476
– Others	5,689
Electricity Expenses and Water Charges	9,312
Legal, Professional and Consultancy Charges	43,886
Printing and Stationery	4,353
Services Charges	8,238
Sundry Expenses	11,058
Travelling and Conveyance Expenses	15,105
Vehicle Expenses	7,579
Miscellaneous Expenses	7,775
Provision for diminution in value of Investments	7,040
Provision for Doubtful Debts	129,217
Loss on Sale/ Discard/ Write off of Assets (net)	27,749
TOTAL	**311,977**
SCHEDULE 19 : SELLING AND DISTRIBUTION EXPENSES	
Advertisement and Publicity Expenses	13,771
Commission Charges & Incentives	10,229
Rebate and Discount	10,540
Business and Sales Promotion	2,845
TOTAL	**37,385**
SCHEDULE 20 : INTEREST AND FINANCIAL CHARGES	
Interest on	
– Term Loan	117,144
– Others	43,032
Discounting and Financing Expenses	9,054
TOTAL	**169,230**
SCHEDULE 21 : EXCEPTIONAL ITEMS	
Provision for Doubtful Loans and Advances	153,882
Loss on write-off of Loans and Advances	24,661
Loss on write-off of Capital Work-in-Progress	212,632
Loss on write-off of Fixed Assets	154,782
Loss on write-off of Inventories	16,798
TOTAL	**562,755**

SCHEDULE 22 : SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

All amounts in thousands of Indian Rupees

1. a) **Background:**

Wire and Wireless (India) Limited (hereinafter referred to as 'the Company' or 'WWIL') was incorporated on March 24, 2006 to engage in cable television distribution and other related businesses. These financial statements are prepared for the period from March 24, 2006 (date of incorporation) of the Company to March 31, 2007.

WWIL is engaged in Distribution of Television Channels through analogue and digital cable distribution network, primary internet and allied services.

The shares of the Company were listed on The Bombay Stock Exchange and National Stock Exchange w.e.f. January 10, 2007 and The Calcutta Stock Exchange w.e.f. January 12, 2007.

b) With the introduction of the Conditional Access System and digitization of cable network in India, management expects that the Company's revenues and profitability would significantly improve, which would strengthen the financial position of the Company in the coming years. The Company is considering various options for raising funds including issue of shares and raising loans from banks and financial institutions. The management is of the opinion that it is appropriate to prepare these financial statements on the basis of going concern based on above and assurance of financial and operational support by promoters.

2. **Scheme of Arrangement:**

(i) Pursuant to the Scheme of Arrangement under Section 391 to 394 read with Section 78, 100 to 103 between Zee Entertainment Enterprises Limited (ZEEL) (Formerly Zee Telefilms Limited) and the Company approved by the Hon'ble High Court of Judicature at Bombay on November 17, 2006 and filed with the Registrar of Companies on November 22, 2006, the Company has taken over the cable business undertaking of ZEEL and cable business undertaking of ZEEL's wholly owned subsidiary, Siti Cable Network Limited (SCNL), which includes its subsidiary companies, with effect from March 31, 2006. The Scheme has been given effect to in these financial statements.

The assets and liabilities of cable business undertaking transferred to the Company are as follows:

(Rs. in '000)

Particulars	**ZEEL**	**SCNL**	**Total**
Gross Block	378,580	1,362,447	1,741,027
Less: Accumulated Depreciation	87,784	518,822	606,606
Net Block	290,796	843,625	1,134,421
Capital Work in Progress	47,490	608,487	655,977
Investments	–	205,210	205,210
Current Assets, Loans and Advances	79,108	1,585,832	1,664,940
Deferred Tax Assets	(54,316)	–	(54,316)
Total Assets – (A)	**363,078**	**3,243,154**	**3,606,232**
Loan Funds	785,635	328,429	1,114,064
Current Liabilities and Provisions	147,142	732,939	880,081
Total Liabilities – (B)	**932,777**	**1,061,368**	**1,994,145**
Surplus / (Deficit) (A) – (B)	**(569,699)**	**2,181,786**	**1,612,087**

(ii) Exchange ratio is as follows:

(a) For Equity Shareholders of ZEEL
1 (One) fully paid up Equity Share of Re. 1/- (Rupee One only) each of WWIL has been issued and allotted for every 2 (Two) Equity Shares of Re. 1/- (Rupee One only) each held in ZEEL.

(b) For Equity Shareholders of SCNL i.e. ZEEL
1 (One) fully paid up Preference Share of Re.1/- (Rupee One only) each of WWIL has been issued and allotted for every 1,000 (One Thousand) Equity Ehares of Rs. 10/- (Rupees Ten Only) each held in SCNL.

(c) For Preference Shareholders of SCNL i.e. ZEEL
1 (One) fully paid up Preference Share of Re. 1/- (Rupee One only) each of WWIL has been issued and allotted for every 1,000 (One Thousand) Preference Shares of Rs. 10/- (Rupees Ten Only) each held in SCNL.

Pursuant to the above, the Company has allotted the following shares on December 29, 2006:

(i) 216,717,753 Equity Shares of Re. 1/- (Rupee One only) each fully paid up

(ii) 23,436 7.25% Non-Cumulative Redeemable Preference Shares of Re. 1/- (Rupee One only) each fully paid up.

(iii) As per the Accounting treatment prescribed in the Scheme of Arrangement, the value of the Net Assets of the Cable Business de-merged Undertakings of ZEEL of Rs. (569,699) and SCNL of Rs. 2,181,786 has been transferred to the Company and adjusted against the face value of 216,717,753 Equity Shares of Re.1/- each fully paid up and 23,436 7.25% Non-Cumulative Redeemable Preference Shares of Re. 1/- issued. The difference of Rs. 1,395,346 has been adjusted in the Profit and Loss Account of the Company.

3. Statement of Significant Accounting Policies:

A) Basis of preparation:

The financial statements have been prepared to comply in all material respects with the mandatory Accounting Standards issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on an accrual basis.

B) Use of Estimates:

The preparation of the financial statements in accordance with the generally accepted accounting principles requires that the management make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent liabilities as at the date of financial statements and the reported amount of revenue and expenses of the period. Actual results could differ from these estimates. Any revision in accounting estimates is recognized prospectively in current and future periods.

C) Fixed Assets:

(i) Fixed Assets are stated at cost less accumulated depreciation and impairment losses if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

(ii) Software is capitalized as an Intangible Asset on meeting recognition criteria.

(iii) 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.

(iv) Program/ Film/ Cable rights are stated at the lower of net cost (cost less accumulated amortization / impairment) and realizable value. Where the realizable value on the basis of its useful economic life is less than its carrying amount, the difference is impairment, which is expensed. Program/ Film/ Cable rights are amortized as follows;

(a) Cost of news/ current affairs/ chat shows/ events including sports events etc. are fully expensed on first telecast.

(b) Program/ Film/ Cable rights are amortized on a straight-line basis over the license period or 60 months from the date of purchase, whichever is shorter.

D) Depreciation/Amortization:

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

	% per annum
Building	1.63
Leasehold Improvements	10.00
Plant and Machinery	10.00
Furniture & Fixtures	6.33
Studio Equipments	6.33
Computers	16.21
Set Top Boxes	20.00
Vehicles	9.50
Office Equipments	6.33
Decoders	10.00
Software	16.21

(ii) Leasehold improvements are amortized over the lease period of 1-5 years.

(iii) Plant and Machinery acquired under the Scheme of Arrangement described in Note 2 are depreciated over the management's estimate of remaining useful life, a period of 5 years.

(iv) Depreciation on intangible assets is amortized over the economic useful life of the assets as estimated by the management.

(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.

E) Impairment:

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

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

F) 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.

G) 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.

H) Inventories:

Inventories are valued as follows:

Stores and Spares and 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 simple 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.

I) 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 as per 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) during the year under review, the Company has implemented Conditional Access System (CAS) in the notified areas and accordingly subscription charges have been accounted in terms of 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 by ICAI.

Interest:

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

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

K) Foreign Currency Translation:

(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 recognized as income or as expenses in the year in which they arise.

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

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

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

M) Income Tax:

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

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets and deferred tax liabilities across various countries of operation are not set off against each other as the Company does not have a legal right to do so. 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.

N) Earning Per Share:
Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is

adjusted for events of bonus issue; bonus element in a rights issue to existing shareholders; share split; and reverse share split (consolidation of shares). For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

O) 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.

4. Notes to Accounts:

A) Secured Loans:

Secured Loans include:

a) Infrastructure Development Finance Company Ltd. Rs. 500,000

b) The Jammu & Kashmir Bank Ltd. Rs. 903,826.

Both these loans are to be secured by:

(i) A first *pari passu* charge and mortgage of all the Company's immovable properties, present and future;

(ii) A first *pari passu* charge by way of hypothecation of all the Company's movables including movable machinery, machinery spares, tools and accessories, present and future;

(iii) A first *pari passu* charge on the Company's book debts, bank accounts, operating cash flows, receivables, commissions, revenues of whatsoever nature and whenever arising, present and future;

(iv) A first *pari passu* charge on all intangibles of the Company including but not limited to goodwill, uncalled capital, present and future; and

(v) Corporate Guarantee from ZEEL towards payment obligation under the Rupee Term Loan.

The Company is in the process of completing the procedures for creation of charges.

c) Working Capital finance from Canara Bank Rs. 56,243, secured by way of first charge against hypothecation of stocks and book debts and collaterally secured by hypothecation of control room equipments installed at various places in Delhi and guaranteed by ZEEL. These loans have been transferred from SCNL, pursuant to the scheme of arrangement, referred to in Note 2 above. The formalities for transferring the loans to the Company have been initiated.

d) Term loan from UTI Bank Ltd. of Rs. 499,998

The loan was transferred from ZEEL, pursuant to the scheme of arrangement, referred to in Note 2 above. The Banker has agreed to transfer the loan from ZEEL to the Company, subject to a first *pari passu* charge on the fixed and current assets of the Company, both present and future with a corporate guarantee of ZEEL.

e) Demand loan from IDBI Bank Ltd. of Rs. 248,932

The Loan has been transferred from ZEEL, pursuant to the scheme of arrangement, referred to in Note 2 above. It is secured against the assets of ZEEL. ZEEL has intimated to the concerned Bank that these loans are to be transferred to the Company pursuant to the scheme of arrangement. The formalities for transferring the loan to the Company have been initiated.

f) Hire Purchase facility is secured against hypothecation of vehicles.

B) Investment in Preference Share in and Loans and Advances to Distribution Companies:

The Company's cable TV distribution system relies on a network of distribution companies to maintain/enhance its market position. The Company has invested Rs. 86,428 (net of provision) in the preference shares of these companies and has advanced Rs. 393,270 (net of provision) to these companies, whose net-worth has been eroded, to strengthen the last mile network as the distribution companies are strategic for the cable distribution business. With the introduction of Conditional Access System and digitization of cable network in India, these distribution companies will be significant to achieving the Company's strategic near term and long-term business goals. Most of the balances appearing as advance to these distribution companies are duly confirmed. The management has sufficient reasons to believe that the investment in and advances to these companies are good and fully recoverable.

C) Leases:

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

(ii) In respect of premises and leased lines taken on operating lease on or after April 1, 2006:

Details of minimum lease payments:

Minimum Lease Payments as at	**As at March 31, 2007**
Not Later than one year	4,395
Later than one year and not later than five years	3,955
Later than 5 years	NIL
TOTAL	**8,350**
Lease payments recognized in the Profit and Loss Account	10,408

Set Top Boxes given under Operating Leases are capitalized at an amount equal to cost arrived on simple 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:

Description of Assets	**Gross Block**	**Depreciation for the period March 24, 2006 to March 31, 2007**	**Accumulated Depreciation**
Plant and Machinery	130,731	23,877	41,927
Equipments	253	23	217
Furniture and Fixtures	70	4	37
Studio Equipments	646	45	313
Air Conditioners	124	6	39
Set Top Boxes	71,475	1,891	1,891
TOTAL	**203,299**	**25,846**	**44,424**

D) Taxation:

In accordance with the Accounting Standard 22 on " Accounting for taxes on income" (AS 22) issued by the Institute of Chartered Accountants of India, deferred tax assets and liability should be recognized for all timing differences in accordance with the said standard. However, since the Company has unabsorbed depreciation and carry forward of losses under tax laws, the Deferred Tax Liability of Rs. 54,316, transferred from ZEEL under the Scheme of Arrangement (Refer Note 2) has been reversed. Further, Deferred Tax Assets are not recognized since it is not virtually certain that Deferred Tax Assets can be realized against future taxable profits.

Particulars	**Rupees**
DEFERRED TAX LIABILITY (NET)	
Deferred Tax Liabilities/(Assets)	
Opening Balance (pursuant to the scheme of arrangements Refer Note 2)	
Differences in depreciation and other differences in the block of fixed assets as per tax books and financial books	54,366
Effect of expenditure debited to profit & loss account in previous years but allowed for tax purposes in following years	(50)
Net Deferred Tax Liability	**54,316**
Reversed During the year	
Differences in depreciation and other differences in the block of fixed assets as per tax books and financial books	54,366
Effect of expenditure debited to profit & loss account in previous years but allowed for tax purposes in following years	(50)
Total Reversed during the year	**54,316**
Closing Net Deferred Tax Liability	**–**

E) Contingent Liabilities not provided for:

Particulars	Rupees
Claims against the Company not acknowledged as debts	101,540
Show cause Cum Demand Notice raised by Service Tax Department	31,784
Bank Guarantees	20,776

The Company has financed the operations of its subsidiaries by way of interest free loans in addition to share capital and also undertaken continuing financial support to them.

F) Related Party Disclosure:

(i) Names of Related Parties where control exists:

(a) Promoter Group

Jayneer Capital Private Limited, Delgrada Limited, Lazarus Investments Limited, Prajatma Trading Company Private Limited, Ganjam Trading Company Private Limited, Essel Infraprojects Limited (formerly known as Pan India Paryatan Limited), Premier Finance and Trading Company Limited, Briggs Trading Company Private Limited, Churu Trading Company Private Limited, Ambience Advertising Company Private Limited, Veena Investment Private Limited, Mr. Ashok Mathai Kurien, Mr. Laxmi Goel, Ms. Sushila Goel.

(b) Subsidiary Companies

Indian Cable Net Company Limited, Central Bombay Cable Network Limited, Siti Cable Broadband South Limited.

(ii) Names of Other Related Parties with whom transactions have taken place during the year:

Key Management Personnel

Mr. Jagjit Singh Kohli, Managing Director (resigned w.e.f. May 31, 2007)

(iii) Enterprises owned or controlled by the Promoter Group:

Zee Entertainment Enterprises Limited, Zee News Limited, Zee Turner Limited, ETC Networks Limited, Dish TV India Limited (formerly known as ASC Enterprises Limited), Essel Propack Limited, Agrani Satellite Services Limited, Pan India Network Infravest Private Limited, Intrex India Limited.

Sr. No.	Particulars Nature of Expenses/Names of the Parties	Total Amount Rupees
1.	**Sale, Services and other Recoveries (Net)**	**545,185**
	Dish TV India Ltd.	2,961
	Indian Cable Net Company Ltd.	45,809
	Intrex India Ltd.	396
	ZEEL	396,237
	Zee News Ltd.	90,502
	Zee Turner Ltd.	9,280
2.	**Purchase of Programmes, Goods & Services**	**74,048**
	Dish TV India Ltd.	1,540
	Indian Cable Net Company Ltd.	25,990
	Intrex India Ltd.	122
	ZEEL	330
	Zee Turner Ltd.	46,066
3.	**Purchase of Fixed Assets and Capital Goods and Investments**	**3,467**
	Dish TV India Ltd.	1,859
	ETC Networks Ltd.	132
	Indian Cable Net Company Ltd.	135
	ZEEL	1,341
4.	**Sale of Fixed Assets & Capital Goods**	**861**
	Indian Cable Net Company Ltd.	861

Sr. No.	Particulars Nature of Expenses/Names of the Parties	Total Amount Rupees
5.	**Advances given**	**417,043**
	Central Bombay Cable Network Ltd.	7
	Churu Trading Co. Pvt. Ltd.	250,680
	Dish TV India Ltd.	121,281
	Essel Infraprojects Ltd.	40,295
	Siticable Broadband South ltd.	4,670
	ZEEL	110
6.	**Receipts towards advances given**	**416,994**
	Central Bombay Cable Network Ltd.	4,197
	Churu Trading Co.Pvt. Ltd.	250,680
	Dish TV India Ltd.	121,687
	Essel Infraprojects Ltd.	40,295
	Siticable Broadband South Ltd.	25
	ZEEL	110
7.	**Loans/Deposits received from**	**542,420**
	ETC Networks Ltd.	194,902
	ZEEL	347,518
8.	**Repayment of Loans/Deposits received**	**75,280**
	ETC Networks Ltd.	31,825
	ZEEL	43,455
9.	**Expenses Recovered**	**49,623**
	Cable Broadcasting Network	2
	Central Bombay Cable Network Ltd.	685
	Dish TV India Ltd.	645
	ETC Network Ltd.	9
	Essel Propack Ltd.	9
	Indian Cable Net Company Ltd.	43,488
	Intrex India Ltd.	323
	Pan India Network Infravest Pvt. Ltd.	392
	Siticable Broadband South Ltd.	566
	ZEEL	2,505
	Zee Turner Ltd.	999
10.	**Expenses Reimbursed**	**133,376**
	Cable Broadcasting Network	2
	Dish TV India Ltd.	19
	ETC Networks Ltd.	81
	Indian Cable Net Company Ltd	45,078
	Intrex India Ltd.	2,479
	Siti Cable Broadband South Ltd.	4,678
	ZEEL	80,643
	Zee News Ltd.	3
	Zee Turner Ltd.	393
11.	Paid to Mr. J. S. Kohli as CEO & Managing Director	2,996

Sr. No.	Particulars Nature of Expenses/Names of the Parties	Total Amount Rupees
12.	**Balances Outstanding as on March 31, 2007**	
a)	**Sundry Debtors**	**128,793**
	Indian Cable Net Company Ltd.	44,948
	ZEEL	46,758
	Zee News Ltd.	36,952
	Zee Turner Ltd.	135
b)	**Sundry Creditors**	**299,514**
	Agrani Satellite Service Ltd.	(218)
	Dish TV India Ltd.	4,003
	ETC Networks Ltd.	4,790
	Indian Cable Net Company Ltd	16,867
	Intrex India Ltd.	3,752
	Pan India Network Infravest Pvt. Ltd.	26
	ZEEL	254,411
	Zee News Ltd.	327
	Zee Turner Ltd.	15,556
c)	**Loans/ Deposits/ Advances given**	**37,008**
	Central Bombay Cable Network Ltd.	23,942
	Dish TV India Ltd.	10,892
	Essel Propack Ltd.	1
	ETC Networks Ltd.	32
	Intrex India Ltd	731
	Pan India Network Infravest Pvt. Ltd.	159
	Siti Cable Broadband South Ltd.	959
	Zee Turner Ltd.	292
	Loans/ Deposits/ Advances received	**409,737**
d)	ETC Networks Ltd.	110,000
	ZEEL	299,737
	Interest Accrued on Loans/ Deposits/ Advances received	**25,258**
e)	ETC Networks Ltd.	2,104
	ZEEL	23,154

The Company has also entered into transaction with enterprisese owned or controlled by the promoter group pursuant to the scheme of arrangement (Refer Note 2).

G) 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.

H) Earning Per Share:

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

Particulars	Rupees
Weighted average number of Equity Shares (No.)	213,150,664
Nominal Value of Equity Shares (Rs.)	1
Profit/(Loss) After Tax	(1,111,154)
Basic/Diluted Earnings/(Loss) per share (Rs.)	(5.2)

There are no potential Equity Shares as on March 31, 2007 and accordingly the diluted loss per share is the same as basic loss per share.

I) Loans and Advances:

The Company has financed the operations of its subsidiaries by way of interest free loans in addition to share capital and also undertaken continuing financial support to them.

J) Impairment of Assets:

The assets are of significant importance to the growth of the business of the Company. The assets mainly consist of cable plant, headends and other equipment necessary for distribution of TV channel signals through cable network. With the implementation of Conditional Access System and demand for digital signals, the Company is in process of moving from analogue distribution system to digital distribution system wherein these assets have significant value. Based on a detailed business plan to expand its presence, management has based on five year business plan carried out an impairment test on these assets. An impairment test based on discounted cash flow method reflects that the value in use is significantly higher than the assets deployed/to be deployed in the business.

K) Capital Commitments:

Estimated amount of Contracts remaining to be executed on capital account and not provided for (Net of Advances) amounting to Rs. 246,800.

L) The total amounts due to small scale industrial undertakings is Rs. 81. 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 small scale industrial undertakings and Micro, Small and Medium Enterprises have been determined to the extent to which parties have been identified on the basis of information available with the Company.

M) Derivative Instruments and Unhedged Foreign Currency Exposure:

Foreign currency exposures that are not hedged by derivative instruments as on March 31, 2007, amounts to Rs. 1,97,202.

