

**DRAFT RED HERRING PROSPECTUS**

Please read Section 60B of the Companies Act, 1956

Dated [*]**SEA TV NETWORK LIMITED**

(Incorporated as SEA TV Network Limited on May 21, 2004 with the Registrar of Companies, Uttar Pradesh and Uttaranchal, Kanpur)

Registered Office: 148, Manas Nagar, Shahganj, Agra- 282010

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PUBLIC ISSUE OF 10000000 EQUITY SHARES OF RS.10/- EACH FOR CASH AT A PRICE OF Rs. [*] PER EQUITY SHARE (INCLUDING A SHARE PREMIUM OF RS. [*] PER EQUITY SHARE) AGGREGATING Rs. [*] LACS BY SEA TV NETWORK LIMITED ("THE COMPANY" OR "ISSUER" OR "SEA TV") (HEREINAFTER REFERRED TO AS THE "ISSUE") COMPRISING OF PROMOTERS' CONTRIBUTION OF 3351000 EQUITY SHARES OF FACE VALUE OF RS.10/- (HEREINAFTER REFERRED TO AS THE "PROMOTERS' CONTRIBUTION"), 500000 EQUITY SHARES OF FACE VALUE OF RS.10/- RESERVED FOR THE EMPLOYEES OF THE COMPANY (HEREINAFTER REFERRED TO AS THE "EMPLOYEES RESERVATION PORTION") AND A NET OFFER TO THE PUBLIC OF 6149000 EQUITY SHARES OF RS.10/- EACH (HEREINAFTER REFERRED TO AS THE "NET OFFER TO THE PUBLIC".) OF WHICH 614900 EQUITY SHARES BEING 10% OF THE NET OFFER TO THE PUBLIC TO BE COMPULSORILY ALLOTTED TO QIBS. THE NET OFFER TO THE PUBLIC WOULD CONSTITUTE 36.17% OF THE FULLY DILUTED POST ISSUE PAID UP CAPITAL OF THE COMPANY. Our Company is considering a Pre-IPO placement of up to [*] Equity Shares aggregating Rs. [*] lacs with certain investors, ("Pre-IPO Placement"). If the Pre-IPO placement is completed before the filing of the RHP with RoC, the Issue Size offered to the public would be reduced to the extent of such Pre-IPO placement, subject to a minimum of 25% of the post-issue paid up Equity Share Capital being offered to the public.

THE PROJECT HAS A PARTICIPATION OF RS. 895 LACS FROM ALLAHABAD BANK.**PRICE BAND: Rs. [*] TO Rs. [*] PER FULLY PAID UP EQUITY SHARE OF FACE VALUE Rs 10/- EACH.****THE OFFER PRICE IS [*] TIMES THE FACE VALUE AT THE LOWER END OF THE PRICE BAND AND [*] TIMES THE FACE VALUE AT THE HIGHER END OF THE PRICE BAND**

In case of revision in the Price Band, the Bidding/Issue Period will be extended for three additional working days after revision of the Price Band subject to the Bidding/Issue Period not exceeding 10 working days. Any revision in the Price band and the revised Bidding/Issue Period, if applicable, will be widely disseminated by notification to Bombay Stock Exchange Ltd. ("BSE") and the National Stock Exchange of India Limited ("NSE"), by issuing a press release and also by indicating the change on the website of the Book Running Lead Manager ("BRLM") and at the terminals of the Syndicate.

The Issue is being made through a 100% Book Building Process wherein not more than 50% of the Net offer to the public shall be allocated on proportionate basis to Qualified Institutional Buyers (including 5% for Mutual Funds). Further, not less than 15% of the Net offer to the public shall be available for allocation on a proportionate basis to Non Institutional Bidders and not less than 35% of the Net offer to the public shall be available for allocation on a proportionate basis to Retail Bidders, subject to valid bids being received at or above the Issue Price.

RISKS IN RELATION TO THE FIRST ISSUE

This being the first issue of SEA TV Network Limited (the "Company"), there has been no formal market for the securities of the Company. **The face value of the shares of the Company is Rs.10/- per share and the Issue Price is [*] times of the face value.** The issue price (has been determined and justified by the Lead Merchant Banker and SEA TV Network Limited as stated herein under the section "Basis of Issue price" given on page no. [*] to [*] of this Draft Red Herring Prospectus) should not be taken to be indicative of the market price of the Equity Shares after the shares are listed. No assurance can be given regarding an active or sustained trading in the shares of the Company nor regarding the price at which the Equity Shares will be traded after listing.

GENERAL RISK

Investment in Equity and Equity related securities involve a degree of risk and investors should not invest any funds in this offer unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in this offering. For taking an investment decision, investors must rely on their own examination of the Issuer and the offer including the risk involved. The Equity Shares offered in the Issue have not been recommended or approved by the Securities and Exchange Board of India (SEBI) nor does the SEBI guarantee the accuracy or adequacy of this document.

Specific attention of the investors is invited to the statement of Risk Factors on Page No [*] of the Draft Red Herring Prospectus.**ISSUER'S ABSOLUTE RESPONSIBILITY**

SEA TV NETWORK Limited, having made all reasonable enquiries, accepts responsibility for, and confirms that this Offer Document contains all information with regard to the Issuer and the Issue, which is material in the context of the Issue; that the information contained in the Offer Document is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this document as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

IPO GRADING

The Company proposes to obtain a grading for the proposed issue in terms of clause 2.5A of the SEBI DIP Guidelines. For more information on IPO Grading please refer to page no. [*] of the DRHP.

LISTING ARRANGEMENTS

The Equity Shares are proposed to be listed on Bombay Stock Exchange Limited (BSE), the Designated Stock Exchange and The National Stock Exchange of India Ltd. (NSE). The In-principle approvals have been received from these Stock Exchanges for listing of the Equity Shares vide BSE's letter dated [*] and NSE's letter dated [*] respectively.

LEAD MANAGER TO THE ISSUE**Chartered Capital and Investment Limited**

SEBI Regn No.- INM000004018

13, Community Centre, East of Kailash

New Delhi - 110 065

Tel: 011 26218274, 26419079 Fax: 011 26219491

Website: www.chartercapital.net, Email: charteredcapital@gmail.com

Contact Person: Mr. HEEMADRI MUKERJEA**REGISTRAR TO THE ISSUE****MAS Services Limited**

SEBI Registration. No.: INR000000049

AB-4, Safdarjung Enclave, New Delhi - 110 029

Ph: (011) 2610 4142, 2610 4326, 2610 4292, Fax:- 2618 1081

Website: www.masserv.com, E-mail:- info@masserv.com

Contact Person: Mr. N.K.RASTOGI**ISSUE PROGRAMME****ISSUE OPENS ON: [*]****ISSUE CLOSES ON: [*]**



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SECTION I- GENERAL

DEFINITIONS / ABBREVIATIONS

CONVENTIONAL AND GENERAL TERMS

TERM	DESCRIPTION
Beneficiary Account	The demat account of the successful allottee to whom the shares are allocated
Companies Act/Act	The Companies Act, 1956, as amended from time to time
Depository	A depository registered with SEBI under the SEBI (Depositories and Participants) Regulations, 1996, as amended from time to time
Depositories Act	Depositories Act, 1996, as amended from time to time
Depository Participant	A depository participant as defined under the Depositories Act
FEMA	Foreign Exchange Management Act, 1999, as amended from time to time, and the regulations framed thereunder
FII	Foreign Institutional Investors (as defined under the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995) registered with SEBI under applicable laws in India
FY / Fiscal /Financial Year	Period of twelve months ending March 31 unless otherwise stated
Indian GAAP	Generally Accepted Accounting Principles in India
Non Residents	All Bidders who are not NRIs or FIIs and are not persons resident in India
Non-Resident Indians	Non-Resident Indian, as defined under Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000, as amended from time to time
OCB/Overseas Corporate Body	A Company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly as defined under FEMA (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000
SCRR	Securities Contracts (Regulation) Rules, 1957, as amended from time to time
SEBI	The Securities and Exchange Board of India constituted under the SEBI Act, 1992
SEBI Act	Securities and Exchange Board of India Act, 1992, as amended from time to time
SEBI DIP Guidelines	SEBI (Disclosure and Investor Protection) Guidelines, 2000 issued by SEBI on January 27, 2000, as amended, including instructions and clarifications issued by SEBI from time to time

ISSUE RELATED TERMS

Terms	Description
Allotment	Issue of Equity Shares pursuant to the Issue to the successful Bidders
Allottee	The successful Bidder to whom the Equity Shares are being/have been allotted
Banker(s) to the Issue	The bankers with whom the escrow accounts for the Issue shall be opened.



Bid	An indication to make an offer during the Bidding Period by a prospective investor to purchase the Equity Shares of the Company at a price within the Price Band including all revisions and modifications thereto.
Bid Amount	The highest value of the optional Bids indicated in the Bid-cum-Application Form and payable by the Bidder on submission of the Bid in the Issue
Bid Closing Date/Issue Closing date	The date after which the members of the Syndicate will not accept any Bids for the Issue, which shall be notified in a widely circulated English national newspaper and Hindi national newspaper and a regional newspaper
Bid Opening Date/Issue Opening Date	The date on which the members of the Syndicate shall start accepting Bids for the Issue, which shall be the date notified in an English national newspaper and a Hindi national newspaper and a regional newspaper
Bid-cum-Application Form/Bid Form	The form in terms of which the bidder shall make an offer to purchase the Equity Shares of the Company and which will be considered as the application for allotment of the Equity Shares in terms of the Red Herring Prospectus
Bidder	Any prospective investor who makes a Bid pursuant to the terms of the Red Herring Prospectus
Bidding Period /Issue Period	The period between the Bid/Issue Opening Date and the Bid/Issue Closing Date inclusive of both days and during which prospective Bidders can submit their Bids
Book Building	Book building route as provided under Chapter XI of the SEBI Guidelines, in terms of Process which the Issue is made BRLM Book Running Lead Manager to the Issue, in this case being Chartered Capital And Investment Ltd.
CAN/ Confirmation of Allocation Note	Means the note or advice or intimation of allocation of Equity Shares sent to the Bidders who have been allocated equity shares in the Book Building Process
Cap Price	The high end of the Price Band, Rs. [*] per Equity Share in the Issue, above which the Issue Price will not be finalized and above which no Bids will be accepted
Cut-off Price	Cut-off Price refers to any price within the Price Band. A Bid submitted at Cut-off Price is a valid Bid at all price levels within the Price Band
Designated Date	The date on which funds are transferred from the escrow account (s) to the public issue account after the Prospectus is filed with the ROC, following which the allotment will be made to successful bidders
Designated Stock Exchange	Bombay Stock Exchange Limited
Draft Red Herring Prospectus, "DRHP"	Means the Draft Red Herring Prospectus dated [*] issued in accordance with section 60B of the Companies Act, which does not have complete particulars on the price at which the Equity Shares are offered and the size of the Issue. It carries the same obligations as are applicable in case of a prospectus and will be filed with ROC at least three days before the opening of the Issue. It will become a prospectus after filing with RoC after the pricing and allocation
Eligible Employees	All employees on the payroll of the Company as on the cut off date i.e [*]
Employee Reservation Portion	[*] Equity Shares reserved for eligible employees of our Company. However, the Promoters, Directors and Promoter Group (relatives of Promoters) shall be ineligible to apply in the Employee Reservation Portion.
Equity Shares	Equity Shares of the Company of face value of Rs. 10 each
Escrow Account	Account opened with the Escrow Collection Bank(s) and in whose favour the Bidder will issue cheques or drafts in respect of the Bid

Escrow Agreement	Amount when submitting a Bid Agreement entered into amongst the Company, the Registrar, the Escrow Collection Bank(s) and the BRLM for collection of the Bid Amounts and refunds (if any) of the amounts collected to the Bidders
Escrow Collection Bank(s)	The banks in which the Escrow Account of the Company will be opened
First Bidder	The Bidder whose name appears first in the Bid cum Application Form or Revision Form
Floor Price	The lower end of the Price Band, Rs. [*] per Equity Share in the Issue, below which the Issue Price will not be finalized and below which no Bids will be accepted
Issue/ Issue Size	Issue of [*] Equity Shares of Rs 10/- each at a premium of Rs. [*] per Equity Share offered through the Red Herring Prospectus or the Prospectus
Issue Account	Account opened with the Banker to the issue to receive monies from the Escrow Accounts on the Designated Date
Issue Management Team	The team managing the Issue as set out in the section titled "General Information" on page no. [*] of the Draft Red Herring Prospectus
Issue Period	The period between the Bid/ Issue Opening Date and the Bid/ Issue Closing Date inclusive of both days and during which prospective Bidders can submit their Bids
Issue Price	The final price at which the Equity Shares will be allotted in terms of the Red Herring Prospectus or the Prospectus as determined by the Company in consultation with the BRLM on the Pricing Date
Margin Amount	The amount paid by the Bidder at the time of submission of his/her Bid, which may range between 0% to 100% of the Bid Amount
Members of the Syndicate	The BRLM and the Syndicate Members
Net Issue to Public	The portion of the Issue being a minimum of 6149000 Equity Shares available for allocation to Retail Individual Investors, Non-Institutional Bidders and Qualified Institutional Investors
Non-Institutional Bidders	All Bidders that are not Qualified Institutional Buyers or Retail Individual Bidders
Non-Institutional Portion	The portion of the Issue being a minimum of 922350 Equity Shares available for allocation to Non-Institutional Bidders
Pay-In-Date	Bid Closing Date or the last date specified in the CAN sent to Bidders, as applicable
Pay-in-Period	Means (i) with respect to Bidders whose margin has not been waived by the members of the Syndicate and are therefore required to pay the maximum Bid Amount into the Escrow Account, the period commencing on the Bid Opening Date and extending until the Bid Closing Date, and (ii) with respect to Bidders whose margin has been initially waived by the members of the Syndicate and are therefore not required to pay the maximum Bid Amount into the Escrow Account on or prior to the Bid Closing Date, the period commencing on the Bid Opening Date and extending until the closure of the Pay-in Date
Price Band	Being the price band of a minimum price of Rs. [*] per Equity Share (Floor Price) and the maximum price of Rs. [*] per Equity Share (Cap Price) (both inclusive), which will be advertised by the Company prior to the Bid Opening Date, including revisions thereof
Pricing Date	Means the date on which the Company in consultation with the BRLM finalizes the Issue Price
Prospectus	The Prospectus dated [*] filed with the RoC containing, inter-alia, the Issue Price that is determined at the end of the Book Building Process, the size of the Issue and certain other information
Public Issue Account	In accordance with Section 73 of the Companies Act, 1956, an



Qualified Institutional Buyers or QIBs	account opened with the Banker(s) to the Issue to receive monies from the Escrow Account for the Issue on the Designated Date Public financial institutions as specified in Section 4A of the Companies Act, FIIs, scheduled commercial banks, mutual funds registered with SEBI, venture capital funds registered with SEBI, foreign venture capital investors registered with SEBI, state industrial development corporations, insurance companies registered with the Insurance Regulatory and Development Authority, provident funds with minimum corpus of Rs. 2500 lacs and pension funds with minimum corpus of Rs. 2500 lacs
QIB Portion	Upto 50% of the net issue to public, i.e upto 3074500 Equity Shares available for allocation to QIBs
Red Herring Prospectus, "RHP"	Red Herring Prospectus dated [*] issued in accordance with Section 60B of the Companies Act, which does not have complete particulars on the price at which the Equity Shares are issued and size of the Issue. The Red Herring Prospectus would be filed with the RoC at least three days before the opening of the Bid/ Issue and will become a Prospectus after filing with the RoC after the pricing and allocation
Registrar/Registrar to the Issue	Registrar to the Issue being M/s MAS Services Limited having their office at AB-4, Safdarjung Enclave, New Delhi - 110 029
Reserved Categories	Means reservation for allocation to Employees Reservation Portion., Retail Individual Bidders, Individual Bidders (including HUFs and NRIs) who apply or bid for Equity Shares of or for a value of not more than Rs. 1,00,000 in any of the bidding options in the Issue
Retail Portion	The portion of the Issue being a minimum of 2152150 Equity Shares available for allocation to Retail Individual Bidder(s)
Revision Form	The form used by the Bidders to modify the quantity of Equity Shares or the Bid Price in any of their Bid cum Application Forms or any previous Revision Form(s)
Stock Exchanges	Bombay Stock Exchange Limited and National Stock Exchange of India Limited
Syndicate	BRLM and the Syndicate Members
Syndicate Agreement	Agreement between the Syndicate and the Company
Syndicate Member(s)	Intermediaries registered with SEBI and eligible to act as Underwriters. Syndicate Members are appointed by the BRLM
Transaction Registration Slip	The slip or document issued by the Syndicate Members to the Bidder as proof of registration of the Bid
Underwriters	The BRLM and the Syndicate Members
Underwriting Agreement	The Agreement among the Syndicate and our Company to be entered into on or after the Pricing Date

COMPANY AND INDUSTRY RELATED TERMS

Terms	Description
"SEA TV " or "the Company" or "our Company" or "we" or "us" or "our" or "Issuer"	Sea Tv Network Limited, a public limited company incorporated under the Companies Act, 1956
Articles/Articles of Association/AoA	Articles of Association of SEA TV Network Limited
Statutory Auditors	Statutory auditors of the Company viz. Surendra Garg & Co having their office at 7-D, Block 57, Sanjay Place, Agra-282002
Board/ Board of Directors	Board of Directors of SEA TV Network Limited
Director(s)	Director(s) of SEA TV Network Limited unless otherwise specified
Employees	✓ A permanent employee of our Company working in India or out of India; ✓ Director in whole time employment of the Company except for the Directors who are part of the Promoter Group.
Equity Shareholders	Persons holding Equity Shares of the Company unless otherwise specified in the context thereof



Project/The Project	Our proposed integrated project for Digitalisation of Cable TV network at Agra.
Group Companies/Group Associates/Group	Means all ventures and entities promoted by the Promoter(s) of our Company. However the Company does not have any group companies.
Memorandum/Memorandum of Association/MoA Promoter Group	The Memorandum of Association of SEA TV Network Limited
Promoters	The Promoters, the immediate relatives of the Promoters and such entities/ partnership firms as prescribed under Explanation II to Clause 6.8.3.2 of the SEBI DIP Guidelines Mr. Neeraj Jain, Mr. Akshay Kumar Jain, Mr. Pankaj Jain, Ms. Sonal Jain, Ms. Chhaya Jain
Registered Office of the Company Registrar of Companies or RoC	148, Manas Nagar, Shahganj, Agra- 282010 Registrar of Companies, Uttar Pradesh and Uttranchal, situated at Kanpur
"we" or "us" and "our"	Unless the context otherwise require, refers to SEA TV Network Limited

ABBREVIATIONS

TERM	DESCRIPTION
AS	Accounting Standards as issued by ICAI
BSE	Bombay Stock Exchange Limited
Bn/bn	Billion
BRLM	Book Running Lead Manager
BPLR	Benchmark Prime Lending Rate
CAGR	Compounded Annual Growth Rate
CAS	Conditional Access System
CBRLM	Co- Book Running Lead Manager
CCPS	Convertible Cumulative Preference Shares
CDSL	Central Depository Services Limited
CLB	Company Law Board
DCA	Department of Company Affairs
DP	Depository Participant
DTH	Direct To Home
EGM	Extraordinary General Meeting
EPS	Earnings per share (EPS=Profit after tax/No. of equity shares)
ESI	Employee State Insurance
FEMA	Foreign Exchange Management Act, 1999 as amended from time to time and the Rules and Regulations thereunder
FERA	Foreign Exchange Regulations Act, 1973
FII	Foreign Institutional Investor
FIPB	Foreign Investment Promotion Board
FY	Financial Year
FCNR Account	Foreign Currency Non Resident Account
FDI	Foreign Direct Investment
FI	Financial Institutions
GOI	Government of India

HUF	Hindu Undivided Family
ICAI	Institute of Chartered Accountants of India
IPR	Intellectual Property Rights
IPTV	Internet Protocol Television
LC	Letter of Credit
LCO	Local Cable Operator
Lac/Lakh	One hundred thousand
MOU	Memorandum of Understanding
MSO	Multi System Operator
Mn/mn	Million
NA	Not Applicable
NAV	Net Asset Value
NRE Account	Non Resident External Account
NRI	Non Resident Indian
NRO Account	Non Resident Ordinary Account
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
p.a.	Per Annum
PAN	Permanent Account Number
PE Ratio	Price Earning Ratio
PF	Provident Fund
PLR	Prime Lending Rate
RBI	Reserve Bank Of India
ROC	Registrar of Companies, Uttar Pradesh and Uttaranchal
ROCE	Return on Capital Employed $\text{ROCE} = (\text{Profit before interest and tax} / \text{capital employed}) * 100$
ROE	Return on Equity $\text{ROE} = (\text{Profit after tax} / \text{Equity Capital}) * 100$
RONW	Return on Networth $\text{RONW} = (\text{Profit after tax} / \text{Networth}) * 100$
SAARC	South Asian Association for Regional Cooperation
SCRR	Securities Contracts (Regulation), Rules, 1957, as amended from time to time
SEBI	Securities and Exchange Board of India
STB	Set Top Box
TDB	Technology Development Board
TRAI	Telecom Regulatory Authority of India
UIN	Unique Identification Number
UPS	Uninterrupted Power Supply



CERTAIN CONVENTIONS; USE OF MARKET DATA

In the Draft Red Herring Prospectus, unless the context otherwise requires, all references to one gender also refers to the other gender. Unless stated otherwise, the financial data in the DRHP is derived from our financial statements prepared and restated in accordance with Indian GAAP, the Companies Act and SEBI Guidelines. We have no subsidiaries.

Accordingly, financial information relating to us is presented on a non-consolidated basis. Our fiscal year commences on April 1 and ends on March 31. In the DRHP, any discrepancies in any table between the total and the sum of the amounts listed are due to rounding-off.

All references to "India" contained in the DRHP are to the Republic of India, all references to the "US" or the "U.S." or the "USA", or the "United States" are to the United States of America, and all references to "UK" are to the United Kingdom.

For additional definitions, see the section titled 'Definitions and Abbreviations' on page no. [*] to [*] of the DRHP. In the section titled 'Main Provisions of Articles of Association of the Company' beginning on page [*] of the DRHP, defined terms have the meaning given to such terms in the Articles of Association of the Company.

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



CURRENCY OF PRESENTATION

In the DRHP, all references to “Rupees” and “Rs.” and “Indian Rupees” are to the legal currency of the Republic of India. Through out the sections on ‘Financial Information’ and ‘Summary of Financial Information’ and ‘Management’s Discussion and Analysis of Financial Condition and Results of Operation’ in the DRHP figures have been expressed in lacs. The term ‘lacs’ means ‘One Hundred Thousand’.

Any percentage amounts, as set forth in “Risk Factors”, “Our Business”, “Management’s Discussion and Analysis of Financial Conditions and Results of Operation” and elsewhere in the DRHP, unless otherwise indicated, have been calculated on the basis of our financial statements prepared in accordance with Indian GAAP. In the DRHP, any discrepancies in any table between total and the sum of the amounts listed are due to rounding-off.

FORWARD LOOKING STATEMENTS

We have included statements in the DRHP which contain words or phrases such as “will”, “aim”, “will likely result”, “believe”, “expect”, “will continue”, “anticipate”, “estimate”, “intend”, “plan”, “contemplate”, “seek to”, “future”, “objective”, “goal”, “project”, “should”, “will pursue” and similar expressions or variations of such expressions, that are “forward-looking statements”.

Actual results may differ materially from those suggested by the forward looking statements due to risks or uncertainties associated with our expectations with respect to, our ability to successfully implement our strategy, our growth and expansion, technological changes, our exposure to market risks, general economic and political conditions in India, which have an impact on our business activities or investments, the monetary and fiscal policies of India, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, equity prices or other rates or prices, the performance of the financial markets in India and globally, changes in domestic and foreign laws, regulations and taxes and changes in competition in our industry.

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

- ✓ Our ability to successfully implement strategy, growth and expansion plans;
- ✓ Our ability to successfully protect our intellectual property and to obtain intellectual property rights from third parties;
- ✓ Our dependence on key personnel;
- ✓ Government approvals
- ✓ Our ability to comply with the financial conditions and other covenants of our borrowings;
- ✓ Changes in entertainment tax exemption rates/availability or in other laws and regulations that apply to our industry;
- ✓ Changes in the Competition landscape;
- ✓ General economic and business conditions in India and other countries;
- ✓ Changes in political conditions in India;
- ✓ Occurrence of natural disasters or calamities affecting our areas of operations;
- ✓ A slowdown in economic growth in India;
- ✓ Changes in the foreign exchange control regulations in India and Fluctuations in foreign exchange rates.
- ✓ Changes in the regulatory framework governing us.
- ✓ Any downgrading of India’s debt rating by an independent agency.

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

SECTION II- RISK FACTORS

RISK FACTORS ENVISAGED BY MANAGEMENT

An investment in Equity shares involves a high degree of risk. You should carefully consider all of the information in this DRHP, including the risks and uncertainties described below, before making an investment in the Equity Shares of the Company. If any of the following risks actually occur, the business, financial condition and results of operations could suffer, the trading price of the Equity Shares could decline, and all or part of the investment may be lost.

Internal Risk Factors and Risk Relating to Our Business

1) There is a possibility of adverse impact on us in the event of the following income tax matter is decided against us.

There are certain pending litigations against the Directors/KMPs of the Company that may have an adverse impact if decided in favour of the Complainant. Although no liability has been frozen in regard to the cases but in the event some liability does arise there is a possibility of an adverse Financial impact on the Company. For details, kindly refer to page no [*] of this DRHP.

2) Delay in project implementation may lead to an adverse impact on our business.

If the project is delayed due to any reasons it may have an adverse impact on the future of our business and could stunt our growth process. The various delays that may take place are as follows:

a) Delay in placing orders of the total plant and machinery

If there is any delay in the issue process it may lead to undue delays in the implementation of the project as the orders for the equipment etc. will be placed only after the receipt of the issue proceeds.

b) We have planned significant capital expenditures; our capital expenditure plans may not yield the benefits intended.

The significant capital expenditures that we have planned are subject to many external factors as well. In case there are any adverse changes in the factors beyond our control like government policies etc. then the benefits expected might not be commensurate with the actual benefits derived from the expenditure.

c) Our project is subject to the risk of cost and time overruns.

Our project as referred to in the section titled "Objects of the Issue" on page [*] of this DRHP contains project costs and implementation schedules estimated by us. We intend to apply the net proceeds of the Issue to setting up of complete Digital Headend and network for implementation of Conditional Access System (CAS). Our expansion plans are subject to a number of contingencies, including changes in laws and regulations, governmental action, inability to obtain equipment and other supplies at quoted or at acceptable rates, accidents, natural calamities, terrorist activity and other factors, many of which may be beyond our control. Although we have a capability to complete the project within parameters estimated by us, we cannot assure you that the actual costs incurred or time taken for implementation of these plans will not vary from our estimated parameters.

d) Delay in getting the statutory approvals:

The project would involve getting certain approvals for setting up the underground optical fibre network. It involves getting permission from local authorities to dig for long distance in the city. Any delay in getting such approval may hamper the progress of the project.



Management Perception: The management if of the view that such possible delays are associated with all proposed projects and the factors are beyond its control. However, the govt. policies toward this sector have been favourable till now.

3) Growing competition may adversely affect our competitive position and our profitability.

We operate in a highly competitive environment. Significant additional competition in the markets where we sell products may see market share eroded and further reduction in prices will negatively affect our revenues and profitability.

4) If we become subject to significant legal action, we may incur substantial costs related to litigation. We currently carry no Liability insurance.

We, in the past have been involved in very serious litigations (which was decided in our favour). However, such litigations in future could lead to heavy legal costs which would have to be borne by us. We also carry no liability insurance.

Management Perception: The litigation being referred to on page [*] of this DRHP against STAR India was a land mark judgment in our favour. Also, looking at the nature of the business we see no requirement for liability insurance.

5) Inability to manage our growth could disrupt our business and reduce our profitability.

Though the Promoters have a lot of experience in this line of business, they have not managed the operations on a very large scale as envisaged by the project. Inability to manage our growth could have an adverse impact on our operations and profitability.

6) Our current Premises are located on residential property which may be a cause of Concern for the future of our Business:

The premises on which the present registered office of the company is situated is located on residential property. In the event that the state government takes any action against the Company in the form of a sealing order for the said property, it would result in jeopardizing the operations of the Company as the main control room of the Company is situated in these premises.

Management Perception: The Company has acquired the premises on Rent. Further, commercial rates are being applied for the Company's electricity connection. Further, the Company proposes to acquire commercial properties for its business operations as part of the proposed project. The operations would be shifted to such property to be acquired.

7) Losses in past years

We have incurred some losses in the first year of our operations as mentioned on page [*] of this DRHP.

8) We are dependent on the management team for our success.

Our success is substantially dependent on the expertise and services of our senior management team and our ability to attract and recruit talented and skilled personnel's. The loss of the services of such key members of our management team or our directors or other key managerial personnel or an inability to retain these personnel could have an adverse effect on our business and results of our operations.

9) We may not be able to sustain effective implementation of our business and growth strategy.

The success of our business will depend on our ability to effectively implement our business and growth strategy. Whilst we have successfully executed our business strategy in the past, there can be no assurance that we will be able to execute our strategy on time and within the estimated budget, or that we will meet the expectations of targeted subscribers. We expect our growth strategy to place significant demands on our management and other resources and require us to continue developing and improving our operational, financial and other internal controls.

10) Delays in identification and acquisition of suitable land for the project could cause delays in implementation of the project and impact our profitability

We propose to acquire property for setting up 20 branch offices in Agra city. Any delay in identifying suitable property or availability of the same could lead to delays in implementation of the project.

11) We may face risks associated with potential acquisitions, investments, strategic partnerships or other ventures, including whether we can identify opportunities, complete the transactions and integration of the target companies into our business.

Our proposed growth strategy involves entering into strategic partnerships with other broadcasters in different regions, where we are currently under-represented and, evaluating on a case-by-case basis potential acquisition targets that offer an opportunity to grow our business and/or expand our capabilities or geographical reach. We may also have discussions with certain companies regarding our acquiring, investing in or partnering with their businesses, products, services or technologies. We may not be able to identify and fully evaluate a suitable acquisition, investment or strategic partnership, which may place us at a disadvantage if our competitors are able to grow their market share through acquisitions. If we do identify suitable candidates, we may not be able to complete those transactions on commercially acceptable terms or at all, or such acquisitions may result in the incurrence of indebtedness or the issuance of additional equity securities. If we acquire another company, we could have difficulty in integrating that company's personnel, products, operations and technology. In addition, the key personnel of the acquired company may decide not to work for us and its key clients may decide to terminate their agreements with us or reduce the volume of their purchases. These difficulties could disrupt our ongoing business, distract our management and employees and adversely affect our results of operations.

12) There is no standard valuation methodology in the media/entertainment industry.

There is no standard valuation methodology or accounting practice in the media/entertainment industry. The financials of our Company are not comparable with other players in the media/entertainment industry. Valuations in media/entertainment industry may presently be high and may not be sustained in future and may also not be reflective of future valuations for the industry. Further, since there are limited numbers of listed companies in media/entertainment industry, current valuations of other listed companies may not be comparable with our Company.

13) Valuations in the Software/ IT / Media / Entertainment industry are presently high and may not be sustained in future and may also not be reflective of future valuations for the industry.

14) There was a delay in filing of certain forms with the ROC. Though the same have been filed along with a late fees there is a possibility of action against us in future by the ROC.

15) The Company may be affected by any adverse regulations/rulings of TRAI which may hamper the business of the Company.

16) We have issued Equity shares to our promoters in the past 1 year below the proposed Issue price as under:

The promoters have been allotted Equity shares in the past one year at par while we intend to issue the shares in the present issue at a premium. The details of allotment are as follows:

Name of the Promoter	Date of Allotment/Acquisition	No. of Equity Shares	Face Value (Rs.)	Issue Price (Rs.)	Consideration
Mr. Neeraj Jain	24-03-2007	100000	10	10	Cash
Mr. Akshay Kumar Jain	24-03-2007	10000	10	10	Cash
Mr. Pankaj Jain	24-03-2007	45000	10	10	Cash
Ms. Sonal Jain	24-03-2007	45000	10	10	Cash
Ms. Chhaya Jain	24-03-2007	25000	10	10	Cash



EXTERNAL RISK FACTORS

A) Governmental regulations may restrict our ability to market our services, which could result in a loss of revenue.

B) Risk in respect of policies and political situation in India

Since 1991, the Government of India has pursued policies of economic liberalization, including certain policies that significantly relaxing restrictions on the private sector. Any change in the direction of economic policies as also specific policies relating to Biotech Industry could affect us. Significant changes in India's economic liberalization and deregulation policies could affect business and economic conditions in India and impact our business.

C) Taxes and other levies imposed by the Government of India or other state governments, as well as other financial policies and regulations, may have a material adverse effect on our business, financial condition and results of operations.

Taxes and other levies imposed by the central or state governments in India that affect our industry include customs duties, excise duties, sales tax, service tax, income tax and other taxes, duties or surcharges introduced on a permanent or temporary basis from time to time.

The central and state tax scheme in India is extensive and subject to change from time to time. Any adverse changes in any of the taxes levied by the central or state governments may adversely affect our competitive position and profitability. Currently we enjoy certain tax benefits, which result in a decrease in the effective tax rate compared to the tax rates that we estimate would have been applicable if these incentives had not been available. There can be no assurance that these tax incentives will continue in the future. The non-availability of these tax incentives could adversely affect our financial condition and results of operations.

Several state governments in India have recently introduced a value added tax regime. The impact of the introduction of the value added tax regime on our business and operations will depend on a range of factors including the rates applicable and the exemptions available to our facilities. Currently, we are unable to ascertain the impact of the value added tax regime on our business and operations.

The Government of India has recently introduced a Fringe Benefit Tax payable in connection with certain expenditures incurred by us, which is likely to increase our tax liability.

E) Further expansions in the cable Industry in our segment of operation may result in excess capacity, which may affect our financial condition.

F) Change in wage structure across Industry will affect our operations adversely

Wage pressures in India may prevent us from sustaining its competitive advantage and may reduce its profit margins. Wage costs in India have historically been significantly lower than wage costs in the United States and Europe for comparably skilled professionals, which has been one of our competitive strengths. However, wage increases in India may prevent us from sustaining this competitive advantage and may negatively affect our profit margins. Wages in India are increasing at a faster rate than in the United States, which could result in increased costs for software professionals, particularly project managers and other mid-level professionals. We may need to continue to increase the levels of its employee compensation to remain competitive and manage attrition. Compensation increases may result in a material adverse effect on our business, results of operation and financial condition. However, such a material impact cannot be quantified.



G) Changes in technology or other preferences render our products obsolete, our product sales and revenues will decline.

J) Post Issue volatility in the stock market

After the Issue, the price of our equity shares may be volatile, or an active trading market for our Equity Shares may not develop. The prices of the Equity Shares on the Indian stock exchanges may fluctuate after the Issue as a result of several factors, including: volatility in the Indian and global securities market, our results of operations and performance; performance of our competitors, the Indian information technology industry, information technology enabled services industry and the perception in the market about investments in the information technology sector; adverse media reports on us or the Indian information technology enabled services industry; changes in the estimates of our performance or recommendations by financial analysts; significant developments in India's economic liberalization and deregulation policies; and significant developments in India's fiscal and environmental regulations.

There has been no public market for the Equity Shares and the prices of the Equity Shares may fluctuate after this Issue. There can be no assurance that an active trading market for the Equity Shares will develop or be sustained after this Issue, or that the prices at which the Equity Shares are initially traded will correspond to the prices at which the Equity Shares will trade in the market subsequent to this Issue.

Notes:

- ✧ Public Issue of 10000000 Equity Shares of Rs.10/- each for cash at a price of Rs. [*] per Equity Share (including a share premium of Rs. [*] per Equity Share) aggregating Rs. [*] lacs by SEA TV network limited ("the Company" or "Issuer" or "SEA TV") (hereinafter referred to as the "Issue") comprising of promoters' contribution of 3351000 Equity Shares of face value of Rs.10/- (hereinafter referred to as the "promoters' contribution"), 500000 Equity Shares of face value of Rs.10/- reserved for the employees of the company (hereinafter referred to as the "employees reservation portion") and a net offer to the public of 6149000 Equity Shares of Rs.10/- each (hereinafter referred to as the "net offer to the public".) of which 614900 Equity Shares being 10% of the net offer to the public to be compulsorily allotted to QIBs. The net offer to the public would constitute 36.17% of the fully diluted post issue paid up capital of the Company.
- The net worth of our Company before the Issue as on March 31, 2007 was Rs. 202 lacs and as on November 30, 2007 was Rs. 637 lacs.
- The average cost of acquisition of one Equity Share for the Promoters is as follows:

Name of the Promoter	Average cost of Acquisition
Mr. Neeraj Jain	Rs. 1.19 per Equity Share
Mr. Akshay Jain	Rs. 10.00 per Equity Share
Mr. Pankaj Jain	Rs. 10.00 per Equity Share
Ms. Sonal Jain	Rs. 10.00 per Equity Share
Ms. Chhaya Jain	Rs. 10.00 per Equity Share
- The book value as on March 31, 2007 was Rs. 237.22 per Equity Share and as on November 30, 2007 was 25.64 per Equity Share.
- For related party transactions, kindly refer to the section titled "Related Party Transactions" on page [*] of the DRHP.
- The Investors are advised to refer to the section titled 'Basis for Issue Price' on page [*] of the DRHP before making an investment in the Issue.
- Trading in Equity Shares of our Company for all the investors shall be in dematerialized form only.
- Investors may note that in case of over-subscription in the Issue, allotment to Qualified Institutional Buyers, Non-Institutional Bidders, Retail Bidders and Eligible employees shall be on a proportionate basis.



- For more information, see the section titled "Issue Procedure- Basis of Allotment" on page [*] of the DRHP.
- There is no interest of Promoter(s)/Director(s) /KMP(s) other than reimbursement of expenses or normal remuneration or Benefits.
- Except as disclosed in Notes [*] of the section titled "Capital Structure – Notes to the Capital Structure" appearing on page [*] of this DRHP, our Directors, our Promoters have not purchased the securities of the company during the period of six months preceding the date of filing of the DRHP.
- There are no outstanding loans and advances to any persons in which Directors are interested.

Investors may contact the BRLM for any complaints, information or clarifications pertaining to the Issue.



SECTION III- INTRODUCTION

BUSINESS SUMMARY

SUMMARY OF INDUSTRY OVERVIEW

The Cable industry in India has an enormous reach today. As per industry estimates, there are 120 million TV homes in the country. Of this 71 million are served by cable TV network, about 6 million by DTH and rest by terrestrial TV. Apart from some ground-based channels, there are, at present, about 225 Satellite channels registered under Up-linking/Downloading Guidelines of Govt. of India.

Apart from terrestrial network of Doordarshan (a public sector Broadcaster) and newly emerging technologies like IPTV etc, there are at present basically two delivery platforms available for distribution of TV channels to subscriber's viz. cable distribution network and Direct-to-Home (DTH) service. The distribution chain in cable TV industry for delivery of Channels to subscribers consists Broadcasters, Multi System Operators (MSOs) and Local Cable Operators (LCOs). In DTH, the broadcasters and DTH operators are two players in the distribution chain.

The penetration of cable TV homes has moved to 71 million in 2007 over a period of 16-17 years. The phenomenal growth of cable TV network in absence of well directed regulatory framework has led to problems of lack of transparency, determination of actual number of cable connections, monopoly in the last mile cable operations, vertical integration at higher levels of distribution chain and a highly fragmented state at the lower level of the same. Non-addressability is the main reason for controversy over actual number of TV homes. This has led to a situation, where disputes are rampant, revenues are uncertain and investments for up-gradation are not forthcoming.

The first effort in real sense to regulate the cable TV sectors started with Cable Television Networks (Regulation) Act 1995. Telecom Regulatory Authority of India (TRAI) was entrusted with the responsibility to regulate broadcasting and cable services in January 2004. TRAI has since then taken a number of initiatives for regulating the sector.

What is CAS or Addressable System?

CAS or Addressable System is a description normally used for a set of hardware devices (including a Set Top Box) and connected software used at different stages of distribution of a TV channel through which normally the Pay Channels are transmitted in encrypted form. The subscriber will pay for those Pay Channels, which he or she has chosen to view in such a system and is given an authorization for the same by MSO who owns the CAS network. In this business set-up MSOs are often assisted by LCOs. Under a Non CAS or Non Addressable System, the pay channels are sent in unencrypted form and subscriber will not have any option to choose a pay channel of his choice and pay for that only.

Conditional Access System or Addressable System signifies that a subscriber is identifiable. The MSO and the Broadcaster will know the exact number of subscribers of a pay channel or a bouquet of pay channels and the amount that is due from the subscribers.

"CAS area" means area or areas, in which in terms of notification issued by GOI under The Cable Networks (Regulation) Act 1995, it is obligatory for every MSO/cable operator to transmit or re-transmit programmes of any pay channel through an Addressable System from a specified date. This in effect means that the pay channels in that area will be encrypted and for viewing the said pay channels in such area, a subscriber will have to have a Set Top Box. A complete list of these notified areas is available on TRAI's website, www.trai.gov.in.

Introduction of CAS has following benefits to the consumer:

- ✓ The freedom to choose individual channel.
- ✓ Customers may opt out of channels they do not wish to view.

- ✓ Tariffs are fixed and regulated by TRAI.
- ✓ Common rates for customers in all areas.
- ✓ After CAS the rate increase by pay channels will be lower.
- ✓ New pay channels can be launched without burdening all consumers.
- ✓ Some of the pay channels may go free in the times to come.
- ✓ Using authorized Set Top Boxes only can a subscriber receive these pay channels.
- ✓ A channel that increases its subscription charges unreasonably will get unsubscribed.
- ✓ Quality of channels will also increase in order to attract subscription.

CAS will therefore empower consumer and provide him with:

- ✓ The ability to budget his cable bill.
- ✓ International quality TV viewing experience.
- ✓ DVD quality picture and stereophonic sound.
- ✓ Electronic programming guide at no extra cost.
- ✓ Parental lock facility.
- ✓ Interactive Gaming facility.
- ✓ Expanded Channel Capacity up to 500 channels.
- ✓ Consistent picture quality across all channels.
- ✓ Approach and make complaints against any operator / broadcaster to TRAI, if required.

Penetration of CAS has already reached about 31% in Metro cities where CAS has been notified. About 5.5 Lakh consumers own STBs in these cities. Industry sources point out that one reason for low penetration/adoption of CAS is that most MSOs have not yet invested adequately in Headends and STBs required for Digitalisation of cable TV operations. When MSOs invest adequately in setting up the required system, LCOs will have no choice but to join the system, bringing the transparency to the advantage of MSOs, Broadcasters as well as consumers.

Subscriber's Tariff under CAS

TRAI has fixed the tariff to be charged to the subscribers availing "Pay Channels" broadcasting. "Pay channel" means a channel for which fees is to be paid to the Broadcaster and which would require the use of an addressable system (a set top box) attached with the TV set of a subscriber in CAS notified area.

Broadcasters get their payment from MSOs, out of subscriber revenue collected by them. According to the present tariff, company can charge following fees from the subscribers in the notified area:

Subscribers will pay maximum Rs. 5 per Pay channel (excluding taxes) per month to the service providers (MSO). He is free to choose the channels as per his choice. Broadcasters can fix the MRP of their channels within this ceiling.

Free-to Air (FTA) Channels means a channel for which no fees is to be paid to the Broadcaster and which would not require the use of Set Top Box for viewing such channels. At present there are about 60 FTA channels are in operation. TRAI has fixed that maximum amount that a MSO can demand for minimum package of 30 FTA channels is Rs.77 per month (excluding taxes) from each subscriber. Since the channels are carried through the distribution infrastructure created for transmission, a charge has to be paid for the same to the cable operator. This charge is known as "Basic Service Tier Charge". In case any additional FTA channels are offered over and above the prescribed minimum of 30 channels, no additional amount will be payable by the subscriber.

TRAI has provided for a Standard Tariff Package for supply of STBs. The package provides the every MSO/cable operator in CAS area shall compulsorily offer to the subscribers the following options as a standard tariff:

- ✓ Option –I: Rental of Rs. 30 p.m. + Refundable Security deposit of Rs. 999/-; and
- ✓ Option –II: Rental of Rs. 45 p.m. + Refundable Security deposit of Rs. 250/-.



If any subscriber has two TVs and wishes to watch TV programmes of Pay channels at a time on both TVs, than he has to install two STBs at his place.

No monthly rental will be payable after 5 years and STB will become property of the subscriber.

If any subscriber chooses to purchase and install own Set top box then in that case he will not be liable to pay any rent.

It would not be possible for the subscriber to receive and view Pay channels without subscribing to the FTA channels. However, one can view FTA channels without a STB on payment for a package of FTA channels i.e. Rs.77/- per month.

Revenue Sharing between Broadcasters and Cable operators

As per sharing arrangement notified by TRAI, 45% of Subscriber revenue will go to the Channel owner, 30% to the MSO and 25% to the LCO. In case subscriber is directly associated with MSO, no payment will then go to the LCO for such subscriber. In such a case MSO would be entitled to keep 55% of the revenue.

Revenue sharing arrangement for FTA channels fees will be only between MSO and LCO. In case of a direct Subscriber, MSO would keep the total amount of Rs. 77 per month being charged.



SUMMARY OF BUSINESS OVERVIEW

Sea TV Network Ltd. (herein after referred to as "Sea TV") is an Agra (U.P) based company engaged providing services of a Multi System Operator (MSO) to various Local Cable TV operators of Agra city. It was incorporated on 21.05.2004 The promoters of Sea TV are in this line of activity since about 15 years and are well conversant with the Cable TV industry.

Sea TV is one of the two existing MSOs in Agra City, the other being M/s Moon Network Private Limited.

Sea TV also has its own local channels, programmes of which are produced by its own production team. These local channels mainly focus on Agra city/U.P State news/events and information, which is more relevant to the city viewers. These channels are broadcasted free of charge to the TV subscribers of Sea TV.

Expansion and Growth Initiatives of Sea TV

The company focuses on the cable distribution business and intends to emerge as a MSO with an All India presence, while working in consonance with the Broadcasters and the viewers as against the normal practice in the Industry of working as a rival to the Broadcasters.

Keeping in view the Industry scenario, Sea TV has decided to take following steps to increase and expand its business operations substantially within a year.

- ✍ Setting up complete Digital Headend and network for implementation of Conditional Access System (CAS).
- ✍ Setting up network for complete IPTV solution.
- ✍ Setting up of own cable distribution (underground optical fibre) network capable of digital transmission throughout Agra City and adjoining areas
- ✍ Setting up own 20 branch-offices in the city including in the adjoining areas with required infrastructure for receiving digital signals and re-transmitting the same without much value addition through co-axial cables to individual customers/subscribers.

This would reduce our dependence on LCOs to a great extent. However, wherever necessary according to the local conditions, we would continue its business operations with LCOs in some of the areas of City, which may not be covered by our branch offices.

We would derive following advantages by adopting and setting up CAS technology using IPTV format:

- ✍ It would provide a transparent system where under-declaration of subscribers will not be possible for LCOs and the actual number of subscribers would be reflected.
- ✍ It would reduce dependence on LCOs.
- ✍ Increase in subscriber base will lead to increase in revenue from Advertisement and Carriage Fees
- ✍ Company's revenue would also increase from new stream of income i.e. rent of set-off Box to be installed by each subscriber

Revenue Streams for the Company

Company would derive its revenue from following different streams after implementation of the project:

- ✍ Subscription Revenue – Direct Subscribers
- ✍ Subscription Revenue – Franchisees
- ✍ Set Top Box Rent
- ✍ Value Added services through IPTV Set-up
- ✍ Carriage Fees from Broadcasting Channels
- ✍ Optical Fibre Network Rental Income
- ✍ Advertisement / Time sales (on own Channels like Sea News, etc.)



We propose to install Optical Fibre Network with Optical Cable having 48 lines and we would reserve 33 lines for own use against the immediate requirement of 15 lines. We propose to give remaining 15 lines network on rent to third parties which would translate into an additional source of income for us.

Value Added Services Revenue could also be generated through our own Channels by providing services like Movie on demand, Inter-active Games, TV Competitions & Quiz, etc.

Technical & Media Operations as well Corporate Office functions of the company are presently being carried out from a rented property located at 148, Manas Nagar, Agra having constructed area of about 9000 sq. ft. It is not sufficient to accommodate the increasing business operations of the company. It is proposed to shift Corporate Office to the proposed new building.

Marketing and Selling Arrangements

The Promoters of Sea TV are already in this line of business i.e. Cable TV since about the last 15 years. Now SEA TV proposes to adopt latest technology i.e. IPTV for providing TV channels to its viewers. We already have a network of about 150 franchisees throughout Agra city. Therefore, we do not foresee any problem in the smooth implementation of the proposed project. Customers want quality and at present it is being compromised on due to the limitations of the analog medium of cable transmission. IPTV technology is customer friendly and is capable of providing many value added services. CAS as well as IPTV has been introduced in some of the Metro cities of India and customers have shown very good response in adopting the new version/technology as it has many advantages.

As we have our own TV channels, which are very popular in Agra city, it is proposed to make regular advertisements in these channels to educate the customers about the IPTV/CAS TV viewing and its benefits. We also plan to use print media regularly for marketing and advertising our products. Sea TV is an established MSO having established itself as a known Brand in Agra city. This would greatly benefit us in getting higher market share in the city.

Marketing team of the Company would also be strengthened appropriately by employing experienced professionals to market and sell the company's services.

SUMMARY FINANCIAL AND OPERATING INFORMATION

The following summary financial and operating information is derived from our restated financial statements as of March 31 2005, 2006 and 2007 as well as the eight months ending November 30, 2007 as described in the Auditor's Report in the section titled " Financial Statements" beginning on page [*] of this DRHP. These Financial statements have been prepared in accordance with the Indian GAAP, the Companies Act, 1956 and have been restated as required under SEBI Guidelines.

The summary financial and operating information presented below should be read in conjunction with the financial statements, the notes thereto included in the sections titled "Financial Statements" and the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations" beginning on pages [*] & [*], respectively, of this DRHP.

SUMMARY OF RESTATED ASSETS AND LIABILITIES

(Rs.lacs)				
Particulars	Period ended November 30, 2007	As at March,31		
		2007	2006	2005
I Fixed assets				
Gross block	410.40	140.64	9.72	-
Less: Depreciation	24.87	7.55	1.08	-
Net block	385.53	133.08	8.64	-
Capital work in progress	-	-	-	-
	385.53	133.08	8.64	-
Current assets, loans II and advances				
Sundry debtors	272.66	116.65	60.97	1.22
Cash and bank balances	34.00	40.79	41.74	4.48
Loans and Advances	70.03	59.44	70.79	49.06
	376.69	216.88	173.50	54.76
III Liabilities and provisions				
Secured loans	7.87	-	-	-
Unsecured loans				

	-	-	-	-
Current liabilities and provisions	99.36	137.93	33.98	1.38
	107.23	137.93	33.98	1.38
Deferred tax IV asset/(liability)	(18.12)	(10.07)	(0.43)	-
Net worth (I+II-III+IV)	636.87	201.96	147.73	53.38
Represented by:				
VI Share capital	500.00	160.85	5.10	5.10
Share application money	-	13.95	141.35	49.50
	500.00	174.80	146.45	54.60
VII Reserves and surplus	137.69	28.07	2.31	(0.06)
VIII Miscellaneous I expenditure	0.82	0.91	1.03	1.16
Net worth (VI+VII-VIII)	636.87	201.96	147.73	53.38

SUMMARY OF RESTATED PROFIT AND LOSS ACCOUNT

(Rs. lacs)

	For the period ended	AS at March , 31		
	November 30, 2007	2007	2006	2005
I Income				
Operating income	479.27	435.61	151.49	0.07
Other income	0.24	17.52	23.56	1.39
	479.51	453.13	175.05	1.46
II Expenditure				
Operating cost	220.25	358.46	149.26	0.09
Employee cost	20.49	16.37	4.32	0.11
Administration cost	44.18	21.82	14.87	1.30
Selling cost	7.19	8.59	1.09	-
	292.11	405.24	169.54	1.50
III Profit before depreciation, finance cost and taxation	187.40	47.89	5.51	(0.04)
Depreciation	17.31	6.48	1.08	-
IV Profit before finance cost and taxation	170.09	41.41	4.43	(0.04)
Finance cost	1.18	0.30	0.12	0.02
V Profit before taxation	168.92	41.11	4.31	(0.06)
Provision for taxation				
-Current	50.84	5.20	0.92	0.00
-Previous years	-	-	-	-
-Deferred tax-(credit)/charge	8.05	9.63	0.43	-
-Fringe benefit		0.52	0.59	-

	0.40			
VI Profit after taxation	109.63	25.76	2.37	(0.06)
Surplus brought forward from previous year	18.07	2.31	(0.06)	-
Deferred tax for earlier years			-	
Profit available for appropriation	127.70	28.07	2.31	(0.06)
Appropriations				
Transfer to General Reserve	-	10.00	-	-
Surplus carried to VIII the balance sheet	127.70	18.07	2.31	(0.06)



THE ISSUE

Equity Shares offered:

Fresh Issue by the Company

10000000 Equity Shares

Of Which

Contribution from Promoters

3351000 Equity Shares

Employee Reservation Portion
(Note 1)

500000 Equity Shares
(Allocation on a proportionate basis)

Therefore,

Net Issue to Public

6149000 Equity Shares aggregating to Rs. [*] lacs

Of which

A) Qualified Institutional Buyers portion

Up to 3074500 Equity Shares, i.e., up to 50% of the Net Issue to Public aggregating to Rs. [*] lacs.
(Allocation on a proportionate basis)
(Minimum 614900 Equity Shares to be compulsorily subscribed by and allotted to QIBs. In case of under subscription in this minimum Qualified Institutional Buyers portion the same shall not be available to other categories and full subscription monies shall be refunded.)

B) Non-Institutional Portion

At least 922350 Equity Shares, i.e., minimum 15% of the Net Issue to Public aggregating to Rs. [*] lacs **(Allocation on a proportionate basis)**

C) Retail Individual Investors Portion

At least 2152150 Equity Shares, i.e., minimum 35% of the Net Issue to Public aggregating to Rs. [*]lacs **(Allocation on a proportionate basis)**

Equity Shares outstanding prior to the Issue

7000000 Equity Shares of face value of Rs.10/- each

Equity Shares outstanding after the Issue

17000000 Equity Shares of face value of Rs.10/- each

Use of Issue proceeds

We intend to use the net proceeds of the Issue for part fund our Project. Kindly refer to the section titled "Objects of the Issue" on page [*] of the DRHP for a detailed discussion on the objects of the Issue

Notes:

- ✓ Eligible employees of the Company shall be entitled to apply in the Employee Reservation Portion category. However, the Promoter Directors and Promoter Group (relatives of Promoters) shall not be eligible to apply in the Employees Reservation Portion
- ✓ The unsubscribed portion, if any, in the Employee Reservation Portion shall be added back to the Net Issue to Public and will be considered for allotment only on a proportionate basis.
- ✓ Under subscription, if any, in the Retail Individual Investors, Non-institutional Investors or QIBs portion would be allowed to be met with spill over from any other category at the sole discretion of the Company and the BRLM.
- ✓ As per the amendments to the SEBI Guidelines, allocation to QIBs is proportionate as per the terms of this DRHP. 5% of the QIB Portion shall be available for allocation to Mutual Funds. Mutual Funds participating in the 5% reservation in the QIB Portion will also be eligible for allocation in the remaining QIB Portion.



GENERAL INFORMATION

SEA TV NETWORK LIMITED

Incorporation

Incorporated as SEA TV Network Limited on May 21, 2004 with the Registrar of Companies, Uttar Pradesh and Uttaranchal Kanpur.