N) Supplementary Statutory Information required to be given pursuant to Part I & II of Schedule VI to the Companies Act, 1956 is as follows:

(i) Loans & Advances to Companies in which Directors are interested:

Sr. No.	Name of the Enterprise	Balance as on March 31, 2007	Maximum outstanding during the year
	Associates/Parties in which directors are interested:		
1.	Dish TV India Ltd.	10,892	1,10,657
2.	Essel Infraprojects Ltd.	NIL	40,000
3.	ETC Networks Ltd.	32	108
4.	Essel Propack Ltd.	1	4
5.	Intrex India Ltd.	731	731
6.	Zee Interactive Learning Systems	322	322
7.	ZEEL	NIL	2,73,842
	Subsidiaries:		
1.	Central Bombay Cable Network Ltd.	23,942	27,447
2.	Siticable Broadband South Ltd.	959	2,710

(ii) Due from Companies under the same management:

a) Debtors

Sr. No.	Name of the Enterprise	Balance as on March 31, 2007	Maximum outstanding during the year
	Associates/Parties under the same management:		
1.	Indian Cable Net Company Ltd.	44,948	44,948
2.	ZEEL	46,758	46,928
3.	Zee Turner Ltd.	135	1,601
4.	Zee News Ltd.	36,952	37,385

b) Loans & Advances

Sr. No.	Name of the Enterprise	Balance as on March 31, 2007	Maximum outstanding during the year
	Associates/Parties under the same management:		
1.	Central Bombay Cable Network Ltd.	23,942	27,447
2.	Churu Trading Co. Pvt. Ltd.	NIL	200,000
3.	Dish TV India Ltd.	10,892	110,657
4.	Essel Infraprojects Ltd.	NIL	40,000
5.	ETC Networks Ltd.	32	108
6.	Essel Propack Ltd.	1	4
7.	Intrex India Ltd.	731	731
8.	Pan India Infravest Pvt. Ltd.	159	165
9.	Siticable Broadband South Ltd.	959	2,710
10.	ZEEL	NIL	273,842
11.	Zee Turner	292	402

(iii) Director's Remuneration:

Particulars	Rupees
Salaries	2,366
Perquisites	16
Contribution to Provident fund	254

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.

(iv) Auditors Remuneration:

Particulars	Rupees
Audit fees	2,100
Certifications	50
Other Services	1,400
Out of Pocket Expenses	33

(v) Foreign Currency Transactions:

Earnings in foreign currency	
Particulars	**Rupees**
Carriage Income	11,796
Software Development	8,398
TOTAL	**20,194**
Expenditure in foreign currency	
Particulars	**Rupees**
Travelling	536
Others	355
TOTAL	**891**

Value of Imports calculated on CIF Value	
Particulars	**Rupees**
Set Top Boxes	592,698
Head End	147,437
Others	106,271
TOTAL	**846,406**

(vi) Quantitative Information:

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

Particulars	**Qty. (Nos.)**	**Rs./Thousand**
Opening Stock		
VC Cards	–	–
Cable Modem	297	774
Set Top Boxes	8,367	21,363
TOTAL	**–**	**22,137**

Particulars	**Qty. (Nos.)**	**Rs./Thousand**
Acquisitions/Productions		
VC Cards	355,000	62,389
Cable Modem	246	659
Set Top Boxes	386,025	895,039
TOTAL	**–**	**958,087**

Particulars	**Qty. (Nos.)**	**Rs./Thousand**
Sales		
VC Cards	–	–
Cable Modem	80	209
Set Top Boxes	64,342	62,093
TOTAL	**–**	**62,302**

Particulars	**Qty. (Nos.)**	**Rs./Thousand**
Consumption		
VC Cards	98,294	17,328
Cable Modem	–	–
Set Top Boxes	54,344	126,186
TOTAL	**–**	**143,514**

Particulars	**Qty. (Nos.)**	**Rs./Thousand**
Closing Stock		
VC Cards	256,706	45,061
Cable Modem	463	1,225
Set Top Boxes	275,706	630,840
TOTAL	**–**	**677,125**

O) Previous year Comparatives:

Previous year's figures have not been given since this is the first year of the Company.

As per our attached report of even date
For **S. R. Batliboi & Associates**
Chartered Accountants

per Amit Majmudar
Partner
Membership No.: 36656

Place: Mumbai
Date: June 27, 2007

For and on behalf of the Board

Subhash Chandra
Director

Shyam Sunder Goel
Director

Bhagwant P. Bhargawe
V. P. Legal & Company Secretary

V. K. Agarawal
Sr. V. P. Finance & Accounts

CASH FLOW STATEMENT FOR THE PERIOD FROM MARCH 24, 2006 (DATE OF INCORPORATION) TO MARCH 31, 2007

(Rs. in '000)

		2007
A	**CASH FLOWS FROM OPERATING ACTIVITIES**	
	Net Profit/(Loss) before taxation, after exceptional items	**(1,163,057)**
	Adjustments for:	
	Depreciation/Amortization	333,614
	Interest Income	(79,770)
	Fixed Assets/Capital Work in Progress Written off	368,096
	Interest and Finance Expenses	167,846
	Bad Debts	24,661
	Provision for Doubtful Debts, loans and advances	290,140
	Other Liabilities Written Back	(2,544)
	Provision for Gratuity	5,054
	Provision for Leave Encashment	(166)
	Loss on Sale of Fixed Assets	43,865
	Foreign Exchange Fluctuation	(4,598)
	Preliminary Expenses Written Off	442
	Finance Cost Amortised	3,923
	Assets and CWIP charged to Profit and Loss Account	12,667
	Operating profit before working capital changes	**173**
	Movement in Working Capital	
	Decrease/(Increase) in Sundry Debtors	(500,711)
	Decrease/(Increase) in Inventories	(637,934)
	Decrease/(Increase) Loans and Advances	(3,268,472)
	Increase/(Decrease) in Current Liabilities	3,466,816
	Cash Flow from Operating Activities Before Tax	**(940,128)**
	Taxes paid	(1,324)
	Net Cash Flow from Operating Activities	**(941,452)**
B	**CASH FLOWS FROM INVESTING ACTIVITIES**	
	Investments in Mutual funds	(100,000)
	Redemption of Mutual Funds	100,000
	Additions in Fixed Assets/Capital Work in Progress	(321,920)
	Sale of Fixed Assets	75
	Additions in Capital Work in Progress	(9,536)
	Loans/Advances given to Subsidiary Companies	(50,276)
	Loans/Advances repaid by Subsidiary Companies	40,797
	Short Term Deposits paid to other corporates	(1,511,651)
	Repayment of Short Term Deposits paid	1,455,726
	Net Cash Flows from Investing Activities	**(396,785)**

CASH FLOW STATEMENT FOR THE PERIOD FROM MARCH 24, 2006 (DATE OF INCORPORATION) TO MARCH 31, 2007

		(Rs. in '000) **2007**
C	**CASH FLOWS FROM FINANCING ACTIVITIES**	
	Interest and Finance Expenses paid	(142,744)
	Interest Income Received	78,689
	Miscellaneous Expenditure	(14,709)
	Secured Loans	1,369,552
	Unsecured Loans	490,179
	Secured Loans	(9,624)
	Unsecured Loans	(340,680)
	Receipts - Shareholders Fund	500
	Net Cash Flow from Financing Activities	**1,431,163**
	Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)	**92,926**
	Opening Cash and Cash Equivalents	–
	Cash received through Scheme of Arrangement (Refer Note 2 to Schedule 22)	61,334
	CLOSING CASH AND CASH EQUIVALENTS	**154,260**
	Cash and cash Equivalents at the end of the year:	
	Cash on Hand	3,864
	Cheques and Drafts on Hand/Transit	15,884
	Balances with Scheduled Banks on Current Accounts	33,623
	Balances with Scheduled Banks on Deposit Accounts	100,889
	TOTAL	**154,260**

As per our attached report of even date
For **S. R. Batliboi & Associates**
Chartered Accountants
per Amit Majmudar
Partner
Membership No.: 36656
Place: Mumbai
Date: June 27, 2007

For and on behalf of the Board

Subhash Chandra
Director

Shyam Sunder Goel
Director

Bhagwant P. Bhargawe
V. P. Legal & Company Secretary

V. K. Agarawal
Sr. V. P. Finance & Accounts

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 0 7

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

Public Issue	NIL	Rights Issue	NIL
Bonus Issue	NIL	Allotment pursuant to the Scheme of Arrangement	2 1 6 7 1 7

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

Total Liabilities	3 1 4 8 6 9 4	Total Assets	3 1 4 8 6 9 4

SOURCES OF FUNDS

Paid-up Capital	2 1 7 2 4 1	Reserves and Surplus	2 8 4 1 9 2
Share Application Money	NIL	Secured Loans	2 2 1 2 2 6 6
Unsecured Loans	4 3 4 9 9 5		

APPLICATION OF FUNDS

Net Fixed Assets	1 3 4 5 2 7 6	Investments	1 9 8 1 7 0
Net Current Assets	1 5 9 4 9 0 3	Miscellaneous Expenditure	1 0 3 4 5
Other Assets	NIL		

IV. PERFORMANCE OF COMPANY (AMOUNT RS. IN THOUSAND)

Turnover*	1 9 2 7 0 1 7	Total Expenditure	2 5 2 7 3 1 9
(*includes other income)		(*Includes prior period adjustments)	
+ – Profit/(Loss) Before Tax and exceptional items	– 6 0 0 3 0 2	+ – Profit/(Loss) After Tax and exceptional items	– 1 1 1 1 1 5 4
Earnings Per Share before Tax and exceptional items (weighted) (Rs.)	– 5 . 2 1	Dividend Rate (%)	NIL

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

Item Code No. (ITC Code) NA

Product Description RECEPTION & TRANSMISSION/ DISTRIBUTION OF TELEVISION SIGNALS IN ANY FORM

For and on behalf of the Board

Subhash Chandra
Director

Shyam Sunder Goel
Director

Bhagwant P. Bhargawe
V. P. Legal & Company Secretary

V. K. Agarawal
Sr. V. P. Finance & Accounts

Place: Mumbai
Date: June 27, 2007

Auditors' Report

To,

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, 2007, and also the consolidated profit and loss account and the consolidated cash flow statement for the period from March 24, 2006 (date of incorporation of the Company) to March 31, 2007 annexed thereto. These financial statements are the responsibility of the Company's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding subsidiaries. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of subsidiaries, whose financial statements reflect total assets of Rs. 349.4 million as at March 31, 2007, the total revenue of Rs. 361.2 million and the related cash flows for the year then ended. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion is based solely on the report of other auditors.
4. We report that the consolidated financial statements have been prepared by the Company's management in accordance with the requirements of Accounting Standards (AS) 21, Consolidated financial statements, issued by the Institute of Chartered Accountants of India.
5. *Reference is drawn to Note 4(B) to Schedule 22 to the financial statements, wherein the preference share investments in distribution companies and advances receivable from them aggregating to Rs. 479.7 million is considered recoverable by the management, which is dependant on the future profitability of these companies.*
6. *Reference is drawn to Note 4(M) (i) to Schedule 22 to the financial statements, wherein a subsidiary company has not provided for the Amusement Tax liability amounting to Rs. 62.84 million. Had the provision for amusement tax been recorded, the consolidated loss for the year and the provisions as at March 31, 2007 would have been higher and the balance of profit and loss account would have been lower by Rs. 62.84 million.*
7. Based on our audit and on consideration of reports of other auditors on separate financial statements and on the other financial information of the subsidiaries, and to the best of our information and according to the explanations given to us, *subject to our comment in paragraph 5 above, the resultant impact on these financial statements, if any, which is not ascertainable at this stage, and paragraph 6 above*, we are of the opinion that the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India;
   a) in the case of the consolidated balance sheet, of the state of affairs of the Group as at March 31, 2007;
   b) in the case of the consolidated profit and loss account, of the loss for the period from March 24, 2006 (date of incorporation of the Company) to March 31, 2007; and
   c) in the case of the consolidated cash flow statement, of the cash flows for the period from March 24, 2006 (date of incorporation of the Company) to March 31, 2007.

For S. R. Batliboi & Associates
Chartered Accountants

per Amit Majmudar
Partner
Membership No.: 36656

Place: Mumbai
Date: June 27, 2007

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2007

	Schedules	(Rs. in '000) 2007
SOURCES OF FUNDS		
Shareholders' Funds		
Share Capital	1	217,241
Reserves and Surplus	2	309,587
		526,828
Minority Interest		43,550
Loan Funds		
Secured Loans	3	2,212,267
Unsecured Loans	4	434,995
		2,647,262
Deferred tax Liability		20
TOTAL		**3,217,660**
APPLICATION OF FUNDS		
Fixed Assets		
Gross Block	5	2,134,634
Less: Accumulated Depreciation/Amortization		740,477
Net Block		1,394,157
Capital Work-in-Progress		214,234
		1,608,391
Investments	6	86,428
Deferred Tax Assets		6,912
Current Assets, Loans and Advances		
Inventories	7	747,112
Sundry Debtors	8	629,246
Cash and Bank Balances	9	160,317
Loans and Advances	10	1,522,095
		3,058,770
Less:		
Current Liabilities and Provisions		
Current Liabilities	11	1,529,093
Provisions	12	24,119
		1,553,212
Net Current Assets		1,505,558
Miscellaneous Expenditure (to the extent not written off or adjusted)	13	10,371
TOTAL		**3,217,660**
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**
Chartered Accountants

per Amit Majmudar
Partner
Membership No.: 36656

Place: Mumbai
Date: June 27, 2007

For and on behalf of the Board

Subhash Chandra
Director

Shyam Sunder Goel
Director

Bhagwant P. Bhargawe
V. P. Legal & Company Secretary

V. K. Agarawal
Sr. V. P. Finance & Accounts

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2007

	Schedules	(Rs. in '000) **2007**
INCOME		
Sales/Income from operations	14	2,080,641
Other Income	15	207,582
		2,288,223
EXPENDITURE		
Operational Cost	16	1,786,685
Personnel Cost	17	127,550
Administrative Expenses	18	361,528
Selling and Distribution Expenses	19	38,180
		2,313,943
OPERATING PROFIT/(LOSS)		**(25,720)**
Interest and Finance Charges	20	169,634
Depreciation		344,665
		514,299
Profit/(Loss) Before Exeptional Items and Tax		**(540,019)**
Exeptional Items	21	562,755
Profit/(Loss) Before Tax		**(1,102,774)**
Less: Provision for Tax		
Current Tax		7,017
Deferred Tax		(39,004)
Fringe Benefit Tax		2,859
Profit/(Loss) After Tax		**(1,073,646)**
Less: Prior Period Adjustments (Net)		647
Less: Minority Interest		11,958
Net Profit/(Loss) After Tax for the Period		**(1,086,251)**
Add: Adjustment Pursuant to the Scheme (Refer Note 2 in Schedule 22)		1,395,346
Add: Balance brought forward from previous year		(97,016)
Balance carried to Balance Sheet		**212,079**
Earning/ (Loss) Per Share: (Rs.)		
Basic/Diluted (Nominal value of shares Re.1/- each)		
Basic & Diluted earnings/(Loss) per share [Refer Note 4 H of Schedule 22]		(5.10)
Significant Accounting Policies and Notes to Accounts	22	

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

As per our attached report of even date
For **S. R. Batliboi & Associates**
Chartered Accountants

per Amit Majmudar
Partner
Membership No.: 36656

Place: Mumbai
Date: June 27, 2007

For and on behalf of the Board

Subhash Chandra
Director

Shyam Sunder Goel
Director

Bhagwant P. Bhargawe
V. P. Legal & Company Secretary

V. K. Agarawal
Sr. V. P. Finance & Accounts

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2007

	(Rs. in '000)
	2007
SCHEDULE 1 : SHARE CAPITAL	
Authorised	
290,000,000 Equity Shares of Re. 1/- each	290,000
10,000,000 Preference Shares of Re. 1/- each	10,000
TOTAL	**300,000**
Issued, Subscribed and Paid-up	
21,72,17,753 Equity Shares of Re. 1/- each fully paid up	217,218
23,436 7.25% Non-Cumulative Redeemable Preference shares of Re. 1/- fully paid up	23
TOTAL	**217,241**

Notes:

1) 216,717,753 Equity Shares of Re. 1/- each Fully Paid up are alloted for consideration other than cash pursuant to the scheme of arrangement. (Refer note 2 of Schedule 22)

2) 23,436 7.25% Non-Cumulative Redeemable Preference Shares of Re. 1/- each Fully Paid up alloted on 29.12.06 and redeemable at par at the end of two years from the date of allotment for consideration other than cash pursuant to the scheme of arrangement. (Refer Note 2 of Schedule 22)

SCHEDULE 2 : RESERVES AND SURPLUS	
Security Premium	97,508
Profit and Loss Account	212,079
TOTAL	**309,587**
SCHEDULE 3 : SECURED LOANS	
Loans and Advances from Banks	
The Jammu & Kashmir Bank Ltd.	903,826
UTI Bank Ltd.	499,998
IDBI Bank Ltd.	248,932
(Refer Note 4A of Schedule 22)	
Term Loan	
Infrastructure Development Finance Co. Ltd.	500,000
(Refer Note 4A of Schedule 22)	
Working Capital Finance	
Canara Bank	56,243
(Refer Note 4A of Schedule 22)	
Others	
Hire Purchase	3,268
(Refer Note 4A of Schedule 22)	
TOTAL	**2,212,267**

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2007

(Rs. in '000)

	2007
SCHEDULE 4 : UNSECURED LOANS	
Short term Loans and Advances:	
From Group Companies	110,000
Others Loans and Advances:	
From Group Companies	299,737
Interest Accrued and due	25,258
TOTAL	**434,995**

SCHEDULE 5 : FIXED ASSETS (at Cost)

(Rs. in '000)

	Gross Block				Depreciation/Amortisation				Net Block
Particulars	**Transferred Pursuant to Scheme of Arrangement (Refer Note Below**	**Additions**	**Deductions**	**As at 31.03.07**	**Transferred Pursuant to Scheme of Arrangement (Refer Note Below**	**For the Period**	**Deductions**	**Up to 31.03.07**	**As at 31.03.07**
(A) Tangible Assets									
Building	36,393	423	–	36,816	4,991	596	–	5,587	31,229
Lease hold Land and Improvements	11,466	28,776	–	40,242	2,886	2,260	–	5,146	35,096
Plant and Machinery	1,256,096	385,346	137,001	1,504,441	459,591	230,020	98,179	591,432	913,009
Furniture and Fixture	12,651	5,949	975	17,625	6,553	822	587	6,788	10,837
Studio Equipment	34,929	91	7,025	27,995	22,509	2,463	5,513	19,459	8,536
Computers	32,970	53,366	2,619	83,717	26,443	3,873	2,480	27,836	55,881
Set Top Boxes	–	95,378	–	95,378	–	2,649	–	2,649	92,729
Vehicle	8,458	3,899	481	11,876	3,146	894	171	3,869	8,007
Office Equipment	21,542	6,558	106	27,994	6,953	1,178	60	8,071	19,923
Decorders	378,580	34,975	413,555	–	87,784	74,097	161,881	–	–
Ground Distribution Network	153,203	14,028	3,477	163,754	40,183	7,421	292	47,312	116,442
TOTAL - (A)	**1,946,288**	**628,789**	**565,239**	**2,009,838**	**661,039**	**326,273**	**269,163**	**718,149**	**1,291,689**
(B) Intangible Assets									
Cable Rights	39,828	–	–	39,828	–	17,040	–	17,040	22,788
Software	8,155	746	–	8,901	3,936	1,352	–	5,288	3,613
Goodwill on Acquisition	33,475	–	–	33,475	–	–	–	–	33,475
Goodwill on Consolidation (Refer Note 4N of Schedule 22)	–	42,592	–	42,592	–	–	–	–	42,592
TOTAL - (B)	**81,458**	**43,338**	**–**	**124,796**	**3,936**	**18,392**	**–**	**22,328**	**102,468**
TOTAL (A+B)	**2,027,746**	**672,127**	**565,239**	**2,134,634**	**664,975**	**344,665**	**269,163**	**740,477**	**1,394,157**

Note: These Assets have been transferred to the Company pursuant to the Scheme of Arrangement (See Note 2 of Schedule 22).

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2007

(Rs. in '000)

			2007
SCHEDULE 6 : INVESTMENTS			
(Long Term - At Cost)			
Unquoted - Trade			
Equity Shares			
480	Equity Shares of Rs. 100/- each fully paid up of Master Ads Pvt. Ltd.	48	
	Less: Provision for diminution in value of Investments	48	–
9,500	Equity Shares of Rs.10/- each fully paid up of Dakshin Communication Pvt. Ltd.	1,770	
	Less: Provision for diminution in value of Investments	1,770	–
3,000	Equity Shares of Rs.10/- each fully paid up of Centre Channel Pvt. Ltd.	228	
	Less: Provision for diminution in value of Investments	228	–
	Investments in 6% Non-Cumulative Redeemable Preference Shares of Rs. 100/- each fully paid up of		
5,430	Bangalore Communication Network Pvt. Ltd		2,715
1,610	Banjara Telelinks Pvt. Ltd.		805
579	Bargachh Telelinks Pvt. Ltd.		290
8,420	Chanakya Communications Network Pvt. Ltd.		4,210
9,680	Chandigarh Network Systems Pvt. Ltd.		4,840
1,230	Chirag Telelinks Pvt. Ltd		615
5,489	Condoor Communication Pvt. Ltd		2,745
41,960	Dakhsin Communications Pvt. Ltd.		20,980
8,580	Faridabad Entertainment Pvt. Ltd.		4,290
6,270	Garden City Communication Pvt. Ltd.		3,135
14,140	Him Mohini Communications Pvt. Ltd.		7,070
3,659	North Bombay Cable Network Pvt. Ltd.		1,830
12,510	North Delhi Cable Network Pvt. Ltd.		6,255
8,118	Purvalaya Communications Pvt. Ltd.		4,058
15,270	Purvi Communications Pvt. Ltd.		7,635
9,820	Rajdhani Communication Network Pvt. Ltd.		4,910
250	Satellite Communication Pvt. Ltd.		125
5,730	Shri Sai Network Pvt. Ltd.		2,865
3,290	Siti Communication Pvt. Ltd.		1,645
1,290	Tirupathy Communication Network Pvt. Ltd.		645
2,050	Trans Yamuna Communication Network Pvt. Ltd.		1,025
3,850	Vanasthali Communication Network Pvt. Ltd.		1,925
2,530	West Delhi Cable Network Pvt. Ltd.		1,265
1,100	Zem Communication Pvt. Ltd.		550
14,080	Haryana Communication Network Pvt. Ltd.	7,040	
	Less: Provision for diminution in value of Investments	7,040	–
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. #		–

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2007

(Rs. in '000)

		2007
SCHEDULE 6 : INVESTMENTS (Contd.)		
(Long Term - At Cost)		
10,280	East Patel Communication Network Pvt. Ltd. #	–
4,760	Jabalpur Cable Network Pvt. Ltd. #	–
2,990	Jalandhar Multimedia Pvt. Ltd. #	–
6,820	Jammu Communications Network Pvt. Ltd. #	–
12,930	Karnal Communications Pvt. Ltd. #	–
14,220	Mani Nagar Network Pvt. Ltd. #	–
590	Nizamabad Communication Pvt. Ltd. #	–
6,580	Noida Network Systems Pvt. Ltd. #	–
10,898	Panchsheel Communication Network Pvt. Ltd. #	–
8,880	Panipat Communications Pvt. Ltd. #	–
4,180	Pink City Communication Network Pvt. Ltd. #	–
23,010	Sabarmati Network Pvt. Ltd. #	–
15,440	Space Channel Communication Pvt. Ltd. #	–
7,070	Vasant Kunj Cable Network Pvt. Ltd. #	–
4,390	Vision Network Pvt. Ltd. #	–
	TOTAL	**86,428**

Note: Dimunition in the value of these investments has been written off

CURRENT ASSETS, LOANS AND ADVANCES

CURRENT ASSETS

	2007
SCHEDULE 7 : INVENTORIES	
Stock in trade	694,558
Store and Spares	52,554
TOTAL	**747,112**
SCHEDULE 8 : SUNDRY DEBTORS	
(Unsecured, Considered Good unless otherwise stated)	
More than six months	
Considered Good	154,980
Considered doubtful	372,786
	527,766
Less: Provision for Doubtful Debts	372,786
	154,980
Others	
Considered Good	474,266
Considered Doubtful	149
	474,415
Less : Provision for Doubtful Debts	149
[Refer Note 4 O(ii)(a) of Schedule 22]	474,266
TOTAL	**629,246**

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2007

	(Rs. in '000) 2007
SCHEDULE 9 : CASH AND BANK BALANCES	
Cash on hand	7,947
Balance with Scheduled Banks	
On Current Accounts	35,295
On Deposits Accounts	100,889
On Margin Money	302
Cheques and Drafts on Hand/Transit	15,884
TOTAL	**160,317**
SCHEDULE 10 : LOANS AND ADVANCES	
Unsecured, Considered Good	
Advances to Distribution Companies	393,270
Advances Recoverable in cash or in kind or for value to be received	166,414
Inter Corporate Deposits	784,959
Deposit - Other	82,409
Tax Advances	95,043
Unsecured, Considered Doubtful	
Advances to Distribution Companies	136,210
Deposit - Others	2,230
Other Advances	26,240
	1,686,775
Less: Provision for Advances to Distribution Companies,	136,210
Provision for Deposits Others	2,230
Provision for Other Advances	26,240
[Refer Note 4 O(i) & 4 O(ii) (b) of Schedule 22]	
TOTAL	**1,522,095**
SCHEDULE 11 : CURRENT LIABILITIES	
Sundry Creditors:	
– For Programmes and Goods	387,385
– For Expenses and Other Liabilities	995,569
Trade Advances/Deposits received	99,530
Bank Overdraft	45,305
Interest Accrued but not due	1,304
TOTAL	**1,529,093**
SCHEDULE 12 : PROVISIONS	
Provision for Fringe Benefit Tax	1,894
Provision for LTA, Medical and Others	1,048
Provision for Retirement Benefits	10,635
Provision for Taxation	10,542
TOTAL	**24,119**
SCHEDULE 13 : MISCELLANEOUS EXPENDITURE (to the extent not written off or adjusted)	
Unamortised Finance Cost	8,577
Preliminary Expenses	1,794
TOTAL	**10,371**

SCHEDULES FORMING PART OF THE CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 24, 2006 (DATE OF INCORPORATION) TO MARCH 31, 2007

	(Rs. in '000) 2007
SCHEDULE 14 : SALES AND SERVICES	
NETWORK REVENUE	
Subscription Income	1,249,651
Carriage Income	553,363
Lease Rental Income	82,858
Advertisement Income	74,590
Sale of Set Top Boxes and Others	115,809
Rental Income	3,713
Other Networking Receipts	657
TOTAL	**2,080,641**
SCHEDULE 15 : OTHER INCOME	
Interest (Gross)	79,784
Miscellaneous Income	127,798
TOTAL	**207,582**
SCHEDULE 16 : OPERATIONAL COST/COST OF GOODS	
Programme Production Expenses	33,571
Raw Stock Consumed	860
Carriage Fees Sharing	124,940
Pay Channel Subscription	573,567
Local Cable Operator Charges	3,468
Other Operational Cost	86,267
Distribution Charges	694,422
Repairs and Maintenance - Network	18,237
Right of Way Charges	17,753
Rent	16,975
Power and Fuel	3,738
Cost of Goods Sold	203,078
Bandwith Charges	9,809
TOTAL	**1,786,685**
SCHEDULE 17 : PERSONNEL COST	
Salaries, Allowances and Bonus	107,706
Contribution to Provident, Other Funds	7,570
Staff Welfare Expenses	9,995
Recruitment and Training Expenses	2,279
TOTAL	**127,550**

SCHEDULES FORMING PART OF THE CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 24, 2006 (DATE OF INCORPORATION) TO MARCH 31, 2007

	(Rs. in '000) 2007
SCHEDULE 18 : ADMINISTRATIVE EXPENSES	
Rent	17,612
Rates and Taxes	4,632
Brokerage	2,730
Comunication Expenses	9,261
Repairs and Maintenance	
– Building	3,597
– Others	10,450
Electricity Expenses and Water Charges	11,532
Legal, Professional and Consultancy Charges	45,454
Printing and Stationery	5,087
Services Charges	11,323
Sundry Expenses	11,898
Travelling and Conveyance Expenses	15,925
Vehicle Expenses	9,350
Miscellaneous Expenses	8,848
Provision for diminution in value of Investments	7,040
Provision for Doubtful Debts	157,584
Loss on Sale/ Discard/ Write off of Assets (net)	29,205
TOTAL	**361,528**
SCHEDULE 19 : SELLING AND DISTRIBUTION EXPENSES	
Advertisement and Publicity Expenses	14,100
Commission Charges and Incentives	10,319
Rebate and Discount	10,540
Business and Sales Promotion	3,221
TOTAL	**38,180**
SCHEDULE 20 : INTEREST AND FINANCIAL CHARGES	
Interest on	
– Term Loan	117,144
– Others	43,345
Discounting and Financing Expenses	9,145
TOTAL	**169,634**
SCHEDULE 21 : EXCEPTIONAL ITEMS	
Provision for Doubtful Loans and Advances	153,882
Loss on Writeoff of Loans and Advances	24,661
Loss on Writeoff of Capital Work-in-Progress	212,632
Loss on Writeoff of Fixed Assets	154,782
Loss on Writeoff of Inventories	16,798
TOTAL	**562,755**

SCHEDULE 22 : SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

All amounts in thousands of Indian Rupees

1. a) Background:

Wire and Wireless (India) Limited (hereinafter referred to as 'the parent Company', 'the Company' or 'WWIL') was incorporated on March 24, 2006 to engage in cable television distribution and other related businesses. These financial statements are prepared for the period from March 24, 2006 (date of incorporation) of the Company to March 31, 2007.

WWIL along with 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.

The shares of the Company were listed on The Bombay Stock Exchange and National Stock Exchange w.e.f. January 10, 2007 and The Calcutta Stock Exchange w.e.f. January 12, 2007.

b) With the introduction of the Conditional Access System and digitization of cable network in India, management expects that the Company's revenues and profitability would significantly improve, which would strengthen the financial position of the Company in the coming years. The Company is considering various options for raising funds including issue of shares and raising loans from banks and financial institutions. The management is of the opinion that it is appropriate to prepare these financial statements on the basis of going concern based on above and assurance of financial and operational support by promoters.

2. Scheme of Arrangement:

(i) Pursuant to the Scheme of Arrangement under Section 391 to 394 read with Section 78, 100 to 103 between Zee Entertainment Enterprises Limited (ZEEL) (Formerly Zee Telefilms Limited) and the Company approved by the Hon'ble High Court of Judicature at Bombay on November 17, 2006 and filed with the Registrar of Companies on November 22, 2006, the Company has taken over the cable business undertaking of ZEEL and cable business undertaking of ZEEL's wholly owned subsidiary, Siti Cable Network Limited (SCNL), which includes its subsidiary companies, with effect from March 31, 2006. The Scheme has been given effect to in these financial statements.

The assets and liabilities of cable business undertaking transferred to the Company are as follows:

(Rs. in '000)

Particulars	ZEEL	SCNL	Total
Gross Block	378,580	1,362,447	1,741,027
Less: Accumulated Depreciation	87,784	518,822	606,606
Net Block	290,796	843,625	1,134,421
Capital Work in Progress	47,490	608,487	655,977
Investments	–	205,210	205,210
Current Assets, Loans and Advances	79,108	1,585,832	1,664,940
Deferred Tax Assets	(54,316)	–	(54,316)
TOTAL ASSETS – (A)	**363,078**	**3,243,154**	**3,606,232**
Loan Funds	785,635	328,429	1,114,064
Current Liabilities and Provisions	147,142	732,939	880,081
TOTAL LIABILITIES – (B)	**932,777**	**1,061,368**	**1,994,145**
SURPLUS/(DEFICIT) (A) – (B)	**(569,699)**	**2,181,786**	**1,612,087**

(ii) Exchange ratio is as follows:

(a) For equity shareholders of ZEEL

1 (One) fully paid up equity share of Re. 1/- (Rupee One only) each of WWIL has been issued and allotted for every 2 (Two) equity shares of Re. 1/- (Rupee One only) each held in ZEEL.

(b) For equity shareholders of SCNL i.e. ZEEL

1 (One) fully paid up preference share of Re. 1/- (Rupee One only) each of WWIL has been issued and allotted for every 1,000 (One Thousand) equity shares of Rs. 10/- (Rupees Ten Only) each held in SCNL.

(c) For preference shareholders of SCNL i.e. ZEEL

1 (One) fully paid up preference share of Re. 1/- (Rupee One only) each of WWIL has been issued and allotted for every 1,000 (One Thousand) preference shares of Rs. 10/- (Rupees Ten Only) each held in SCNL.

Pursuant to the above, the Company has allotted the following shares on December 29, 2006:

(i) 216,717,753 Equity Shares of Re. 1/- (Rupee One only) each fully paid up

(ii) 23,436 7.25% Non-Cumulative Redeemable Preference Shares of Re. 1/- (Rupee One only) each fully paid up.

(iii) As per the Accounting treatment prescribed in the Scheme of Arrangement, the value of the Net Assets of the Cable Business de-merged Undertakings of ZEEL of Rs. (569,699) and SCNL of Rs. 2,181,786 has been transferred to the Company and adjusted against the face value of 216,717,753 Equity Shares of Re.1/- each fully paid up and 23,436 7.25% Non-Cumulative Redeemable Preference Shares of Re. 1/- issued. The difference of Rs. 1,395,346 has been adjusted in the Profit and Loss Account of the Company.

3. Statement of Significant Accounting Policies:

A) Basis of preparation and consolidation:

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” issued by the Institute of Chartered Accountants of India (ICAI), 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.

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 and are excluded from the date of transfer/disposal.

Name of the Subsidiaries	Extent of holding %
Indian Cable Net Company Limited (hereinafter referred as "ICNCL")	68
Central Bombay Cable Network Limited (hereinafter referred as "CBCNL")	100
Siticable Broadband South Limited (hereinafter referred as "SBSL")	100

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

B) Use of Estimates:

The preparation of the financial statements in accordance with the generally accepted accounting principles requires that the management make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent liabilities as at the date of financial statements and the reported amount of revenue and expenses of the period. Actual results could differ from these estimates. Any revision in accounting estimates is recognized prospectively in current and future periods.

C) Fixed Assets:

(i) Fixed Assets are stated at cost less accumulated depreciation and impairment losses if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

(ii) Software is capitalized as an Intangible Asset on meeting recognition criteria.

(iii) 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.

(iv) Programs/Film/Cable rights are stated at the lower of net cost (cost less accumulated amortization/impairment) and realizable value. Where the realizable value on the basis of its useful economic life is less than its carrying amount, the difference is impairment, which is expensed. Programs/Film rights are amortized as follows:

(a) Cost of news/ current affairs/ chat shows/ events including sports events etc. are fully expensed on first telecast.

(b) Programs/ 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.

D) Depreciation/Amortization:

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

	% per annum
Building	1.63
Leasehold Improvements	10.00
Plant and Machinery	10.00
Furniture & Fixtures	6.33
Studio Equipments	6.33
Computers	16.21
Set Top Boxes	20.00
Vehicles	9.50
Office Equipments	6.33
Decoders	10.00
Software	16.21

(ii) Leasehold improvements are amortized over the lease period of 1-5 years

(iii) Plant and Machinery acquired under the Scheme of Arrangement described in Note 2 are depreciated over the management's estimate of remaining useful life, a period of 5 years.

(iv) Depreciation on intangible assets is amortized over the economic useful life of the assets as estimated by the management.

(v) Programs/ 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.

E) Impairment:

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

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

F) 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.

G) 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.

H) Inventories:

Inventories are valued as follows:

Stores and Spares and 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 simple 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.

I) 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 as per 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 direction/regulation of Telecom Regulatory Authority of India (TRAI) during the year under review, the Company has implemented Conditional Access System (CAS) in the notified areas and accordingly subscription charges have been accounted in terms of 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 by ICAI.

Interest:

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

J) Miscellaneous Expenditure:

Costs incurred in raising funds are amortized equally over the period for which the funds are acquired. Preliminary Expenditure are amortized equally over a period of 5-10 years.

K) Foreign Currency Translation:

(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 recognized as income or as expenses in the year in which they arise.

L) Retirement and other Employee Benefits:

Retirement benefits in the form of Provident Fund 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.

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

M) Income Tax:

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

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets and deferred tax liabilities across various countries of operation are not set off against each other as the Company does not have a legal right to do so. 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.

N) Earning Per Share:

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for events of bonus issue; bonus element in a rights issue to existing shareholders; share split; and reverse share split (consolidation of shares). For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

O) 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.

4. Notes to Accounts:

A) Secured Loans:

Secured Loans include:

a) Infrastructure Development Finance Company Ltd. Rs. 500,000

b) The Jammu & Kashmir Bank Ltd. Rs. 903,826

Both these loans are to be secured by;

(i) A first *pari passu* charge and mortgage of all the Company's immovable properties, present and future;

(ii) A first *pari passu* charge by way of hypothecation of all the Company's movables including movable machinery, machinery spares, tools and accessories, present and future;

(iii) A first *pari passu* charge on the Company's books debts, bank accounts, operating cash flows, receivables, commissions, revenues of whatsoever nature and whenever arising, present and future;

(iv) A first *pari passu* charge on all intangibles of the Company including but not limited to goodwill, uncalled capital, present and future; and

(v) Corporate Guarantee from ZEEL towards payment obligation under the Rupee Term Loan.

The Company is in the process of completing the procedures for creation of charges.

c) Working Capital finance from Canara Bank Rs. 56,243, secured by way of first charge against hypothecation of stocks and book debts and collaterally secured by hypothecation of control room equipments installed at various places in Delhi and Guaranteed by ZEEL. These loans have been transferred from SCNL, pursuant to the scheme of arrangement, referred to in Note 2 above. The formalities for transferring the loans to the Company have been initiated.

d) Term loan from UTI Bank Ltd. of Rs. 499,998

The loan was transferred from ZEEL, pursuant to the scheme of arrangement, referred to in Note 2 above. The Banker has agreed to transfer the loan from ZEEL to the Company, subject to a first *pari passu* charge on the fixed and current assets of the Company,both present and future with a corporate guarantee of ZEEL.

e) Demand loan from IDBI Bank Ltd. of Rs. 248,932

The Loan has been transferred from ZEEL, pursuant to the scheme of arrangement, referred to in Note 2 above. It is secured against the assets of ZEEL. ZEEL has intimated to the concerned Banks that these loans are to be transferred to the Company pursuant to the scheme of arrangement. The formalities for transferring the loans to the Company have been initiated.

f) Hire Purchase facility is secured against hypothecation of vehicles.

B) Investment in Preference Share in and Loans and Advances to Distribution Companies:

The Company's cable TV distribution system relies on a network of distribution companies to maintain/enhance its market position. The Company has invested Rs. 86,428 (net of provision) in the preference shares of these companies and has advanced Rs. 393,270 (net of provision) to these companies, whose net-worth has been eroded, to strengthen the last mile network as the distribution companies are strategic for the cable distribution business. With the introduction of Conditional Access System and digitization of cable network in India, these distribution companies will be significant to achieving the Company's strategic near term and long-term business goals. Most of the balances appearing as advance to these distribution companies are duly confirmed. The management has sufficient reasons to believe that the investment and the advances to these companies are good and fully recoverable.

C) Leases:

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

(ii) In respect of premises and leased lines taken on operating lease on or after April 1, 2006: details of minimum lease payments:

Minimum Lease Payments as at	As at March 31, 2007
Not Later than one year	4,754
Later than one year and not later than five years	4,465
Later than 5 years	NIL
TOTAL	**9,220**
Lease payments recognized in the Profit & Loss Account	11,276

Set Top Boxes given under Operating Leases are capitalized at an amount equal to cost arrived on simple 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:

Description of Assets	Gross Block	Depreciation for the period March 24, 2006 to March 31, 2007	Accumulated Depreciation
Plant and Machinery	130,731	23,877	41,927
Equipments	253	23	217
Furniture and Fixtures	70	4	37
Studio Equipments	646	45	313
Air Conditioners	124	6	39
Set Top Boxes	92,927	2,568	2,568
TOTAL	**224,751**	**26,523**	**45,101**

D) Taxation:

In accordance with the Accounting Standard 22 on “ Accounting for taxes on income” (AS 22) issued by the Institute of Chartered Accountants of India, deferred tax assets and liability should be recognized for all timing differences in accordance with the said standard. However, since the Company has unabsorbed depreciation and carry forward of losses under tax laws, the Deferred Tax Liability of Rs. 54,316, transferred from ZEEL under the Scheme of Arrangement (Refer Note 2) has been reversed. Further, Deferred Tax Assets are not recognized since it is not virtually certain that Deferred Tax Assets can be realized against future taxable profits.

Particulars	Rupees
DEFERRED TAX LIABILITY (NET)	
Deferred Tax Liabilities/(Assets)	
Opening Balance (pursuant to the scheme of arrangements Refer Note 2)	
Differences in depreciation and other differences in the block of fixed assets as per tax books and financial books	54,366
Effect of expenditure debited to profit & loss account in previous years but allowed for tax purposes in following years	(50)
Net Deferred Tax Liability	**54,316**
Reversed During the year	
Differences in depreciation and other differences in the block of fixed assets as per tax books and financial books	54,366
Effect of expenditure debited to profit & loss account in previous years but allowed for tax purposes in following years	(50)
Total Reversed during the year	**54,316**
Closing Net Deferred Tax Liability	**–**

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

i) Indian Cable Net Company Limited.

Particulars	**Amount**
Deferred Tax Assets	
Unabsorbed Business Loss	2341
Unabsorbed Depreciation	32366
Provision for Amusement Tax	153
Provision for Leave Encashment	182
Effect of expenditure debited to profit & loss account in previous years but allowed for tax purposes in following years	2215
Gross Deferred Tax Assets (A)	37257
Differences in depreciation and other differences in the block of fixed assets as per tax books and financial books	30345
Gross Deferred Tax Liabilities (B)	30345
Net Deferred Tax Assets (A-B)	6912

ii) Central Bombay Cable Network Limited

PARTICULARS	**Amount**
DEFERRED TAX LIABILITY	
Opening Balance	34
Gross Deferred Tax Liability A	34
DEFERRED TAX ASSETS	
Differences in depreciation and other differences in the block of fixed assets as per tax books and financial books	13
Effect of expenditure debited to profit & loss account in previous years but allowed for tax purposes in following years	1
Gross Deferred Tax Assets B	14
Net Deferred Tax Liability A – B	20

E) Contingent Liabilities not provided for:

Particulars	**Rupees**
Claims against the Company not acknowledged as debts	173,778
Show cause Cum Demand Notice raised by Service Tax Department	31,784
Bank Guarantees	21,057

The Company has financed the operations of its subsidiaries by way of interest free loans in addition to share capital and also undertaken continuing financial support to them.

F) Related Party Disclosure:

(i) Names of Related Parties where control exists:

(a) Promoter Group

Jayneer Capital Private Limited, Delgrada Limited, Lazarus Investments Limited, Prajatma Trading Company Private Limited, Ganjam Trading Company Private Limited, Essel Infraprojects Limited (formerly known as Pan India Paryatan Limited), Premier Finance and Trading Company Limited, Briggs Trading Company Private Limited, Churu Trading Company Private Limited, Ambience Advertising Company Private Limited, Veena Investment Private Limited, Mr. Ashok Mathai Kurien, Mr. Laxmi Goel, Ms. Sushila Goel.

(b) Subsidiary Companies

Indian Cable Net Company Limited, Central Bombay Cable Network Limited, Siti Cable Broadband South Limited.