CIN : U92132UP2004PLC028650

Registrar of Companies: Registrar of Companies, Uttar Pradesh and Uttaranchal, 37/17, Westcott Building, The Mall, Kanpur-208001

Changes in the Registered Office since incorporation

The Registered office of the Company has never been changed since its incorporation till the date of filing of this DRHP with SEBI and Stock Exchanges.

Registered Office of the Company:

148, Manas Nagar, Shahganj, Agra- 282010

Tel.:0562-2512122, 2512123, 2512223 Fax: 0562-2511070

Email: admin@seatvnetwork.com Website: www.seatvnetwork.com

Board of Directors

S. N O	NAME OF DIRECTOR	DESIGNATION	STATUS	DIRECTOR IDENTIFICATION NUMBER
1.	Neeraj Jain	Chairman and Managing Director	Promoter Director	00576497
2.	Akshay Kumar Jain	Whole Time Director	Promoter Director	00509865
3.	Pankaj Jain	Whole Time Director	Promoter Director	00509839
4.	Radha Krishna Pandey	Director	Independent Director	00190017
5.	Rajeev Kumar Jain	Director	Independent Director	01987821
6.	Mahesh Chandra Mehta	Director	Independent Director	00230409

For further details of our Chairman cum Managing Director and Directors, see the section titled "Our Management" appearing on page [*] of this DRHP.

COMPANY SECRETARY

Archana Pundir

SEA TV Network Limited

148, Manas Nagar, Shahganj, Agra- 282010

Tel.:0562-2512122, 2512123, 2512223 Fax: 0562-2511070

Email: admin@seatvnetwork.com Website: www.seatvnetwork.com



COMPLIANCE OFFICER

Akshay Kumar Jain
SEA TV Network Limited
148, Manas Nagar, Shahganj, Agra- 282010
Tel.:0562-2512122, 2512123, 2512223 Fax: 0562-2511070
Email: admin@seatvnetwork.com Website: www.seatvnetwork.com

The Investors are requested to contact the Compliance Officer or the Registrar to the issue for any pre-issue/post-issue questions or information, including letter of allotment, refund orders, demat credits of allotted shares etc.

BANKERS TO THE COMPANY

HDFC Bank Limited

13, M.G. Road, Agra
Tel: 0562 2262539
Fax: 0562-4012884
Email: sandeep.gupta@hdfcbank.com

Punjab National Bank

Shahganj, Agra
Tel: 0562 2510109

Canara Bank

Jaipur House Colony
Agra
Tel: 0562 2811235, 2810480
Email: luck0193@canbank.co.in

Syndicate Bank

Barara, District
Agra
Tel: 0562 2760207

Allahabad Bank

28/11, East Patel Nagar
New Delhi-110008
Tel: 011 25727044

AUDITORS

M/s. Surendra Garg & Company, Chartered Accountants
7-D, Block 57
Sanjay Place
Agra-282002
Tel: 0562 2855323, Fax: 0562-403319
Email:surendra_garg2@yahoo.co.in



Contact Person: Mr. Surendra Kumar Garg

Issue Management Team

LEAD MANAGERS TO THE ISSUE

Chartered Capital and Investment Limited

SEBI Registration. No.: INM000004018

13, Community Centre,

East of Kailash

New Delhi – 110 065

Tel: 011 26218274, 26419079

Fax: 011 26219491

Website: www.charteredcapital.net

Email: charteredcapital@gmail.com

Contact Person: **Mr. Heemadri Mukerjea**

REGISTRAR TO THE ISSUE

MAS Services Limited

SEBI Registration. No.: INR000000049

AB-4, Safdarjung Enclave

New Delhi - 110 029

Ph:(011) 2610 4142, 2610 4326, 2610 4292

Fax:- 2618 1081

website: www.masserv.com

e-mail:- info@masserv.com

Contact Person: Mr. N.K.Rastogi

LEGAL ADVISOR TO THE ISSUE

M/s Zenith India Lawyers, Advocates & Solicitors

A-262, Defence Colony,

New Delhi- 110024

Tel: (011) 46528218

Fax: 46528219

Email: rbhalla@zindialawyers.com

Contact Person: Mrs. Raj Rani Bhalla, Sr. Partner

SYNDICATE MEMBER

Chartered Capital and Investment Limited

13, Community Centre,

East of Kailash

New Delhi – 110 065

Tel: 011 26218274, 26419079

Fax: 011 26219491

Email: charteredcapital@gmail.com

Contact Person: **Mr. Heemadri Mukerjea**

BROKERS TO THE ISSUE

All members of the recognized Stock Exchanges would be eligible to act as Brokers to the Issue.

APPRAISER

The project has been appraised by Allahabad Bank.

SWOT analysis of the Company as perceived by its Allahabad Bank in its project appraisal report.

Strengths

- ✓ Promoters are well experienced in this line of business.
- ✓ Company has more than 150 franchisees who are LCOs.
- ✓ Existing Subscriber base and market share of about 60-65% in Agra.
- ✓ Experienced management.
- ✓ The present project is basically for expansion of existing business using latest technology.
- ✓ India's large population base with increasing purchasing power.
- ✓ Young population demography of India.

Weakness

- ✓ This is a capital Intensive project.
- ✓ No tie-up with any foreign players of this line.

Opportunities

- ✓ Huge opportunities exist for scaling up the operations in this line of business through out India.
- ✓ Use of latest technologies would help in increasing market share.
- ✓ Opportunity to provide Optical fibre network to others players and receive rent.
- ✓ Opportunity to join hands with other big players to scale up operations in future.
- ✓ Opportunity to get FDI and Private equity.

Threats

- ✓ Competition from other existing players in Agra city.
- ✓ Inability to invest in modernisation and latest technological advancements for any reason in future can affect the business operations.
- ✓ Technical obsolescence.

BANKERS TO THE ISSUE AND ESCROW COLLECTION BANKERS

[*]

STATEMENT OF RESPONSIBILITIES OF BRLM TO THE ISSUE

The Responsibilities of the BRLM to the Issue are as under:

1. Capital structuring with the relative components and formalities such as type of instruments, etc.
2. Due diligence of the Company's operations / management / business plans etc.
3. Drafting & Design of Offer Document and of statutory advertisement including memorandum containing salient features of the Offer Document. Ensure compliance with stipulated requirements and completion of prescribed formalities with SEBI, Stock Exchanges, RoC.
4. Primary coordination with SEBI, Stock Exchanges and RoC upto bidding and coordinating interface with lawyers for agreement.
5. Drafting and approval of all publicity material other than statutory advertisement as mentioned above including corporate advertisement, brochure, etc.
6. Appointment of Registrar, Bankers, Printer and Advertising agency.
7. Company Positioning and pre-marketing exercise, finalize media and PR strategy.
8. Qualified Institutional Buyers (QIB): Finalising the list and division of investors for one to one meeting and coordinating institutional investors meetings.
9. Non Institutional and Retail Marketing of the Issue, which will cover inter alia,
 - ✓ Formulating marketing strategies
 - ✓ Preparation of publicity budget
 - ✓ Finalizing centres for holding conferences for brokers, etc.
 - ✓ Finalize collection centres
 - ✓ Follow-up on distribution of publicity and Issue material including form, prospectus and deciding on the quantum of the Issue material
10. Appointment of Syndicate Members.
11. Managing the Book, Interaction/Co-ordination with Stock Exchange for book building software, bidding terminals and mock trading.
12. Finalising pricing, QIB allocation and intimation by BRLM in consultation with the Company.
13. Finalization of Prospectus and RoC filing etc.
14. Post bidding activities including management of Escrow Accounts, co-ordination with Registrar and Banks, Refund to Bidders, etc.
15. The post Issue activities of the Issue will involve essential follow up steps, which include finalisation of listing of instruments and dispatch of non institutional allotments advice and related orders, with the various agencies connected with the work such as Registrars to the Issue, Bankers to the Issue and the bank handling refund business.

CREDIT RATING

This being a public issue of equity shares, no credit rating is required.

IPO GRADING

We propose to obtain an IPO Grading for the proposed issue in terms of clauses 2.5A and 5.6B of the SEBI DIP guidelines.

TRUSTEES

This being an issue of Equity shares, appointment of Trustees is not required.

MONITORING AGENCY

No agency has been appointed to monitor utilization of Funds as the Issue size at the higher end of the price band does not mandate that a Financial Institution be appointed for the monitoring the use of the proceeds of the issue .

Book Building Process

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

1. The Company;
2. Book Running Lead Managers, in this case being Chartered Capital And Investment Ltd.
3. Syndicate Members, who are intermediaries registered with SEBI, and eligible to act as underwriters. Syndicate Members are appointed by the BRLM; and
4. Registrar to the Issue

The SEBI Guidelines has permitted an issue of securities to the public through the 100% Book Building Process, wherein

- (i) Upto 50% of the net issue to the public shall be allocated on a proportionate basis to QIBs (Out of the portion available for allocation to qualified institutional buyers, 5% shall be allocated proportionately to mutual funds. Mutual fund applicants shall also be eligible for proportionate allocation under the balance available for Qualified Institutional Buyers)
- (ii) Not less than 15% of the net issue to the public shall be available for allocation on a proportionate basis to Non-Institutional Bidders; and
- (iii) Not less than 35% of the net issue to the public shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price.

The Company shall comply with guidelines issued by SEBI for the Issue. In this regard, the Company has appointed Chartered Capital And Investment Ltd. as the Book Running Lead Manager (referred to as the BRLM) to the Issue to procure subscription to the Issue.

The investors are advised to make their own judgment about investment through the process of book building prior to making a Bid in the Issue. Pursuant to recent amendments to SEBI Guidelines, QIBs are not allowed to withdraw their Bid after the Bid/Issue Closing Date. For further information kindly refer to the section titled "Terms of the Issue" on page [*] of the DRHP.

Steps to be taken by the Bidders for bidding

- (i) Check whether he/ she is eligible for bidding (kindly refer to the paragraph "Issue Procedure - who can Bid" on page [*] of the DRHP);
- (ii) Ensure that the Bidder has a demat account; and
- (iii) Ensure that the Bid cum Application Form is duly completed as per instructions given in the Red Herring Prospectus and in the Bid cum Application Form.

Illustration of Book Building and Price Discovery Process (Investors should note that this example is solely for illustrative purposes and is not specific to the Issue)

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

Bid Quantity	Bid Price (Rs.)	Cumulative Quantity	Subscription
500	24	500	16.67%
1000	23	1500	50.00%
1500	22	3000	100.00%
2000	21	5000	166.67%
2500	20	7500	250.00%

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

UNDERWRITING AGREEMENT

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



Pursuant to the terms of the Underwriting Agreement, the obligations of the Underwriters are subject to certain conditions to closing, as specified therein.

The Underwriters have indicated their intention to underwrite the following number of Equity Shares :

Name and Address of the Underwriters	Indicative Number of Equity shares to be Underwritten	Amount Underwritten (Rs. in Lacs)
Chartered Capital And Investment Ltd. 13, Community Centre East of Kailash New Delhi-110065	[*]	[*]

(The above-mentioned is indicative underwriting and this would be finalized after the pricing and actual Allocation and has been intentionally left blank to be filled in before filing of the Prospectus with the RoC.)

The Underwriting Agreement is dated [*] In the opinion of the Board of Directors of the Company (based on a certificate given to them by the Underwriters), the resources of the Underwriters are sufficient to enable them to discharge their respective underwriting obligations in full. All the abovementioned Underwriters are registered with SEBI under Section 12(1) of the SEBI Act or registered as brokers with the Stock Exchanges. The Board of Directors of the Company have accepted the Underwriting Agreement mentioned above at their meetings held on [*] and [*], 2007 respectively and the Selling Shareholder and the Company have issued letters of acceptance dated [*] and [*] respectively to the Underwriters accordingly.

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

CAPITAL STRUCTURE OF THE COMPANY

Share capital of our Company as at the date of filing of this DRHP with SEBI is set forth below:

		(Rs. in lacs, except share data)	
Share Capital	Face Value	Aggregate Value	
(A) Authorized Share Capital			
		1700	
1,70,00,000 Equity Shares of Rs.10 each			
(B) Issued, Subscribed and Paid-Up Capital before the Issue		700	
70,00,000 Equity Shares of Rs.10 each			
(C) Present Issue in terms of the DRHP #			
1,00,00,000 Equity Shares of Rs.10 each*	1000.00		[*]
Out of which			
3351000 Equity Shares will be brought in the Promoters as Promoter's Contribution	335.10		[*]
500000 Equity Shares are reserved for the Eligible Employees of the Company	50.00		[*]
6149000 Equity Shares is the Net Issue to Public	614.90		[*]
(D) Paid up Equity Capital after the Issue			
17000000 Equity shares of Rs. 10 each	1700.00		[*]
(E) Securities Premium Account			
Before the Issue	0.00		
After the Issue	[*]		

The present Issue has been authorized by the Board of Directors in their meeting dated December 2, 2007 and by the shareholders of our Company at the EGM dated December 31, 2007.

Our Company is considering a Pre-IPO placement of up to [] Equity Shares aggregating Rs. [*] lacs with certain investors, ("Pre-IPO Placement"). If the Pre-IPO placement is completed before the filing of the RHP with RoC, the Issue Size offered to the public would be reduced to the extent of such Pre-IPO placement, subject to a minimum of 25% of the post-issue paid up Equity Share Capital being offered to the public.

The details of increase and change in authorized share capital of our Company after the date of incorporation till filling of the DRHP with SEBI is as follows:

						(In Rs.)
Date of change	Nature of increase/change	Number of Equity Shares	Face Value	Nature of Instrument		Cumulative authorized Share Capital
24.03.2007	Increase	1500000	10	Equity		20000000
29.03.2007	Increase	3000000	10	Equity		50000000
30.11.2007	Increase	5000000	10	Equity		100000000
31.12.2007	Increase	7000000	10	Equity		170000000

Notes to Capital Structure:

1. Share Capital History of our Company

Date of Allotment	Nature of Instrument	Number of shares Allotted	Face Value (Rs.)	Issue Price (Rs.)	Consideration	Value	Nature of Issue & reason for allotment	Cumulative paid up share capital (Rs.)	Cumulative share premium (Rs.)
21.05.2004	Equity Shares	51000	10	10	Cash	510000	Initial Allotment	510000	0.00
24.03.2007	Equity Shares	1557500	10	10	Cash	15575000	Further issue	16085000	0.00
29.09.2007	Equity Shares	3391500	10	10	Cash	33915000	Further issue	50000000	0.00
02.01.2008	Equity Shares	2000000	10	10	Cash	20000000	Further issue	70000000	0.00

2. Details of Allotment to Promoters, Promoters Holding and Lock-in:

a.) Allotment of Equity Shares to Promoters

Name of the Promoter	Date of Allotment/Acquisition	No. of Equity Shares	Face Value (Rs.)	Value	Issue Price (Rs.)	Consideration
Mr. Neeraj Jain	21-05-2004	45000		10	10	Cash
	24-03-2007	100000		10	10	Cash
	07-01-2008	6625800		10	1	Transfer in cash
	Total	6770800				
Mr. Akshay Kumar Jain	21-05-2004	1000		10	10	Cash
	24-03-2007	10000		10	10	Cash
	29-09-2007	47500		10	10	Cash
	Total	58500				
Mr. Pankaj Jain	21-05-2004	1000		10	10	Cash
	24-03-2007	45000		10	10	Cash
	Total	46000				
Ms. Sonal Jain	21-05-2004	1000		10	10	Cash
	24-03-2007	45000		10	10	Cash
	29-09-2007	52500				
	Total	98500				
Ms. Chhaya Jain	21-05-2004	1000		10	10	Cash
	24-03-2007	25000		10	10	Cash
	Total	26000				

Grand Total

6999800

b.) Lock in of Minimum Promoters Contribution

The minimum Promoter contribution would be locked for three years as follows.

Name of Promoter	Date of Allotment	Number of Equity Shares	Nature of Allotment	Face Value (Rs.)	Issue Price	% Post-Issue Paid-up capital	Lock-in Period
Mr. Neeraj Jain	21-05-2004	45000	Initial Allotment	10	10	0.265	3 years
Mr. Akshay Kumar Jain	21-05-2004	1000	Initial Allotment	10	10	0.006	3 years
Mr. Pankaj Jain	21-05-2004	1000	Initial Allotment	10	10	0.006	3 years
Ms. Sonal Jain	21-05-2004	1000	Initial Allotment	10	10	0.006	3 years
Ms. Chhaya Jain	21-05-2004	1000	Initial Allotment	10	10	0.006	3 years
[*]	[*]	3351000	[*]	10	10	19.706	3 years
Total		3400000				20%	

- ✓ All the Equity Shares which have been locked in are not ineligible for computation of Promoters' contribution under Clause 4.6 of the SEBI Guidelines.
- ✓ The entire share capital outstanding as on the date of filing of DRHP except minimum Promoter contribution which has been locked in for three years as shown above would be locked in for one year from the date of allotment in the Issue.
- ✓ The Promoters have vide their letter dated January 9, 2008 given their consent for lock in as stated above. Equity Shares issued last shall be locked in first. The entire pre-issue capital, other than the minimum Promoters contribution, which is locked in for three years shall be locked in for a period of one year. The lock-in shall start from the date of allotment in the Issue and the last date of the lock-in shall be reckoned as three years from the date of allotment in the Issue.
- ✓ In the event any new Promoter or Promoter Group taking up equity in the Company, the same shall be locked in, in such a manner so that minimum 20% of the post issue paid up equity share capital of the Company is locked in for a period of 3 years as part of the Promoter's Contribution and a letter of consent for such lock-in shall be obtained from the new promoter(s).
- ✓ In terms of clause 4.15 of the SEBI (DIP) Guidelines, locked in Equity Shares held by a Promoter can be pledged with banks or financial institutions as collateral for loans granted by such banks or financial institutions, provided pledge of shares is one of the terms of sanction of loan.
- ✓ In terms of clause 4.16.1(a) of the SEBI (DIP) Guidelines, Equity Shares held by a person other than the Promoters, prior to the Issue, which are locked in as per SEBI (DIP) Guidelines, may be transferred to any other person holding Equity Shares which are locked in as per clause 4.14 of the SEBI (DIP) Guidelines subject to continuation of lock-in in the hands of transferees for the remaining period and compliance of Securities and Exchange Board of India (Substantial Acquisition of shares and Takeovers) Regulations, 1997, as applicable.
- ✓ In terms of clause 4.16.1(b) of the SEBI (DIP) Guidelines, the Equity Shares to be held by the Promoters under lock in period shall not be sold/hypothecated/transferred during the lock-in period. However, the Equity Shares may be transferred amongst Promoter/Promoter group or to a new Promoter or persons in control of the Company, subject to continuation of lock-in in the hands of the transferees for the remaining period and compliance of SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 1997, as applicable.

3. The Promoters and Promoter Group have not purchased or sold any Equity Shares from the market during a period of six months preceding the date on which the Draft Red Herring Prospectus is filed with SEBI. However, there have been fresh allotments and transfers made to the Promoters and the Promoter Group the details of which are provided on page [*] of DRHP.

4. Shareholding of Promoter Group other than Promoters

Name	Date	No. of Equity	Nature of Issue	Issue Price
------	------	---------------	-----------------	-------------

	Acquisition	Shares	(Rs.)
Chakresh Jain	Nil		
John Jain	Nil		

5. Pre and Post-Issue Shareholding Pattern of our Company:

Category	Shares	Pre Issue %	Shares	Post Issue %
Promoters & Promoters Group				
Promoters				
Mr. Neeraj Jain	6770800	96.73%	[*]	[*]
Mr. Akshay Kumar Jain	58500	0.84%	[*]	[*]
Mr. Pankaj Jain	46000	0.66%	[*]	[*]
Ms. Sonal Jain	98500	1.41%	[*]	[*]
Ms. Chhaya Jain	26000	0.37%	[*]	[*]
[*]	[*]	[*]	[*]	[*]
Sub-total (A)	6999800	99.997%	10350800	60.89%
Promoters Group NIL				
Sub-total (B)	0.00	0.00	0.00	0.00
Total Promoters Group Shareholding				
[A+B]= [X]	6999800	99.997%	10350800	60.89%
Others				
Anubhav Jain	100	0.001%	[*]	[*]
Vivek Jain	100	0.001%	[*]	[*]
Employees	0.00	0.00%	[*]	[*]
Public	0.00	0.00%	[*]	[*]
Sub Total	200	0.002%	[*]	[*]
Grand Total [X+Y]	7000000	100%	17000000	100%

6. Equity Shares held by the top ten shareholders

a.) Top ten shareholders as on the date of and 10 days prior to filing of the DRHP with SEBI

Name of Shareholders	Number of shares	% of Total
Neeraj Jain	6770800	96.73%
Sonal Jain	98500	1.41%
Akshay Kumar Jain	58500	0.84%
Pankaj Jain	46000	0.66%
Chhaya Jain	26000	0.37%

Anubhav Jain	100	0.001%
Vivek Jain	100	0.001%
TOTAL	7000000	100%

b.) Top ten equity shareholders as on two years prior to the date of filing of the Draft Red Herring Prospectus with SEBI

Name of Shareholders	Number of shares	% of Total
Neeraj Jain	45000	88.24%
Pankaj Jain	1000	1.96%
Sonal Jain	1000	1.96%
Akshay Jain	1000	1.96%
Chhaya Jain	1000	1.96%
Chakresh Kumar Jain	1000	1.96%
Bhagwan Swaroop Jain	1000	1.96%
TOTAL	51000	100%

7. Buy-back and Standby arrangements

There is no "buy back" or "stand by" arrangement for purchase of Equity Shares by the Company, its Promoters, Directors, or the BRLM for the Equity Shares offered through the DRHP.

8. The Company has not raised any bridge loan against the proceeds of the Issue.

9. The Equity Shares offered through the Issue will be fully paid up.

10. Eligible employees would be eligible to apply in the Issue under Employee Reservation Portion on competitive basis. The number of Eligible employees of our Company is 88. Eligible employees of the Company can also apply in the 'Net Issue to Public' and such applications shall not be treated as multiple applications.

11. The unsubscribed portion, if any, in the Employee Reservation Portion shall be added back to the Net Issue to Public.

12. In the Public Issue, in case of over subscription in all categories, up to 50% of the Net Issue to Public shall be allocated to QIBs on a proportionate basis. Further, at least 15% of the Net Issue to Public shall be available for allocation to non-institutional bidders and at least 35% of the Net Issue to Public shall be available for allocation to Retail Bidders, on proportionate basis and subject to valid bids being received at or above the Issue Price. Under subscription, if any, in the Non-institutional, Retail or QIBs categories shall be allowed to be met with spillover from any other category at the sole discretion of the Company and the BRLM.

13. Except to the extent of Pre-IPO placement, if any, there would be no further issue of capital whether by way of issue of bonus shares, preferential allotment, Rights issue or in any other manner during the period commencing from submission of the DRHP with SEBI until the Equity Shares offered through the Prospectus have been listed.

14. At present we do not have any intention or proposal to alter our capital structure for a period of six months from date of opening of the Issue, by way of split/consolidation of the denomination of Equity Shares or to make a further issue of Equity Shares (including issue of securities convertible into Equity Shares) whether preferential or otherwise except ESOPs if any or if we enter into acquisition or joint ventures or make investments, in which case we may consider raising additional capital to fund such activity or use equity shares as a currency for acquisition or participation in such joint ventures or investments.

15. As on the date of filing the DRHP with SEBI, there are no outstanding financial instruments or any other right, which would entitle the Promoters or shareholders or any other person any option to receive equity shares after the Issue. The Company does not have any shares to be allotted, which are outstanding under ESOPs.

16. We have not issued any Equity Shares out of revaluation reserve or reserves without accrual of cash resources.

17. At any given point of time there shall be only one denomination of Equity Shares of our Company, unless otherwise permitted by law. The Company shall comply with such disclosures and accounting norms specified by SEBI from time to time.

18. No single applicant can make an application for number of shares, which exceeds the number of shares offered.

19. Our Company has 7 shareholders as on the date of filing the DRHP with SEBI.

20. There are restrictive covenants in the agreements that we have entered into with certain banks for short-term loans and long-term borrowings. These restrictive covenants in many cases provides for borrowers covenants which are restrictive in nature and require us to obtain their prior permission for alteration of the capital structure, change in beneficial ownership of or control of the Company, entering into any merger/amalgamation, expenditure in new projects, transfer/change in the key personnel, change in the constitutional documents etc. Further, in many cases lenders have right to appoint a nominee director on the Board of Directors of the Company upon an event of default.

Also, there are restrictive covenants regarding declaration and payment of dividend in cases of any subsisting default or out of accumulated reserves.

21. An over-subscription to the extent of 10% of the Net Issue to Public can be retained for the purposes of rounding off to the nearest multiple of [*] Equity Share while finalizing the basis of allotment.

22. The Promoters have acquired shares in the past six months at a price below the Issue Price by means of a transfer. The Details of the transfers are as follows:

S.No	TRANSFEROR	NUMBER OF SHARES	TRANSFER DATE	FACE VALUE (In Rs.)	TRANSFER VALUE (In Rs.)	CONSIDERATION RATIO	TRANSFeree
1	AKSHAY KUMAR JAIN	1960000	7-Jan-2008	10.00	1.00	Transfer For Cash	NEERAJ JAIN
2	CHHAYA JAIN	2429500	7-Jan-2008	10.00	1.00	Transfer For Cash	NEERAJ JAIN
3	PANKAJ JAIN	1519500	7-Jan-2008	10.00	1.00	Transfer For Cash	NEERAJ JAIN
4	SONAL JAIN	715000	7-Jan-2008	10.00	1.00	Transfer For Cash	NEERAJ JAIN
5	BHAGWAN SWAROOP JAIN	900	7-Jan-2008	10.00	1.00	Transfer For Cash	NEERAJ JAIN
6	CHAKRESH KUMAR JAIN	900	7-Jan-2008	10.00	1.00	Transfer For Cash	NEERAJ JAIN
TOTAL		6625800					



OBJECTS OF THE ISSUE

The objects of the issue are to raise financial resources for:

- ✓ Setting up complete Digital Headend and network for implementation of Conditional Access System (CAS).
- ✓ Setting up network for complete IPTV solution.
- ✓ Setting up of own cable distribution (underground optical fibre) network capable of digital transmission throughout Agra City and adjoining areas
- ✓ Setting up own 20 branch-offices in the city including in the adjoining areas with required infrastructure for receiving digital signals and re-transmitting the same without much value addition through co-axial cables to individual customers/subscribers
- ✓ General Corporate purposes
- ✓ Meeting the expenses of the issue
- ✓ Creating a public trading market for the Equity Shares of the Company by listing them on the Stock Exchanges.

The proceeds from the Issue after deducting the Issue related expenses are referred to as "Net Proceeds from the Issue".

We believe that listing will enhance our brand name, provide liquidity to our existing shareholders and create a public market for our Equity Shares in India.

The main objects and objects incidental or ancillary to the main objects set out in our Memorandum enable us to undertake our existing activities and the activities for which funds are being raised by us through the Issue.

The fund requirement has been appraised by Allahabad Bank. The fund requirement below is based on our current business plan. In view of the dynamic nature of the industry in which we operate, we may have to revise our business plan from time to time and consequently our fund requirement and consequent utilisation of proceeds from the Issue may also change. In case of any variations in the actual utilisation of funds earmarked for the above activities, any increased fund deployment for a particular activity will be met from our internal accruals.

Fund Requirements

<i>Rs. in lacs</i>		
Sr. No.	Particulars	Amount
1	Land	217.44
2	Buildings	543.50
3	Plant and Machinery	4457.77
4	Electrical Installation	20.00
5	Furniture & Fixtures	140.00
6	Computers , Printers etc	25.00
7	Pre-operative Expenses	95.09
8	Public Issue Expenses	[*]
9	General Corporate Purposes	[*]
	TOTAL	[*]

Means of finance

<i>Rs. in lacs</i>		
Sr. No.	Means of finance	Amount
A	Term Loan	895.00
B	Internal Accruals	[*]
C	Proceeds of IPO	[*]

Total

[*]

SEA TV has received a sanction letter dated December 8, 2007 from Allahabad Bank for Rs. 895 lacs.

Details of Use of Proceeds and Schedule of Implementation

Land						
Estimated cost of Commercial Land	1200	Sq Yard @ Rs.	16000	per Yard	192.00	
Land Registration and Incidental Cost		@	12%		23.04	
Land Development	1200	Sq Yard @ Rs.	200	per Yard	2.40	217.44
Buildings						
Corporate office	10800	Sq.Ft @ Rs.	750	Per Sq. Ft	81.00	
Boundry Wall & and Entry Gate					7.50	
Car and Scooter Parking Shed & Flooring	2500	Sq.Ft @ Rs.	200	Per Sq. Ft	5.00	
Commercial Space for 20 Branch Offices	15000	Sq.Ft @ Rs.	3000	Per Sq. Ft	450.00	543.50

Schedule of Plant and Machinery

S.No	Particulars of Equipments	Qty.	Supplier's Name	Cost (Rs. In lakhs)	Date of Quotation
	<u>A. Equipments for Branches</u>				
1	Television Sets - Sony 21"	20	TV Emporium	3.20	01-08-2007
2	Television Sets - Sony LCD 40S200A	20	Raj Electronics	19.98	31-08-2007
3	Inverters - Luminous 6 KVA with Battery	20	Power Line, Agra Kay Gee	28.00	02-08-2007
4	D. G. Sets - 15KVA	20	Engineers, Agra Keith electronics	52.17	01-09-2007
5	Splicing Machine	20	P Ltd, New Delhi	69.75	17-08-2007
6	Computers SR 51601 L – Compaq	40	MKG Computers P Ltd	13.60	
7	Airconditioners 1.5 T Window type	20	TV Emporium	3.40	01-08-2007
8	Airconditioners 1.5 T Split Type	20	TV Emporium	5.20	01-08-2007
9	Digital QAM/analog RF Signal Meters	20	Surbhi Broadband P Ltd, Noida	8.88	14-11-2007
10	Analog Signal Meters	60	Surbhi Broadband P Ltd, Noida	3.33	14-11-2007
11	Optical Signal Meters	20	Surbhi Broadband P Ltd, Noida	3.22	14-11-2007
12	TS-M-86 PD Master Amplifier	20	Surbhi Broadband P Ltd, Noida	4.00	14-11-2007

13	Installation and Commissioning			10.00
	Sub-total			224.73
	<u>B. Main control Room Equipments</u>			
1	Set of Equipments as given in Suppliers Quotation	1 set	Logic Eastern India Private Ltd, N. Delhi	345.55 01-09-2007
2	Set of Equipments as given in Suppliers Quotation	1 set	Surbhi Broadband P Ltd, Noida	340.24 04-01-2008
	Sub-total			685.79
	<u>C. Branch Networking</u>			
1	Equipments as per Quotation for Networking of Digital Segment	1 Set	Surbhi BroadBand P Ltd.	978.66 14-11-2007
2	Equipments as per Quotation for Networking of IPTV Segment	1 Set	Logic Eastern India p Ltd, N. Delhi	112.91 01-09-2007
2	Installation & Commissioning - 5%			54.58
	Sub-total			1146.15
	<u>D. Set Top Boxes</u>			
1	DVBC Set Top Boxes (Rs. 2825.30 Per Set)	40000	Surbhi Broadband P Ltd, Noida	1130.20 01-09-2007
2	IPTV Set Top Boxes (Rs. 5144 Per Set)	10000	Logic Eastern India p Ltd, N. Delhi	514.40 01-09-2007
	Sub-total			1644.60
	<u>E. Optical Fibre Network</u>			
1	Optical fiber Cable and Accessories as per Quotation	15000 Mtrs	Yash Telecom Pvt Ltd, Lucknow	278.62 01-09-2007
2	Labour Charges		Yash Telecom Pvt Ltd, Lucknow	428.01 01-09-2007
	Sub-total			706.63
	<u>F. Fire Fighting Equipments</u>			10.00
	<u>G. Other Miscellaneous Equipments</u>			39.87

Grand Total			4457.77
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Furniture & Fixtures				
For Corporate office			100.00	
For Branch offices			40.00	140.00
Computers, Printers, etc				25.00
Pre-operative Expenses				95.09

IPO expenses

The expenses for this Issue include underwriting and management fees, selling commissions, printing and distribution expenses, legal fees, fees to various advisors, statutory advertisement expenses and listing fees payable to the Stock Exchanges, among others. The estimated Issue expenses are as under:

(Rs. in lacs)			
Activity	Estimated Amount	% of Total Expenses	% of Total Issue Size*
Lead Management Fees	[*]	[*]	[*]
Underwriting Commission	[*]	[*]	[*]
Selling Commission	[*]	[*]	[*]
Advertisement and Marketing expenses	[*]	[*]	[*]
Printing and Stationery	[*]	[*]	[*]
Registrar to the Issue	[*]	[*]	[*]
Others (legal fee, listing fee, etc)	[*]	[*]	[*]
Total Estimated Issue expenses	[*]	[*]	[*]

*will be incorporated after finalisation of Issue Price

E.) General corporate purpose

The Company intends to raise funds for general corporate purposes. It is also a key component of SEA TV strategy to grow through acquisitions and strategic partnerships. These initiatives will be governed by long term-goals and other business objectives. Accordingly, SEA TV intends to use a part of the proceeds received from the Issue for strategic investments and acquisitions apart from general corporate purposes. We may also spend a portion of the proceeds of the Issue on expansion of our business instead of financing acquisitions or joint ventures with strategic partners. Going forward, we believe that strategic investments and acquisitions may act as an enabler to growing business and consolidate its position in the exhibition business in Northern India and establish itself as a premium MSO in the region. While this would be a component of our strategy, presently we do not have any legally binding commitments to enter into any such arrangements. SEA TV may also pre-pay its other borrowings or use the above money for other business purposes including expansion of operations at any of the existing plants. The Company intends to enhance its position as a player in the entertainment industry in India. Accordingly, the management will have significant flexibility in applying the proceeds received from the Issue.

Schedule of implementation

Activity	Commencement date	Completion Date	Remarks
Identification and Purchase of Land for Corporate Office	March 2008	April 2008	Yet to commence
Land Development	April 2008	April 2008	Yet to commence
Civil structure of Corporate office	April 2008	August 2008	Yet to commence
Flooring , Electrical Fitting, and Interiors and Finishing of Corporate Office	July 2008	September 2008	Yet to commence
Identification and Purchase of space required for 20 Branch offices	February 2008	May 2008	Yet to commence
Placing of Orders for Machinery and Equipments at site	April 2008	May 2008	Yet to commence
Delivery of Equipments	July 2008	July 2008	Yet to commence
Installation of Machinery	August 2008	August 2008	Yet to commence
Trial Runs	September 2008	September 2008	Yet to commence
Commercial Operations	October 2008	N.A	Yet to commence

Funds deployed and source of financing

The Company has received the Sources and Deployment Funds Certificate dated January 09, 2008 from Surendra Garg & Company, Chartered Accountants and Statutory Auditors of the Company. The certificate states that the Company has deployed amount aggregating Rs.14.91 Lacs upto December 31. 2007. Details of the sources and deployment of funds as on December 31, 2007 as per the certificate is as follows:

Particulars	Amount (Rs. Lacs)
Preliminary and Capital Issue Expenses	14.91
Total	14.91

Sources of Financing of Funds Already Deployed

Particulars	Amount (Rs. Lacs)
Internal Accruals	14.91
Total	14.91

DETAILS OF BALANCE FUND DEPLOYMENT:

Deployment of Funds	Financial Year 2007-08 Already incurred 31.12.2007	To be incurred upto September 2008	Total

Land	0.00	217.44	217.44
Buildings	0.00	543.50	543.50
Plant and Machinery	0.00	4457.77	4457.77
Electric Installation	0.00	20	20
Furniture & Fixtures	0.00	140	140
Computers, Printers etc	0.00	25	25
Pre-operative Expenses	0.00	95.09	95.09
Public Issue Expenses	14.91	[*]	[*]
General Corporate Purposes	[*]	[*]	[*]

Interim Use of Funds:

The management, in accordance with the policies set up by the Board, will have flexibility in deploying the net proceeds received by the company from the Issue. Pending utilization for the purposes described above, we intend to invest the funds in high quality interest/dividend bearing liquid instruments including money market mutual funds and deposit with banks for necessary duration or reducing the working capital / term borrowings from banks and financial institutions.

No part of the Issue proceeds will be paid by the Company as consideration to SEA TV's Promoters, Directors, key management personnel or companies promoted by SEA TV's promoters except in the course of normal business.

Monitoring of Utilisation of Funds:

As the net proceeds of the Issue will be less than Rs. 50000 Lacs, under the SEBI Guidelines it is not required that a monitoring agency be appointed by the Company. The company undertakes to disclose the utilisation of proceeds in its financial statements. We will disclose the utilization of proceeds under a separate head in our Company's balance sheet for fiscal 2008 and 2009 clearly specifying the purpose for which such proceeds have been utilized. We, in our balance sheet for fiscal 2008 and 2009, provide details, if any, in relation to all such proceeds of the issue that have not been utilized thereby also indicating investments, if any, of such unutilized proceeds of the issue.

SECTION IV- BASIS FOR ISSUE PRICE & STATEMENT OF TAX BENEFITS

BASIS OF ISSUE PRICE

QUALITATIVE FACTORS

- Promoters have a long experience in this business. For further details please refer to page [*] of this DRHP.
- First mover advantage with the Company in the State of Uttar Pradesh. For further details please refer to page [*] of this DRHP.
- Proposed Investment in superior and latest technology available worldwide. For further details please refer to page [*] of this DRHP.
- Line of business has considerable growth potential. For further details please refer to page [*] of this DRHP.

QUANTITATIVE FACTORS

1. Earning Per Share (EPS) of Equity Share having face value of Rs.10 each (as adjusted for changes in capital)

YEAR	EPS	WEIGHT
	RUPEES	
March 31 2005	(0.12)	1
March 31 2006	4.65	2
March 31 2007	30.26	3
November 30 2007*	4.41	4
Weighted Average EPS	11.76	

Note:

- a. As on year ended March 31 EPS calculations have been done in accordance with Accounting Standard 20 – “Earnings per share” issued by the Institute of Chartered Accountants of India.
 - b. The weighted average of adjusted EPS for these fiscal years have been computed by giving weights of 1, 2 and 3 for the fiscal years ending March 31, 2005, 2006 and 2007 respectively and 4 for the eight month period ending November 30, 2007.
2. Price/Earning (P/E) ratio in relation to Issue Price of Rs. [*]
 - a. Based, EPS of as on March 31 2007 of Rs. [*] – P/E is [*]
 - b. Based on weighted average EPS of Rs. [*] – P/E is [*]
 3. Average Return on Net Worth (“RONW”)

Return on Net Worth (RONW)

YEAR	RONW	WEIGHT
	%	
2004-05	-0.11%	1
2005-06	1.60%	2
2006-07	12.76%	3
November 30 2007	17.21%	4

YEAR	RONW	WEIGHT
	%	
Weighted Average RONW	11.02	

Note:

The average return on net worth has been computed on the basis of the adjusted profits and losses of the respective years drawn after considering the impact of accounting policy changes and material adjustments/ regroupings pertaining to earlier years.

4. Minimum Return on Increased Net Worth to maintain pre-issue EPS is [*]

5. Net Asset Value per share ("NAV")

	(RS.)
Net Asset Value (pre-issue) (as on 31/3/2005)	104.67
Net Asset Value (pre-issue) (as on 31/3/2006)	289.67
Net Asset Value (pre-issue) (as on 31/3/2007)	237.22
Net Asset Value (pre-issue) (as on 30/11/2007)	25.64
Net Asset Value (post issue)	[*]
Issue Price	[*]

6. Comparative Figures (for the year ended 31st March, 2007)

We are a part of the Entertainment/ Electronic Media Software Industry.

The highest and lowest P/E ratios of this industry are as follows:

Highest: 280.30

Lowest: 5.10

Average: 47.20

There is no other listed company engaged in same activities as ours as such we cannot do bench-mark vis-à-vis any peer group Company. However, for the sake of putting things in clear perspective for the potential investors we have done a comparison with those Companies who are closest in terms of our operations

PARTICULARS	EPS (RS.)	P / E	RONW (%)	NAV (RS.)
SEA TV NETWORK Limited	30.26	[*]	12.76%	237.22
Dish TV	-	-	-	0.90

Source: Capital Market Dec 31 2007- Jan 13, 2008

7. The face value of Equity Shares of SEA TV is Rs 10/- per share and the issue price is [*] times of the face value.

The Issue Price of Rs. [*] has been determined by the Company in consultation with the Lead Manager, on the basis of assessment of market demand for the Equity Shares and the same is justified on the basis of the above factors.

Investors are requested to see the section titled "Risk Factors" on page [*] of this Draft Red Herring Prospectus and the financials of the Company including important profitability and return ratios, as set out in the Auditors Report on financial statements on page [*] of this Draft Red Herring Prospectus to have a more informed view. Provided however that the Issue Price for the Equity Shares in this Issue will not be determined solely on the basis of such profitability and return ratios, financial statements or other forward looking statements. The Issue Price will be determined on the basis of demand from Investors upon completion of the Book Building process.



STATEMENT OF TAX BENEFITS

The Board of Directors
Sea TV Network Limited

Dear Sirs,

Re: Opinion on Tax Benefits

We hereby report that the enclosed annexure states the possible tax benefits available to Sea TV Network Ltd. (the "Company") and its shareholders under the current tax laws in India. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant tax laws. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions which, based on business imperatives the Company faces in the future, the Company may or may not choose to fulfill.

The benefits discussed in the annexure are not exhaustive. This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult their own tax consultant with respect to the specific tax implications arising out of their participation in the issue.

We do not express any opinion or provide any assurance whether:

- the Company or its shareholders will continue to obtain these benefits in future; or
- the conditions prescribed for availing the benefits have been or would be met with.

The contents of this annexure are based on information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company.

For Surendra Garg & Company
Chartered Accountants

(S.K. Garg)
M.No. 70974

Place: Agra
Date: 09 January 2008



**STATEMENT OF POSSIBLE TAX BENEFITS AVAILABLE TO SEA TV NETWORK LIMITED
("THE COMPANY") AND IT'S SHAREHOLDERS**

A. TAX BENEFITS ACCRUING DUE TO THE PRESENT OR PROPOSED PROJECT - NIL

B. OTHER GENERAL TAX BENEFITS - UNDER THE INCOME TAX ACT, 1961 ('the IT Act')

I. BENEFITS AVAILABLE TO THE COMPANY

1. As per the provisions of Section 10(34) of the IT Act, any income by way of dividends referred to in Section 115-O (i.e. dividends declared, distributed or paid on or after 1 April, 2003) received from domestic company is exempt from income tax.
2. The Company shall be eligible for amortization of preliminary expenditure as specified in section 35D of the Act being expenditure on public issue of shares , subject to the conditions and limits specified in that section.
3. The company shall be entitled to claim depreciation on tangible and intangible assets owned by it and used for the purpose of its business as explained in section 32 of the IT Act.
4. Under Section 115 JAA (2A) of the I.T. Act, tax credit shall be allowed in respect of any tax paid under Section 115JB of the IT Act (MAT) for any Assessment Year commencing on or after 1st April, 2006. Credit eligible for carry forward is the difference between MAT paid and the tax computed as per the normal provisions of the Act. Such MAT credit shall not be available for set off beyond 7 years immediately succeeding the year in which the MAT credit initially arose.

II. BENEFITS AVAILABLE TO RESIDENT SHAREHOLDERS

1. As per the provisions of Section 10(34) of the IT Act, any income by way of dividends referred to in Section 115-O (i.e. dividends declared, distributed or paid on or after 1 April, 2003) received from a domestic company is exempt from income tax in the hands of shareholders.
2. As per the provisions of Section 10(38) of the IT Act, long term capital gains arising on sale of equity shares in the Company would be exempt from tax where the sale transaction has been entered into on a recognized stock exchange of India and is liable to securities transaction tax.
3. Section 48 of the IT Act, which prescribes the mode of computation of capital gains, provides for deduction of cost of acquisition / improvement and expenses incurred wholly and exclusively in connection with the transfer of a capital asset, from the sale consideration to arrive at the amount of capital gains. However, in respect of long term capital gains (if shares are held for a period exceeding 12 months) from transfer of shares of Indian Company, it permits substitution of cost of acquisition / improvement with the indexed cost of acquisition / improvement, which adjusts the cost of acquisition/ improvement by a cost inflation index, as prescribed from time to time.
4. As per the provisions of Section 112 of the IT Act, long term capital gains (which are not exempt under Section 10(38) of the IT Act) arising on transfer of shares in the Company would be subject to tax at a rate of 20 per cent (plus applicable surcharge and education cess) after indexation. However, such tax on long term capital gains resulting on transfer of listed securities shall be restricted to 10 per cent without indexation, at the option of the shareholder.
5. As per the provisions of Section 111A of the IT Act, short-term capital gains arising from sale of an equity share in the Company would be taxable at a rate of 10 per cent (plus applicable surcharge and education cess) where such transaction of sale is entered on a recognized stock exchange in India and is liable to securities transaction tax.

6. As per the provisions of Section 54EC of the IT Act and subject to the conditions and to the extent specified therein, long-term capital gains (which are not exempt under Section 10(38) of the IT Act) would be exempt from tax to the extent such capital gains are invested in long term specified assets within 6 months from the date of such transfer in the bonds issued by:
 - a. National Highway Authority of India constituted under Section 3 of The National Highway Authority of India Act, 1988;
 - b. Rural Electrification Corporation Limited, the company formed and registered under the Companies Act, 1956;

If only part of the capital gain is so reinvested, exemption available shall be in the same proportion as the cost of long term specified assets bears to the whole of the capital gain. However, in case the long term specified asset is transferred or converted into money within three years from the date of its acquisition, the amount so exempted shall be chargeable to tax during the year such transfer or conversion into money takes place.

Investments in such specified assets to avail exemption under Section 54EC, on or after 1-4-2007 will not exceed Rs. 50 lacs in a financial year.

7. As per the provisions of Section 54F of the IT Act and subject to the conditions specified therein, long term capital gains which are not exempt from tax under Section 10(38) of the IT Act arising to an individual or a Hindu Undivided Family ('HUF') on transfer of shares of the Company will be exempt from capital gains tax, if the sale proceeds from transfer of such shares are used for purchase of residential house property within a period of 1 year before or 2 years after the date on which the transfer took place or for construction of residential house property within a period of 3 years after the date of such transfer.
8. As per provisions of Section 88E of the IT Act and subject to conditions specified therein where the total income of a person includes income chargeable under the head "Profits and gains of business or profession" arising from purchase or sale of an equity share in a company entered into in a recognized stock exchange, i.e. from taxable securities transactions, he shall get deduction equal to the securities transaction tax paid by him in the course of his business. Such deduction is to be allowed from the amount of income tax in respect of such transactions calculated by applying average rate of income tax on such income.

III. BENEFITS AVAILABLE TO MUTUAL FUNDS

As per the provisions of Section 10(23D) of the IT Act, Mutual Funds registered under the Securities and Exchange Board of India or Mutual Funds set up by Public Sector Banks or Public Financial Institutions or authorized by the Reserve Bank of India and subject to the conditions specified therein, would be eligible for exemption from income tax on their income.

IV. BENEFITS AVAILABLE TO FOREIGN INSTITUTIONAL INVESTORS ('FIIS')

1. As per the provisions of Section 10(34) of the IT Act, dividend income (referred to in Section 115-O of the IT Act) would be exempt from tax in the hands of the shareholders of the Company.
2. As per the provisions of Section 10(38) of the IT Act, long term capital gains arising on transfer of equity shares in the Company would be exempt from tax where the sale transaction has been entered into on a recognized stock exchange of India and is liable to securities transaction tax.
3. As per the provisions of Section 54EC of the IT Act and subject to the conditions and to the extent specified therein, long-term capital gains which are not exempt under Section 10(38) of the IT Act would be exempt from tax to the extent such capital gains are invested in long term specified assets within 6 months from the date of such transfer in the bonds issued by:
 - a. National Highway Authority of India constituted under Section 3 of The National Highway Authority of India Act, 1988;
 - b. Rural Electrification Corporation Limited, the company formed and registered under the Companies Act, 1956;

If only part of the capital gain is so reinvested, exemption available shall be in the same proportion as the cost of long term specified assets bears to the whole of the capital gain. However, in case the long term specified asset is transferred or converted into money within three years from the date of its acquisition, the amount so exempted shall be chargeable to tax during the year of such transfer or conversion into money takes place.

Investments in such specified assets to avail exemption under Section 54EC, on or after 1-4-2007 will not exceed Rs. 50 lacs in a financial year.

4. As per the provisions of Section 111A of the IT Act, short-term capital gains arising from transfer of equity share in the Company would be taxable at a concessional rate of 10 per cent (plus applicable surcharge and education cess) where such transaction of sale is entered on a recognized stock exchange in India and is liable to securities transaction tax.
5. As per the provisions of Section 115AD of the IT Act, income of FIIs arising from securities (other than income by way of dividends referred to in Section 115O of the IT Act) would be taxed at concessional rates, as follows:

Nature of income	Rate of tax (%)
Income in respect of securities	20
Long term capital gains	10
Short term capital gains (Other than short term capital gain referred to in Section 111A)	30

The above tax rates would be increased by the applicable surcharge and education cess. The benefits of indexation and foreign currency fluctuation protection as provided under Section 48 of the IT Act are not available to an FII.

Under Section 115AD (1)(ii) of the IT Act, short term capital gains on transfer of securities shall be chargeable @ 30% and 10% (where such transaction of sale is entered on a recognized stock exchange in India and is liable to securities transaction tax). The above rates are to be increased by applicable surcharge and education cess.

Under Section 115AD(1)(iii) of the IT Act, income by way of long term capital gain arising from the transfer of shares (in cases not covered under Section 10(38) of the Act) held in the company will be taxable @10% (plus applicable surcharge and education cess).

6. As per provisions of Section 88E of the IT Act and subject to conditions specified therein, where the total income of a person includes income chargeable under the head "Profits and gains of business or profession" arising from purchase or sale of an equity share in a company entered into in a recognized stock exchange, i.e. from taxable securities transactions, he shall get deduction equal to the securities transaction tax paid by him in the course of his business. Such deduction is to be allowed from the amount of income tax in respect of such transactions calculated by applying average rate of income tax on such income.

V. BENEFITS AVAILABLE TO VENTURE CAPITAL COMPANIES/ FUNDS

As per the provisions of Section 10(23FB) of the IT Act, any income of Venture Capital companies/ funds (set up to raise funds for investment in venture capital undertaking registered and notified in this behalf) registered with the Securities and Exchange Board of India would be exempt from income tax, subject to conditions specified therein.

VI. BENEFITS AVAILABLE TO NON-RESIDENTS/ NON-RESIDENT INDIAN SHAREHOLDERS (OTHER THAN MUTUAL FUNDS, FIIS AND FOREIGN VENTURE CAPITAL INVESTORS)

1. As per the provisions of Section 10(34) of the IT Act, any income by way of dividends referred to in Section 115-O (i.e. dividends declared, distributed or paid on or after 1 April, 2003) received on the shares of any company is exempted from the tax.

2. As per the provisions of Section 10(38) of the IT Act, long-term capital gains arising on transfer of equity shares in the Company would be exempt from tax provided the transaction of sale has been entered through a recognized stock exchange and such transaction is chargeable to securities transaction tax.
3. In terms of first proviso to Section 48 of the IT Act, in case of a non-resident, while computing the capital gains arising from transfer of shares in or debentures of the Company acquired in convertible foreign exchange (as per exchange control regulations) protection is provided from fluctuations in the value of rupee in terms of foreign currency in which the original investment was made. Cost indexation benefits will not be available in such a case.
4. As per the provisions of Section 54EC of the IT Act and subject to the conditions and to the extent specified therein, long-term capital gains (which are not exempt under Section 10(38) of the IT Act) would be exempt from tax to the extent such capital gains are invested in long term specified assets within 6 months from the date of such transfer in the bonds issued by:
 - a. National Highway Authority of India constituted under Section 3 of The National Highway Authority of India Act, 1988;
 - b. Rural Electrification Corporation Limited, the company formed and registered under the Companies Act, 1956;

If only part of the capital gain is so reinvested, exemption available shall be in the same proportion as the cost of long term specified assets bears to the whole of the capital gain. However, in case the long term specified asset is transferred or converted into money within three years from the date of its acquisition, the amount so exempted shall be chargeable to tax during the year such transfer or conversion into money takes place.

Investments in such specified assets to avail exemption under Section 54EC, on or after 1-4-2007 will not exceed Rs. 50 lacs in a financial year.

5. As per the provisions of Section 54F of the IT Act and subject to the conditions specified therein, long term capital gains (which are not exempt under Section 10(38) of the IT Act) arising to an individual or a Hindu Undivided Family ('HUF') on transfer of shares of the Company will be exempt from capital gains tax if, the sale proceeds from such shares are used for purchase of residential house property within a period of 1 year before or 2 years after the date on which the transfer took place or for construction of residential house property within a period of 3 years after the date of such transfer.
6. Under Section 111A of the IT Act, short-term capital gains arising from sale of an equity share in the Company would be taxable at a concessional rate of 10 per cent (plus applicable surcharge and education cess) where such transaction of sale is entered on a recognized stock exchange in India and is liable to securities transaction tax.
7. As per the provisions of Section 112 of the IT Act, long term gains as computed above (which are not exempt under Section 10(38) of the IT Act) would be subject to tax at a rate of 20 per cent (plus applicable surcharge and education cess). However, as per the proviso to Section 112(1), if the tax on long term capital gains resulting on transfer of listed securities or units, calculated at the rate of 20 percent with indexation benefit exceeds the tax on long term gains computed at the rate of 10 per cent without indexation benefit, then such gains are chargeable to tax at a concessional rate of 10 percent (plus applicable surcharge and education cess).
8. As per provisions of Section 88E of the IT Act and subject to conditions specified therein, where the total income of a person includes income chargeable under the head "Profits and gains of business or profession" arising from purchase or sale of an equity share in a company entered into in a recognized stock exchange, i.e. from taxable securities transactions, he shall get deduction equal to the securities transaction tax paid by him in the course of his business. Such deduction is to be allowed from the amount of income tax in respect of such transactions calculated by applying average rate of income tax on such income.
9. Where shares of the Company have been subscribed in convertible foreign exchange, Non- Resident Indians (i.e. an individual being a citizen of India or person of Indian origin who is not a resident) have the option of being governed by the provisions of Chapter XII-A of the IT Act, which inter alia entitles them to the following benefits:

Under Section 115E of the IT Act, where the total income of a non-resident Indian includes any income from investment or income from capital gains of an asset other than a specified asset, such income shall be taxed at a concessional rate of 20 per cent (plus applicable surcharge and education cess). Also, where shares in the company are subscribed for in convertible foreign exchange by a Non-Resident Indian, long term capital gains arising to the non-resident Indian shall be taxed at a concessional rate of 10 per cent (plus applicable surcharge and education cess). The benefit of indexation of cost and the protection against risk of foreign exchange fluctuation would not be available.

Under Section 115F of the IT Act, long-term capital gains arising to a Non-Resident Indian from transfer of shares of the Company, subscribed in convertible foreign exchange, shall be exempt from income tax, if the entire net consideration is reinvested in specified assets/ saving certificates within 6 months of the date of transfer. Where only a part of the net consideration is so reinvested, the exemption shall be proportionately reduced. The amount so exempted shall be chargeable to tax subsequently, if the specified assets/ saving certificates are transferred or converted into money within 3 years from the date of their acquisition.

Under Section 115G of the IT Act, it shall not be necessary for a Non-Resident Indian to furnish his return of income if his only source of income is investment income or long term capital gains or both, arising out of assets acquired, purchased or subscribed in convertible foreign exchange and tax has been deducted at source from such income as per the provisions of Chapter XVII-B of the IT Act.

Under Section 115I of the IT Act, a Non-Resident Indian may elect not to be governed by the foregoing provisions for any assessment year by furnishing his return of income for that assessment year under Section 139 of the IT Act, declaring therein that the provisions of Chapter XII-A shall not apply to him for that assessment year and accordingly his total income for that assessment year will be computed in accordance with the other provisions of the IT Act.