(ii) Names of Other Related Parties with whom transactions have taken place during the year:

Key Management Personnel

Mr. Jagjit Singh Kohli, Managing Director (resigned w.e.f. May 31, 2007)

(iii) Enterprises owned or controlled by the Promoter Group:

Zee Entertainment Enterprises Limited, Zee News Limited, Zee Turner Limited, ETC Networks Limited, Dish TV India Limited (formerly known as ASC Enterprises Limited), Essel Propack Limited, Agrani Satellite Services Limited, Pan India Network Infravest Private Limited, Intrex India Limited.

Sr. No.	Particulars Nature of Expenses/Names of the Parties	Total Amount Rupees
1.	**Sale, Services and other Recoveries (Net)**	**499,376**
	Dish TV India Ltd.	2,961
	Intrex India Ltd.	396
	ZEEL	396,237
	Zee News Ltd.	90,502
	Zee Turner Ltd.	9,280
2.	**Purchase of Programmes, Goods & Services**	**48,058**
	Dish TV India Ltd.	1,540
	Intrex India Ltd.	122
	ZEEL	330
	Zee Turner Ltd.	46,066
3.	**Purchase of Fixed Assets and Capital Goods and Investments**	**3,332**
	Dish TV India Ltd.	1,859
	ETC Networks Ltd.	132
	ZEEL	1,341
4.	**Advances given**	**412,366**
	Churu Trading Co. Pvt. Ltd.	250,680
	Dish TV India Ltd.	121,281
	Essel Infraprojects Ltd.	40,295
	ZEEL	110
Sr. No.	**Particulars Nature of Expenses/Names of the Parties**	**Total Amount Rupees**
5.	**Receipts towards advances given**	**412,772**
	Churu Trading Co. Pvt. Ltd.	250,680
	Dish TV India Ltd.	121,687
	Essel Infraprojects Ltd.	40,295
	ZEEL	110
6.	**Loans/Deposits received from**	**542,420**
	ETC Networks Ltd.	194,902
	ZEEL	347,518
7.	**Repayment of Loans/Deposits received**	**75,280**
	ETC Networks Ltd.	31,825
	ZEEL	43,455
8.	**Expenses Recovered**	**4,884**
	Cable Broadcasting Network	2
	Dish TV India Ltd.	645
	ETC Network Ltd.	9
	Essel Propack Ltd.	9
	Intrex India Ltd.	323
	Pan India Network Infravest Pvt. Ltd.	392
	Zee Turner Ltd.	999
	ZEEL	2,505
9.	**Expenses reimbursed**	**83,620**
	Cable Broadcasting Network	2
	Dish TV India Ltd.	19
	ETC Networks Ltd.	81
	Intrex India Ltd.	2,479
	ZEEL	80,643
	Zee News Ltd.	3
	Zee Turner Ltd.	393

Sr. No.	Particulars Nature of Expenses/Names of the Parties	Total Amount Rupees
10.	Paid to Mr. J.S Kohli as CEO & Managing Director	2,996
11.	**Balances Outstanding as on March 31, 2007**	
a)	**Sundry Debtors**	**83,845**
	ZEEL	46,758
	Zee News Ltd.	36,952
	Zee Turner Ltd.	135
b)	**Sundry Creditors**	**282,647**
	Agrani Satellite Service Ltd.	(218)
	Dish TV India Ltd.	4,003
	ETC Networks Ltd.	4,790
	Intrex India Ltd.	3,752
	Pan India Network Infravest Pvt. Ltd.	26
	ZEEL	254,411
	Zee News Ltd.	327
	Zee Turner Ltd.	15,556
c)	**Loans/Deposits/Advances given**	**12,107**
	Dish TV India Ltd.	10,892
	ETC Networks Ltd.	32
	Essel Propack Ltd.	1
	Intrex India Ltd.	731
	Pan India Network Infravest Pvt. Ltd.	159
	Zee Turner Ltd.	292
Sr. No.	**Particulars Nature of Expenses/Names of the Parties**	**Total Amount Rupees**
d)	**Loans/Deposits/Advances received**	**409,737**
	ETC Networks Ltd.	110,000
	ZEEL	299,737
e)	**Interest Accrued on Loans/Deposits/Advances received**	**25,258**
	ETC Networks Ltd.	2,104
	ZEEL	23,154

The Company has also entered into transaction with enterprisese owned or controlled by the promoter group pursuant to the scheme of arrangement (Refer Note 2).

G) 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 operates only in India.

H) Earning Per Share:

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

Particulars	Rupees
Weighted average number of equity shares (No.)	213,150,664
Nominal Value of equity shares (Rs.)	1
Profit/(Loss) after Tax	(1,086,251)
Basic/Diluted earnings/(loss) per share (Rs.)	(5.10)

There are no potential equity shares as on March 31, 2007 and accordingly the diluted loss per share is the same as basic loss per share.

I) Loans and Advances:

The Company has financed the operations of its subsidiaries by way of interest free loans in addition to share capital and also undertaken continuing financial support to them.

J) Impairment of Assets:

The assets are of significant importance to the growth of the business of the Company. The assets mainly consist of cable plant, headends and other equipment necessary for distribution of TV channel signals through cable network. With the implementation of Conditional Access System and demand for digital signals, the Company is in process of moving from analogue distribution system to digital distribution system wherein these assets have significant value. Based on a detailed business plan to expand its presence, management has based on five year business plan carried out an impairment test on these assets. An impairment test based on discounted cash flow method reflects that the value in use is significantly higher than the assets deployed/to be deployed in the business.

K) Capital Commitments:

Estimated amount of Contracts remaining to be executed on capital account and not provided for (Net of Advances) amounting to Rs. 246,800.

L) Derivative Instruments and Unhedged Foreign Currency Exposure:

Foreign currency exposures that are not hedged by derivative instruments as on March 31, 2007, amounts to Rs. 1,97,202.

M) Provision for Taxation

(i) Under the West Bengal Entertainment-cum-Amusement Tax Act, 1982, as amended, entertainment/amusement tax, *inter alia* had been levied on Multi System Operators (MSOs) as a percentage of gross receipts from Cable TV service from April, 1998. Aggrieved by the levy of Amusement Tax, a local MSO has filed a petition before Hon'ble West Bengal Taxation Tribunal wherein the petitioner's application was not upheld. The local MSO then moved the Hon'ble Kolkata High Court challenging the order of the Hon'ble Tribunal where upon the Hon'ble High Court declared the levy of Amusement Tax on the MSO as illegal and invalid. Thereafter, the State of West Bengal filed a Special Leave Petition before the Hon'ble Supreme Court. The Hon'ble Supreme Court in its order dated March 30, 2001 granted a stay on the Order of the High Court and held that assessment proceedings may continue but no order therein could be passed, pending disposal of the appeal. The Subsidiary Company, Indian Cable Net Company Limited (here in after referred to as "ICNCL", being similarly circumstanced as the petitioner MSO as aforesaid, moved an application before the Hon'ble West Bengal Taxation Tribunal on November 5, 2001 and the Hon'ble Tribunal has granted a similar interim order dated December 10, 2001 as that of the Hon'ble Supreme Court and that the matter will be finally heard upon disposal of the identical matter pending before the Hon'ble Supreme Court. In view of the identical issues pending before the Hon'ble Supreme Court. ICNCL filed an intervention application on May 29, 2003 which has been allowed by the Hon'ble Supreme Court. The matter has since been adjudicated upon by the Hon'ble Supreme Court vide its order dated March 16, 2005 and has allowed the petition of state of West Bengal, thereby subjecting the MSOs to the levy of amusement tax.

Subsequently Entertainment Tax Department has made Assessments up to March 31, 2005 and raised a demand of Rs. 62,836 towards Amusement Tax payable. ICNCL has preferred an appeal being the Assistant Commmissioner of Agricultural Income Tax, West Bengal against the order of the Agricultural Income Tax Officer, seeking exemption from payment of Amusement Tax on the ground of Equity.

(ii) The Commercial Tax authorities, Government of West Bengal, by an order dated June 9, 2003, sought to impose sales tax, with retrospective effect from April 2, 1997, on the ICNCL's income from cable TV services. ICNCL 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 ICNCL in the books of account.

N) Goodwill on Consolidation

Particulars	Holding by WWIL	Holding by CBCNL	Total
Extent of holding in ICNCL	67,69%	0.30%	68%
Cost of Investment in ICNCL	111,142	60	111,202
Share in equity of ICNCL	68,310	300	68,610
Net Goodwill/(Capital Reserve) on Consolidation	**42,832**	**(240)**	**42,592**

O) Other Information :

(i) Loans & Advances to Companies in which Directors are interested:

Sr. No.	Name of the Enterprise	Balance as on March 31, 2007	Maximum outstanding during the year
	Associates/Parties in which directors are interested:		
1.	Dish TV India Ltd.	10,892	1,10,657
2.	Essel Infraprojects Ltd.	NIL	40,000
3.	ETC Networks Ltd.	32	108
4.	Essel Propack Ltd.	1	4
5.	Intrex India Ltd.	731	731
6.	Zee Interactive Learning Systems	322	322
7.	ZEEL	NIL	2,73,842

(ii) Due from Companies under the same management:

a) Debtors

Sr. No.	Name of the Enterprise	Balance as on March 31, 2007	Maximum outstanding during the year
	Associates/Parties under the same management:		
1.	ZEEL	46,758	46,928
2.	Zee Turner Ltd.	135	1,601
3.	Zee News Ltd.	36,952	37,385

b) Loans & Advances

Sr. No.	Name of the Enterprise	Balance as on March 31, 2007	Maximum outstanding during the year
	Associates/Parties under the same management:		
1.	Churu Trading Co. Pvt. Ltd.	NIL	200,000
2.	Dish TV India Ltd.	10,892	110,657
3.	Essel Infraprojects Ltd.	NIL	40,000
4.	ETC Networks Ltd.	32	108
5.	Essel Propack Ltd.	1	4
6.	Intrex India Ltd.	731	731
7.	Pan India Infravest Pvt. Ltd.	159	165
8.	ZEEL	NIL	273,842
9.	Zee Turner	292	402

P) Previous year Comparatives:

Previous year's figures have not been given since this is the first year of the Company.

As per our attached report of even date
For **S. R. Batliboi & Associates**
Chartered Accountants

per Amit Majmudar
Partner
Membership No.: 36656

Place: Mumbai
Date: June 27, 2007

For and on behalf of the Board

Subhash Chandra
Director

Shyam Sunder Goel
Director

Bhagwant P. Bhargawe
V. P. Legal & Company Secretary

V. K. Agarawal
Sr. V. P. Finance & Accounts

CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD FROM MARCH 24, 2006 (DATE OF INCORPORATION) MARCH 31, 2007

		(Rs. in '000)
		2007
A	**CASH FLOWS FROM OPERATING ACTIVITIES**	
	Net Profit/(Loss) before taxation, after exceptional items	**(1,103,160)**
	Adjustments for:	
	Depreciation/Amortization	344,663
	Interest Income	(79,770)
	Fixed Assets/Capital Work in Progress Written off	368,096
	Interest and Finance Expenses	167,846
	Bad Debts	24,661
	Provision for Doubtful Debts, loans and advances	290,318
	Other Liabilities Written Back	(2,544)
	Provision for Gratuity	5,054
	Provision for Leave Encashment	(166)
	Loss on Sale of Fixed Assets	44,701
	Foreign Exchange Fluctuation	(4,598)
	Preliminary Expenses Written Off	452
	Finance Cost Amortised	3,923
	Assets and CWIP charged to Profit and Loss Account	12,667
	Operating profit before working capital changes	**72,143**
	Movement in Working Capital	
	Decrease/(Increase) in Sundry Debtors	(541,463)
	Decrease/(Increase) in Inventories	(652,739)
	Decrease/(Increase) Loans and Advances	(3,268,654)
	Increase/(Decrease) in Current Liabilities	3,500,574
	Increase/(Decrease) in Provisions	(598)
	Cash Flow from Operating Activities Before Tax	(890,737)
	Taxes paid	(5,819)
	Net Cash Flow from Operating Activities	**(896,556)**
B	**CASH FLOWS FROM INVESTING ACTIVITIES**	
	Investments in Mutual Funds	(100,000)
	Redemption of Mutual Funds	100,000
	Additions in Fixed Assets/Capital Work in Progress	(368,153)
	Sale of Fixed Assets	75
	Additions Capital Work in Progress	(9,536)
	Loans/Advances Given to Subsidiary Companies	(50,276)
	Loans/Advances Repaid by Subsidiary Companies	40,797
	Short Term Deposits paid to other corporates	(1,511,651)
	Repayment of Short Term Deposits paid	1,455,726
	Decapitalisation of Ground Distribution Network	2,350
	Loans/Advances from Holding Company	5,256
	Loans/Advances repaid to Holding Company	(7,992)
	Net Cash Flow from Investing Activities	**(443,404)**

CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD FROM MARCH 24, 2006 (DATE OF INCORPORATION) MARCH 31, 2007 (CONTD.)

(Rs. in '000)

		2007
C	**CASH FLOWS FROM FINANCING ACTIVITIES**	
	Interest and Finance Expenses paid	(142,744)
	Interest Income Received	78,689
	Miscellaneous Expenditure	(14,709)
	Secured Loans	1,369,552
	Unsecured Loans	490,179
	Secured Loans	(9,624)
	Unsecured Loans	(340,680)
	Receipts – Shareholders Fund	500
	Net Cash Flow from Financing Activities	**1,431,163**
	Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)	**91,203**
	Opening Cash and Cash Equivalents	7,780
	Cash received through Scheme of Arrangement (Refer Note. 2 to Sch. 22)	61,334
	CLOSING CASH AND CASH EQUIVALENTS	**160,317**
	Cash and cash equivalents at the end of year:	
	Cash on hand	7,947
	Cheques and Drafts on Hand/Transit	15,884
	Balances with Scheduled Banks on Current Accounts	35,295
	Balances with Scheduled Banks on Deposit Accounts	100,889
	Balances with Scheduled Banks on Margin Accounts	302
	TOTAL	**160,317**

As per our attached report of even date
For **S. R. Batliboi & Associates**
Chartered Accountants

per Amit Majmudar
Partner
Membership No.: 36656

Place: Mumbai
Date: June 27, 2007

For and on behalf of the Board

Subhash Chandra
Director

Shyam Sunder Goel
Director

Bhagwant P. Bhargawe
V. P. Legal & Company Secretary

V. K. Agarawal
Sr. V. P. Finance & Accounts

Directors' Report

To,
The Members of
Indian Cable Net Company Limited (Formerly RPG Netcom Ltd.)

Your Directors have pleasure in presenting the 10th Annual Report along with the Audited Financial Statement for the year ending on 31st March, 2007.

FINANCIAL RESULTS

(Rs. in '000)

	2006-07	2005-06
Gross Income	**3,53,686**	3,55,640
Expenditures	**2,93,415**	2,85,907
Profit before Tax	**60,272**	69,733
Less: Deferred Tax	**15,327**	(22,240)
Income Tax	**6,762**	3,525
Fringe Benefit Tax	**438**	239
Prior Period Adjustments	**386**	1,472
Profit/(Loss) after Tax	**37,357**	86,737

During the financial year ended on 31st March, 2007 the gross income of the Company has decreased to Rs. 35.36 Crores as compared to Rs. 35.56 Crores during the last preceding financial year ended on 31st March, 2006. Whereas the Net Profit of the Company during the financial year ended on 31st March, 2007 has been decreased to Rs. 3.74 Crores, as compared to Rs. 8.67 Crores in the last preceding financial year ended on 31st March, 2006. Your Directors are hopeful that the Company will do well in the current financial year.

DIVIDEND

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

DIRECTORS

During the period under review, Mr. Suresh Kumar Sethiya has been appointed as an additional director of the Company with effect from 7th June, 2007 and his term of office shall expire on the date of the ensuing Annual General Meeting. A notice, as required under Section 257, has been received from the member intending to propose Mr. Suresh Kumar Sethiya as Director of the Company, Considering his qualifications and experience, the Board has decided to proposed his name for the appointment as Director of the Company. Further, necessary resolution has been inserted in the notice convening the forthcoming annual general meeting.

During the year under review, Mr. Vimal Kumar Agarawal will retire by rotation at the ensuing Annual General Meeting of the Company and, being eligible, offer himself for re-appointment. Your Directors has recommended his re-appointment.

MANAGER

During the period under review, Mr. Amit Nag, had been appointed as Manager (re-designated as Chief Executive Officer) of the Company with effect from 31st March, 2007 for a period of three years, as recommended by the Remuneration Committee of the Board of Directors and as approved by the Board of Directors and the Company in General Meeting.

AUDIT COMMITTEE

During the period under review, there is no change in constitution of the Audit Committee.

REMUNERATION COMMITTEE

During the period under review, there is no change in constitution of the Remuneration Committee.

AUDITORS'

M/s. A. K. Tekriwal & Co.,Chartered Accountants, Kolkata, shall retire at the conclusion of the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. The Company has received a Certificate from the said Auditors to the effect that their re-appointment, if made, shall be within the prescribed limit in terms of Section 224 (1B) of the Companies Act, 1956.

AUDITORS REPORT

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

CHANGE IN HOLDING COMPANY

The Hon'ble High Court of judicature at Bombay vide its Order dated 17th November, 2006 has sanctioned the Scheme of Arrangement between Zee Telefilms Limited (now name changed to Zee Entertainment Enterprises Limited); Zee News Limited; Siti Cable Network Limited; Wire And Wireless (India) Limited and their respective shareholders. Pursuant to such sanctioned Scheme of Arrangement, *inter-alia*, the Cable Business Undertakings of Siti Cable Network Limited including but not limited to investment made by Siti Cable Network Limited in the 6,831,000 number of Equity shares of Rs. 10/- each fully paid up have been transferred and/or deemed to be transferred to and vested in Wire and Wireless (India) Limited, without any further act, instrument or deed, so as to become the properties and assets of Wire and Wireless (India) Limited.

As a result of transfer of shares held by Siti Cable Network Limited in the equity shares capital of the Company to Wire And Wireless (India) Limited pursuant to such sanctioned scheme of arrangement, the Company has become the subsidiary of Wire And Wireless (India) Limited.

PUBLIC DEPOSITS

During the period under review, your Company neither invited nor accepted any deposits within the meaning of Section 58-A of the Companies Act, 1956 read with Companies (Acceptance of Deposits) Rules, 1975.

DIRECTORS' RESPONSIBILITY STATEMENT

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

i. followed in the preparation of the Annual Accounts, the applicable accounting standards with proper explanation relating to material departures, if any;

ii. selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of your Company at the end of the financial year and of the loss of your Company for that period;

iii. taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of your Company and for preventing and detecting fraud and other irregularities; and

iv. prepared the Annual Accounts on a going concern basis.

PERSONAL

As required under Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, there was no employee drawing a salary of more than Rs. 24,00,000/- in a year or Rs. 2,00,000/- per month during the period under review.

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

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

a) **Conservation of energy**

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

b) **Technology absorption**

Not Applicable. The Company is providing Services only.

c) **Foreign exchange earnings and outgo**

The particulars regarding foreign exchange earnings and outgo are given in Schedule 14 Note 5(c) to the Notes to the Accounts forming part of the Annual Accounts.

ACKNOWLEDGEMENT

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

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

For and on behalf of the Board

Sd/-	Sd/-
(V. K. Agarawal)	**(Suresh Kumar)**
Director	Director

Place: Kolkata
Date: 2nd July, 2007

Auditors' Report

To,
The Members of **Indian Cable Net Company Limited** (Formerly RPG Netcom Ltd.)

We have audited the attached Balance Sheet of **Indian Cable Net Company Limited** (Formerly RPG Netcom Ltd.) as at March 31, 2007 and also the annexed Profit and Loss Account for the year ended on that date and the Cash Flow Statement for the year ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

1. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from any material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

2. As required by the Companies (Auditors' Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order 2004 (together the 'order') issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956, and on the basis of such checks as we considered appropriate, and according to the information and explanations given to us, we enclose in the Annexure a statement on the matters specified in paragraph 4 & 5 of the said order.

3. Further to our comments in the Annexure to para 2 above, we report that:

    a) We have obtained all the information and explanations, which to the best of our knowledge and belief, were necessary for the purpose of our audit;

    b) In our opinion, proper books of account as required by law have been kept by the Company, so far as appears from our examination of the books of account;

    c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement referred to in this report are in agreement with the books of account;

    d) In our opinion, the Balance Sheet and the Profit and Loss Account and Cash Flow Statement comply with the accounting standards referred to in Section 211(3c) of the Companies Act, 1956;

    e) Based on the representations made by the Directors of the Company and the information and explanations given to us, none of the Directors is, as at March 31, 2007, prima facie disqualified from being appointed as a director in terms of Clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;

    f) In our opinion and to the best of our information and according to the explanations given to us subject to above, the said Accounts read with the notes thereon and attached thereto, give the information required by the Companies Act, 1956, in the manner so required and subject to Note No. 8 to Notes to Accounts regarding non provision of Amusement Tax liability amounting to Rs. 62,836 thousands, give a true and fair view in conformity with the accounting principles generally accepted in India:

        i) In the case of Balance Sheet, of the state of affairs of the Company as at March 31, 2007;

        ii) In the case of Profit and Loss Account, of the Profit for the year ended on that date; and

        iii) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

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

(A.K. Tekriwal)
Partner
Membership No.: 56362

Place: Kolkata
Date: June 23 ,2007

Annexure referred to in paragraph 2 of our report of even date on the accounts for the year ended March 31, 2007 of Indian Cable Net Company Ltd. (Formerly RPG Netcom Ltd.)

i) (a) The Company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.

(b) The fixed assets of the Company except those in ground distribution network for which physical verification is not practicable, have been physically verified by the management during the year and no material discrepancies between book records and the physical inventory have been noticed. In our opinion, the frequency of verification is reasonable.

(c) In our opinion and according to the information and explanations given to us, a substantial part of the fixed asset has not been disposed of by the Company during the year

ii) (a) Physical verification of inventory has been conducted by the Management at reasonable intervals.

(b) In our opinion, the procedures of physical verification of inventory followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.

(c) On the basis of our examination of the inventory records, in our opinion, the Company is maintaining proper records of inventory. No discrepancies were noticed in the physical stock as compared with the book records.

iii) The Company has neither granted nor taken any loans, secured or unsecured, to/ from companies, firms or other parties covered in Register 301 of the Companies Act, 1956. Hence paragraphs 4(iii) (a) to 4(iii)(g) of the Order are not applicable.

iv) In our opinion and according to the information and explanations given to us, having regard to the explanations that certain items purchased are of special nature for which suitable alternative sources do not exist for obtaining comparative quotations, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchases of fixed assets. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal control system.

v) (a) According to the information and explanations given to us, we are of the opinion that the transaction that need to be entered into the register in pursuance of Section 301 of the Companies Act, 1956 have been so entered.

(b) In our opinion and according to the information and explanations given to us, the transaction made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 and exceeding the value of Rupees Five lacs in respect of each party during the year have been made at prices which are reasonable having regard to prevailing market price at the relevant time.

vi) The Company has not accepted any deposits from the Public within the meaning of Sections 58A and 58AA of the Act and the rules framed thereunder.

vii) In our opinion and according to the information and explanations given to us, the Company has an internal audit system commensurate with the size and nature of its business.

viii) The maintenance of cost records u/s 209 (1) (d) of the Companies Act, 1956, is not applicable to the Company.

ix) (a) In our opinion and according to the information and explanations given to us, the Company is generally regular in depositing the undisputed statutory dues including provident fund, employees' state insurance, income tax, and other material statutory dues with the appropriate authorities. In respect of amusement tax an amount of Rs. 47,90,811/- is outstanding as at the last day of the financial year for a period of more than six month from the date it became payable.

(b) According to the information and explanations given to us and the records of the Company examined by us, the dues of amusement tax, Service tax, and trade tax as at 31st March, 2007 which have not been deposited on account of dispute, are as follows:

Name of the statute	Nature of Dues	Period to which the amount relates	Amount in (Rs.)	Forum where the dispute is pending
Service Tax Act, 1994	Service Tax	1998-99	79,675/-	Central Excise Commissionerate – I, Kolkata
WB Entertainment Cum Amusement Tax Act, 1982	Amusement Tax	1998-99 – 2004-05	6,28,35,772/-	Asst. Commissioner of Agricultural Income Tax, West Bengal

x) Company has accumulated losses of Rs. 61,659 thousand at the end of the financial year. The Company has neither incurred cash loss during the financial year under audit nor in the immediately preceding financial year.

xi) According to the records of the Company and according to the information and explanations given to us, has not defaulted in repayment of dues to any financial institution or bank or debenture holders during the year.

xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

xiii) In our opinion, the Company is not a chit fund or a nidhi/ mutual benefit fund /society. Therefore, paragraph 4(xiii) of the order is not applicable to the Company.

xiv) In our opinion, Company is not dealing in or trading in shares, securities, debentures and other investments. Therefore, paragraph 4(xiv) of the Order is not applicable to the Company.

xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year.

xvi) As no fresh term loan has been obtained by the Company during the year, paragraph 4(xvi) of the Order is not applicable.

xvii) On the basis of an overall examination of the balance sheet of the Company and according to the information and explanations given to us, there are no funds raised on a short-term basis which have been used for long-term investment, and vice versa.

xviii) The Company has not made any preferential allotment of shares to parties and Companies concerned in the Register maintained under Section 301 of the Act during the year and therefore, paragraph 4(xviii) of the Order is not applicable.

xix) The Company did not issue any debenture during the year and therefore, paragraph 4(xix) of the Order is not applicable.

xx) The Company has not raised any money by public issues during the year and therefore, paragraph 4(xx) of the Order is not applicable.

xxi) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

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

(A.K. Tekriwal)
Partner
Membership No.: 56362

Place: Kolkata
Date: June 23 ,2007

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BALANCE SHEET AS AT MARCH 31, 2007

(Rs. in '000)

	Schedule	As at March 31, 2007	As at March 31, 2006
Sources of Funds			
Shareholder's Funds			
Share Capital	1	**100,911**	100,911
Reserves & Surplus	2	**96,798**	96,798
Loan Funds			
Secured Loans		**–**	–
Unsecured Loans		**–**	–
TOTAL		**197,709**	197,709
Application of Funds			
Fixed Assets			
Gross Block	3	**254,011**	211,256
Less: Accumulated depreciation		**68,283**	57,705
Net Block		**185,728**	153,551
Current Assets, Loans & Advances	4		
Inventories		**26,752**	11,946
Sundry Debtors		**61,573**	30,787
Cash and Bank Balances		**5,983**	7,605
Loans and Advances		**25,143**	11,092
		119,451	61,430
Less: Current Liabilities & Provisions	5		
Current Liabilities		**165,212**	134,302
Provisions		**10,828**	4,226
		176,040	138,528
Net Current Assets		**(56,590)**	(77,097)
Deferred Tax Balances (Net)		**6,912**	22,239
Profit & Loss Account		**61,659**	99,016
TOTAL		**197,709**	197,709
Notes to Accounts	14		

Balance Sheet referred in our report of even date.
Schedules referred to above form an integral part of the balance sheet.

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

A. K. Tekriwal
Partner
Membership No.: 56362

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

A. Mohan
Director

V. K. Agarawal
Director

Amit Nag
Manager

Place: Kolkata
Date: June 23, 2007

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2007

(Rs. in '000)

	Schedule	2007	2006
Income			
Income from Services	6	**326,700**	294,994
Sale of STB	7	**9,635**	430
Other Income	8	**17,351**	60,216
TOTAL		**353,686**	355,640
Expenditure			
Operational Expenses	9	**209,005**	177,671
Cost of Goods Sold	10	**11,867**	383
Personnel Cost	11	**13,096**	10,056
Administrative and Other Expenses	12	**48,175**	86,549
Financial Expenses	13	**403**	999
Depreciation	3	**10,870**	10,249
TOTAL		**293,415**	285,907
Profit(Loss) Before Tax		**60,272**	69,733
Provision for Taxation			
- Current Tax		**6,762**	3,525
- Defferred Tax		**15,327**	(22,240)
- Fringe Benefit Tax		**438**	239
Prior Period Adjustments		**386**	1,472
Profit/(Loss) After Tax		**37,357**	86,737
Balance Brought Forward		**(99,016)**	(185,753)
Balance Carried to Balance Sheet		**(61,659)**	(99,016)
Basic and diluted earning per share (Refer Note - 5 of Schedule 13)		**3.70**	10.71
Nominal value per share		**10**	10
Notes to Accounts	14		

Profit and Loss Account referred in our report of even date.

Schedules referred to above form an integral part of the balance sheet.

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

A. K. Tekriwal
Partner
Membership No.: 56362

Place: Kolkata
Date: June 23, 2007

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

A. Mohan
Director

V. K. Agarawal
Director

Amit Nag
Manager

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2007

(Rs.in '000)

	As at March 31, 2007	As at March 31, 2006
SCHEDULE 1 : SHARE CAPITAL		
Authorised	**120,000**	120,000
120,00,000 Equity Shares of Rs.10/- each	**120,000**	120,000
Issued, Subscribed & Paid Up		
100,91,070 (100,91,070) Equity Shares of Rs. 10/- each fully paid up in cash	**100,911**	100,911
TOTAL	**100,911**	100,911
SCHEDULE 2: RESERVE & SURPLUS		
Securities Premium	**96,798**	96,798
TOTAL	**96,798**	96,798

SCHEDULE 3:

(Rs. in '000)

Particulars	Gross Block at Cost				Depreciation				Net Block	
	As at April 1, 2006	Addition during the year	Sale/ Adjustments during the year	As at March 31, 2007	As at April 1, 2006	For the year	Sale/ Adjustments during the year	As at March 31, 2007	As at March 31, 2007	As at March 31, 2006
Leasehold Land	6,779	–		**6,779**	321	64		**385**	**6,393**	6,458
Building	6,537	–		**6,537**	216	107		**322**	**6,214**	6,321
Plant & Machinery	36,227	2,135		**38,363**	11,834	1,894		**13,729**	**24,634**	24,393
Ground Distribution Network	153,203	14,028	3,478	**163,752**	40,183	7,421	292	**47,312**	**116,440**	113,020
Furniture, Fixture & Equipment	3,360	2,660	–	**6,021**	993	287		**1,280**	**4,740**	2,367
Computers	4,958	5,958	–	**10,916**	4,119	402	–	**4,521**	**6,395**	839
Motor Vehicle	192	–	–	**192**	39	18	–	**57**	**136**	154
STB on Operating lease	–	21,452	–	**21,452**	–	677	–	**677**	**20,775**	–
TOTAL	**211,256**	**46,233**	**3,478**	**254,011**	**57,705**	**10,870**	**292**	**68,283**	**185,728**	**153,551**
Previous Year ('000)	200,933	20,951	10,628	211,256	48,904	10,249	1,448	57,705	153,552	–

Note: Leasehold land amounting to Rs.1,905 thousand at Greater Noida is pending registration in the Company's name and no amortisation has been made by the Company in respect of the said lease.

(Rs. in '000)

	As at March 31, 2007	As at March 31, 2006
SCHEDULE 4 : CURRENT ASSETS, LOANS & ADVANCES		
A) Current Assets		
Inventories		
Capital Network Inventory	**9,319**	11,379
Stock of Set Top Boxes	**17,433**	568
(As valued and certified by management)		
TOTAL	**26,752**	11,946

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2007

(Rs. in '000)

	As at March 31, 2007	As at March 31, 2006
SCHEDULE 4 : CURRENT ASSETS, LOANS & ADVANCES (Contd.)		
Sundry Debtors		
Subscription and Others Debtors		
(Unsecured, Considered Good unless otherwise stated)		
More than six months		
– Considered Good	**23,308**	16,347
– Considered Doubtful	**22,419**	18,440
Others		
– Considered Good	**38,265**	14,440
– Considered Doubtful	**–**	–
	83,991	49,227
Less: Provision for Doubtful Debts	**22,419**	18,440
	61,573	30,787
Cash and Bank Balances		
Cash in hand	**4,062**	6,912
[Includes Cheque in Hand of Rs. 3,623 ('000) (2005-06 Rs. 6,797 ('000)]		
Balance with Scheduled Banks		
In Current accounts	**1,619**	459
In Deposits accounts	**–**	84
In Margin Money	**302**	150
(held as margin against bank guarantee)		
TOTAL	**5,983**	7,605
B) Loans and Advances		
(Unsecured, Considered Good unless otherwise stated)		
Deposits	**4,281**	2,736
Advances		
(Recoverable in cash or in kind or for value to be received)		
To Others	**10,835**	2,157
Tax Advances (Net of Provisions)	**10,027**	6,199
TOTAL	**25,143**	11,092
TOTAL CURRENT ASSET	**119,451**	50,052
SCHEDULE 5 : CURRENT LIABILITIES & PROVISIONS		
A) Current Liabilities		
Sundry Creditors - For Programmes and Goods	**15,895**	36,282
- For Expenses and other Liabilities	**106,736**	71,488
Trade Advances and Deposits Received	**41,791**	19,552
Temperory Overdraft	**790**	6,980
	165,212	134,302
B) Provisions		
For Retirement Benefits	**541**	701
For Taxation	**10,287**	3,525
	10,828	4,226
TOTAL	**176,041**	138,528

SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON MARCH 31, 2007

(Rs. in '000)

	As at March 31, 2007	As at March 31, 2006
SCHEDULE 6 : INCOME FROM SERVICES		
Subscription Income	**186,903**	187,498
Advertisement Income	**–**	5,220
Carriage Income	**128,577**	94,206
Lease Rental Income - Dark Fiber	**11,220**	8,070
TOTAL	**326,700**	294,994
SCHEDULE 7 : SALES OF STB		
Sale of STBs	**8,482**	430
Lease Rental Income - STB	**1,152**	–
TOTAL	**9,635**	430
SCHEDULE 8 : OTHER INCOME		
Interest	**14**	41
(TDS - Rs. 1 thousand (NIL))		
Miscellaneous and Other Income	**3,215**	2,066
Liabilities Wriitten back	**14,123**	58,109
TOTAL	**17,351**	60,216
SCHEDULE 9 : OPERATIONAL EXPENSES		
Subscription - Pay Channels	**197,988**	170,188
Repair and Maintenance - Plant and Machinery	**4,072**	3,080
Other Operational Expenses	**6,944**	4,403
TOTAL	**209,005**	177,671
SCHEDULE 10 : COST OF GOODS SOLD		
Opening Stock	**568**	–
Add: Purchases	**28,732**	950
Less: Closing Stock	**17,433**	568
TOTAL	**11,867**	383
SCHEDULE 11 : PERSONNEL COST		
Salaries, Allowances and Bonus	**11,309**	8,833
Contributions to Provident and Other Funds	**915**	840
Employees Welfare Expenses	**872**	383
TOTAL	**13,096**	10,056

SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON MARCH 31, 2007

(Rs. in '000)

	As at March 31, 2007	As at March 31, 2006
SCHEDULE 12 : ADMINISTRATIVE AND OTHER EXPENSES		
Rent	**1,661**	43
Rates & Taxes	**93**	91
Insurance	**135**	213
Electricity Charges	**2,220**	1,927
Legal, Professional and consultancy	**1,091**	1,103
Printing and Stationery	**729**	285
Travelling and Conveyance Expenses	**725**	1,012
Communication Expenses	**937**	735
Vehicle Hire Expenses	**1,771**	2,735
Sundry Expenses	**820**	664
Repairs and Maintenance - Building	**121**	211
- Others	**4,761**	1,667
Auditors' Remuneration	**120**	60
SMS start up and Usage Charges	**75**	–
Security Service Charges	**635**	494
Advertisement and Publicity	**329**	81
Commission and Brokerage	**90**	38
Sales Promotion	**376**	205
Debts written off	**7,961**	51,722
Inventory w/off	**1,456**	–
Cost of scrap inventory sold	**1,004**	–
Loss on sale of fixed assets	**–**	264
Provision for doubtful debts	**20,227**	18,440
Loss on decapitalisation	**836**	4,559
TOTAL	**48,175**	86,549
SCHEDULE 13 : FINANCIAL EXPENSES		
Interest on :		
Fixed Loan	**–**	668
Others	**313**	231
Discounting and Financing Expenses	**90**	100
TOTAL	**403**	999

SCHEDULE 14 : NOTES TO ACCOUNTS

I. Significant Accounting Policies

a) Accounting Convention

The financial statements have been prepared under the historical cost convention.

b) Fixed Assets and Depreciation

Fixed assets are stated at their cost of acquisition including financing and associated costs and incidental expenses, if any.

Depreciation on fixed assets is provided at the rates specified in Schedule XIV to the Companies Act, 1956 on straight-line method.

The Company recovers a part of its ground networking cost up-to the signal injection point of its customers as installation charges which is credited to fixed assets.

Leasehold land is amortized over the effective period of lease.

The Set Top Boxes given on operating lease are amortized over the effective period of lease.

c) Foreign Currency Transaction

Transaction in foreign currency is recorded at the rate of exchange prevailing on the transaction date(s). Transaction remaining unsettled, other than those contracts covered under forward exchange contracts, is translated at the rate prevailing at the end of the financial year. The exchange rate difference arising there-from are adjusted in the Profit and Loss Account except in respect of fixed assets, where the exchange difference is adjusted to the carrying amount of the respective asset.

d) Retirement Benefits

i. The Company liability towards Provident Fund along with Employee's contribution is funded by contribution with Employees Provident Fund Organization.

ii. The Company liability towards retirement gratuity is funded by contribution to Master Policy administered by the Life Insurance Corporation of India.

iii. Provision has been made for retirement leave encashment benefits payable to employees on basis of actuarial valuation.

e) Borrowing Costs

Interest and other costs incurred by the Company in connection with the borrowing of funds are recognized as an expense in the period in which they are incurred, unless the borrowings are used for acquiring qualifying assets and activities that are necessary to prepare the qualifying assets for its intended use.

f) Inventories

i. Capital Network Inventory: Capital Network Inventory meant for capitalization is valued at cost on simple average method or at net realizable value whichever is lower.

ii. Stock of STB is valued at cost on simple average method or net realizable value whichever is Lower.

g) Subscription Income from Cable Service

Subscription Income from Cable Service (net of applicable taxes and duties) are recognized on accrual basis from the date of commencement of supply at the signal injection point(s) of the customers after an initial 'free-viewing' period, if any, as per schedule of rates.

h) Other Services

a) Telecast fees are recognized as evenly accruing over the term of the contract of telecast, unless the contracts specify a different basis of recognition of such telecast fees.

b) Income from insertion of advertisements is recognized on accrual basis from the date(s) of insertion of advertisements based on the terms specified in the release orders.

c) Income from rendering technical services is recognized on accrual basis.

d) Income from dark fiber leasing is recognized on accrual basis as per terms of the respective contracts.

e) Carriage Income is recognized on accrual basis as evenly accruing over the term of the contract of carriage.

i) Leases

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

j) Sales of Set Top Box

Sale of STB is net off VAT and recognized at the time effecting the delivery.

k) Miscellaneous Expenditure to the extent not written off or adjusted

Miscellaneous expenditure are generally charged to the Profit and Loss Account over a period of five years from the year in which they are incurred, save and except in cases where such expenses are not expected to yield any benefits in the foreseeable future, they are fully charged to the Profit and Loss Account.

l) Taxes on Income

Current Tax is determined and provided in the accounts on tax payable method.

Deferred tax is recognized subject to the consideration of prudence, on timing difference, being the difference between taxable incomes and accounting income that originate in one year and are capable of reversal in one or more subsequent years. Deferred tax assets in respect of un-absorbed depreciation and carry forward losses are not recognized unless there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

II) Notes to Accounts :

(Rs. '000)

Sr. No.	Particulars	As at March 31, 2007	As at March 31, 2006
1.	The estimated amount of contracts remaining to be executed on capital accounts and not provided for	**NIL**	123
2.	Expenditure in foreign currency	**NIL**	NIL
3.	Contingent liabilities:		
	(i) for counter guarantees in respect of outstanding bank guarantees	**281**	63
	(ii) Claims against the companies not acknowledged as debts (including subjudice matters) to the extent ascertainable (including assessed amusement tax liabilities) (referred to notes 8 below)	**68,416**	73,767
	(iii) In respect of unexpired contracts	**3,822**	4,167
4.	Managerial Remuneration:		
	Salaries and Allowances	**1,855**	1,568
	Contribution to provident and other funds	**110**	69
	Perquisites and other benefits	**03**	23
		1,968	1,660
5.	Basis of computation of Earning Per Share:	**2006-07**	2005-06
	(i) Net Profit (Loss) for the year attributable to equity shareholders (Rs. '000) (A)	**37,357**	86,737
	(ii) Weighted average number of equity shares of Rs.10/- each outstanding during the year (B)	**10,091,070**	8099042
	(iii) Basic and Diluted Earning Per Share of Rs.10/- each (A)/(B)	**3.70**	10.71

(iv) Calculation of weighted average no. of equity shares for 2006-07				
	No. of shares			Proportionate No.
	Allotted	Outstanding	Days	of Shares
Balance at the beginning of the year		10,091,070	365	3,683,240,550
Add: Allotment of shares				
			365	3,683,240,550

6. The Company has unabsorbed depreciation and timing difference between taxable Income and Accounting Income that originates in one year and is capable of reversal in one or more subsequent years. Accordingly in keeping with the requirement of Accounting Standard (AS-22) on 'Accounting for Taxes on Income' issued by the Institute of Chartered Accountants of India, the Company has provided deferred tax assets and liabilities as on March 31, 2007.

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

(Rs. '000)

Deferred Tax Assets	**31/03/07**	31/03/06
Unabsorbed Business Loss	**2,341**	14,854
Unabsorbed Depreciation	**32,366**	35,939
Provision for Amusement Tax	**153**	153
Provision for Leave Encashment	**182**	229
Disallowance u/s 40(a)(ia) capable of reversal during the next year	**257**	
Disallowance u/s 43B capable of reversal during the next year	**1,958**	
Total (A)	**37,257**	51,175
Difference between Tax Depreciation and Book Depreciation	**30,345**	28,936
Total (B)	**30,345**	28,936
Net Deferred Tax Assets (A-B)	**6,912**	22,239

7. 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.

8. The West Bengal Entertainment-cum-Amusement Tax Act, 1982, as amended, 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. Aggrieved by the levy of Amusement Tax, a local MSO has filed a petition before Hon'ble West Bengal Taxation Tribunal wherein the petitioner's application was not upheld. The local MSO then moved the Hon'ble Kolkata High Court challenging the order of the Hon'ble Tribunal where upon the Hon'ble High Court declared the levy of Amusement Tax on the MSO as illegal and invalid. Thereafter, the State of West Bengal filed a Special Leave Petition before the Hon'ble Supreme Court. The Hon'ble Supreme Court in its order dated March 30, 2001 granted a stay on the Order of the High Court and held that assessment proceedings may continue but no order therein could be passed, pending disposal of the appeal. The Company, being similarly circumstanced as the petitioner MSO as aforesaid, moved an application before the Hon'ble West Bengal Taxation Tribunal on November 5, 2001 and the Hon'ble Tribunal has granted a similar interim order dated December 10, 2001 as that of the Hon'ble Supreme Court and that the matter will be finally heard upon disposal of the identical matter pending before the Hon'ble Supreme Court. In view of the identical issues pending before the Hon'ble Supreme Court. The Company filed an intervention application on May 29, 2003 which has been allowed by the Hon'ble Supreme Court. The matter has since been adjudicated upon by the Hon'ble Supreme Court vide its order dated:16/03/05, and has allowed the petition of state of West Bengal, thereby subjecting the MSOs to the levy of amusement tax.