BENEFITS AVAILABLE UNDER THE WEALTH TAX ACT, 1957

Asset as defined under Section 2(ea) of the Wealth Tax Act, 1957 does not include shares in companies and hence, shares of the Company held by the shareholders would not be liable to wealth tax.

BENEFITS AVAILABLE UNDER THE GIFT-TAX ACT

Gift tax is not leviable in respect of any gifts made on or after 1st October, 1998. Therefore, any gift of shares of the Company will not attract Gift tax.

Note:

- All the above benefits are as per current tax laws.
- This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences, the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the issue.
- In respect of non-residents, the tax rates and the consequent taxation mentioned above shall be further subject to any benefits available under the Double Taxation Avoidance Agreement, if any, between India and the country in which the non-resident has fiscal domicile.

The above Statement of Possible Direct Tax Benefits sets out the possible tax benefits available to the Company and its shareholders under the current tax laws presently in force in India. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant tax laws.

SECTION V-ABOUT THE COMPANY

INDUSTRY OVERVIEW

The Cable industry in India has an enormous reach today. As per industry estimates, there are 120 million TV homes in the country. Of this 71 million are served by cable TV network, about 6 million by DTH and rest by terrestrial TV. Apart from some ground-based channels, there are, at present, about 225 Satellite channels registered under Up-linking/Downloading Guidelines of Govt. of India.

Apart from terrestrial network of Doordarshan (a public sector Broadcaster) and newly emerging technologies like IPTV etc, there are at present basically two delivery platforms available for distribution of TV channels to subscriber's viz. cable distribution network and Direct-to-Home (DTH) service. The distribution chain in cable TV industry for delivery of Channels to subscribers consists Broadcasters, Multi System Operators (MSOs) and Local Cable Operators (LCOs). In DTH, the broadcasters and DTH operators are two players in the distribution chain.

The penetration of cable TV homes has moved to 71 million in 2007 over a period of 16-17 years. The phenomenal growth of cable TV network in absence of well directed regulatory framework has led to problems of lack of transparency, determination of actual number of cable connections, monopoly in the last mile cable operations, vertical integration at higher levels of distribution chain and a highly fragmented state at the lower level of the same. Non-addressability is the main reason for controversy over actual number of TV homes. This has led to a situation, where disputes are rampant, revenues are uncertain and investments for up-gradation are not forthcoming.

The first effort in real sense to regulate the cable TV sectors started with Cable Television Networks (Regulation) Act 1995. Telecom Regulatory Authority of India (TRAI) was entrusted with the responsibility to regulate broadcasting and cable services in January 2004. TRAI has since then taken a number of initiatives for regulating the sector. The key measures taken by TRAI are the following:

- ✎ Comprehensive recommendation to GOI on issues relating to broadcasting and distribution of TV channels.
- ✎ Protecting consumer interest and minimizing disputes among the service providers by pegging tariff for cable services to a reference date i.e., 26.12.2003.
- ✎ Promoted competition through the notification on regulation of interconnection issues, which inter-alia provided for making signals available on non-discriminatory basis.
- ✎ Recommendation to GOI to facilitate the participation of private sector in Terrestrial Television.
- ✎ Recommendation to GOI on Digitalisation of Cable services.
- ✎ Regulatory framework for the Cable services in Conditional Access System (CAS) Notified areas in the form of Tariff dispensation for pay channels, basic service tier and supply of Set Top Boxes.
- ✎ Regulatory framework for providing Television viewing through IPTV. This is a system where Television content is provided through Internet Protocol and user can also avail Internet services.

What is CAS or Addressable System?

CAS or Addressable System is a description normally used for a set of hardware devices (including a Set Top Box) and connected software used at different stages of distribution of a TV channel through which normally the Pay Channels are transmitted in encrypted form. The subscriber will pay for those Pay Channels, which he or she has chosen to view in such a system and is given an authorization for the same by MSO who owns the CAS network. In this business set-up MSOs are often assisted by LCOs. Under a Non CAS or Non Addressable System, the pay channels are sent in unencrypted form and subscriber will not have any option to choose a pay channel of his choice and pay for that only.

Conditional Access System or Addressable System signifies that a subscriber is identifiable. The MSO and the Broadcaster will know the exact number of subscribers of a pay channel or a bouquet of pay channels and the amount that is due from the subscribers.

"CAS area" means area or areas, in which in terms of notification issued by GOI under The Cable Networks (Regulation) Act 1995, it is obligatory for every MSO/cable operator to transmit or re-transmit programmes of any pay channel through an Addressable System from a specified date. This in effect means that the pay channels in that area will be

encrypted and for viewing the said pay channels in such area, a subscriber will have to have a Set Top Box. A complete list of these notified areas is available on TRAI's website, www.trai.gov.in.

Need for Digitalization of Cable TV

Over the last few years, the number of channels being offered on Cable Television has rapidly multiplied. Capacity of Cable networks has although gone up, they are not able to cope up with the demand for space from new channels. At many locations, it is reported that number of channels being demanded are far more than the maximum that can be carried with the existing analogue system. Digital transmission offers a number of advantages over analogue broadcasting and therefore is a growth driver. The advantages include better reception quality, increased channel carrying capacity, new features such as programme guides, etc and potential to provide triple play: voice, Video and data. Much of the Television production use digital technology. DTH service platform is in digital format. The Broadband based IPTV, which also in digital format, is expected to give an enhanced level of competition to other platforms of delivery. Thus digital technology in cable television in above background is inevitable and has to happen if the cable medium as a platform for distribution of signals has to compete with other delivery platforms. There is a cost attached to moving to the digital platform. Consumers have to invest in digital set top boxes or digital television. Most advanced countries in the world have provided a launch date as well as a sunset date.

Recently, CAS has rolled out in some parts of Delhi, Mumbai and Kolkata. Earlier, in Chennai, the MSOs have also put in place the digital headends to meet the demands of CAS. A group on Digitalisation and Voluntary CAS constituted by TRAI has recently submitted a report emphasizing the need to push CAS in 55 more cities apart from four metros and time for roll out of CAS in these cities have been laid out. If this is to be achieved, then it would require setting up of digital headends by each MSO separately for each city or for a group of neighbouring cities. The Government's next plan is to introduce CAS in the remaining parts of Delhi, Mumbai and Kolkata. TRAI has proposed a three-phase rollout of CAS in 55 cities between June 2008 and June 2011. The first phase will begin from June 1, 2008 and cover 19 cities like Jaipur, Hyderabad, Bangalore, Noida, Navi Mumbai and Gurgaon. The second and third phase will be effective from June 2009 and June 2010 respectively and cover 18 cities each. Introduction of CAS in Agra has been planned by TRAI in the 2nd phase of rollout of CAS as mentioned above.

Headend In the Sky (HITS) is another platform to distribute the signals straight to the cable operators to meet the requirement of CAS in consumer interest. This has advantage of spreading CAS and digitalisation throughout the country at one go because of country-wide footprints of HITS. Recently, Ministry of Information and Broadcasting of GOI has asked TRAI to formulate and recommend the policy guidelines for HITS operations.

Introduction of CAS has following benefits to the consumer:

- ✓ The freedom to choose individual channel.
- ✓ Customers may opt out of channels they do not wish to view.
- ✓ Tariffs are fixed and regulated by TRAI.
- ✓ Common rates for customers in all areas.
- ✓ After CAS the rate increase by pay channels will be lower.
- ✓ New pay channels can be launched without burdening all consumers.
- ✓ Some of the pay channels may go free in the times to come.
- ✓ Using authorized Set Top Boxes only can a subscriber receive these pay channels.
- ✓ A channel that increases its subscription charges unreasonably will get unsubscribed.
- ✓ Quality of channels will also increase in order to attract subscription.

CAS will therefore empower consumer and provide him with:

- ✓ The ability to budget his cable bill.
- ✓ International quality TV viewing experience.
- ✓ DVD quality picture and stereophonic sound.
- ✓ Electronic programming guide at no extra cost.
- ✓ Parental lock facility.
- ✓ Interactive Gaming facility.
- ✓ Expanded Channel Capacity up to 500 channels.
- ✓ Consistent picture quality across all channels.

- ✍ Approach and make complaints against any operator / broadcaster to TRAI, if required.

According to TRAI, there are around 6000 MSOs across India, who are catering to the need of around 60000 Cable operators in the country, who in turn are transmitting the TV signals to about 71 million cable TV subscribers.

As per a recent SSKI Report of June 2007, the Industry numbers game is as follows:

- ✍ India has over 40,000 last mile operators reaching out to 68 million households.
- ✍ 80% of LCOs have an average of 400-500 subscribers each.
- ✍ Under-declaration by LCOs is as high as 85%; less than 10 million subscribers out of 68 million households are actually reported.
- ✍ Broadcasters receive 14-17% of total subscription revenues collected, while MSOs make 4-6% and LCOs garner 76-80%
- ✍ Advertising is the key revenue stream (75-90%) for Broadcasters owing to a poor pay revenue model.
- ✍ Zee, Star and Sony earn 25-30% of their revenues through pay stream; niche broadcasters like TV18 and Ten Sports generate less than 20% of their total revenues through subscription route.

Introduction of CAS in Cable TV viewing would bring in transparency and thereafter all industry chain intermediates i.e. Broadcasters, MSOs and LCOs would be able to share the revenues in a fair manner.

Various industry experts feel that as more DTH players enter the market, competition will increase, driving down STB prices and leading to significant growth in CAS penetration. This will give the consumer/viewer the necessary incentive to voluntarily opt for digital cable. This effect is similar to what has been experienced in Telecom industry in India over the last few years.

Penetration of CAS has already reached about 31% in Metro cities where CAS has been notified. About 5.5 Lakh consumers own STBs in these cities. Industry sources point out that one reason for low penetration/adoption of CAS is that most MSOs have not yet invested adequately in Headends and STBs required for Digitalisation of cable TV operations. When MSOs invest adequately in setting up the required system, LCOs will have no choice but to join the system, bringing the transparency to the advantage of MSOs, Broadcasters as well as consumers.

What is IPTV?

IPTV stands for Internet Protocol Television. This is a system where interactive digital video including television services are delivered using Internet Protocol (IP) over a network infrastructure, which may include delivery by a broadband connection. This technology enables the user to access Internet and IP delivered television content, including broadcast channels. IPTV is not connected to the Internet and therefore there are no download charges.

IPTV provides interactive video over managed platform with strictly maintained quality of service parameters. Therefore IPTV gives an unmatched experience to the viewer. IPTV is distinctly different from Internet Video that simply allows users to watch videos over internet with no end-to-end service management.

Contrary to the traditional method of current terrestrial broadcast television, IPTV removes the fixed television schedule. IPTV enables viewing Television programmes of one's choice, whenever an individual consumer demands it. Broadband service is critical for success of IPTV. Broadband services are growing in India at more than 13% year-on-year. India is all set to become the largest addressable "pay TV" market by 2015.

How does IPTV service function?

There are three main components for delivering this service:

1. Head End – where the content like Broadcasted channels, games, Time shifted TV, etc. are encoded, stored and streaming.
2. Delivery Network – using Optical Fibre Network having Multi Protocol Switching system.
3. Set Top Box (STB) – This is required at the customer location to convert the IP signal back to TV signal.

IPTV Services and Features

- ✍ Satellite Broadcast Channels
- ✍ Instant and Interactive
- ✍ Conditional Access System
- ✍ Video on Demand

- ✓ Time Shifted TV (TSTV)
- ✓ Interactive Gaming
- ✓ Remote Surveillance

Subscriber's Tariff under CAS

TRAI has fixed the tariff to be charged to the subscribers availing "Pay Channels" broadcasting. "Pay channel" means a channel for which fees is to be paid to the Broadcaster and which would require the use of an addressable system (a set top box) attached with the TV set of a subscriber in CAS notified area.

Broadcasters get their payment from MSOs, out of subscriber revenue collected by them. According to the present tariff, company can charge following fees from the subscribers in the notified area:

Subscribers will pay maximum Rs. 5 per Pay channel (excluding taxes) per month to the service providers (MSO). He is free to choose the channels as per his choice. Broadcasters can fix the MRP of their channels within this ceiling.

Free-to Air (FTA) Channels means a channel for which no fees is to be paid to the Broadcaster and which would not require the use of Set Top Box for viewing such channels. At present there are about 60 FTA channels are in operation. TRAI has fixed that maximum amount that a MSO can demand for minimum package of 30 FTA channels is Rs.77 per month (excluding taxes) from each subscriber. Since the channels are carried through the distribution infrastructure created for transmission, a charge has to be paid for the same to the cable operator. This charge is known as "Basic Service Tier Charge". In case any additional FTA channels are offered over and above the prescribed minimum of 30 channels, no additional amount will be payable by the subscriber.

TRAI has provided for a Standard Tariff Package for supply of STBs. The package provides the every MSO/cable operator in CAS area shall compulsorily offer to the subscribers the following options as a standard tariff:

- ✓ Option –I: Rental of Rs. 30 p.m. + Refundable Security deposit of Rs. 999/-; and
- ✓ Option –II: Rental of Rs. 45 p.m. + Refundable Security deposit of Rs. 250/-.

If any subscriber has two TVs and wishes to watch TV programmes of Pay channels at a time on both TVs, than he has to install two STBs at his place.

No monthly rental will be payable after 5 years and STB will become property of the subscriber.

If any subscriber chooses to purchase and install own Set top box then in that case he will not be liable to pay any rent.

It would not be possible for the subscriber to receive and view Pay channels without subscribing to the FTA channels. However, one can view FTA channels without a STB on payment for a package of FTA channels i.e. Rs.77/- per month.

Revenue Sharing between Broadcasters and Cable operators

As per sharing arrangement notified by TRAI, 45% of Subscriber revenue will go to the Channel owner, 30% to the MSO and 25% to the LCO. In case subscriber is directly associated with MSO, no payment will then go to the LCO for such subscriber. In such a case MSO would be entitled to keep 55% of the revenue.

Revenue sharing arrangement for FTA channels fees will be only between MSO and LCO. In case of a direct Subscriber, MSO would keep the total amount of Rs. 77 per month being charged.

FDI Policy for Cable TV Industry

Indian Cable TV industry, at present, is allowed to avail Foreign Direct Investment (FDI) up to 49%. According to The Economic Times press report dated 20.11.2007 Govt. of India is set to allow 74% FDI in Cable TV services and Headend Sky in the Sky (HITS) – a satellite based system to distribute TV signals via cable – while also permitting 100% FDI in down-linking of general and entertainment channels uplinked from abroad. Raising the FDI limit in Cable industry to 74% is set to have huge implications. Major international Cable operators who have been eyeing India for a long time are



likely to enter the segment. As per the said press report, India's cable industry at present is in the hands of some 30,000 independent cable operators and 5,000 MSOs. More importantly, with cable operators already having last-mile infrastructure in place, the sector will finally be able to take on telecom companies and compete with them with regard to new technologies such as IPTV and Broadband. Cable operators offering broadband connectivity can tap the internet telephony market (called VoIP).

This can eat into revenues of telecom companies. Simply put, the customer will benefit the most as entry of foreign players will give Indian cable industry access to latest technology, which will lead to massive improvement in the quality of value-added-services like internet on cable, video on demand, etc. This would in effect give a boost to cable industry in getting more and more subscribers and in turn increase their revenues drastically.



BUSINESS OVERVIEW

Sea TV Network Ltd. (herein after referred to as "Sea TV") is an Agra (U.P) based company engaged in providing services of a Multi System Operator (MSO) to various Local Cable TV operators of Agra city. It was incorporated on 21.05.2004. The promoters of Sea TV are in this line of activity since about 15 years and are well conversant with the Cable TV industry.

Sea TV is one of the two existing MSOs in Agra City, the other being M/s Moon Network Private Limited.

Sea TV also has its own local channels, programmes of which are produced by its own production team. These local channels mainly focus on Agra city/U.P State news/events and information, which is more relevant to the city viewers. These channels are broadcasted free of charge to the TV subscribers of Sea TV.

Sea News: - It is a 24 hour News channel of Agra City. The focus is primarily on Local News from Agra City and other news from the state of Uttar Pradesh. This is the USP of this news channel, as such news content is not catered to by the National level news channels.

The entire operations of the news channel are managed in-house by our production team consisting of 41 employees. The news production involves the following steps:

- ✓ The information of the news is obtained by the news desk.
- ✓ The news desk in-charge then assigns the appropriate cameraman and news reporter to cover the news. The cameramen are equipped with 3CCD Digital Cameras and they cover the news item. The news is covered on DV cassettes and sent to the script writer in the office.
- ✓ The script writer then drafts a suitable news report and forwards it to the news editor who collates the write up with the visuals and voice over for the news item. The same is then recorded in the in-house news studio of the Company.
- ✓ The finished news item is then broadcasted over the network owned by the Company.

It is worth mentioning here that we do not require the assistance of any external agency for news production and broadcasting. Many programmes are telecast "Live" on this channel. Through these programmes the local populace can ask their questions on line and get the answers from the experts participating in the show.

Sea Jinvani: - This channel is dedicated to the followers of 'Jain Religion'. All type of religious programmes like Pravachan, Satsang, Short stories on the various Jain Tirth, Songs etc are telecast through this channel. The Company also has plans to launch this channel as a Satellite Channel as a part of the second phase of its expansion activities. It has been conceived to be an international channel based on Jainism, while at the same time giving due weightage to all other religious cultural events and religious practices of the people.

Sea TV:- On this channel we telecast local cultural programmes, sport meets, annual functions, various other programmes e.g "Kavi Sammelan" etc. Thus we are able to attract schools/colleges, Clubs, Hotels, Committees and provide them a local platform for their performances.

Sea Bhakti: It is 24 hour religious channel.

Besides these niche channels the Company also plays old Hindi Movies and Music on its local channels.

Expansion and Growth Initiatives of Sea TV

The company focuses on the cable distribution business and intends to emerge as a MSO with an All India presence, while working in consonance with the Broadcasters and the viewers as against the normal practice in the Industry of working as a rival to the Broadcasters.

Keeping in view the Industry scenario, Sea TV has decided to take following steps to increase and expand its business operations substantially within a year.

- ✎ Setting up complete Digital Headend and network for implementation of Conditional Access System (CAS).
- ✎ Setting up network for complete IPTV solution.
- ✎ Setting up of own cable distribution (underground optical fibre) network capable of digital transmission throughout Agra City and adjoining areas
- ✎ Setting up own 20 branch-offices in the city including in the adjoining areas with required infrastructure for receiving digital signals and re-transmitting the same without much value addition through co-axial cables to individual customers/subscribers.

The present Analog system of cable distribution has the following drawbacks:

- ✎ The number of channels cannot exceed 106.
- ✎ The picture quality is compromised on.
- ✎ The customers do not have the freedom to view the channels of their choice only.
- ✎ The customers have to be bound by the number of channels he can view depending upon the limitations imposed by his television set.

After the proposed Digital network is set up by SEA TV, all the aforesaid problems would be taken care of.

This would reduce our dependence on LCOs to a great extent. However, wherever necessary according to the local conditions, we would continue its business operations with LCOs in some of the areas of City, which may not be covered by our branch offices.

Each Branch office of the company will be equipped with required equipments to handle load of about 5000 subscriber connections. These offices will serve different parts of the city. Each office will be manned by a Branch Manager with 2 assistants and about 20 linemen. In other words, Sea TV plans to set-up complete infrastructure/facilities for providing TV Channels through Digital Transmission through Conditional Access System (CAS) using IPTV format in whole of Agra City and adjoining areas. CAS is a system through which one can control the delivery of channels to only those subscribers who demand and pay for such channels.

We would derive following advantages by adopting and setting up CAS technology using IPTV format:

- ✎ It would provide a transparent system where under-declaration of subscribers will not be possible for LCOs and the actual number of subscribers would be reflected.
- ✎ It would reduce dependence on LCOs.
- ✎ Increase in subscriber base will lead to increase in revenue from Advertisement and Carriage Fees
- ✎ Company's revenue would also increase from new stream of income i.e. rent of set-off Box to be installed by each subscriber

Challenges before the Company

Though IPTV is one step ahead of the existing technologies, still it faces a lot of challenges like poor last mile Broadband connectivity, low broadband penetration among masses, unclear and outdated regulatory norms specified for cable TV and regionalization of content. Further right now, the telecom sector and cable industry in India are involved in a slugfest over who can provide IPTV service. Not wanting to lose ground to telecom companies, the Cable industry is demanding the inclusion of IPTV under the Cable TV Act. Both segments see huge potential in IPTV over the near future and the fight is to grab a part of this pie.

Sea TV will have an upper edge over other cable operators in switching to IPTV technology as it would have its own underground optical fibre network in place, which is required for providing IPTV service to the subscribers.

Revenue Streams for the Company

Company would derive its revenue from following different streams after implementation of the project:

- ✎ Subscription Revenue – Direct Subscribers
- ✎ Subscription Revenue – Franchisees
- ✎ Set Top Box Rent
- ✎ Value Added services through IPTV Set-up
- ✎ Carriage Fees from Broadcasting Channels
- ✎ Optical Fibre Network Rental Income



✓ Advertisement / Time sales (on own Channels like Sea News, etc.)

We propose to install Optical Fibre Network with Optical Cable having 48 lines and we would reserve 33 lines for own use against the immediate requirement of 15 lines. We propose to give remaining 15 lines network on rent to third parties which would translate into an additional source of income for us.

Value Added Services Revenue could also be generated through our own Channels by providing services like Movie on demand, Inter-active Games, TV Competitions & Quiz, etc.

Technical & Media Operations as well Corporate Office functions of the company are presently being carried out from a rented property located at 148, Manas Nagar, Agra having constructed area of about 9000 sq. ft. It is not sufficient to accommodate the increasing business operations of the company. It is proposed to shift Corporate Office to the proposed new building.

Marketing and Selling Arrangements

The Promoters of Sea TV are already in this line of business i.e. Cable TV since about the last 15 years. Now SEA TV proposes to adopt latest technology i.e. IPTV for providing TV channels to its viewers. We already have a network of about 150 franchisees throughout Agra city. Therefore, we do not foresee any problem in the smooth implementation of the proposed project. Customers want quality and at present it is being compromised on due to the limitations of the analog medium of cable transmission. IPTV technology is customer friendly and is capable of providing many value added services. CAS as well as IPTV has been introduced in some of the Metro cities of India and customers have shown very good response in adopting the new version/technology as it has many advantages.

As we have our own TV channels, which are very popular in Agra city, it is proposed to make regular advertisements in these channels to educate the customers about the IPTV/CAS TV viewing and its benefits. We also plan to use print media regularly for marketing and advertising our products. Sea TV is an established MSO having established itself as a known Brand in Agra city. This would greatly benefit us in getting higher market share in the city.

Marketing team of the Company would also be strengthened appropriately by employing experienced professionals to market and sell the company's services.

KEY INDUSTRY REGULATIONS

In India, the Business of Broadcasting and Cable Services is regulated by the following laws:

- (a) Cable Television Networks Regulation Act, 1995 and the Cable Television Networks Rules, 1995 made thereunder.
- (b) Telecom Regulatory Authority of India Act, 1997 (TRAI Act) and the Telecommunication (Broadcasting and Cable Services) Interconnection Regulation, 2004; Register of Interconnect Agreements (Broadcasting & Cable Services) Regulation, 2004; and other Regulations/Orders issued thereunder.

Further, the Cable Operators in the State of Uttar Pradesh are also required to comply with the Uttar Pradesh Cinematograph (Regulation) Act, 1955 and Uttar Pradesh Cable Television Network (Exhibition) Rules, 1997.

Cable Television Networks (Regulation) Act, 1995

To regulate the operation of Cable Television network in the Country so as to bring about uniformity in their operations the Cable Television Networks (Regulation) Act, 1995 was enacted on March 25, 1995.

The said Act regulates the business of Broadcaster, Multi-System Operator (MSO) and Cable Operators. Under the Act, MSOs are also categorized as a class of cable operators. The said Act provides for a mandatory registration of the Cable Operators desiring to operate a Cable TV Network, with the Registering Authority namely "Head Post Master" of a Head Post Office of the area within whose territorial jurisdiction the office of the concerned Cable Operator is situated.

The said Act prohibits transmission or re-transmission of any programme unless such programme is in conformity with the prescribed Programme Code which prohibits carrying of such programmes which, inter alia, offends against good taste or decency; contains criticism of friendly countries; contains attack on religions or communities; contains anything obscene, defamatory; contains anything affecting the integrity of the Nation, etc.

The said Act also prohibits transmission or re-transmission of any advertisements unless such advertisements are in conformity with the prescribed Advertisement Code. It is laid down that advertising carried in the Cable Service shall be so designed as to conform to the laws of the Country and should not offend morality, decency and religious susceptibility of the Subscribers. It is further laid down that no advertisements shall be permitted which, inter alia, derides any race, caste, colour, creed and nationality; is against any provisions of the Constitution of India; tends to incite people to crime, cause disorder or violence or breach of law or glorifies violence or obscenity in any way; exploits the national emblem, etc.

The said Act was further amended with effect from December 31, 2002 to empower the Central Government to make it obligatory for every Cable Operator to transmit or re-transmit programme of any pay channels through an addressable system [**popularly known as Conditional Access System (CAS)**] with effect from date to be specified by the government from time to time in respect of a particular area, if the Central Government was satisfied that it is necessary in public interest to do so. Pursuant to the said powers, the Central Government issued a Notification dated 14.01.2003 making it obligatory for every Cable Operator to transmit / re-transmit programmes of every pay channels through an addressable system in Chennai Metropolitan area, Municipal Council of Greater Mumbai area, Kolkata Metropolitan area and National Capital Territory of Delhi within six months from 15th day of January, 2003. The issue of introduction of CAS has been mired with controversies and continued litigation and the dates of implementation of CAS have been deferred several times. In fact, on February 23, 2003 even TRAI chose to recommend, inter alia, that the introduction of CAS be kept in abeyance for at least three months. However, a Division Bench of the Delhi High Court has on 20.07.2006 directed the Central Government to implement CAS, pursuant where to the Government has notified implementation of CAS with effect from 01.01.2007.

TRAI Act - Cable and Broadcasting Sectors

The TRAI Act established the Telecom Regulatory Authority of India ("**TRAI**") and the Telecom Disputes Settlement and Appellate Tribunal ("**TDSAT**"). The TRAI and TDSAT are the regulatory and appellate bodies in India, which regulate telecommunication services and adjudicate disputes in relation thereto, respectively.

Under the TRAI Act, the TRAI is empowered to make recommendations to the Central Government or the entity empowered under the Telegraph Act to issue licenses in connection with matters such as the need and timing for introduction of new service providers, terms and conditions of licenses issued to service providers and the revocation of licenses for non-compliance with terms and conditions. The functions to be discharged by the TRAI include ensuring compliance with the terms and conditions of licenses, regulate revenue sharing arrangements among service providers and specifying the standards of quality of service to be provided by service providers.

Television broadcasting in India is governed by regulations which apply to the various stages of gathering, processing, uplinking, down-linking and accessing the television programming. In addition to the said legislation, the industry is also governed by an industry regulator.

Television broadcasting was brought under the ambit of the TRAI by classifying broadcasting and cable services as "telecommunications" on January 9, 2004, by the Government of India vide Notification No. 39 dated 09.01.2004 [S.O. 44(E)] notifying "broadcasting" and "cable" services to be "telecommunication services" under the TRAI Act. On the same day, the Government, by its Order being S.O. 45(E), also entrusted certain additional functions to TRAI in respect of broadcasting and cable services i.e.:

- (a) Broadcasting and Cable Services were brought within the purview of TRAI Act thereby extending the applicability of the relevant provisions of the TRAI Act to the said two services also;
- (b) the said amendment entrusted the above mentioned additional functions to TRAI; and
- (c) TDSAT was empowered to entertain disputes in Cable and Broadcasting Sectors also.

Policy Guidelines for Down-linking of Television Channels

Ministry of Information and Broadcasting, Government of India, has formulated policy guidelines dated November 11, 2005 ("**Downlinking Guidelines**") for downlinking all satellite television channels downlinked/received/transmitted and re-transmitted in India for public viewing. Pursuant to this Downlinking Guidelines no person/entity shall downlink a channel, which has not been registered by the Ministry of Information and Broadcasting under these Downlinking Guidelines. Henceforth, all persons/ entities providing Television Satellite Broadcasting Services (TV Channels) uplinked from other countries to viewers in India as well as any entity desirous of providing such a Television Satellite Broadcasting Service (TV Channel), receivable in India for public viewership, shall be required to obtain permission from Ministry of Information and Broadcasting, in accordance with the terms and conditions prescribed under these Downlinking Guidelines.

TRAI had also issued its 4th amendment dated 07.03.2006 to its 2nd Tariff Order, wherein it defined "ordinary subscriber" and "commercial subscriber". It fixed the rates prevailing as on 01.03.2006 as ceiling for the "commercial subscribers" except in cases of conversion from free to air to pay channel and new channels / bouquet(s).

Having been empowered to regulate Cable and Broadcasting Sectors, TRAI also issued, inter-alia, some significant Orders/Regulations, i.e.:

(I) TARIFF ORDER

Earlier since there was considerable uncertainty about different aspects of Conditional Access System regime and since there were no standard rates or conditions on which services were being provided by the Cable Operators to the Subscribers, TRAI intervened and notified that the charges payable by the Cable Subscribers to the Cable

Operators, by the Cable Operators to Multi-Service Operators and by Multi-Service Operators to Broadcasters, as prevailing on 26th December, 2003, shall be the ceilings, with respect to both free to air channels and pay channels, both for CAS and Non-CAS areas. Since the Government, in the Finance Bill, 2004, had proposed to increase the service tax and levy an educational cess on Cable services, TRAI amended its Tariff Order on 13.08.2004 and provided for the exclusion of Taxes from these "Charges". Keeping in view the inflation, TRAI allowed an increase of 7% over the said ceiling charges with effect from 01.01.2005 by its Tariff Order Amendment dated 01.12.2004.

Subsequently, clarifications were required as to the manner in which New Pay Channels could be priced and the impact on retail prices as also the impact of conversion of Free to Air Channels as on 26.12.2003 to Pay Channels. TRAI repealed its earlier Tariff Order and issued its second Tariff Order. While maintaining the earlier ceiling on Charges prevalent as on 26.12.2003, TRAI further provided that if any New Pay Channel(s) are introduced after 26.12.2003 or any Free to Air Channel as on 26.12.2003 are converted to pay channels subsequently, then the ceiling on charges can be extended. However, four pre-conditions were attached by TRAI. The ceiling on charges could be exceeded, if (a) the new channel(s) are provided on a stand alone basis either individually or as a part of a new separate bouquet; (b) that these new channel(s) are not included in the bouquet being provided on 26.12.2003; (c) that the extent to which the ceilings can be exceeded would be limited to the rates for the new channel(s); and (d) that the rates for these channel(s) must be similar to the rates of similar channel(s) as on 26.12.2003.

TRAI further laid down that in case the number of pay channel(s) that were being shown on 26.12.2003 are reduced, then the ceiling charges will have to be reduced taking into account the rates of similar channel(s) as on 26.12.2003.

Conversion of Free to Air Channel / Pay Channel

In the matter of conversion of a Free to Air channel / Pay Channel, the regulation now provides, inter alia, that:

- (a) the nature of any channel, i.e., Free to Air or Pay will normally remain the same for a period of one year.
- (b) Any broadcaster of a Free to Air channel intending to convert the channel into a Pay Channel or any broadcaster of a Pay channel intending to convert the channel into a Free to Air channel will inform TRAI and give public notice in the manner specified in cases of notice for disconnection but the period for this notice will be one month before the scheduled date of conversion.
- (c) Subsequently, TRAI has further provided that in determining the similarity of rates of similar channels the following factors shall be taken into account:
 - (i) the genre and language of the new pay or converted Free to Air to pay channel;
 - (ii) the range of price ascribed to the channel of similar genre and language in the price of a bouquet(s) and prices of bouquet(s) that existed as on 26.12.2003; and,
 - (iii) the range of prices of the individual channel of similar genre and language as existing in the cities where CAS is in existence.

A-La-Carte Pricing

There has been a long pending demand of some Operators that a-la-carte pricing of channels should be available so as to enable the Subscriber to choose the channels they wish to watch and pay for only so chosen channels. In this context, in case of CAS Areas, with effect from 31.12.2006, TRAI has mandated, inter alia, that:

- (a) the broadcaster must offer pay channels on a-la-carte basis to multi system operators;
- (b) the multi system operators must offer pay channels on a-la-carte basis to cable operators.

- (c) multi system operators / cable operators must offer pay channels on a-la-carte basis to the subscribers.
- (d) In addition to the a-la-carte offer, pay channels can also be offered in the form of bouquets.
- (e) TRAI has further fixed a ceiling of five rupees per pay channel per month payable (MRP) by a subscriber to multi system operator / cable operator. TRAI has mandated that the maximum retail price for a pay channel within this ceiling can be fixed by the broadcaster. However, in cases where the subscriber has opted for a pay channel for a period less than four months then the subscriber will have to pay the MRP of the concerned pay channel for four months. This ceiling on MRP is applicable to all the existing pay channels as well as to new pay channels. This power of TRAI to fix MRP has also been acknowledged by the Government in Rule 10 (3) of its Cable Television Networks (Second Amendment) Rules, 2006 dated 31.07.2006.
- (f) Also that the amounts payable by the MSOs to broadcasters and by cable operators to MSOs under the said order read with clauses 5.1, 5.2 and 5.3 of the aforesaid Interconnection Regulation (as amended on 24.8.2006) will not apply to non-CAS areas, to DTH operators or to any other distributor of TV channels.

(II) INTERCONNECT REGULATIONS

In the background that distribution of cable TV in India is characterized by a few dominant Broadcasters and large Multi System Operators (MSOs) and that some of these players have become even stronger as vertical integration has taken place and that last mile operations on the other hand are highly fragmented and therefore there are large disparities in the bargaining power of various players of the distribution chain, **TRAI issued its 'Telecommunication (Broadcasting and Cable Services) Interconnection Regulation, 2004' dated 10.12.2004, which lays down, inter alia,:**

- (a) **Must provide Clause** – Every Broadcaster has to provide its TV channels on non-discriminatory terms to all distributors of TV channels. It also provides that System Operators will also re-transmit signals received from a Broadcaster, on a non-discriminatory basis to Cable Operators.
- (b) **No unreasonable terms** – TRAI has further laid down that any imposition of terms, which are unreasonable, shall be deemed to constitute a denial of request for channels. Though supply of signals is mandated under the Regulation on reasonable terms, the Regulation does not stipulate what that reasonable term should be. Therefore, TDSAT has held that if a dispute arises between two contracting parties with regard to reasonableness of a term then in that case, the reasonableness of the term has to be decided by an authorised forum like TDSAT and not by any single party to the contract.
- (c) **Standard Agreement** – Time and again, issues have arisen in respect to reasonableness of the terms of the Subscription Agreements. This issue was raised in a Petition, where TDSAT was pleased to observe that most of the issues regarding unreasonableness of the terms should first be dealt with by the TRAI.

In this regard, TRAI has recently issued a Regulation, which provides, inter alia, that all broadcasters, multi system operators and cable operators should mutually negotiate and finalise their interconnection agreements in respect of CAS Areas and in case they are not able to arrive at a mutually acceptable interconnection agreement within a time-period to be specified by TRAI through a direction, then they will have to enter into interconnection agreements in terms of the specified standard interconnection agreements within a time period to be specified by TRAI.

TRAI has however clarified that if the service providers have already entered into mutually acceptable interconnection agreements by the date specified in the direction issued by TRAI, then they need not sign standard interconnection agreements.

TRAI has further clarified that those service providers, who have a pre-existing interconnection agreement as on the date of issue of the said regulation, will also have the option, after the expiry of their existing agreement, to either enter into a mutually acceptable interconnection agreement, or failing which to enter into interconnection agreements as per the specified standard agreements.

The abovementioned Standard Agreement provides, inter alia, that the Subscription amount will be shared between the Broadcasters, MSOs and LCOs in the ratio of 45%, 30% and 25% (excluding FTA Charges and Channel Placement Fee - the former will be retained by the Local Cable Operator and the latter will be retained by the Multi System Operator).

- (d) **Finalising Subscriber Base in Non-CAS Areas** – Numerous controversies have arisen, time and again, with respect to increase in the monthly subscription charges owing to, inter alia, changes in the subscriber base of the MSO's and the LCO's; and in order to put some regulation in place on these issues, TRAI has recently provided for the methodology of accounting for such increases in non CAS areas in various situations.
- (e) **Reference Interconnect Offers (RIO)** - In case of non-CAS Areas, TRAI has further provided for issuance of a Reference Interconnect Offers (RIO) by all Broadcasters. It has provided that all broadcasters should submit copies of their RIO within 90 days of issue of the said Regulation, describing, inter-alia, the technical and commercial conditions for interconnection for non-addressable systems to TRAI. The broadcasters will publish the same and a copy of the RIO should also be put up on their websites after the terms and conditions of the draft reference interconnect offer are submitted to TRAI. Further that the RIO so published by the broadcaster will form the basis for all interconnection agreements to be executed thereafter. TRAI has also provided that a published RIO may undergo any change only after prior intimation to TRAI. TRAI has mandated that Interconnection agreements should be entered in to by all broadcasters based on the RIO so published, provided that by mutual agreement, the parties concerned may modify and/or add to the terms and conditions stipulated in the published RIO for entering into an individualised agreement.
- (f) **Minimum Guarantee** – TRAI has also dealt with the subject of Minimum Guarantee. In its Interconnect Regulation TRAI provides that where a distributor of TV channels uses a technology by which pay channels can be seen only through an addressable system, then no service provider will demand any minimum guaranteed amount from such a distributor.
- (g) **No Exclusive Contract** - TRAI has also mandated that no Broadcaster of TV channels should engage in any practice or activity or enter into any understanding or arrangement, including Exclusive Contracts with any distributor of TV channels that prevents any other distributor of TV channels from obtaining such TV channels for distribution.

On the subject of exclusivity, TDSAT has had the occasion of considering the subject in STAR INDIA (P) LTD. Vs. Sea TV Network Ltd. & Anr. (CA No. 5524 of 2005, SC), wherein the Tribunal has held, inter-alia, that:

- (i) an agent or intermediary is a person who supplies TV channels of a broadcaster or a MSO, to a distributor of TV channels and therefore a distributor can not be an agent because he is the one who receives signals from the agent;
- (ii) any person who is re-transmitting TV channels to general public either directly or indirectly is a distributor and that it includes among others an MSO also. Therefore, since a distributor cannot be an agent and that a distributor includes an MSO; by the same logic even an MSO cannot be an agent;
- (iii) the definitions of the distributor and MSO show that both of them are placed in the same platform in the hierarchy of players in the cable sector and both can only receive signals of the broadcaster's channels either directly or through an agent of the broadcaster and they cannot be an authorized agent of the broadcaster;
- (iv) therefore, keeping in mind the fact that the definition of distributor includes an MSO it is not open to a Broadcaster to appoint any distributor or MSO, as an exclusive agent and if done it would run counter to the prohibition of exclusivity contemplated in clause 3.1 of the Regulation.

Thus, the Tribunal has held that any Operator, who is providing signals to subscribers, either directly or indirectly, cannot be the exclusive agent of the Broadcaster for offering the same signals to other Operators.

- (h) **Period for Renewal of Existing Agreements** – With respect to time period for renewal of the existing agreements, the regulations now provide, inter alia, that:
- (i) Parties will start the process of negotiations for renewal of existing agreement at least two months before the due date of expiry of the existing agreement.
 - (ii) If the negotiations for renewal of the interconnection agreement continue beyond the due date of expiry of the existing agreement then the terms and conditions of the existing agreement will continue to apply till a new agreement is reached or for the next three months from the date of expiry of the original agreement, whichever is earlier. But once the parties reach an agreement, the new commercial terms will become applicable from the date of expiry of the original agreement.
 - (iii) And if the parties are not able to arrive at a mutually acceptable new agreement, then any party may disconnect the retransmission of TV channel signals at any time after the expiry of the original agreement after giving a three weeks notice in the manner specified in case of other disconnections. And that the commercial terms of the original agreement will apply till the date of disconnection of signals.
- (i) **No Disconnection Without Notice** – It is mandatory for a broadcaster or multi system operator to give three weeks prior notice to a distributor of TV channels before disconnecting the TV channel signals clearly giving the reasons for the proposed action. Such a notice is required to be given before disconnection of signals to a distributor of TV channels, if there was an agreement, written or oral, permitting the distribution of the broadcasting service, which has expired due to efflux of time. However, no notice is required if there is no agreement, written or oral, permitting the distribution of the signals. Similarly, it is mandatory for a distributor of TV channels also to give three weeks prior notice before disconnecting the re-transmission of any TV channel to the broadcaster or multi system operator clearly giving the reasons for the proposed action.

The Regulation further provides that in addition to the above notice, the broadcaster / multi system operator / distributor of TV channels will also inform the consumers about such dispute to enable them to protect their interests. Such a notice will give reasons in brief for the disconnection. Further, that the said notice to disconnect signals will have to be given in two local newspapers out of which at least one notice will be given in local language in a newspaper which is published in the local language, in case the distributor of TV channels is operating in one district and in two national newspapers in case the distributor of TV channels is providing services in more than one district. The period of three weeks mentioned in all the above cases will start from the date of publication of the notice in the newspapers or the date of service of the notice on the service provider, whichever is later.

Under the Interconnect Regulations the Broadcasters, MSOs and Cable Operators are required to register following the detailed guidelines issued by the TRAI on the various issues. Further, in a non-addressable system (Non-CAS Area), MSO are required to file a list of cable operators along with their subscriber base to the broadcaster on a monthly basis and to maintain a register of subscribers containing the names of the subscriber, address, monthly fee charged and number of channels received which shall be open for inspection to the Authorised Officer whenever he considers it expedient to inspect such register to find out if there has been a violation of any regulation.

TRAI has also prescribed the Register of Interconnect Agreements (Broadcasting & Cable Services) Regulations, 2004, wherein all the agreements between the Broadcaster, MOS, and Cable Operators are required to be registered with the TRAI/Authorized Officer.

The Uttar Pradesh Cable Television Network (Exhibition) Rules, 1997



To regulate the recovery of entertainment tax in the state of Uttar Pradesh, the Government of State of Uttar Pradesh has enacted the Uttar Pradesh Cable Television Network (Exhibition) Rules, 1997 on 24.09.1997, in exercise of its powers under section 38(1) of the Uttar Pradesh Entertainment and Betting Tax Act, 1979.

This Act provides for a mandatory registration of the Cable Operators desiring to operate a Cable TV Network, with the Registering Authority namely District Magistrate of the area within whose territorial jurisdiction the office of the concerned Cable Operator is situated.

This Act requires the Companies to make the following compliance:

- (a) Issue of registration card to subscribers in the form attested by District Entertainment Officer;
- (b) Intimation to District Magistrate regarding monthly rate charged from a subscriber, number of cable connection given, etc.;
- (c) Preparation and maintenance of register and statements in prescribed form 4;
- (d) Submission of monthly statement in form 5 within last three days of the month; and
- (e) Deposit of Entertainment Tax into Government account within a week from end of the month.

As informed by Compliance Officer, the Company has not given any direct connection to any subscriber and therefore, is not under an obligation to comply with the above conditions.

Foreign Investment in Cable Network Services

Under the Foreign Direct Investment (FDI) Policy of the Government of India, FDI in Cable Television Network Channels is permitted up to 49% with prior approval of the Government and is subject to Cable Television Network Rules, 1994 notified by the Ministry of Information and Broadcasting.

Under the said rules a company registered under the Companies Act, 1956 is eligible for license as Cable Operator only if not less fifty-one percent of its paid-up share capital is held by the citizens of India. Therefore, foreign investment in the companies engaged in cable network operation in any form shall not exceed 49% and this limit of 49% also includes FII investment.



HISTORY AND CERTAIN CORPORATE MATTERS

A. HISTORY AND MAJOR EVENTS

Our company was incorporated as SEA TV Network Limited at Agra, Uttar Pradesh, on May 21, 2004, under the Companies Act, 1956. The Company obtained the certificate of Commencement of Business on June 01, 2004. SEA TV Network Limited is one of the two MSOs in the Agra region.

Milestones

Year	Activities
2004	Year of Incorporation
2007	Landmark Judgement in favour of the Company by the Supreme Court of India, wherein it was held that an appointment of a distributor/MSO as an exclusive agent of a Broadcaster was impermissible in law. It was also held that SEA TV had a right to receive signals of Star India on its asking for the same in a non-discriminatory manner and on a "must provide" basis.

Focus Areas of Business

The company focuses on the cable distribution business and intends to emerge as a MSO with an All India presence, while working in consonance with the Broadcasters and the viewers as against the normal practice in the Industry of working as a rival to the Broadcasters.

b. Main Objects of the Company

1. To procure, acquire, install, take on lease, hire or in exchange or in any other lawful manner, commence, carry on the business of satellite channels, cable TV Network in all or any languages spoken all over the World and to produce, manufacture, distribute, deal, sale, purchase, export, import, exhibit telecasting of all types of documentary films, cinematographic theatres for cable TV Network and Satellite Channels.
2. To carry on the business of Satellite Channels and cable operation, to enter into any arrangement and or agreement for acquiring license or rights to distribute any channel to any person whether residential, commercial or institutional subscribers, viewers and to import, export, purchase, sell any equipment that may be required for reception, transmission and distribution of the channel including but not limited to dish antenna, aerial, head end, decoder, receiver, cable set up converter and the like. To carry on the business of Internet services through cable operation.

Changes in Memorandum & Articles of Association of the Company

Date of Alteration	Nature of Alteration
24.03.2007	Increase of Authorized Capital of the Company from Rs. 5000000 to Rs. 20000000
29.03.2007	Increase of Authorized Capital of the Company from Rs. 20000000 to Rs. 50000000
30.11.2007	Increase of Authorized Capital of the Company from Rs. 50000000 to Rs.100000000
31.12.2007	Increase of Authorized Capital of the Company from Rs. 100000000 to Rs. 170000000

Changes in Registered Office of the Company

The Registered Office of the Company has never been shifted.

c. Subsidiaries of the Issuer Company and their business

The Company has no subsidiaries as on date.

SHAREHOLDERS AGREEMENT

There are no shareholder agreements as on date of Filing of the Draft Red Herring Prospectus with SEBI.

Other Agreements

Except the Contracts / Agreements entered into in the ordinary course of the business carried on or intended to be carried on by the Company, the Company has not entered into any other Agreement / Contract.

The Company has entered into pay channel agreements with the nine parties for distribution of television channels through the Distribution System in the territory of Agra, U.P. for a period of one year as detailed below:

1. Star India Private Limited
2. SET Discovery Private Limited
3. Sahara India TV Network
4. B4U Broadband India Private Limited
5. ESPN Software India Pvt. Ltd.
6. ZEE Turner Limited
7. NEO Sports Broadcast Private Limited
8. UTV Global Broadcasting Limited
9. Ushodaya Enterprise Limited

The Company has entered into Twenty Seven Carriage Fee Agreements with the following parties for placement of channels in its operating systems for a period of one year. Income from these activities forms substantial part of the Company's income.

S. No.	Name	Duration	Fee (In Rs.)
1	The Walt Disney Company (India) Private Limited	01-May-2007 to 30-April-08	5,50,000/-*
2	United Home Entertainment Limited	01-May-2007 to 30-April-08	2,50,000/-*
3	Independent News Service Private Limited	20-June-2007 to 19-June-08	14,00,000/-*
4	Setpro Holding Private Limited	01-May-2007 to 30-April-08	11,00,000/-*
5	TV Today Network Limited	01-July-2007 to 30-June-08	25,00,000/-*
6	Sahara India TV Network	01-June-2007 to 31-May-08	33,00,000/-*
7	Setpro Holding Private Limited	01-May-2007 to 30-April-08	33,30,833/-*
8	Pragya Vision Private Limited	25-July-2007 to 24-July-08	3,00,000/-*
9	Sri Adhikari Brothers News & Television Network Limited	24-Feb-2007 to 23-Feb-08	6,00,000/-*
10	Zee Entertainment Enterprises Limited	15-Nov-2007 to 14-Nov-08	4,00,000/-*
11	Triveni Media Limited	01-March-2007 to 29-Feb-08	1,00,000/-
12	KDM Media Private Limited	01-April-2007 to 31-Mar-08	3,00,000/-
13	Set Discovery Private Limited	15-Oct-2006 to 14-Oct-07	22,00,000/-*
14	New Delhi Television Limited	01-April-2007 to 31-March-08	33,00,000/-*
15	Bennett, Coleman & Company Limited	01-May-2007 to 30-April-08	20,00,000/-*
16	Ushodaya Enterprises Limited	15-Feb-2007 to	6,00,000/-*

		14-Feb-08	
17	Sangeet Bangla Network Private Limited	01-April-2007 to 31-March-08	3,00,000/-
18	M.H.One TV Network Limited	01-July-2007 to 30-June-08	5,00,000/-
19	B4U Broadband (India) Private Limited	15-Jan-2007 to 14-Jan-2008	6,00,000/-*
20	INX Media Pvt.Ltd.	01-Oct.-2007 to 30 -Sept-2008	17,00,000/-*
21	Allied Infotainment Distribution Pvt. Ltd.	15-Nov.-2007 To 14-Nov.-2008	18,00,000/-*
22	UTV Global Broadcasting Ltd.	18-Oct-2007 to 17-Oct-2008	22,00,000/-*
23	Sri Adhikari Brothers News and Television Network Ltd.	21-Nov-2007 to 20-Nov-2008	6,00,000/-*
24	Zee Entertainment Enterprises Limited.	01-Sept.-2007 to 31-Aug-2008	36,00,000/-*
25	New Delhi Television Limited	25-Dec-2007 to 24-Dec-2008	33,00,000/-*
26	SETPRO 18 Distribution Private Limited	01-Aug-2007 to 30-Jun-2008	30,00,000/-*
27	Lehren Entertainment Private Limited	01-Jan-2008 to 31-Dec-2008	16,85,400/-*

(Note – “*” refers to sums excluding service tax)

Financial / Strategic Partners

There are no financial or strategic partners

OUR MANAGEMENT

BOARD OF DIRECTORS

SEA TV is a professionally managed organization. The Company functions under the control of a Board of Directors. The day to day matters are looked after by qualified key personnel, under the supervision of the Chairman and Managing Director.

Name, Age, Occupation and Nationality	Designation, Address, and	Date of Appointment (DoA) and Expiry of Current Term (EoCT)	Qualification	Other Directorships
Neeraj Jain Chairman and Managing Director Age: 33 years Address: 118, MANAS NAGAR, Shahganj, Agra-282010 Occupation: Business Nationality: Indian DIN: 00576497		DOA: 11/01/2008 EoCT: 10/01/2013	UNDER GRADUATE	Nil
Akshay Kumar Jain Whole Time Director Age: 31 years Address: 4, Mini MIG, Friends Colony, Shahganj, Agra-282010 Occupation: Business Nationality: Indian DIN: 00509865		DOA: 11/01/2008 EoCT: 10/01/2013	B.SC	Nil
Pankaj Jain Whole Time Director Age: 37 years Address: 4, Mini MIG, Friends Colony, Shahganj, Agra-282010 Occupation: Business Nationality: Indian DIN: 00509839		DOA: 11/01/2008 EoCT: 10/01/2013	UNDER GRADUATE	Nil
Radha Krishna Pandey Independent Director Age: 68 years Address: L-277, Sarita Vihar, New Delhi-110044 Occupation: Consultant Nationality: Indian DIN: 00190017		DOA: 07/01/2008 EoCT: Till the date of the next AGM	M.COM, LLB, FCS POST GRADUATE DIPLOMA IN BUSINESS ADMINISTRATION.	1. PTC Industries Limited 2. Precise Laboratories Private Limited 3. Green Valley Products Private Limited 4. Welcure Drugs and Pharmaceuticals Limited 5. British Healthcare Products India Limited

Rajeev Kumar Jain

Independent Director

Age: 36 years

Address: D/108 DDA
FLATS, JHILMIL
COLONY, DELHI-
110095

Occupation: Service

Nationality: Indian

DIN: 01987821

DOA: 10/01/2008

B.Com

EoCT: Till the date of
the next AGM

Mahesh Chandra Mehta

Independent Director

Age: 57 years

Address: 2339, Sector
D-2, Vasant Kunj, New
Delhi-110070

Occupation: Practising

Chartered Accountant

Nationality: Indian

DIN: 00230409

DOA: 07/01/2008

B.sc, FCA, ACS

EoCT: Till the date of
the next AGM

6. Spice Mobiles
Limied
7. A.K. Laboratories
Limited
8. Shree Rajasthan
Syntex Limited
9. Hanug Toys and
Industries Limited
10. Amar Ujala
Publications
Limited
11. Jindal Polyfilms
Limited

Nil

1. Oriental Trimex
Limited, New Delhi.

Brief Profile of Directors

1. Neeraj Jain, Chairman and Managing Director

Mr. Neeraj Jain, Aged about 33 years, is the Promoter and CMD of the Company. He has an experience of more than 15 years in the Cable TV Industry. He is responsible for the sustained growth of the Company since its inception.

2. Akshay Kumar Jain, Whole Time Director

Mr. Akshay Kumar Jain, aged about 31 years, is the Promoter and Whole Time Director of the Company. He has an experience of more than 10 years in the Cable TV Industry. He is in-charge of the Finance and Accounts Department of the Company.

3. Pankaj Jain, Whole Time Director

Mr. Pankaj Jain, aged about 37 years, is the Promoter and Whole Time Director of the Company. He has an experience of more than 15 years in the Cable TV Industry. He is in-charge of the Networking and Distribution departments of the Company.

4. Radha Krishna Pandey, Independent Director

Mr. R. K. Pandey, aged about 68 years is the ex-Executive Director of The Delhi Stock Exchange Limited. He has worked as a Company Secretary of and Finance in-charge of various Private and Public Sector Companies like Hicks Thermometers (India) Limited, Bihar State Text Book Publishing Corporation Limited, UP State Bridge Corporation Limited.

5. Rajeev Kumar Jain, Independent Director

Mr. Rajeev Kumar Jain, aged about 36 years, is a Commerce Graduate with more than 13 years experience as an Accounts officer in various Private Sector Companies.

6. Mahesh Chandra Mehta, Independent Director

Mr. Mahesh Chandra Mehta, aged 57 years, is a science graduate. He is a Chartered Accountant since 1975 and is a fellow member of the Institute of Chartered Accountants of India. He is also a member of the Institute of Company Secretaries of India. He has an experience of more than 32 years in the industry including more than 21 years with private sector Companies handling Corporate Finance and other matters. He has also worked in Nigeria for 5 years. He is a practicing Chartered Accountant since the last 11 years and providing professional services in the field of Corporate/Project Finance, International Finance, Financial management and allied functions.

Details of Borrowing Powers

Vide a resolution passed at the Extra Ordinary General Meeting of the Company held on 31/12/2007, consent of the members of the Company was accorded to the Board of Directors of the Company pursuant to Section 293(1)(d) of the Companies Act, 1956 for borrowing from time to time any sums of money which together with money already borrowed by the company shall not exceed in the aggregate at any time Rs. 5000 lacs irrespective of the fact that such aggregate amount of borrowing outstanding at any one time may exceed the aggregate for the time being of paid up share capital of the company and its free reserves.

COMPENSATION OF MANAGING DIRECTORS/WHOLE TIME DIRECTORS.

Terms of Appointment & Compensation of Whole time Director/Managing Director

Name: **Neeraj Jain**

Designation: *Chairman and Managing Director*

Tenure of Contract: 11/01/2008 TO 10/01/2013

Remuneration:

A) SALARY

Rs. 250000 p.m. w.e.f. January, 15, 2008

(Further, the remuneration committee and the shareholders of the company have given their approval for paying a Salary of Rs. 7 lacs p.m. This amount is higher than rates specified in schedule XIII. The Company is in the process of applying to the Central Government for making payments at higher rates than those prescribed.)

B) PERQUISITES (including allowances)

NIL

For the purpose of calculating the ceiling perquisites shall be evaluated as per income tax rules wherever applicable and in absence of any such rule the same shall be evaluated at actual cost. The above said remuneration and perquisites shall be subject to the ceiling laid down in sections 198, 309 and other applicable provisions as may be amended from time to time.