   Subsequently Entertainment Tax Department has made Assessments up to 31.03.2005 and raised a demand of Rs. 62,836 thousands towards Amusement Tax payable. The Company has preferred an appeal being the Assistant Commissioner of Agricultural Income Tax, West Bengal against the order of the Agricultural Income Tax Officer, seeking exemption from payment of Amusement Tax on the ground of Equity.

   Accordingly no provision has been made for the said liability of Rs. 62,836 thousand up to 31.03.2005. The Company has not estimated the liability on such account for the year 2005-06.

The Company has also filed a plea with the appropriate authority that the Company's business along with business of all other MSOs operating in the state since the date of the imposition of the tax will be irreparably damaged if the tax is collected retrospectively. It is expected that the appropriate authority will shortly decide on the plea on its merits.

The Company has however made provision for the amusement tax liability for the current period amounting to Rs. 6,549 (thousand) up to December 2006 by raising supplementary bills on the respective debtors. And from January 2006, the Company has started billing amusement tax in its regular invoice.

9. The Company has sold Set Top Boxes under Operating Lease, particulars of which as required under AS-19 are disclosed here under:

	Assets Given at Lease	**31/03/2007**
i)	Total Gross Investment in the leases	27,662
	Not later than 1 year	5,723
	Later than 1 year but not later than 5 years	21,939
	Later than 5 years	Nil

ii) (Rs. in '000)

Gross Carrying Amount	Depreciation charged to P/L	Net Carrying Amount	Impairment Loss	Revenue Recog-nized in P/L
21,452	677	20,775	NIL	1,152

iii) Significant leasing arrangements:

a) No covenant for contingent rent

b) The Company has leased out Set Top Boxes. The Lease period is 5 years after which the legal title will be passed to lessee.

c) No restrictive covenants relating to dividend, additional debt and further leasing.

iv) The Company has been leasing out certain portion of its Ground Distribution Network to various parties on terms and conditions as to value and length of the lease set out in the respective contract with the said parties which is flexible. The total lease rental income out of such lease is aggregating to Rs.11,220 (thousand), (previous year Rs. 8,070 (thousand)). The Capital value of such Assets are not separately identifiable as the same network is also used by the Company for its own cable distributions. The said leases are in the nature of Operating Lease.

10. Auditors remuneration

	2006-07 (Rs. in '000)	2005-06 (Rs. in '000)
Audit Fees	**107**	51
Tax Audit Fees	**28**	17
Reimbursement of Expenses	**Nil**	Nil
	135	68

11. There is no amount due to any Small Scale Industrial Undertakings as at March 31, 2007.

12. The Company (ICNCL) has entered into an MOU with another company for demolition of the existing building of ICNCL and construction of another building thereon at the terms and conditions set forth in the said MOU. ICNCL has received a sum of Rs.10,000 (thousands) as deposit refundable in terms of the said MOU.

13. In pursuance of the direction/regulation of Telephone Regulatory Authority of India (TRAI) during the year under review, the Company has implemented Conditional Access System (CAS) in the notified areas and accordingly the bills for subscription charges have been raised in terms of said regulations.

14. Balances of Debtors & Creditors are subject to confirmation.

15. In the opinion of the Board of Directors the current assets, loans and advances shown in the Balance Sheet as on March 31, 2007 are considered good and fully recoverable, except otherwise stated and provision for all known liabilities has been made in the accounts.

16. In pursuance of scheme of arrangement under the provision of Section 391to 394 of the Companies Act, 1956 filed by M/s. Siti Cable Network Limited (Holding Company) before the Hon'ble High Court Bombay, and approved by the court vide order dated 17/11/2006 the shares of the Company held by M/s. Siti Cable Network Limited stand transferred to M/s. Wire & Wireless (India) Limited with effect from 31/03/2006 (record date) accordingly M/s. Siti Cable Network Limited ceased to be holding company of the M/s. Indian Cable Net Company Limited and M/s. Wire & Wireless India Limited came into being the holding company of M/s. Indian cable Net Company Limited. All transaction with M/s. Siti Cable Network Limited with effect from the effective date i.e., 31/03/2006 of demerger of cable business of M/s. Siti Cable Network Limited into M/s. Wire & Wireless India Limited has also been treated as transaction with M/s. Wire & Wireless India Limited.

17. Related Party Disclosure:

    List of parties where control Exists.

    a) Holding Company
        - Wire & Wireless India Limited

    b) Fellow Subsidiary Companies
        - Siticable Broadband South Limited
        - Central Bombay Cable Network Limited

    c) Key Managerial Personnels
        - Mr. Avnindra Mohan — Director
        - Mr. Vimal Kumar Agarawal — Director
        - Mr. Suresh Kumar — Director
        - Mr. Amit Nag — Manager

    d) There is no transaction with related parties except with holding company

    Transactions with related parties.

(Rs. in '000)

Particulars	**Holding Company**
Expenses paid by	2,111
Expenses paid on behalf of	5,429
Expenses reimbursed by	3,431
Advance given to	2,420
Purchases from	37,984
Payment on behalf of	13,162
Carriage Sale	11,214
Payment received from	4,162
Outstanding as on 31/03/207 (Credit)	28,087

18. Previous year's figures have been regrouped and/or rearranged wherever necessary.

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

A. K. Tekriwal
Partner
Membership No.: 56362

Place: Kolkata
Date: June 23, 2007

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

A. Mohan
Director

V. K. Agarawal
Director

Amit Nag
Manager

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2007

(Rs. in '000)

PARTICULARS	2006-07	2005-06
Cash flows from operating activities:		
Net Profit before taxation and exceptional item	59,885	68,261
Adjustment for :		
Depreciation	10,870	10,249
Loss on disposal/decapitalisation of Fixed Assets	836	4,824
Operating profit before working capital changes	71,591	83,334
Change in working capital		
Trade and other receivable	(41,297)	63,687
Inventories	(14,806)	(2,621)
Trade payable and other libilities	30,911	(142,289)
Provisions	(598)	(174)
Net Cash Generation from Operating Activities	45,800	1,937
Income Tax Paid (TDS)	(3,310)	(2,432)
FBT Paid	(230)	–
Cash flow from Investing Activities:		
Purchase of Fixed Assets	(46,233)	(20,952)
Decapitalisation of Ground Distribution Network	2,350	4,358
Net Cash deployed in Investing Activities	(43,883)	(16,594)
Cash flow from Financing Activities:		
Proceeds on issuance of Share Capital	–	111,508
Repayment of Borrowings	–	(99,870)
Net Cash Generation from Financing Activities	–	11,638
Net Increase/(decrease) in Cash & Cash Equivalents	(1,622)	(5,451)
Cash & Cash Equivalent at the beginning of the year	7,605	13,056
Cash & Cash Equivalent at the end of the year	5,983	7,605

Notes To CFS:

1. Cash & Cash Equivalent includes Cheques in Hand of Rs. 3,623 thousands (6797).

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

A. K. Tekriwal
Partner
Membership No.: 56362

Place: Kolkata
Date: June 23, 2007

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

A. Mohan
Director

V. K. Agarawal
Director

Amit Nag
Manager

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details

Registration No. 21-7574 State Code 21

	Date	Month	Year
Balance Sheet date	31	03	2007

Ii. Capital Raised During the year (Amount Rs. in thousands)

Public Issue	NIL	Rights Issue	NIL
Bonus Issue	NIL	Private Placement	NIL

Iii. Position of Mobilisation and Deployment of Funds (Amount Rs. in thousands)

Total Liabilities	197709	Total Assets	197709

Sources of Funds

Paid-up Capital	100911	Reserves and Surplus	96798
Secured Loans	NIL	Unsecured Loans	NIL

Application of Funds

Net Fixed Assets	185728	Miscellaneous Expenditure	NIL
Net Current Assets	(56590)	Investments	NIL
Accmulated Losses	61659		

Iv. Performance of Company (Amount Rs. in thousands)

Turnover (including other income)	353686	Total Expenditure	293415
+ - Profit Before Tax	- 60272	+ - Profit After Tax	- 37357
Earnings Per Share of Rs.10/-	- 3.70	Dividend Rate (%)	NIL

V. Generic Names of Principal Products/SERVICES Of the Company (As Per Monetary Terms)

Item Code No. (ITC Code) NOT SPECIFIED

Description of Services CABLE TV SERVICE

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

A. K. Tekriwal
Partner
Membership No.: 56362

Place: Kolkata
Date: June 23, 2007

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

A. Mohan
Director

V. K. Agarawal
Director

Amit Nag
Manager

Directors' Report

To,
The Members of
Central Bombay Cable Network Limited

Your Directors have pleasure in presenting the Eight Annual Report along with the Audited Financial Statement for the year ending on 31st March, 2007.

FINANCIAL HIGHLIGHTS

Amount in (Rs.)

PARTICULARS	31.03.2007	31.03.2006
Total Gross Income	**55,50,000**	60,00,000
Profit/(loss) before depreciation and tax	**40,66,007**	40,61,858
Less: Depreciation	**1,34,968**	1,59,405
Profit/(Loss) before tax	**13,49,024**	17,78,736
Less: Provision for taxation	**2,54,576**	6,90,300
Profit/(Loss) after tax	**10,94,448**	10,88,436
Balance brought forward	**43,48,202**	32,42,764
Balance carried forward	**51,95,751**	43,48,202

During the financial year ended on 31st March, 2007 the gross income of the Company has decreased to Rs. 55.50 Lakhs as compared to Rs. 60 Lakhs during the last preceding financial year ended on 31st March, 2006. Whereas the Net Profit of the Company during the financial year ended on 31st March, 2007 has been increased to Rs.10.94 Lakhs as compared to Rs. 10.88 Lakhs in the last preceding financial year ended on 31st March, 2006. Your Directors are hopeful that the Company will do well in the current financial year.

DIVIDEND

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

DIRECTORS

During the year under review, Mr. Mukesh Mittal will retire by rotation at the ensuing Annual General Meeting of the Company and, being eligible, offer himself for re-appointment. Your Directors has recommended his re-appointment.

AUDITORS

M/s. Gaba & Associates, Chartered Accountants, New Delhi, retiring at ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. The Company has received a Certificate from the said Auditor to the effect that their re-appointment, if made, shall be within the prescribed limit in terms of Section 224(1B) of the Companies Act, 1956.

AUDITORS' REPORT

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

CHANGE IN HOLDING COMPANY

The Hon'ble High Court of judicature at Bombay vide its Order dated 17th November, 2006 has sanctioned the Scheme of Arrangement between Zee Telefilms Limited (now name changed to Zee Entertainment Enterprises Limited); Zee News Limited; Siti Cable Network Limited; Wire and Wireless (India) Limited and their respective shareholders. Pursuant to such sanctioned Scheme of Arrangement, *inter-alia*, the Cable Business Undertakings of Siti Cable Network Limited including but not limited to investment made by Siti Cable Network Limited in the 50,000 number of Equity shares of Rs. 10/- each fully paid up have been transferred and/or deemed to be transferred to and vested in Wire and Wireless (India) Limited, without any further act, instrument or deed, so as to become the properties and assets of Wire and Wireless (India) Limited.

As a result of transfer of shares held by Siti Cable Network Limited in the equity shares capital of the Company to Wire And Wireless (India) Limited pursuant to such sanctioned scheme of arrangement, the Company has become wholly owned subsidiary company of Wire and Wireless (India) Limited.

DEPOSIT(S)

During the year under review, your Company neither invited nor accepted any deposits within the meaning of Section 58A of the Companies Act, 1956 read with Companies (Acceptance of Deposits) Rules, 1975.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the provisions of Section 217(2AA) of the Companies Act, 1956 the Board hereby certifies and confirms that:

i. In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;

ii. The Directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of your Company at the end of the financial year and of the profit of your Company for that period;

iii. The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of your Company and for preventing and detecting fraud and other irregularities; and

iv. The Directors had prepared the annual accounts on a going concern basis.

PERSONAL

Employees information pursuant to Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975, as amended. During the year under review there was no employee drawing a salary of not less than Rs. 24 Lakhs, if employed throughout the financial year, or Rs. 2 Lakhs, if employed for a part of the financial year.

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

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

a) **Conservation of energy :**
Your Company's operation do not involves high level energy consumption. Efforts to conserve and optimise the use of energy through improved operational methods, is always being made.

b) **Technology absorption :** Not Applicable. The Company is providing service only.

c) **Foreign exchange earnings and outgo :** NIL

ACKNOWLEDGEMENT

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

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

For and on behalf of the board

Sd/-	Sd/-
(V. Kumar)	**(B. K. Singh Deo)**
Director	Director

Place: New Delhi
Date: 2nd July,2007

Auditor's Report

The Members,

Central Bombay Cable Network Limited

Ladies and Gentlemen,

1. We have audited the attached balance sheet of **Central Bombay Cable Network Limited**. as at March 31, 2007 and also the Profit and Loss Account and Cash flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with Auditing Standard Generally Accepted in India. Those standards require that, we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of materials mis-statement. An audit also includes assessing the accounting principles used and significant estimate made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. As required by the Companies (Auditor's Report) Order 2003 issued by the Central Government of India in term of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matter specified in paragraph 4 and 5 of the said order.

4. Further to our comments in the annexure referred to above, we report that:

   (i) We have obtained all the information's and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;

   (ii) In our opinion proper books of account as required by law have kept by the Company so far as appear from our examination of books;

   (iii) The Balance Sheet and Profit and Loss Account and Cash Flow Statement dealt with by this report is in agreement with the books of account;

   (iv) In our opinion, the Balance Sheet and Profit and Loss Account and Cash Flow Statement dealt with by this report comply with accounting standard referred to sub-section (3c) of Section 211 of the Companies Act, 1956;

   (v) On the basis of written representation received from the directors, as on March 31, 2007 and taken on record by the Board of Directors, we report that none of the director is disqualified as on March 31, 2007 from being appointed as director in term of Clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956,

   (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give true and fair view in conformity with the accounting principles generally accepted in India:

      a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2007.

      b) In the case of profit and loss account, of the profit/loss for the year ended on that date.

      c) In the case of Cash Flow Statement, of the cash flows for the year ended on that date

For **M/s. Gaba & Associates**
Chartered Accountants

Gulshan Gaba
Proprietor
Membership No.: 88726

Place: New Delhi
Date: May 24, 2007

ANNEXURE

1. a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.

   b) All the assets have been physically verified by the management during the year but there is no regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and nature of its assets. No material discrepancies were noticed on such verification.

   c) During the year the Company has not disposed of any plant and machinery.

2. a) The Company is not maintaining any inventory.

   b) –N.A–

   c) –N.A–

3. a) The Company had taken unsecured loan from its holding company i.e. Wire and Wireless (India) Ltd. The maximum amount involved during the year was Rs. 2,70,50,000 /-.

   b) The Company has not taken any interest bearing loan.

   c) –N.A–

   d) –N.A–

4. In our opinion and according to the information and explanations given to us, there is adequate internal control procedure commensurate with the size of the Company and the nature of its business. During the course of our audit, no major weakness has been noticed in the internal controls.

5. a) Based on the audit procedure applied by us and according to the information and explanations provided by management, we are of the opinion that the transaction that need to be entered in to the register maintained under Section 301 have been so entered.

   b) –N.A–

6. In our opinion and according to information and explanations given to us there are no transaction exceeding Rs. 5 lakhs made in pursuance of contract or arrangements entered in the Register maintained under Section 301 of the Companies Act, 1956.

7. The Company has not accepted any deposits from public under the provision of Section 58 A and 58 AA of the Companies Act, 1956 and companies (Acceptance of Deposits) Rule 1975.

8. The Company is not having paid up capital exceeding Rs. 50 lakhs and average annual turnover doesn't exceed Rs. 5 crores for a period three consecutive financial year therefore the clause regarding internal audit system doesn't apply to the Company.

9. The Central Government has not prescribed for the maintenance of cost records under Section 209 (1) d of the Companies Act, 1956.

10. a) According to the records of the Company, the Company is regular in depositing with appropriate authorities undisputed statutory dues.

    b) According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, sales tax, customs duty and excise duty were outstanding, as at March 31, 2007 for a period of more than six months from the date they became payable.

11. There is no accumulated losses of the Company at March 31, 2007.

12. The Company has not availed any secured loan from bank, financial institution and debenture holders.

13. Based on our audit procedure and on the information and explanations given by management, we are of the opinion that Company has not granted loans and advances on the basis of security by way of pledge of share, debenture and other securities.

14. –N.A–

15. The Company has not given any guarantee for Loans taken by others from bank or financial institution.

16. The Company has not taken any term loan.

17. According to the information and explanations given to us and on overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment, No long-term fund have been used to finance short-term assets.

18. Based on over examination of record and information provided to us by management, we report that the Company has not made preferential allotment of share to parties and companies covered in the register maintained under Section (301) of the Act.

19. During the period covered by our audit report, the Company has not issued any debentures. The question of creation of any security in respect of these debenture doesn't arise.

20. The Company has not raised any money by public issue.

21. Based upon the audit procedure performed and information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

For **M/s. Gaba & Associates**
Chartered Accountants

Gulshan Gaba
Proprietor
Membership No.: 88726

Place: New Delhi
Date: May 24, 2007

BALANCE SHEET AS AT MARCH 31, 2007

(Amount in Rs.)

	Schedule		March 31, 2007		March 31, 2006
SOURCES OF FUNDS					
Shareholder's Fund					
Share Capital	A		**500,000.00**		500,000.00
Reserve and Surplus	B				
Profit and Loss Account			**5,195,751.18**		4,348,202.90
Loans Fund					
Unsecured Loan	C		**23,780,000.00**		27,050,000.00
Deferred Tax Liability (Net)			**19,680.00**		34,080.00
			29,495,431.18		31,932,282.90
APPLICATION OF FUNDS					
Fixed Assets	D				
Net Block					
Gross Block		**34,982,595.00**		34,982,595.00	
Less: Depreciation		**761,972.00**	**34,220,623.00**	627,004.00	34,355,591.00
Investments	E		**60,150.00**		60,150.00
Current Assets, Loan and Advances	F				
a. Sundry Debtors		**1,700,000.00**		2,450,000.00	
b. Cash and Bank balance		**6,914.18**		75,227.90	
		1,706,914.18		2,525,227.90	
Less: Current Liabilities and Provisions	G	**6,493,319.00**	**(4,786,404.82)**	5,013,678.00	(2,488,450.10)
Miscellaneous Expenditure (to the extent not written off or adjusted)	H		**1,063.00**		4,992.00
			29,495,431.18		31,932,282.90

In terms seperate Audit Report of even date.
For **M/s. Gaba & Associates**
Chartered Accountants

Gulshan Gaba
Proprietor
Membership No.: 88726

Place: New Delhi
Date: May 24, 2007

For **Central Bombay Cable Network Ltd.**

B. K. Singh Deo
Director

V. Kumar
Director

PROFIT AND LOSS ACCOUNT FOR THE PERIOD APRIL 1, 2006 TO MARCH 31, 2007

(Amount in Rs.)

	Schedule	March 31, 2007	March 31, 2006
Right to use Charges	I	**5,550,000.00**	6,000,000.00
		5,550,000.00	6,000,000.00
EXPENDITURE	J		
Operating Expenses		**906,770.00**	720,600.00
Administrative and Other Expenses		**3,159,237.72**	3,341,258.10
Depreciation		**134,968.00**	159,405.00
		4,200,975.72	4,221,263.10
Profit before Taxation		**1,349,024.28**	1,778,736.90
Less: Provision for Current Year Tax		**254,576.00**	690,300.00
Profit after Current Year Tax		**1,094,448.28**	1,088,436.90
Add: Provision for Deferred Tax Assets		**14,400.00**	17,002.00
Profit after Deferred Tax		**1,108,848.28**	1,105,438.90
Prior Period Adjustments (Net)		**261,300.00**	–
Balance brought forward		**4,348,202.90**	3,242,764.00
B/F Loss of Last Year			
Balance Carried to Balance Sheet		**5,195,751.18**	4,348,202.90

In terms seperate Audit Report of even date.
For **M/s. Gaba & Associates**
Chartered Accountants

Gulshan Gaba
Proprietor
Membership No.: 88726

Place: New Delhi
Date: May 24, 2007

For **Central Bombay Cable Network Ltd.**

B. K. Singh Deo
Director

V. Kumar
Director

SCHEDULES TO THE BALANCE SHEET AS AT MARCH 31, 2007

(Amount in Rs.)