Name: **Akshay Kumar Jain**

Designation: *Whole Time Director*

Tenure of Contract: 11/01/2008 TO 10/01/2013

Remuneration:

A) SALARY

Rs. 250000 p.m. w.e.f. January, 15, 2008

B) PERQUISITES (including allowances)

NIL

For the purpose of calculating the ceiling perquisites shall be evaluated as per income tax rules wherever applicable and in absence of any such rule the same shall be evaluated at actual cost. The above said remuneration and perquisites



shall be subject to the ceiling laid down in sections 198, 309 and other applicable provisions as may be amended from time to time.

Name: **Pankaj Jain**

Designation: *Whole Time Director*

Tenure of Contract: 11/01/2008 TO 10/01/2013

Remuneration:

A) SALARY

Rs. 250000 p.m. w.e.f. January, 15, 2008

B) PERQUISITES (including allowances)

NIL

For the purpose of calculating the ceiling perquisites shall be evaluated as per income tax rules wherever applicable and in absence of any such rule the same shall be evaluated at actual cost. The above said remuneration and perquisites shall be subject to the ceiling laid down in sections 198, 309 and other applicable provisions as may be amended from time to time.

Non-Whole time Directors

Non-executive Directors are currently paid sitting fees of Rs. 1000/- for attending each meeting of the Board and Rs. 1000/- for attending each meeting of the committee thereof.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

Corporate governance refers to a combination of regulations, procedures and voluntary practices that enable companies to maximize shareholder's value by attracting financial and human capital and efficient performance. SEA TV believes that good corporate governance contemplates that corporate actions balance the interest of all shareholders and satisfy the tests of accountability and transparency.

Company's Philosophy on Corporate Governance

The Board of Directors of SEA TV Network Limited committed to ensure that the highest standards of Corporate Governance are implemented and practiced in the company as an integral part of discharging its responsibilities to protect and enhance shareholders' value. The Board understands that effective corporate management and control (Corporate Governance) today are almost as important for investors' decision as the economic performance of a company or that of its share. The Company continuously monitors developments in the area of corporate governance, and leads in developing and implementing best corporate governance practices.

The Company stands committed to good Corporate Governance – transparency, disclosure and independent supervision to increase the value of the Company stakeholders. The Guidelines issued by SEBI in respect of the Corporate Governance will be applicable to the Company immediately upon applying for the in-principle approval for listing of the Equity Shares on the stock exchange. Accordingly, the Company has undertaken steps to comply with the SEBI guidelines on Corporate Governance. The Corporate Governance framework is based on an effective independent Board, separation of the Board's supervisory role from the executive management and the constitution of the Board Committees, majority of them comprising of independent directors. Committees of the Board have been constituted in order to look into the matters in respect of compensation, shareholders/Investor Grievances, Audit, etc, details of which are as follows:

i. Composition of Board of Directors

The Board of Directors of the Company consists of 6 (six) directors and has an optimum combination of executive and non-executive Directors as envisaged in Clause 49 of the Listing Agreement. Accordingly not less than 50% of the Board of Directors comprises of non-executive and independent Directors. Three of the Directors on the Board are independent directors.

S. N O	NAME OF DIRECTOR	DESIGNATION	STATUS*	DATE OF EXPIRY OF TERM
1.	Neeraj Jain	Chairman and Managing Director	Promoter Director	10/01/2013
2.	Akshay Kumar Jain	Director	Promoter Director	10/01/2013
3.	Pankaj Jain	Director	Promoter Director	10/01/2013
4.	Radha Krishna Pandey	Director	Independent Director	TILL THE DATE OF NEXT AGM
5.	Rajeev Kumar Jain	Director	Independent Director	TILL THE DATE OF NEXT AGM
6.	Mahesh Chandra Mehta	Director	Independent Director	TILL THE DATE OF NEXT AGM

* As per Clause 49 of the Listing Agreement

ii. Audit Committee

Audit Committee is constituted by Board of Directors consist of 3 directors, represented by 2 Non-Executive Independent Director and 1 Executive Director. The Audit Committee provides directions to and reviews functions of the Accounts Department. The Committee evaluates internal audit policies, plans, procedures and performance and reviews the other functions through various internal MIS reports and other year-end certificates issued by the statutory auditors. Quarterly and Annual Accounts will be reviewed by the Audit Committee, prior to their presentation to the Board along with the recommendations of the Audit Committee. Besides, Audit Committee will be authorized to exercise all such powers as are required under the amended Clause 49 of the Listing Agreement.

The Audit committee was constituted on January 10, 2008. The members of the Audit Committee are:

Sr. No	Name of the Director	Designation in Committee	Nature of Directorship
1.	RAJEEV KUMAR JAIN	CHAIRMAN	INDEPENDENT DIRECTOR
2.	MAHESH CHANDRA MEHTA	MEMBER	INDEPENDENT DIRECTOR
3.	AKSHAY KUMAR JAIN	MEMBER	WHOLE TIME DIRECTOR

Ms. Archana Pundir, Company Secretary, shall be the Secretary of the Committee.

The scope of the Audit Committee in companies is defined under Clause 49 of the Listing Agreement dealing with Corporate Governance and the provisions of the Companies Act, 1956.

A. The Audit Committee shall have the following powers:

1. To investigate any activity within its terms of reference
2. To seek information from any employee
3. To obtain outside legal and other professional advice
4. To secure attendance of outsiders with relevant expertise, if it considers necessary

B. The role of the audit committee shall include the following:

1. Overseeing of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending to the Board, the appointment, re-appointment and, if required, the Replacement or removal of Statutory Auditor and fixation of audit fees.
3. Approval of payment to Statutory Auditors for any other services rendered by the Statutory Auditors.

4. Reviewing with the management, the annual financial statements before Submission to the Board for approval with particular reference to;
 - Matters required to be included in the Directors responsibility statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956.
 - Changes, if any, in accounting policies and practices and reasons for the same.
 - Major accounting policies and practices and reasons for the same
 - Significant adjustments made in the financial statement arising out of the audit findings.
 - Compliance with listing and other legal requirements relating to financial statements.
 - Disclosure of related party transactions.
 - Qualifications in draft audit party transactions.
5. Reviewing, with the management, the quarterly financial statements before submission to the Board for approval.
6. Reviewing, with the management the performance of statutory and internal auditors, adequacy of internal control system.
7. Reviewing the adequacy of internal audit function, if any including the structure of the internal audit department staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit.
8. Discussion with internal auditors and significant findings and follow up there on
9. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
10. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern
11. To look into the reasons for substantial defaults in the payment to the depositors debenture holders shareholders (in case on non payment of declared dividends) and creditors.
12. To review the functioning of the Whistle Blower Mechanism, if and when introduced.
13. Carrying out such other function as may be specifically referred to the committees by the Board of Directors of the Company.
14. To review the following information:
 - The management discussion and analysis of financial condition and results of operations.
 - Statement of significant related party transactions(as defined by the Audit Committee), submitted by management;
 - Management letters/letters of internal control weaknesses issued by statutory auditors;
 - Internal audit reports relating to internal control weaknesses; and
 - The appointment, removal and terms of remuneration of the chief internal Auditor.
15. Reviewing the financial statements and in particulars the investments made by the unlisted subsidiaries of the company.

iii. Remuneration Committee

The Remuneration Committee constituted on January 10, 2008. The members of the Remuneration Committee are:

Sr. No	Name of the Director	Designation Committee	Nature of Directorship
1.	MAHESH CHANDRA MEHTA	CHAIRMAN	INDEPENDENT DIRECTOR
2.	RAJEEV KUMAR JAIN	MEMBER	INDEPENDENT DIRECTOR
3.	RADHA KRISHNA PANDEY	MEMBER	INDEPENDENT DIRECTOR

Ms. Archana Pundir, Company Secretary, shall be the Secretary of the Committee.

The Remuneration committee has been constituted to recommend/review remuneration of Directors and key Managerial Personnel based on their performance and defined assessment criteria. The remuneration policy of the company is directed towards rewarding performance, based on review of achievements on a periodic basis. The remuneration policy is in consonance with the existing industry practice.

The board has set up a remuneration committee to determine on their behalf and on behalf of the shareholders with agreed terms of reference the company's policy on specific remuneration packages for executive directors including pension rights and any compensation payment. To avoid conflicts of interest, the remuneration committee, which would determine the remuneration packages of the executive directors. It comprises of at three directors, all of whom are non-executive directors the chairman of committee being an independent Director.

iv. Share Transfer and Shareholder's Grievance Committee

The Share Transfer and Shareholder's grievance Committee constituted on January 10, 2008. The members of the Share Transfer and Investor Grievance Committee are;

Sr. No	Name of the Director	Designation Committee	Nature of Directorship
1.	NEERAJ JAIN	CHAIRMAN	CHAIRMAN AND MANAGING DIRECTOR
2.	RAJEEV KUMAR JAIN	MEMBER	INDEPENDENT DIRECTOR
3.	MAHESH CHANDRA MEHTA	MEMBER	INDEPENDENT DIRECTOR
4.	RADHE KRISHNA PANDEY	MEMBER	INDEPENDENT DIRECTOR

Ms. Archana Pundir, Company Secretary, shall be the Secretary of the Committee.

The role of the above committee shall include the following:

1. The committee, inter alia, approves issue of duplicate certificates and oversees and reviews all matters connected with the transfer of securities of the Company.
2. The committee also looks, into redressal of shareholders complaints related to transfer of shares.
3. On receipt of balance sheet, non-receipt of declared dividends, etc. The committee overseas performance of the Registrars and Transfer Agents of the Company and Recommends measures for overall improvement in the quality of investor services. The committee also monitors the implementation and compliance of the Company's code of conduct for prohibition of Insider Trading in pursuance of SEBI (Prohibition of Insider Trading) Regulations, 1992.
4. The Board has delegated the power of approving transfer of securities to the Directors and the Company Secretary.

v. IPO Committee

The Board has formed an IPO committee to look into various matters pertaining to the proposed IPO on January 10, 2008. The members of the IPO Committee are:

Sr. No	Name of the Director	Designation Committee	Nature of Directorship
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1.	NEERAJ JAIN	CHAIRMAN	CHAIRMAN AND MANAGING DIRECTOR
2.	PANKAJ JAIN	MEMBER	WHOLE TIME DIRECTOR
3.	RAJEEV KUMAR JAIN	MEMBER	INDEPENDENT DIRECTOR

Ms. Archana Pundir, Company Secretary, shall be the Secretary of the Committee.

The role of the above committee shall include the following:

1. Preparation of the offer document: The committee will discuss on the requirements and supply information to the Lead Managers for the preparation of the Prospectus.
2. Co-ordination for the submission of due diligence report.
3. Submitting the report to the Board of Directors on the progress of the IPO
4. Taking necessary action and decisions for the submission of DRHP and filing Red Herring Prospectus with ROC.

vi. Compliance with Listing Agreement

The Company in terms of this Draft Red Herring Prospectus intends to list its equity shares on BSE and NSE and intends to comply with the requirements under the respective Listing Agreement of the above-mentioned stock exchanges. Further, we are in compliance with clause 49 of the listing agreement to the extent applicable to a company seeking listing for the first time.

d. Shareholding of the Directors

S. No.	Name	No. of Shares Held
1.	Neeraj Jain	67,70,800
2.	Akshay Kumar Jain	58,500
3.	Pankaj Jain	46,000

Qualification Shares required to be held by Directors

Directors are not required to hold any qualification shares.

e. Interests of Directors (Other than Promoter Directors)

All the directors may be deemed to be interested to the extent of the sitting fees and other remuneration for the services rendered and the reimbursement of expenses, if any, payable to them under the articles. The directors may also be deemed to be interested to the extent of:

- a. The shares, if any, held by them or by the relatives or by firms or companies of which any of them is a partner and a director/member respectively. The shares, if any, out of the present issue that may be subscribed for and allotted to them or their relatives or any company in which they are directors/members of, to firms in which they are partners.
- b. Remuneration of Managing Director/ Executive Directors / Whole time Directors.
- c. Related Party Transactions mentioned on page [*] of this Draft Red Herring Prospectus.

The Company has not entered into any contract, agreements or arrangements during the preceding two years from the date of the Draft Red Herring Prospectus in which the directors are interested directly or indirectly and no payments have been made to them in respect of these contracts, agreements or arrangements or are proposed to be made to them other than contracts in the normal course of business and being permitted as per the current rules and regulations governing the same.

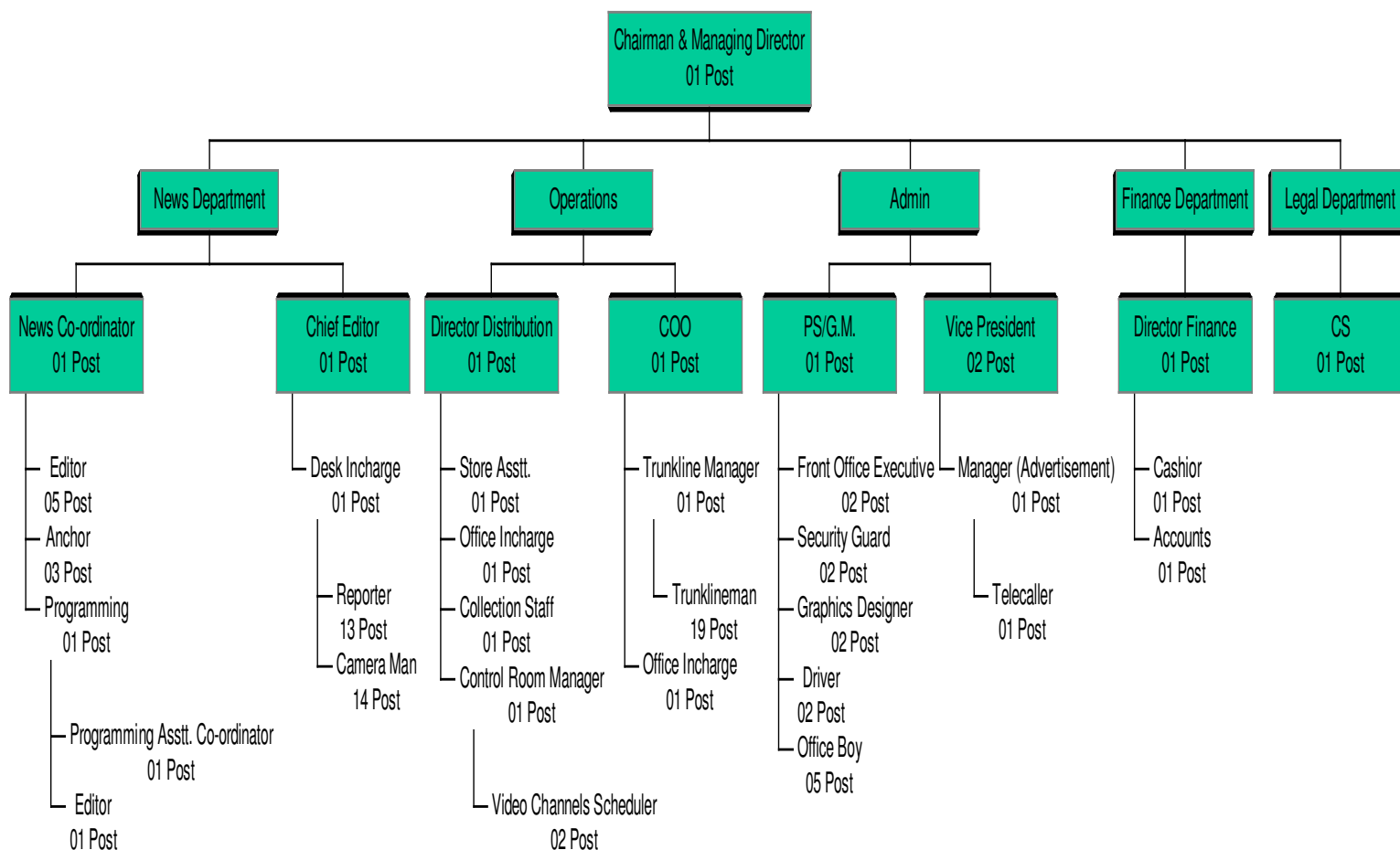
Changes in the Board of Directors in the last 3 years

The following are the changes in the Board of Directors in the last 3 years and no changes thereafter have taken place:

Name	Date of Appointment	of	Date of Cessation	Reason for change/Remarks
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Sharad Luthra	January 20, 2005	Appointed as Additional Director, regularized on September 30, 2005.
Gaurav Luthra	January 20, 2005	Appointed as Additional Director, regularized on September 30, 2005.
Sharad Luthra	March 31, 2007	Resigned
Gaurav Luthra	March 31, 2007	Resigned
Radha Krishna Pandey	January 07, 2008	Appointed as Additional Director
Mukesh Tandon	January 07, 2008	Appointed as Additional Director
Mahesh Chandra	January 07, 2008	Appointed as Additional Director
Mehta	January 09, 2008	Resigned
Sonal Jain	January 09, 2008	Resigned
Chhaya Jain	January 09, 2008	Resigned
Mukesh Tandon	January 10, 2008	Appointed as Additional Director
Rajeev Kumar Jain	January 10, 2008	

f. Management Organization Chart



g. Key Management Personnel

The key management personnel and their designations are as under:

Sr.No.	Name	Age (in years)	Date of Joining	Designation	Qualifications	Overall Experience (in years)	Previous Employment	Shareholding (No. of equity Shares Held)
1.	Mr. Neeraj Jain	33	21.05.2004	Chairman and Managing Director	Under Graduate	15 Years	Business	6770800
2.	Mr. Akshay Kumar Jain	32	21.05.2004	Whole time Director	B.Sc.	10 Years	Business	58500
3.	Mr. Pankaj Jain	37	21.05.2004	Whole time Director	Under Graduate	15 Years	Business	46000
4.	Ms. Sonal Jain	30	21.05.2004	Vice President, Marketing	MA (Economics)	04 years	None	98500
5.	Ms. Chhaya Jain	30	21.05.2004	Vice President, Marketing	BA	04 years	None	26000
6.	Mr. Arvind Srivastava	40	01.04.2007	Chief Operating Officer	Dip. in Engg. (Civil)	15 Years	Business	0.00
7.	Mr. Yogesh Kumar Sharma	40	01.04.2007	Gen. Manager – Admin. & Advertisement	M.A. (Economics)	15 Years	Indian Air Force	0.00
8.	Mr. Chakresh Jain	28	01.10.2006	News- Editor	B.Com.	04 years	None	0.00
9.	Mr. Vivek Jain	23	01.10.2006	Chief Editor	Under Graduate	03 Years	None	100
10.	Mr. John Jain	24	01.10.2006	Administrative officer	B.Com	03 Years	None	0.00
11.	Ms. Archana Pundir	29	09.01.2008	Company Secretary	B.Com, ACS, LLB	04 years	Mahesh Edible Oil Industries Limited	0.00

Interest of key managerial personnel

The key managerial personnel of our Company do not have any interest in our Company other than to the extent to which they are entitled to as per their terms of appointment and reimbursement of expenses incurred by them during the ordinary course of business and to the extent of the Equity Shares held by them in the Company, if any.

The persons whose names appear as key management personnel are on the rolls of the Company as permanent employees.

The company has acquired on lease the premises for its registered office from Mr. Neeraj Jain and Mr. Pankaj Jain, Joint Owners of the property on which the registered office of the Company is situated.

There is no arrangement or understanding with major shareholders, customers, suppliers or others pursuant to which any person was selected as director or member of senior management.

None of the key managerial personnel have any relationship with the promoters or directors of the company except as mentioned in the preceding paragraph.

Bonus or Profit Sharing Plan for the Key Managerial Personnel:

Except the payment of salaries and perquisites, the company provides other benefits to the employees that are uniform to all the employees of the company and performance based ex-gratia payments. The Company does not have any profit sharing or stock option plans for any of its employees.

Loans to key managerial personnel

There are no loans outstanding against key managerial personnel as on November 30, 2007.

Changes in the Key Managerial Personnel in the last one year:

Except for the following, there have been no changes in the Key Managerial Personnel of the Company in the last one year as on January 9, 2008:

Sr. No.	Name	Designation	Date of Joining	Date of Leaving	Remarks
1	Archana Pundir	Company Secretary	09-01-2008		Appointed

h. Employees

The total manpower directly employed by the Company as on January 9, 2008 is 93 personnel. Distribution of manpower is as follows:

Department	No. of Employees
Finance	03
Legal	01
Administration	19
News	41
Operations	29
Total	93

i. Disclosures Regarding Employees Stock Option Scheme / Employees Stock Purchase Scheme

The Company has no Employees Stock Option Scheme/ Employee Stock Purchase Scheme.

j. Other Benefits to the Officers of the Issuer Company

Except the payment of salaries and perquisites, the company provides other benefits to the employees that are uniform to all the employees of the company and performance based ex-gratia payments.

PROMOTERS

Name: NEERAJ JAIN

Designation: *Chairman and Managing Director*



Permanent Account Number	AANPJ2864J
Passport Number	A-9347545
Voter ID Number	N.A.
DIN	00576497
Driving License Number	2466/P/07
Bank Account No.	628701022383, ICICI Bank Limited, Sanjay Place, Agra

There are no defaults in meeting any statutory/bank/institutional dues and no proceedings have been initiated for economic offences. There are no litigations, disputes towards tax liabilities or criminal / civil prosecution / complaint against Neeraj Jain other than as mentioned in this Draft Red Herring Prospectus.

Profile: Mr. Neeraj Jain, Aged about 33 years, is the Promoter and CMD of the Company. He has an experience of more than 15 years in the Cable TV Industry. He is responsible for the sustained growth of the Company since its inception.

Declaration: It is confirmed that Permanent Account Number, Bank Account details and Passport Number of Neeraj Jain is being submitted to the Stock Exchanges on which Equity Shares are proposed to be listed, at the time of filing of Draft Red Herring Prospectus with them.

Name: AKSHAY KUMAR JAIN

Designation: *Whole Time Director*



Permanent Account Number	ADAPJ0610Q
Passport Number	E-1360672
Voter ID Number	N.A.
DIN	00509865
Driving License Number	11880/AG/02
Bank Account No.	19397 at Canara Bank, Jaipur House, Agra

There are no defaults in meeting any statutory/bank/institutional dues and no proceedings have been initiated for economic offences. There are no litigations, disputes towards tax liabilities or criminal / civil prosecution / complaint against Akshay Kumar Jain other than as mentioned in this Draft Red Herring Prospectus.

Profile: Mr. Akshay Kumar Jain, aged about 31 years, is the Promoter and Whole Time Director of the Company. He has an experience of more than 10 years in the Cable TV Industry. He is in-charge of the Finance and Accounts Department of the Company.

Declaration: It is confirmed that Permanent Account Number, Bank Account details and Passport Number of Akshay Kumar Jain is being submitted to the Stock Exchanges on which Equity Shares are proposed to be listed, at the time of filing of Draft Red Herring Prospectus with them.

Name: Pankaj Jain
Designation: *Whole Time Director*



Permanent Account Number	ADEPJ6265F
Passport Number	E-1264644
Voter ID Number	UP/73/359438703
DIN	00509839
Driving License Number	7616/AG-P/90
Bank Account No.	19268 at Canara Bank, Jaipur House, Agra

There are no defaults in meeting any statutory/bank/institutional dues and no proceedings have been initiated for economic offences. There are no litigations, disputes towards tax liabilities or criminal / civil prosecution / complaint against Pankaj Jain other than as mentioned in this Draft Red Herring Prospectus.

Profile: Mr. Pankaj Jain, aged about 37 years, is the Promoter and Whole Time Director of the Company. He has an experience of more than 15 years in the Cable TV Industry. He is in-charge of the Networking and Distribution departments of the Company.

Declaration: It is confirmed that Permanent Account Number, Bank Account details and Passport Number of Pankaj Jain is being submitted to the Stock Exchanges on which Equity Shares are proposed to be listed, at the time of filing of Draft Red Herring Prospectus with them.

Name: Sonal Jain



Permanent Account Number	ACZPJ8502B
Passport Number	E-0597763
Voter ID Number	N.A.
DIN	00509807
Driving License Number	N.A.
Bank Account No.	21389 at Canara Bank, Jaipur House, Agra

There are no defaults in meeting any statutory/bank/institutional dues and no proceedings have been initiated for economic offences. There are no litigations, disputes towards tax liabilities or criminal / civil prosecution / complaint against Sonal Jain other than as mentioned in this Draft Red Herring Prospectus.

Profile: Ms. Sonal Jain, aged about 30 years, is the Promoter and Vice President, Marketing of the Company. She is the wife of Mr. Neeraj Jain. She has an experience of more than 4 years in the Cable TV Industry. She looks after the Advertising and Marketing departments of the Company.

Declaration: It is confirmed that Permanent Account Number, Bank Account details and Passport Number of Sonal Jain is being submitted to the Stock Exchanges on which Equity Shares are proposed to be listed, at the time of filing of Draft Red Herring Prospectus with them.

Name: Chhaya Jain



Permanent Account Number	ADEPJ6266G
Passport Number	E-1360175
Voter ID Number	N.A.
DIN	00509902
Driving License Number	N.A.
Bank Account No.	21390, at Canara Bank, Jaipur House, Agra

There are no defaults in meeting any statutory/bank/institutional dues and no proceedings have been initiated for economic offences. There are no litigations, disputes towards tax liabilities or criminal / civil prosecution / complaint against Chhaya Jain other than as mentioned in this Draft Red Herring Prospectus.

Profile: Ms. Chhaya Jain, aged about 30 years, is the Promoter and Vice President, Marketing of the Company. She is the wife of Mr. Pankaj Jain. She has an experience of more than 4 years in the Cable TV Industry. She looks after the Advertising and Marketing departments of the Company.

Declaration: It is confirmed that Permanent Account Number, Bank Account details and Passport Number of Chhaya Jain is being submitted to the Stock Exchanges on which Equity Shares are proposed to be listed, at the time of filing of Draft Red Herring Prospectus with them.

There are no defaults in meeting any statutory/bank/institutional dues and no proceedings have been initiated for economic offences. There are no litigations, disputes towards tax liabilities or criminal / civil prosecution / complaint against Bhagwan Swaroop Jain other than as mentioned in this Draft Red Herring Prospectus.

DIVIDEND POLICY

Dividends, other than interim dividends, will be declared at the annual general meeting of the shareholders based on the recommendation of the Board of Directors. The Board may, at its discretion, recommend dividend to be paid to the members of the Company. The factors that may be considered by the Board before making any recommendations for the dividend, include but are not limited to profits earned during the financial year, liquidity of the Company, obligations towards repayment of debt including maintaining debt service reserves, future expansion plans and capital requirements, applicable taxes including tax on dividend, as well as exemptions under tax laws available to various categories of investors from time to time.

The Board may also, from time to time, pay to the members interim dividend, as appears to the Board to be justified by the profits of the Company.

Our Company has not paid any dividend so far.



SECTION VI- FINANCIAL INFORMATION

To
The Board of Directors
Sea Tv Network Limited
148 Manas Nagar,
Shahganj, Agra- 282010

Dear Sirs,

Re: Public issue of Equity Shares of Sea TV Network Limited

- 1) We have examined the Financial Information of Sea TV Network Limited ('the Company') annexed to this report for the purpose of inclusion in the Draft Red Herring Prospectus ('the RHP') and signed by us for identification, in terms of reference received from the Company requesting us to carry out work in connection with the offer document being issued by the Company in connection with its Proposed Initial Public Offer ('IPO') of Equity Shares. The financial information has been prepared by the management and approved by the Board of Directors of the Company which has been prepared in terms of the requirements of:
 - a) Paragraph B, Part II of Schedule II of the Companies Act, 1956 ('the Act'); and
 - b) The Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 ('DIP Guidelines') as amended up-to-date and related clarifications.

Financial Information as per the audited financial statements

- 2) These Financial Information have been prepared by the management from the financial statements for each of the years ended March 31, 2005, 2006 2007 and November 30, 2007. These financial statements as at and for the years ended March 31, 2005, 2006 2007 and November 30, 2007 have been adopted by the Board of Directors/ Members and by Board of Directors respectively of the Company and audited by us.

Based on our examination of these financial information, we state that:

- a) Annexure I contains the Summary of Restated Assets and Liabilities of the Company as at March 31, 2005, 2006 2007 and November 30, 2007;
- b) Annexure II contains the Summary of Restated Profit and Loss Account for the years ended March 31, 2005, 2006 2007 and November 30, 2007;
- c) Annexure III contains the Restated Cash Flow Statement for the years ended March 31, 2005, 2006 2007 and November 30, 2007;
- d) Annexure IV contains Summary of Significant Accounting Policies and Notes; and
- e) Annexure V contains the Notes on adjustments made in the Restated Summary Statements which have been restated with retrospective effect to reflect the significant accounting policies being adopted by the Company as at November 30, 2007, adjustments for the material amounts in the respective financial years to which they relate

We are of the opinion that the restated financial information has been made after incorporating:

- i. Adjustments for the material amounts in the respective financial years to which they relate.
- ii. There are no qualifications in the auditor's report which require adjustments to summary statements

And

- iii. There are no extra-ordinary items that need to be disclosed separately in the accounts;

Other Financial Information

- 3) We have also examined the following other financial information set out in Annexures prepared by the management and approved by the Board of Directors of the Company for the financial years ended March 31, 2005, 2006 2007 and November 30, 2007;
- a) Annexure VI contains Statement of Loans and Advances;
 - b) Annexure VII contains Statement of Debtors;
 - c) Annexure VIII contains Statement of Current Liabilities and Provisions;
 - d) Annexure IX contains Statement of Other Income;
 - e) Annexure X contains Statement of Contingent Liabilities;
 - f) Annexure XI contains Statement of Capital Commitments;
 - g) Annexure XII contains Statement of Dividend paid/proposed;
 - h) Annexure XIII contains Statement of Accounting Ratios;
 - i) Annexure XIV contains Statement of Capitalization as at November 30, 2007;
 - j) Annexure XV contains Statement of Tax Shelter;
 - k) Annexure XVI contains Related Party Disclosures.

In our opinion the financial information contained in Annexure I to XVI of this report read along with the Significant Accounting Policies, Notes and Changes in Significant Accounting Policies as referred to in Annexures IV and V prepared after making adjustments and regrouping as considered appropriate, and have been prepared in accordance with paragraph B of Part II of Schedule II of the Act and the DIP Guidelines.

- 4) This report is intended solely for use of the management and for inclusion in the offer document in connection with the proposed IPO of equity shares of the Company. Our report should not be used, referred to or distributed for any other purpose except with our prior consent in writing.

For **Surendra Garg & Co.**
Chartered Accountants

S.K. Garg
Proprietor

Date: 09.01.2008
Place : Agra

SUMMARY OF RESTATED ASSETS AND LIABILITIES

Annexure- I

(Rs.lacs)				
Particulars	Period ended November 30, 2007	As at March,31		
		2007	2006	2005
I Fixed assets				
Gross block	410.40	140.64	9.72	-
Less: Depreciation	24.87	7.55	1.08	-
Net block	385.53	133.08	8.64	-
Capital work in progress	-	-	-	-
	385.53	133.08	8.64	-
Current assets, loans II and advances				
Sundry debtors	272.66	116.65	60.97	1.22
Cash and bank balances	34.00	40.79	41.74	4.48
Loans and Advances	70.03	59.44	70.79	49.06
	376.69	216.88	173.50	54.76
III Liabilities and provisions				
Secured loans	7.87	-	-	-
Unsecured loans	-	-	-	-
Current liabilities and provisions	99.36	137.93	33.98	1.38
	107.23	137.93	33.98	1.38
Deferred tax IV asset/(liability)	(18.12)	(10.07)	(0.43)	-
Net worth (I+II- III+IV)	636.87	201.96	147.73	53.38
Represented by:				

VI Share capital Share application money	500.00	160.85	5.10	5.10
	-	13.95	141.35	49.50
	500.00	174.80	146.45	54.60
VII Reserves and surplus	137.69	28.07	2.31	(0.06)
VIII Miscellaneous Expenditure	0.82	0.91	1.03	1.16
Net worth (VI+VII- VIII)	636.87	201.96	147.73	53.38

SUMMARY OF RESTATED PROFIT AND LOSS ACCOUNT

Annexure-II

(Rs. lacs)

	For the period ended	AS at March , 31		
	November 30, 2007	2007	2006	2005
I Income				
Operating income	479.27	435.61	151.49	0.07
Other income	0.24	17.52	23.56	1.39
	479.51	453.13	175.05	1.46
II Expenditure				
Operating cost	220.25	358.46	149.26	0.09
Employee cost	20.49	16.37	4.32	0.11
Administration cost	44.18	21.82	14.87	1.30
Selling cost	7.19	8.59	1.09	-
	292.11	405.24	169.54	1.50
III Profit before depreciation, finance cost and taxation	187.40	47.89	5.51	(0.04)
Depreciation	17.31	6.48	1.08	-
IV Profit before finance cost and taxation	170.09	41.41	4.43	(0.04)
Finance cost	1.18	0.30	0.12	0.02
V Profit before taxation	168.92	41.11	4.31	(0.06)
Provision for taxation				
-Current	50.84	5.20	0.92	0.00
-Previous years	-	-	-	-
-Deferred tax-(credit)/charge	8.05	9.63	0.43	-

-Fringe benefit	0.40	0.52	0.59	-
VI Profit after taxation	109.63	25.76	2.37	(0.06)
Surplus brought forward from previous year	18.07	2.31	(0.06)	-
Deferred tax for earlier years			-	
VII Profit available for appropriation	127.70	28.07	2.31	(0.06)
Appropriations				
Transfer to General Reserve	-	10.00	-	-
VIII Surplus carried to the balance sheet	127.70	18.07	2.31	(0.06)

RESTATED CASH FLOW STATEMENT

(Rs)

		For the period ended	For the year ended		
		November 30, 2007	March 31, 2007	March 31, 2006	March 31, 2005
I	Cash flow from operating activities				
	Profit for the period/ year before tax	168.92	41.11	4.31	(4.31)
	Adjustments for :				
	Depreciation	17.31	6.48	1.08	
	Interest income	-	-	-	
	Interest and finance charge	1.18	0.30	0.12	
	Provision for doubtful debts and deposits	1.39	-	-	
	Deferred revenue and miscellaneous expenditure written off	0.08	0.13	0.13	
	Operating profit before working capital changes	188.88	48.02	5.64	(4.31)
	Adjustments (increase)/decrease in working capital				
	Sundry debtors	(157.39)	(55.68)	(59.76)	
	Loans and advances	(10.58)	11.34	(21.71)	
	Current liabilities and provision	(83.91)	103.77	31.84	
		(251.88)	59.43	(49.62)	
	Cash(used in)/generated from operating activities	(63.00)	107.45	(43.98)	(4.31)
	Misc. expenditure incurred	-	-	-	
	Direct tax paid	5.91	5.54	0.76	
	Net cash (used in)/generated from operating activities	(68.91)	101.91	(44.74)	(5.00)
II	Cash flow from investing activities				
	Purchase of fixed assets	(269.76)	(130.91)	(9.72)	
	Sale of fixed assets	-	-	-	
	Interest received	-	-	-	
	Net cash (used in)/generated from investing activities	(269.76)	(130.91)	(9.72)	
III	Cash flow from financing activities				
	Interest paid	(1.18)	(0.30)	(0.12)	
	Proceeds from borrowings	7.87	-	-	
	Share capital issued	339.15	155.75	-	
	Share application money received	(13.95)	(127.40)	91.85	

Net cash (used in)/generated from financing activities	331.89	28.05	91.73
Net increase in cash and cash equivalents	(6.78)	(0.96)	37.27
Opening balance of cash and cash equivalents	40.79	41.74	4.48
Closing balance of cash and cash equivalents	34.00	40.79	41.74

Note:

The above cash flow statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard 3 'Cash Flow Statement' issued by the Institute of Chartered Accountants of India

1. Summary of Significant Accounting Policies

a. Basis of preparation of financial statements

The Financial Statements are prepared under the historical cost convention and on accrual basis of accounting and comply with the Accounting Standards referred in section 211 (3C) of the Companies Act, 1956 of India.

b. Fixed assets

Fixed assets are stated at cost inclusive of incidental expenses less accumulated depreciation.

c. Depreciation

Depreciation on fixed assets is provided on straight line method in the manner and rates prescribed in Schedule XIV to the Companies Act, 1956.

Cost of trademark is amortized over the period of 10 years.

d. Revenue recognition

Revenue is recognized on accrual basis.

e. Accounting for taxes on income

i. Provision for current tax is made, based on the tax payable under the Income Tax Act, 1961.

ii. Deferred tax on timing differences between taxable and accounting income is accounted for, using the tax rates and the tax laws enacted or substantially enacted as on the balance sheet date. Deferred tax assets on unabsorbed tax losses and unabsorbed depreciation are recognized only when there is a virtual certainty of their realization. Other items are recognized only when there is a reasonable certainty of their realization.

f. Retirement benefits

No provision for gratuity has been made as it shall be accounted for as and when paid.

g. Provisions, contingent liabilities and contingent assets

A provision is recognized when:

- the Company has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the amount of the obligation.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation that the likelihood of outflow of resources is remote, no provision or disclosure is made.

h. Amortization of preliminary expenses

Preliminary expenses is amortized over a period of 10 years.

2. Deferred tax

Particulars	Period ended	As at March 31,		
	November 30, 2007	2007	2006	2005
Difference between book and tax base of fixed assets	53.31	29.91	1.29	-
Deferred tax assets (liability)	(18.12)	(10.07)	(0.43)	-

3. Auditor's Remuneration

	Period ended	As at March 31,		
	November 30, 2007	2007	2006	2005
Audit Fee	0.12	0.18	0.12	0.05
Other Services	-	-	0.06	0.04

4. Managerial Remuneration

	Period ended	As at March 31,		
	November 30, 2007	2007	2006	2005
Salary	9.49	5.48	2.88	0.72
Other Perquisites	-	-	-	-

Annexure V

A. Notes on adjustment for restated summary statements

The summary of adjustments on account of change in accounting policies, prior period items and material item and its impact on profits and losses of the company is as under:

Particulars	Year ended March 31,		
	2007	2006	2005
Adjustment on account of changes in accounting policies:			
Change in Depreciation Method			
- Impact on depreciation	9.22	1.62	-
Impact of adjustment on			
- Deferred tax	(3.10)	(0.54)	-

Note: Figures in bracket represents decrease in income, increase in expenses or decrease in profit.

B. Changes in accounting policies and other adjustments:

For the year ended March 31, 2007 and 2006, the Company was being followed WDV Method of depreciation.

Accordingly, impact on depreciation and on deferred tax on account of said change in the method of accounting has been recomputed for the year ended March 31, 2007 and 2006 and adjusted in the restated statements.

STATEMENT OF LOAN AND ADVANCES
**Annexure
VI**
(Rs.lacs)

	Period ended November 30, 2007	As at March 31,		
		2007	2006	2005
Advances recoverable in cash or in kind or for value to be received	29.95	38.69	61.79	49.00
Advance payment of tax	0.07	0.07	0.07	0.07
Advance Payment of Service Tax	-	0.68	8.92	-
Advances for purchase of land & Building	40.00	20.00	-	-
	70.03	59.44	70.78	49.07

STATEMENT OF DEBTORS
**Annexure
VII**
(Rs.lacs)

	Period ended November 30, 2007	As at March 31,		
		2007	2006	2005
Debts outstanding for a period exceeding six months				
-considered good	69.10	43.12	9.49	-
-considered doubtful	1.39	-	-	-
	70.49	43.12	9.49	-
Less: Provision for doubtful debts	1.39	-	-	-
	69.10	43.12	9.49	-
Other debts				
-considered good	203.55	73.52	51.48	1.22
	272.66	116.65	60.97	1.22

STATEMENT OF CURRENT LIABILITIES AND PROVISIONS

Annexure VIII
(Rs.lacs)

	Period ended November 30, 2007	As at March 31,		
		2007	2006	2005
Current liabilities				
Sundry creditors				
-Dues to small scale industries	-	-	-	-
-Others	33.57	3.22	1.18	0.09
Book overdraft	-	37.14	25.28	-
Advances and deposits received from customers/clients	6.42	7.99	2.00	-
Unclaimed dividend	-	-	-	-
Other liabilities	13.10	0.27	4.76	1.29
Advances for capital goods	-	88.38	-	-
	53.09	137.00	33.22	1.38
Provisions				
Taxation	45.87	0.41	0.17	0.00
Fringe benefit tax	0.40	0.52	0.59	-
	46.27	0.93	0.76	0.00
	99.36	137.93	33.98	1.38

STATEMENT OF OTHER INCOME
Annexure IX
(Rs.lacs)

	Period ended November 30, 2007	As at March 31,		
		2007	2006	2005
Interest income				
-on bank deposits	0.21	-	-	-
-others	-	-	-	-
Commission	-	11.09	6.81	1.38
Installation	-	6.35	16.60	-
Splicing Income	-	-	0.07	-
Miscellaneous income	0.03	0.08	0.08	0.01
	0.24	17.52	23.56	1.39

STATEMENT OF CONTINGENT LIABILITIES
Annexure X
(Rs.lacs)

Particulars	Period ended November 30, 2007	Year ended March 31,		
		2007	2006	2005
Claims against the Company not acknowledged as debts	Nil	Nil	Nil	Nil

STATEMENT OF CAPITAL COMMITMENTS
Annexure XI
(Rs.lacs)

Particulars	Period ended November 30, 2007	Year ended March 31,		
		2007	2006	2005
Estimated amount of contracts remaining to be executed on capital account	Nil	Nil	Nil	Nil

**STATEMENT OF DIVIDEND PAID \
PROPOSED**

Annexure XII

(Rs. In lacs , except face value per share)

Particulars	Period ended November 30, 2007	Year ended March 31,		
		2007	2006	2005
Equity share capital	500.00	160.85	5.10	5.10
Amount of dividend	-	-	-	-
Dividend tax	-	-	-	-
Face value per share	10	10	10	10
Rate of dividend (%)	-	-	-	-

SUMMARY OF ACCOUNTING RATIOS

Annexure XIII

	Period Ended November 30,2007	(Rs. lacs) Year ended March 31,		
		2007	2006	2005
Earnings per share Rs				
-Basic	4.41	30.26	4.65	(0.12)
-Diluted	3.26	1.49	0.31	(0.05)
Net asset value per share - (Rs.)	25.64	237.22	289.67	104.67
Return on net worth- (%)	17.21%	12.76%	1.60%	-0.11%
Cash earnings per share	5.11	37.87	6.76	(0.12)
Profit before tax to operating income (%)	65.22%	53.29%	193.27%	300.00%
Weighted average number of equity shares outstanding during the period/year, considered for basic and diluted earnings per share and net asset value per share.				

Formulae:

Earnings per share (Rs.)	=	$\frac{\text{Profit after taxation}}{\text{Weighted average number of equity shares outstanding}}$
Net asset value per share (Rs.)	=	$\frac{\text{Net worth}}{\text{Weighted average number of equity shares outstanding}}$
Return on net worth (%)	=	$\frac{\text{Profit after taxation}}{\text{Net Worth}}$
Cash earnings per share (Rs.)	=	$\frac{\text{Profit after taxation but before depreciation}}{\text{Weighted average number of equity shares outstanding}}$
Profit before tax to operating income (%)	=	$\frac{\text{Profit before tax}}{\text{Operating income}}$

CAPITALISATION STATEMENT
Annexure XIV
(Rs lacs)

Particulars		Pre Issue	Post Issue
		Period ended November 30, 2007	
Debt as at November 30, 2007			
Short term debt		-	
Long term debt		7.87	
Total Debt	A	7.87	
Shareholder's funds as at November 30, 2007			
Share capital		500.00	Will be determined after finalization of issue price
Reserves		137.69	
		637.69	
Less: Miscellaneous expenditure to the extent not written off or adjusted		0.82	
Total Equity (net worth)	B	636.87	
Long term Debt/Equity		0.01	
Total Debt/Equity		0.01	

TAX SHELTER STATEMENT
Annexure XV
(Rs. lacs)

Particulars	Financial year ended			
	November 30, 2007	March 31 2007	March 31, 2006	March 31, 2005
Profit before tax as restated (A)	168.92	41.11	4.31	(0.06)
Tax Rate	33.99%	33.66%	33.66%	36.59%
Tax as per actual rate on profit	57.42	13.84	1.45	(0.02)
Adjustments				
Permanent Differences				
Capital expenditure	2.50	2.50	-	

Provision for Doubtful Debt	1.39	-	-	-
Disallowance of ESI & PF U/s 36 (1)	0.17	-	-	-
Total Permanent Difference (B)	4.06	2.50	-	-
Timing Differences				
Difference between tax depreciation and book depreciation	(23.40)	(28.62)	(1.29)	-
Preliminary expenses	-	(0.13)	0.07	0.05
Total Timing Differences (C)	(23.40)	(28.75)	(1.22)	0.05
Total Adjustments (B+C)	(19.34)	(26.25)	(1.22)	0.05
Tax Expense/(Saving) thereon	(6.57)	(8.83)	(0.41)	0.02
Tax Payable for the year	50.84	5.00	1.04	(0.00)
Interest u/s 234A , 234B & 234C	-	0.04	0.02	-
Total Tax Payable	50.84	5.04	1.06	(0.00)

STATEMENT OF RELATED PARTY DISCLOSURE

Annexure XVI

Related parties for the period ended November 30, 2007 are classified as:

A	Key Managerial Personnel
	Mr. Neeraj Jain
	Mr. Pankaj Jain
	Mr. Akshay Kumar Jain
	Mrs. Sonal Jain
	Mrs. Chhaya Jain
B	Relatives of Key Managerial Personnel
	Mr. Chakresh Kumar Jain
	Mr. John Jain
	Mr. Vivek Jain
	Mr. Ajit Kumar Jain
C	Enterprises where Key Managerial Personnel have significant influence
	SPN Trust
	Shri Parswa Finvest Limited
	Sea Real Estate Private limited
	Parshansha Real Estate Private Limited

Related Party Transactions are as under:

(Rs. Lacs)

	Particulars	Period ended	Year ended March 31		
		November 30, 2007	2007	2006	2005
A	Key Managerial Personnel				
	Salary	9.49	5.48	2.88	0.72
	Rent	8.00	2.16	1.20	-
	Conveyance	0.15	1.80	-	-
	Trade Mark Royalty	-	-	-	-
	Purchase of Fixed Assets	-	-	-	-
B	Relatives of Key Managerial Personnel				
	Salary	3.52	3.84	-	-
	Rent	-	-	-	-
	Conveyance	-	-	-	-
	Trade Mark Royalty	-	-	-	-
	Purchase of Fixed Assets	-	-	-	-
C	Enterprises where Key Managerial Personnel have significant influence				
	Salary	-	-	-	-

	Rent	-	-	-	0.20
	Conveyance	-	-	-	-
	Trade Mark Royalty	8.00	-	-	-
	Purchase of Fixed Assets	238.08	107.27	-	-



MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION

You should read the following discussion of our financial condition and results of operations together with our restated financial statements prepared in accordance with paragraph B of part II of schedule II to the companies Act and SEBI Guidelines, including the schedules, annexure and notes thereto and the report thereon, which appear in this Draft Red Herring Prospectus.

Overview

Sea TV Network Ltd. (herein after referred to as "Sea TV") is an Agra (U.P) based company engaged providing services of a Multi System Operator (MSO) to various Local Cable TV operators of Agra city. It was incorporated on 21.05.2004 The promoters of Sea TV are in this line of activity since about 15 years and are well conversant with the Cable TV industry.

Sea TV is one of the two existing MSOs in Agra City, the other being M/s Moon Network Private Limited.

Sea TV also has its own local channels, programmes of which are produced by its own production team. These local channels mainly focus on Agra city/U.P State news/events and information, which is more relevant to the city viewers. These channels are broadcasted free of charge to the TV subscribers of Sea TV.

Factors Affecting Results of Operations

Government policies and political situation in India: We operate only in India and the economic condition of India has direct impact on our income. Since 1991, the Government of India has pursued policies of economic liberalization, including certain policies that significantly relaxing restrictions on the private sector. Any change in the direction of economic policies as also specific policies relating to the cable TV sectors could affect us.

The first effort in real sense to regulate the cable TV sectors started with Cable Television Networks (Regulation) Act 1995. Telecom Regulatory Authority of India (TRAI) was entrusted with the responsibility to regulate broadcasting and cable services in January 2004. TRAI has since then taken a number of initiatives for regulating the sector. The key measures taken by TRAI are the following:

- Comprehensive recommendation to GOI on issues relating to broadcasting and distribution of TV channels.
- Protecting consumer interest and minimizing disputes among the service providers by pegging tariff for cable services to a reference date i.e., 26.12.2003.
- Promoted competition through the notification on regulation of interconnection issues, which inter-alia provided for making signals available on non-discriminatory basis.
- Recommendation to GOI to facilitate the participation of private sector in Terrestrial Television.
- Recommendation to GOI on Digitalisation of Cable services.

Technological development. Keeping pace with the new technological developments in this field is a great challenge for survival and development of our business. Changes in technology or other preferences would adversely affect our revenue.

Taxation: The other primary factor which affects our financial condition is the tax payable by us. However, in case our liability for current taxes as calculated is less than 10% of our book profit (as defined by statute), we are liable to pay the Minimum Alternate Tax, or MAT in accordance with section 115JB of the Income Tax Act, 1961. Deferred taxes arise from timing differences between our book profit and our taxable profits that originate during an accounting period and capable of being reversal in another accounting period. Deferred taxes are measured using the tax rates and laws that have been substantively enacted as of the date of financial statements in which they are recorded. We provide for deferred tax liability/assets on such timing difference subject to prudent consideration. Significant sources of deferred tax liabilities and assets included (a) the timing difference in recording depreciation under Indian GAAP and under the Income Tax Act, 1961 and (b) the expenses inadmissible under the provisions of the Income Tax Act, 1961.

Result of Operations

The following table set forth for the period indicated, certain items derived from our restated financial statements, in each case stated in absolute terms and as a percentage of total income .

(Rs. Lacs)								
	Period ended November 30, 2007		Fiscal 2007		Fiscal 2006		Fiscal 2005	
	Amount	% of Total Income	Amount	% of Total Income	Amount	% of Total Income	Amount	% of Total Income
INCOME								
Operating income	479.27	99.95	435.61	96.13	151.49	86.54	0.07	4.79
Other income	0.24	0.05	17.52	3.87	23.56	13.46	1.39	95.21
Total Income	479.51	100.00	453.13	100.00	175.05	100.00	1.46	100.00
EXPENDITURE								
Operating cost	220.25	45.93	358.46	79.11	149.26	85.27	0.09	6.16
Employee cost	20.49	4.27	16.37	3.60	4.32	2.47	0.11	7.54
Administrative cost	44.18	9.21	21.82	4.82	14.87	8.49	1.30	89.04
Selling cost	7.19	1.50	8.59	1.90	1.09	0.62	-	0.00
Finance cost	1.18	0.25	0.30	0.07	0.12	0.07	0.02	1.37
Depreciation	17.31	3.61	6.48	1.43	1.08	0.62	-	0.00
Total Expenditure	310.59	64.77	412.02	90.93	170.74	97.54	1.52	104.11
Profit before tax	168.92	35.23	41.11	9.07	4.31	2.46	(0.06)	(4.11)
Provision for tax	59.29	12.36	15.35	3.39	1.94	1.11	-	-
Net Profit	109.63	22.86	25.76	5.68	2.37	1.35	(0.06)	(4.11)

Status as on November 30, 2007**Income**

Our total income comprising of operating income and other income is Rs. 479.51 lacs.

Expenditure

Our total expenditure incurred during the period ended November 30, 2007 is Rs. 310.59 lacs.

Operating cost

Our operating cost includes pay channels charges; line maintenance expense, news expense, program running expense and security service charges are Rs. 220.25 lacs.

Employee cost

Our employee cost includes salaries, wages and staff welfare expenses, which is Rs. 20.49 lacs.

Administration cost

Our administration cost comprises of rent and taxes, director remuneration, repair and maintenance, legal and professional charges, travelling and conveyance, telephone, postage expenses and other miscellaneous expenses are Rs. 44.18 lacs.

Selling cost

Our selling cost includes advertisement, discount and publicity cost, is Rs. 7.19 lacs.

Finance cost

Our finance cost is Rs. 1.18 lacs.

Depreciation

Depreciation is Rs. 17.31 lacs.

Profit before tax

Our profit before tax for the period ended November 2007 is Rs. 168.92 lacs.

Provision for tax

Our provision for tax liabilities for the period is Rs. 59.29 lacs.

Profit after tax

Our profit after tax is Rs. 109.63 lacs.

COMPARISON OF FISCAL 2007 AND FISCAL 2006**Income**

Our total income comprising of operating income and other income increased by 158.86% to Rs. 453.13 lacs in Fiscal 2007 from Rs. 175.05 lacs in Fiscal 2006 . This was primarily due to an increase in the operating income from carriage

fee to Rs. 142.27 lacs in fiscal 2007 from Rs. 13.65 lacs in fiscal 2006 and also increase in our operating income from time and space selling to Rs. 163.50 lacs in fiscal 2007 from Rs. 83 lacs in fiscal 2006. The increase in our carriage fee was driven by Annual Carriage Fee contracts of various Broadcasters, like Zee TV for Rs.26 Lakhs, Set Discovery for Rs. 22 Lakhs, NDTV for Rs. 20 Lakhs, Sahara TV Group Rs. 25 Lakhs, CNN/IBN for Rs. 15 Lakhs, Star News for Rs. 10.60 Lakhs, Times Now for Rs. 8 Lakhs and others.

Other income decreased to Rs. 17.52 lacs in Fiscal 2007 from Rs. 23.56 lacs in Fiscal 2006. This was primarily due to decrease in our installation income from Rs. 16.60 lacs to Rs. 6.35 lacs as percentage of new cable operator associated with the Company was higher in 2006 as compare to 2007.

Expenditure

Our total expenditure increased by 141.31% to Rs. 412.02 lacs in Fiscal 2007 from Rs. 170.74 lacs in Fiscal 2006. This was primarily due to an increase in our operating income and business volume resulting in a corresponding increase in cost.

Operating cost

Our operating cost includes pay channels charges, line maintenance expense, news expense, program running expense and security service charges. Our operating cost increase by 140.16% to Rs. 358.46 lacs in Fiscal 2007 from Rs. 149.26 lacs in Fiscal 2006. This was primarily due to increase in our pay channels fees, line maintenance expenses due to increase in coverage area and news expenses. As a percentage of our total income, our operating cost decrease to 79.11% in Fiscal 2007 from 85.27% in Fiscal 2006, because some components of operating cost are not directly related to increase in income.

Employee cost

Our employee cost includes salaries, wages and staff welfare expenses. Our employee cost increase by 278.94% to Rs. 16.37 lacs in Fiscal 2007 from Rs. 4.32 lacs in Fiscal 2006, primarily due to increase in number of employees and increase in annual salaries increment. As a percentage of our total income, our employee cost increased to 3.60% in Fiscal 2007 from 2.47% in Fiscal 2006.

Administration cost

Our administration cost includes rent and taxes, director remuneration, repair and maintenance, legal and professional charges, travelling and conveyance, telephone, postage expenses and other miscellaneous expenses. Our administration cost increased by 46.74% to Rs. 21.82 lacs in Fiscal 2007 from Rs. 14.87 lacs in Fiscal 2006 due to increase in legal & professional expenses and increase in director remuneration. As a percentage of our total income, our administration cost decreased to 4.82% in Fiscal 2007 from 8.49% in Fiscal 2006. The decrease was driven by a decrease in repair and maintenance, telephone, postage and other miscellaneous expenses as compare to increase in our income.

Selling cost

Our selling cost includes advertisement, discount and publicity cost. Our selling cost increased by 688.07% to Rs. 8.59 lacs in Fiscal 2007 from Rs. 1.09 lacs in Fiscal 2006. As a percentage of our total income, our selling cost increased to 1.90% in Fiscal 2007 from 0.62% in Fiscal 2006, this is due to our advertisement commission and discount cost.

Finance cost

Our finance cost increased by 150% to Rs. 0.30 lacs in Fiscal 2007 from Rs. 0.12 lacs in Fiscal 2006. As a percentage of our total income our finance cost is remained same.

Depreciation

Depreciation increased by 500% to Rs. 6.48 lacs in Fiscal 2007 from Rs.1.08 lacs in Fiscal 2006. The increase was due to gross addition of Rs. 130.92 lacs in fixed assets. As a percentage of our total income, depreciation increased 1.43% in Fiscal 2007 from 0.62% in Fiscal 2006.

Profit before tax

Our profit before tax increased by 853.83% to Rs. 41.11 lacs in Fiscal 2007 from Rs.4.31 lacs in Fiscal 2006 due to increase in our total income by 278.08 lacs in Fiscal 2007, but our expenditure increased by Rs. 241.28 lacs, primarily due to increase in our carriage fee and better planning and utilization of internal resources. As a percentage of our total income, our profit before tax increased to 9.07% in Fiscal 2007 from 2.46% in Fiscal 2006.

Provision for tax

Our provision for tax liabilities increased by 691.24% to Rs. 15.35 lacs in Fiscal 2007 from Rs. 1.94 lacs in Fiscal 2006. The primary components of this increase were a substantial increase in our current tax liability to Rs. 5.20 lacs in Fiscal 2007 from Rs. 0.92 lacs in Fiscal 2006 in line with an increase in our profit before tax and an increased in our deferred tax charges to Rs. 9.63 lacs in Fiscal 2007 from Rs. 0.43 lacs in Fiscal 2006.

Profit after tax

Our profit after tax increased by 986.92% to Rs. 25.76 lacs in Fiscal 2007 from Rs.2.37 lacs in Fiscal 2006. As a percentage of our total income, our profit after tax increased to 5.68% in Fiscal 2007 from 1.35% in Fiscal 2006.

COMPARISON OF FISCAL 2006 AND FISCAL 2005

Income

Our total income comprising of operating income and other income increased by 11889.73% to Rs.175.05 lacs in Fiscal 2006 from Rs. 1.46 lacs in Fiscal 2005. This was primarily due to carriage fee of Rs. 13.65 lacs and income from time and space selling Rs. 83 lacs in fiscal 2006.

In addition an increase in our operating income is also due to an increase in income from LCO to Rs.54.83 lacs in Fiscal 2006 from Rs. 0.07 lacs in Fiscal 2005, as Fiscal 2005 was the first year of operation of the Company.

Other income increased to Rs. 23.56 lacs in Fiscal 2006 from Rs. 1.39 lacs in Fiscal 2005. This was primarily due to increase in our installation income.

Expenditure

Our total expenditure increased by 11132.89% to Rs. 170.74 lacs in Fiscal 2006 from Rs. 1.52 lacs in fiscal 2006. This was primarily due to an increase in our operating income and business volume resulting in a corresponding increase in cost.

Operating cost

Our operating cost includes pay channels charges, line maintenance expense, news expense, program running expense and security service charges. Our operating cost increase by 165744.44% to Rs. 149.26 lacs in Fiscal 2006 from Rs. 0.09 lacs in Fiscal 2005. This was due to increase in business volume as compare to Fiscal 2005, which was the first year of operation of the company. As a percentage of our total income, our operating cost increased to 85.27% in Fiscal 2006 from Rs. 6.16%

Employee cost

Our employee cost includes salaries, wages. Our employee cost increase by 3827.27% to Rs. 4.32 lacs in Fiscal 2006 from Rs. 0.11 lacs in Fiscal 2005. As a percentage of our total income, our employee cost decreased to 2.47% in Fiscal 2006 from 7.54% in Fiscal 2005.

Administration cost

Our administration cost includes rent and taxes, director remuneration, repair and maintenance, legal and professional charges, travelling and conveyance, telephone, postage expenses and other miscellaneous expenses. Our administration cost increased by 1043.85% to Rs. 14.87 lacs in Fiscal 2006 from Rs. 1.30 lacs in Fiscal 2005. As a percentage of our total income, our administration cost decreased to 8.49% in Fiscal 2006 from 89.04% in Fiscal 2005.

Selling cost

Our selling cost includes advertisement, discount and publicity cost. Our selling cost increased to Rs. 1.09 lacs in Fiscal 2006 as compared to nil in Fiscal 2005. As a percentage of our total income, our selling cost increased to 0.62% in Fiscal 2006 as compared to nil in Fiscal 2005.

Finance cost

Our finance cost increased by 500% to Rs. 0.12 lacs in Fiscal 2006 from Rs. 0.02 lacs in Fiscal 2005. As a percentage of our total income our finance cost is decreased to 0.07% in Fiscal 2006 from 1.37% in Fiscal 2005.

Depreciation

Depreciation increased to Rs. 1.08 lacs in Fiscal 2006 from nil in Fiscal 2005. The increase was due to gross addition of Rs. 9.72 lacs in fixed assets. As a percentage of our total income, depreciation increased to 0.62% in Fiscal 2006 from nil in Fiscal 2005.

Profit before tax

Our profit before tax increased by 7283.33 % to Rs. 4.31 lacs in Fiscal 2006 from Rs. (0.06) in Fiscal 2005 due to increase in our total income by 173.59 lacs in Fiscal 2006, but our expenditure increased by Rs. 169.22 lacs, primarily due to increase in our carriage fee and better planning and utilization of internal resources. As a percentage of our total income, our profit before tax increased to 2.46% in Fiscal 2006 from (4.11) % in Fiscal 2005.

Provision for tax

Our provision for tax liabilities increased to Rs.1.94 lacs in Fiscal 2006 from nil in Fiscal 2005. The primary component of this increase was an increase in our current tax liability to Rs. 0.92 lacs in Fiscal 2006 in line with an increase in our profit before tax and due to provision for fringe benefit tax of Rs. 0.59 lacs in Fiscal 2006.

Profit after tax

Our profit after tax increased by 4050% to Rs.2.37 lacs in Fiscal 2006 from Rs. (0.06) in Fiscal 2005. As a percentage of our total income, our profit after tax increased to 1.35% in Fiscal 2006 from (4.11) % in Fiscal 2005.

Information required as per clause 6.10.5.5(a) of the SEBI Guidelines:

1. Unusual or infrequent events or transactions

There have been no unusual or infrequent transactions that have taken place.

2. Significant Economic changes that materially affected or are likely to affect income from continuing operation

There are no significant economic changes that materially affect or likely to affect income from continuing operations.

3. Known trends or uncertainties

Apart from risks as disclosed in this DRHP, there are no other known trends or uncertainties that have had or are expected to have a material adverse impact on sales, revenue or income from continuing operations.

4. Future relationship between cost and revenue

The Company is continuously working to create efficient processes resulting in cost reduction and have a better control over its activities. Other than those covered in the section titled " Risk Factors" , to our knowledge , there are no known factor, which will affect the future relationship between the costs and income , or which will have a material impact on our operations and finances.

5. Reason for increase in sales/ revenue

The increase/ decrease in revenue is on account of carriage fee, time and space selling and from local cable operators.

6. Total turnover of the Industry

Please refer to the section on " Industry Overview" referred on page [*] of the DRHP.

7. New products introduced in the year 2007

We have not introduced any new products in the year 2007.

8. Seasonality of business

Company is not engaged in any seasonal business.

9. Over dependence on Single supplier/Customers

The Company is providing Multi System operator service to number of cable operators and TV broadcasting activity is also carried out in the company, there is no over dependence on single supplier or customers.

10. Competitive conditions

The Company is engaged in the business of providing service of a Multi System Operator to various local cable operators of Agra City, with keeping pace with the new technological developments in this field, the Company would be able to manage competitive conditions to its advantage.

FINANCIAL STATEMENTS OF GROUP COMPANIES

The Company does not have any subsidiaries or group companies.

SECTION VII- LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATIONS AND MATERIAL DEVELOPMENTS

Except as described below:

- There are no outstanding litigation suits, criminal or civil, involving economic offences or proceeds or tax liability against our company and our Directors that would have material adverse effect on our Business.
- There are no overdue, defaults to the Financial Institutions/Banks, Re-Scheduling of loans to Banks/Financial Institutions by the Company. There are no pending offences of non-payment of statutory dues by the promoters of the Company.
- There are no cases of litigation pending against the Company or against any other Company whose outcome could have a materially adverse effect on the position of the Company. There are no pending litigations against the promoters/directors in their personal capacities and also involving violation of statutory regulations or criminal offences. There are no pending proceedings initiated for economic offences against the Directors, Promoters, Companies and firms promoted by the promoters.
- There are no outstanding litigation, defaults etc., pertaining to matters likely to affect the operations and finances of the Company including disputed tax liability, prosecution under any enactment in respect of Schedule XIII of the Companies Act, 1956.
- There is no litigation outstanding against the promoters/Directors in their personal capacity. The Company, its promoters and other companies with which promoters are associated have neither been suspended by SEBI nor any disciplinary action has been taken by SEBI other than those mentioned above.

I. OUTSTANDING LITIGATIONS INVOLVING THE COMPANY

A. FILED AGAINST THE COMPANY

1. LITIGATION INVOLVING CRIMINAL LAWS

There is no litigation pending against the Company involving criminal offences.

2. LITIGATION INVOLVING SECURITIES AND ECONOMIC LAWS

Income Tax Act : A notice 1/09/2007 has been served on the Company, with respect to assessment year 2006-07 for an amount of Rs.14,963 under section 143 (1) of the Income Tax Act, 1961 from the office of Income Tax Officer, Agra, U.P. This demand has arisen due to the amount of TDS and TCS figures being not taken fully by the department. The Company has filed response to the notice vide letter dated 04/01/2008.

3. LITIGATION INVOLVING STATUTORY LAWS

There is no litigation pending against the Company involving statutory laws save as herein below mentioned:

(1) The Company had received a notice numbering 266 of 2004 dated June 24, 2004 regarding broadcasting of film, news, interviews, etc. against the provisions of Uttar Pradesh Cinematograph (Regulation) Act, 1955 from the Registration Authority under the Act, seeking a copy of registration under the Cable Television Networks Regulation Act, 1995 and under the Uttar Pradesh Cinematograph (Regulation) Act, 1955, wherein it was stated that non-compliance would result in confiscation of control room/equipment of the Company. Against this notice, the Company has obtained a stay vide order dated July 26, 2007 from the High Court of Judicature at Allahabad, Lucknow Bench, Lucknow, by way of writ petition numbering 3428 (M/B) of 2004 between SEA TV thru Trustee Smt. Sonal Jain vs. State of U.P. thru Prin. Secy. Entertainment Tax and 3 ors. The said petition has been ordered to be connected and listed along with a pending writ petition numbering 2762 (M/B) of 2004, between M/S Neo Network versus State of U.P. vide the following order: "Connect and list along with WP no. 2762(MB)/2004. Till next listing operation of the impugned circular dated 30.04.2004



issued by the Entertainment Tax Commissioner, U.P.Lucknow so far as it relates to the Petitioner and the order dated 24.06.2004 issued by ADM, Agra shall remain stayed.”

The matter was listed before the Court on 12.10.2007 when the interim order was extended. Now the matter will come up for hearing in due course.

- The litigation mentioned below is not pending and was decided in favour of the Company by the Apex court of the country but it is important to quote it as the nature of the litigation is germane to the nature of the business of the Company:

Star India had entered into a distribution agreement with Moon Network Pvt. Ltd. authorizing the Moon Network (a company engaged in the business of transmission of TV channels as a Multi System Operator) as authorized distributor of satellite TV channels of Star India on sole and exclusive basis in the territory of Agra for the period of January 1, 2005 to June 30, 2007. Under the said agreement Moon Network could execute an affiliation agreement with its affiliates in such form and manner as may be approved by Star India. Thus, under the said agreement Moon Network was appointed as exclusive agent of Star India in the territory of Agra, U.P. and at the same time the Agreement recognized the status of Moon Network as a Multi-System Operator.

When SEA TV approached Star India for supply of signals in that territory, Star TV directed SEA TV to approach Moon Network for which SEA TV did not agree. SEA TV filed a Petition numbering 41(C) of 2005 before the TELECOM DISPUTES SETTLEMENT & APPELLATE TRIBUNAL contending that the refusal by Star India to give signals of its TV channels directly to the Petitioner was in contravention of the Telecom Regulatory Authority of India Act ("the Act") and Telecommunication, Broadcasting and Cable Service (Interconnect) Regulation, 2004 ("the Regulation"), which mandated that the broadcasters must provide, on request, signals of their TV channels on non-discriminatory terms to all MSOs. On behalf of SEA TV it was submitted that under the Regulations, there was a mandate that such supply of signals must be without any unreasonable terms, and, therefore, SEA TV sought for a direction to Star India to supply signals of its bouquet of TV channels directly to SEA TV on such terms and conditions as were just and reasonable.

Accepting the plea of SEA TV the Hon'ble Tribunal held that such an appointment of a distributor/MSO as an exclusive agent of a Broadcaster was impermissible in law. It was also held that SEA TV had a right to receive signals of Star India on its asking for the same in a non-discriminatory manner and on a "must provide" basis. It was observed that apart from piracy the only other ground on which the signals had been refused to SEA TV directly was because of the fact that Moon Network had been appointed as an exclusive agent of Star India for the city of Agra, which was legally impermissible. Therefore it was held that SEA TV was entitled to receive signals directly from Star India or through an agent who was not a distributor/MSO of Star India.

Aggrieved by the order of Tribunal, Star India preferred a civil appeal before the Supreme Court of India. Supreme Court dismissed the said appeal by upholding the order of the Tribunal. The Hon'ble Supreme Court observed that the Tribunal was right in holding that arrangement between Star India and Moon Network was discriminatory as the object of the Regulations is to eliminate monopoly.

2. LITIGATION INVOLVING CIVIL LAWS

There is no litigation pending against the Company involving civil laws.

3. LITIGATION INVOLVING LABOUR LAWS

There is no litigation pending against the Company involving labour offences.

B. FILED BY THE COMPANY

• LITIGATION INVOLVING CRIMINAL LAWS

There is no litigation filed by the Company involving criminal offences

- LITIGATION INVOLVING SECURITIES AND ECONOMIC LAWS

There is no litigation filed by the Company involving securities or economic offences.

- LITIGATION INVOLVING STATUTORY LAWS

There is no litigation filed by the Company involving statutory law.

- LITIGATION INVOLVING CIVIL LAWS

There is no litigation filed by the Company involving civil laws.

II Outstanding litigations involving any of the Promoter/ Director of the Company

Other than above mentioned litigation involving the Statutory Laws, there is no other litigation pending against any of the Director/ Promoter of the Company under any of the following heads:

1. LITIGATION INVOLVING CRIMINAL LAWS

The litigation mentioned below is neither pending nor has been filed against a Director of the Company.

2. LITIGATION INVOLVING SECURITIES AND ECONOMIC LAWS

A notice has been served on Mr. Neeraj Jain, Director of the Company, with respect to assessment year 1999-2000 for an amount of Rs. 3,43,335/ plus interest- under section 221(1) of the Income Tax Act, 1961 from the office of Income Tax Officer, Agra, U.P. Against this order company has made appeal the next date of hearing of appeal is 17/01/2008

3. LITIGATION INVOLVING CIVIL LAWS: **NIL**

4. LITIGATION INVOLVING LABOUR LAWS: **NIL**

There is no litigation filed by any of the other Directors/Promoters of the company under any of the following heads:

1. LITIGATION INVOLVING CRIMINAL LAWS: **NIL**

2. LITIGATION INVOLVING SECURITIES AND ECONOMIC LAWS: **NIL**

3. LITIGATION INVOLVING STATUTORY LAWS: **NIL**

4. LITIGATION INVOLVING CIVIL LAWS: **NIL**

5. LITIGATION INVOLVING LABOUR LAWS: **NIL**

MATERIAL DEVELOPMENTS

Material developments after the date of the last balance sheet

Except as stated in the sections titled, "Management's Discussion and Analysis of Financial Statements and Results of Operations", "Financial Statements", "Capital Structure" on page [*], [*] and [*], respectively, of this DRHP, no material developments have taken place after March 31 2007, the date of the latest balance sheet (and also after September 30, 2007), that would materially adversely affect the performance or prospects of our Company.

GOVERNMENT AND OTHER APPROVALS

The Company has received all the necessary consents, licenses, permissions and approvals from the government and various government agencies required for its present business and no further approvals are required from any government authorities for us to continue our present and proposed activities except as mentioned in the Section titled "Risk Factors" on page no. [*] of this DRHP. The important licenses and approvals procured/to be procured by the Company are as follows: -

The Company has obtained the following Government and/or statutory approvals/ licenses/ permissions:

Incorporation:

- (i) Certificate of Incorporation No. U92132UP2004PLC028650 dated 21st May, 2004 issued by the Registrar of Companies, UP and Uttaranchal, Kanpur.
- (ii) Certificate of Commencement of Business dated 1st June, 2004 issued by the Registrar of Companies, UP and Uttaranchal, Kanpur.

Statutory Approval for carry on operations as Multi-system Operators/Cable Operator:

- (i) Order number 502 dated 1st July, 2005 issued by Asstt. Entertainment Tax Commissioner under the Uttar Pradesh Cable Television Network (Exhibition) Rules, 1997, to carry on the business of cable operator.
- (ii) Registration certificate number 02-2006 dated June 27, 2006 issued by the Sr. Post Master, Head Post Office Agra, Government of India under the Cable Television Networks Regulation Act, 1995.

Service Tax Registration:

Certificate of registration no. AAICS9898PST001 under Section 69 of the Finance Act, 1994 dated 8th August 2005 issued by the Assistant Commissioner, Customs, Central Excise & Service Tax, 113/4, Sanjay Place, Agra for payment of service tax on services of "Advertising Space or Time Cable Operators".

Other miscellaneous Permissions/ Consents/ Registrations/ Approvals/ Licenses/ Arrangements

- Provident Fund Registration certificate bearing code number UP-38807 dated July 13, 2007 issued by the Sub Regional Office Employees' Provident Fund Organization, 55/2, Nidhi Bhawan Sanjay Place, Agra 282 002 for the purposes of deposit of provident fund with the Assistant P.F. Commissioner, Agra with effect from June 1, 2007 onwards.
- ESI Registration with Regional Office, Employees' State Insurance Corporation, Kanpur, U.P. with Code No. 21-24937-90 dated August 31, 2007 for the purpose of making contributions under the Act with effect from June 1, 2007 onwards. The Company was regular in making contribution under the Act.
- The Permanent Account Number (PAN) of the Company is AAICS9898P.
- The TDS Account Number of the Company is AGRS12852A.
- Registration under the Uttar Pradesh Shop and Commercial Establishment Act, 1962 bearing number Shram(D.V.)/Agra/Kshetra-02/No.-1226 dated 13-09-2007 issued by Inspector, Uttar Pradesh Shop and Commercial Establishment, Agra, U.P.
- Registered trademark "JINVANI" bearing registration number 1344489 dated March 14, 2005 issued by the Trade Marks Registry, Government of India under the Trade Marks Act, 1999, in respect of class 41 (Entertainment channels, TV Programs, Dramas, comedies, Music, Songs, News, Religious Programs, Movies Serials, Cultural, Programs, Cartoon Programs, Educational Programs, Sports Programs & Albums).
- License to use the registered trade mark "SEA TV" (Registration no- 1238408 in class-41) from M/s S.P.N. Trust (A Registered Trust), a Trust having its office at 148, Manas Nagar, Shahganj, Agra, U.P, vide an agreement dated 31st January, 2006.



Besides the above there are no pending approvals to be applied for by the Company as far as the present business is concerned. The approvals which form a part of the Risk Factors as appearing on page [*] of the DRHP will be required during the time of the execution of the project after the issue.

SECTION VIII- OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority For The Present Issue

Pursuant to Section 81(1A) of the Companies Act, 1956, present Issue of Equity Shares has been authorised vide Special Resolution passed at the Extra Ordinary General Meeting of the Company held on December 31, 2007 and a resolution passed by the Board of Directors on January 11, 2008.

Prohibition by SEBI

Our Company, our Directors, our Promoters, other companies/entities promoted by our Promoters and companies/entities with which our Directors are associated as directors, have not been prohibited from accessing or operating in the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI. Our Company, our Directors, our Promoters, other companies/entities promoted by our Promoters have not been detained as wilful defaulters by RBI or Government authorities and there are no violation of securities laws committed by them in the past or pending against them.

Eligibility For The Issue:

We are eligible to make the Issue in accordance with clause 2.2.2 of the SEBI Guidelines as explained below:

Clause 2.2.2 of the SEBI Guidelines states as follows:

"An unlisted company not complying with any of the conditions specified in Clause 2.2.1 may make an initial public offering (IPO) of equity shares or any other security which may be converted into or exchanged with equity shares at a later date, only if it meets both the conditions (a) and (b) given below:

- (a) (i) The Issue is made through the book-building process, with at least 50% of the net offer to the public being allotted to Qualified Institutional Buyers (QIBs), failing which the full subscription monies shall be refunded.

OR

- (a) (ii) The "project" has at least 15% participation by Financial Institutions/Scheduled Commercial Banks, of which at least 10% comes from the appraiser(s). In addition to this, at least 10% of the issue size shall be allotted to QIBs, failing which the full subscription monies shall be refunded.

AND

- (b) (i) The minimum post-issue face value capital of the company shall be Rs.10 Crores.

OR

- (b) (ii) There shall be a compulsory market-making for at least 2 years from the date of listing of the shares, subject to the following:
- (a) Market makers undertake to offer, buy and sell quotes for a minimum depth of 300 shares;
 - (b) Market makers undertake to ensure that the bid-ask spread (difference between quotations for sale and purchase) for their quotes shall not at any time exceed 10%;
 - (c) The inventory of the market makers on each of such stock exchanges, as on the date of allotment of securities, shall be at least 5% of the proposed issue of the Company."

We are an unlisted company not complying with the conditions specified in Clause 2.2.1 of the SEBI Guidelines and are therefore required to meet both the conditions detailed in Clause 2.2.2(a) and 2.2.2(b) of the SEBI Guidelines.

- We are complying with Clause 2.2.2(a)(ii) of the SEBI Guidelines and at least 10% of the Issue is proposed to be Allotted to QIB Bidders and if we fail to do so the full subscription monies shall be refunded to the Bidders.

Accordingly, as per clause 11.3.5(i) of the SEBI Guidelines, not less than 15% and 35% of the Issue will be available for allocation to Non-Institutional Bidders and Retail Individual Bidders, respectively.

- We are also complying with Clause 2.2.2(b)(i) of the SEBI Guidelines since the post-issue face value capital of the Company shall be Rs. 1700 lacs, which is more than the minimum requirement of Rs. 10 Crore.

Further, in accordance with Clause 2.2.2A of the SEBI Guidelines, we shall ensure that the number of prospective allottees to whom the Equity Shares will be Allotted will be not less than 1,000, failing which the entire application monies will be refunded forthwith. In the event that there is any delay in refunding application monies, the Company shall pay interest on the application monies at the rate of 15% per annum for the period of delay.

Disclaimer Clause

AS REQUIRED, A COPY OF THE DRAFT RED HERRING PROSPECTUS HAS BEEN SUBMITTED TO SEBI.

"IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF OFFER DOCUMENT TO SEBI SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE OFFER DOCUMENT. LEAD MERCHANT BANKER, CHARTERED CAPITAL AND INVESTMENT LIMITED HAS CERTIFIED THAT THE DISCLOSURES MADE IN THE OFFER DOCUMENT ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI (DISCLOSURES AND INVESTOR PROTECTION) GUIDELINES IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING INVESTMENT IN THE PROPOSED ISSUE. IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ISSUER COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE OFFER DOCUMENT, THE LEAD MERCHANT BANKER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE LEAD MERCHANT BANKER CHARTERED CAPITAL AND INVESTMENT LIMITED HAS FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED JANUARY 11, 2008 WHICH READS AS FOLLOWS:

WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS ETC. AND OTHER MATERIALS MORE PARTICULARLY REFERRED TO IN THE ANNEXURE HERETO IN CONNECTION WITH THE FINALISATION OF THE DRAFT PROSPECTUS/LETTER OF OFFER PERTAINING TO THE SAID ISSUE;

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

(A) THE DRAFT PROSPECTUS/LETTER OF OFFER FORWARDED TO THE BOARD IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;

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

(C) THE DISCLOSURES MADE IN THE DRAFT PROSPECTUS / LETTER OF OFFER ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE AND SUCH DISCLOSURES ARE IN ACCORDANCE WITH THE REQUIREMENTS OF THE COMPANIES ACT, 1956, THE SEBI (DISCLOSURE AND INVESTOR PROTECTION) GUIDELINES, 2000 AND OTHER APPLICABLE LEGAL REQUIREMENTS.

3. WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE PROSPECTUS/LETTER OF OFFER ARE REGISTERED WITH THE BOARD AND THAT TILL DATE SUCH REGISTRATION IS VALID.

4. WE HAVE SATISFIED OURSELVES ABOUT THE WORTH OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS.

5. WE CERTIFY THAT WRITTEN CONSENT FROM SHAREHOLDERS HAS BEEN OBTAINED FOR INCLUSION OF THEIR SECURITIES AS PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN AND THE SECURITIES PROPOSED TO FORM PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN, WILL NOT BE DISPOSED / SOLD / TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING THE DRAFT PROSPECTUS WITH THE BOARD TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE DRAFT RED HERRING PROSPECTUS.

6. WE CERTIFY THAT CLAUSE 4.6 OF THE SEBI (DISCLOSURE AND INVESTOR PROTECTION) GUIDELINES, 2000, WHICH RELATES TO SECURITIES INELIGIBLE FOR COMPUTATION OF PROMOTERS CONTRIBUTION, HAS BEEN DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE CLAUSE HAVE BEEN MADE IN THE DRAFT PROSPECTUS/LETTER OF OFFER.

7. WE UNDERTAKE THAT CLAUSES 4.9.1, 4.9.2, 4.9.3 AND 4.9.4 OF THE SEBI (DISCLOSURE AND INVESTOR PROTECTION) GUIDELINES, 2000 SHALL BE COMPLIED WITH. WE CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION AND SUBSCRIPTION FROM ALL FIRM ALLOTTEES WOULD BE RECEIVED AT LEAST ONE DAY BEFORE THE OPENING OF THE ISSUE .WE UNDERTAKE THAT AUDITORS' CERTIFICATE TO THIS EFFECT SHALL BE DULY SUBMITTED TO THE BOARD. WE FURTHER CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE KEPT IN AN ESCROW ACCOUNT WITH A SCHEDULED COMMERCIAL BANK AND SHALL BE RELEASED TO THE COMPANY ALONG WITH THE PROCEEDS OF THE PUBLIC ISSUE.

THE FILING OF OFFER DOCUMENT DOES NOT, HOWEVER, ABSOLVE THE COMPANY FROM ANY LIABILITIES UNDER SECTION 63 OR 68 OF THE COMPANIES ACT, 1956 OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY OR OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED ISSUE. SEBI, FURTHER RESERVES THE RIGHT TO TAKE UP, AT ANY POINT OF TIME, WITH THE LEAD MERCHANT BANKER(S) ANY IRREGULARITIES OR LAPSES IN OFFER DOCUMENT."

8. WHERE THE REQUIREMENTS OF PROMOTERS' CONTRIBUTION IS NOT APPLICABLE TO THE ISSUER, WE CERTIFY THE REQUIREMENTS OF PROMOTERS' CONTRIBUTION UNDER CLAUSE 4.10 {SUB-CLAUSE (A), (B) OR (C), AS MAY BE APPLICABLE} ARE NOT APPLICABLE TO THE ISSUER.

9. WE CERTIFY THAT THE PROPOSED ACTIVITIES OF THE ISSUER FOR WHICH THE FUNDS ARE BEING RAISED IN THE PRESENT ISSUE FALL WITHIN THE 'MAIN OBJECTS' LISTED IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OR OTHER CHARTER OF THE ISSUER AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED OUT UNTIL NOW ARE VALID IN TERMS OF THE OBJECT CLAUSE OF ITS MEMORANDUM OF ASSOCIATION.

10. WE CONFIRM THAT NECESSARY ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT THE MONEYS RECEIVED PURSUANT TO THE ISSUE ARE KEPT IN A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF SECTION 73(3) OF THE COMPANIES ACT, 1956 AND THAT SUCH MONEYS SHALL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FROM ALL THE STOCK EXCHANGES MENTIONED IN THE PROSPECTUS/LETTER OF OFFER. WE FURTHER CONFIRM THAT THE AGREEMENT ENTERED INTO BETWEEN THE BANKERS TO THE ISSUE AND THE ISSUER SPECIFICALLY CONTAINS THIS CONDITION.

11. WE CERTIFY THAT NO PAYMENT IN THE NATURE OF DISCOUNT, COMMISSION, ALLOWANCE OR OTHERWISE SHALL BE MADE BY THE ISSUER OR THE PROMOTERS, DIRECTLY OR INDIRECTLY, TO ANY PERSON WHO RECEIVES SECURITIES BY WAY OF FIRM ALLOTMENT IN THE ISSUE.

12. WE CERTIFY THAT A DISCLOSURE HAS BEEN MADE IN THE PROSPECTUS THAT THE INVESTORS SHALL BE GIVEN AN OPTION TO GET THE SHARES IN DEMAT OR PHYSICAL MODE.

13. WE CERTIFY THAT THE FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE DRAFT PROSPECTUS/LETTER OF OFFER:

(A) AN UNDERTAKING FROM THE ISSUER THAT AT ANY GIVEN TIME THERE SHALL BE ONLY ONE DENOMINATION FOR THE SHARES OF THE COMPANY AND

(B) AN UNDERTAKING FROM THE ISSUER THAT IT SHALL COMPLY WITH SUCH DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY THE BOARD FROM TIME TO TIME.

GENERAL DISCLAIMER

Investors may note that the Company and the BRLM accept no responsibility for statements made otherwise than in this DRHP or in the advertisements or any other material issued by or at instance of the Company and/or the BRLM and that anyone placing reliance on any other source of information would be doing so at his or her own risk.

The BRLM accept no responsibility, save to the limited extent as provided in the Memorandum of Understanding among the BRLM and the Company dated January 5, 2008 and the Underwriting agreement to be entered among the Underwriters and our Company.

All information shall be made available by the Company, the BRLM to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever.

DISCLAIMER IN RESPECT OF JURISDICTION

This Issue is being made in India to persons resident in India (including Indian nationals resident in India who are majors, HUFs, companies, corporate bodies and societies registered under the applicable laws in India and authorised to invest in shares, Indian mutual funds registered with SEBI, Indian financial institutions, commercial banks, regional rural banks, cooperative banks (subject to RBI permission), Trusts registered under the Societies Registration Act, 1860, as amended from time to time, or any other Trust law and who are authorised under their constitution to hold and invest in shares) permitted insurance companies and pension funds and to NRIs, FIIs and Foreign Venture Capital Funds registered with SEBI as defined under the Indian laws.

This DRHP does not, however, constitute an offer to sell or an invitation to subscribe to shares offered hereby in any other jurisdiction to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession this DRHP comes is required to inform himself or herself about and to observe any such restrictions. Any disputes arising out of this Issue will be subject to the jurisdiction of appropriate court(s) in Uttar Pradesh, India only.

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

DISCLAIMER CLAUSE OF BOMBAY STOCK EXCHANGE LIMITED (BSE) (Designated Stock Exchange)

As required, a copy of the Draft Red Herring Prospectus has been submitted to the Bombay Stock Exchange Limited.

The disclaimer clause shall be inserted after grant of in-principle approval from BSE.

DISCLAIMER CLAUSE OF THE NATIONAL STOCK EXCHANGE (NSE)

As required, a copy of the Draft Red Herring Prospectus has been submitted to the National Stock Exchange of India Limited (hereinafter referred to as NSE).

The disclaimer clause shall be inserted after grant of in-principle approval from NSE.

UNDERTAKING FROM PROMOTERS AND DIRECTORS

We accept full responsibility for the accuracy for the information given in the DRHP and confirm that to the best of their knowledge and belief, there are no other facts, their omission of which make any statement in the DRHP misleading and we further confirm that we have made all reasonable inquiries to ascertain such facts. We further declare that the Stock Exchanges to which an application for official quotation is proposed to be made do not take any responsibility for the financial soundness of this offer or for the price at which the Equity Shares are offered or for the correctness of the statement made or opinions expressed in this offer document. The Promoter/Directors declare and confirm that no information / material likely to have a bearing on the decision of investors in respect of the shares offered in terms of the DRHP has been suppressed, withheld and/or incorporated in the manner that would amount to mis-statement, misrepresentation and in the event of its transpiring at any point of time till allotment/refund, as the case may be, that any information/ material has been suppressed/withheld and/or amounts to a mis-statement / mis-representation, the Promoter/Directors undertake to refund the entire application monies to all the subscribers within 7 days thereafter without prejudice to the provisions of Section 63 of the Companies Act.

FILING



A copy of the Draft Red Herring Prospectus, has been filed with the Corporate Finance Department of SEBI, at Corporation Finance Department, Division of Issues and Listing, SEBI Bhavan, Plot No. C-4A, G Block, Bandra Kurla Complex, Bandra (East), Mumbai- 400 051.

A copy of the Red Herring Prospectus, along with documents required to be filed under Section 60B of the Act, will be delivered for registration to the Registrar of Companies, Uttar Pradesh and Uttaranchal at Kanpur and a copy of the Prospectus to be filed under Section 60 of the Act would be delivered for registration with the Registrar of Companies, Uttar Pradesh and Uttaranchal at Kanpur.

LISTING

Initial listing applications have been made to the Bombay Stock Exchange Limited (Designated Stock Exchange) and National Stock Exchange of India Limited for permission to list the Equity Shares and for an official quotation of the equity shares of the Company. The BSE will be the Designated Stock Exchange.

In case, the permission for listing of the equity shares is not granted by any of the above mentioned Stock Exchanges, the Company shall forthwith repay, without interest, all moneys received from the applicants in pursuance of the DRHP. If such money is not repaid within 8 days after the day from which the Issuer becomes liable to repay it, then the Company and every Director of the Company who is an officer in default shall, on and from expiry of 8 days, be jointly and severally liable to repay that money with interest as prescribed under Section 73 of the Companies Act, 1956.

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

CONSENTS

The written consents of Promoters, Directors, Company Secretary, Auditors, Legal Advisors, Book Running Lead Manager to the Issue, Registrars to the Issue, Bankers to the Company and to act in their respective capacities, have been obtained and filed along with a copy of the Draft Red Herring Prospectus with SEBI and will be filed along with the Red Herring Prospectus with the Registrar of Companies, Uttar Pradesh and Uttaranchal at Kanpur as required under Section 60 of the Act and such consents have not been withdrawn up to the time of delivery of the Draft Red Herring Prospectus.

EXPERT OPINION

Except as stated in the sections titled "Objects of the Issue" and "Financial Information" beginning on pages [*] and [*] respectively, of the DRHP, we have not obtained any expert opinions.

EXPENSES OF THE ISSUE

The expenses of the Issue payable by the Company inclusive of brokerage, fees payable to the BRLM, Registrar to the Issue, Legal Advisors, stamp duty, printing, publication, advertising and distribution expenses, bank charges, listing fees and other miscellaneous expenses are estimated as follows:

DETAILS OF FEES PAYABLE

The expenses of this Issue include, among others, underwriting and management fees, selling commission, printing and distribution expenses, legal fees, statutory advertising expenses and listing fees. The estimated Issue expenses are as follows:

(Rs. In lacs)		
Particulars	Expenses	As a % of the Issue size
Management fees, underwriting commission and brokerage	[*]	[*]
Marketing and advertisement expenses	[*]	[*]
Stationary, printing and registrar expenses	[*]	[*]
Legal fees, listing fees, book building charges, auditors fees	[*]	[*]
Miscellaneous	[*]	[*]
Total	[*]	[*]

All expenses with respect to the Issue would be borne by our Company, except as agreed between the BRLM and our Company.

**FEES PAYABLE TO THE BRLM, BROKERAGE AND SELLING COMMISSION**

The total fees payable to the BRLM, including brokerage and selling commission for the Issue will be as per the MoU executed between our Company and the BRLM dated [*], copy of which is available for inspection at the Registered Office/Corporate Office of our Company.

FEES PAYABLE TO THE REGISTRAR TO THE ISSUE

The total fees payable to the Registrar to the Issue will be as per the MoU executed between our Company and the Registrar dated [*], copy of which is available for inspection at the Registered /Corporate Office of our Company. Adequate funds will be provided to the Registrar to the Issue to enable them to send refund orders or allotment advice by registered post.

PREVIOUS PUBLIC OR RIGHTS ISSUES

This is the first public issue of the Company. We have not made any public issue previously.

PREVIOUS ISSUE OF SHARES OTHERWISE THAN FOR CASH

We have not made any allotments of Equity Shares for consideration other than cash.

COMMISSION OR BROKERAGE ON PREVIOUS ISSUES

We have not made any public or rights Issue since our inception and have accordingly not paid any commission or brokerage.

PARTICULARS REGARDING PREVIOUS PUBLIC ISSUES MADE BY COMPANIES UNDER THE SAME MANAGEMENT DURING THE LAST THREE YEARS

There are no listed companies under the same management.

PROMISE VIS-A-VIS PERFORMANCE**(A) LAST THREE ISSUES MADE BY SEA TV NETWORK LIMITED.**

Our Company has not made any issue of equity shares to the public prior to the present Public Issue.

(B) LAST ISSUE OF THE LISTED VENTURES OF PROMOTER GROUP

There is no Listed venture of the Promoter Group.

OUTSTANDING DEBENTURES, BONDS, REDEEMABLE PREFERENCE SHARES OR OTHER INSTRUMENTS

There are no outstanding debentures or bonds or redeemable preference shares issued by us as of the date of this DRHP.

STOCK MARKET DATA

This being an initial public Issue, no stock market data is available.

MECHANISM FOR REDRESSAL OF INVESTOR GRIEVANCES OF THE COMPANY

Investor grievance will be settled expeditiously and satisfactorily by us. The agreement executed between the Registrar to the Issue, and the Company, provide for retention of records with the Registrar to the Issue for a period as specified under the SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 from the last date of dispatch of letters of intimation to successful applicants, Demat credit, refund orders to enable the investors to approach the Registrar to the Issue for redressal of their grievances.

All grievances relating to the Issue may be addressed to the Registrar to the Issue, giving full details such as name, address of the applicant, application number, number of shares applied for, amount paid on application, depository participant and the respective Syndicate Member or collection center where the application was submitted.

DISPOSAL OF INVESTOR GRIEVANCES

Company estimates that the average time required by the Company or the Registrar to the Issue for the redressal of routine investor grievances shall be fifteen days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, Company or Registrar will seek to redress these complaints as expeditiously as possible.

Company has appointed Mr. Akshay Kumar Jain, Director (Finance) as the Compliance Officer and he may be contacted in case of any pre-Issue or post Issue related query. He can be contacted at:

SEA TV Network Limited

148, Manas Nagar, Shahganj, Agra- 282010

Tel.: 0562-2512122, 2512123, 2512223 Fax: 0562-2511070

Email: admin@seatvnetwork.com Website: www.seatvnetwork.com

CHANGES IN THE AUDITORS DURING THE LAST THREE YEARS AND REASONS THEREOF

We have not changed our auditors during past three years

CAPITALIZATION OF RESERVES OR PROFITS DURING THE LAST FIVE YEARS

There have been no capitalisation of reserves or profits since inception of the Company.

REVALUATION OF ASSETS DURING THE LAST FIVE YEARS

We have not revalued our assets since inception of the Company.

SECTION IX- ISSUE RELATED INFORMATION

ISSUE STRUCTURE

PUBLIC ISSUE OF 10000000 EQUITY SHARES OF RS.10/- EACH FOR CASH AT A PRICE OF Rs. [*] PER EQUITY SHARE (INCLUDING A SHARE PREMIUM OF RS. [*] PER EQUITY SHARE) AGGREGATING Rs. [*] LACS BY SEA TV NETWORK LIMITED ("THE COMPANY" OR "ISSUER" OR "SEA TV") (HEREINAFTER REFERRED TO AS THE "ISSUE") COMPRISING OF PROMOTERS' CONTRIBUTION OF 3351000 EQUITY SHARES OF FACE VALUE OF RS.10/- (HEREINAFTER REFERRED TO AS THE "PROMOTERS' CONTRIBUTION"), 500000 EQUITY SHARES OF FACE VALUE OF RS.10/- RESERVED FOR THE EMPLOYEES OF THE COMPANY (HEREINAFTER REFERRED TO AS THE "EMPLOYEES RESERVATION PORTION") AND A NET OFFER TO THE PUBLIC OF 6149000 EQUITY SHARES OF RS.10/- EACH (HEREINAFTER REFERRED TO AS THE "NET OFFER TO THE PUBLIC".) OF WHICH 614900 EQUITY SHARES BEING 10% OF THE NET OFFER TO THE PUBLIC TO BE COMPULSORILY ALLOTTED TO QIBS. THE NET OFFER TO THE PUBLIC WOULD CONSTITUTE 36.17% OF THE FULLY DILUTED POST ISSUE PAID UP CAPITAL OF THE COMPANY.

	Employee Reservation Portion	QIBs including Mutual Funds	Non-Institutional Bidders	Retail Individual Bidders
Number of Equity Shares *	Up to 500000 Equity Shares	Upto 3074500 Equity Shares or Net Issue to Public less allocation to Non Institutional bidders and Retail bidders.	Minimum of 922350 Equity Shares or Net Issue to Public less allocation to QIBs and Retail Individual Bidders.	Minimum of 2152150 Equity Shares or Net Issue to public less allocation to QIBs and Non - Institutional Bidders
Percentage of Issue Size available for allocation	Up to 5% of Issue size	Up to 50% of the Net Issue to the public or Net Issue to Public less allocation to Non- Institutional Bidders and Retail Individual Bidders (Out of the portion available for allocation to qualified institutional buyers, 5% shall be allocated proportionately to mutual funds. Mutual fund applicants shall also be eligible for proportionate allocation under the balance available for Qualified Institutional Buyers). Minimum 614900 Equity Shares to be Compulsorily	Minimum 15% of Net Issue to Public or Net Issue to public less allocation to QIBs and Retail Individual Bidders.	Minimum 35% of Net Issue to Public or Net Issue to Public less allocation to QIBs and Non- Institutional Bidders.

		subscribed and allotted to QIBs failing which full subscription monies shall be refunded.		
Basis of Allocation if respective category is oversubscribed	Proportionate	Proportionate	Proportionate	Proportionate
Minimum Bid	[*] Equity Shares and thereafter in multiple of [*] Equity Shares thereafter	Such number of Equity Shares that the Bid Amount exceeds Rs. 1,00,000 and in multiples of [*] Equity Shares.	Such number of Equity Shares that the Bid Amount exceeds Rs. 1,00,000 and in multiples of [*] Equity Shares.	[*] Equity Shares and in multiple of [*] Equity Shares thereafter
Maximum Bid	Such number of Equity Shares that the number of Equity Shares Bid for should not exceed 500000 Equity Shares.	Not exceeding the size of the Issue subject to regulations as applicable to the Bidder	Not exceeding the size of the Issue	Such number of Equity Shares so as to ensure that the Bid Amount does not exceeds Rs. 1,00,000
Mode of Allotment	Compulsorily in Dematerialised form	Compulsorily in Dematerialised form	Compulsorily in Dematerialised form	Compulsorily in Dematerialised form
Trading Lot Size of allocation	One Equity Share Minimum of [*] Equity Shares and in multiples of 1 Equity Share thereafter	One Equity Share Minimum of [*] Equity Shares and in multiples of 1 Equity Share thereafter	One Equity Share Minimum of [*] Equity Shares and in multiples of 1 Equity Share thereafter	One Equity Share Minimum of [*] Equity Shares and in multiples of 1 Equity Share thereafter
Who can Apply * *	Eligible employees of the Company as per the definition given on page no. [*]	Public financial institutions, as specified in section 4A of the Companies Act, scheduled commercial banks, foreign institutional investors registered with SEBI, multilateral and bi-lateral development financial institutions, venture capital funds, Foreign Venture Capital Investors registered with SEBI and State Industrial Development Corporations, Insurance	Resident Indian individuals, HUF (in the name of Karta), companies, corporate bodies, NRIs, scientific, institutions, societies and trusts	Individuals including NRIs and HUFs (in the name of Karta) applying for up to Rs. 1,00,000/-

companies registered with Insurance Regulatory and Development Authority Provident Funds with minimum corpus of Rs. 2500 lacs and Pension Funds with minimum Surplus of Rs. 2500 lacs who are authorised under their constitution to hold and invest in Equity Shares

Terms of Payment	Margin applicable to Employee Reserved Portion at the time of submission of Bid-cum- Application Form to the members of the Syndicate	Amount to QIB Bidder at the time of submission of Bid cum Application Form to the Member of Syndicate	Margin applicable to Non-institutional Bidder at the time of submission of Bid cum Application Form to the Member of the Syndicate	Amount to Non-institutional Bidder at the time of submission of Bid cum Application Form to the Member of the Syndicate	Margin applicable to Retail Individual Bidder at the time of submission of Bid cum Application Form to the Member of Syndicate	Amount to Retail Individual Bidder at the time of submission of Bid cum Application Form to the Member of Syndicate
Margin Amount	Full Bid Amount on Bidding	10% of the Bid Amount in respect of bids placed by QIB Bidder	Full Bid Amount on bidding		Full Bid Amount on bidding	

* Subject to valid Bids being received at or above the Issue Price, under-subscription, if any, in QIBs, Non-Institutional and Retail Individual categories would be allowed to be met with spillover inter-se from any other categories, at the sole discretion of our Company, BRLM and subject to applicable provisions of SEBI Guidelines.

The unsubscribed portion, if any, out of the Equity Shares reserved for allotment to Employees of the Company will be added back to the Net Issue.

** In case the Bid Cum Application Form is submitted in joint names, the investors should ensure that the Demat account is also held in the same joint names and in the same sequence in which they appear in the Bid Cum Application Form

TERMS OF THE ISSUE

The Equity Shares being offered are subject to the provisions of the Companies Act, 1956 Securities Contracts (Regulation) Act, 1956, Securities Contracts (Regulation) Rules, 1957, the Memorandum and Articles of the Company the terms of the Draft Red Herring Prospectus, Red Herring Prospectus, Prospectus, Bid-cum-Application Form, the Revision Form, the Confirmation of Allocation Note ("CAN") and other terms and conditions as may be incorporated in the allocation advices, and other documents/certificates that may be executed in respect of the Issue. The Equity Shares shall also be subject to laws as applicable, guidelines, notifications and regulations relating to the issue of capital and listing and trading of securities issued from time to time by SEBI, Government of India, Stock Exchanges, RBI, RoC and/or other authorities, as in force on the date of the Issue and to the extent applicable.

Ranking of Equity Shares

The Equity Shares being offered are subject to the provisions of the Memorandum and Articles of Association of the Company and shall rank pari-passu in all respects, with the other existing Equity Shares of the Company, including right to receive dividend and other corporate benefits (including dividend), if any, declared by the Company after the date of Allotment. .

Mode of payment of Dividend

We shall pay dividend to the shareholders as per the provisions of the Companies Act, 1956.

Face Value, Issue Price, Floor Price and Price Band

The Equity Shares with a face value of Rs. 10 each are being offered in terms of this DRHP at a price band of Rs. [*] to [*] per Equity Share. The Company undertakes that at any given point of time there shall be only one denomination of the Equity Shares of the Company.

Compliance with SEBI Guidelines

The Company shall comply with all disclosures and accounting norms as specified by SEBI from time to time.

Rights of the Equity Shareholders

Subject to applicable laws, the equity shareholders have the following rights:

- Right to receive dividend, if declared;
- Right to attend general meetings and exercise voting powers, unless prohibited by law;
- Right to vote on a poll either in person or by proxy;
- Right to receive offers for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation;
- Right of free transferability; and
- Such other rights, as may be available to a shareholder of a listed public limited company under the Companies Act and Memorandum and Articles of Association of the Company.

For a detailed description of the main provisions of the Company's Articles of Association dealing with voting rights, dividend, forfeiture and lien, transfer and transmission and/or consolidation/splitting, refer to the section titled "Main Provisions of the Articles of Association" on page [*] of this Draft Red Herring Prospectus.

Market Lot and Trading Lot

In terms of Section 68B of the Companies Act, the Equity Shares of the Company shall be allotted only in dematerialised form. In terms of existing SEBI Guidelines, the trading in the Equity Shares of the Company shall only be in dematerialised form for all investors.

Since trading of the Equity Shares will be compulsorily in dematerialised mode, the tradable lot is one Equity Share. Allocation and allotment of Equity Shares through this Issue will be done only in electronic form in multiple of one Equity Share subject to a minimum of [*] Equity Shares to successful bidders. For details of allocation and allotment, see "Issue Procedure- Basis of Allotment and Allocation" on page [*] of this Draft Red Herring Prospectus.

Jurisdiction

Exclusive jurisdiction for the purpose of this Issue is with competent courts/authorities in Uttar Pradesh, India.

Nomination Facility to the Investor

In accordance with Section 109A of the Companies Act, the sole or first bidder, along with other joint bidders, may nominate any one person in whom, in the event of the death of sole bidder or in case of joint bidders, death of all the bidders, as the case may be, the Equity Shares transmitted, if any, shall vest. A person, being a nominee, entitled to the Equity Shares by reason of the death of the original holder(s), shall in accordance with Section 109A of the Companies Act, be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the Equity Share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to Equity Share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale/ transfer/alienation of Equity Share(s) by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at the registered office of the Company or at the registrar and transfer agent of our Company.

In accordance with Section 109B of the Companies Act, any person who becomes a nominee by virtue of the provisions of Section 109A of the Companies Act, shall upon the production of such evidence as may be required by the Board, elect either:

- to register himself or herself as the holder of the Equity Shares; or
- to make such transfer of the Equity Shares, as the deceased holder could have made.

Further, the Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with within a period of ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Since the allotment of Equity Shares in the Issue will be made only in dematerialized mode, there is no need to make a separate nomination with the Company. Nominations registered with respective depository participant of the applicant would prevail. If the investors require changing the nomination, they are requested to inform their respective depository participant.

Impersonation

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

"Any person who:

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

Minimum Subscription

"If the Company does not receive the minimum subscription of 90% of the net issue to public including devolvement of Underwriters within 60 days from the date of closure of the issue, the Company shall forthwith refund the entire subscription amount received. If there is a delay beyond 8 days after the Company becomes liable to pay the amount, the Company shall pay interest prescribed under Section 73 of the Companies Act, 1956."

If the number of allottees in the proposed Issue is less than 1,000 allottees, our Company shall forthwith refund the entire subscription amount received. If there is a delay beyond 15 days after the Company becomes liable to pay the amount, the Company shall pay interest at the rate of 15% per annum for the delayed period.

Withdrawal of the Issue

Our Company, in consultation with the BRLM, reserves the right not to proceed with the Issue anytime after the Bid/ Issue Opening Date without assigning any reason thereof.

Arrangements for Disposal of Odd Lots

The Company's shares will be traded in dematerialized form only and therefore the marketable lot is one share. Therefore there is no possibility of odd lots.

Restriction on Transfer and Transmission of Shares

Nothing contained in the Articles of Association of the Company shall prejudice any power of the Company to refuse to register the transfer of any share.

ISSUE PROCEDURE

Book Building Procedure

The Issue is being made through the 100% Book Building Process wherein not more than 50% of the Net Issue to the public shall be allotted on a proportionate basis to QIB's out of which 5% are reserved for Mutual Funds and the balance will be available for all QIBs including Mutual Funds. Further, not less than 15% of the net issue to the public shall be available for allotment on a proportionate basis to Non-Institutional Bidders and not less than 35% of the net issue to the public shall be available for allotment on a proportionate basis to the Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price.

Bidders are required to submit their Bids through the members of the Syndicate. The Syndicate Members have the right to reject a Bid received from QIBs at the time of receipt of the Bids. However, the Syndicate Members shall disclose the reasons for not accepting the Bid to the Bidder. In case of Non-Institutional Bidders and Retail Individual Bidders and bids under the Employee reservation portion, our Company would have a right to reject the Bids only on technical grounds.

Investors should note that Equity Shares would be allotted to all successful allottees only in the dematerialised form. Bidders will not have the option of Allotment of Equity Shares in physical form. The Equity Shares, on Allotment, shall be traded only in the dematerialised segment of the Stock Exchanges.

Bid-cum-Application Form

Bidders shall only use the specified Bid-cum-Application Form bearing the stamp of a member of the Syndicate for the purpose of making a Bid in terms of this Draft Red Herring Prospectus. The Bidder shall have the option to make a maximum of three Bids in the Bid-cum-Application Form and such options shall not be considered as multiple bids. Upon the allotment of Equity Shares, dispatch of CAN, and filing of the Prospectus with the RoC, the Bid-cum-Application Form shall be considered as the Application Form. Upon completing and submitting the Bid-cum-Application Form to a member of the Syndicate, the Bidder is deemed to have authorised the Company to make the necessary changes in this Draft Red Herring Prospectus and the Bid-cum-Application Form as would be required for filing the Draft Red Herring Prospectus with the ROC and as would be required by ROC after such filing, without prior or subsequent notice of such changes to the Bidder.

The prescribed colour of the Bid-cum-Application Form for various categories, is as follows:

Category	Colour of Bid Cum Application Form
Indian Public or NRIs applying on a non-repatriation basis	White
Eligible Non residents, NRIs or FIIs applying on a repatriation basis	Blue
Employee Reservation Portion	Pink

Who can Bid?

- (i) Indian nationals resident in India who are major, in single or joint names (not more than three);
- (ii) Hindu Undivided Families or HUFs in the individual name of the Karta. The Bidder should specify that the Bid is being made in the name of the HUF in the Bid cum Application Form as follows: "Name of Sole or First bidder: ABC Hindu Undivided Family applying through ABC, where ABC is the name of the Karta". Bids by HUFs would be considered at par with those from individuals;
- (iii) Companies, corporate bodies and societies registered under the applicable laws in India and authorised to invest in the Equity Shares;
- (iv) Indian Mutual Funds registered with SEBI;
- (v) Indian Financial Institutions, scheduled commercial banks, commercial banks, regional rural banks, co-operative banks (subject to RBI regulations, as applicable); as defined Section 4 A of Companies Act;
- (vi) Venture Capital Funds registered with SEBI;
- (vii) Foreign Venture Capital Investors registered with SEBI;
- (viii) State Industrial Development Corporations;
- (ix) Trust/ society registered under the Societies Registration Act, 1860, as amended, or under any other law relating to Trusts/ Societies and who are authorised under their constitution to hold and invest in Equity Shares;
- (x) Eligible non-residents including NRIs and FIIs on a repatriation basis or a non- repatriation basis subject to applicable laws;
- (xi) Scientific and/ or Industrial Research Organisations authorised to invest in Equity Shares.
- (xii) Insurance companies registered with the Insurance Regulatory and Development Authority;

- (xiii) Provident funds with minimum corpus of Rs. 2500 lacs and who are authorised under their constitution to hold and invest in Equity Shares;
- (xiv) Pension funds with minimum corpus of Rs. 2500 lacs and who are authorised under their constitution to hold and invest in Equity Shares;
- (xv) Multilateral and bilateral development financial institutions; and
- (xvi) Eligible employees of the Company.

Pursuant to the existing regulations, OCBs are not eligible to participate in the Issue.

Participation by Associates of BRLM and the Syndicate Members:

Associates of BRLM and the Syndicate Members may Bid and subscribe to Equity Shares in the Issue either in the QIB Portion or in Non Institutional Portion as may be applicable to such investors. Such bidding and subscription may be on their own account or on behalf of their clients. Allotment to all investors including associates of BRLM and the Syndicate Members shall be on a proportionate basis.

Further, the BRLM and the Syndicate Members shall not be entitled to subscribe to this Issue in any manner except towards fulfilling their underwriting obligation.

Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law.

Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under the relevant regulations or statutory guidelines.