				As at March 31, 2007	As at March 31, 2006
	Annexure				
SCHEDULE A : SHARE CAPITAL					
AUTHORISED SHARE CAPITAL					
50,000 Equity Shares of Rs. 10/- each				**500,000.00**	500,000.00
ISSUED, SUBSCRIBED & PAIDUP					
50,000 Equity Shares of Rs. 10/- each (Held by Siti Cable N/W Ltd., the Holding Company)				**500,000.00**	500,000.00
SCHEDULE B : RESERVES AND SURPLUS					
Profit and Loss Account				**5,195,751.18**	4,348,203.90
SCHEDULE C : LOANS FUND					
Unsecured Loan Loan from Holding Company-Wire and Wireless (India) Ltd.				**23,780,000.00**	27,050,000.00
SCHEDULE D : FIXED ASSETS					
NET BLOCK	1				
Gross Block			**34,982,595.00**		
Less: Depreciation			**761,972.00**	**34,220,623.00**	34,355,591.00
SCHEDULE E : INVESTMENTS					
30,000 Equity Shares of Rs. 2/- each fully paid in Indian Cable Net Ltd.				**60,150.00**	60,150.00
SCHEDULE F : CURRENT ASSETS, LOANS AND ADVANCES					
A. Current Assets					
a) Sundry Debtors					
More than six months			–		
Less than six months			**1,700,000.00**	**1,700,000.00**	2,450,000.00
b) Cash and Bank Balance					
Cash on hand			**550.00**		550.00
Balance with Scheduled Bank					
In HDFC			**6,364.18**	**6,914.18**	74,677.90
				1,706,914.18	2,525,227.90
SCHEDULE G : CURRENT LIABILITIES					
Creditors for Expenses				**5,264,710.00**	3,407,978.00
Security Deposit				**900,000.00**	900,000.00
TDS Payable				**74,033.00**	15,400.00
Provision for Taxation				**254,576.00**	690,300.00
				6,493,319.00	5,013,678.00
SCHEDULE H : MISCELLANEOUS EXPENDITURE					
(to the extent not written off or adjusted)					
Preliminary Expenses		**1,595.00**			
Less: W/o during the year		**532.00**	**1,063.00**		1,595.00
Capital Issue Expenses		**2,400.00**			2,400.00
Less: W/o during the year		**2,400.00**	–		
Pre-Operative Expenses		**997.00**			
Less: W/o during the year		**997.00**	–	**1,063.00**	997.00

SCHEDULES TO PROFIT AND LOSS ACCOUNT

(Amount in Rs.)

	March 31, 2007	March 31, 2006
SCHEDULE I : INCOME		
Right to use Fee	**5,550,000.00**	6,000,000.00
SCHEDULE J : EXPENDITURE		
Operating Expenses		
Repairs and Maintenance Network	**906,770.00**	720,600.00
Administrative Expenses		
Auditors Remuneration		
- Audit Fees	**6,734.00**	6,612.00
- Taxation Matter	**2,500.00**	2,500.00
Bank Charges	**336.72**	165.10
Filing Fees	**900.00**	1,800.00
Preliminary Expenses W/o	**532.00**	532.00
Pre-Operative Expenses W/o	**997.00**	998.00
Legal Expenses	**9,393.00**	–
Printing and Stationery	**600.00**	–
Capital Issue Expenses W/o	**2,400.00**	2,400.00
Miscellaneous Expenses	**–**	2,694.00
Security Charges	**2,450,160.00**	2,340,000.00
Salaries and Allowances	**684,685.00**	983,557.00
	3,159,237.72	3,341,258.10

Annexure 1

(Amount in Rs.)

DETAIL OF FIXED ASSETS AS ON MARCH 31, 2007

	Gross Block			Depreciation				Net Block	
Description of Assets	**As at 31.03.2006**	**Addition during the year**	**As At 31.03.2007**	**Rate of Dep.**	**As on 31.03.2006**	**Dep during the year**	**Upto 31.03.2007**	**As At 31.03.2007**	**As At 31.03.2006**
GOODWILL	33,475,175.00	–	**33,475,175.00**			–	**–**	**33,475,175.00**	33,475,175.00
NETWORKING ASSETS	1,507,420.00	–	**1,507,420.00**	15.33%	627,004.00	134,968.00	**761,972.00**	**745,448.00**	880,416.00
Current Year	**34,982,595.00**	**–**	**34,982,595.00**		**627,004.00**	**134,968.00**	**761,972.00**	**34,220,623.00**	**34,355,591.00**
Previous Year	34,982,595.00	–	34,982,595.00		467,599.00	159,405.00	627,004.00	34,355,591.00	34,514,996.00

SCHEDULE I : SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS FOR THE PERIOD ENDED MARCH 31, 2007

A. SIGNIFICANT ACCOUNTING POLICIES

1. **Accounting Convention**
   The Accounts of the Company are prepared under the historic cost convention and on going concern basis.
2. **Revenue Recognition**
   All incomes and expenses are recognized on Accrual basis in accordance with generally accepted accounting principles.
3. **Fixed Assets**
   Fixed assets are stated at cost less depreciation.
4. **Depreciation**
   Depreciation has been provided as per written down value method as per the rates prescribed under Schedule XIV of the Companies Act, 1956.
5. **Miscellaneous Expenditure**
   The company amortizes preliminary expenses over 10 years and pre-operative expenses and deferred revenue expenditures etc. over a period of 5 years.
6. **Taxation**
   The provision for current year income tax is made as per the provisions of the Income Tax Act, 1961. The Company has been following Accounting Statndard 22, "Accounting for Tax on Income." Accordingly, the net difference of deferred tax assets/liability for the year has been recognized in the Profit and Loss Account.

B. NOTES TO ACCOUNTS

1. Claims against the Company not acknowledged as debt - NIL
2. Previous year figures have been regrouped/rearranged wherever necessary.
3. Contingent liabilities not provided for - NIL
4. The Company has shared infrastructure/resources of its holding company as under
   A. Personnel Cost Rs. 6,84,685/-
5. In the opinion of Board, Current Assets are realisable approximately at the value stated in the ordinary course of business.
6. **Payment to Auditors**

For Statutory Audit	Rs. 4,490/- (Including Service Tax)
For Tax Audit	Rs. 2,245/- (Including Service Tax)
For Taxation Matters	Rs. 2,500/-

7. Expenditure in Foreign currency is Rs. NIL and company earning in Foreign Exchange is Rs. NIL.
8. **Related Party Transactions**

Sr. No.	Name of the Related Party	Description of Relationship	Nature of Transaction	Amount of Transaction	Balance as on Balance Sheet Date
1.	Wire and Wireless (India) Ltd.	Holding Co.	Repayment of Interest free loan	NIL	2,37,80,000/-
2.	Wire and Wireless (India) Ltd.	Holding Co.	a) Sharing of Expenses b) Reimbursement of expenses	6,84,685/- 6,551/-	1,61,531/-

9. **Accounting for Tax on Income** – (AS-22)
   Components of Deferred tax balance are as under:

1. Depreciation:	
Depreciation as per Income Tax Act, 1961	Rs. 94,597/-
Depreciation as per Companies Act, 1956	Rs. 1,34,968/-
Excess amount of Depreciation as per Companies Act, 1956	Rs. 40,371/-
2. Capital Issue Expenses:	
Capital Issue Expenses as per Income Tax Act, 1961	—
Capital Issue Expense as per Companies Act, 1956	Rs. 2,400/-
Excess amount of Capital Issue Expenses as per Companies Act, 1956	Rs. 2,400/-
Net Deferred tax Assets for the year	Rs. 14,400/-

10. Schedule "9" forms an integral part of the balance sheet and has been duly authenticated.

Annexure to the balance sheet of even date.
For **M/s. Gaba & Associates**
Chartered Accountants

Gulshan Gaba
Proprietor
Membership No.: 88726
Place: New Delhi
Date: May 24, 2007

For **Central Bombay Cable Network Ltd.**

B. K. Singh Deo Director

V. Kumar Director

Essel GROUP

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2007

(Amount in Rs.)

	Year ended March 31, 2007	Year ended March 31, 2006
Cash Flow from Operating Activities		
Net Income/(Loss) Before Tax	**1,349,024**	1,778,737
Adjustments for:		
Depreciation	**134,968**	159,405
Amortisation of Preliminary Expenses	**3,929**	3,930
Operating Profit before working capital changes	**1,487,921**	1,942,072
Adjustments for:		
(Increase)/Decrease in accounts receivable	**750,000**	600,000
(Increase)/Decrease in prepaid and other current assets	**1,915,365**	(3,621,648)
Increase/(Decrease) in accounts payable	**4,153,286**	(1,079,576)
Cash Flow from Operating Activities before Taxes		
Taxes Paid	**(951,600)**	(666,028)
Net Cash provided by Operating Activities	**3,201,686**	(1,745,604)
Cash Flow from Investing Activities		
Purchase/(Sale) of property, plant and equipment	**–**	–
Purchase of Investment	**–**	(60,150)
Increase/(Decrease) in Miscellaneous Expenditure	**–**	–
Net Cash utilised in Investing Activities	**–**	(60,150)
Cash Flow from Financing Activities		
Proceeds from Issue of Share Capital	**–**	–
Loan from Holding Company	**–**	–
Loan repaid to Holding Company	**(3,270,000)**	–
Net Cash provided by Financing Activities	**(3,270,000)**	–
Net increase in Cash and Cash equivalents	**(68,314)**	(1,805,754)
Cash and Cash equivalents as at 01.04.2006	**75,228**	1,880,982
Cash and Cash equivalents as at 31.03.2007	**6,914**	75,228

As per our attached report of even date.
For **M/s. Gaba & Associates**
Chartered Accountants

Gulshan Gaba
Proprietor
Membership No.: 88726

For **Central Bombay Cable Network Ltd.**

B. K. Singh Deo
Director

V. Kumar
Director

Place: New Delhi
Date: May 24, 2007

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

Information Pursuant to of Part IV Of Schedue VI of the Companies Act, 1956.

I.	**Registration Details:**	**:**	
1.	Registration No.	:	102012
2.	State code	:	55
3.	Balance sheet date	:	31.03.2007
II.	**Capital Raised during the period (Rs. in Thousand)**		
	*Public Issue	:	Nil
	*Right Issue	:	Nil
	*Bonus Issue	:	Nil
	*Private Placement	:	Nil
III.	**Position of Mobilisation and Deployment of Funds (Rs. in Thousand)**		
1.	Total Liabilities	:	35,988.75
2.	Total Assets	:	35,988.75
3.	Source of Funds:-	:	
	*Paid up capital	:	500.00
	*Reserves and Surplus	:	5,195.75
	*Secured loans	:	–
	*Unsecured loans	:	23,780.00
			29,475.75
4	Application of Funds	:	
	*Net Fixed Assets	:	34,220.62
	*Investment	:	60.15
	*Net Current Assets	:	(4,786.40)
	*Miscellaneous Expenditure	:	1.06
	*Net Deferred Tax Liability	:	(19.68)
			29,475.75
IV.	**Performance of Company (Rs. in Thousand)**		
1.	Turnover	:	5,550.00
2.	Total Expenditure	:	4,200.98
3.	Profit Before Tax	:	1,349.02
4.	Profit after tax	:	1,108.85
5.	Dividend Rate (in %)	:	Nil
6.	Earning Per Share (in Rs.)	:	22.18
V.	**Generic Names of principal products/services of company (As per monetary terms)**	**:**	
1.	Item code No. (ITC code)	:	N.A
	Product Description	:	N.A

In terms of our seperate report of even date.
For **M/s. Gaba & Associates**
Chartered Accountants

Gulshan Gaba
Proprietor
Membership No.: 88726

Place: New Delhi
Date: May 24, 2007

For **Central Bombay Cable Network Ltd.**

B. K. Singh Deo — Director

V. Kumar — Director

Directors' Report

To,
The Members of
Siticable Broadband South Limited

Your Directors take pleasure in presenting the Sixth Annual Report together with the audited statement of the Accounts for the year ended 31st March, 2007.

FINANCIAL HIGHLIGHTS

(Amount in Rs.)

Particulars	31st March, 2007	31st March, 2006
Total Gross Income	**19,68,975**	17,80,650
Profit/(loss) before depreciation and tax	**(12,91,634)**	(4,58,669)
Depreciation	**45,769**	34,570
Profit/(Loss) before tax	**(13,37,403)**	(4,93,239)
Provision for taxation (FBT)	**7,242**	3,472
Profit/(Loss) after tax	**(13,44,645)**	(4,96,711)
Balance brought forward	**(23,49,417)**	(18,52,706)
Balance carried forward	**(36,94,062)**	(23,49,417)

DIVIDEND

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

PUBLIC DEPOSITS

During the period under review the Company neither invited nor accepted any deposits within the meaning of Section 58A of the Companies Act, 1956 read with Companies (Acceptance of Deposit) Rules, 1975.

DIRECTORS

During the period under review, Mr. B. K. Singh Deo, Director, will retire by rotation at the ensuing Annual General Meeting and being eligible, offer himself for re-appointment. Your Board of Directors has recommended his re-appointment.

AUDITORS

M/s. MGB & Co., Chartered Accountants, Mumbai, the statutory auditors of the Company retire at the conclusion of the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. A certificate has been received from them to the effect that their re-appointment, if made, shall be within the prescribed limit in terms of Section 224(1B) of the Companies Act, 1956.

AUDITORS' REPORT

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

CHANGE IN HOLDING COMPANY

The Hon'ble High Court of judicature at Bombay vide its Order dated 17th November, 2006 has sanctioned the Scheme of Arrangement between Zee Telefilms Limited (now name changed to Zee Entertainment Enterprises Limited); Zee News Limited; Siti Cable Network Limited; Wire And Wireless (India) Limited and their respective shareholders. Pursuant to such sanctioned Scheme of Arrangement, *inter-alia*, the Cable Business Undertakings of Siti Cable Network Limited including but not limited to investment made by Siti Cable Network Limited in the 10000 number of Equity shares of Rs.10/- each fully paid up have been transferred and/or deemed to be transferred to and vested in Wire and Wireless (India) Limited, without any further act, instrument or deed, so as to become the properties and assets of Wire and Wireless (India) Limited.

As a result of transfer of shares held by Siti Cable Network Limited in the equity shares capital of the Company to Wire and Wireless (India) Limited pursuant to such sanctioned scheme of arrangement, the Company has been wholly owned subsidiary of Wire and Wireless (India) Limited.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the provisions of Section 217(2AA) of the Companies Act, 1956 the Board hereby certifies and confirms that :

i. In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;

ii. The Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of your Company at the end of the financial year and of the profit of your Company for that period;

iii. The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of your Company and for preventing and detecting fraud and other irregularities; and

iv. The Directors have prepared the annual accounts on a going concern basis.

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

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

a) **Conservation of energy:**

During the year under review, no activity relating to conservation of energy has been applicable to the Company.

b) **Technology absorption:**

Your Company has not imported technical know-how and not yet established any separate Research and Development facilities.

c) **Foreign exchange earnings and outgo:**

During the year under review, there were no Foreign Exchange Earnings and Outgo.

PERSONNEL

Your Directors place on record their appreciation of the contribution made by the employees at all levels who, through their competence, diligence, solidarity, co-operation and support, have enabled the Company to achieve phenomenal growth during the period.

PARTICULARS OF EMPLOYEES

Statement of particulars of employees pursuant to Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975, as amended During the year under review there was no employee drawing a salary of not less than Rs. 24 Lakhs, if employed throughout the financial year, or Rs. 2 Lakhs, if employed for a part of the financial year.

ACKNOWLEDGEMENTS

The Company is grateful to its Shareholders, Bankers, vendors and employees for reposing their support and faith in the Company, which has helped in smooth business operations of the Company.

For and on behalf of the board

Sd/-	Sd/-
(B. K. Singh Deo)	**(R. K. Singh)**
Director	Director

Place: Bangalore
Date: 2nd July, 2007

Auditor's Report

To,
The Members,
Siticable Broadband South Limited,

We have audited the attached Balance Sheet of **Siticable Broadband South Limited** as at March 31, 2007, and also the Profit and Loss Account of the company and the Cash Flow Statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

1. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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.

2. As required by the Companies (Auditors' Report) Order, 2003 as amended by the Companies (Auditors' Report) (Amendment) Order, 2004 ('the Order') issued by the Central Government of India in terms of sub section (4A) of Section 227 of the Companies Act, 1956, ("the Act") and on the basis of such checks as we considered appropriate and according to the information and explanations given to us during the course of audit, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order.

3. Further to our comments in the Annexure referred to in paragraph (2) above, we report that:

   a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;

   b) In our opinion, proper books of account as required by Law have been kept by the Company, so far as appears from our examination of those books;

   c) The Balance Sheet and Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;

   d) In our opinion, the Balance Sheet and Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;

   e) On the basis of written representations received from the directors, as on March 31, 2007 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2007 from being appointed as a director in terms of Clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;

   f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the significant accounting policies and other notes thereon as per Schedule-7, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

      i) in the case of the Balance Sheet, of the state of affairs of the company as at March 31, 2007;

      ii) in the case of the Profit and Loss Account, of the loss for the year ended on March 31, 2007;

      iii) in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For **MGB & Co.**
Chartered Accountants

(L.K. Shrishrimal)
Partner
Membership No. : 72664

Place : New Delhi
Date: May 24, 2007

ANNEXURE REFERRED TO IN PARAGRAPH 2 OF AUDITOR'S REPORT TO THE MEMBERS OF SITICABLE BROADBAND SOUTH LIMITED ON THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2007.

(i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.

(b) The fixed assets have been physically verified by the management at the end of the year and no discrepancy was noticed on such verification.

(c) The Company has not disposed off a substantial part of the fixed assets.

(ii) The Company do not have any inventory during the year, hence Clause (ii) is not applicable to the Company.

(iii) (a) The Company has not granted any loan, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 301 of the Act. Consequently, the requirements of Clause (iii.b), (iii.c) and (iii.d) of paragraph 4 of the Order are not applicable to the Company.

(b) The Company has not taken any loan, secured or unsecured from companies, firms or other parties covered in the register maintained under Section 301 of the Act. Consequently, the requirements of clause (iii.f) and (iii. g) of paragraph 4 of the Order are not applicable to the Company.

(iv) In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business for the purchases of stores, fixed assets and for sale of services. We have not observed any continuing failure to correct major weakness in internal control system.

(v) (a) According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered into the register in pursuance of Section 301 of the Companies Act, 1956 have been so entered.

(b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 and exceeding the value of rupees five lakhs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market price at the relevant time.

(vi) The Company has not accepted deposits from the public within the meaning of Section 58A and 58AA of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975. We are informed that no Order has been passed by the Company Law Board.

(vii) The clause on internal audit system is not applicable on the Company.

(viii) We have been informed that the Central Government has not prescribed maintenance of cost records under Section 209 (1) (d) of the Companies Act, 1956.

(ix) (a) According to the records of the Company, the Company is regular in depositing undisputed statutory dues including provident fund, investor education and protection fund, employees state insurance, income tax, sales tax, service tax, wealth tax, customs duty, excise duty, cess and other statutory dues, as applicable, with appropriate authorities *though there have been a delay in few cases*.

According to the information and explanations given to us, no undisputed amounts payable in respect of Income Tax, Wealth Tax, Sales Tax, Service Tax, Customs Duty, Excise Duty and Cess and other statutory dues, as applicable, with appropriate authorities were outstanding as at March 31, 2007 for a period of more than six months from the date they became payable, *except following*:

Name of the statute	Nature of the dues	Amount (Rs.)	Period to which the amount relates	Due date	Date of payment
The Income Tax Act - 1961	Income Tax Deducted at Source	16,420/-	2005-06	07/04/2006	–

(b) According to the information and explanations given to us, there are no dues of sales tax, income tax, customs duty, wealth tax, service tax, excise duty and cess which have not been deposited on account of any dispute.

(x) The Company has accumulated losses exceeding fifty percent of its net worth as at March 31, 2007 and company incurred cash losses in the current as well as in the immediately preceding financial year.

(xi) The Company has not taken any loan from any financial institution or bank or on debenture.

(xii) The Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities.

(xiii) In our opinion, the Company is not a Chit Fund, Nidhi or Mutual Benefit Fund/Societies. Therefore, the provisions of the Clause 4(xiii) of the Order are not applicable to the Company.

(xiv) In our opinion, the Company is not dealing or trading in shares, securities, debentures and other investments. Accordingly, the provisions of Clause 4(xiv) of the Order are not applicable to the Company.

(xv) According to the information and explanations given to us, the Company has not given any guarantee for loan taken by others from banks or financial institutions.

(xvi) The Company has not taken any term loan during the year, as such Clause 4(xvi) of the Order is not applicable to the Company.

(xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet and the Cash Flow Statement of the Company, we report that the no fund raised on short term basis have been used for long-term investment and vice versa.

(xviii) The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956 during the year.

(xix) The Company has not issued any debenture during the year.

(xx) The Company has not raised any money by way of public issues during the year.

(xxi) On the basis of our examination and according to the information and explanations given to us, no fraud on or by the Company, has been noticed or reported during the year.

For **MGB & Co.**
Chartered Accountants
(L.K. Shrishrimal)
Partner
Membership No. : 72664

Place: New Delhi
Date: May 24, 2007

Essel
GROUP

BALANCE SHEET AS AT MARCH 31, 2007

(Amount in Rs.)

	Schedule	As at March 31, 2007	As at March 31, 2006
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	**2,327,500**	2,327,500
TOTAL		**2,327,500**	2,327,500
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block (At Cost)	2	**652,184**	652,184
Less: Depreciation		**82,462**	36,693
Net Block		**569,722**	615,491
Current Assets, Loans and Advances	3		
Sundry Debtors		**136,248**	109,797
Cash & Bank Balances		**67,838**	100,112
Loans & Advances		**545,726**	363,686
		749,812	573,595
Less: Current Liabilities and Provisions	4	**2,710,903**	1,242,012
Net Current Assets		**(1,961,091)**	(668,417)
Miscellaneous Expenditure			
(to the extent not written off or adjusted) Preliminary Expenses		**24,807**	31,009
Profit and Loss Account		**3,694,062**	2,349,417
Deferred Tax (Net) [Refer Note 4]		**–**	–
TOTAL		**2,327,500**	2,327,500
Notes on Accounts and Significant Accounting Policies	7		

As per our attached report of even date.
For **MGB & Co.**
Chartered Accountants

L. K. Shrishrimal
Partner.
Membership No.: 72664

Place: New Delhi
Date: May 24, 2007

For and on behalf of the Board

B.K. Sing Deo
Director

R. K. Sing
Director

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2007

(Amount in Rs.)