How to Apply-availability of Forms, Prospectus and mode of payment

1) Application by Mutual Funds:

As per the current regulations, the following restrictions are applicable for investments by mutual funds:

No mutual fund scheme shall invest more than 10% of its net asset value in the Equity Shares or equity related instruments of any Company provided that the limit of 10% shall not be applicable for investments in index funds or sector or industry specific funds

No mutual fund under its scheme should own more than 10% of any Company's paid-up capital carrying voting rights. These limits would have to be adhered to by the Mutual Funds for investment in the Equity Shares.

In case of a Mutual Fund, a separate bid can be made in respect of each scheme of the Mutual Fund registered with SEBI and such bids in respect of more than one scheme of the Mutual Fund will not be treated as multiple bids provided that the bids clearly indicate the scheme concerned for which the bid has been made.

2) Application of NRIs

Bid cum Application forms have been made available for NRIs at the Registered office of the Company, with the members of the Syndicate and the Registrar to the Issue.

NRI applicants may please note that only such applications as are accompanied by payment in free foreign exchange shall be considered for allotment under the NRI category. The NRIs who intend to make payment through Non-Resident Ordinary (NRO) Account shall use the form meant for Resident Indians (white in colour.). All instruments accompanying bids shall be payable at Mumbai.

3) Application by FIIs

As per current regulations, the following restrictions are applicable for investment by FIIs:

No single FII can hold more than 10% of the post-issue paid-up capital of the Company. In respect of an FII investing in the Equity Shares of the Company on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10% of the total issued capital or 5% of the total issued capital of the Company in case such sub-account is a foreign corporate or an individual. As of now, the aggregate FII holding in the Company cannot exceed 49% of the total issued capital of the Company. However, as on this date no such resolution has been recommended to the shareholders of the Company for adoption.

Bids by NRIs or FIIs on Repatriation basis

Bids and revision to bids must be made:

- On the bid cum application form or Revision Form, as applicable, (Blue in colour), and completed in full in BLOCK LETTERS in ENGLISH in accordance with the instructions contained therein.

- In a single or joint names (not more than three).
- Bids by NRIs for a Bid amount of up to less than Rs 1,00,000 would be considered under the Retail Individual Bidders Portion for the purposes of allocation and Bids for a Bid amount of more than or equal to Rs. 1,00,000 would be considered under Non-Institutional Bidder Portion for the purposes of allocation; by FIIs or Foreign Venture Capital Fund, Multilateral and Bilateral Development Financial Institutions for a minimum of such number of Equity shares and in multiples of [*] Equity Shares so that the Bid amount exceeds Rs. 1,00,000; for further details. Please refer to the sub-section titled "Maximum and Minimum Bid size" on page no. [*] of this DRHP.
- In the names of individuals or in the names of FIIs or in the names of Foreign Venture Capital Fund, Multilateral and Bilateral Financial Institutions but not in the names minors, firms or partnerships, foreign nationals or their nominees or OCB's
- Refunds, dividends and other distributions, if any, will be payable in India Rupees only and net of band charges and/or commission, in case of Bidders who remit money payable upon submission of the Bid cum Application Form or Revision form through Indian Rupee drafts purchased abroad, such payments in India Rupees will be converted into US Dollars or any other freely convertible currency as may be permitted by the RBI at the rate of exchange prevailing at the time of remittance and will be dispatched by the space provided for this purpose in the Bid Cum Application Form. The Company will not be responsible for loss, if any, incurred by the Bidder on account or conversion of foreign currency.

As per the current regulations, the following restrictions are applicable for SEBI registered Venture Capital Funds and Foreign Venture Capital Investors:

The SEBI (Venture Capital Funds) Regulations, 1996 and the SEBI (Foreign Venture Capital Investors) Regulations 2000, prescribe investment restrictions on venture capital funds and foreign venture capital investors registered with SEBI. Accordingly, the holding by any individual venture capital fund or foreign venture capital investor registered with SEBI should not exceed 25% of the Company's paid-up capital. The aggregate holdings of venture capital funds and foreign venture capital investors registered with SEBI could, however, go up to 100 % of the Company's paid-up equity capital.

The above information is given for the benefit of the Bidders. The Company and the BRLM are not liable for any amendments or modifications or changes in applicable laws or regulations, which may happen after the date of this Draft Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares bid for do not exceed the applicable limits under laws or regulations.

MAXIMUM AND MINIMUM BID SIZE

1) For Retail Individual Bidders

The Bid must be for a minimum of [*] Equity Shares and in multiples of [*] Equity Shares thereafter, subject to maximum Bid amount of Rs. 1,00,000. In case of revision of Bids, the Retail bidders have to ensure that the Bid amount does not exceed Rs. 1,00,000. In case the maximum Bid amount is more than Rs. 1,00,000, due to revision of the Bid or revision of the Price Band or on exercise of the option, then the same would be considered for allocation under the Non-Institutional Bidders category.

The cut-off option is an option available only to the Retail Individual Bidders indicating their agreement to bid and purchase the Equity Shares at the final issue price as determined at the end of the Book Building process.

2) For Non-Institutional Bidders and QIBs Bidders

The Bid must be for a minimum of such number of Equity Shares, so as to ensure that the minimum Bid amount exceeds Rs.1,00,000. Further, the Bid should be in multiples of [*] Equity Shares. A Bid cannot be submitted for more than the size of the Issue. However, the maximum Bid by a QIB should not exceed the investment limits prescribed for them by the regulatory or statutory authorities governing them. Under SEBI existing guidelines a QIB Bidder cannot withdraw its Bid after the Bid/Issue Closing Date.

In case of revision in Bids, the Non-Institutional Bidders who are individuals have to ensure that the Bid Amount is greater than Rs. 1,00,000/-. In case the Bid Amount reduces to Rs 1,00,000/- or less due to a revision in Bids or revision of the Price Band, the same would be considered for allocation under Retail portion.

Non-Institutional Bidders and QIB Bidders are not allowed to Bid at Cut-Off Price.

A QIB Bidder cannot withdraw its Bid after the Bid/Issue Closing Date.

Right to Reject Bids

In case of QIB bidders, our Company, in consultation with the BRLM and/or Syndicate Members may reject bids at the time of submission of the bid provided that the reasons for rejecting the same shall be provided for such bidder in writing. In case of QIB bidders, Non Institutional Bidders and Retail Individual Bidders who bid, the Company has the right to reject bids on technical grounds. Consequent reference shall be made by cheque or pay order or draft and will be sent to the bidders address at the bidders risk.

3) For Bidders in the Employee Reservation Portion:

The Bid by Eligible Employees must be for a minimum of [*] Equity Shares and in multiples of [*] Equity Shares thereafter. The maximum Bid in this portion cannot exceed 500000 Equity Shares. Bidders in the Employee Reservation Portion applying for a maximum Bid in any of the Bidding Options not exceeding Rs. 100,000 may bid at "Cut-off".

Information for the Bidders

- (i) Our Company will file the Red Herring Prospectus with the RoC at least three days before the Bid/ Issue Opening Date.
- (ii) The members of the Syndicate had circulated copies of the Red Herring Prospectus along with the Bid-cum-Application Form to potential investors.
- (iii) Any investor (who is eligible to invest in the Equity Shares of the Company) who would like to obtain the Red Herring Prospectus and/ or the Bid-cum-Application Form can obtain the same from the registered office of the Company or from any of the BRLM or Syndicate Members.
- (iv) The Bids should be submitted on the prescribed Bid-cum-Application Form only. Bid-cum-Application Forms should bear the stamp of the members of the Syndicate. Bid-cum-Application Forms, which do not bear the stamp of the members of the Syndicate, will be rejected.
- (v) Investors who are interested in subscribing to our Company's Equity Shares should approach the BRLM or Syndicate Members or their authorised agent(s) to register their Bid.

Method and Process of Bidding

- (a) The Company and the BRLM shall declare the Bid/Issue Opening Date, Bid/Issue Closing Date and Price Band at the time of filing the Red Herring Prospectus with RoC and also publish the same in two widely circulated newspapers (one each in English and Hindi) and a regional language newspaper circulated at the place where the registered office of the Company is situated. This advertisement shall be in the format and contain the disclosures specified in Part A of Schedule XX-A of the SEBI Guidelines. The BRLM and Syndicate Members shall accept Bids from the Bidders during the Issue Period in accordance with the terms of the Syndicate Agreement.
- (b) Investors who are interested in subscribing for our Company's Equity Shares should approach any of the BRLM, or Syndicate Member or their authorised agent(s) to register their Bid.
- (c) The Bidding Period shall be open for at least 3 working days and not more than 7 working days. In case the price band is revised, the revised price band will be published in two widely circulated newspapers (one each in English and Hindi) and a regional language newspaper circulated at the place where the registered office of the Company is situated and the Bidding period will be extended for a further period of three working days, subject to the total Bidding period not exceeding 10 working days. During the bidding period, the Bidders may approach the Syndicate to submit their Bid. Every Member of the Syndicate shall accept Bids from all clients/investors who place orders through them and shall have the right to vet the bids.
- (d) Each Bid-cum-Application Form will give the Bidder the choice to bid for up to three optional prices (for details refer to the paragraph 'Bids at Different Price Levels' under section titled 'Issue Procedure' on page no [*] of this DRHP and specify the demand (i.e. the number of Equity Shares bid for) in each option. The price and demand options submitted by the Bidder in the Bid-cum-Application Form will be treated as optional demands from the Bidder and will not be cumulated. After determination of the Issue Price, the maximum number of Equity Shares bid for by a Bidder at or above the Issue Price will be considered for allocation and the rest of the Bid(s), irrespective of the Bid Price, will become automatically invalid.
- (e) The Bidder cannot bid on another Bid-cum-Application Form after his or her Bids on one Bid-cum-Application Form have been submitted to any member of the Syndicate. Submission of a second Bid-cum-Application Form to either the same or to another member of the Syndicate will be treated as multiple bids and is liable to be rejected either before entering the Bid into the electronic bidding system, or at any point of time prior to the allocation or allotment of Equity Shares in this Issue. However, the Bidder can revise the Bid through the Revision Form, the procedure for which is detailed under the paragraph 'Build up of the Book and Revision of Bids' under section titled 'Issue Procedure' on page [*] of this DRHP.
- (f) The BRLM, and Syndicate Members will enter each bid option into the electronic bidding system as a separate Bid and generate a Transaction Registration Slip, ("TRS"), for each price and demand option and give the same to the Bidder.

Bidders should make sure that they ask for a copy of the computerized TRS for every Bid Option from the Syndicate Member. Therefore, a Bidder can receive up to three TRSs for each Bid-cum-Application Form

- (g) During the Bidding Period, Bidders may approach the members of the Syndicate to submit their Bid. Every member of the Syndicate shall accept Bids from all clients / investors who place orders through them and shall have the right to vet the Bids.
- (h) Along with the Bid-cum-Application Form, all Bidders will make payment in the manner described under the paragraph 'Terms of Payment and Payment into Escrow Account' under section titled 'Issue Procedure' on page [*] of this DRHP.

Bids at Different Price Levels

- (a) The Price Band has been fixed at Rs. [*] to Rs. [*] per Equity Share of Rs.10 each, Rs. [*] being the Floor Price and Rs. [*] being the Cap Price. The Bidders can bid at any price within the Price Band, in multiples of Re 1/-.
- (b) In accordance with SEBI Guidelines, the Company, in consultation with the BRLM, can revise the Price Band during the Bidding period, in which case the Issue will be kept open for a period of three working days after the revision of the Price Band, subject to the total Bidding Period not exceeding ten working days. The Price Band can be revised during the Bidding Period in which case the maximum revisions on either side of the Price Band shall not exceed 20% fixed initially and as disclosed in the Red Herring Prospectus. In addition to this, the cap on the Price Band should not be more than 20% of the floor of the Price Band.
- (c) In case of revision in the Price Band, the Issue Period will be extended for three additional working days after revision of Price Band subject to a maximum of ten working days. Any revision in the Price Band and the revised Bidding / Issue Period, if applicable, will be widely disseminated by notification to BSE and NSE, by issuing a public notice in two national newspapers (one each in English and Hindi) and one regional newspaper in Marathi, and also by indicating the change on the websites of the BRLM and at the terminals of the Syndicate Members and the Bidding Period shall be extended for a further period of three days, subject to the total bidding period not exceeding 10 days.
- (d) The Company in consultation with the BRLM can finalise the Issue Price within the Price Band in accordance with this clause, without the prior approval of, or intimation, to the Bidders.
- (e) The Bidder can bid at any price within the Price Band. The Bidder has to bid for the desired number of Equity Shares at a specific price. Retail Individual Bidders may bid at "Cut off". However, bidding at "Cut-off" is prohibited for QIB or Non Institutional Bidders and such Bids from QIBs and Non Institutional Bidders shall be rejected.
- (f) Retail Individual Bidders or eligible employees who bid at the Cut-Off agree that they shall purchase the Equity Shares at any price within the Price Band. Retail Individual Bidders or eligible employees bidding at Cut-Off shall deposit the Bid Amount based on the Cap Price in the Escrow Account. In the event the Bid Amount is higher than the subscription amount payable by the Retail Individual Bidders or eligible employees (i.e. the total number of Equity Shares allocated in the Issue multiplied by the Issue Price), Retail Individual Bidders or eligible employees who bid at cut-off price shall receive the refund of the excess amounts from the Escrow Account/ refund account(s).
- (g) In case of an upward revision in the Price Band announced as above, the Retail Bidders or eligible employees who had bid at Cut-off Price could either (i) revise their Bid or (ii) make additional payment based on the higher end of the Revised Price Band (such that the total amount i.e., original Bid Price plus additional payment does not exceed Rs. 1,00,000/- for Retail Bidders or Rs. 1,00,000/- for Eligible Employees, if the Bidder wants to continue to bid at Cut-off Price), with the Syndicate Member to whom the original bid was submitted. In case the total amount (i.e., original Bid Price plus additional payment) exceeds Rs. 1,00,000 for retail Bidders or for Eligible Employees, the Bid will be considered for allocation under the Non-Institutional portion in terms of this Prospectus. If, however, the Bidder does not either revise the Bid or make additional payment and the Issue Price is higher than the higher end of the Price Band prior to revision, the number of Equity Shares bid for shall be adjusted downwards for the purpose of allotment, such that the no additional payment would be required from the Bidder and the Bidder is deemed to have approved such revised Bid at Cut-off Price.
- (h) In case of downward revision in the Price Band announced as above, Retail Bidders or eligible employees who have bid at Cut-Off Price could either revise their Bid or the excess amount at the time of bidding would be refunded from the Escrow Account/ refund account(s).
- (i) In the event of any revision in the Price Band, whether upwards or downwards, the Minimum Application shall remain [*] Equity Shares irrespective of whether the Bid Amount payable on such Minimum Application is not in the range of Rs.5,000/- to Rs.7,000/-.

Option to Subscribe

Equity Shares being issued through this Prospectus can be applied for in the dematerialized form only. Bidders **will not have** the option of getting Allotment in physical form. The Equity Shares, on Allotment, shall be traded only in the dematerialised segment of the Stock Exchanges.

ESCROW MECHANISM

Escrow Account for the Issue

Our Company shall open Escrow Accounts with one or more Escrow Collection Banks in whose favour the Bidders shall make out the cheque or demand draft in respect of his or her Bid and/or revision of the bid. Cheques or demand drafts received for the full Bid amount from Bidders in a certain category would be deposited in the Escrow Account for the Issue. The Escrow Collection Banks will act in terms of this Prospectus and an Escrow Agreement. The monies in the Escrow Account for the Issue shall be maintained by the Escrow Collection Bank(s) for and on behalf of the Bidders. The Escrow Collection Bank(s) shall not exercise any lien whatsoever over the monies deposited therein and shall hold the monies therein in trust for the Bidders. On the Designated Date, the Escrow Collection Banks shall transfer the monies from the Escrow Account to the Public Issue Account with the Bankers to the Issue as per the terms of the Escrow Agreement with the Company. Payments of refunds to the Bidders shall also be made from the Escrow collection Banks as per the terms of the Escrow Agreement with the Company and this DRHP.

The Bidders should note that the escrow mechanism is not prescribed by SEBI and has been established as an arrangement between the Escrow Collection Bank(s), our Company, the Registrar to the Issue and BRLM, and Syndicate Members to facilitate collection from the Bidders.

Terms of Payment and Payment into the Escrow Collection Account

Each Bidder shall, with the submission of the Bid cum Application Form draw a cheque or demand draft for the maximum amount of his Bid in favour of the Escrow Account of the Escrow Collection Bank (for details refer to the paragraph 'Payment Instructions' under section titled 'Issue Procedure' on page no. [*] of this DRHP and submit the same to the members of the Syndicate with whom the Bid is being deposited. Bid cum Application Forms accompanied by cash and Stock invest shall not be accepted. The maximum bid price has to be paid at the time of submission of the Bid cum Application Form based on the highest bidding option of the Bidder.

The members of the Syndicate shall deposit the cheque or demand draft with the Escrow Collection Bank(s), which will hold the monies for the benefit of the Bidders till such time as the Designated Date. On the Designated Date, the Escrow Collection Bank(s) shall transfer the funds from the Escrow Account, as per the terms of the Escrow Agreement, into the Public Issue Account or Refund Account with the Bankers to the Issue, as applicable. The balance amount after transfer to the Issue Account shall be held for the benefit of the Bidders who are entitled to refunds on the Designated Date, and not later than 15 days from the Bid Closing Date / Issue Closing Date, the Escrow Collection Bank(s) shall refund all monies to unsuccessful Bidders and also the excess amount paid on bidding, if any, after adjustment for Allotment to the Bidders.

In case of QIBs, each QIB shall, with the submission of the bid cum application form draw a cheque or demand draft for 10% of the maximum amount of his bid in favour of the Escrow account of the Escrow collection bank. The balance amount shall be payable for the allocated Equity Shares no later than the date specified in the CAN, which shall be subject to a minimum period of two days from date of communication of the allocation list to the members of the Syndicate by the BRLM. If the payment is not made favouring the Escrow Account within the time stipulated above, the application of the Bidder is liable to be rejected and the margin amount will be refunded.

Where the Bidder has been allocated lesser number of Equity Shares than he or she had bid for, the excess amount paid on bidding, if any, after adjustment for allocation, will be refunded to such Bidder within 15 days from the Bid/Issue Closing Date, failing which and the Company shall pay interest at 15% per annum for any delay beyond the periods as mentioned above.

Electronic Registration of Bids

- (a) The members of the Syndicate will register the Bids using the on-line facilities of NSE and BSE. There will be at least one on-line connectivity to each city where the Bids are accepted
- (b) NSE and BSE will offer a screen-based facility for registering Bids for the Issue. This facility will be available on the terminals of the members of the Syndicate and their authorised agents during the Bidding Period. Members of the

Syndicate can also set up facilities for off-line electronic registration of Bids subject to the condition that they will subsequently download the off-line data file into the on-line facilities for book building on a regular basis. On the Bid Closing Date, the members of Syndicate shall upload the Bids till such time as may be permitted by the Stock Exchanges

- (c) Aggregate demand and price for bids registered on the electronic facilities of NSE and BSE will be downloaded on a regular basis, consolidated and displayed on-line at all bidding centers. A graphical representation of consolidated demand and price would be made available at the bidding centers during the bidding period
- (d) At the time of registering each Bid, the members of the Syndicate shall enter the following details of the investor in the online system:
 - Name of the investor (Investors should ensure that the name given in the Bid cum Application form is exactly the same as the Name in which the Depository Account is held. In case, the Bid cum Application Form is submitted in joint names, investors should ensure that the Depository Account is also held in the same joint names and are in the same sequence in which they appear in the Bid cum Application Form).
 - Investor Category – Employee, Individual, Corporate, NRI, FII, or Mutual Fund, etc.
 - Numbers of Equity Shares bid for
 - Bid price
 - Bid-cum-Application Form number
 - Whether payment is made upon submission of Bid-cum-Application Form
 - Depository Participant Identification No. and Client Identification No. of the Demat Account of the Bidder
- (e) A system generated TRS will be given to the Bidder as a proof of the registration of each of the bidding options. **It is the Bidder's responsibility to obtain the TRS from the members of the Syndicate.** The registration of the Bid by the member of the Syndicate does not guarantee that the Equity Shares shall be allocated either by the members of the Syndicate or to the Company.
- (f) Such TRS will be non-negotiable and by itself will not create any obligation of any kind.
- (g) The members of the Syndicate have the right to review the Bid. The Syndicate Members have right to reject a bid received from a QIB at the time of receipt of Bids. However, a Syndicate Members shall disclose the reason for not accepting the Bid to the Bidder. In case of Non-Institutional Bidders, bids under the Employee Reservation Portion and Retail Individual Bidders, Bids shall not be rejected except on the technical grounds listed in the section titled 'Issue Procedure' on page no. [*] of this DRHP.
- (h) It is to be distinctly understood that the permission given by NSE and BSE to use their network and software of the online IPO system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by the Company, and BRLM are cleared or approved by NSE and BSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of the Company, its Promoters, its management or any scheme or project of the Company.
- (i) It is also to be distinctly understood that the approval given by NSE and BSE should not in any way be deemed or construed that this DRHP has been cleared or approved by the NSE and BSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Draft Red Herring Prospectus; nor does it warrant that the Equity Shares will be listed or will continue to be listed on the NSE and BSE.

Build Up of the Book and Revision of Bids

- (a) Bids registered by various Bidders through the members of the Syndicate shall be electronically transmitted to the NSE or BSE mainframe on an on-line basis. Data would be uploaded on a regular basis.
- (b) The Price Band can be revised during the Bidding Period, in which case the Bidding Period shall be extended further for a period of three days, subject to the total Bidding Period not exceeding ten working days. The cap on the Price Band should not be more than 20% of the floor of the Price Band. Subject to compliance with the immediately preceding sentence, the floor of Price Band can move up or down to the extent of 20% of the floor of the Price Band disclosed in the Red Herring Prospectus.
- (c) Any revision in the Price Band will be widely disseminated by informing the stock exchanges, by issuing a public notice in two national newspapers (one each in English and Hindi) and one regional newspaper (Hindi) and also indicating the change on the relevant websites and the terminals of the members of the Syndicate
- (d) The book gets built up at various price levels. This information will be available with the BRLM on a regular basis.
- (e) During the Bidding Period, any Bidder who has registered his or her interest in the Equity Shares at a particular price level is free to revise his or her Bid within the price band using the printed Revision Form, which is a part of the Bid cum-Application Form
- (f) Revisions can be made in both the desired number of Equity Shares and the bid price by using the Revision Form. The Bidder must complete his or her Bid cum Application Form, the details of all the options in his or her Bid cum Application Form or earlier Revision Form and revisions for all the options as per his Bid cum Application Form or

earlier Revision Form. For example, if a Bidder has bid for three options in the Bid cum Application Form and he is changing only one of the options in the Revision Form, he must still fill the details of the other two options in the Revision Form unchanged. The members of the Syndicate will not accept incomplete or inaccurate Revision Forms

- (g) The Bidder can make this revision any number of times during the Bidding Period. However, for any revision(s) in the Bid, the Bidders will have to use the services of the same member of the Syndicate through whom he or she had placed the original Bid. Bidders are advised to retain copies of the blank Revision Form and the revised Bid must only be made on that Revision Form.
- (h) Any revision of the Bid shall be accompanied by payment in the form of cheque or demand draft for the incremental amount, if any, to be paid on account of the upward revision of the Bid. The excess amount, if any, resulting from downward revision of the Bid would be returned to the Bidder at the time of refund in accordance with the terms of this Prospectus.
- (i) When a Bidder revises his or her Bid, he or she shall surrender the earlier TRS and get a revised TRS from the members of the Syndicate. **It is the responsibility of the Bidder to request for and obtain the revised TRS, which will act as proof of his or her having revised the previous Bid.**
- (j) In case of discrepancy of data between NSE or BSE and the members of the Syndicate, the decision of the BRLM based on the physical book shall be final and binding to all concerned.

Price Discovery and Allocation / Allotment

- (a) After the Bid/Issue Closing Date, the BRLM will analyse the demand generated at various price levels and discuss pricing strategy with our Company.
- (b) Our Company in consultation with the BRLM shall finalise the "Issue Price", the number of Equity Shares to be allotted and the allocation to QIB Bidders, which will be on proportionate basis.
- (c) The allocation for QIBs would be not more than 50%, of Net Issue of which 5 % shall be reserved for Mutual Funds on a proportionate basis. The allocation to Non-Institutional Bidders would be not less than 15% of the Issue Size and allocation for Retail Individual Bidders will be not less than 35% of the Issue Size on proportionate basis, subject to valid Bids being received at or above the Issue Price. The allocation for Employee reservation portion shall not exceed 500000 equity shares.
- (d) Under subscription, if any, in the Non-Institutional Portion and / or Retail Portion would be allowed to be met with spill over of demand from any of the other categories, at the sole discretion of the Company and BRLM. Any under subscription in equity shares reserved for allocation to eligible employees would be treated as a part of the Net issue to the public and allocated in accordance with the basis of allotment described in the paragraph "Basis of Allotment" under section titled 'Issue Procedure' on page [*] of this DRHP.
- (e) Allocation to QIBs, Non-Residents, FIIs and NRIs applying on repatriation basis will be subject to the terms and conditions stipulated by the RBI while granting permission for Allotment of Equity Shares to them
- (f) The BRLM, in consultation with the Company, shall notify the members of the Syndicate of the Issue Price and allocations to their respective Bidders, where the full Bid Amount has not been collected from the Bidders
- (g) The Company reserves the right to cancel the Issue any time after the Bid/Issue Opening Date without assigning any reasons whatsoever. In terms of the SEBI DIP Guidelines, QIB Bidders shall not be allowed to withdraw their Bid after the Bid/Issue Closing Date.
- (h) The allotment details shall be put on the website of the Registrar to the issue.

Signing of Underwriting Agreement and RoC Filing

The Company, the BRLM and the Syndicate Members shall enter into an underwriting agreement on finalisation of the Issue Price and allocation(s) to the Bidders.

After signing the Underwriting Agreement, the Company will update and file the Red Herring Prospectus with RoC, which then would be termed 'Prospectus'. The Prospectus would have details of the Issue Price, Issue Size, underwriting arrangements and would be complete in all material respects

Filing of the Prospectus with the RoC

The Company will file a copy of the Prospectus with the Registrar of Companies, Uttar Pradesh and Uttaranchal at Kanpur, in terms of Section 56, Section 60 and Section 60B of the Companies Act, 1956

Announcement of Pre-Issue Advertisement

Subject to Section 66 of the Companies Act, the Company shall after receiving final observations, if any, on the Draft Red Herring Prospectus from SEBI, publish an advertisement, in the form prescribed by the SEBI DIP Guidelines in an English National Daily with wide circulation, one Hindi National Newspaper and a regional language Newspaper with wide circulation at Agra.

Advertisement regarding Issue Price and Prospectus

The Company will issue a statutory advertisement after the filing of the Prospectus with the RoC in two widely circulated newspapers (one each in English and Hindi) and a regional language newspaper circulated at the place where the registered office of the Company is situated. This advertisement, in addition to the information (in the format and containing the disclosures specified in Part A of Schedule XX-A of the SEBI Guidelines), that has to be set out in the statutory advertisement shall indicate the Issue Price along with a table showing the number of Equity Shares. Any material updates between the date of Red Herring Prospectus and the date of Prospectus will be included in such statutory advertisement.

Issuance of Confirmation of Allocation Note

- (a) The BRLM or Registrar to the Issue shall send to the members of the Syndicate a list of their Bidders who have been allocated Equity Shares in the Issue.
- (b) The BRLM or Syndicate Members would then send the CAN to their Bidders who have been allocated Equity Shares in the Issue. The dispatch of a CAN shall be deemed to be valid, binding and irrevocable contract for the Bidder to pay the entire Issue Price for all the Equity Shares allocated to such Bidder. Those Bidders who have not paid into the Escrow Account of the Company at the time of bidding shall pay in full the amount payable into the Escrow Account of the Company by the Pay-in Date specified in the CAN.
- (c) Bidders who have been allocated Equity Shares and who have already paid into the Escrow Account of the Company at the time of bidding shall directly receive the CAN from the Registrar to the Issue subject, however, to realisation of their cheque or demand draft paid into the Escrow Account of the Company. The dispatch of a CAN shall be deemed to be a valid, binding and irrevocable contract for the Bidder to pay the entire Issue Price for all the Equity Shares to be allotted to such Bidder

Designated Date and Allotment of Equity Shares

- (a) After the funds are transferred from the Escrow Accounts to the Issue Account on the Designated Date, the Company would ensure the credit to the successful Bidders' depository account. Allotment of the Equity Shares to the allottees would be made within two working days of the date of Allotment
- (b) All allottees will receive credit for the Equity Shares directly in their depository account. **Equity Shares will be offered only in the dematerialised form to the allottees.** Allottees will have the option to re-materialise the Equity Shares so allotted, if they so desire, as per the provisions of the Companies Act and the Depositories Act.
- (c) The Company would ensure the allotment of Equity Shares within 15 days of Bid / Issue Closing Date and give instructions to credit to the allottees' depository accounts within two working days from the date of allotment.
- (d) Investors are advised to instruct their Depository Participant to accept the Equity Shares that may be allocated to them pursuant to this Issue

GENERAL INSTRUCTIONS

Do's:

- (a) Check if you are eligible to apply;
- (b) Read all the instructions carefully and complete the Resident Bid-cum-Application Form (white in colour) or Non-Resident Bid-cum-Application Form (blue in colour) or Eligible Employee Bid Cum Application Form (pink in colour) as the case may be;
- (c) Ensure that the Bid is only within the Price Band;
- (d) Ensure that the details about Depository Participant and Beneficiary Account are correct as Equity Shares will be transferred in the dematerialized form only;
- (e) Ensure that the DP account is activated;
- (f) Investors must ensure that the name given in the bid cum application form is exactly the same as the Name in which the Depository Account is held. In case, the Bid cum Application Form is submitted in joint names, investors should ensure that the Depository Account is also held in the same joint names and are in the same sequence in which they appear in the Bid cum Application Form;
- (g) Ensure that the Bids are submitted at the bidding centres only on forms bearing the stamp of a member of the Syndicate;
- (h) Ensure that you have been given a TRS for all your Bid options; and
- (i) Submit Revised Bids to the same member of the Syndicate through whom the Original Bid was placed and obtain a revised TRS
- (j) Ensure that the Demographic Details (as defined herein below) are updated, true and correct in all respects;
- (k) Ensure that you mention your Permanent Account Number (PAN) allotted under the I. T. Act; and
- (l) Ensure that the Bid-Cum-Application Form Number is mentioned on the reverse of the cheque / demand draft.

Don'ts:

- (a) Do not Bid for lower than the minimum Bid size;
- (b) Do not Bid/ revise Bid to a price that is less than the Floor of the Price Band or higher than the Cap of the Price Band;
- (c) Do not Bid on another Bid-cum-Application Form after you have submitted a Bid to the members of the Syndicate;
- (d) Do not pay the Bid amount in cash;
- (e) Do not send Bid cum Application Forms by post; instead hand them over to a member of the Syndicate only;
- (f) Do not bid at Cut-off price for Non-institutional and QIB Bidders;
- (g) A Bid from any investor should not exceed the investment limit or maximum number of Equity Shares that can be held by a Bidder under the applicable laws or regulations.
- (h) Submit Bids accompanied by Stockinvest
- (i) Do not submit the GIR number instead of the PAN as the Bid is liable to be rejected on this ground.**

Bids by Permanent Employees of the Company

- For the purpose of this reservation, Employee means permanent employees of our Company as on January 9, 2008.
- Bids under Employee Reservation Portion by Employees shall be made only in the prescribed Bid cum Application Form or Revision Form (i.e. Pink colour Form).
- Employees, as defined above, should mention the employee number at the relevant place in the Bid cum Application Form
- The sole/ first bidder should be Employees as defined above.
- Only Employees, as defined above, would be eligible to apply in this Issue under this Reservation Portion.
- Bids by Employees, as defined above, will have to bid like any other Bidder. Only those bids, which are received at or above the Issue Price, would be considered for allocation under this category.
- Employees, as defined above, who apply or bid for securities of or for a value of not more than Rs. 100,000 in any of the bidding options can apply at Cut-Off. This facility is not available to other Employees whose minimum Bid amount exceeds Rs. 100,000.
- The maximum bid in this category can be for 500000 Equity Shares.
- If the aggregate demand in this category is less than or equal to 500000 Equity Shares at or above the Issue Price, full allocation shall be made to the Employees, as defined above, to the extent of their demand.
- Under subscription in this category would be added back to the Net Issue to Public.
- If the aggregate demand in this category is greater than 500000 equity shares at or above the Issue Price, the allocation shall be made on a proportionate basis. For the method of proportionate basis of allocation, refer to paragraph 'Basis of Allotment' under section titled 'Issue Procedure' on page [*] of this DRHP.

INSTRUCTIONS FOR COMPLETING THE BID-CUM-APPLICATION FORM

Bidders can obtain Bid-cum-Application Forms and / or Revision Forms from the BRLM, or Syndicate Members.

Bids and Revisions of Bids

Bids and revisions to Bids must be:

- (a) Made only in the prescribed Bid cum Application Form or Revision Form, as applicable (white colour for Resident Indians and blue colour for NRI or FII or Foreign Venture Capital Fund, Multilateral and Bilateral Development Financial Institutions applying on repatriation basis and pink colour for eligible employees).
- (b) Completed in full, in BLOCK LETTERS in ENGLISH and in accordance with the instructions contained herein, the Bid cum Application Form and Revision Form. Incomplete Bid cum Application Forms or Revision Forms are liable to be rejected.
- (c) For Retail Individual Bidders, the Bids must be for a minimum of [*] Equity Shares and in multiples of [*] thereafter subject to a maximum Bid Amount of Rs. 1,00,000.
- (d) For Non Institutional and QIB Bidders, Bids must be for a minimum of such number of Equity Shares that the Bid Amount exceeds Rs. 1,00,000 and in multiples of [*] Equity Shares. Bids cannot be made for more than the Issue size. Bidders are advised to ensure that a single Bid from them should not exceed the investment limits or maximum number of shares that can be held by them under the applicable laws or regulations.
- (e) For Employees, the Bid must be for a minimum of [*] Equity Shares and shall be in multiples of [*] Equity Shares thereafter. The maximum Bid in this portion cannot exceed [*] Equity Shares.
- (f) In single name or in joint names (not more than three).
- (g) Thumb impressions and signatures other than in the languages specified in the Eight Schedule in the Constitution of India must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under his or her official seal.

Bidder's Bank Details

Bidders should note that on the basis of name of the Bidders, Depository Participant's name, Depository Participant-Identification number and Beneficiary Account Number provided by them in the Bid cum Application Form, the Registrar to the Issue will obtain from the Depository the Bidders bank account details. **These Bank Account details would be printed on the refund order, if any, to be sent to Bidders. Hence, Bidders are advised to immediately update their Bank Account details as appearing on the records of the depository participant.** Please note that failure to do so could result in delays in credit of refunds to Bidders at the Bidders sole risk and neither the BRLM nor the Company shall have any responsibility and undertake any liability for the same.

Bidders Depository Account Details

IT IS MANDATORY FOR ALL THE BIDDERS TO GET THEIR EQUITY SHARES IN DEMATERIALIZED FORM. ALL BIDDERS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT'S IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE BID CUM APPLICATION FORM. INVESTORS MUST ENSURE THAT THE NAME GIVEN IN THE BID CUM APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE BID CUM APPLICATION FORM IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE BID CUM APPLICATION FORM.

Bidders should note that on the basis of name of the Bidders, Depository Participant's name, Depository Participant's Identification number and Beneficiary Account Number provided by them in the Bid cum Application Form, the Registrar to the Issue will obtain from the Depository demographic details of the Bidders such as address, bank account details for printing on refund orders and occupation (herein after referred to as Demographic Details). Hence, Bidders should carefully fill in their Depository Account details in the Bid-cum-Application Form.

These Demographic Details would be used for all correspondence with the Bidders including mailing of the refund orders/ CANs/Allocation Advice and printing of Bank particulars on the refund order and the Demographic Details given by Bidders in the Bid -cum application Form would not be used for these purposes by the Registrar.

Hence, Bidders are advised to update their Demographic Details as provided to their Depository Participants.

By signing the Bid-cum-Application Form, Bidder would have deemed to authorize the depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records.

Refund orders/Allocation Advice/CANs would be mailed at the address of the Bidder as per the Demographic Details received from the Depositories. Bidders may note that delivery of refund allocation advice/CANs may get delayed if the same once sent to the address obtained from the depositories are returned undelivered. In such an event, the address and other details given by the Bidder in the Bid cum Application Form would be used only to ensure dispatch of refund orders. Please note that any such delay shall be at the Bidders sole risk and neither the Bank nor the BRLM shall be liable to compensate the Bidder for any losses caused to the Bidder due to any such delay or is liable to pay any interest for such delay.

In case no corresponding record is available with the Depositories that match three parameters, namely, names of the Bidders (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the beneficiary's identity, then such Bids are liable to be rejected.

Bids under Power of Attorney

In case of Bids made pursuant to a Power of Attorney or by limited companies, corporate bodies, registered societies, a certified copy of the Power of Attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the Memorandum and Articles of Association and/or Bye Laws must be lodged along with the Bid-cum-Application Form. Failing this, the Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason thereof.

In case of Bids made pursuant to a Power of Attorney by FIIs, a certified copy of the Power of Attorney or the relevant resolution or authority, as the case may be, along with a certified copy of their SEBI registration certificate must be lodged along with the Bid-cum-Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason thereof.

In case of Bids made by Insurance Companies registered with the Insurance Regulatory and Development Authority, a certified copy of certificate of registration issued by Insurance Regulatory and Development Authority must be lodged along with the Bid-cum-Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason thereof.

In case of Bids made by provident funds with minimum corpus of Rs. 2500 lacs and pension funds with minimum corpus of Rs. 2500 lacs, a certified copy of certificate from a chartered accountant certifying the corpus of the provident fund/ pension fund must be lodged along with the Bid-cum-Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason thereof.

In case of Bids made by mutual fund registered with SEBI, Venture Capital Fund registered with SEBI and Foreign Venture Capital investor registered with SEBI, a certified copy of their SEBI registration certificate must be submitted with the Bid cum Application Form. Failing this, the Company reserves the right to accept or reject any Bid in whole or in part, in either case without assigning any reason thereof.

The Company in its absolute discretion, reserves the right to relax the above condition of simultaneous lodging of the Power of Attorney along with the Bid cum Application form, subject to such terms that we may deem fit, in consultation with the BRLM.

Bids by NRIs, FIIs, Foreign Venture Capital Funds registered with SEBI on a repatriation basis

- NRI, FIIs and Foreign Venture Capital funds Bidders to comply with the following: Individual NRI Bidders can obtain the Bid cum Application Forms from our Registered Office at 148, Manas Nagar, Shahganj, Agra- 282010 Tel.:0562-2512122, 2512123, 2512223 Fax: 0562-2511070 or from members of the Syndicate or the Registrar to the Issue.
- NRI Bidders may please note that only such Bids as are accompanied by payment in free foreign exchange through approved banking channels shall be considered for allotment.
- NRIs who intend to make payment through Non-Resident Ordinary (NRO) accounts shall use the Bid Cum Application form meant for Resident Indians (white in colour).

Bids and revision to Bids must be made:

- On the Bid-cum-Application Form or the Revision Form, as applicable, (blue in colour), and completed in full in BLOCK LETTERS in ENGLISH in accordance with the instructions contained therein.
- In a single name or joint names (not more than three).
- **By NRIs** – For a minimum of [*] Equity Shares and in multiples of [*] thereafter subject to a maximum Bid amount of Rs.1,00,000 for the Bid to be considered as part of the Retail Portion. Bids for Bid Amount more than Rs.1,00,000 would be considered under Non Institutional Category for the purposes of allocation. For further details please see paragraph 'Maximum and Minimum Bid Size' under section titled 'Issue Procedure' on page no. [*] of this DRHP.
- **By FIIs** – for a minimum of such number of Equity Shares and in multiples of [*] that the Bid Amount exceeds Rs. 1,00,000. For further details please see paragraph 'Maximum and Minimum Bid Size' under section titled 'Issue Procedure' on page no. [*] of this Draft Red Herring Prospectus.
- In the names of individuals or in the names of FIIs or in the names of Foreign Venture Capital Fund, Multilateral and Bilateral Development Financial Institutions but not in the names of minors, firms or partnerships, foreign nationals (excluding NRIs) or their nominees or OCB's.
- Refunds, dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and/or commission. In case of Bidders who remit money payable upon submission of the Bid cum Application Form or Revision Form through Indian Rupee drafts purchased abroad, such payments in Indian Rupees will be converted into US Dollars or any other freely convertible currency as may be permitted by the RBI at the rate of exchange prevailing at the time of remittance and will be dispatched by registered post/speed post or if the Bidders so desire, will be credited to their NRE accounts, details of which should be furnished in the space provided for this purpose in the Bid cum Application Form. Our Company will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

The Company does not require approvals from FIPB or RBI for the transfer of Equity Shares in this Issue to eligible NRI's, FIIs, foreign venture capital investors registered with SEBI and multilateral and bilateral institutions. As per the RBI regulations, OCBs are not permitted to participate in the Issue.

There is no reservation for Non-Residents, NRIs, FIIs and foreign venture capital funds and all Non-Residents, NRIs, FIIs and foreign venture capital funds applicants will be treated on the same basis with other categories for the purpose of allocation.

The Equity Shares have not been and will not be registered under the U. S. Securities Act of 1933, as amended (the "Securities Act") or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account of benefit of, "U. S. Persons" (as defined in the Regulation S of the Securities Act), except pursuant to any exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Equity Shares may be offered and sold only (i) in United States to 'qualified institutional buyers' as defined in Rule 144A of the Securities Act, and (ii) outside the United States in compliance with Regulation S and the applicable laws of the jurisdiction where those offers and sales occur.

Payment Instructions

The Company shall open an Escrow Account(s) with the Escrow Collection Bank(s) for the collection of the Bid Amounts payable upon submission of the Bid-cum-Application Form and for amounts payable pursuant to allocation in the Issue. Each Bidder shall draw a cheque or demand draft for the amount payable on the Bid and/or on allocation as per the following terms:

Payment into Escrow Account to the Issue:

- (i) The Bidders for whom the applicable margin is equal to 100% shall, with the submission of the Bid cum Application Form draw a payment instrument for the Bid Amount in favour of the Escrow Account of the Company and submit the same to the members of the Syndicate.
- (ii) In case of QIBs, Margin Amount of 10% on bid amount shall be payable by the Bidders at the time of Bidding. On receipt of the CAN, in case the Margin Amount is less than the Issue Price multiplied by the Equity Shares allocated to the Bidder, the difference shall be paid by the Bidders into the Escrow Account within the period specified in the CAN which shall be subject to a minimum period of two days from the date of communication of the allocation list to the members of the Syndicate by the BRLM.
- (iii) The payment instruments for payment into the Escrow Account of the Company should be drawn in favour of:
 - In case of Resident QIBs Bidders: **"Escrow Account – SEA Public Issue – QIB Resident"**
 - In case of Non Resident QIBs Bidders: **"Escrow Account – SEA Public Issue – QIB NR"**
 - In case of Resident Bidders: **"Escrow Account – SEA Public Issue"**
 - In case of Non Resident Bidders: **"Escrow Account – SEA Public Issue -NR"**
 - In case of Eligible Employees: **"Escrow Account– SEA Public Issue–Eligible Employees"**
 - In case of Bids by NRIs applying on repatriation basis, the payments must be made through Indian Rupee Drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in Non-Resident External (NRE) Accounts or Foreign Currency Non-Resident (FCNR) Accounts, maintained with banks authorised to deal in foreign exchange in India, along with documentary evidence in support of the remittance. Payment will not be accepted out of Non-Resident Ordinary (NRO) Account of Non-Resident bidder bidding on a repatriation basis. Payment by drafts should be accompanied by Bank Certificate confirming that the draft has been issued by debiting to NRE or FCNR Account.
 - In case of Bids by FIIs, the payment should be made out of funds held in Special Rupee Account along with documentary evidence in support of the remittance. Payment by drafts should be accompanied by Bank Certificate confirming that the draft has been issued by debiting to Special Rupee Account.
- (iv) Where a Bidder has been allocated a lesser number of Equity Shares than the Bidder has Bid for, the excess amount, if any, paid on bidding, after adjustment towards the balance amount payable on the Equity Shares allocated, will be refunded to the Bidder from the Escrow Account of the Company.
- (v) The monies deposited in the Escrow Account of the Company will be held for the benefit of the Bidders until Designated Date.
- (vi) On the Designated Date, the Escrow Collection Banks shall transfer the funds from the Escrow Account of the Company as per the terms of the Escrow Agreement into the Issue Account with the Bankers to the Issue.

- (vii) On the Designated Date and no later than 15 days from the Bid/Issue Closing Date, the Escrow Collection Bank shall also refund all amounts payable to unsuccessful bidders and also the excess amount paid on Bidding, if any, after adjusting for allocation to the Bidders.

Payments should be made by cheque or demand draft drawn on any Bank (including a Co-Operative Bank), which is situated at, and is a member of or sub-member of the banker's clearing house located at the centre where the Bid-cum-Application Form is submitted. Outstation cheques /bank drafts drawn on banks not participating in the clearing process will not be accepted and applications accompanied by such cheques or bank drafts are liable to be rejected.

Cash/ Stockinvest/ Money Orders/Postal Orders will not be accepted.

Payment by Stockinvest

In terms of Reserve Bank of India Circular No. DBOD No. FSC BC 42/24.47.00/2003-04 dated November 5, 2003, the Stockinvest Scheme has been withdrawn with immediate effect. Hence, payment through stockinvest would not be accepted in this Issue.

Submission of Bid-cum-Application Form

All Bid cum Application Forms or Revision Forms duly completed and accompanied by account payee cheques or drafts shall be submitted to the BRLM or Syndicate Member at the time of submitting the Bid. **The BRLM/ members of the Syndicate may at its discretion waive the requirement of payment at the time of submission of the Bid cum Application Form and Revision Form.**

No separate receipts shall be issued for the money payable on the submission of Bid cum Application Form or Revision Form. However, the collection centre of the BRLM or the Syndicate Member will acknowledge the receipt of the Bid cum Application Forms or Revision Forms by stamping and returning to the Bidder the acknowledgement slip. This acknowledgement slip will serve as the duplicate of the Bid cum Application Form for the records of the Bidder.

Other Instructions

Joint Bids in the case of Individuals

Bids may be made in single or joint names (not more than three). In the case of joint Bids, all payments will be made out in favour of the Bidder whose name appears first in the Bid-cum-Application Form or Revision Form ("First Bidder"). All communications will be addressed to the First Bidder and will be despatched to his or her address.

Multiple Bids

A Bidder should submit only one Bid (and not more than one) for the total number of Equity Shares required. Two or more Bids will be deemed to be multiple Bids if the sole or First Bidder is one and the same. Bids made by eligible employees both under employee reservation portion as well as in the net issue to the public shall not be treated as multiple bids.

The Company reserves the right to reject, in its absolute discretion, all or any multiple Bids in any or all portion

Procedure for Application by Mutual Funds

In case of a mutual fund, a separate Bid can be made in respect of each scheme of the mutual fund registered with SEBI and such Bids in respect of more than one scheme of the mutual fund will not be treated as multiple bids provided that the Bids clearly indicate the name of scheme concerned for which the Bid has been made. The application made by the AMCs or custodians of a mutual fund shall clearly indicate the name of the concerned scheme for which application is being made.

The Company reserves the right to reject, in our absolute discretion, all or any multiple Bids in any or all categories.

PAN or GIR Number

The Bidder or in the case of a Bid in joint names, each of the Bidders, should mention his/her Permanent Account Number (PAN) allotted under the I. T. Act. The copy of the PAN card or PAN allotment letter is required to be submitted with the application form. Applications without this information and documents will be considered incomplete and are liable to be rejected. **It is to be specifically noted that Bidders should not submit the GIR number instead of the PAN as the Bid is liable to be rejected on this ground.**

UNIQUE IDENTIFICATION NUMBER – MAPIN

With effect from July 1, 2005, SEBI has decided to suspend all fresh registrations for obtaining Unique Identification Number (UIN) and the requirement to contain/quote UIN under the SEBI (Central Database of Market Participants) Regulations, 2003 and circular issued in connection thereto by its circular bearing number MAPIN/CIR-13/2005. However, in a press release dated December 30, 2005, SEBI has approved certain policy decisions and has now decided to resume registrations for obtaining UINs in a phased manner. The press release states that the cut off limit for obtaining UIN has been raised from the existing limit of trade order value of Rs.100,000 to Rs.500,000 or more. The limit will be reduced progressively. For trade order value of less than Rs.500,000, an option will be available to investors to obtain either the PAN or UIN.

Company Right to Reject Bids

The Syndicate Members have right to reject a Bid received from QIB at the receipt of the Bids. However, the Syndicate Members shall disclose the reasons for not accepting the Bid to the Bidder. In case of Non-Institutional Bidders and Retail Individual Bidders and Eligible Employees, The Company and BRLM have a right to reject bids based on technical grounds.

Consequent refunds shall be made by cheque or pay order or draft and will be sent to the bidder's address at the Bidder's risk.

Grounds for Technical Rejections

Bidders are advised to note that Bids are liable to be rejected on among others on the following technical grounds:

- (a) Amount paid doesn't tally with the highest number of Equity Shares bid for;
- (b) Age of First Bidder not given;
- (c) Bids by Persons not competent to contract under the Indian Contract Act, 1872, including minors, insane Persons;
- (d) PAN not stated. See the section titled "Issue Procedure—PAN or GIR No" beginning on page [*] of this DRHP;
- (e) Bids for lower number of Equity Shares than specified for that category of investors;
- (f) Bids at a price less than lower end of the Price Band;
- (g) Bids at a price more than the higher end of the Price Band;
- (h) Bids at cut-off price by Non-Institutional and QIB Bidders;
- (i) Bids for number of Equity Shares which are not in multiples of [*];
- (j) Category not ticked;
- (k) Multiple bids as defined in this DRHP;
- (l) In case of Bid under power of attorney or by limited companies, corporate, trust etc., relevant documents are not submitted;
- (m) Bid-cum-Application Form does not have the stamp of the BRLM, or Syndicate Members;
- (n) Bid-cum-Application Form does not have Bidder's depository account details;
- (o) Bid-cum-Application Forms are not delivered by the Bidders within the time prescribed as per the Bid-cum-Application Form, Bid/Issue Opening Date advertisement and the Red Herring Prospectus and as per the instructions in the Red Herring Prospectus and the Bid cum-Application Form
- (p) Bids for amounts greater than the maximum permissible amounts prescribed by the regulations.
- (q) Bids accompanied by money order/postal order/cash /Stockinvests;
- (r) Signature of sole and / or joint bidders missing;
- (s) Bids by OCBs;
- (t) In case no corresponding record is available with the Depositories that matches the parameters namely, names of the Bidders (including the sequence of names of joint holders), the depository participant's identity (DP ID).
- (u) Bids by U. S residents or US persons other than "qualified institutional buyers" as defined in Rule 144A of the U. S. Securities Act of 1933.
- (v) Bids under Employee reservation portion for more than 500000 Equity Shares.

Equity Shares in Dematerialised Form with NSDL or CDSL

As per the provisions of Section 68B of the Companies Act, the Equity Shares in this Issue shall be allotted only in a dematerialised form, (i.e. not in the form of physical certificates but be fungible and be represented by the statement issued through the electronic mode).

In this context, two agreements have been signed among our Company, the respective Depositories and the Registrar to the Issue:

- (a) an agreement dated [*] between NSDL, us and Registrar to the Issue;
- (b) an agreement dated [*] between CDSL, us and Registrar to the Issue.

All bidders can seek allotment only in dematerialised mode. Bids from any investor without relevant details of his or her depository account are liable to be rejected.

- (a) A Bidder applying for Equity Shares must have at least one beneficiary account with either of the Depository Participants of either NSDL or CDSL prior to making the Bid.
- (b) The Bidder must necessarily fill in the details (including the Beneficiary Account Number and Depository Participant's Identification number) appearing in the Bid-cum-Application Form or Revision Form.
- (c) Equity Shares allotted to a successful Bidder will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Bidder.
- (d) Names in the Bid-cum-Application Form or Revision Form should be identical to those appearing in the account details in the Depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the account details in the Depository.
- (e) Non-transferable allotment advice or refund orders will be directly sent to the Bidder by the Registrar to this Issue.
- (f) If incomplete or incorrect details are given under the heading 'Request for Equity Shares in electronic form' in the Bid-cum-Application Form or Revision Form, it is liable to be rejected.
- (g) The Bidder is responsible for the correctness of his or her demographic details given in the Bid-cum-Application Form vis-à-vis those with his or her Depository Participant.
- (h) It may be noted that Equity Shares in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL and CDSL. All the Stock Exchanges where our Equity Shares are proposed to be listed have electronic connectivity with CDSL and NSDL.
- (i) The trading of the Equity Shares of the Company would be in dematerialised form only for all investors.

As this Issue comprises of Fresh Issue, investors are advised to instruct their Depository Participants to accept the Equity Shares that may be allocated to them pursuant to this Issue.

Communications

All future communications in connection with Bids made in this Issue should be addressed to the Registrar to the Issue quoting the full name of the sole or First Bidder, Bid-cum-Application Form number, number of Equity Shares applied for, date, bank and branch where the Bid was submitted and cheque/ draft number and issuing bank thereof.

The Company has appointed Mr. Akshay Kumar Jain, as Compliance Officer. He can be contacted at the Registered Office of the Company.

The Investors can contact the Compliance Officer in case of any pre-issue or post-issue related problems such as non-receipt of letters of allotment, credit of allotted shares in the respective beneficiary account, refund orders, etc.

Basis of allotment or allocation

A. For Retail Bidders

- Bids received from the Retail Individual Bidders at or above the Issue Price shall be grouped together to determine the total demand under this category. The allotment to all the successful Retail Individual Bidders will be made at the Issue Price.
- The Issue size, less allotment to Non Institutional Bidders, QIB Bidders and Employees shall be available for allotment to Retail Individual Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.
- If the aggregate demand in this category is less than or equal to 2152150 Equity Shares at or above the Issue Price, full allotment shall be made to the Retail Individual Bidders to the extent of their demand.
- If the aggregate demand in this category is greater than 2152150 Equity Shares at or above the Issue Price, the allotment shall be made on a proportionate basis subject to minimum allocation being equal to the minimum bid/application size of [*] Equity Shares. For the method of proportionate basis of allotment, please refer to paragraph 'Method of Proportionate Basis of Allotment' under section titled 'Issue Procedure' on page no. [*] of this DRHP.

B. For Non Institutional Bidders

- Bids received from Non institutional Bidders at or above the Issue Price shall be grouped together to determine the total demand under this category. The allotment to all successful Non Institutional Bidders will be made at the Issue Price.
- The Issue size, less allotment to QIBs Bidders, Retail Individual Bidders and Employees shall be available for allotment to Non Institutional Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.

- If the aggregate demand in this category is less than or equal to 922350 Equity Shares at or above the Issue Price, full allotment shall be made to Non Institutional Bidders to the extent of their demand.
- In case the aggregate demand in this category is greater than 922350 Equity Shares at or above the Issue Price, allotment shall be made on a proportionate basis subject to minimum allocation being equal to the minimum bid/application size of [*] Equity Shares. For the method of proportionate basis of allotment please refer to paragraph 'Method of Proportionate Basis of Allotment' section titled 'Issue Procedure' on page no. [*] of this DRHP.

C. For QIBs

- Upto 50% of the Net Issue to the Public i.e. 3074500 Equity shares shall be allotted to QIBs of which 5% is reserved for Mutual Funds i.e 153725 Equity Shares and balance shares will be available for allocation to all QIBs including Mutual Funds on proportionate basis.
- Bids received from the QIB Bidders at or above the Issue Price shall be grouped together to determine the total demand under this category. The allotment to all the QIBs will be made at the Issue Price.
- The Issue size, less allotment to Non Institutional Bidders, Retail Individual Bidders and Employees shall be available for allotment to QIBs who have bid in the Issue at a price that is equal to or greater than the Issue Price.
- Allotment shall be undertaken in the following manner
 - (a) In the first instance allocation to Mutual Funds for up to 5% of the QIB Portion shall be determined as follows:
 - (i) In the event that Bids from Mutual Fund exceeds 5% of the QIB Portion, allocation to Mutual Funds shall be done on a proportionate basis for up to 5% of the QIB Portion.
 - (ii) In the event that the aggregate demand from Mutual Funds is less than 5% of the QIB Portion, then all Mutual Funds shall get full allotment to the extent of valid bids received above the Issue Price.
 - (iii) Equity Shares remaining unsubscribed, if any, not allocated to Mutual Funds shall be available to all QIB Bidders as set out in (b) below;
 - (b) In the second instance allocation to all QIBs shall be determined as follows:
 - (i) The number of Equity Shares available for this category shall be the QIB Portion less allocation only to
 - (ii) Mutual Funds as calculated in (a) above.
 - (iii) The subscription level for this category shall be determined based on the overall subscription in the QIB
 - (iv) Portion less allocation only to Mutual Funds as calculated in (a) above.
 - (v) Based on the above, the level of the subscription shall be determined and proportionate allocation to all QIBs including Mutual Funds in this category shall be made.

The aggregate allotment to QIB Bidders shall be upto 3074500 Equity Shares

D. For Employee Reservation portion

Only Eligible Employees are eligible to apply under the Employee Reservation Portion.

- Bids received from the Eligible Employees at or above the Issue Price shall be grouped together to determine the total demand under this category. The allocation to all the successful Eligible Employees will be made at the Issue Price.
- If the aggregate demand in this category is less than or equal to 500000 Equity Shares at or above the Issue Price, full allocation shall be made to the Eligible Employees to the extent of their demand.
- If the aggregate demand in this category is greater than 500000 Equity Shares at or above the Issue Price, the allocation shall be made on a proportionate basis up to a minimum of [*] Equity Shares. For the method of proportionate basis of allotment please refer section paragraph 'Method of Proportionate Basis of Allotment' under section titled 'Issue Procedure' on page no. [*] of this DRHP.

The unsubscribed portion, if any, out of the Equity Shares in any of the Reserved Categories will be added to the categories of Non Institutional Bidders and Retail Bidders, in a proportion to be determined by the Company in consultation with the BRLM.

Method of proportionate basis of allocation in the QIB, Retail, Non-Institutional and Employee Reservation Portion.

In the event of the Issue being over-subscribed, we shall finalize the basis of allotment in consultation with the Designated Stock Exchange. The Executive Director (or any other senior official nominated by them) of the Designated Stock Exchange along with the BRLM and the Registrar to the Issue shall be responsible for ensuring that the basis of allotment is finalized in a fair and proper manner.

The allotment shall be made in marketable lots, on a proportionate basis as explained below:

- (a) Bidders will be categorized according to the number of Equity Shares applied for by them.
- (b) The total number of Equity Shares to be allotted to each portion as a whole shall be arrived at on a proportionate basis, being the total number of Equity Shares applied for in that portion (number of Bidders in the portion multiplied by the number of Equity Shares applied for) multiplied by the inverse of the over-subscription ratio.
- (c) Number of Equity Shares to be allotted to the successful Bidders will be arrived at on a proportionate basis, being the total number of Equity Shares applied for by each Bidder in that portion multiplied by the inverse of the oversubscription ratio.
- (d) If the proportionate Allotment to a Bidder is a number that is more than [*] but is not a multiple of one (which is the market lot), the decimal would be rounded off to the higher whole number if that decimal is 0.5 or higher. If that number is lower than 0.5, it would be rounded off to the lower whole number. Allotment to all Bidders in such categories would be arrived at after such rounding off.
- (e) In all Bids where the proportionate Allotment is less than [*] Equity Shares per Bidder, the Allotment shall be made as follows:
 - Each successful Bidder shall be Allotted a minimum of [*] Equity Shares;
 - The successful Bidders out of the total Bidders for a portion shall be determined by draw of lots in a manner such that the total number of Equity Shares Allotted in that portion is equal to the number of Equity Shares calculated in accordance with (b) above; and
 - Each successful Bidder shall be Allotted a minimum of [*] Equity Shares.
- (f) If the Equity Shares allocated on a proportionate basis to any portion are more than the Equity Shares allotted to the Bidders in that portion, the remaining Equity Shares available for Allotment shall be first adjusted against any other portion, where the Equity Shares are not sufficient for proportionate Allotment to the successful Bidders in that portion. The balance Equity Shares, if any, remaining after such adjustment will be added to the portion comprising Bidders applying for minimum number of Equity Shares.

DISPOSAL OF APPLICATIONS AND APPLICATION MONEYS AND REFUND ORDERS

We shall give credit of Equity Share allotted to the beneficiary account with Depository Participants within 15 working days of the Bid/Issue Closing Date. Applicants residing at 15 centres where clearing houses are managed by the Reserve Bank of India (RBI) will get refunds through ECS only (subject to availability of all information for crediting the refund through ECS) except where applicant is otherwise disclosed as eligible to get refunds through NEFT, Direct Credit or RTGS.

In case of other applicants, the Company shall ensure dispatch of refund orders, if any, of value up to Rs. 1,500 by "Under Certificate of Posting", and shall dispatch refund orders above Rs. 1,500, if any, by registered post or speed post, except for Bidders who have opted to receive refunds through ECS, NEFT, Direct Credit or RTGS.

Applicants to whom refunds are made through Electronic transfer of funds will be send a letter through ordinary post intimating them about the mode of credit of refund within 15 working days of closure of Issue.

We shall ensure dispatch of refund orders, if any, by "Under Certificate of Posting" or registered post or speed post or ECS, NEFT, Direct Credit or RTGS as applicable, only at the sole or First Bidder's sole risk within 15 days of the Bid /Issue Closing Date, and adequate funds for making refunds to unsuccessful applicants as per the mode(s) disclosed shall be made available to the Registrar to the Issue by the Issuer.

We shall ensure dispatch of allotment advice, refund orders and give benefit to the beneficiary account with Depository Participants and submit the documents pertaining to the allotment to the Stock Exchanges within 2 (two) working days of date of Allotment.

We shall use best efforts to ensure that all steps for completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed, are taken within 7 (seven) working days of finalisation of the basis of allotment.

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

- (a) allotment of Equity Shares shall be made only in dematerialised form within 15 (fifteen) days of the Bid/Issue Closing Date;
- (b) dispatch of refund orders, except for Bidders who have opted to receive refunds through ECS, NEFT, Direct Credit and RTGS, within 15 (fifteen) working days of the Bid /Issue Closing Date would be ensured; and
- (c) we shall pay interest at 15% (fifteen) per annum (for any delay beyond the 15 (fifteen)-day time period as mentioned above), if Allotment is not made and refund orders are not dispatched and/or demat credits are not made to investors within the 15 (fifteen)-day time prescribed above as per the guidelines issued by the Government of India, Ministry of Finance pursuant to their letter No. F/8/S/79 dated July 31, 1983, as amended by their letter No. F/14/SE/85 dated September 27, 1985, addressed to the stock exchanges, and as further modified by SEBI's Clarification XXI dated October 27, 1997, with respect to the SEBI Guidelines.

Refunds will be made by cheques, pay-orders or demand drafts drawn on a bank appointed by us, as an Escrow Collection Bank and payable at par at places where Bids are received, except for Bidders who have opted to receive refunds through ECS, NEFT, Direct Credit and RTGS. Bank charges, if any, for encashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

Mode of making refunds

Bidders should note that on the basis of name of the Bidders, Depository Participant's name, Depository Participant-Identification number and Beneficiary Account Number provided by them in the Bid cum Application Form, the Registrar to the Issue will obtain from the Depository the Bidders bank account details including nine digit MICR code. Hence, Bidders are advised to immediately update their bank account details as appearing on the records of the Depository Participant. Please note that failure to do so could result in delays in credit of refunds to Bidders at the Bidders sole risk and neither the BRLM nor the

Bank shall have any responsibility and undertake any liability for the same.

The payment of refund, if any, would be done through various modes in the following order of preference

1. NEFT

Payment of refund shall be undertaken through NEFT wherever the applicants' bank has been assigned the Indian Financial System Code (IFSC), which can be linked to a Magnetic Ink Character Recognition (MICR), if any, available to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the applicants have registered their nine digit MICR number and their bank account number while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the applicants through this method.

2. ECS

Payment of refund shall be undertaken through ECS for applicants having an account at any of the following fifteen centers: Ahmedabad, Bangalore, Bhubaneswar, Kolkata, Chandigarh, Chennai, Guwahati, Hyderabad, Jaipur, Kanpur, Mumbai, Nagpur, New Delhi, Patna and Thiruvananthapuram. This mode of payment of refunds would be subject to availability of complete bank account details including the MICR code as appearing on a cheque leaf, from the Depositories. One of the methods for payment of refund is through ECS for applicants having a bank account at any of the abovementioned fifteen centers.

3. Direct Credit

Applicants applying through the web/internet whose service providers opt to have the refund amounts for such applicants being by way of direct disbursement by the service provider through their internal networks, the refund amounts payable to such applicants will be directly handled by the service providers and credited to bank account particulars as registered by the applicant in the demat account being maintained with the service provider. The service provider, based on the information provided by the Registrar, shall carry out the disbursement of the refund amounts to the applicants.

4. RTGS

Applicants having a bank account at any of the abovementioned fifteen centres and whose refund amount exceeds Rs. 1 million, have the option to receive refund through RTGS. Such eligible applicants who indicate their preference to receive refund through RTGS are required to provide the IFSC code in the Bid-cum-application Form. In the event the same is not provided, refund shall be made through ECS. Charges, if any, levied by the Refund Bank(s) for the same would be borne by such applicant opting for RTGS as a mode of refund. Charges, if any, levied by the applicant's bank receiving the credit would be borne by the applicant.

Note: We expect that all payments including where refund amounts exceed Rs. 1,000,000 (Rupees One Million) shall be made through NEFT, however in some exceptional circumstances where refund amounts exceed Rs. 1,000,000 (Rupees One Million), refunds may be made through RTGS.

For all other applicants, including those who have not updated their bank particulars with the MICR code, the refund orders shall be dispatched under certificate of posting for value up to Rs. 1,500 and through Speed Post/ Registered Post for refund orders of Rs. 1,500 and above. Such refunds will be made by cheques, pay orders or demand drafts drawn on the Escrow Collection Banks and payable at par at places where Bids are received. Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centers will be payable by the Bidders.

Undertakings by the Company

The Company undertakes as follows:

1. that the complaints received in respect of this Issue shall be attended to expeditiously and satisfactorily;
2. that all steps will be taken for the completion of the necessary formalities for listing and commencement of trading at all the stock exchanges where the Equity Shares are proposed to be listed within seven working days of finalisation of the basis of allotment;
3. that the funds required for despatch of refund orders or allotment advice by registered post or speed post shall be made available to the Registrar to the Issue;
4. that the refund orders or allotment advice to the NRIs or FIIs shall be dispatched within the specified time; and
5. Subject to the Pre-IPO Placement, if any, no further issue of Equity Shares shall be made till the Equity Shares issued through this DRHP are listed or until the bid monies are refunded on account of non-listing, under-subscription etc.

Utilization of Issue proceeds

The Board of Directors of the Company Certify that:

1. all monies received out of this Issue shall be transferred to a separate bank account other than the bank account referred to in sub-section (3) of Section 73 of the Companies Act;
2. details of all monies utilized out of this Issue referred above shall be disclosed under an appropriate separate head in the balance sheet of the Company indicating the purpose for which such monies have been utilised; and
3. details of all unutilised monies out of this Issue, if any, shall be disclosed under an appropriate separate head in the balance sheet of the Company indicating the form in which such unutilized monies have been invested.

The Company shall not have recourse to the Issue proceeds until approval for trading of Equity Shares from all the stock exchanges where listing is sought is received.

Pending utilisation of net proceeds of this Issue as specified under the section "Objects of the Issue" the net proceeds will be invested by the Company in high quality interest bearing liquid instruments including but not limited to deposits with banks for the necessary duration.

Restrictions on Foreign Ownership of Indian Securities

Foreign investment in Indian securities is regulated through the industrial policy of Government of India, or the Industrial Policy and FEMA. While the Industrial Policy prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. Under the Industrial Policy, unless specifically restricted, foreign investment is freely permitted in all sectors of Indian economy to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment. The government bodies responsible for granting foreign investment approvals are the FIPB and the RBI. Under present regulations, the maximum permissible FII investment in our Company is restricted to 49% of our total issued capital.

By way of Circular No. 53 dated December 17, 2003, the RBI has permitted FIIs to subscribe to shares of an Indian Company in a public Issue without prior RBI approval, so long as the price of Equity Shares to be issued is not less than the price at which Equity Shares are issued to residents.

The transfer of Equity Shares of NRIs, FIIs, and Foreign Venture Capital Investors registered with SEBI and Multilateral and Bilateral Development Financial institutions shall be subject to the conditions as may be prescribed by the Government of India or RBI while granting such approvals.

Foreign Investment

Foreign investment in India is regulated by the Foreign Exchange Management Act, 1999 (FEMA), the regulations framed by the Reserve Bank of India (RBI) and policy guidelines issued by the Ministry of Industry (through various Press Notes

issued from time to time). Foreign investment in companies in the media sector is under the automatic route (i.e., prior approval of the FIPB is not required).

Foreign investment by way of subscription to equity shares in companies in the media sector currently does not require the prior approval of the RBI (vide Press Note 8 of 2000) or the FIPB, except for a post subscription filing with the RBI in Form FC-GPR within 30 days from the issue of shares by the Company. GoI has indicated that in all cases where foreign direct investment is allowed on an automatic basis without FIPB approval, the RBI would continue to be the primary agency for the purposes of monitoring and regulating foreign investment.

Transfers of equity shares previously required the prior approval of the FIPB. However, vide a RBI circular dated October 4, 2004 issued by the RBI, the transfer of shares between an Indian resident and a non resident does not require the prior approval of the FIPB or the RBI, provided that (i) the activities of the investee company are under the automatic route under the foreign direct investment (FDI) Policy and transfer does not attract the provisions of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 (ii) the non-resident shareholding is within the sectoral limits under the FDI policy, and (iii) the pricing is in accordance with the guidelines prescribed by the SEBI/RBI.

SECTION X- MAIN PROVISIONS OF ARTICLES OF ASSOCIATION

1. (1) In these articles unless there be something in the subject or context :

"The Company" means **SEA TV NETWORK LIMITED**.

"The Act" means the Companies Act 1956 or any statutory modification or re-enactment thereof for the time being in force.

"Annual General Meeting" means a General Meeting of the Members held in accordance with the provisions of Section 166 of the Act.

"Auditors" means and includes those persons appointed as such for the time being of the Company.

"Board" or Board of Directors" means a meeting of the Directors duly called and 'Board or Board constituted or as the case may be, the Directors assembled at a Board of the Directors collectively.

"Capital" means the share capital for the time being raised or authorised to be raised, for the purpose of the Company.

"Debenture" includes debenture-stock.

"Directors" means the Directors for the time being of the Company, or as the case may be, the Directors assembled at a Board.

"Dividend" means bonus.

"Extraordinary General Meeting" means an extraordinary General Meeting of the Members duly called and constituted and any adjourned holding thereof.

"Member" means the duly registered holder from time to time of shares of the Company and includes the subscribers to the Memorandum of the Company.

"Meeting" or "General Meeting" means a meeting of members.

"Month" means calendar month.

"Office" means the registered office for the time being of the Company.

A resolution shall be an ordinary resolution then at a General Meeting of which the notice required under the act has been duly given, the votes cast (whether on a show of hands, or on a poll, as the case may be) in favour of the resolution (including the casting vote, if any, of the Chairman) by members, who, being entitled to do so, vote in person, or where proxies are allowed, by proxy, exceed the votes, if any, cast against the resolution by members so entitled and voting.

"Paid-up" includes credited as paid-up.

"Persons" includes corporation and firms as well as individuals.

"Register of Members" means the Register of Members to be kept pursuant to the Act.

"Register" means the Registrar of Companies of the State in which the office of the Company is for the time being situate.

"Secretary" means any individual possessing qualifications prescribed for the time being by any Rules made under the Act and appointed to perform the duties which may be performed by a Secretary under the Act and any other ministerial or administrative duties.

"Seal" means the common seal for the time being of the Company.

"Share" means the share in the share capital of the Company and includes stock except where a distinction between stock and share is expressed or implied.

A Resolution shall be special resolution when:

(a) the intention to propose the resolution as a special resolution has duly specified in the notice calling the General Meeting or other intimation given to the members of the resolution.

- (b) the notice required under the Act has been duly given of the General Meeting; and
- (c) the votes cast in favour of the resolution (whether on a show of hands or on a poll, as the case may be) by members who, being entitled to do so, vote in person, or when proxies are allowed, by proxy, are not less than three times the number of votes, if any, cast against the resolution by members so entitled and voting.

"In writing" and "written" shall include printing, lithography or part printing and part lithography and any other mode or modes of representing or reproducing words in visible form.

"Year" means the calendar year and "Financial Year" shall have the meaning assigned thereto by Section 2(17) of the Act.

The words importing singular number include, where the context admits or requires, shall include the plural number and vice versa.

Words importing the masculine gender shall include the feminine gender.

The marginal notes used in these Articles shall not effect the constitution hereof.

Save as aforesaid, any words or expressions defined by the Act shall, if not inconsistent with the subject or context, bear the same meaning in these Articles.

2. Save as reproduced herein, the regulations contained in Table 'A' in the First Schedule to the Act shall not apply to the Company.

CAPITAL AND INCREASE AND REDUCTION OF CAPITAL

3. The Authorised Share Capital of the Company is Rs 17,00,00,000/- (Rupees Seventeen Crores Only) divided into 1,70,00,000 (One Crore Seventy Lacs Only) Equity Shares of Rs 10/- (Rupees Ten Only) each.
4. The Company in General Meeting may, from time to time, increase the capital by the creation of new shares, such increase to be of such aggregate amount and to be divided into _hares of such respective amounts as the resolution shall prescribe.
5. Except so far as is otherwise provided by the conditions of issue or by these presents, any capital raised by the creation of new shares shall be considered as part of the existing capital and shall be subject to the provisions herein contained, with reference to the payment of calls and installments, forfeiture, lien, surrender, transfer and transmission, voting and otherwise.
6. Subject to the provisions of Section 80 of the Act, the Company shall have the power to issue preference shares which are or at the option of the Company are liable to be redeemed and the resolution authorizing such issue shall prescribe the manner, terms and conditions of redemption.
7. On the issue of Redeemable Preference Shares under the provisions of Article 6 hereof the following provisions shall take effect:
- (a) no such shares shall be redeemed except out of the profits of the Company which would otherwise be available for dividend or out of the proceeds of a fresh issue of shares made for the purpose of the redemption;
- (b) no such shares shall be redeemed unless they are fully paid;
- (c) the premium, if any, payable on redemption must have been provided for out of the profits of the Company or the Company's Share Premium Account before the shares are redeemed;
- (d) where any such shares are redeemed otherwise than out of the proceeds of a fresh issue, there shall, out of profits which would otherwise have been available for dividend, be transferred to a reserve fund, to be called the 'Capital Redemption Reserve Account', a sum equal to the nominal amount of the shares redeemed and the

provisions of the Act relating to the reduction of the share capital of the Company shall, except as provided in Section 80 of the Act, apply as if the Capital Redemption Reserve Account were paid up share capital of the Company.

8. The Company may (subject to the provisions of Section 78, 80, 100 to 105 inclusive, of the Act) from time by Special Resolution, reduce its capital and any Capital Redemption Reserve Account or Premium Account in any manner for the time being authorised by law and in particular, capital may be paid off on the footing that it may be called upon again or otherwise. This Article is not to derogate from any power the Company would have if it were omitted.
9. Subject to the provisions of Section 94 of the Act, the Company in General Meeting may, from time to time, sub-divide or consolidate its shares, or any of them, and the resolution whereby any share is sub-divided, may determine that, as between the holders of the shares resulting from such sub-division one or more of such shares shall have some preference or special advantage as regards dividend, capital or otherwise over or as compared with the other or others. Subject as aforesaid, the Company in General Meeting may also cancel shares which have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled.
10. Whenever the capital, by reason of the issue of Preference Shares or otherwise, is divided into different classes of shares, all or any of the rights and privileges attached to each class may, subject to the provisions of Section 106 and 107 of the Act, be modified, commuted, affected or abrogated or dealt with by agreement between the Company and any person purporting to contract on behalf of that class, provided such agreement is ratified in writing by holders of at least three-fourth in nominal value of the issued shares of the class or is confirmed by a special resolution passed at a separate General Meeting of the holders of shares of that class.

SHARES AND CERTIFICATE

11. The Company shall cause to be kept a register and index of members in accordance with Sections 150 and 151 of the Act. The Company shall be entitled to keep in any State or Country outside India a Branch Register of Members resident in that State or Country.
12. The shares in the capital shall be numbered progressively according to their several denominations and except in the manner herein before mentioned no share shall be sub-divided. Every forfeited or surrendered share shall continue to bear the number by which the same was originally distinguished.
13. (a) Where at any time after the expiry of two years from the formation of the Company or at any time after the expiry of one year from the allotment of shares in the Company made for the first time after its formation (whichever is earlier) the Board decides to increase the capital of the Company by the issue of new shares then, subject to any direction to the contrary which may be given by the Company in General Meeting and subject to those directions, such further shares shall be offered to the persons who, at the date of the offer, are holders of the equity shares of the Company, in proportion as nearly as circumstances admit, to the capital paid up on those shares at that date and such offer shall be made by a notice specifying the number of shares offered and limiting a time not being less than fifteen days from the date of the offer after which the offer, if not accepted, will be deemed to have been declined. After the expiry of the time specified in the notice aforesaid or on receipt of earlier intimation from the person to whom such notice is given, if he declines to accept the shares offered, the Board may dispose them off in such manner as it thinks most beneficial to the Company. Provided that option or right to call of any shares shall not be given to any person except with the sanction of the Company in General Meeting.
(b) Notwithstanding anything contained in the preceding sub-clause, the Company may:
(i) by a special resolution; or
(ii) where no such Special Resolution is passed, if the votes cast (whether on a show of hands or on a poll, as the case may be) in favour of the proposal contained in the resolution moved in that General Meeting (including the casting vote, if any, of the Chairman) by members who, being entitled to do so, vote in Person or, where proxies

are allowed, by proxies, exceed the votes, if any, cast against the proposal by members so entitled and voting and the Central Government if satisfied, on an application made by the Board in this behalf that the proposal is most beneficial to the Company; offer further shares to any person or persons, and such person or persons may or may not include the persons who at the date of the offer are the holders of the equity shares of the Company.

(c) Notwithstanding anything contained in sub-clause (a) above, but subject, however, to Section 81 (3) of the Act, the Company may increase its subscribed capital on exercise of an option attached to debentures issued or loans raised by the Company to convert such debentures or to subscribe for shares in the Company.

14. Subject to the provisions of these Articles and of the Act, the shares (including and shares forming part of any increased capital of the Company) shall be under the control of the Board of Directors; who may allot or otherwise dispose off the same to such persons in such proportion on such terms and conditions and at such times as the Board of Directors think fit and subject to the sanction of the Company in General Meeting with full power, to give any person the option to call for or be allotted shares of any class of the Company either (subject to the provisions of Sections 78 and 79 of the Act) at a premium or at par or at a discount and such option being exercisable for such time and for such consideration as the Directors think fit. The Board shall cause to be filed in returns of allotment as provided for in Section 75 of the Act.
15. In addition to and without derogating from the powers for that purpose conferred on the Board under Articles 13 and 14, the Company in General Meeting may determine that any shares, whether forming part of the original capital or of any increased capital of the Company, shall be offered to such persons (whether members or not) in such proportions and on such terms and conditions and either (subject to compliance with the provisions of Section 78 and 79 of the Act) at a premium or at a par or at a discount as General Meeting shall determine and with full power to give any person (whether a member or not) the option to call or be allotted shares of any class of the Company either (subject to compliance with the provisions of Section 78 and 79 of the Act) at a premium or at par or at a discount, such option being exercisable at such times and for such consideration as may be directed by such General Meeting, or the Company in General Meeting may make any other provisions whatsoever for the issue, allotment, removal of difficulty in apportionment of shares or disposal of any shares.
16. Any application signed by or on behalf of any applicant for shares in the Company, followed by an allotment of any share herein shall be an acceptance of shares within the meaning of these Articles; and every person who thus or otherwise accepts any shares and whose name is on the Register shall for the purpose of these Articles be a member.
17. The money (if any) which the Board shall on the allotment of any shares being made by them, require or direct to be paid by way of deposit, call or otherwise in respect of any shares allotted by them, shall immediately on the inscription of the name of the allottee in the Register of Members as the name of the holders of such shares become a debt due to and recoverable by the Company from the allottee thereof and shall be paid by him accordingly.
18. Every member, or his heirs, executors or administrators, shall pay to the Company the portion of the capital represented by the share or shares which may, for the time being, remain unpaid thereon, in such amounts at such time or times, and in such manner as the Board shall from time to time in accordance with the Company's Regulations, require or fix for the payment thereof.
19. (a) Every Member or Allottee of Shares shall be entitled without payment, to receive one Certificate specifying the name of the person in whose favour it is issued, the shares to which it relates and the amount paid up thereon. Such certificate shall be issued only in pursuance of a resolution passed by the Board and on surrender to the Company of its letter of allotment or its fractional coupons of requisite value, save in cases of issues against letters of acceptance or of renunciation or in cases of bonus share. Every such certificate shall be issued under the seal of the Company, which shall be affixed in the presence of two Directors or persons acting on behalf of the Directors under a duly registered power of Attorneys and the Secretary or some other person

appointed by the Board for the purpose, and two Directors or their attorney and the Secretary or other person shall sign the Share Certificate. Particulars of every Share Certificate issued shall be entered in the Register of Members against the name of the person to whom it has been issued, indicating the date of issue.

- (b) Any two or more joint allottees of a share shall for the purpose of this Article, be treated as a single member, and the certificate of any share, which may be the subject of joint ownership, may be delivered to anyone of such joint owners on behalf of all of them. For any further certificate, the Board shall be entitled, but shall not be bound to prescribe a charge not exceeding Rupee One. The Company shall comply with the provisions of Section 113 of the Act.
 - (c) Subject to the provisions of Companies (Issue of Share Certificate) Rules; 1960 a Director may sign a share certificate by affixing his signature thereon by means of any machine, equipment or other mechanical means, such as engraving in metal or lithography, but not by means of a rubber stamp, provided that the director shall be, responsible *for* the safe custody of such machine, equipment or other material used *for* the purpose.
 - (d) No fee shall be charged *for* sub-division and consolidation of Shares and Debenture Certificates and *for* sub-division of Letters of Allotment and split, consolidation, renewal and pucca transfer receipts into denomination corresponding to the market units of trading; *for* sub-division of renounceable letters of right *for* issue of new certificates in replacement of those which are old, decrepit or worn out, or where the cages on the reverse *for* recording transfers have been fully utilised. Provided that the Company may charge such fees as may be agreed by it with the Stock Exchange with which its shares may be enlisted for the time being.
20. (a) No Certificate of any share or shares shall be issued either in exchange *for* those which are sub-divided or consolidated or in replacement of those which are defaced, torn or old, worn out or where the cages on the reverse *for* recording transfers have been duly utilised, unless the certificate in lieu of which it is issued is surrendered to the Company.
- (b) When a new share certificate has been issued in pursuance of clause (a) of this Article, it shall state on the *face* of it and against the stub or counterfoil to the effect that it is "issued in lieu of Share Certificate No.....sub divided/replaced on consolidation of shares".
 - (c) If a Share Certificate is lost or destroyed, a new Certificate in lieu thereof shall be issued only with the prior consent of the Board and on such terms, if any, . as to evidence and indemnity as to the payment of out of pocket expenses :incurred by the Company in investigating evidence, as the Board thinks fit.
 - (d) When a new Share Certificate has been issued in pursuance of clause (c) of this Article, it shall state on the *face* of it and against the stub or counterfoil to the effect that it is "duplicate issued in lieu of Share Certificate No..... ". The word "duplicate" shall be stamped or punched in bold letters across the *face* of the Share Certificate.
 - (e) Where a new share certificate has been issued in pursuance of clause (a) or clause (c) of this Article, particulars of every such share certificate shall be entered in a Register of Renewed and Duplicate Certificate indicating against the names of the persons to whom the certificate is issued, the number and date of issue of the share certificate in lieu of which new certificate is issued, and the necessary changes indicated in the Register of Members by suitable 'cross reference in the "Remarks" column.
 - (f) All Blank Forms to be issued *for* Share Certificates shall be printed and the printing shall be done only on the authority of a Resolution of the Board. The Blank Forms shall be consecutively machine-numbered and the *forms* and the blocks, engravings, facsimiles and hues relating to the printing of such *forms* shall be kept in the custody of the Secretary or of such other person as the Board may appoint for the purpose; and the Secretary or the other person aforesaid shall be responsible *for* rendering an account of these *forms* to the Board.
 - (g) The Managing Director of the Company for the time being or, if the Company has no Managing Director, every Director of the Company shall be responsible for the maintenance, preservation and safe custody of all books and documents relating to the issue of share certificates except the blank forms of share certificates referred to in sub-Article (t),
 - (h) All books referred to in sub-Article (g) shall be preserved in good order permanently,
21. If any Share stands in the names of two or more persons, the persons first names in the Register shall, as regards

receipt of dividends or bonus or service or notices and all or any other matter connected with the Company, except voting at meetings, and the transfer of the shares, be deemed to be the sole holder thereof but the joint holders of a share shall be severally as well as jointly liable for the payment of all instalments and calls due in respect of such shares and for all incidents thereof according to the Company's Regulations,

22. Except as ordered by a Court of Competent Jurisdiction or as by law required, the Company shall not be bound to recognize any equitable, contingent, future or partial interest in any share, or (except only as is by these Articles otherwise expressly *provided*) *any right in respect of a share other than an absolute right thereto*, in accordance with these Articles, in the person from time to time registered as the holder thereof, but the Board shall be at liberty at their sole discretion to register any share in the joint names of any two or more persons or the survivor of them.
23. None of the funds of the Company shall be applied in the purchase of any Shares of the Company, and it shall not give any financial assistance for or in connection with the purchase or subscription of any Shares in the Company or in its Holding Company, save as provided by Section 77 of the Act.

UNDERWRITING AND BROKERAGE

24. Subject to the provisions of Section 76 of the Act, the Company may at any time pay a commission to any person in consideration of his subscribing or agreeing to subscribe (whether absolutely or conditionally) for any Shares or Debentures in the Company, or procuring, or agreeing to procure Subscriptions (whether absolute or conditional) for any Shares or Debentures in the Company but so that the commission shall not exceed in the case of shares five percent of the price at which the shares are issued and in the case of Debentures two and a half percent of the price at which the shares are issued. Such commission may be satisfied by payment of cash or by allotment of Fully or Partly Paid Shares or Partly in one way and partly in the other.
25. The Company may pay a reasonable sum for brokerage.

INTEREST OUT OF CAPITAL

26. Where any Shares are issued for the purpose of raising money to/defray the expenses for the construction of any work or building, or the provision of any plant, which cannot be made profitable for a lengthy period, the Company may pay interest, on so much of that Share Capital as is for the time being paid up, for the period, at the rate and subject to the conditions and restrictions provided by Section 208 of the Act and may charge the same to Capital as apart of the cost of construction of the work or building or the provisions of plant.

CALLS

27. The Board may, from time to time, subject to the terms on which any Shares may have been issued and subject to the conditions of allotment, by a Resolution passed at a Meeting of the Board (and not by circular resolution) make such calls as it thinks fit upon the members in respect of all moneys unpaid on the shares held by them respectively and each member shall pay the amount of every call so made on him to the person or persons and at the times and places appointed by the Board. A call may be made payable by instalments.
28. Thirty days' notices in writing of any call shall be given by the Company specifying the time and place of payment and the person or persons to whom such call shall be paid.
29. A call shall be deemed to have been made at the time when the Resolution authorising such call was passed at a Meeting of the Board.
30. A call may be revoked or postponed at the discretion of the Board.
31. The Joint-Holders of a Share shall be jointly and severally liable to pay all calls in respect thereof.
32. The Board may, from time to time at its discretion, extend the time fixed for the payment of any call, and may extend such time as to all or any of the members who from residence at a distance or other cause, the Board may deem fairly entitled to such extension but no member shall be entitled to such extension save as a matter of grace and favour.
33. If any Member fails to pay any call due from him, on the day appointed for payment thereof, or any such extension thereof as aforesaid, he shall be liable to pay interest on the same from the day appointed for the payment thereof to the time of actual payment at such rate as shall from time to time be fixed by the Board, not exceeding nine percent per annum, but nothing in this Article shall render it obligatory for the Board to demand or recover any interest from any such member.

34. Any sum, which by the terms of issue of a share becomes payable on allotment or at any fixed date, whether on account of the nominal value of the share or by way of premium shall, for the purposes of these Article, be deemed to be a call duly made and payable on the date on which by the terms of issue the same become payable, in case of non-payment all the relevant provisions of these Articles as to payment of interest and expenses, forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified.
35. On trial or hearing of any action or suit brought by the Company against any member or his representatives for the recovery of any money claimed to be due to the Company in respect of his shares, it shall be sufficient to prove that the name of the member in respect of whose shares the money is sought to be recovered, appears entered on the Register of Members as the holder, at or subsequent to the date at which the money is sought to be recovered or is alleged to have become due on the shares in respect of which such money is sought to be recovered, and that the resolution making the call is duly recorded in the Minutes Book; and that notice of such call was duly given to the member or his representative in pursuance of these Articles; and that it shall not be necessary to prove the appointment of the Directors who made such call, nor that a quorum of Directors was present at the Board at which any call was made, nor that the meeting at which any call was made was duly convened or constituted nor any other matter whatsoever but the proof of the matters aforesaid shall be conclusive evidence of the debt.
36. Neither the receipt by the Company of a portion of any money which shall from time to time be due from any member to the Company in respect of his shares, either by way of principal or interest, nor any indulgence granted by the Company in respect of the payment of any such money, shall preclude the Company from thereafter proceeding to enforce a forfeiture of such shares as hereinafter provided.
37. (a) The Board may, if it thinks fit, agree to and receive from any member willing to advance the same, all or any part of the amounts of the respective shares beyond the sums actually called up and upon the moneys so paid in advance, or upon so much thereof, from time to time and at any time thereafter as exceeds the amount of the calls then made upon and due in respect of the shares on account of which such advances are made, the Board may pay or allow interest, at such rate as the member paying the sum in advance and the Board agree upon. The Board may agree to repay at any time an amount so advanced or may at any time repay the same. Provided that moneys paid in advance of calls on any shares may carry interest but shall not confer a right to dividend or to participate in profits.
- (b) No member paying any such sum in advance shall be entitled to voting rights in respect of the moneys so paid by him until the same would but for such payment become presently payable.

LIEN

38. The Company shall have a first and paramount lien upon all the shares (other than fully paid up shares) registered in the name of each member (whether solely or jointly with others) and upon the proceeds of sale thereof, for all moneys (whether presently payable or not) called or payable at a fixed time in respect of such shares, and no equitable interest in any shares shall be created except upon the footing and upon the condition that Article 22 hereof is to have full effect. Any such lien shall extend to all dividends from time to time declared in respect of such shares. Unless otherwise agreed, the registration of a transfer of shares shall operate as a waiver of the Company's lien, if any, on such shares.
39. For the purpose of enforcing such lien, the Board may sell the shares, subject thereto, in such manner as they think fit, and for that purpose, may cause to be issued a duplicate certificate in respect of such shares and may authorise one of their number to execute a transfer thereof on behalf of and in the name of such member. No sale shall be made until such period .as aforesaid shall have arrived, and until notice in writing of the intention to sell shall have been served on such member or his representatives and default shall have been made by him or them in payment, fulfillment or discharge of such debts, liabilities or engagements for fourteen days after such notice.
40. The net proceeds of any such sale shall be received by the Company and applied in or towards payment of such part of the amount in respect of which the lien exists as is presently payable and the residue, if any, shall (subject to a like lien for sums not presently payable, as existed upon the shares before the same) be paid to the persons entitled to the shares at the date of the sale.

FORFEITURE OF SHARES

41. If any Member fails to pay any call or instalment on or before the day appointed for the payment of the same, the Board may at any time thereafter during such time as the call or instalment remains unpaid, serve a notice on such member requiring him to pay the same together with any interest that may have accrued and all expenses that may have been incurred by the Company by reason of such non-payment.
42. The Notice shall name a day (not being less than fourteen days from the date of service of the notice) and a place at which such calls or instalments and such interest and expenses as aforesaid are to be paid. The notice shall also state that in the event of non-payment of or before the time and at the place appointed, the shares in respect of which such call was made or instalment is payable will be liable to be forfeited.
43. If the requisition of any such notice as aforesaid be not complied with any shares in respect of which such notice has been given may at any time thereafter before payment of all calls or instalments, interest and expenses due in respect thereof, be forfeited by a resolution of the Board to that effect. Such forfeiture shall include all dividends declared in respect of the forfeited shares and not actually paid before the forfeiture.
44. When any Share shall have been so forfeited, notice of the resolution shall be given to the member in whose name it stood immediately prior to the forfeiture and an entry of the forfeiture with the date thereof, shall forthwith be made in the register but not forfeiture shall be in any manner invalidated by any omission or neglect to give such notice or to make such entry as aforesaid.
45. Any share so forfeited shall be deemed to be the property of the 'Company and may be sold, re-allotted, or otherwise disposed off either to the original holder)hereof or to any other person, upon such terms and in such manner as the Board think fit.
46. (a) Any member whose shares have been forfeited shall, notwithstanding the forfeiture, be liable to pay and shall forthwith pay to the Company all calls, instalments, interest and expenses, owing upon or in respect of such shares at the time of the forfeiture together with interest at 12 (Twelve) percent per annum, and the Board may enforce the payment thereof if it thinks fit.
(b) The forfeiture of a share shall involve the extinction of all interest in and also of all claims and demands against the Company in respect of the share and all other rights incidental to the share, except only such of those rights as by these Articles are expressly saved.
47. A duly verified declaration in writing that the declarant is a Director or Secretary of the Company and that certain shares in the Company have been duly forfeited on a date stated as against all persons claiming to be entitled to the shares.
48. Upon any sale in the case of forfeiture or for enforcing a lien in purported exercise of the powers herein before given, the Board may appoint some person to execute an instrument of transfer of the shares sold and cause the purchaser's name to be entered in the register in respect of the shares sold and purchaser shall not be bound to see to the regularity of the proceedings nor to the application of the purchase money and after his name has been entered in the register in respect of such share the validity of the sale shall not be impeached by any person and the remedy of any person aggrieved by the sale shall be in damages only and against the Company exclusively.
49. Upon any sale, re-allotment or other disposal under the provisions of the preceding Articles, the certificate or certificates originally issued in respect of the relative shares shall (unless) the same shall on demand by the Company have been previously surrendered to it by the defaulting, member) stand cancelled and become null and void and of no effect and the Directors shall be entitled to issue a new certificate or certificates in respect of the said shares to the person or persons entitled thereto distinguishing it or them in such manner as they may think fit from the old certificate or certificates.
50. The Board may at any time before any share is so forfeited, shall have been sold, re-allotted or otherwise disposed off, Annual the forfeiture thereof upon such conditions as it thinks fit.

TRANSFER AND TRANSMISSION OF SHARES

51. The Company shall keep a "Register of Transfers" and therein shall be fairly and distinctly entered particulars of every transfer or transmission of any share.
52. The a common Instrument of Transfer shall be used which shall be in writing and all the provisions of Section 108 of the Act shall be duly complied with in respect of all transfers and the registration thereof.

53. (i) The Instrument of Transfer duly stamped and executed by the Transfer and the Transferee shall be delivered to the Company in accordance with the provisions of the Act. The Instrument of Transfer shall be accompanied by such evidence as the Board may require to prove the title of Transferor and his right to transfer the shares and every registered Instrument of Transfer shall remain in the Board. The transferor shall be deemed to be the holder of such shares until the name of the Transferee shall have been entered in the Register of Members in respect thereof. Before the registration of a transfer the certificate or certificates of the shares must be delivered to the Company.
- (ii) An application for the registration of a transfer of shares may be made either by the transferor or by the transferee, but when the application is made by the transferor and relates to partly paid shares the transfer shall not be registered, unless the Company gives notice of the application to the transferee by pre-paid registered post at the address given in the instrument and the transferee makes no objection to the transfer within two weeks from the receipt of the notice, provided that such notice shall be deemed to have been duly delivered at the time at which it would have been delivered in the ordinary course of post.
54. The Board shall have power of giving not less than seven days' previous notice by advertisement in a newspaper circulating in the district in which the registered office of the Company is situated to close the transfer books, the register of members or register of debenture holders at such time or times and for such period or periods, not exceeding in the aggregate forty-five days in each year, as it may deem expedient.
55. Subject to the provisions of Section 111 of the Act, the Board may, within two months from the date on which the instrument of transfer was delivered to the Company, refuse to register any transfer of a share upon which the Company has a lien and in the case of shares not fully paid up may refuse to register a transfer to a transferee of whom they do not approve provided that the registration of a transfer shall not be refused on the ground of the transferor being either alone or jointly with any person or persons indebted to the Company on any account whatsoever unless the Company has a lien on the shares.
56. (i) Where, in the case of Partly Paid Shares, an application for registration is made by the transferor, the Company shall be given notice of the application to the transferee in accordance with the provisions of Section 110 of the Act.
- (ii) If the Board refused, whether in pursuance of Articles 55 or otherwise, to register the transfer of, or the transmission by the operation of law, or the right to any share, the Company shall, within two months from the date of which the instrument of transfer or the intimation of such transmission, as the case may be, was lodged with the Company, send to the transferee and the transferor or the person giving intimation of such transmission, as the case may be, notice of the refusal.
57. In the case of the death of anyone or more of the persons named in the Register of Members as the joint-holders of any shares, the survivor or survivors shall be the only persons recognised by the Company as having any title to or interest in such share, but nothing herein contained shall be taken to release the estate of a deceased joint-holder from any liability on shares held by him jointly with any other person.
58. The Executors or Administrators or Holders of a Succession Certificate or the Legal Representatives of a Deceased Shareholder (not being one or two or more joint holders) shall be the only persons recognised by the Company as having any title to the shares registered in the name of such member and the Company shall not be bound to recognise such executors or administrators or holders of succession Certificate or the legal representatives unless they shall have first obtained probate or Letters of Administration or Succession Certificate or other legal representation as the case may be, from a duly constituted court in the Union of India; provided that in any case where the Board in its absolute discretion thinks fit, the Board may dispense with production of Probate or Letters of Administration or the Board, in its absolute discretion, may think necessary and under the next Article register the name of any person who claims to be absolutely entitled to the shares standing in the name of a deceased member as a member.
59. No share shall be transferred to an insolvent or person of unsound mind.
60. Subject to the provisions of the Act and these Articles, any person becoming entitled to shares in consequence of the death, lunacy, bankruptcy or insolvency of any member or by any lawful means other than by transfer in accordance with these Articles may, with the consent of the Board (which it shall not be under any obligation to

give) upon producing such evidence that he sustains the character in respect of which he purports to act under these Articles or of his title as the Board think sufficient: either be registered himself as the holder of the shares or elect to have some person nominated by him and approved by the Board registered as such holder; provided, nevertheless, that if such person shall elect to have his nominee registered, he shall testify the election by executing in favour of his nominee an instrument of transfer in accordance with the provisions herein contained and until he does so, he shall not be freed from any liability in respect of the shares.

61. A person entitled to a share by transmission shall, subject to the right of the Directors to retain such dividends, or money as hereinafter provided, be entitled to receive and may give a discharge for any dividends or other money payable in respect of the share.
62. No fee shall be payable to the Company, in respect of the transfer or transmission of any shares in the Company.
63. The Company shall incur no liability or responsibility whatsoever in consequence of its registering or giving effect to any transfer of shares made or purporting to be made by any apparent legal owner thereof (as shown or appearing in the Register of Members) to the prejudice or persons having or claiming any equitable right, title or interest to or in the said shares, and the Company shall not be bound or required to regard or attend or give effect to any notice which may be given to it of any equitable right, or interest or be under any liability whatsoever for refusing or neglecting to do so, though it may have been entered or referred to in some book of the Company, but the Company shall, nevertheless, be at liberty to regard and attend to any such notice and give effect thereto if the Board shall so think fit.

COPIES OF MEMORANDUM AND ARTICLES TO BE SENT TO MEMBERS

64. Copies of the Memorandum and Articles of Association of the Company and other documents referred to in Section 39 of the Act shall be sent by the Company to every member at his request within seven days of the request on payment of the sum of Rupee one for each copy.

BORROWING POWERS

65. Subject to the provisions of Section 58A, 292 and 293 of the Act, the Board may, from time to time at its discretion by a resolution passed at a meeting of the Board, accept deposits from members either in advance of calls or otherwise and generally meant of any sum of sums of money for the purposes of the Company. Provided, however, where the moneys to be borrowed together with the moneys already borrowed (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) exceed the aggregate of the paid up capital of the Company and its free reserves (not being reserves set apart for any specific purposes) the Board shall not borrow such moneys without the consent of the Company in General Meeting. .
66. The payment or repayment of moneys borrowed as aforesaid may be secured in such manner and upon such terms and conditions in all respect as the Board may think fit and in particular by the resolution passed at a meeting of the Board (and not by circular resolution) by the issue of debentures or debenture stock of the Company charged upon all or any part of the property of the Company (both present and future) including its capital for the time being and debentures, debenture stock and other securities may be made assignable free from any equalities between the Company and the person to whom the same may be issued.
67. Any Debentures, Debenture Stock or other Securities may be issued at a discount, premium or otherwise and subject to the provisions of the Act may be issued on condition that they shall be convertible into shares of any denomination and with any privileges or conditions as to redemption, surrender, drawing, allotment of shares and attending (but not voting) at General Meetings, appointment of Directors and otherwise. Debentures with the right to conversion into or allotment of shares shall be issued only with the consent of the Company in General Meeting accorded by a Special Resolution.
68. The Board shall cause a proper Register to be kept in accordance with the provisions of Section 143 of the Act of all mortgages, debentures and charges specifically affecting the property of the Company; and shall cause the requirements of Sections 118, 125 and 127 to 144 (both inclusive) of the Act in that behalf to be duly complied with, so far as they fail to be complied with by the Board.
69. The Company shall, if at any time it issued Debentures, keep a register and Index of Debenture holders in accordance with Section 152 of the Act. The Company shall have the power to keep in any State or Country

outside India a Branch Register of Debenture-holders resident in that State or Country.

CONVERSION OF SHARES INTO STOCK AND RE-CONVERSION

70. The Company in General Meeting may convert the paid up shares into Stock, and when any shares shall have been converted into Stock, the several holders of such stock may henceforth transfer their respective interest therein, or any part of such interest in the same manner and subject to which the same regulations, as and subject to which-shares from which the stock arise, might have been transferred, if no such conversion had taken place, or as near thereto as circumstances will admit. The Company may at any time reconvert any stock into paid up shares of any denomination.
71. The Holders of Stock shall, according to the amount of stock held by them, have the same rights, privileges and advantages as regards dividends, voting at meetings of the Company and other matters, as if they held the shares from which the stock arose; but no such privilege or advantage (except participation in the dividends and profits of the Company and in the g-up) shall e conferred by an amount of stock which would not, if existing in shares, have conferred that privilege or advantage.

MEETING OF MEMBERS

72. The Company shall in every year hold a General Meeting as its Annual General Meeting in addition to any other meetings in that year. All General Meetings other than Annual General Meetings shall be held within eighteen months from the date of incorporation of the Company and the next Annual General Meeting shall be held within six months after the expiry of the financial year in which the first Annual General Meeting was held and thereafter an Annual General Meeting of the Company shall be held within six months after the expiry of each financial year, provided that not more than fifteen months shall lapse between the date of one Annual General Meeting and that of the next. Nothing contained in the foregoing provisions shall be taken as affecting the right conferred upon the Registrar, under the provisions of Section 166 (1) of the Act, to extend the time within which any Annual General Meeting may be held. Every Annual General Meeting shall be called for a time during business hours on a day that is not a public holiday and shall be held at the office of the Company or at some other place within the city in which the office of the Company is situated as the Board may determine and the notice calling the meeting shall specify it as the Annual General Meeting. The Company may in anyone Annual General Meeting fix the time for its subsequent Annual General Meetings. Every member of the Company shall be entitled to attend either in person or by proxy and the auditor of the Company shall have the right to attend and to be heard at any General Meeting which he attends on any part of the business which concerns him as Auditor. At every Annual General Meeting of the Company there shall be laid on the table the Director's Report and Audited Statements of accounts, auditor's report (if not already incorporated in the Audited Statement of Accounts) the Proxy register with proxies and the register of Director's Shareholdings which later register shall remain open and accessible during the continuance of the meeting. The Board shall cause to be prepared the Annual List of Members, summary of the Share Capital, Balance Sheet and Profit and Loss account and forward the same to the register in accordance with Section 159, 161 and 220 of the Act.
73. The Board may, however it thinks fit, call an Extraordinary General Meeting and it shall do so upon a requisition in writing by any member or members holding in the aggregate not less than one-tenth of such of the paid up capital as at that date carried the right of voting in regard to the matter in respect of which the requisition has been made.
74. Any valid requisition so made by members must state the object or objects of the meeting proposed to be called, and must be signed by the requisitionists and be deposited at the office provided that such requisition may consist of several documents in like form each signed by one or more requisitionists.
75. Upon the receipt of any such requisition, the Board shall forthwith call an Extraordinary General Meeting, and if they do not proceed within twenty-one days from the date of the requisition being deposited at the office to cause a meeting to be called later than forty-five days from the date of deposit of the requisition, The requisitionists or such of their number as represent either a majority in value of the paid-up share capital held by all of them or not less than one-tenth of such of the paid-up shares capital of the Company as is referred to in Section 169 (4) of the Act, whichever is less, may themselves call the meeting, but in either case any meeting so called shall be held within three months from the date of the delivery of the requisition as aforesaid.
76. Any meeting called under the foregoing Articles, by the requisitionists shall be called in the same manner, as nearly as possible, as that in which meetings are to be called by the Board.

77. Twenty-one days' notice at least of every General Meeting, Annual or Extraordinary, and by whomsoever called, specifying the day, place and hour of meeting, and the general nature of the business to be transacted thereat, shall be given in the manner hereinafter provided, to such persons as are under these Articles entitled to receive notice from the Company. Provided that in the case of an Annual General Meeting with the consent in writing of all the members entitled to vote thereat holding not less than ninety five percent [95%] or such part of the paid up share capital of the Company as gives a right to vote at the meeting, a meeting may be convened by a shorter notice. In the case of an Annual General Meeting if any business other than : (i) the consideration of the Accounts, Balance Sheets and Reports of the Board of Directors and Auditors, (ii) the declaration of Dividend, (iii) the appointment of Directors in place of those retiring, (iv) the appointment of and fixing the remuneration of the Auditor, is to be transacted and in the case of any other meeting there shall be annexed to the notice of the meeting a statement setting out all the material facts concerning each such item of business including in particular the nature of the concern or interest, if any, therein of every Director and the Manager, if any. Where any such item of special business relates to or affects to or affects any other Company the extent of shareholding interest in that other Company of every Director and the Manager, if any, of the Company shall also be set out In the statement, if the extent of such share holding interest is not less than twenty percent of the paid-up share capital of the other Company. Where any item of business consists of the according of approval to any document by the meeting, the time and place where the documents can be inspected shall be specified in the statement aforesaid.
78. The accidental omission to give any such notice as aforesaid to any of the members, or the non-receipt thereof shall not invalidate any resolution passed at any such meeting.
79. No General Meeting, Annual or Extraordinary, shall be competent to enter upon, discuss or transact any business which has not been mentioned in the notice or notices upon which it was convened.
80. Five members present in person shall be a quorum for a General Meeting.
81. A Body Corporate being a member shall be deemed to be personally present if it is represented in accordance with Section 187 of the Act
82. If at the expiration of half an hour from the time appointed for holding a meeting of the Company, a quorum shall not be present, the meeting, if convened by or upon the requisition of members, shall stand dissolved but in any other case the meeting shall stand adjourned to the same day in the next succeeding week which is not a public holiday at the same time and place or to such other day and at such other time and place as the Board may determine and if at such adjourned meeting a quorum is not present at the expiration of half an hour from the time appointed for holding the meeting, members present shall be a quorum and may transact the business for which the meeting was called.
83. The Chairman of the Board shall be entitled to take the Chair at every General Meeting, Annual or Extraordinary. If there be no such Chairman of the Directors or if at any meeting he shall not be present within ten minutes of the time appointed for holding such meeting or shall decline to take the Chair, then any other Director present thereat shall be entitled to take the Chair and the members present shall elect another Director as Chairman and if no Director be present or if all the Directors present decline to take the Chair, then the members present shall elect one of their member to be the Chairman.
84. No business shall be discussed at any General Meeting except election of a Chairman; whilst the chair is vacant.
85. The Chairman with the consent of the meeting may and shall if so directed by the meeting, adjourn any meeting from time to time and from place to place but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.
86. At any General Meeting a resolution put to the vote of the meeting shall be decided on a show of hands, unless a poll is (before or on the declaration of the result of the show of hands) ordered by the Chairman or demanded by at least five members having the right to vote on the resolution and present in person or by proxy or by any member or members present in person or by proxy and holding shares in the Company conferring a right to vote on the resolution being not less than one tenth of the total voting power in respect of the resolution or on which an aggregate sum of not less than fifty thousand rupees has been paid.
87. In the case of an equality of votes the Chairman shall, both on a show of hands and at a poll (if any), have a casting vote in addition to the vote or votes to which he may be entitled as a member.

88. If poll is demanded as aforesaid the same shall, subject to Article 73, be taken at such time (not later than forty-eight hours from the time when demand was made) and place and either by open voting or bV ballot as the Chairman shall direct and either at once or after an interval or adjournment or otherwise and the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded. The demand for a poll may be withdrawn at any time by the person or persons who made the demand.
89. Where a poll is to be taken, the Chairman of the meeting shall appoint two scrutineers to scrutinise the votes given on the poll and to report thereon to him. One of the scrutineers so appointed shall always be a member (not being an officer or employee of the Company) present at the meeting, provided such a member is available and willing to be appointed. The Chairman shall have power at any time before the result of the poll is declared to remove a scrutineer from office and fill vacancies in the office of scrutineer arising from such removal or from any other cause.
90. Any poll duly demanded on the election of a Chairman of a meeting or on any question of adjournment shall be taken at the meeting forthwith_
91. The demand for a poll, except on the questions of the election of Chairman and of an adjournment, shall not prevent the continuance of a meeting for the transaction of any business other than the question on which the poll has been demanded.