	Schedule	**Year ended March 31, 2007**	Year ended March 31, 2006
INCOME			
Subscription Income		**1,968,975**	1,769,472
Other Income		**1,078**	11,178
TOTAL		**1,970,053**	1,780,650
EXPENDITURE			
Operational Expenses	5	**1,803,756**	1,615,937
Administrative and Other Expenses	6	**1,457,931**	623,382
Depreciation	2	**45,769**	34,570
TOTAL		**3,307,456**	2,273,889
Loss Before Taxation		**1,337,403**	493,239
Provision for Taxation			
- Current Tax		**–**	–
- Fringe Benefit Tax		**7,242**	3,472
- Deferred Tax (Refer Note 4)		**–**	–
LOSS AFTER TAX		**1,344,645**	496,711
Add: Loss Brought forward from Previous Year		**2,349,417**	1,852,706
Balance Carried to Balance Sheet		**3,694,062**	2,349,417
Basic/Diluted Earning per Share		**(134.46)**	(49.67)
Notes on Accounts and Significant Accounting Policies	7		

As per our attached report of even date.
For **MGB & Co.**
Chartered Accountants

L. K. Shrishrimal
Partner.
Membership No.: 72664

Place: New Delhi
Date: May 24, 2007

For and on behalf of the Board

B.K. Sing Deo
Director

R. K. Sing
Director

SCHEDULES TO THE BALANCE SHEET

(Amount in Rs.)

	As at March 31, 2007	As at March 31, 2006
SCHEDULE : 1 SHARE CAPITAL		
Authorised:		
10,000 Equity Share of Rs.10/- each	**100,000**	100,000
23,000 Preference shares of Rs. 100/- each	**2,300,000**	2,300,000
TOTAL	**2,400,000**	2,400,000
Issued, Subscribed & Paid-up;		
10,000 Equity Share of Rs.10/- each fully Paid up (Held by Wire & Wireless (India) Ltd., the Holding Company and it's Nominee's)	**100,000**	100,000
22,275 0.00 % Fully Convertible Preference Shares of Rs. 100/- each Fully Paid Up	**2,227,500**	2,227,500
Notes: 0.00% Fully Convertible Preference Shares have been issued for a consideration other than cash and are convertibile into Equity Shares of Rs. 10/- each fully paid up after 180 months from 09.05.2001 (During the current year the conversion date extended to 180 months)		
TOTAL	**2,327,500**	2,327,500

SCHEDULE 2: FIXED ASSETS (At Cost)

Amount in Rs.

Description of Assets	Gross Block				Depreciation				Net Block	
	As on 01.04.06	Addition	Deductions	**As at 31.03.2007**	Up to 01.04.2006	For the year	Deductions	**As at 31.03.2007**	**As at 31.03.2007**	As at 31.03.2006
PLANT AND MACHINERY	652,184	–	–	**652,184**	36,693	45,769	–	**82,462**	**569,722**	615,491
CURRENT PERIOD TOTAL	652,184	–	–	**652,184**	36,693	45,769	–	**82,462**	**569,722**	615,491
PREVIOUS YEAR TOTAL	16,158	636,026	–	652,184	2,123	34,570	–	36,693	615,491	

SCHEDULES TO THE BALANCE SHEET AS AT MARCH 31, 2007

(Amount in Rs.)

	As at March 31, 2007	As at March 31, 2006
SCHEDULE 3 : CURRENT ASSETS, LOANS AND ADVANCES		
A) CURRENT ASSETS		
(a) SUNDRY DEBTORS		
(Unsecured; Considered good)		
More than six months	**92,135**	68,344
Others	**284,714**	103,471
	376,849	171,815
Less: Provision for Doubtful Debts	**240,601**	62,018
TOTAL (a)	**136,248**	109,797
(b) CASH AND BANK BALANCES		
Cash in hand	**20,460**	14,078
Balance with Scheduled Banks		
In Current Accounts	**47,378**	86,034
TOTAL (b)	**67,838**	100,112
TOTAL [A = (a+b)]	**204,086**	209,909
B) LOANS AND ADVANCES		
(Unsecured; Considered Good)		
(a) Security Deposits	**250,000**	250,000
(b) Advances (Recoverable in cash or in kind or for value to be received)	**295,726**	113,686
TOTAL (B)	**545,726**	363,686
TOTAL (A+B)	**749,812**	573,595
SCHEDULE 4 : CURRENT LIABILITIES AND PROVISIONS		
CURRENT LIABILITIES		
Sundry Creditors	**2,703,661**	1,237,415
[Includes Rs. 959,353 (Previous Year Rs. 4,25,503) due to holding Company]		
Advance from Customers	**–**	1,125
PROVISIONS		
Fringe Benefit Tax	**7,242**	3,472
TOTAL	**2,710,903**	1,242,012

SCHEDULES TO THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2007

(Amount in Rs.)

	Year ended March 31, 2007	Year ended March 31, 2006
SCHEDULE 5 : OPERATIONAL EXPENSES		
Subscription Charges	**891,315**	663,984
Repairs & Maintenance - Network	**19,654**	154,524
Lease Rent	**846,148**	594,963
Power & Fuel	**46,639**	46,466
Entertainment Tax	**–**	156,000
TOTAL	**1,803,756**	1,615,937
SCHEDULE 6 : ADMINISTRATIVE AND OTHER EXPENSES		
Salaries, Allowances and Ex-gratia (Net)	**690,788**	220,140
PF Contribution (Net)	**54,184**	9,040
Travelling and Conveyance Expenses	**94,511**	29,602
Printing and Stationery	**4,621**	10,891
Rent	**22,200**	15,600
Rates and Taxes	**17,676**	3,174
Communication Expenses	**3,058**	10,378
Staff Welfare Expenses	**11,105**	8,055
Repairs and Maintenance - Others	**–**	60
Legal and Professional Charges	**319,618**	243,964
Provision for doubtful debt	**178,583**	42,532
Auditors' Remuneration	**18,750**	12,500
Preliminary Expenses Written off	**6,202**	6,202
Bank Charges	**5,591**	2,691
Sundry Expenses	**20,244**	3,610
Prior Period Expenses	**10,800**	4,943
TOTAL	**1,457,931**	623,382

SCHEDULES TO THE BALANCE SHEET AS AT MARCH 31, 2007

SCHEDULE 7 : SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

Background

The Company is a wholly owned subsidiary of Wire & Wireless (India) Ltd. The Company is in the business of providing cable TV services to the end consumers.

A. SIGNIFICANT ACCOUNTING POLICIES

1. Accounting Convention

a) The financial statements are prepared on historical cost convention and in accordance with the Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956.

b) The Company generally follows the mercantile system of accounting and recognizes income and expenditure on accrual basis except those with significant uncertainties.

2. Fixed Assets

Fixed Assets are stated at cost less depreciation. Cost comprises of the acquisition price, installation and all attributable costs of bringing the asset to its working condition for its intended use.

3. Depreciation

a) Depreciation on Fixed Assets is provided at rates prescribed in Schedule XIV of the Companies Act, 1956 (except otherwise stated below) on straight line method.

b) The cable network (other than cable cost) has been considered as continuous process plant.

c) Assets other than cable network equipment costing below Rs. 5,000/- are depreciated at 100%.

d) Plant and Machinery (cost of cable) is depreciated equally over a period of 10 years.

4. Retirement Benefits

(a) Contribution to Provident Fund and other recognized funds are charged to the Profit and Loss Account.

(b) The Company provides gratuity and leave encashment (the plans) covering the eligible employees in accordance with the Payment of Gratuity Act, 1972 and the policy of the Company respectively. The plans provide a lump sum payment to vested employees as retirement, death, incapacitation or termination of employment of an amount based on the respective employee's salary, the tenure of employment and unavailed leave lying credit to the account of the employee as the case may be. The liability with regard to plan are determined by actuarial valuation as of the balance sheet date and provided in the books of account.

5. Revenue Recognition

Subscription Income is recognized when the service is rendered.

6. Miscellaneous Expenditure

Preliminary Expenses are written off over a period of ten accounting years.

7. Operating Leases

Lease of assets under which all the risks and rewards of ownership are effectively retained by the lessor are classified as operating lease. Lease payments under operating leases are recognized as an expense on accrual basis in accordance with respective lease agreements.

8. Taxation on Income

Income Taxes are accounted for in accordance with Accounting Standard 22 on "Accounting for Taxes on Income", (AS-22) issued by the Institute of Chartered Accountants of India. Tax expense comprises current, fringe benefit and deferred. Current tax and fringe benefit tax are measured at the amount expected to be paid to the tax authorities, using the applicable tax rate. Deferred tax assets and liabilities are recognized for future tax consequences attributable to timing differences between taxable income and accounting income that are capable of reversing in one or more subsequent period and are measured using relevant enacted tax rates. At each Balance Sheet date, the Company reassesses unrealized deferred tax assets to the extent they become reasonably certain or virtually certain of realization, as the case may be.

9. Earning Per Share

Basic earning per share is computed and disclosed using the weighted average number of common shares outstanding during the year. Diluted earnings per share is computed and disclosed using the weighted average number of common and dilutive common equivalent shares outstanding during the year, except where the results would be anti dilutive.

B. NOTES ON ACCOUNTS

1. **Going Concern:**

   The financial statements have been prepared assuming that the Company will continue as a going concern despite erosion of its net-worth. The financial statements do not include any adjustments that might result from the outcome of the un-certainity. The management believe that it is appropriate to prepare thesefinancial statements on the basis of going concern based on financial support assured by the holding company.

2. In the opinion of the Board of Directors the current assets, loans and advances shown in the Balance Sheet as at 31.03.2007 are considered good and fully recoverable, except otherwise stated and provision for all known liabilities is made in the accounts.

3. The Company's significant lease arrangements are in respect of operating leases taken for net-work and equipments. These leases are cancellable/non-cancellable operating lease agreements that are renewable on a periodic basis at the option of both the lessor and the lessee. The initial tenure of the lease generally is for 1 to 60 months.

Particulars	**Year ended 31.03.2007 (Amount Rs.)**	Year ended 31.03.2006 (Amount in Rs.)
Lease rental charges for the year	**8,68,348**	6,10,563
Future lease rental obligation payable (under non-cancellable leases)		
Not later than one year	**3,60,000**	–
Later than one year but not later than five years	**5,10,000**	–
Later than five years	**–**	–

4. **Income Tax:**

   a) In view of brought forward losses and allowances under the Income Tax Act, 1961, no provision for current taxation is considered necessary.

   b) In accordance with the Accounting Standard 22 on "Accounting for taxes on income" (AS 22) issued by the Institute of Chartered Accountants of India, deferred tax assets and liability should be recognized for all timing differences in accordance with the said standard. However, considering the present financial position and requirement of the Accounting Standard regarding certainty/virtual certainty, the deferred tax assets and liabilities as on 31.03.07 have not been recognized. However, the same will be reassessed at subsequent Balance Sheet date and will be accounted for in the year of certainty/virtual certainty in accordance with the aforesaid Accounting Standard.

5. There is no amount due to small scale industrial undertaking.

6. Additional information required to be given pursuant to Part II of Schedule VI to the Companies Act, 1956 are nil or not applicable.

7. **Retirement benefits to the employees:**

   Since there was no employees at the end of the year, no provision for the retirement benefits has been considered.

8. **Auditors Remuneration:**

Particulars	**Year ended March 31, 2007 (Amount in Rs.)**	Year ended March 31, 2006 (Amount in Rs.)
Audit Fees	**15,000**	10,000
Tax Matters	**2,500**	2,500
Others including Service Tax	**2,780**	1,275

9. Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of advances) is Rs. Nil (Previous year Nil).

10. **Expenditure in the Foreign Currency:**

Particulars	**Year ended March 31, 2007 (Amount in Rs.)**	Year ended March 31, 2006 (Amount in Rs.)
Travelling Expenses	**14,100**	Nil

11. The expenses under the Administrative Expenses are net of Rs. 4,677,606 (Previous Year: Rs. 13,03,876) shared with holding company.

12. Related Party Disclosures:

(A) Year ended March 31, 2007:

i. List of Parties where control exists

a) Holding Company
- Wire & Wireless India Limited (Extent of holding 100%)

b) Fellow Subsidiary Companies
- Central Bombay Cable Network Ltd.
- Indian Cable Net Company Ltd.

c) Partnership firm of Holding Company
- Cable Broadcasting Network (Extent of holding 51%)

d) Key Managerial Personnels
- Mr. P. Kailasam Director
- Mr. B. K. Singh Deo Director
- Mr. R. K. Singh Director

ii. Transactions with Related Parties – Holding Company

Particulars	Year ended March 31, 2007 (Amount in Rs.)
Advances Received from	4,670,276
Expenses reimbursement by	566,180
Repayment of Advances Received	25,000
Expenses Reimbursed to	4,677,606
Balance Outstanding as on 31.03.2007	
Sundry Creditors	959,353

(B) Year ended March 31, 2006 :

i. List of Parties where control exists

a) Holding Company
- Siti Cable Network Limited (Extent of holding 100%)
- Zee Telefilms Limited (Holding Company of Siti Cable Network Ltd., the ultimate Holding Company)

b) Fellow Subsidiary Companies
- Integrated Subscriber Management Systems Ltd.
- New Era Entertainment Network Ltd.
- Central Bombay Cable Network Ltd.
- Indian Cable Net Company Ltd.

c) Fellow Subsidiary Companies of Holding Company
Indian Fellow Subsidiaries
- 25 FPS Media Private Limited
- Zee Interactive Learning Systems Limited
- Zee Turner Limited
- Zee Sports Limited
- ETC Network Limited

Overseas Fellow Subsidiary Companies
- Zee Multimedia Worldwide Limited – BVI
- Asia Today Limited, Mauritius
- Expand Fast Holdings Singapore Pte. Limited
- Asia TV Limited – UK

- Zee TV Inc. – USA
- Zee Multimedia Worldwide Limited – Mauritius
- Zee TV South Africa (Proprietary) Limited
- Pan Asia Infrastructure Limited
- Zee Multimedia (Maurice) Limited – Mauritius
- Zee Business Broadcasting (Mauritius) Limited
- Zee Sports Limited, Mauritius
- Zee Telefilms Middle East FZLLC

d) Partnership firm of Holding Company

- Cable Broadcasting Network (Extent of holding 51%)

e) Associate Company of Holding Company

- Aplab Limited [Extent of holding (26.42%)]

f) Key Managerial Personnels

- Mr. P. Kailasam Director
- Mr. B. K. Singh Deo Director
- Mr. R. K. Singh Director

ii. Transactions with Related Parties – Holding Company

Particulars	**(Amount in Rs.)**
Advances Received from	30,40,823
Expenses reimbursement by	13,03,876
Repayment of Advances Received	15,24,989
Balance Outstanding as on 31.03.2006 Sundry Creditors	4,25,503

13. Earning per share (EPS):

Particulars	**Year ended March 31, 2007**	Year ended March 31, 2006
	(Amount in Rs.)	(Amount in Rs.)
Profit/(Loss) After Tax	**(1,344,644)**	(496,711)
Number of Equity Shares	**10,000**	10,000
Nominal Value of Equity Shares	**10**	10
Basic/Diluted Earning Per Share	**(134.46)**	(49.67)

14. Segmental Reporting:

The Company is in the business of providing Cable Television Services to the end consumers, which as per Accounting Standard-17 is considered the only reportable business segment.

Signature to Schedule

As per our attached report of even date.
For **MGB & Co.**
Chartered Accountants

L. K. Shrishrimal
Partner.
Membership No.: 72664

Place: New Delhi
Date: May 24, 2007

For and on behalf of the Board

B.K. Sing Deo Director

R. K. Sing Director

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2007

(Amount in Rs.)

	Year ended March 31, 2007	Year ended March 31, 2006
Cash Flow from Operating Activities		
Net Income/(Loss) before Tax	**(1,337,403)**	(493,239)
Adjustments for:		
Depreciation	**45,769**	34,570
Provision for Doubtful Debts	**178,583**	42,532
Amortisation of Preliminary Expenses	**6,202**	6,202
Operating Profit before working capital changes	**(1,106,849)**	(409,935)
Adjustments for:		
(Increase)/Decrease in accounts receivable	**(205,035)**	(49,052)
(Increase)/Decrease in prepaid and other current assets	**(182,039)**	(95,257)
Increase/(Decrease) in accounts payable	**931,271**	249,149
Cash Flow from Operating Activities before Taxes	**(562,652)**	(305,096)
Taxes Paid	**(3,472)**	–
Net Cash Flow from Operating Activities	**(566,124)**	(305,096)
Cash Flow from Investing Activities		
Increase/(Decrease) in Capital Work in Progress	**–**	139,284
Net Cash utilised in Investing Activities	**–**	139,284
Cash Flow from Financing Activities		
Loan/Advance from Holding Company	**5,256,456**	3,040,823
Loan/Advance repaid to Holding Company	**(4,722,606)**	(2,828,865)
Net Cash provided by Financing Activities	**533,850**	211,958
Net increase in Cash and Cash Equivalents	**(32,274)**	46,147
Cash and Cash Equivalents as at 01.04.2006	**100,112**	53,965
Cash and Cash Equivalents at the end of the year	**67,838**	100,112
Notes:		
1. Previous year figures have been regrouped/rearranged wherever necessary.		
2. Components of Cash and Cash equivalents at the end of the year:		
Cash in hand	**20,460**	14,078
Balances with Scheduled Banks in Current Accounts	**47,378**	86,034
	67,838	100,112

As per our attached report of even date.
For **MGB & Co.**
Chartered Accountants

L. K. Shrishrimal
Partner.
Membership No.: 72664

Place: New Delhi
Date: May 24, 2007

For and on behalf of the Board

B.K. Sing Deo
Director

R. K. Sing
Director

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. REGISTRATION DETAILS

Registration No. | | 2 | 8 | 9 | 7 | 0 |

State Code | 0 | 8 | (Refer Code List)

Balance Sheet date: Date | 3 | 1 | Month | 0 | 3 | Year | 2 | 0 | 0 | 7 |

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

Public Issue	Rights Issue
NIL	NIL
Bonus Issue	Private Placement
NIL	NIL

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

Total Liabilities	Total Assets
5038.403	5038.403

SOURCES OF FUNDS

Paid-up Capital	Reserves and Surplus
2327.500	NIL
Secured Loans	Unsecured Loans
NIL	NIL

APPLICATION OF FUNDS

Net Fixed Assets	Investments
569.722	NIL
Net Current Assets	Miscellaneous Expenditure
(-) 1961.091	24.807
Accmulated Losses	
3694.062	

IV. PERFORMANCE OF COMPANY (AMOUNT IN RS. THOUSAND)

Turnover	Total Expenditure
1970.053	3307.456
+ – Profit/(Loss) Before Tax	+ – Profit/(Loss) After Tax
– ✓ 1337.403	– ✓ 1344.645

(Please tick Appropriate box + for Profit – for Loss)

Earnings Per Share in Rs.10/-	Dividend
NIL	NIL

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

Item Code No. (ITC Code) | N | A |

Product Description | N | A |

As per our attached report of even date.
For **MGB & Co.**
Chartered Accountants

L. K. Shrishrimal
Partner.
Membership No.: 72664

Place: New Delhi
Date: May 24, 2007

For and on behalf of the Board

B.K. Sing Deo
Director

R. K. Sing
Director

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 First Annual General Meeting of the Company to be held on Tuesday, September 18, 2007 at 11.30 a.m. at Auditorium, 'A' wing, Ground Floor, National Stock Exchange of India Limited, Exchange Plaza, Plot No. C-1, G-Block, Bandra-Kurla Road, Bandra (East), Mumbai - 400 051 and at any adjournment(s) thereof.

Signed this………… day of September, 2007.

Signature of Shareholder .... Affix Re. 1/- Revenue Stamp ....

Reg. Folio No. ....

DP ID No. ....

Client ID No. ....

No. of Shares ....

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 First Annual General Meeting of the Company held at Auditorium, 'A' wing, Ground Floor, National Stock Exchange of India Limited, Exchange Plaza, Plot No. C-1, G-Block, Bandra-Kurla Road, Bandra (East), Mumbai - 400 051, on Tuesday, September 18, 2007 at 11.30 a.m.

....

Name of the Shareholder/Proxy (IN BLOCK LETTERS) Signature of Shareholder/Proxy

Reg. Folio No. ....

DP ID No. ....

Client ID/Demat A/c No. ....

No. of Shares ....

NOTE: Please carry your copy of Annual Report at the Annual General Meeting.

Registered Office

135, Continental Building,
Dr. Annie Besant Road, Worli,
Mumbai - 400 018.
Tel.: +91 22 2490 3926
Fax: +91 22 2498 8728

Corporate Office

Wire & Wireless India Ltd.
Madhu Industrial Estate, 4th Floor,
P.B. Marg, Worli, Mumbai - 400 013.
Telephone : +91 +022-24992030
Email: feedback(5).wwil,net

7 REGIONAL OFFICES

Delhi

Essel house, B-10 Lawrence Road,
Industrial Area, Delhi-110035
Contact No.: 91-11-27101145-54

Ahmedabad

C-202 , Sahajanand Complex,
2nd Floor, Opp Swami Narain Temple,
Shahi Baugh, Ahmedebad - 380004.
Contact No.: 9824088999

Lucknow

Essel House, Madhu Industrial Estate,
B-1/73, Vipul Khand, Gomti nagar,
Lucknow - 226010
Telephone : 0522-4011873

Bangalore

United Mansions, 3rd Floor,
39, MG Road,
Bangalore - 560001
Telephone : 080-25599999

Chandigarh

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2nd Floor, Sector 34A
Chandigarh -160022
Telephone : 0172-4624457

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Raj Bhavan Road,
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Telephone : 040-23372164

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Harrington Mansion,
Flat No. 11,8,
Hochimin Sarini,
Kolkata - 700071
Telephone : 033-22828164

WIRE AND WIRELESS (INDIA) LIMITED

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