VOTES OF MEMBERS

92. No Member shall be entitled to vote either personally or by proxy for another member at any General Meeting or meeting of a class of shareholders either upon a show of hands or upon poll in respect of any shares registered in his name on which any calls or other sums presently payable by him have not been paid or in regard to which the Company has any right of lien and has exercised the same.
- 93: Subject to the provisions of these Articles and without prejudice to any special *Members entitled* privileges or restriction as to voting *for* the time being attached to any class of shares *for* the time being forming part of the capital of the Company, every member not disqualified by the last preceding Article shall be entitled to be present, and to speak and vote at such meeting and on a show of hands every member present in person shall have one vote and upon a poll the voting right of every member present in person or by proxy shall be in proportion to his share of the paid up equity share capital of the Company, provided however, if any preference shareholder be present at any meeting of the Company, save as provided in clause (b) of sub-section (2) of Section 87, he shall have a right to vote only on resolutions placed before the meeting which directly affect the rights attached to his preference shares.
94. On a poll taken at a meeting of the Company, a member entitled to more than one vote, or his proxy, or other person entitled to vote *for* him, as the case may be, need not, if he votes, use all his votes or cast in the same way all the votes, he uses.
95. A member of unsound mind, or in respect of whom an order has been made by any Court having jurisdiction in Lunacy may vote, whether on a show of hands or on a poll, by his committee or other legal guardian who may on a poll, vote by proxy; if any member be a minor the vote in respect of his share shall be by guardian or any of his guardians, to be selected in case of dispute by the Chairman of the meeting.
96. If there be joint registered holders of any shares, anyone of such persons may vote at any meeting or may appoint another person (whether a member or not) as his proxy in respect of such shares, as if he were solely entitled thereto but the proxy so appointed shall not have any right to speak at the meeting and, if more than one of such joint-holders be present at any meeting, that one of the said persons so present whose name stands higher on the Register shall alone be entitled to speak and to vote in respect of such shares, but the other or others of the joint-holders shall be entitled to be present at the meeting. Several executors or administrators of a deceased member in whose name shares stand shall *for* the purpose of these Articles be deemed joint-holders thereof.
97. Subject to the provisions of these Articles, vote may be given either personally or by proxy. A Body Corporate being a member may vote either by a proxy or by a representative duly authorised in accordance with Section 187 of the Act and such representative shall be entitled to exercise the same rights and powers (including the right to vote by proxy) on behalf of the body corporate which he represents as that body could exercise if it were

an individual member.

98. Any person, entitled under Article 61 to transfer any share, may vote at any General Meeting in respect thereof in the same manner as if he were the registered holder of such shares, provided that forty-eight hours at least before the time of holding the meeting or adjourned meeting, as the case may be, at which he proposes to vote, he shall satisfy the Directors of his right to transfer such share and give such indemnity (if any) as the Directors may require or the Directors shall have previously admitted his right to vote at such meeting in respect thereof.
99. Every proxy (whether a member or not) shall be appointed in writing under the hand of the appointer or his attorney, or if such appointer is a corporation, under the common seal of such corporation to be signed by an officer or any attorney duly authorised by it, and any committee or guardian may appoint such proxy. The proxy so appointed shall not have a right to speak at the meeting.
100. Any instrument of proxy may appoint a proxy either *for* the purpose of a particular meeting specified in the instrument and adjournment thereof or it may appoint *for* the purpose of every meeting of the Company or of every meeting to be held before a date specified in the instrument and every adjournment of any such meeting.
101. A member present by proxy shall be entitled to vote only on a poll.
102. The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of that power or authority shall be deposited at the office not later than forty eight hours before the time *for* holding the meeting at which the person named in the instrument proposes to vote, and in default the instrument or proxy instrument appointing a proxy shall be valid after the expiration of twelve months from the date of its execution.
103. Every instrument of proxy whether for a specified meeting or otherwise shall. as nearly as circumstance will admit, be in any of the forms set out in Schedule IX of the Act. .
104. A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or insanity of the principal, or revocation of the proxy or of any power of attorney under which such proxy as signed, or the transfer of the shares in respect of which the vote is given, provided that no intimation in writing of the death or insanity, revocation or transfer shall have been received at the office before the meeting.
105. No objection shall be made to the validity of any vote, except at any meeting or poll at which such vote shall be tendered, and every vote whether given personally or by proxy, not disallowed at such meeting or poll shall be deemed valid for all purposes of such meeting or poll whatsoever.
106. The Chairman of any meeting shall be the sole judge of the validity of every vote tendered at such meeting. The Chairman present at the taking of the poll shall be the sole judge of the validity of every vote tendered at such poll.
107.
 - (1) The Company shall cause minutes of all proceedings of every General Meeting to be kept by making within thirty days of the conclusion of every such meeting concerned, entries thereof in books kept for the purpose with their pages consecutively numbered.
 - (2) Each page of every such book shall be initialed or signed and the last page of the record of proceeding of each meeting in such book shall be dated and signed by the Chairman of the same meeting within the aforesaid period of thirty days or in the event of the death or inability of that Chairman within that period, by a Director duly authorised by the Board for the purpose.
 - (3) In no case the .minutes of proceedings of a meeting shall be attached to any such book as aforesaid by pasting or otherwise.
 - (4) The minutes of each meeting shall contain a fair and correct summary of the proceedings thereat.
 - (5) All appointments of Officers made at any meeting aforesaid shall be included in the minutes of the meeting. .
 - (6) Nothing herein contained shall require or be deemed to require the inclusion in any such minutes of any matter whatsoever and in particular a matter which in the opinion of the Chairman of the meeting (a) is or could reasonably be regarded as defamatory of any person, or (b) is irrelevant or immaterial to the proceedings, or (c) is detrimental to the meeting; and the Chairman shall exercise an absolute discretion in regard to the inclusion or non-inclusion of any matter in the minutes on the aforesaid grounds or otherwise.
 - (7) Any such minutes shall be evidence of the proceedings recorded therein. (8) The book containing the minutes of proceedings of General Meeting shall be kept at the office of the Company and shall be open

during business hours, for such periods not being less in the aggregate than two hours in each day as the Directors determine, for the inspection of any member without charge.

DIRECTORS

108. Until otherwise determined by a General Meeting of the Company and subject to the provisions of Section 252 of the Act, the number of Directors (including Debenture and Alternate and Nominee Directors, if any) shall not be less than three and more than twelve.
109. The first Directors of the Company will be :
- | | |
|--------------------------|--------------------|
| 1. Mr. NEERAJ JAIN | 2. Mr. PANKAJ JAIN |
| 3. Mr. AKSHAY KUMAR JAIN | 4. Mrs. SONAL JAIN |
| 5. Mrs. CHHAYA JAIN | |
110. Notwithstanding anything to the contrary contained in the articles the Board of Directors shall have power to enter into an agreement that so long as any moneys remain owing by the Company to the Industrial Development Bank of India (IDBI), Life Insurance Corporation of India (LIC), The Industrial Credit and Investment Corporation of India Limited (ICICI), Industrial Finance Corporation of India (IFCI), UNIT trust of India (UTI), The General Insurance Corporation (GIC) and its subsidiaries or to any other Central or State Financial Corporation or body out of any loans granted by them to the Company or so long as IDBI, LIC, ICICI, IFCI, UTI and GIC or any other Central or State Finance Corporation or Credit Corporation or any other financing Company or body (which ICICI, LIC, IDBI, IFCI, UTI and GIC or any other Central or State Finance Corporation or Credit Corporation or any other financing Company or body is hereinafter in this Article referred to as "the Corporation") continue to hold shares/debentures in the Company by direct subscription/private placement or as a result of any underwriting obligation or as a result of conversion of loans/ debentures, or so long as any guarantee given by the Corporation in respect of any financial obligation or commitment of the Company remains outstanding the corporation shall have a right to appoint, from time to time, any person or persons as a Director (which Director or Directors is/are hereinafter referred to as "Nominee Directors") on the Board of the Company and to remove from such office any person/ persons so appointed and to appoint any person/persons in his or their places. The Board of Directors of the Company shall have no power to remove from office the Nominee Directors.

AT the option of the Corporation, such Nominee Directors shall not be required to hold any qualification share in the Company. Also at the option of the Corporations, such Nominee Directors shall not be liable to retirement by rotation. Subject as aforesaid the Nominee Directors shall be entitled to the same rights and privileges and be subject to the same obligations as any other Director of the Company.

The Nominee Directors so appointed shall hold the said office only so long as any moneys remain owing by the Company to the Corporation or so long as the Corporation hold shares/debenture's in the Company as a result of direct subscription or private placement or as a result of conversion of the loans/debentures or as a result of any underwriting obligation or so long as any guarantee given by the Corporation in respect of any financial obligation or commitment by the Company remains outstanding. The Nominee Director so appointed in exercise of the said power shall ipso-facto vacate his office immediately the money owing by the Company. to the Corporation is paid off or on the corporation ceasing to hold debentures/ shares in the guarantee.

The Company shall pay to the Nominee Director(s) sitting fees and expenses to which the other Directors of the Company are entitled, but if any other fees, commission, monies or remuneration in any form is payable to the Directors of the Company, the fees, commissions, monies and remuneration in relation to such Nominee Director(s) shall accrue to the Corporation and same shall accordingly be paid by the Company directly to the Corporation. Any expenses that may be incurred by the Corporation or such Nominee Director(s) in connection with their appointment or directorship shall also be paid or reimbursed by the Company to the Corporation or, as the case may be, to such Nominee Director(s).

Provided that if any such Nominee Director(s) is an officer of the Corporation the sitting fees, in relation to such Nominee Director(s) shall also accrue to the Corporation and the same shall accordingly be paid by the Company directly to the Corporation.

Provided also that in the event of Nominee Director(s) being appointed as Wholetime Director(s), such Nominee Director(s) shall exercise such powers and duties as may be approved by the Corporation and have such rights as are usually exercised or available to a Wholetime Director, in the management of the affairs of the Company. Such Nominee Director(s) shall be entitled to receive such remuneration, fees, commissions and monies as may be approved by the Lenders.

111. (a) It is provided by the Trust Deed, securing or otherwise in connection with any issue of debentures of the Company, that any person or persons shall have power to nominate a Director or the Company, then in the case of any and every such issue of debentures, the person or persons having such power' may exercise such power from time to time and appoint a Director according to the Trust Deed. Any Director so appointed is herein referred to as Debenture Director. A Debenture Director may be removed from office at any time by the person or persons in whom for the time being is vested the power under which he was appointed and another Director may be appointed in his place. A Debenture Director shall not be bound to hold any qualification shares.
(b) The Board may appoint an Alternate Director to Act for a Director (hereinafter) called "the Original Director" during his absence for a period of not less than three months from the State in which he meetings of the Board are ordinarily held. An alternate Director appointed under this Article shall not hold office for a period longer than that permissible to the Original Director in whose place he has been appointed and shall vacate office if and when the Original Director returns to that State. If the term of office of the Original Director is determined before he so return to that State, any provisions in the Act or in these Articles for the Automatic re-appointment of any retiring Director in default of another appointment shall apply to the Original Director and not to the Alternate Director.
112. Subject to the provisions of Sections 260 and 264, the Board shall have power at any time and from time to time to appoint any other qualified person to be an additional Director, but so that the total number of Directors shall not at any time exceed the maximum fixed under Article 109. Any such additional Director shall hold office only upto the date of the next Annual General Meeting.
113. Subject to the provisions of Sections 264 and 284 the Board shall have power at any time and from time to time to appoint any other qualified person to be a Director to fill a casual vacancy. Any person so appointed shall hold office only upto the date upto which the Director in whose place he is appointed would have held office if it had not been vacated by him.
114. A Director shall not be required to hold any share qualification.
115. (1) Subject to the provisions of the Act, a Managing Director or Director who is in the whole time employment of the Company may be paid remuneration either by way of a monthly payment or at a specified percentage of the net profit of the Company or partly by one way and partly by the other.
(2) Subject to the provisions of the Act, a Director who is neither in the whole time employment nor a Managing Director may be paid such remuneration as may be approved by the Board.
(3) A Director shall be paid a sitting fee not exceeding a sum prescribed under Section 310 of the Act for each meeting of the Board of Directors or any committee thereof attended by him.
116. The Board may allow and pay to any Director, who is not a bonafide resident of the place where the meetings of the Board are ordinarily held and who shall come to such place for the purpose of attending any meeting, such sum as the Board may consider fair compensation or for traveling, boarding, lodging and other expenses, in addition to his fee for attending such meeting as above specified, and if any Director be called upon to go or reside out of the ordinary place of his residence on the Company's business, he shall be entitled to be repaid and reimbursed any traveling or other expenses incurred in connection with business of the Company.
117. The continuing Directors may act notwithstanding any vacancy in their body but if, and so long as

their number is reduced below the minimum number fixed by Article 108 hereof, the continuing Directors, not being less than three, may act for the purpose of increasing the number of Directors to that number or for summoning a General Meeting but of no other purpose.

118. Subject to Sections 283 (2) and 314 of the Act, the office of a Director shall become vacant if:
- (a) he is found to be of unsound mind by a court of the Competent jurisdiction; or
 - (b) he applied to be adjudicate an insolvent; or
 - (c) he is adjudged an insolvent; or
 - (c) he fails to pay any call made on him in respect of shares of the Company held by him, whether alone or
 - (d) jointly with others, within six months from the date fixed for the payment of such call unless the Central Government has by notification in the official Gazette removed the disqualification incurred by such failure; or
 - (e) he absents himself from three consecutive meetings of the Directors or from all meeting of the Directors for a continuous period of three months, whichever is longer, without leave of absence from the Board; or
 - (f) he becomes disqualified by an order of the court under Section 203 of the Act; or
 - (g) he is removed in pursuance of Section 284; or (h) he (whether by himself or by any person for his benefit on his account) or any firm in which he is a partner or any private Company of which is a Director, accepts a loan, or any guarantee or security for a loan, from the Company in contravention of Section 299 of the Act; or
 - (i) he acts in contravention of section 299 of the Act; or
 - (j) he is convicted by court of an offence involving moral turpitude and is sentenced in respect thereof to imprisonment for not less than six months; or
 - (k) having been appointed a Director by virtue of his holding any office or other employment in the Company he ceases to hold such office or other employment in the Company; or
 - (l) he resigns his office by a notice in writing addressed to the Company.
119. (1) A Director or his relative, a firm in which such Director or relative is a partner or any other partner in such firm; or a private Company of which the Director is a member or Director may enter into any contract with the Company for the purchase or supply of any goods, materials with the Company or for the same, purchase or supply of any goods, materials or services or for underwriting the subscription of any shares in, or debentures of the Company, provided that if the paid-up share capital of the Company is not less than Rs one crore, no such contract shall be entered into except with the prior approval of the Government of India and the sanction of the Board shall be obtained before or within three months of the date on which the contract is entered into in accordance with the provisions of Section 297 of the Act and provided that in case the paid-up capital of the Company is Rs one crore or more no such contract shall be entered into except with the prior approval of the Central Government.
- (2) No sanction shall; however; be necessary for:
- (a) Any purchase of goods and materials from the Company, or the sale of goods or materials to the Company, by any such Director, relative, firm, partner or private Company as aforesaid for cash at prevailing market prices;
 - or
 - (b) any contract or contracts between the Company on one side, any such director, relative, firm, partner or private company on the other, for sale, purchase or supply of any goods, materials and services in which either the Company or the Director, relative, firm, partner or private Company, as the case may be, regularly trades or does business, where the value of the goods and materials or the cost of such services does not exceed Rs 5,000/- in the aggregate in any year comprised in the period of the contract or contracts.

Provided that in circumstances of urgent necessity a Director, relative, firm, partner or private

Company as aforesaid may without obtaining the consent of the Board enter into any such contract with the Company for sale, purchase or supply .of any goods, materials or services even if the value of such goods, or the cost of such services exceed Rs 5,0001- in the aggregate in any year comprised in the period of the contract if the consent of the Board shall be obtained to such contract or contracts at a meeting within three months of the date on which the contract was entered into.

120. A Director of the Company who is in anyway, whether directly or indirectly, concerned or interested in a contract or arrangement or proposed contract or arrangement entered into or to be entered into by or on behalf of the Company shall disclose the nature of his concern or interest at a meeting of the Board in the manner provided in Section 299 (2) of the Act;
121. A General Notice given to the Board by a Director, to the effect that he is Director or member of a specified firm and is to be regarded as concerned or interested in any contract or arrangement which may, after the date of the notice be entered into with that body corporate or firm, shall be deemed to be sufficient disclosure of concern or interest in relation to any contract or arrangement so made. Any such general notice shall expire at the end of the financial year in which it is given but may be renewed for a further period of one financial year at a time by a fresh notice given in the last month of financial year in which it is given would have expired. No such general notice, and no renewal thereof shall be of effect unless, either it is given at a meeting of the Board or the Director concerned takes reasonable steps to secure that it is brought up and read at the first meeting of the Board after it is given.
122. No Director shall, as a Director, take any part in the discussion of or vote on any contract or arrangements entered into or to be entered into by or on behalf of the Company, if he is in any way, whether directly or indirectly, concerned or interested in such contract or arrangements; nor shall his presence count for the purpose of forming a quorum at the time of any such discussion or vote and if he does vote, his vote shall be void; provided, however, that nothing herein contained shall apply to :
 - (a) any contract of indemnity against any loss which the Directors, or anyone or more of them, may suffer by reason of becoming or being sureties or a surety for the Company;
 - (b) any contract or arrangement entered into or to be entered into with a public Company or a private Company which is a subsidiary of a public Company in which the interest of the Director consists solely;
 - (i) In his being:
 - (a) a director of such Company, and
 - (b) the holder of not more than shares of such number of value therein as a requisite to quality him for
appointment as a Director thereof, he having been nominated as such Director by the Company, or
 - (ii) In his being a member holding not more than two percent of its paid up share capital.
123. The Company shall keep a Register in accordance with Section '301 (1) and shall within the time specified in sections 301 (1) and 301(2) therein such of the particulars as may be relevant having regard to the application thereto of Section 297 or Section 299 of the Act as the case may be. The Register aforesaid shall also specify, in relation to each Director of the Company, the names of the bodies corporate and firms of which notices have been given by him under Article 123. The Register shall be kept at the office of the Company and shall be open to inspection at such office, and extracts may be taken there from and copies thereof may be required by any member of the Company to the same extent, in the same manner and on payment of the same fee as in the case of the Register of Members of the Company and the provisions of Section 163 of the Act shall apply accordingly.

124. A Director may be or become a Director of any Company promoted by the Company or in which it may be interested as a vendor, shareholder or otherwise and no such Director shall be accountable or any benefits received as Director or shareholder of ' such Company except in so far as Section 309 (6) or Section 314 of the Act may be applicable.
125. At every Annual General Meeting of the Company, one third of the Directors for the time being as are liable to retire by rotation or if their number is not three or a multiple of three the number nearest to one-third shall retire from office.
126. Subject to Section 256 (2) of the Act, the Directors to retire by rotation under Article 128 at every Annual General Meeting shall be those who have been longest in office since their last appointment but as between persons who became Directors on the same day those who are to retire shall, in default of and subject to an agreement among themselves, be determined by lot.
127. A retiring Director shall be eligible for re-appointment.
128. Subject to Section 258 of the Act, the Company at a General Meeting at which a Director retires in manner aforesaid may fill up the vacated office by electing a person thereto.
129. (a) If the place of the retiring Director is not so filled up and the meeting has not expressly resolved not to
fill the vacancy, the meeting shall stand adjourned till the same day in the next week, at the same time and or if that day is a public holiday, till the next' succeeding day which is no;, a public holiday, at the same time and place.
- (b) If at the adjourned meeting also, the place of the retiring Directors not filled up and that meeting also has not expressly resolved not to fill the vacancy, the retiring Director shall be deemed to have been re-appointed at the adjourned meeting unless:
- 0) at the meeting or at the previous meeting resolution for the re-appointment of such Director has been put to the meeting and lost;
 - (ii) the retiring Director has, by a notice in writing addressed to the Company or its Board, expressed his unwillingness to be so re-appointed;
 - (iii) he is not qualified or is disqualified for appointment;
 - (iv) a resolution, whether special or ordinary, is required for the appointment or re-appointment by virtue of any provisions of the Act, of
 - (v) the provision to sub-section (2) of Section 263 of the Act is applicable to the case.
130. Subject to Section 259 of the Act the Company may, by ordinary resolution, from time to time, increase or reduce the number of Directors, and may alter their qualifications and the Company may (subject to the provisions of Section 284 of the Act) remove any Director before the expiry of his period of office and appoint another qualified person in his stead. The person so appointed shall hold office during such time as the Director in whose place he is appointed would have held the same if he . had not been removed.
131. (1) Subject to the provisions of the Act and these Articles, any person who is not a retiring Director shall be eligible for appointment to the office of Director at any General Meeting unless he or some member intending to propose him has not less than fourteen days before the meeting, left at the office of the Company a notice in writing under his hand signifying his candidature for the office of Director or the intention of such member to propose him as a candidate for that office, as the case may be, along with a deposit of five hundred rupees which shall be refunded to such person or as the case may be, to such member, if he succeeds in getting elected as a Director.
- (2) Every person (other than a Director retiring by rotation or otherwise or a person who has left at the office of the Company a notice under Section 257 of the Act signifying. his

candidature for the office of a Director) proposed as a candidate for the office of a Director shall sign and file with the Company, the consent in writing to act as a Director, if appointed.

- (3) A person other than a Director re-appointed after retirement by rotation or immediately on the expiry of his term of office, or an additional or alternate Director, or a person filling a casual vacancy in the office of a Director under Section 262 of the Act, appointed as a Director of re-appointed as an additional or alternate Director, immediately on the expiry of his term of office, shall not act as a Director of the Company, unless he has within thirty days of his appointment signed and filed with the Registrar his consent in writing to act as such Director.
132. (a) The Company shall keep at its Office a Register containing the particulars of its Directors, Managing Agent, Managers, Secretaries and other persons mentioned in Section 303 of the Act, and shall otherwise comply with the provisions of the said Section in all respects.
- (b) The Company shall maintain in respect of each of its office Register, as required by Section 307 of the Act, and shall otherwise duly comply with the provisions of the said Section in all respects.
133. (a) Every Director (including a person deemed to be a Director by virtue of the explanation to sub-section (1) of Section 303 of the Act); Managing Director, Manager or Secretary of the Company shall within twenty days of the appointment to any or the above offices in any other body corporate, disclose in the Company the particulars relating to his office in the other body corporate which are required to be specified under sub-section (1) of Section 303 of the Act.
- (b) Every Director and every person deemed to be a Director of the Company by virtue of sub-section (10) of Section 307 of the Act, shall give notice to the Company of such matters relating to himself as may be necessary for the purpose of enabling the Company to comply with the provisions of that Section.

MANAGING DIRECTOR

134. The Board of Directors may from time to time, appoint any body as Managing Director of the Company on such terms and remuneration or otherwise as the Company in general meeting may deem fit.
135. All the powers of the Board of Directors as laid down in the Articles and the Companies Act, except those which the Board of Directors can not delegate, shall vest in and shall be exercised by the Managing Director only.
136. The Managing Director may delegate any of his powers to any other Directors/ Director in case of necessary/urgency subject to the approval of the Board of Directors.
137. The Managing Director is fully empower to appoint and dismiss any member of the staff, employees, workers. He is also authorised to appoint agents, dealers, commission agents. He is authorised to make payments, sign cheques, endorse hundies, cheques, to execute documents on behalf of the Company, to make agreement, to take loans, to issue receipt, to sign vouchers, to sanction papers, to manage the affairs of the Company, to file suits in the courts of law. To negotiate, withdraw suits where necessary, to report affairs of the Company to the Board of Directors, to call meeting, to issue notices and agenda for meeting, to purchase assets, office equipments etc..
138. *The* Managing Director so appointed may be paid such remuneration as may be fixed by the Board of Directors from time to time, subject to Sections 314,309,310, 199, 269, read with Schedule XIII_of the Companies Act, 1956.

PROCEEDINGS OF THE BOARD OF DIRECTORS

139. The Directors may meet together at a Board for the dispatch of business from time to time, and shall so meet at least once in every three months and at least four such meetings shall be held in every year. The Director may adjourn and otherwise regulate their meeting as they think fit.
140. Notice of every meeting of the Board shall be given in writing to every Director for the time being in India and at his usual address in India to every other Director.
141. Subject to Section 287 of the Act, the quorum for a meeting of the Board shall be one-third of its total strength excluding Directors, if any, whose places may be vacated at the time and any fraction contained in that one-third being rounded off as one, or two Directors, whichever is higher, provided that where at any time the number of interested Directors exceeds or is equal to two-third of the total strength of the number of the remaining Directors, that is to say, the number of Directors who are not interested, present at the meeting, being not less than two shall be the quorum during such time.
142. If a meeting of the Board could not be held for want of a quorum then the meeting shall automatically stand adjourned to such other date and time (if any) as may be fixed by the Chairman not being later than seven days from the date originally fixed for the meeting.
143. The Secretary shall, as and when directed by the Directors to do so convene a meeting of the Board by giving a notice in writing to every other Director.
144. Questions arising at Meetings of the Board of Directors or a Committee thereof shall be decided by a majority of the Directors.
145. A meeting of a Board for the time being at which a quorum is present shall be competent to exercise all or any of the authorities, power and discretions which by or under the Act the Articles of the Company are for the time being vested in or exercisable by the Board generally.
146. Subject to the restriction contained in Section 292 of the Act, the Board may delegate any of their powers to Committee of the Board consisting of such Member or Members of its body as it thinks fit and it may from time to time revoke and discharge any such committee of the Board either wholly or in part and either as to persons or purposes but every committee of the Board so formed shall in the exercise of the powers so delegated conform to any regulations that may from time to time be imposed on it by the Board. All acts done by any such committee of the Board in conformity with such regulations and in fulfillment of the purpose of their appointment but not otherwise, shall have the like force and effect as if done by the Board.
147. The Meeting and proceedings of any such Committee of the Board consisting of two or more members shall be governed by the provisions herein contained for regulating the meeting and proceedings of the Directors, so far as the same are applicable thereto and are not superseded by any regulations made by the Directors under the last preceding Article.
148. No resolution shall be deemed to have been duly passed by the Board or by a committee thereof by circulation, unless the resolution has been circulated in draft, together with the necessary papers, if any, to all the Directors, or to all the members of the Committee then in India, (not being less in number than the quorum fixed for a meeting of the Board or Committee, as the case may be) and to all other Directors or Members of the Committee, as their usual address in India and has been approved by such of the Directors or Members of the Committee as are then in India, or by a majority of such of them, as are entitled to vote on the resolution.
149. All acts done by any meeting of the Board or by a Committee of the Board or by any person acting as Director or that the appointment of any of them had been terminated by virtue of any provisions contained, in the Act or in these Articles, be as valid as if every such person had been duly appointed, and was qualified to be a Director and had not vacated his office or his appointment had not been terminated; provided that nothing in this Article shall be deemed to give validity to acts done by a Director after his appointment has been shown to the Company to be invalid or to

have terminated.

150. (1) The Company shall cause minutes of all proceedings of every meeting of the Board and Committee thereof to be kept by making within thirty days of the conclusion of every such meeting entries thereof in a book kept for that purpose with their pages consecutively numbered.
- (2) Each page of every such book shall be initialed or signed and the last page of the record of proceedings of each meeting in such book shall be dated and signed by the Chairman of the said meeting or the Chairman of the next succeeding meeting.
- (3) In no case the minutes of proceedings of a meeting shall be attached to any such book as aforesaid by pasting or otherwise.
- (4) The minutes of each meeting shall contain a fair and correct summary of the proceedings thereat.
- (5) All appointments of officers made at any of the meetings aforesaid shall be included in the minutes of the meeting.
- (6) The minutes shall also contain:
- (a) the names of the Directors present at the meeting; and
 - (b) in the case of each resolution passed at the meeting, the names of the Directors, if any, dissenting from, or not concurring in the resolution. .
- [7] Nothing contained in sub-clauses (1) to (6) shall be deemed to require the inclusion of any such minutes of any matter which in the opinion of the Chairman of the meeting:
- (a) is or could reasonably be regarded by defamatory or any person;
 - (b) is irrelevant or immaterial to the proceedings; or
 - (c) is detrimental to the interest of the Company.
- The Chairman shall exercise an absolute discretion in regard to the inclusion or non-inclusion of any matter in the minutes on the grounds specified in this , sub-clause.
- (8) Minutes of meetings kept in accordance with the aforesaid provisions shall be evidence of the proceedings recorded therein.
151. The board may exercise all such powers of the Company and do all such acts and things as are not, by the Act or any other Act or by the Memorandum or by the Articles of the Company required to be exercised by the Company in General Meeting, subject nevertheless to these Articles, to the provisions of the Act, or any other Act and to such regulations being not inconsistent with the aforesaid regulations or provisions, as may be prescribed by the Company in General Meeting nor shall invalidate any prior act of the Board which would have been valid if that regulation had not been made, provided that the Board shall not, except with the Company in General Meeting:
- (a) sell, lease or otherwise, dispose off the whole, or substantially the whole of the undertaking of the Company, or where the Company owns more than one undertaking, of the whole or substantially the whole of any such undertaking;
 - (b) remit or give time for the repayment of any debt due by a Director;
 - (c) invest otherwise than in trust securities the amount of compensation received by the Company in respect of the compulsory acquisition of any such undertaking as is referred to in clause (a), or of any premises or properties used for any such undertaking and without which it cannot be carried on or can be carried on only with difficulty or only after considerable time;
 - (d) borrow moneys where the moneys to be borrowed together with the moneys already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) will exceed the aggregate of the paid up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose. Provided further that ,the powers specified in Section 292 of the Act shall, subject to these Articles, be exercised only at a meeting of the Board, unless the same be delegated to the extent therein stated; or

- (e) contribute to charitable and other funds not directly relating to the business of the Company or the welfare of its employees, any amounts the aggregate of which will, in any financial year, exceed twenty-five thousand rupees or five percent of its average net profit as determined in accordance with the provisions of Section 349 and 350 of the Act during the three financial years immediately preceding whichever is greater.
152. Without prejudice to the general powers conferred by the last preceding Article and so as not in any way to limit or restrict those powers, and without prejudice to the other powers conferred by these Articles, but subject to the restrictions contained in the last preceding Article, it is hereby declared that the Directors shall have the following powers, that is to say, powers :-
- (1) To pay the costs, charges and expenses preliminary and incidental to the promotion, formation, establishment and registration of the Company.
 - (2) To pay and charge to the capital account of the Company any commission or interest lawfully payable thereon under the provisions of Sections 76 and 208 of the Act.
 - (3) Subject to Sections 292, 297 and 360 of the Act to purchase or otherwise acquire for the Company any property, rights or privileges which the Company is authorised to acquire, at or for such price or consideration and generally on such terms and conditions as they may think fit, and in any such purchase or other acquisition to accept such title as the Directors may believe or may be advised to be reasonably satisfactory.
 - (4) At their discretion and subject to the provisions of the Act, to apply for any property, rights or privileges acquired by or services rendered to the Company, either wholly or partially, in cash or in shares, bonds, debentures, mortgages or other securities of the Company, and any such shares may be issued, either as fully paid or with such shares issued either as fully paid or with such amount credited as paid up thereon as may be agreed upon, and any such bonds, debentures, mortgages or other securities may be either specially charged upon all or any part of the property of the Company and its uncalled capital or not so charged.
 - (5) To secure the fulfillment of any contracts or engagements entered into by the Company by mortgage or charge of all or any of the property of the Company and its uncalled capital for the time being or in such manner as they may think fit.
 - (6) To accept from any member, as far as may be permissible by law, a surrender of his shares or any part thereof, on such terms and conditions as shall be agreed.
 - (7) To appoint any person to accept and hold in trust for the Company any property belonging to the Company in which it is interested, or for any other purposes; and to execute and do all such deeds and things as may be required in relation to any trust, and to provide for the remuneration of such trustee or trustees.
 - (8) To institute, conduct, defend, compound or abandon any legal proceedings by or against the Company or its officers, or otherwise concerning the affairs of the Company, and also to compound and allow time for payment or satisfaction of any debts due and of any claim or demands by or against the Company and to refer any differences to arbitration, and observe and perform any awards made thereon.
 - (9) To act on behalf of the Company in all matters relating to bankrupts and insolvents.
 - (10) To make and give receipts, releases and other discharges for moneys payable to the Company and for the claims and demands of the Company.
 - (11) Subject to the provisions of the Sections 292, 295, 369, 370, and 372 of Act, to invest and deal with any money of the Company not immediately required for the purposes thereof upon such security (not being shares of this Company) or without security and in such manner they may think fit, and from time to time to vary or realise such investment. Save as provided in Section 49 of the Act, all investment shall be made and held in the

- Company's own name.
- (12) To execute in the name and on behalf of the Company in favour of any Director or other person who may incur any personal liability whether as principal or surety, for the benefit of the Company, such mortgages of the Company's property (present and future) as they think fit, and any such mortgage may contain a power of sale and agreements as shall be agreed upon.
 - (13) To determine from time to time who shall be entitled to sign, on the Company's behalf, notes, receipts, acceptances, endorsement, cheques, dividend warrants, releases, contracts and documents and to give the necessary authority for such purpose. '
 - (14) To distribute by way of bonus amongst the staff of the Company a share or shares in the profits of the Company and to give to any officer or other person employed by the Company a commission on the profits of any particular business or transaction, and to charge such bonus or commission as part of the working expenses of the Company.
 - (15) To provide for the welfare of Directors or ex-Directors or employees or ex-employees of the Company and their wives, widow and families or the dependents or connection of such persons, by building or contributing to the building of house, dwelling or chawls, or by grants of money, pensions, gratuities, allowances, bonus or payments or by creating and from time to time subscribing or contributing to provident and other associations, institutions, funds or trusts and by providing or subscribing or contributing towards places of instructions and recreations, hospitals and dispensaries, medical and other attendance and assistance as the Board shall think fit, and to subscribe or contribute or otherwise to assist or to guarantee to any charitable, benevolent, religious, scientific, national or other claim to support or aid by the Company either by reason of locality of operation, or of public and general utility or otherwise.
 - (16) Before recommending any dividend, to set aside out of the profits of the Company such sums as they may think proper for depreciation or to Depreciation Fund, or to an insurance Fund or as a Reserve Fund or Sinking Fund or any Special Fund to meet contingencies or to repay debentures or debenture stock, or for special dividends or for equalizing dividends or for repairing, extending, and maintaining any of the property of the Company and for such other purpose (including the purposes referred to in the preceding as the Board may, in their absolute discretion, think, conducive to the Interest of the Company, and subject to Section 292 of the Act, to invest the several sums to set aside of so much thereof as is required to be invested upon such investment (other than shares of the Company) as they may think fit, and from time to time to deal with and very much investments and disposal an apply and expend all or any part thereof for the benefit of the Company, in such manner and for such purposes as the Board in their absolute discretion think conducive to the interest_of the Company, notwithstanding that the matters to which the Board apply or upon which they expend the same, or any part thereof, may be matters to or upon which the capital money of the Company might rightly be applied or expended; and to divide the Reserve Fund into such special funds as the Board may think fit, with full power to transfer the whole or any portion of a reserve fund or division of a Reserve Fund and with full power to employ the assets constituting all or any of the assets constituting an of the above funds, including the depreciation fund, in the business of the Company or in the purchase or repayment of debentures or debenture-stock and without being bound to keep the same separate from the other assets from other assets and without being bound to pay interest on other assets and without being bound to pay interest on the same with power, however, to the Board at their discretion to pay or allow to the credit of such funds, interest at such rate as the Board may think proper.
 - (17) To appoint, and their discretion remove or suspend such general manager, managers, secretaries, assistants, supervisors, clerks, agents and servants for permanent, temporary

or special services as they may from time to time think fit, and to determine their powers and duties, and fix their salaries or emoluments or remuneration, and to require security in such instances and for such amount as they may think fit, and also from time to time provide for the management and transaction of the affairs of the Company in any specified locality in India or elsewhere in such manner as they think fit, and the provisions contained in the four following sub-clauses shall be without prejudice to the general powers conferred by this sub-clause.

- (18) To comply with the requirements of any local law which in the opinion it shall, in the interests of the Company, be necessary or expedient to comply with.
- (19) From time to time and at any time to establish any Local Board for managing any of the affairs of the Company in any specified locality in India or elsewhere and to appoint any persons to be members of such local boards, and to fix their remuneration.
- (20) Subject to the section 292 of the Act, from time to time and at any time delegate to any person so appointed any of the powers, authorities and discretions for the time being vested in the Board, other than their power to make calls or to make loans or borrow moneys, and to authorize the members for time being of any such local Board, or any of them, to fill up any vacancies therein. Any such appointment or delegation may be made on such terms and subject to such condition as the Board may think fit, and the Board may at any time remove any person so appointed, and may Annual or very any such delegation.
- (21) At any time by power of attorney under the seal of the Company, to appoint any person or persons to be the Attorney or Attorneys of the Company. for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Board under these presents and excluding the power to make calls and excluding also, except in their limits authorized by the Board, the power to make loans and borrow moneys) and for such period and subject to such conditions as the Board may from time to time think fit; and any appointment may (if the Board thinks fit) to make in favour of the members or any of the members of any local boards, established as aforesaid or in. favour of any Company or the shareholders, Directors, nominees or managers of any Company or firm otherwise in favour. of any fluctuating body of persons whether nominated directly or indirectly by the Board and any such powers of Attorney may contain such powers of Attorney may contain such powers for the protection or convenience of persons dealing with such Attorney as the Board may think fit, and may contain powers enabling any such delegates or attorney as aforesaid to sub-delegate all or any of the powers, authorities and discretions for the time being vested in them.
- (22) Subject to Sections 294 and 297 of the Act, for or in. relation to any of the matters aforesaid or otherwise for the purposes of the Company to enter into all such negotiations and contracts and rescind and very all such contracts, and execute and do all such acts, deeds and things in the name and on behalf of the Company as they may consider expedient.
- (23) From time to time to make, very and repeal by -laws for the regulation of the business of the Company, its officers and servants.

MANAGEMENT

- 153. The Company shall not appoint of6mploy at the same time more than one of the following categories of managerial personnel, namely,
 - (a) Managing Director and
 - (b) Manager.

THE SECRETARY

154. The board may from time to time appoint or remove the secretary. Where the Board comprises of only three Directors, neither of them shall be the Secretary. The Board may also at any time appoint any person or persons (who need not be the secretary) to keep the registers required to be kept by the Company.

THE SEAL

155. (a) The board shall provide a Common Seal for the purpose of the Company, and shall have power from time to time to destroy the same and substitute a new seal in lieu thereof, and the Board shall provide for the safe custody of the seal for the time being, and the seal shall never be used except by the authority of the Board or a Committee of the Board previously given.
- (b) The Company shall also be at liberty to have an official Seal in accordance with section 50 of the Act, for use in any territory, district or place outside India.
- (c) Every deed or other instrument to which the Sea.1 of the Company is required to be affixed shall, unless the same is executed by a duly constituted attorney, be signed by two Directors or one director and Secretary or some other person appointed by the Board for the purpose; provided in respect of the Share Certificates, the seal shall be affixed in accordance with Article 19 (a).

DIVIDENDS

156. The profits of the Company, subject to the provisions of Sections 205 to 208 of the act and subject to any special rights relating thereto created or authorized to be created by these Articles, shall be divisible among the members in proportion to the amount of capital paid up or credited as paid up on the shares held by them respectively.
157. The Company in General Meeting may declare dividends to be paid to members according to their respective rights, but no dividends shall exceed the amount recommended by the Board, but the Company in General Meeting may declare a smaller dividend.
158. (1) No Dividend shall be declared or paid otherwise than out of profits of the financial year arrived at after providing for depreciation in accordance with the provisions of Section 205 of the Act or out of the profits of the Company for any previous financial year or years arrived at after providing for depreciation in accordance with these provisions and remaining undistributed or out of both; provided that:
- (a) If the Company has not provided for depreciation for any previous financial year or years it shall, before declaring or paying a dividend for any financial year, provide for such depreciation out of the profits of the financial year or out of the profits of any other previous financial year or years.
- (b) If the Company has incurred any loss in any previous financial year or years the Amount of the loss or an amount which is equal to the amount provided for depreciation for that year or those years whichever is less, shall be set off against the profits of the Company for the year for which dividend is proposed to be declared or paid or against the profits of the Company for any previous financial year or years arrived at in both cases after providing for depreciation in accordance with the provisions of sub: section (2) of Section 205 of the Act, or against both.
- (c) ***That there shall be no forfeiture of unclaimed dividends before the claim is barred by law.***

- (2) Notwithstanding anything contained in sub-article (1) hereof, no dividend shall be declared or paid by the Company for any financial year out of the profits of the Company for the year arrived at after providing for depreciation in accordance with the provisions of section 205 except after the transfer to the reserves of the Company of such percentage of its profits for that year, not exceeding ten percent, as may be prescribed for the time being by any Rules made under the Act.
- (3) Nothing in sub-article (1) hereof shall be deemed to prohibit the voluntary transfer by the Company of a higher percentage of its profits to the reserves in accordance with the Rules, if any, made by the Central Government in this behalf under the Act.
- 159. The declaration of the Board as to the amount of net profits of the Company shall be conclusive, subject to the provisions of the Act.
- 160. (a) The Board may, from time to time, pay to the members such interim dividend as in their judgment the position of the Company justifies.
(b) Where capital is paid in advance of calls, such capital may carry interest but shall not in respect thereof confer a right to dividend or participation in profits.
- 161. (a) All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid; but if any Share, is issued on terms providing that it shall rank for dividend as from a particular date, such share shall rank for dividend accordingly.
(b) The board may retain the dividends payable upon shares in respect of which any person is under Article 61 entitled to become a member or which any person under that Article is entitled to transfer, until such person shall become a member, in respect of such shares or shall duly transfer the same.
- 162. Anyone of several persons who are registered as the joint holders of any share may give effectual receipts for all dividends or bonus and payment on account of dividends or bonus or other moneys payable in respect of such shares.
- 163. No members shall be entitled to receive payment of any interest or dividends in respect of his share Of shares or otherwise howsoever, either along or jointly with any other person or persons; and the Board may deduct from the interest or dividends payable to any member all sum of money so due from him to the Company.
- 164. A transfer of shares shall not pass the right to any dividend declared thereon before the registration of the transfer.
- 165. Unless otherwise directed, any dividend may be paid by the cheque or warrant by a pay slip or receipt having the force of a cheque or warrant sent through the post to the registered address of the member or person entitled or in case of joint- holders to that one of them first named in the register in respect of the joint- holdings. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent. That Company shall not be liable or responsible for any cheque or warrant or pay slip or receipt lost in transmission, or for any dividend lost to the member or person entitled thereto by the forged endorsement of any cheque or warrant or the forged signature on any pay slip or receipt or the fraudulent recovery of the dividend by any other mean.
- 166. The unclaimed/unpaid dividend shall bear interest as against the Company. All unclaimed dividends shall be dealt in accordance with the provisions of Sections 205-A and 205-B of the Act.
- 167. Any General Meeting declaring a dividend may on the recommendation of the Directors make a call on the members of such amount as the meeting fixes, but so that a call on each member shall not exceed the dividend payable to him and so that the call is made payable at the same time as the dividend; and the dividend may, if so arranged between the Company and the member, be set off against the calls.

CAPITALIZATION

168. (a) The Company in General Meeting may resolve that any moneys, investments or other assets forming part of the undivided profits of the Company standing to the credit of the Reserve Fund or any Capital Redemption Reserve Account, or in the hands of the Company and available for dividend (or representing premium received on the issue of shares and standing to the credit of the Share Premium Account) be capitalized and distributed amongst such of the shareholders as would be entitled to receive the same if distributed by way of dividend and in the same proportions on the footing that they become entitled thereto as capital and that all or any part of such capitalized fund be applied on behalf of such shareholders in paying up in full either at par or at such premium as the resolution may provide, any unissued shares or debentures of the Company which shall be distributed accordingly or in or towards payment of the call liability or any issued shares or debentures and that such distribution or payment shall be accepted by such shareholders in full satisfaction of their interest in the said capitalised sum, provided that a Share Premium Account and a Capital Redemption Reserve Account may, for the purposes of this Article, only be applied in the paying of any unissued shares to be issued to members of the Company as fully paid bonus shares.
- (b) A General Meeting may resolve that any surplus moneys arising from the realization of any capital assets of the Company, or any investments representing the same or any other undistributed profits of the Company, not subject to charge for income tax, be distributed among the members on the footing that they receive the same as capital.
- c) For the purpose of giving effect to any resolution under the preceding paragraph of this Article, the Board may settle any difficulty which may arise in regard to the distribution as it thinks expedient and in particular may issue fractional certificates, and may fix the value for distribution of any specific assets, and may determine that such cash payment shall be made in to any member upon the footing of the value so fixed or that fraction of less value that Rs. 10/- may be disregarded in order to adjust the rights of all parties, and may vest any such cash or specific assets, in trustees upon such trusts for the person entitled to the dividend or capitalized fund as may seem expedient to the Board. Where requisite, a contract shall be delivered to the Registrar for registration in accordance with Section 75 of the Companies Act, 1956, and the Board may appoint any person to sign such contract on the behalf of the persons entitled to the dividend or capitalized fund, and such appointment shall be effective.

ACCOUNTS

169. (1) The Company shall keep at the office or at such other place in India as the Board thinks fit, proper books of Accounts in accordance with Section 209 of the Act with respect to :
- (a) all sums of money received and expended by the Company and the matters in respect of which the receipts and expenditure take place.
- (b) all sales and purchases of the goods by the Company.
- (c) the assets and liabilities of the Company.
- (2) Where the Board decides to keep all or any of the Books of Account at any place other than the office of the Company, the Company shall within seven days of the decision file with the Registrar a notice in writing giving the full address of that other place.
- (3) The Company shall preserve in good order the Books of Accounts relating to a period of not less than eight years preceding the current year together with the Vouchers relevant to any entry in such books of account.
- (4) Where the Company has a branch office, whether in or outside India, the Company shall be deemed to

have complied with this Article if proper Books of Account relating to the transactions effected at the branch office are kept at the branch office and proper summarized returns, made up to date at intervals of not more than three months, are sent by the branch office to the Company at its office or other place in India, at which the Company's Book of Account are kept as aforesaid.

- (5) The Books of Account shall give a true and fair view of the state of the affairs of the Company or a branch office, as the case may be, and explain its transactions. The Books of Account and other books and papers shall be open to inspection by any Director during business hours.
170. The Board shall from time to time determine whether and to what extent and at what time and places and under what condition or regulations the accounts and books of the Company or any of them shall be open to the inspection of the members not being Directors and no member (not being a Director) shall have any light of inspecting any accounts of book or document of the Company except as conferred by law or authorized by the Board.
171. The Directors shall from time to time, in accordance with Section 210, 212, 215, 216, 217, and 221 of the Act, cause to be prepared and to be laid before the Company in Annual General Meeting such Profits and Loss Accounts, Balance Sheet and report as are referred to in those Sections. '
172. (1) A copy of every such Profit and Loss Account and Balance Sheet (including the Auditors' Report and every other document required by law to be annexed to the Balance Sheet) shall, at least twenty-one days before the meeting at which the same are to be laid before the members, be sent to the members of the Company, to trustee for the holders of the debentures issued by the Company, whether such member or trustee is or not entitled to, have notice of General Meeting of the Company sent to him, and to all persons other than such members or trustees, being persons so entitled.
- (2) In case the shares of the Company are listed on a Recognised Stock Exchange, the provisions of clause (1) above shall not be applicable, if the provisions of clause (b) (iv) to the provision to section 219(1) of the Act are complied with.
- (3) Notwithstanding anything to the contrary contained in these Articles, the Profit and Loss Account and Balance Sheet and Directors Report maybe amended at any time with the consent of the Company accorded by a Special Resolution.

AUDIT

173. Auditors shall be appointed and their rights and duties regulated in accordance with Section 224 to 233 of the Act.
174. The first Auditor or Auditors of the Company shall be appointed by the Board within one month of the date of registration of the Company and the Auditor or Auditors so appointed shall hold office until the conclusion of the first Annual General Meeting, provided that the Company may, at a General Meeting, remove any such Auditor or all of such Auditors and appoint in his or their place any other person or persons who have been nominated for the appointment by any member of the Company and of whose nomination notice has been given to the members of the Company not less than fourteen days before the date of the Meeting, provided further that if the board fails to exercise its powers under this Article, the Company in General Meeting may appoint the first Auditor or Auditors.

DOCUMENTS AND NOTICE

175. (1) A document or notice may be send or given by the Company on any member or an officer thereof either personally or by sending it by post to him to his registered address or (if he has no registered address in India) to the address, if any, within India supplied by him to the company for serving of documents or notice on him.
- (2) Where a document or notice is sent by post, service of the document or notice shall be

deemed to be effected by properly addressing, prepaying and posting a letter containing the document or notice, provided that where a member has intimated to the Company in advance that document or notice should be sent to him under certificate of posting or by registered post with or without acknowledgement due and has deposited with the Company a sum sufficient to defray the expenses of doing so, service of the document or notice shall not be deemed to be effected unless it is sent in the manner intimated by the member and such service shall be deemed to have been effected in the case of a notice of a meeting at the expiration of notice of a meeting at the expiration of notice is posted and in any other case, at the time at which the letter would be delivered in the ordinary course of post.

176. A document or notice advertised in a newspaper circulating in the neighbourhood of the office shall be deemed to be duly served or sent On the day on which the advertisement appears on or to every member who has no registered address in India and has not supplied to the Company any address within India for the service of documents on him or the sending of notices to him.
177. A document or notice may be served or given by the Company on or to the joint holders of a share by serving or giving the document or notice on or to the joint holder named first in the Register of members in respect of the share.
178. A document or notice may be served or given by the Company on the persons entitled to a share in consequence of the death or insolvency of a member by sending it through the post in a prepaid letter addressed to him by name or by the title of representative of the deceased, assignee of the insolvent or by any like description at the address (if any) in India supplied for the purpose by the person claiming to be so entitled or (until such an address had been so supplied) by serving the document or notice in any manner in which the same might have been given if the death or insolvency had not occurred.
179. Documents or notice of every General Meeting shall be served or given in the same manner hereinbefore authorized on or to (a) every member (b) every person entitled to a share in consequence of the death or insolvency of a member and (c) the auditor or auditors for the time being of the Company.
180. Every person who, by operation of law of transfer or other means whatsoever, shall name and address being entered on the person from *served on previous holders* whom he derives his title to such share.
181. Any document or notice to be served or given by the Company may be signed by a Director or some other person duly authorized by the Board for such purpose and the signature may be written, printed or lithographed.
182. All Documents or notices to be served or given by member to the Company or any officer thereof shall be served or given by sending them to the Company or officer at the office by the post under a certificate of posting or by registered post or by leaving it at the office.

WINDING UP

183. The liquidator on any winding up (whether voluntary, under supervision or compulsory) may, with the sanction of a special resolution but subject to the rights attached to any preference share capital, divide among the contributories in specie any part of the assets of the Company and may, with the like sanction, vest any part of the Company in trustees upon such trusts for the benefit of the contributories as the liquidator, with the like sanction, shall think fit.

INDEMNITY AND RESPONSIBILITY

184. Subject to the provisions of Section 210 of the Act, every officer or Agent for the time being of the Company shall be indemnified out of the funds of the Company against all liability incurred by him in defending any proceedings, whether civil or criminal, in which judgement is given in his favour or in which, he is acquitted or discharged or in connection with any application under Section 633 of the Act in which relief is granted to him by the court.

SECRECY



185. (a) Every Director, Manager, Auditor, Treasurer, Trustee, Member of a Committee, Officer, Servant, Agent, Accountant or other person employed in the business of the Company shall, if so required by the Directors, before entering upon his duties, sign a declaration pledging himself to observe strict secrecy respecting all transactions and affairs of the Company with the customers and the state of the accounts with individuals and in matters relating thereto, and shall be such declaration pledge himself not to reveal any of the matters which may come to his knowledge in the discharge of his duties except when required to do so by the Directors or by law or by the persons to whom such matters relate and except so far as may be necessary in order to comply with any of the provisions in these presents contained.
- (b) No member shall be entitled to visit or inspect any works of the Company without the permission of the Directors or to require discovery of or any information respecting any details of the Company's trading, or any matter which may relate to the conduct of the business of the Company and which in the opinion of the Directors, it would be Inexpedient in the interest of the Company to disclose.

SECTION XI- OTHER INFORMATION

MATERIAL CONTRACTS & DOCUMENTS FOR INSPECTION

The following contracts (not being contracts entered into in the ordinary course of business carried on by the Company or contracts entered into more than two years before the date of the DRHP) which are or may be deemed material have been entered or to be entered into by the Company. These contracts, copies of which have been attached to the copy of the Draft Red Herring Prospectus will also be delivered to the Registrar of Companies, Uttar Pradesh and Uttaranchal, Kanpur for registration and also the documents for inspection referred to hereunder, may be inspected at the Registered Office of our Company, from 10.00 a.m. to 4.00 p.m. on working days from the date of the Draft Red Herring Prospectus until the date of closure of the Issue.

MATERIAL CONTRACTS

1. Letter of Engagement from our Company appointing Chartered Capital And Investment Ltd. as BRLM and their acceptance thereto.
2. Memorandum of Understanding between our Company and the BRLM.
3. Memorandum of Understanding between our Company and Registrar to the Issue i.e. M/s MAS Services Limited.
4. Escrow Agreement dated [*] between our Company, BRLM, Escrow Collection Bank, Syndicate Members and the Registrar to the Issue.
5. Underwriting Agreement dated [*] between our Company, BRLM, the members of the Syndicate and the Registrar to the Issue.
6. Syndicate Agreement dated [*] between the Company, BRLM, and the members of the Syndicate.

DOCUMENTS FOR INSPECTION

1. The Memorandum and Articles of Association of our Company, as amended from time to time.
2. Certificate of Incorporation of the Company dated May 21, 2004.
3. Copy of the resolution passed at the meeting of the Board of Directors held on December 02, 2007 and copy of Resolution passed by the shareholders of our company at the Extra Ordinary General Meeting passed under Section 81(1A) dated December 31, 2007.
4. The report of, the Statutory Auditors, M/s [*] dated January 9, 2008 prepared as per Indian GAAP and Statement of Possible Tax Benefits Certificate dated January 9, 2008 as mentioned in this DRHP.
5. Certificate from Statutory Auditors dated January 9, 2008 regarding the sources and deployment of funds.
6. Consent of Directors, Legal Advisors to the Issue, Registrar to the Issue, Bankers to the Company, Statutory Auditors, Syndicate Members, Compliance Officer and Company Secretary to include their names in this DRHP, and to act in their respective capacities
7. Annual Reports since incorporation.
8. Sanction letters for the debt portion of the Project Cost from Allahabad Bank.
9. Resolution of the meeting of the Board of Directors of the Company held on for the constitution of audit committee, Shareholders' Investor Grievance Committee and Remuneration Committee.
10. Tripartite agreement between NSDL, the company and the Registrar to the issue dated [*].
11. Tripartite agreement between CDSL, the company and the Registrar to the issue dated [*].
12. Due Diligence Certificate dated January 9, 2008 addressed to SEBI from Chartered Capital And Investment Ltd., SEBI observation Letter No. [*] dated [*], in-seriatim reply dated [*] and fresh Due Diligence Certificates dated [*], [*], [*] and [*] respectively.
13. In-principle listing approval dated [*] and [*] issued by NSE and BSE respectively
14. General power of attorney executed by Mr. Neeraj Jain on behalf of board of directors in favour of Mr. Akshay Kumar Jain, Director (Finance) for signing and making necessary changes to the Prospectus and other related documents.
15. Copy of the board resolution dated [*] and [*] authorising the Red Herring Prospectus and Prospectus respectively.

Any of the contracts or documents mentioned in the DRHP may be amended or modified at any time if so required in the interest of the Company or if required by the other parties, without reference to the



shareholders subject to compliance of the provisions contained in the Companies Act and other relevant statutes.



DECLARATION

All the relevant provisions of the Companies Act, 1956, and the guidelines issued by the Government of India or the guidelines issued by Securities and Exchange Board of India established under section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in the DRHP is contrary to the provisions of the Companies Act, 1956, the Securities and Exchange Board of India Act, 1992 or the rules and regulations made thereunder or guidelines issued thereunder, as the case may be. We further certify that all the statements in the DRHP are true and correct.

SIGNED BY THE DIRECTORS OF THE COMPANY

Mr. Neeraj Jain
(Chairman and Managing Director)

Mr. Akshay Kumar Jain
(Director Finance and Compliance Officer)

Mr. Pankaj Jain
(Director Marketing)

Mr. Radha Krishna Pandey
(Independent Director)

Mr. Rajeev Kumar Jain
(Independent Director)

Mr. Mahesh Chandra Mehta
(Independent Director)

Ms. Archana Pundir
Company Secretary

Place: Agra
Date: January 11 2008